GAMMA - CIVIC LTD

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

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Board of Directors

Ah Teck, Carl, *BSc MPhil*	Executive Chairman
Ah Teck, Patrice, *BA*	Non-executive Director
Ah Teck, Tommy, *BSc MPhil*	Non-executive Vice Chairman
Chan, Boon Hui, *CFA*	Independent Non-executive Director
Chong Ah-Yan, Marie Claire, *BA, Btech(HRM)*	Non-executive Director
Dhunnoo, Twalha, *FCA, MA, MEng, BA*	Chief Financial Officer/Executive Director
Halpin, Paul, *FCA*	Independent Non-executive Director
Lam Hung, Jean-Claude, *BA*, *FCA*	Non-executive Director
Lam Pak Ng, Lim Sit Chen, *MBA*	Independent Non-executive Director

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

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

Registered Office
Royal Road
Chapman Hill
Beau Bassin
Mauritius

Principal Place of Business
4th Floor, HSBC Centre
18 Bank Street, Cybercity
Ebène 72201
Mauritius

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

The directors are pleased to submit their report 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 2019.

Main Investments

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

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

- Contracting;
- Building Materials;
- Lottery;
- Hospitality;
- Properties (Real Estate); and
- Financial Services.

The operations within the sectors mentioned above as carried out by different companies which are subsidiaries, associates and joint venture of Gamma Civic Ltd.

Contracting

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

Building Materials

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

Kolos Cement Ltd, a subsidiary, trades in and distributes cement. It is listed on the Development & Enterprise Market of the Stock Exchange of Mauritius Ltd ("SEM").

Lottery

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

Hospitality

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

Properties (Real Estate)

Burford Capital Ltd has completed the construction of a seven-storey office building in Ebène known as Burford House.

The Group also owns several property assets, including freehold and leasehold land.

Financial Services

In January 2019, Gamma Capital Ltd, a wholly-owned subsidiary of Gamma Civic Ltd acquired a 50% interest in Square Mile Investment Nine Ltd engaged, through its subsidiaries, in re-insurance brokering. This acquisition is accounted for as an investment in associate under the equity accounting method.

Gamma Treasury Management Limited (GTML) is a wholly-owned subsidiary of Gamma Civic Ltd which is engaged in treasury management to the Group companies. GTML is regulated by the Financial Services Commission (FSC) of Mauritius.

Results

Group Performance

Group Statement of Profit or Loss and Other Comprehensive Income	
Revenue	Net Profit after Taxation
Dec 2019: Rs3,750M	Dec 2019: Rs596M
Dec 2018: Rs3,262M	Dec 2018: Rs434M

Company

Company Statement of Profit or Loss and Other Comprehensive Income	
Revenue	Net Profit after Taxation
Dec 2019: Rs460M	Dec 2019: Rs250M
Dec 2018: Rs735M	Dec 2018: Rs620M

Business Review

For the year ended 31 December 2019, the Group and the Company reported net profit after taxation of Rs596M and Rs250M respectively.

The main operating entities of the Group have been profitable for the year ended 31 December 2019.

Future Outlook

The recent outbreak of Coronavirus (or Covid-19) will affect economic, trading and travel conditions globally resulting in disruptions to countries exposed to the contagion. Governments are under increased pressure to impose travel bans, quarantines and other emergency public safety measures for stricter border controls and restrictions.

Whilst we are actively monitoring the situation, it is unclear how long the measures will be in place and equally uncertain to what extent the Covid-19 outbreak will financially and operationally impact on businesses generally. All businesses are faced with an unprecedented crisis.

The Board working closely with senior management is assessing and implementing a number of plans in order to safeguard the health and safety of our employees and customers as well as ensuring the operational and financial resilience of the Group. The Board remains confident that Gamma Group is adequately equipped and committed to address the challenges that will be presented through our focus on our core fundamentals of hard work, value creation and innovation.

As an important economic operator, Gamma with all its employees is resolved to work even harder to assist the country and the Mauritian economy to navigate through the tough and uncertain times ahead

Dividend

A final dividend of Rs0.75 per share (2018: RsNil per share) was declared on 27 March 2019 and paid on 21 May 2019 in respect of the financial year ended 31 December 2018.

An interim dividend of Rs0.50 per share (2018: Rs0.50 per share) was declared on 28 August 2019 and paid on 27 September 2019 in respect of the financial year ended 31 December 2019.

No special dividend (2018: Rs1.00 per share) was declared in respect of the financial year ended 31 December 2019.

On behalf of the Board of Directors

Director | Director

20 March 2020

Gamma-Civic Ltd

(the "Company")

The Corporate Governance Report For the Financial Year 2019 **iii(a)**

Since its coming into force, the Board of Directors of Gamma Civic Ltd (the "Company") have been very much focused on the implementation of the 2016 Code of Corporate Governance and have ensured that the Company aims at applying the 8 Principles as far as possible, throughout the year under review.

The eight principles of the New Code are:

1. Governance Structure

- The Board and its Committees

  The Board of Directors

  As per the constitution, the Board shall consist of not less than two and more than twelve Directors, and presently the Board is composed of 3 Independent Non-Executive Directors, 4 Non-Executive Directors and 2 Executive Directors.

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

  The Board Committees

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

  ✓ The Audit and Risk Committee; and

  ✓ The Corporate Governance Committee.

- Governance Documents

  The Company has two main internal corporate documents which have been duly approved by the Board of Directors and the Shareholders. These are the Company's Constitution and the Gamma Charter.

  The Gamma Charter

  This Charter establishes and stipulates a governance framework, which is the rules, regulations, organization and governance principles which must permeate all levels of the Gamma Group in order to:

  - Value Rights - Preserve the rights of the Shareholders of Gamma-Civic Ltd and ensure that Gamma-Civic Ltd has sound governance practices throughout the organisation;
  - Effective Oversight- Enable the Board of Gamma-Civic Ltd to have effective oversight of the management of its Group Companies;
  - Respective Roles & Responsibilities- Clarify the respective roles and responsibilities of Board members and senior executives of the Gamma Group, charged with the executive management of the Gamma Group of companies; and
  - Protocols & Policies- Establish protocols and policies to promote compliance and consistency within an overall Gamma Group framework of policies and strategies.

  The Gamma Charter is reviewed by the Board every two years. The last review done was in 2017.

  A copy of the Charter is available for inspection to any Shareholder upon request made to the Company Secretary. Furthermore a condensed version of the Gamma Charter is being prepared and will be available on the website of the Company when same is ready.

  The Company's 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.

- Key Positions

The Company has the following key positions, namely:

✓ The Executive Chairman;

✓ Chairman of Committees;

✓ Company Secretary.

The Executive Chairman

The Company has an Executive Chairman who has been duly appointed by the shareholders at the Annual Meeting until the next Annual Meeting. He is eligible to stand for his re-appointment at the next Annual Meeting.

Mr Chian Yew Ah Teck was appointed as the Executive Chairman in the year 2016 following the resignation of the previous Managing Director so as to ensure continuity of the work. The Executive Chairman presides over the meeting of Directors and shareholders. He 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 Executive Chairman's responsibility to ensure that new Directors are properly introduced to the businesses of the Company, with the assistance of the Company Secretary.

Chairman of Board Committees

The Chairman of each of the Board Committees, namely the Audit and Risk Committee and the Corporate Governance Committee, are responsible for chairing their respective Committees and to ensure that the Committees deliver as per their respective terms of reference in their mandate to assist the Board to fulfil its duties and responsibilities.

Mr Paul Halpin is the Chairman of the Audit and Risk Committee and Mr Lim Sit Chen Lam Pak Ng, also known as Maurice Lam is the Chairman of the Corporate Governance Committee.

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.

Gamma Corporate Services Ltd is the Company's Company Secretary.

2. The Structure of the Board and its Committees

Composition of the Board of Directors- details of the Directors

For the period under review the Company had a Board composed of 9 Directors.

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

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

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

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

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

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

In November 2016, the Board appointed Carl as the Executive Chairman and this appointment has been reconfirmed by the shareholders at the successive Annual Meetings.

Directorship in listed companies: Three (Morning Light Co. Ltd, Lottotech Ltd and Kolos Cement 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: Three (Morning Light Co. Ltd, Lottotech Ltd and Kolos Cement Ltd).

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

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

Tommy is also the Vice Chairman of the Company and he also chairs the Gamma Foundation.

Directorship in listed companies: Three (Morning Light Co. Ltd, Lottotech Ltd and Kolos Cement Ltd).

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

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

Directorship in listed companies: One (Lottotech Ltd).

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 Laurence Halpin (also called Paul Halpin) – Independent Non-Executive Director

Paul is a Chartered Accountant and also holds a BCom from the University College Dublin. He has been an Independent Director of the Company since 17 June 2014 and he is Chairman of the Audit and Risk Committee of the Company.

Paul is a former Partner at PwC Johannesburg, London and Dublin, where he held leadership positions in the financial services industry practice. He is widely experienced in matters of corporate governance, board effectiveness and prudential supervision and has served companies in the following sectors: Financial Services, ICT, Healthcare, Real Estate, Construction, Renewables and Heavy Manufacturing.

From 2016 to 2018 he served as Lloyd's General Representative for Mauritius. From 2005 to 2010 he was a Non-Executive Board Member of the Board of Investment, Mauritius and from 2005 to 2009 he was an Independent Non-Executive Director of Standard Bank (Mauritius) Ltd.

He is an Independent Non-Executive Director of Gamma Construction Ltd, Kolos Cement Ltd, Gamma Treasury Management Ltd and Lottotech Ltd.

Other non-executive directorships: Citicc Africa Holdings Ltd (Real Estate investor in East Africa); Grofin Capital (Development Finance and Private Equity in Africa and the Middle East); MakeMyTrip Limited (India's largest online travel agent, Listed on Nasdaq); various companies in the MIH Group (a leading Internet-based investor in India and China); and RMB Westport Real Estate Development Fund Ltd (Real Estate investor in West Africa).

Directorship in listed companies: Three (Lottotech Ltd (Stock Exchange of Mauritius), Kolos Cement Ltd (Development and Enterprise Market, Mauritius) and MakeMyTrip Limited (Nasdaq))

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

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

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

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

Directorship in listed companies: Three (Kolos Cement Ltd, Lottotech Ltd and Morning Light Co. Ltd).

Twalha Dhunnoo – Executive Director/Chief Financial Officer

Twalha holds a BA, MEng and MA (Cantab) from Cambridge University, and is also a fellow (FCA) of the Institute of Chartered Accountants for England & Wales (ICAEW). He started his career with Ernst & Young London in 1998, and left as an Audit Manager in 2004. Between 2004 and 2007, Twalha worked in Financial Services with major global organisations, namely Mellon Bank and Deutsche Bank. In July 2011, he became the Chief Financial Officer and Executive Director of Gatehouse Bank plc, a deposit-taking bank based in London. He joined the Company in April 2017 as Chief Financial Officer and was appointed as executive director in May 2017.

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

<u>Balance In the Composition of the Board</u>

The Shareholders have appointed a Board of Directors which is well balanced and it is currently composed of:

- ✓ 3 Independent Non-Executive Directors;
- ✓ 4 Non-Executive Directors; and
- ✓ 2 Executive Directors.

<u>Powers of the Board</u>

The role of the Board of Gamma-Civic Ltd is first and foremost to direct, govern and control the Company in order to safeguard and enhance its total value and returns by overseeing directly or indirectly the executive management of Gamma-Civic Ltd and its Group Companies.

The Board shall have all the powers necessary for directing and supervising the management of the business and affairs of the Company and for creating and delivering sustainable value.

The Board determines the strategic direction within a framework of rewards, incentives and controls.

The Board must ensure that Management strikes an appropriate balance between delivering short and medium term objectives and promoting long-term growth.

The Board is also responsible for ensuring that management maintains a system of internal control and procedures which provides assurance of effective and efficient operations, internal financial controls and compliance with existing laws and regulations. In carrying out this responsibility, the Board should have due regard to what is appropriate for the Company's businesses and the materiality of the risks inherent in the businesses and the relative costs and benefits of implementing specific controls.

The Board is the decision making body for all matters which are of significance to the Company as a whole because of their strategic, financial and reputational implications and/or consequences.

As such, the Board of Gamma-Civic Ltd has the responsibility of ensuring that the corporate governance system by which the Gamma Group is directed and controlled is effectively implemented by management in terms of processes, mechanisms, policies, laws and customs. The Board also provides effective corporate governance.

<u>Legal Responsibility</u>

All Directors of Gamma-Civic Ltd and its Group Companies have the duty to comply with the Companies Act 2001.

Although Directors are entrusted by Shareholders with the task of oversight and steering over the Management of Gamma Civic Ltd and its Group Companies, the powers of the Directors may be limited by the Gamma Charter, by the Constitution and by ordinary resolutions of the Shareholders. The Directors may become liable for the consequences of any breach of duties as contained under the law, the Gamma Charter, the Constitution and resolutions of the Shareholders in case of actions entered against the Directors.

Board meetings- focus areas 2019

The Board held quarterly statutory meetings to review the Company's unaudited and audited financial statements in compliance with the provisions of the Companies Act 2001, the Listing Rules and the Gamma Charter. It also held a Strategy and Budget meeting.

Attendance at Board meetings

For the period under review, the Board has met 5 times.

Directors	**Attendance**
Carl Ah Teck	5/5
Boon Hui Chan	4/5
Patrice Ah Teck	5/5
Tommy Ah Teck	5/5
Jean-Claude Lam Hung	5/5
Lim Sit Chen Lam Pak Ng	5/5
Paul Halpin	5/5
Marie Claire Chong Ah-Yan	5/5
Twalha Dhunnoo	5/5

Board Committees- term of reference & members

- ✓ 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 of the Company and with an overview of Group, the Chairman of the Audit and Risk Committee has at least a yearly meeting with the chairs 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.

  Members of the Audit and Risk Committees are as follows:

  - ✓ Paul Halpin (Chairman)
  - ✓ Boon Hui Chan
  - ✓ Jean-Claude Lam Hung
  - ✓ Maurice Lam Pak Ng

Attendance at Audit and Risk Committee

For the period under review, the Audit and Risk Committee has met 4 times.

Members	**Attendance**
Paul Halpin	4/4
Lim Sit Chen Lam Pak Ng	4/4
Jean-Claude Lam Hung	4/4
Boon Hui Chan	3/4

✓ 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.

Members of the Corporate Governance Committee are as follows:

- ✓ Maurice Lam Pak Ng (Chairman)
- ✓ Carl Ah Teck
- ✓ Tommy Ah Teck
- ✓ Marie Claire Chong Ah-Yan

Attendance at Corporate Governance Committee

For the period under review, the Corporate Governance Committee met once.

Members	**Attendance**
Maurice Lam Pak Ng	1/1
Boon Hui Chan	1/1
Carl Ah Teck	1/1
Tommy Ah Teck	1/1
Marie Claire Chong Ah-Yan	1/1

The Company Secretary - role and responsibilities

The main role and responsibilities of the Company Secretary as fully described in the Gamma Charter, which is in line with the provisions of the Companies Act 2001, includes the following:

- To provide the Board with guidance as to its duties and responsibilities, and powers;

- To inform the Board of all legislations on functions and operations relevant to or affecting meetings of shareholders and directors and reporting at any meetings as may be reasonably required from time to time and the filing of any documents required of Gamma-Civic Ltd and any failure to comply with such legislation;
- To ensure that minutes of all meetings of shareholders and directors are duly recorded and that all statutory registers are properly maintained;
- To certify in the annual financial statements of Gamma-Civic Ltd that Gamma-Civic Ltd has filed with the Registrar of Companies all such returns as are required of Gamma-Civic Ltd under the Companies Act 2001;
- To ensure that a copy of Gamma-Civic Ltd's annual financial statements and, where applicable, the annual reports are sent by email or post to every person entitled to such statements or reports in terms of the Companies Act 2001.

3. Directors appointment procedures

Appointment and re-election

The Corporate Governance Committee under its nomination function, is responsible for making recommendation to the Board, which in turn would be presented to the shareholders at the Company's Annual Meeting, the appointment and/or re-election of potential Directors.

Furthermore, in cases of casual vacancy, the Board may appoint Directors who shall hold office only until the next Annual Meeting and shall then be eligible for re-election.

Letter of appointment

Upon their appointment, all Directors are provided with a letter of appointment which stipulates the terms and conditions of such appointment. The Directors are also given a Gamma Charter which serves as a reference tool for all members of the Board and are referred to the Company's constitution, the Companies Act 2001 and the Listing Rules of the Stock Exchange of Mauritius.

Succession planning

An important responsibility of the Board of Directors is to ensure that the Company has an appropriate succession plan in place for Directors, Top Management and key officers, and this responsibility has been delegated to the Corporate Governance Committee under its Nomination function.

4. Directors' duties, remuneration and performance

Legal duties

All Directors of Gamma-Civic Ltd have:

- ✓ common law fiduciary obligations to Gamma-Civic Ltd and/or Group to act in good faith and the best interest of the Company;
- ✓ obligations imposed by the Companies Act 2001;
- ✓ obligations imposed by Constitution of Gamma-Civic Ltd; and
- ✓ obligations imposed by the Gamma Charter.

Each Director has a duty to exercise a degree of care, skill and diligence in fulfilling his function as a member of the Board.

Code of ethics

The Company applies the Gamma Charter, which contains a Code of Conduct, which is in line with the provisions of the Code.

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.

Induction

Upon appointment, Directors are issued a letter of appointment stipulating the terms and conditions of the directorship. The Directors are also communicated a copy of the Gamma Charter, which is applicable to the Company, the Company's constitution and relevant laws which applied to the operation and business of the Company. The corporate presentation of the Company and Group is effected by the Executive Chairman and meetings and visits are also planned to the different subsidiaries so that the new Directors would get acquainted with the businesses and operations of the Group.

Continuous Professional Development

The Directors are encouraged to keep themselves up to date with latest professional practices and to changes and trends in the Company's business, market, economic, political, social and legal environment in general.

Board evaluation

The Board has established a process for an annual performance evaluation by an experienced independent and external consultant of the Board, Board Committees and individual Directors including the Chairman of Gamma-Civic Ltd. For the year under review, an evaluation was carried out on 31 January 2020 and no areas of concerns were identified requiring the Board's particular attention. Nevertheless, the Board continues to work towards the effectiveness of the Board proceedings with the aim of sharpening its capacity.

However, it is to be noted that the full Board is appointed for only one year and all Directors stand for re-election at each Annual Meeting, the appointment of the Board and the Directors depend on the result which the Company is reporting and the creation of value for the shareholders.

Remuneration Policy

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.

For Board members, the recommendation of the Corporate Governance Committee is presented to the Shareholders at the Annual Meeting to obtain the approval of the Shareholders on the fees to be paid.

IT Security

Information technology ("IT") is key to the Company and it forms part of the Company's asset. The Board is responsible for IT Governance and management of IT risks, through policies, procedures and processes which are regularly updated, monitored and safeguarded by having in place the appropriate tools and software.

There is an IT Management Policy included in the Gamma Charter which provides the principles and recommended practices to achieve the future strategic goals identified and approved by the Gamma Board. However the implementation of tactical plans remains the responsibility of senior management of each entity within the Group.

The IT security policy in place covers the following:

- Guidelines IT team
- Guidelines server rooms
- Guidelines for users
- Antivirus management procedures
- Back up procedures
- Change management procedures
- Information handling procedures

- Business continuity plan
- User account management procedures

Directors' interest and dealings in the Company's shares

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.

There are no share dealings by the Directors for the period under review.

Interests' register, conflicts of interest and related party transaction policy

The Directors are fully aware of the responsibility of disclosure of any conflicts of interest in accordance with the laws and the Gamma Charter under the heading Conflict of Interest and Disclosure Policy.

Declaration of Conflict of Interest at each Board Meeting

The Company Secretary holds an Interest Register in which declarations made by Directors at each quarterly statutory meeting.

The first item of the agenda for all board meetings is for directors to declare if they have any conflict on any items which the Board will address for the business of the day. All Directors would sign a duly approved declaration of interest form, which forms part of the Board's proceedings. Furthermore Directors who are conflicted would not participate on discussions on the specific agenda item.

Any related party transaction, if existing, would also be recorded in the said register and same is available for inspection upon request made to the Company Secretary.

5. Risk Governance and Internal Control

Internal Control & Risk and Compliance report

It may not be possible to anticipate all risks which the Company may face. But as the body responsible for risk governance and internal control, the Board has delegated the responsibility of ensuring that the Company has in place a risk management process to manage and mitigate key risks which could potentially impact the Company's business and operations to the Audit and Risk Committee. Furthermore, the governance of risks, nature and risks appetite remain the ultimate responsibility of the Board.

Risk Management Framework

In order to manage the risk exposures faced by Gamma Civic Ltd and its Group Companies, the Board recognised the need to identify areas of significant business risk and to develop and implement strategies to investigate those risks as a basis of a formal system of risk management and internal control and compliance.

The Audit and Risk Committee meets regularly to evaluate, control, review and oversee the implementation of Gamma Civic Ltd's objectives. The Company's strategic and business plans are formulated in the context of the risk exposures and the requirements to effectively manage those risks as part of Gamma Civic Ltd and its Group Companies' operations.

The Audit and Risk Committee in turns ensures that Management puts in place a comprehensive and robust system of risk management and a sound internal control system, and quarterly reports would be submitted to the Board.

Risk Management Practices

The Board of Gamma Civic Ltd is responsible for the process of risk management and management is responsible for the implementation of risk management process. The Board of Gamma Civic Ltd maintains a number of policies which are designed to manage specific business risks.

Responsibility and accountability is placed on Management to maintain direct involvement in the businesses of the Company and Group Companies in order to manage potential exposure of Gamma Civic Ltd to risks. The Group CFO attends Technical Committee meetings of the operating companies within the group where risks are identified and appropriate mitigating measures are agreed with the Management of the operating companies.

Furthermore, the Group CFO meets the Audit and Risk committee to report on Strategic Risks in the Group.

Gamma Civic Ltd has a Risk Management Policy included in the Gamma Charter, which sets out the broad principles, responsibilities and practices that are used to manage Gamma Civic Ltd's risk exposures and the various risk management systems and internal controls operated by Gamma Civic Ltd to respond to those risks.

Whistleblowing Policy

The Company is committed to openness, accountability, transparency and highest standards of ethics. All employees and the Company's stakeholders are encouraged to report any incidents which they have reasonable grounds to believe may tantamount to an illegal act and cause harm and impact the reputation of the Company.

6. Reporting with Integrity

Financial and operational performance

The Company's financial and operational performance is detailed in the Directors' report.

Environment, Health & Safety

The Company continues to be committed to providing all employees of the Group with a safe and healthy working environment in line with the Occupational Safety and Health Act 2005 and other applicable legislative and regulatory frameworks. Through its Health and Safety officers employed by the different Group companies, Gamma Civic Ltd ensures that the Group fulfils 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.

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.

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.

7. Audit

Directors' responsibility

All Directors have been informed of their duties and responsibilities as provided under the Companies Act 2001, and their responsibility under the Listing Rules.

They are also conversant with the provisions of the Gamma Charter, which applies to the Company, the Company's constitution and the Code.

External audit

Appointment of the Company's external auditors remains a reserved right of the shareholders, though the appointment is made on the recommendation of the Board. The Company's external auditor for the year under review is EY.

The Board has delegated to the Audit and Risk Committee the responsibility of reviewing the auditors' letter of engagement before the start of the audit work. The Committee will also monitor the independence of the external auditor and ensure that the auditors are not hindered in any manner whatsoever in the performance of their function.

The external auditors have direct access to the Audit and Risk Committee members and attend the Committee meetings. Once a year, the external auditors also meet with the Board to report on the external audit exercise and present their report to the Board.

Internal audit

The internal audit function of Gamma Civic Ltd is outsourced to KPMG. The appointment of the internal audit was effected following a tender exercise under the supervision of the Audit and Risk Committee, on behalf of the Board.

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 internal audit plan is prepared by the internal auditors following discussions with Management under the supervision of the Audit and Risk Committee, which is the body entitled to approve the final audit plan.

In the performance of its function, the internal auditor has free access to the Company's records, employees and members of the Audit and Risk Committee.

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.

8. Relationship with Shareholders and Key Stakeholders

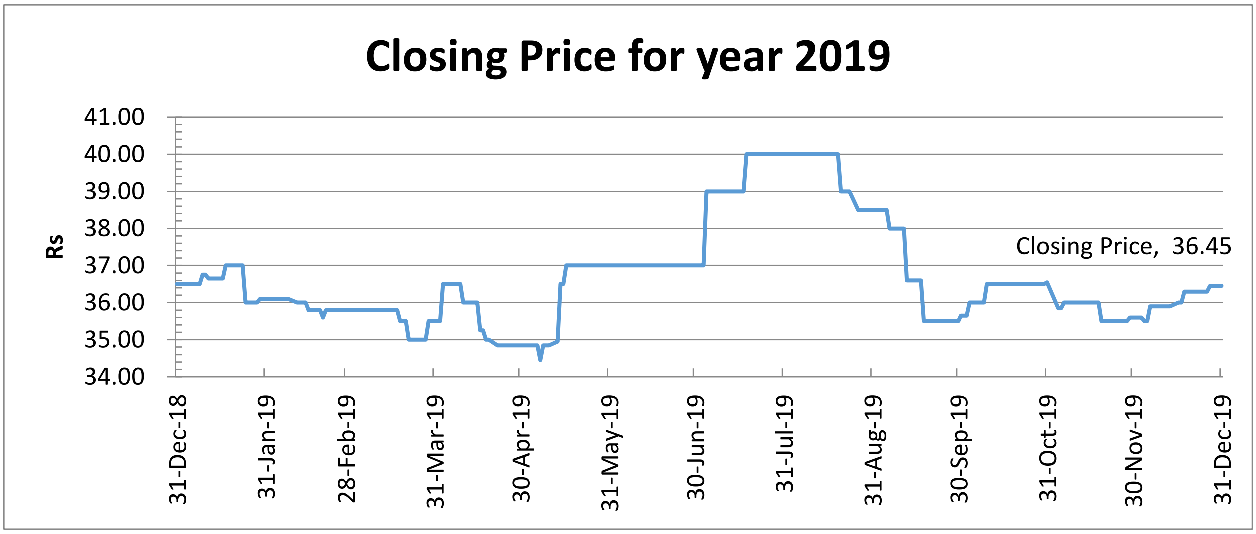
Communication with Key Stakeholders

The Board of Directors is committed to have an open and transparent communication with its shareholders, local authorities, financial institutions, suppliers, investors and employees at all times. It normally communicates through its Annual report, announcements as provided under the Listing Rules, whenever applicable, through its statutory reporting and publications.

Shareholders holding more than 5% as at 31 December 2019

NAME	NO OF SHARES	PERCENTAGE
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	15,379,920	11.54%
Bluesilver Ltd	10,069,390	7.56%
Cyril How Kin Sang	9,247,140	6.94%
Patrice Ah Teck	9,237,070	6.93%

Share Price Graph



Shares in Public Hands

In line with the Listing Rules, the Company has more than 25% of its shareholding in public hand.

Annual Meeting of Shareholders

The Company's Annual Meeting for the shareholders to approve the audited financial statements including the Company's annual report, appoint/renew appointment of Directors and the Board and appoint/renew the appointment of the external auditors has been fixed for the 12 June 2020.

In due course the appropriate convocation will be issued to all shareholders of the Company to invite them to attend the said Annual Meeting where they are encouraged to ask questions about the financial position of the Company.

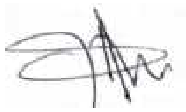
The Company Secretary will send out the notices and related papers to all shareholders at least 14 days before the Annual Meeting in accordance to the Company's Constitution. The notices will clearly explain the procedures on proxy voting and include the deadline for receiving the proxies at the office of the Company Secretary.

The Company also uses its website to keep in touch with its shareholders and stakeholders as all communiqués, dividend announcements, abridged financial statements and annual reports are posted on the website to keep them informed and updated on Company’s activities and events. In addition to the website, shareholders and stakeholders may obtain further information on the Company and its governance documents from the Company Secretary.

Dividend Policy

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

Director



Director

Date: 20 March 2020

STATEMENT OF COMPLIANCE

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

Name of Public Interest Entity (“PIE”): Gamma-Civic Ltd

Reporting Period: 31 December 2019

We, the Directors of Gamma-Civic Ltd confirm that to the best of our knowledge Gamma-Civic Ltd has complied with all of its obligations and requirements under the Code of Corporate Governance.

Chairman

Director

Date: 20 March 2020

Gamma-Civic Ltd

(the “Company”)

The Corporate Governance Report For the Financial Year 2019 **iii(p)**

STATUTORY DISCLOSURES

(Pursuant to Section 221 of the Companies Act 2001 and Section 88 of the Securities Act 2005)

<u>Principal Activities</u>

Gamma Civic Ltd is an investment company holding investments in different sectors of activities in Mauritius.

<u>Directors</u>

The name of the Directors of the Company and its subsidiaries as at 31 December 2019 were as follows:

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

Gamma-Civic Ltd

(the "Company")

Directors' and Senior Officers' Interests in Shares

Statement of Direct and Indirect Interest of insiders as at 31 December 2019:

	No. of Shares	
Names of Directors	**Direct**	**Indirect**
Boon Hui Chan	-	-
Carl Ah Teck	-	23,194,536
Jean-Claude Lam Hung	30,800	-
Marie Claire Chong Ah-Yan	1,980,830	3,869,317
Maurice Lam Pak Ng	-	-
Patrice Ah Teck	9,237,070	13,938,707
Paul Halpin	-	-
Tommy Ah Teck	-	23,175,777
Twalha Dhunnoo	-	-

Directors' Remuneration and Benefits

For the period under review, remuneration and benefits received and receivable by the Directors from the Company and its subsidiaries were:

	Rs
Directors of the Company	117,897,829
Directors of subsidiary companies (excluding those who are also Directors of the Company)	41,735,414

Note: The Directors' remuneration is disclosed in aggregate due to the confidentiality of the information and no remuneration in the form of share options or bonuses associated with the organisation performance have been issued to non-executive directors.

Directors' service contracts

None of the Directors of the Company have service contracts with the Company.

Contract of Significance

The Company has no contract of significance with either a Director or a controlling shareholder.

Directors' Insurance

The Directors of Gamma Civic Ltd are insured under the Gamma Civic Ltd master policy directors and officer's liability insurance.

Charitable and Political Donations

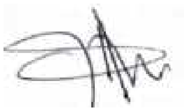
The Company remains committed to CSR through the Gamma Fund and for the year 2019, the Group and the Company have contributed Rs4,700,000 and Rs1,700,000 respectively, as charitable and political donations.

<u>Auditors' remuneration</u>

The remuneration payable by the Company and its subsidiaries for the financial year ended 31 December 2019 was as follows:

	Rs
Audit fees:	
- Principal auditors	3,924,250
- Other auditors	-
Tax review fees:	
- Principal auditors	270,250
- Other auditors	-
Other fees:	
- Principal auditors	268,200
- Other auditors	3,055,000

Director



Director

Date: 20 March 2020

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

20 March 2020

(a) RESULTS

	2019	2018	2017
	Rs	Rs	Rs
Turnover	**5,026,129,299**	4,241,252,634	4,110,521,288
Revenue from continuing operations	**3,750,331,445**	3,261,761,106	3,212,063,454
Revenue from discontinued operations	**-**	-	47,294,757
Revenue	**3,750,331,445**	3,261,761,106	3,259,358,211
Continuing Operations			
Operating Profit	**368,216,649**	450,995,463	368,133,455
Net (Impairment)/Impairment Reversal on Financial and Contract Assets	**(1,942,036)**	2,256,994	-
Net Gain/(Loss) from Fair Value Adjustment of Investment Properties	**181,328,687**	(108,948)	14,175,000
Finance Costs	**(47,965,946)**	(43,783,093)	(80,445,886)
Share of Profits of Associates and Joint Venture	**184,309,839**	124,013,551	76,543,983
Profit before Taxation	**683,947,193**	533,373,967	378,406,552
Taxation	**(87,637,265)**	(99,377,792)	(62,488,225)
Profit for the year from continuing operations	**596,309,928**	433,996,175	315,918,327
Loss for the year from discontinued operations	**-**	-	(14,199,200)
Profit for the year	**596,309,928**	433,996,175	301,719,127
Profit attributable to:			
-Owners of the company	**448,390,930**	339,517,897	244,138,509
-Non-controlling interests	**147,918,998**	94,478,278	57,580,618
	596,309,928	433,996,175	301,719,127
Total comprehensive income attributable to:			
-Owners of the company	**464,853,576**	268,720,383	263,897,917
-Non-controlling interests	**150,592,517**	96,452,393	57,701,897
	615,446,093	365,172,776	321,599,814
Earnings per share (basic and diluted)	**3.37**	2.55	1.83

(b) ASSETS AND LIABILITIES

	2019	2018	2017
	Rs	Rs	Rs
ASSETS			
Non-current assets	**4,575,004,085**	3,880,872,438	3,908,985,657
Current assets	**1,309,047,270**	1,478,188,554	1,286,558,833
Total assets	**5,884,051,355**	5,359,060,992	5,195,544,490
EQUITY AND LIABILITIES			
Owners' interests	**3,463,144,391**	3,127,403,828	2,633,528,057
Non-controlling interests	**206,191,948**	217,474,727	126,546,695
Total equity	**3,669,336,339**	3,344,878,555	2,760,074,752
Non-current liabilities	**931,117,998**	570,531,082	769,640,045
Current liabilities	**1,283,597,018**	1,443,651,355	1,665,829,693
Total equity and liabilities	**5,884,051,355**	5,359,060,992	5,195,544,490

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

GAMMA-CIVIC LTD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Gamma-Civic Ltd (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 10 to 94 which comprise the statements of financial position as at December 31, 2019, 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 2019 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with the Companies Act 2001 and the Financial Reporting Act 2004.

Basis for opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the 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.

Key Audit Matter	How the matter was addressed in the audit
Recognition of contract revenue, margin, and related contract assets and 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 using the output method namely surveys of performance completed to date of individual contracts.	- We assessed the design of key controls over the recognition of contract revenue process. 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 assessed the design of key controls over the recognition of contract revenue process. Such controls were tested to determine their operating effectiveness;

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

GAMMA-CIVIC LTD (CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key Audit Matters (Continued)

Key Audit Matter	How the matter was addressed in the audit
Recognition of contract revenue, margin, and related contract assets and receivables (Continued) Refer to note 3 (r) for accounting policy on construction contracts as well as note 4 (critical judgments in applying the accounting policies), note 12 (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. 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. For these reasons, we have considered the above as a key audit matter.	- 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 forecasting of costs to completion that drives the accounting based on the value of work certified. This included: - a review of the contract terms and conditions by reference to contract documentation; - testing 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; - discussions with project managers, engineers and finance team in respect of all significant contracts to understand the progress to-date, any issues foreseen on those contracts and estimated efforts to satisfy the performance obligations under the contracts and corroboration of these discussions with the accrued costs computed by the management for each contract; - an assessment of the ability to deliver contracts within budgeted timescales and any exposures to liquidated damages for late delivery of contract works; and the ability to identify and determine foreseeable loses on contracts; - a review of post-balance sheet certification from clients' quantity surveyors; - performing multiple site visits to corroborate findings as per the cost meetings and minutes of major contacts; - reviewing significant deviations from original revenue, cost and margin estimates, obtaining appropriate explanation from management for such deviations and evaluation of the impact on the revenue recognition; - Scrutinising all contracts which were closed during the year to consider their profitability and to compare with previous forecasts of those same contracts in order to assess management's ability to estimate cost of completion;

Building a better working world

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

GAMMA-CIVIC LTD (CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key Audit Matters (Continued)

Key Audit Matter	How the matter was addressed in the audit
Implementation of IFRS 16 Leases IFRS 16 - Leases becomes effective for reporting periods beginning on or after 1 January 2019. The application of the new standard gives rise to a right of use asset of MUR 440,808,242 for the group and MUR 27,250,761 for the Company and a corresponding increase in lease liabilities of MUR 232,260,545 for the Group and MUR 27,995,177 for the Company. The Group and the Company decided to apply the modified retrospective approach for the transition accounting. The impact of this new standard is significant to our audit since: 1. the amounts recorded are material, 2. the update of the accounting policy required policy elections, 3. the implementation process to identify and process all relevant data associated with the leases is complex and the measurement of the right-of-use asset and lease liability are based on assumptions such as the lease terms, including termination and renewal options and discount rates where the incremental borrowing rate ("IBR") method has been adopted and where the implicit rate of interest in a lease is not readily determinable.	Our audit procedures included the following: - an evaluation of management implementation process, including the review of the updated accounting policy and policy elections, ensuring the completeness and accuracy of all lease contracts identified; - We ensured completeness of all ROU assets to be recognised through: o discussions with the management; o our review of the Board minutes; o our knowledge of the business operations o our review of prior year expenses to identify any rental-like expenses. - We performed independent testing of the accuracy of the inputs of the ROU and Lease liability calculations against the lease contracts (paying special attention to special terms like renewal option or terminal options); - We challenged management assumptions, specifically on the determination of the discount rates utilised, the interpretation and application of the various termination and/or renewal clauses for each lease. As part of their exercise, management was supported by property valuation experts; - We recalculated the right-of-use asset and lease liability for each lease contract (including sensitivity analysis). We were also supported in our assessment by our specialists; - We assessed the competence and objectivity of independent valuers; - We held discussions with the independent valuation experts in our process to challenge valuation methodology and assumptions; - We assessed the adequacy of the Group and Company's disclosures of the impact of the new standard in the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

GAMMA-CIVIC LTD (CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Other information

The Directors are responsible for the other information. The other information comprises of the Corporate Information, Directors' Report, Corporate Governance Report, Secretary's Certificate and Summary of published results and of assets and liabilities of the group thereon which we obtained prior to the date of this auditor's report. The Annual Report is 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 identified above (other than the Corporate Governance Report) when it becomes available 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 Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Directors.

Corporate Governance Report

The Directors are responsible for preparing the Corporate Governance Report. Our responsibility under the Financial Reporting Act is to report on the compliance with the Code of Corporate Governance ("the Code") disclosed in the annual report and assess the explanations given for non-compliance with any requirement of the Code. From our assessment of the disclosures made on corporate governance in the annual report, the Group has, pursuant to section 75 of the Financial Reporting Act, complied with the requirements of the Code.

Responsibilities of Directors for the financial statements

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

In preparing the financial statements, the Directors are responsible for assessing the Group and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

GAMMA-CIVIC LTD (CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

GAMMA-CIVIC LTD (CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Use of our report

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Companies Act 2001

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

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

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

Ernst & Young

ERNST & YOUNG
Ebène, Mauritius

Date: 20 March 2020

ANDRE LAI WAN LOONG, F.C.A
Licensed by FRC

		GROUP		COMPANY	
	Notes	**2019**	2018	**2019**	2018
ASSETS		**Rs**	Rs	**Rs**	Rs
NON-CURRENT ASSETS					
Property, Plant and Equipment	5	**1,390,218,324**	979,389,282	**378,827,409**	361,955,429
Intangible Assets	6	**791,875,184**	921,115,902	**2,235,888**	2,794,861
Investments in Subsidiaries	7	**-**	-	**1,554,505,204**	1,515,282,108
Investments in Associates and Joint Venture	8	**901,239,155**	754,847,423	**53,245,640**	53,245,640
Investment Properties	9	**1,359,411,285**	1,041,084,855	**-**	-
Deferred Tax Assets	17(b)	**9,959,016**	17,396,695	**-**	7,645,000
Contract Assets	12	**87,513,810**	69,285,111	**-**	-
Non-Current Receivables	31	**34,787,311**	97,753,170	**490,114**	490,114
		4,575,004,085	3,880,872,438	**1,989,304,255**	1,941,413,152
CURRENT ASSETS					
Inventories	11	**167,552,556**	180,004,178	**-**	-
Contract Assets	12	**309,741,470**	335,739,143	**-**	-
Trade and Other Receivables	12(a)	**338,792,133**	273,879,429	**68,875,167**	67,467,400
Amounts due from Subsidiaries	28	**-**	-	**86,254,259**	70,444,322
Cash and Cash Equivalents	26	**492,961,111**	636,165,804	**100,062,733**	89,111,144
		1,309,047,270	1,425,788,554	**255,192,159**	227,022,866
Assets classified as held for sale	32	**-**	52,400,000	**-**	52,400,000
Total Current Assets		**1,309,047,270**	1,478,188,554	**255,192,159**	279,422,866
TOTAL ASSETS		**5,884,051,355**	5,359,060,992	**2,244,496,414**	2,220,836,018
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		**3,243,411,812**	2,907,671,249	**1,245,018,957**	1,159,339,698
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**3,463,144,391**	3,127,403,828	**1,464,751,536**	1,379,072,277
NON-CONTROLLING INTERESTS	7(d)	**206,191,948**	217,474,727	**-**	-
TOTAL EQUITY		**3,669,336,339**	3,344,878,555	**1,464,751,536**	1,379,072,277
NON-CURRENT LIABILITIES					
Loans	14	**561,814,616**	457,544,411	**390,028,047**	457,544,411
Trade and Other Payables	19	**36,268,206**	-	**-**	-
Contract Liabilities	19(a)	**12,093,812**	13,586,857	**-**	-
Lease Liabilities	15	**210,030,818**	-	**24,658,248**	-
Retirement Benefit Obligations	16(c)	**52,742,968**	44,282,664	**4,778,000**	3,513,000
Deferred Tax Liabilities	17(b)	**58,167,578**	55,117,150	**4,561,000**	-
		931,117,998	570,531,082	**424,025,295**	461,057,411
CURRENT LIABILITIES					
Bank Overdrafts	18/26	**19,187,897**	241,458	**-**	-
Loans	14	**71,462,675**	192,450,392	**68,208,629**	114,809,777
Lease Liabilities	15	**22,229,727**	-	**3,336,929**	-
Trade and Other Payables	19	**959,819,098**	1,133,131,545	**134,313,325**	108,313,860
Contract Liabilities	19(a)	**182,039,163**	83,286,078	**-**	-
Amounts due to Subsidiaries	28	**-**	-	**149,860,700**	157,582,693
Current Tax Liabilities	17(a)	**28,858,458**	34,541,882	**-**	-
		1,283,597,018	1,443,651,355	**355,719,583**	380,706,330
TOTAL LIABILITIES		**2,214,715,016**	2,014,182,437	**779,744,878**	841,763,741
TOTAL EQUITY AND LIABILITIES		**5,884,051,355**	5,359,060,992	**2,244,496,414**	2,220,836,018

Approved by the Board of Directors and signed on its behalf on …20 March 2020……………………….

…………………………….)
) DIRECTORS
)
…………………………….)

The notes on pages 15 to 94 form an integral part of these financial statements.

GAMMA - CIVIC LTD
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

		GROUP		COMPANY	
PROFIT OR LOSS	**Notes**	**2019**	2018	**2019**	2018
		Rs	Rs	**Rs**	Rs
Turnover	20	**5,026,129,299**	4,241,252,634	**459,566,364**	734,932,082
Revenue	20	**3,750,331,445**	3,261,761,106	**459,566,364**	734,932,082
Operating Profit	21	**368,216,649**	450,995,463	**292,720,031**	664,494,687
Net (Impairment)/Impairment Reversal on Financial and Contract Assets	12	**(1,942,036)**	2,256,994	**(4,770,510)**	13,076,054
Net Gain/(Loss) from Fair Value Adjustment of Investment Properties	9	**181,328,687**	(108,948)	**-**	-
Finance Costs	22	**(47,965,946)**	(43,783,093)	**(25,984,423)**	(33,062,485)
Share of Profits of Associates and Joint Venture	8	**184,309,839**	124,013,551	**-**	-
Profit before Taxation		**683,947,193**	533,373,967	**261,965,098**	644,508,256
Taxation	17(a)	**(87,637,265)**	(99,377,792)	**(11,805,198)**	(24,732,032)
PROFIT FOR THE YEAR		**596,309,928**	433,996,175	**250,159,900**	619,776,224
OTHER COMPREHENSIVE INCOME					
Items that will not be classified subsequently to Profit or Loss:					
Gain on Revaluation of Property	5	**18,338,368**	11,260,910	**2,875,661**	3,030,837
Deferred Tax on Gain on Revaluation of Property	17(b)	**(3,096,272)**	(1,923,720)	**(467,612)**	(524,608)
Share of Gain/(loss) on Property Revaluation of Associates and Joint Venture	8(a)	**5,646,566**	(87,041,293)	**-**	-
Remeasurement of Actuarial Gain/(Loss) on Retirement Benefit Obligations	16(f)	**1,177,523**	6,897,688	**(393,000)**	(392,000)
Deferred Tax on Remeasurement of Retirement Benefit Obligations	17(b)	**(185,559)**	(1,042,217)	**66,810**	66,640
Remeasurement of Actuarial (Loss)/Gain on Retirement Benefit Obligations in Associates & Joint Venture	8(a)	**(2,998,778)**	1,695,224	**-**	-
Items to be classified subsequently to Profit or Loss:					
Foreign Currency Translation Reserves Movement		**254,317**	1,330,009	**-**	-
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**19,136,165**	(68,823,399)	**2,081,859**	2,180,869
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**615,446,093**	365,172,776	**252,241,759**	621,957,093
PROFIT ATTRIBUTABLE TO:					
Owners of the Company		**448,390,930**	339,517,897	**250,159,900**	619,776,224
Non-Controlling Interests		**147,918,998**	94,478,278	**-**	-
		596,309,928	433,996,175	**250,159,900**	619,776,224
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
Owners of the Company		**464,853,576**	268,720,383	**252,241,759**	621,957,093
Non-Controlling Interests		**150,592,517**	96,452,393	**-**	-
		615,446,093	365,172,776	**252,241,759**	621,957,093
EARNINGS PER SHARE (Basic and Diluted)	24	**3.37**	2.55		

The notes on pages 15 to 94 form an integral part of these financial statements.

GAMMA - CIVIC LTD
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

Group

	Stated Capital	Share Premium	Revaluation Reserve	Capital Reserve	Fair Value Reserve	Foreign Currency Translation Reserves	Retained Earnings	Attributable to Owners of the Parent	Non-Controlling Interests	Total
	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
Balance at 1 January 2018	133,250,000	86,482,579	546,232,706	279,612	666,979	53,317,565	1,813,298,616	2,633,528,057	126,546,695	2,760,074,752
Revaluation Surplus of Associate Realised on Depreciation of Property	-	-	(1,986,188)	-	-	-	1,986,188	-	-	-
Revaluation Surplus Realised on Disposal of Property and on Depreciation	-	-	(5,791,411)	-	-	-	5,791,411	-	-	-
Profit for the Year	-	-	-	-	-	-	339,517,897	339,517,897	94,478,278	433,996,175
Other Comprehensive (Loss)/Income for the Year	-	-	(79,480,152)	-	-	1,330,009	7,352,629	(70,797,514)	1,974,115	(68,823,399)
Total Comprehensive (Loss)/Income for the Year	-	-	(79,480,152)	-	-	1,330,009	346,870,526	268,720,383	96,452,393	365,172,776
Disposal of Investment in Financial Asset	-	-	-	-	(666,979)		666,979	-	-	-
Change in ownership interest without loss of control (note 36)	-	-	(3,644,389)	-	-	-	428,674,777	425,030,388	100,298,361	525,328,749
Reclassification of Subsidiary to Associate	-	-	-	-	-	-	-	-	(53,367,992)	(53,367,992)
Issue of shares								-	4,999,750	4,999,750
Dividend (Note 23)	-	-	-	-	-	-	(199,875,000)	(199,875,000)	(57,454,480)	(257,329,480)
Balance at 31 December 2018	**133,250,000**	**86,482,579**	**455,330,566**	**279,612**	**-**	**54,647,574**	**2,397,413,497**	**3,127,403,828**	**217,474,727**	**3,344,878,555**
Effect of adoption of IFRS 16	-	-	-	-	-	-	25,570,174	25,570,174	8,523,392	34,093,566
Balance at 01 January 2019 - as restated	**133,250,000**	**86,482,579**	**455,330,566**	**279,612**	**-**	**54,647,574**	**2,422,983,671**	**3,152,974,002**	**225,998,119**	**3,378,972,121**
Revaluation Surplus of Associate Realised on Depreciation of Property	-	-	(2,046,470)	-	-	-	2,046,470	-	-	-
Revaluation Surplus Realised on Disposal of Property and on Depreciation	-	-	(47,344,953)	-	-	-	47,344,953	-	-	-
Profit for the Year	-	-	-	-	-	-	448,390,930	448,390,930	147,918,998	596,309,928
Other Comprehensive Income/(Loss) for the	-	-	16,597,641	-	-	254,317	(389,312)	16,462,646	2,673,519	19,136,165
Total Comprehensive Income for the Year	-	-	16,597,641	-	-	254,317	448,001,618	464,853,576	150,592,517	615,446,093
Disposal of Associate and acquisition of additional interest in subsidiaries (note 35)	-	-	-	-	-	-	11,879,313	11,879,313	(54,994,899)	(43,115,586)
Non-Controlling Interests arising on acquisition o	-	-	-	-	-	-	-	-	106,125	106,125
Transfer to Retained Earnings	-	-	-	(279,612)	-	-	279,612	-	-	-
Dividend (Note 23)	-	-	-	-	-	-	(166,562,500)	(166,562,500)	(115,509,914)	(282,072,414)
Balance at 31 December 2019	**133,250,000**	**86,482,579**	**422,536,784**	**-**	**-**	**54,901,891**	**2,765,973,137**	**3,463,144,391**	**206,191,948**	**3,669,336,339**

The notes on pages 15 to 94 form an integral part of these financial statements.

Company

	Stated Capital	Share Premium	Revaluation Reserve	Capital Reserve	Fair Value Reserve	Retained Earnings	Total
	Rs	Rs	Rs	Rs	Rs	Rs	Rs
Balance at 1 January 2018	133,250,000	86,482,579	350,291,998	279,612	666,979	386,019,016	956,990,184
Revaluation Surplus Realised on Depreciation	-	-	(2,666,239)	-	-	2,666,239	-
Profit for the Year	-	-	-	-	-	619,776,224	619,776,224
Other Comprehensive Income/(Loss) for the Year	-	-	2,506,229	-	-	(325,360)	2,180,869
Total Comprehensive Income for the Year	-	-	2,506,229	-	-	619,450,864	621,957,093
Disposal of Investment in Financial Asset	-	-	-	-	(666,979)	666,979	-
Dividend (Note 23)	-	-	-	-	-	(199,875,000)	(199,875,000)
Balance at 31 December 2018	**133,250,000**	**86,482,579**	**350,131,988**	**279,612**	**-**	**808,928,098**	**1,379,072,277**
Revaluation Surplus Realised on Disposal of Property and on Depreciation	-	-	(47,344,953)	-	-	47,344,953	-
Profit for the Year	-	-	-	-	-	250,159,900	250,159,900
Other Comprehensive Income/(Loss) for the Year	-	-	2,408,049	-	-	(326,190)	2,081,859
Total Comprehensive Income for the Year	-	-	2,408,049	-	-	249,833,710	252,241,759
Transfer to Retained Earnings	-	-	-	(279,612)	-	279,612	-
Dividend (Note 23)	-	-	-	-	-	(166,562,500)	(166,562,500)
Balance at 31 December 2019	**133,250,000**	**86,482,579**	**305,195,084**	**-**	**-**	**939,823,873**	**1,464,751,536**

The notes on pages 15 to 94 form an integral part of these financial statements.

	Notes	GROUP 2019 Rs	GROUP 2018 Rs	COMPANY 2019 Rs	COMPANY 2018 Rs
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before Tax		**683,947,193**	533,373,967	**261,965,098**	644,508,256
Adjustments for:					
Depreciation of Property, Plant and Equipment	5	**90,893,263**	94,042,176	**4,026,387**	4,145,644
Depreciation of Right-of-Use assets	5(g)	**40,349,888**	-	**3,892,966**	-
Amortisation of Intangible Assets	6	**2,400,493**	4,772,973	**558,973**	144,675
Impairment Loss (Reversed)/Recognised on Trade Receivables	12(a)	**1,942,036**	(2,256,994)	**4,770,510**	(1,213,687)
Impairment Loss Recognised on Investment in Subsidiaries		**-**	-	**13,206,656**	-
Allowance for credit loss of Other Receivables	12(a)	**-**	4,530,000	**-**	4,530,000
Reversal of Impairment Loss Recognised on Amount due from Subsidiaries	28(e)	**-**	-	**-**	(11,862,367)
Loss on disposal of subsidiary		**-**	7,571,197	**-**	-
Impairment of goodwill	6	**36,999,402**	-	**-**	-
Impairment of Property, Plant and Equipment	5	**216,000**	82,102	**216,000**	-
(Reversal of Provision)/Provision for Slow Moving Inventories	21	**3,662,043**	(3,086,903)	**-**	-
Net Foreign Exchange Differences		**(2,246,101)**	(1,603,662)	**(231,535)**	(1,646)
Interest Expense	22	**47,965,946**	43,783,093	**25,984,423**	33,062,485
Interest Income	21	**(5,709,838)**	(25,754,705)	**(2,367,235)**	(21,219,078)
Dividend Income	20	**-**	-	**(314,164,686)**	(623,563,249)
Non-cash Element of Retirement Benefit Expense	16	**10,704,827**	8,418,856	**900,000**	643,000
(Profit)/Loss on Disposal of Property, Plant and Equipment	21	**(634,020)**	(1,041,869)	**1,542,418**	(764,686)
Profit on disposal of Subsidiary	21	**(875,383)**	-	**-**	-
Amortisation of Land Lease Payment		**480,911**	2,343,581	**-**	-
Profit on disposal of Associate	21	**(11,879,313)**	-	**-**	-
Loss on Disposal of Investment Properties	21	**-**	826,706	**-**	-
Loss on Disposal of Financial Asset at FVOCI	10	**-**	37,666	**-**	37,666
Net (Gain)/Loss from Fair Value adjustment on Investment Properties	9	**(181,328,687)**	108,948	**-**	-
Share of Profit of Associates and Joint Venture	8(e)	**(184,309,839)**	(124,013,551)	**-**	-
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		**532,578,821**	542,133,581	**299,975**	28,447,013
Decrease/(Increase) in Inventories		**8,789,579**	(92,610,307)	**-**	-
Decrease/(Increase) in Contract Assets, and Trade and Other Receivables		**5,069,879**	18,909,903	**46,394,252**	(3,709,898)
Decreasein Amount due from Subsidiaries		**-**	-	**(15,809,937)**	(21,445,004)
(Decrease)/Increase in Contract Liabilities, and Trade and Other Payables		**(39,480,625)**	94,637,368	**26,303,041**	(36,700,822)
Decrease in Amount due to Subsidiaries		**-**	-	**(7,721,993)**	(21,050,774)
CASH GENERATED FROM/(USED IN) OPERATIONS		**506,957,654**	563,070,545	**49,465,338**	(54,459,485)
Interest Paid		**(48,269,522)**	(46,134,420)	**(26,287,999)**	(35,413,812)
Dividend Paid to Owners of the Company	23	**(166,562,500)**	(199,875,000)	**(166,562,500)**	(199,875,000)
Dividend Paid to Non-controlling Interests		**(115,509,914)**	(57,454,480)	**-**	-
Dividend Received		**99,582,227**	61,478,711	**314,164,686**	160,563,249
Income Tax Paid	17	**(79,550,751)**	(92,780,147)	**-**	-
Retirement Benefits Paid	16	**(1,067,000)**	(4,142,000)	**-**	-
NET CASH FLOWS GENERATED FROM/(USED IN) OPERATING ACTIVITIES		**195,580,194**	224,163,209	**170,779,525**	(129,185,048)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of Property, Plant and Equipment	25	**(114,898,728)**	(105,032,334)	**(189,541)**	(483,545)
Purchase of Intangible Assets	6	**(870,910)**	(2,252,300)	**-**	(1,212,500)
Proceeds from Disposal of Property, Plant and Equipment		**9,911,727**	2,855,369	**7,659,179**	2,109,593
Consideration paid for acquiring investment in Subsidiary	37	**(23,031,288)**	-	**-**	(1,000,000)
Additional Investment in Subsidiary		**-**	-	**(106,114,180)**	-
Payment for Shares in Associates		**(110,278,360)**	-	**-**	-
Proceeds from Disposal of Financial Asset through Other Comprehensive Income		**-**	5,629,313	**-**	5,629,313
Proceeds from Disposal of Subsidiaries		**1,000,000**	-	**1,000,000**	-
Proceeds from Disposal of Investment Properties	9	**-**	4,368,000	**-**	-
Additions to Investment Properties		**(74,689,456)**	(92,506,240)	**-**	-
Decrease in Non-current Amount due from Subsidiaries *		**-**	-	**88,505,209**	491,227,156
Increase in Non-current Amount due from Subsidiaries *		**-**	-	**(36,021,311)**	(33,812,536)
Interest Received		**5,709,838**	5,962,267	**2,367,235**	1,426,640
NET CASH FLOWS (USED IN)/GENERATED FROM INVESTING ACTIVITIES		**(307,147,177)**	(180,975,925)	**(42,793,409)**	463,884,121
CASH FLOWS FROM FINANCING ACTIVITIES					
New Loans		**97,400,000**	32,600,000	**-**	-
Repayment of Loans		**(114,117,512)**	(303,228,322)	**(114,117,512)**	(303,228,322)
Repayments under Lease Agreements		**(36,112,738)**	(7,435,977)	**(3,148,550)**	-
Change in ownership interest without loss of control **	36	**-**	525,328,749	**-**	-
NET CASH FLOWS (USED IN)/GENERATED FROM FINANCING ACTIVITIES		**(52,830,250)**	247,264,450	**(117,266,062)**	(303,228,322)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(164,397,233)**	290,451,734	**10,720,054**	31,470,751
Net Foreign Exchange Differences		**2,246,101**	1,603,662	**231,535**	1,646
CASH AND CASH EQUIVALENTS AT 1 JANUARY		**635,924,346**	343,868,950	**89,111,144**	57,638,747
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	26	**473,773,214**	635,924,346	**100,062,733**	89,111,144

* Decrease and Increase in Non-current Amount due from Subsidiaries for prior year have been reclassified from Financing activities to Investing activities.
** Change in ownership interest without loss of control for prior year has been reclassified from Investing activities to Financing activities.

1. INCORPORATION AND ACTIVITIES

The consolidated financial statements of Gamma-Civic Ltd and its subsidiaries (collectively, the "Group") for the year ended 31 December 2019 were authorised for issue in accordance with a resolution of the Directors on 20 March 2020. 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 HSBC Centre, Bank Street, Cybercity, Ebene, Mauritius.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group applied IFRS 16 for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard are described below. Several other amendments and interpretations apply for the first time in 2019, but did not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any other standards, interpretations or amendments that have been issued but are not yet effective.

	Effective for accounting period beginning on or after
IFRS 16 - Leases	1 January 2019

IFRS 16 Leases

IFRS 16 'Leases' replaces IAS 17 'Leases' along with three Interpretations (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'). The adoption of this new Standard has resulted in the Group recognising a right-of-use asset and related lease liability in connection with all former operating leases except for those identified as having a remaining lease term of less than 12 months from the date of initial application.

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 or modified retrospective approach. The Group has elected to apply the modified retrospective approach where an amount equal to the lease liability adjusted by the amount of any prepaid lease payment relating to that lease is recognised is recognised in the statement of financial position on 1 January 2019. Prior payments relating to obtention of leasehold property have been reclassified to Rights-of-Use assets.

(a) Classification and measurement

Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Group has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of IFRS 16.

Nature of the effect of adoption of IFRS 16

The Group has lease contracts for various items of leasehold land, plant, machinery, vehicles and other equipment. Before the adoption of IFRS 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Group; otherwise it was classified as an operating lease. Finance leases were 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 were apportioned between interest (recognised as finance costs) and reduction of the lease liability. In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under Prepayments and Trade and other payables, respectively.

Under adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases that it is the lessee, except for short-term leases and leases of low-value assets.

Leases previously classified as finance leases

The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under IAS 17). The requirements of IFRS 16 was applied to all leases from 1 January 2019.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

Leases previously accounted for as operating leases

The Group recognised right-of-use assets and lease liabilities for all leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets relating to Property, plant and equipment for these leases were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Rights-of-use assets relating to Investment properties were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments. Right-of-use assets relating to Investment Properties have been fair valued on 1 January 2019 by independent valuers. At transition date, the fair value adjustment to the right-of-use assets is taken to equity by adjusting the opening balances of Retained Earnings at 01 January 2019. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months at the date of initial application
- Included the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used existing agreements and clauses therein in determining the lease term where the contract contains options to extend or terminate the lease

Additionally, the Group used different discount rates for each lease based each of the Subsidiaries' characteristics.

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as at 31 December 2018 as follows:

	Rs
Operating lease commitments as at 31 December 2018	**409,107,218**
Add:	
Payments in optional extension periods not recognised as at 31 December 2018	72,566,003
	481,673,221
Weighted average incremental borrowing rate as at 1 January 2019	3.5% to 6.98%
Effect of Discounted operating lease commitments at 1 January 2019	(218,190,485)
Less:	
Commitments relating to short-term leases	(631,928)
Lease liabilities as at 1 January 2019	**262,850,808**

(b) Summary of new accounting policies

Group as a lessee

Set out below are the new accounting policies of the Group upon adoption of IFRS 16, which have been applied from the date of initial application:

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Previous intangible asset recognised under IFRS 3 Business Combinations relating to favourable terms of an operating lease acquired as part of a business combination has been derecognised and adjusted for in the carrying amount of the right-of-use asset at the date of initial application.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

(b) Summary of new accounting policies (continued)

Right-of-use assets (continued)

Short-term leases and low value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases to lease the assets for additional terms of three to five years. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

The Group included the renewal period as part of the lease term for leases of plant and machinery due to the significance of these assets to its operations. These leases have a short non-cancellable period (i.e., three to five years) and there will be a significant negative effect on production if a replacement is not readily available.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

(c) Summary of new accounting policies (continued)

Right-of-use assets (continued)

	Land and Buildings under Property, plant & Equipment	Motor Vehicles under Property, plant & Equipment	Investment Property	Lease liabilities
	Rs	Rs	Rs	Rs
Recognition of Rights-Of-Use assets and liabilities	200,170,332	48,361,459	14,208,288	262,740,079
Transfer to Rights-Of-Use assets from other classes of assets	165,416,049	-	14,006,433	-
Gain from fair value adjustment on recognition at 01 January 2019 (Equity movement)	-	-	34,093,566	-
Recognition at 01 January 2019	**365,586,381**	**48,361,459**	**62,308,287**	**262,740,079**
Additions	-	5,633,204	-	5,633,204
Interest expense	-	-	-	14,127,176
Payments	-	-	-	(50,350,643)
Depreciation expense	(25,469,769)	(14,880,119)	-	-
Loss on fair value adjustment	-	-	(731,201)	-
As at 31 December 2019	**340,116,612**	**39,114,544**	**61,577,086**	**232,149,816**

The Group recognised rent expense from short-term leases of Rs 631,928 for the year ended 31 December 2019.
Total adjustment to equity on 01 January 2019 amounts to Rs 34,093,566, out of which Rs 25,570,174 to retained earnings and Rs 8,523,392 to Non-Controlling Interests.

(d) Classification and measurement

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months for which the Group has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term.

For those leases previously classified as finance leases, the right-of-use asset and lease liability are measured at the date of initial application at the same amounts as under IAS 17 immediately before the date of initial application.

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

The new and amended standards and interpretations that are issued, but not yet effective up to the date of issuance of the Group's financial statements are listed below. The Group intends to adopt these new and amended standards and interpretations when they become effective, if applicable.

<u>New or amended standards</u>	Effective for accounting period beginning on or after
Definition of a Business (Amendments to IFRS 3)	1 January 2020
Definition of Material (Amendments to IAS 1 and IAS 8)	1 January 2020
Conceptual Framework for Financial Reporting	1 January 2020
IFRS 17 Insurance Contracts	1 January 2021

These amendments are not expected to have a significant impact on the financial statements of the Group and Company.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

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").

The consolidated financial statements are presented in Mauritian Rupees and all values are rounded to the nearest Mauritian Rupee, except when otherwise indicated.

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 type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. 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 of joint venture exceeds the Group's interest in the associate or joint venture, the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Investments in Associates and Joint Venture (continued)

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

(d) Basis of Consolidation

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

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

The results of subsidiaries acquired or disposed of during the year are included in the Statements of Profit or Loss and Other Comprehensive Income from the date of their control is acquired or up to the date when control is lost.

Specifically, income and expenses of a subsidiary acquired or Company loses control of the subsidiary disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

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

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Basis of Consolidation (continued)

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 IFRS 9 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.

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

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

(f) Property, Plant and Equipment

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Property, Plant and Equipment (continued)

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.

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%
Rights-of-use assets	-	2% to 20%

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

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

(g) Intangible Assets

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Intangible Assets (continued)

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 and Other Comprehensive Income 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 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%.

(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. Leasehold rights are amortised over a period of 41 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. The main inventory item for the Group consist of cement which the Group purchases in bulk and packs for resale to customers. The bulk cement is disclosed as raw materials and the packed cement as finished goods.

(i) Financial Instruments

Financial Assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Financial Instruments (continued)

Initial recognition and measurement (continued)

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

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

The Group's financial assets include cash in hand at banks, trade and other receivables and intercompany receivables.

Subsequent measurement

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

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group includes in this category loans and receivables. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows

And

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The losses arising from impairment are recognised in the Statement of Profit or Loss and Other Comprehensive Income in Profit or Loss.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Financial Instruments (continued)

Derecognition (continued)

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 recognises an allowance for expected credit losses (ECLs) for all trade receivables and contract assets. ECLs are based on the difference between the contractual cash flows due and all the cash flows that the Group expects to receive.

For contract assets, the Group applies a simplified approach in calculating ECLs. The expected credit losses on these financial assets are estimated using a provision matrix based on the entity's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the construction sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

For trade receivables, the Group applies a simplified approach in calculating ECLs. The Group makes use of the roll rate methodology. It predicts the probability of default based on delinquency and calculates the percentage of debtors' balance in each bucket that deteriorate to the next bucket in the following month. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. The information about the ECLs on the Group's trade receivables is disclosed in Note 12.

For all the other financial instruments where there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that results from default events that are possible within the next 12 months (a 12 month ECL).

For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL)

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

Write-off of financial assets

The Group assess any write-off to be made on trade receivables, contract assets and amount due from related parties on a case to case basis when there is sufficient evidence that the amount receivable will no longer be recoverable.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Financial Instruments (continued)

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.

Subsequent measurement

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

Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method unless the effect of discounting would be immaterial in which case they are stated at cost.

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.

This category includes interest bearing loans including bank overdrafts.

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.

(j) 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.

(k) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ii) Deferred taxation

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

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

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

(iii) Corporate Social Responsibility

The Group is required to allocate 2% of its chargeable income of the preceeding financial year to Government approved Corporate Social Responsibility (CSR) projects.
The required CSR charge for the current year is recognised as income tax expense in profit or loss. The net amount of CSR fund payable to the taxation authority is included as income tax payable in the statement of financial position.

(ii) Deferred taxation (continued)

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

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

(iii) Current and deferred tax for the year

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Leases

Accounting policy applicable before 1 January 2019

Finance leases

Management applies judgment in considering the substance of a lease agreement and whether it transfers substantially all the risks and rewards incidental to ownership of the leased asset. Key factors considered include the length of the lease term in relation to the economic life of the asset, the present value of the minimum lease payments in relation to the asset's fair value, and whether the Group obtains ownership of the asset at the end of the lease term.

For leases of land and buildings, the minimum lease payments are first allocated to each component based on the relative fair values of the respective lease interests. Each component is then evaluated separately for possible treatment as a finance lease, taking into consideration the fact that land normally has an indefinite economic life.

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

Operating leases

All other leases are treated as operating leases. Where the Group is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

(i) Lessor

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

(ii) Lessee

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

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

Accounting policy applicable after 1 January 2019

(iii) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Leases (continued)

Accounting policy applicable after 1 January 2019 (continued)

(iv) Lessee

The Group has applied IFRS 16 using the modified retrospective approach and therefore comparative information has not been restated. This means comparative information is still reported under IAS 17 and IFRIC 4.

For any new contracts entered into on or after 1 January 2019, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Group has the right to direct the use of the identified asset throughout the period of use.

The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use assets are measured at cost for those which are classified under Property, plant & Equipment, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

The right-of-use asset which are classified as Investment Properties are measured at fair value. Initial cost is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received). Subsequent re-measurements are taken to Profit or Loss.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Leases (continued)

Accounting policy applicable after 1 January 2019 (continued)

Measurement and recognition of leases as a lessee (Continued)

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

(m) 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 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.

(n) Foreign Currency Translation

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Turnover

Turnover is proceeds from ticket sales and the aggregate of revenue from all sales of goods and services, rental income, dividend income and other contract work executed less discounts, allowances and returns.

(p) Revenue Recognition

Revenue from contract with customers

Revenue is based on invoiced values, net of value added tax, of all sales of goods and services, proceeds from ticket sales net of prizes, sale of building materials and other contract work executed less discounts, allowances and returns.

Revenue from sales of goods and services are recognised when goods are delivered and title have passed and the services have been rendered.

Revenue from construction contracts is recognised in accordance with the Group's accounting policy on construction contracts as per note 3(q).

Revenue from lottery consist of sale of tickets, which are the wagers placed on lottery tickets on the Group's draw-based game, net of prizes.

Revenue from sales of building materials represents sales of cement, classified as bulk and bag. The performance is recognised at a point in time when control of the goods has transferred to the customer and the transactions price has already been set. As per condition of sales no alterations and cancellation of orders can be made once goods and services have been delivered, this is generally when the goods are delivered to the customers. No revenue is recognized if there are significant uncertainties regarding recovery of the consideration due.

The Group's revenue recognition occurs at the point in time when the draw has been held and the results have been certified by the Gambling Regulatory Authority. Where players wager in advance, the income is deferred and recorded as contract liabilities, until the draw has taken place when it is then recognised as revenue in the statement of profit or loss and other comprehensive income.

Revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Revenue is measured at the fair value of consideration received or receivable, excluding discounts, rebates, and Value Added Tax.

Other Revenue

Interest income is 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 under operating profit in the statement of profit or loss.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Construction Contracts

The Group is involved in the construction industry and produces asphalt for resale. Revenue from contracts with customers is recognised when the control of goods and services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods and services. The Group has generally concluded that it is the principal in its revenue arrangements.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 4.

The Group principally generate revenue from its construction activities such as building of infrastructures, roads and minor civil constructions. The Group has established that it has one performance obligation in contracts entered with clients.

The Group recognises revenue from its construction contracts over time, using an output method to measure progress towards completion of the asset promised, because the customer simultaneously receives and consumes the benefits provided by the Company. Output methods recognise revenue on the basis of direct measurements of the value to the customer of the goods transferred to date relative to the remaining goods promised under the contract.

The Group believes that the output method faithfully depicts the Company's performance towards complete satisfaction of the performance obligation. The Group uses surveys of performance completed to date to determine the amount of revenue to be recognised.

(i) Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

(ii) Significant financing components in respect of advances from its customers

Generally, the Group receives advances from its customers which are classified as short term and long term advances and classified as current or non-current contract liabilities. Using the practical expedient in IFRS 15, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

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

Sale of asphalt

Revenue from sale of asphalt is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the asphalt. The normal credit term is 60 days upon delivery.

Progress billings

Progress billings are invoices requesting payment for work completed till date. Progress billings are prepared and submitted for payment at each month end for all projects. Generally, the Company performs its surveys of work completed at each month end and issues a draft invoice to the customers for approval

(iii) Non contracting revenue

Revenue from the sale of asphalt and testing of materials is recognised when the control of goods and services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods and services.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Contract balances

(i) Contract asset

A contract asset is the right to consideration in exchange of goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays the consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

(ii) Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section e.

(iii) Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

(s) Retirement Benefit Obligations

Retirement Benefits in respect of The Workers' Rights Act 2019

The present value of retirement benefits in respect of The Workers' Rights Act 2019 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.

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. 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 Government 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.

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

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 presents the first two components of defined benefit costs in Profit or Loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Retirement Benefit Obligations (continued)

Defined Contribution

The Group and the Company operate a defined contribution pension plan for all qualifying employees. The funds are managed by an independent management committee. Where employees leave the plan in prior to full vesting of the contributions, the contributions payable by the company are reduced by the amount of forfeited contributions. Any residual gratuities under the Workers' Rights Act 2019 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 Statement of Profit or Loss 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) Dividend declared

Dividend declared are recognised directly in the Statement of Changes in Equity as a reduction in Retained Earnings when declared. A corresponding liability is accounted in the Statement of Financial Position for amounts not yet paid at year end.

(v) Impairment of non-financial asset

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Impairment of non-financial asset (continued)

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.
Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

(w) Accruals

Accruals are recognised when the Group has not yet received invoices for a good or service that has already been supplied and it is expected that the Group will fulfil its responsibility towards the supplier.

(x) Prizes

The draw-based game is operated under a prize pool mechanism under which a predetermined percentage of the ticket sales is allocated to prizes. To the extent that the actual prizes won on the draw vary from the predetermined percentage, the relevant prize is carried forward under a rollover to subsequent draws.

The liability for prizes is recognised at the time of the draw in line with the predetermined percentage for that game. Prizes are net-off against gross lottery ticket sales in the Statement of Profit or Loss and Other Comprehensive income.

If prizes remain unclaimed for 184 days from the date of the draw-based game, the unclaimed prizes are remitted to the National Solidarity Fund.

(y) Consolidated Fund

The Group has a legal requirement to contribute a set proportion of net proceeds from lottery games to the Consolidated Fund managed by the Government of Mauritius.

The amount of Consolidated Fund represents the predetermined percentage of gross ticket sales net of prizes.

(z) Retailers' and other commissions

The Group pays commissions to third party retailers who act as agents of the Group under a standard commission structure, fixed at a percentage of total sales. In addition, validation commission is paid on prizes. A similar commission structure is applicable for the Field Sales and Technical Representatives in Rodrigues.

(aa) Cash and Cash Equivalents

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ab) Assets classified as held for sale

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

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

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

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

- Represents a separate major line of business or geographical area of operations

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

Or

- Is a subsidiary acquired exclusively with a view to resale

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

4.1. CRITICAL ACCOUNTING JUDGEMENTS

(a) Construction contracts

Identifying performance obligation in contracts

The Group provides construction services to its customers. The Group has established that it has one performance obligation in its contracts with its customers. The Group performs several tasks within a single contract such as excavation works and use of its machineries and labour (including its quantity surveyors, contract managers and engineers) to build the asset. The Group has established that these tasks do not represent separate promises in the contract and are necessary for the completion of the promised asset to the customer and thus the Group has one performance obligation.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

4.1. CRITICAL ACCOUNTING JUDGEMENTS

(a) Construction contracts (continued)

Determining the timing of satisfaction of construction services

The Group concludes that revenue for the construction contracts is to be recognised over time because:

(i) the customer simultaneously receives and consumes the benefits provided by the Group. The fact that another Group would not need to re-perform the construction work completed by the Group demonstrates that the customer simultaneously receives and consumes the benefits of the Group’s performance as it performs.

(ii) the Group’s performance creates an asset that the customer controls as the asset is created.

(iii) the Group’s performance does not create an asset with an alternative use to the Group and as per the contract terms the Group has an enforceable right to payment for the performance completed to date.

In all contracts entered by the Group and its customers, the Group performs construction works on land that is owned by the customers. Therefore, as the Group performs its obligations as per the contract, the customers receive and consume the benefits of the work that has been completed. In addition, since the customers own the land, the customers control the asset being created and the Group cannot sell the work that has been performed to other customers.

Revenue recognition

Revenue is recognised based on output method of individual contracts. 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.

The survey of work performed is believed to faithfully depict the entity's performance towards satisfaction of its performance obligation. The Group signs a bill of quantities (BOQ) with the customer and the contract terms stipulate that the Group can make monthly claim based on the amount of work that has been completed till date based on the prices and quantities that have been agreed in the BOQ. Based on what has been agreed with the customers, the Group determines that the output method is the best method for measuring revenue.

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. The Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

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.

(b) Revenue from lottery

The Group assesses its revenue arrangement on the operation of the lottery segment and determined that it is the principal as it controls the service before it is transferred to the customer. The primary responsibility for fulfilling the promise to provide the service toward the customers resides with the Group. The Group underwrites the jackpots and other prize money for the game and bears the risk associated with guaranteed jackpots. The Group is liable under the Civil Code should it default in making payment to the winners of the draw. The Group also bears the risk associated with prize pool and has no recourse to any other party in the event that it suffers losses in fulfilling its responsibilities under its gaming licence.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

4.1. CRITICAL ACCOUNTING JUDGEMENTS (CONTINUED)

(c) ***Valuation of lease liabilities and right-of-use assets***

The application of IFRS 16 requires the Group to make judgements that affect the valuation of the lease liabilities (note 15) and the valuation of right-of-use assets (notes 5 and 9). These include determining contracts in scope of IFRS 16, determining the contract term and determining the interest rate used for discounting of future cash flows.

The lease terms determined by the Group generally comprises non-cancellable period of lease contracts, periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. The same term is applied as economic useful life of right-of-use assets.

The present value of the lease payment is determined using the discount rate representing the rate of interest rate applicable for currency of the lease contract and for similar tenor, corrected by the average credit spread of entities with rating similar to the Group's rating, observed in the period when the lease contract commences or is modified.

4.2 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) Provision for expected credit losses of trade receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by customer type and rating).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

(c) 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.

(d) 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.

(e) Investment properties and freehold land and buildings

The Group's 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 income comparison approach.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

4.1. CRITICAL ACCOUNTING JUDGEMENTS (CONTINUED)

4.2 Key sources of estimation uncertainty (continued)

(f) Determination of quantity of cement

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

(g) 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.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government 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.

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

(h) Inventories

Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

5. PROPERTY, PLANT AND EQUIPMENT

(a) Group

	Leasehold Improvements	Freehold Land and Buildings	Plant and Machinery	Motor Vehicles	Furniture, Fittings and Equipment	Right-of-Use Assets	Work In Progress	Total
	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
COST OR VALUATION								
At 1 January 2018	82,102,053	723,900,000	791,990,166	159,559,575	382,913,214	-	6,885,757	2,147,350,765
Reclassification	-	1,639,074	-	-	-	-	(1,639,074)	-
Transfer to Assets classified as held for sale	-	(52,400,000)	-	-	-	-	-	(52,400,000)
Additions	377,258	17,395,308	48,344,955	320,000	5,935,028	-	32,659,785	105,032,334
Assets written off	-	-	-	-	(82,102)	-	-	(82,102)
Disposals	-	(1,344,909)	(11,413,013)	(33,973,361)	(878,370)	-	-	(47,609,653)
Revaluation adjustment	-	(4,728,147)	-	-	-	-	-	(4,728,147)
At 31 December 2018 - as previously stated	82,479,311	684,461,326	828,922,108	125,906,214	387,887,770	-	37,906,468	2,147,563,197
Effect of adoption of IFRS 16								
Recognition of Rights-of-use Assets (Note 5 h)	-	-	-	-	-	299,876,840	-	299,876,840
Reclassification from Intangible Asset (Note 6)	-	-	-	-	-	114,071,000	-	114,071,000
	-	-	-	-	-	413,947,840	-	413,947,840
At 31 December 2018 - as restated	82,479,311	684,461,326	828,922,108	125,906,214	387,887,770	413,947,840	37,906,468	2,561,511,037
Reclassification	(3,451,074)	3,451,074	16,746,003	-	-	-	(16,746,003)	-
Additions	7,028,974	-	14,681,267	1,462,600	17,575,126	5,633,204	74,150,761	120,531,932
Assets written off	-	-	-	-	(3,747,740)	-	(216,000)	(3,963,740)
Disposals	-	(9,354,048)	-	(14,685,122)	(26,558,253)	-	-	(50,597,423)
Revaluation adjustment	-	(3,879,200)	-	-	-	-	-	(3,879,200)
At 31 December 2019	**86,057,211**	**674,679,152**	**860,349,378**	**112,683,692**	**375,156,903**	**419,581,044**	**95,095,226**	**2,623,602,606**
ACCUMULATED DEPRECIATION								
At 1 January 2018	77,541,163	-	656,718,776	100,498,095	301,158,915	-	-	1,135,916,949
Charge for the Year	3,718,240	16,496,105	30,496,998	1,697,460	41,633,373	-	-	94,042,176
Disposals	-	-	(10,978,675)	(33,973,361)	(844,117)	-	-	(45,796,153)
Revaluation adjustment	-	(15,989,057)	-	-	-	-	-	(15,989,057)
At 31 December 2018	81,259,403	507,048	676,237,099	68,222,194	341,948,171	-	-	1,168,173,915
Reclassification	(629,814)	629,814	112,271	-	(112,271)		-	-
Assets written off	-	-	-	-	(3,747,740)	-	-	(3,747,740)
Charge for the Year	3,300,099	19,996,069	33,826,878	2,043,293	31,726,924	40,349,888	-	131,243,151
Disposals	-	(167,603)	-	(14,609,011)	(26,543,102)	-	-	(41,319,716)
Revaluation adjustment	-	(20,965,328)	-	-	-	-	-	(20,965,328)
At 31 December 2019	**83,929,688**	**-**	**710,176,248**	**55,656,476**	**343,271,982**	**40,349,888**	**-**	**1,233,384,282**
NET BOOK VALUE								
At 31 December 2019	**2,127,523**	**674,679,152**	**150,173,130**	**57,027,216**	**31,884,921**	**379,231,156**	**95,095,226**	**1,390,218,324**
At 31 December 2018 - as previously stated	1,219,908	683,954,278	152,685,009	57,684,020	45,939,599	-	37,906,468	979,389,282

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(b) Company

	Freehold Land and Buildings	Plant and Machinery	Motor Vehicles	Furniture, Fittings and Equipment	Rights-of-Use Assets	Work In Progress	Total
	Rs	Rs	Rs	Rs	Rs	Rs	Rs
COST OR VALUATION							
At 1 January 2018	413,000,000	13,358,729	36,856,378	19,560,493	-	216,000	482,991,600
Transfer to Assets classified as held for sale	(52,400,000)	-	-	-	-	-	(52,400,000)
Additions	-	-	-	483,545	-	-	483,545
Disposals	(1,344,909)	(10,554,113)	(33,898,361)	(562,610)	-	-	(46,359,993)
Revaluation adjustment	(55,091)	-	-	-	-	-	(55,091)
At 31 December 2018 - as previously stated	359,200,000	2,804,616	2,958,017	19,481,428	-	216,000	384,660,061
Recognition of Rights-of-use Assets (Note 5 g)	-	-	-	-	31,143,727	-	31,143,727
At 31 December 2018 - as restated	359,200,000	2,804,616	2,958,017	19,481,428	31,143,727	216,000	415,803,788
Additions	-	-	-	189,541	-	-	189,541
Assets written off	-	-	-	(3,747,740)	-	(216,000)	(3,963,740)
Disposals	(9,354,048)	-	(63,017)	(28,710)	-	-	(9,445,775)
Revaluation adjustment	(45,952)	-	-	-	-	-	(45,952)
At 31 December 2019	**349,800,000**	**2,804,616**	**2,895,000**	**15,894,519**	**31,143,727**	**-**	**402,537,862**
ACCUMULATED DEPRECIATION							
At 1 January 2018	-	13,358,729	36,837,708	16,463,563	-	-	66,660,000
Charge for the year	3,085,928	-	11,792	1,047,924	-	-	4,145,644
Disposals	-	(10,554,113)	(33,898,361)	(562,610)	-	-	(45,015,084)
Revaluation adjustment	(3,085,928)	-	-	-	-	-	(3,085,928)
At 31 December 2018 - as previously stated	-	2,804,616	2,951,139	16,948,877	-	-	22,704,632
Charge for the year	3,089,216	-	6,879	930,292	3,892,966	-	7,919,353
Disposals	(167,603)	-	(63,018)	(13,558)	-	-	(244,179)
Assets written off	-	-	-	(3,747,740)	-	-	(3,747,740)
Revaluation adjustment	(2,921,613)	-	-	-	-	-	(2,921,613)
At 31 December 2019	**-**	**2,804,616**	**2,895,000**	**14,117,871**	**3,892,966**	**-**	**23,710,453**
NET BOOK VALUE							
At 31 December 2019	**349,800,000**	**-**	**-**	**1,776,648**	**27,250,761**	**-**	**378,827,409**
At 31 December 2018 - as previously stated	359,200,000	-	6,878	2,532,551	-	216,000	361,955,429

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Freehold land and buildings of the Company and its subsidiaries were revalued as at 31 December 2019 by Elevante Investments Limited, an independent valuer, not related to the Group, based on the current open market values. Elevante Investments Limited is a member of the Royal Institute of Chartered Surveyors and the directors are of the opinion that 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 2019 are as follows:

	Land	Buildings	
Reconciliation of Carrying amount	Group and Company	Group	Company
	Rs	Rs	Rs
Carrying amount as at 1 January 2019	282,600,000	401,354,278	76,600,000
Disposals	(5,525,000)	(3,661,445)	(3,661,445)
Depreciation	-	(19,996,069)	(3,089,216)
Reclassification from Leasehold improvements	-	2,821,260	-
	277,075,000	380,518,024	69,849,339
Revaluation gain as at 31 December 2019	125,000	16,961,128	2,750,661
Carrying amount and fair value as at 31 December 2019	**277,200,000**	**397,479,152**	**72,600,000**

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

Buildings	Valuation techniques	Significant unobservable inputs	Range	Fair value	
				Group	Company
				Rs	Rs
2019	**Depreciated replacement cost**	**Depreciation rate**	**28% to 65%**	**397,479,152**	**72,600,000**
2018	Depreciated replacement cost	Depreciation rate	28% to 65%	401,354,278	76,600,000

The valuation exercise is carried out by an independent valuer on an annual basis. The valuer uses a combination of the depreciated replacement cost approach and the sales comparison approach in estimating the property value. Factors such as physical deterioration and obsolescence are considered. Also, the valuer compares the property with similar properties recently sold on the open market.

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(c) Fair value hierarchy (continued)

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

The freehold land are categorised into Level 2 (2018: level 2) of the fair value hierarchy, the following information is relevant:

Freehold land	Valuation techniques	Significant observable inputs	Range	Fair value Group	Fair value Company
				Rs	Rs
2019	**Sales Comparison approach**	**Price per square metre**	**Rs 918 - Rs 3,764**	**277,200,000**	**277,200,000**
2018	Sales Comparison approach	Price per square metre	Rs 913 - Rs 3,673	282,600,000	282,600,000

(d) 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	
	2019	2018	**2019**	2018
	Rs	Rs	**Rs**	Rs
Freehold Land and Buildings	**245,365,009**	260,307,051	**40,862,154**	61,630,324

(e) Assets pledged as security

Property, plant and equipment have been pledged as security for bank facilities granted to the Group (Notes 14 and 18). The carrying value of the assets held under finance lease is detailed in Note 5(d).

(f) Assets written off

Assets written off refers mainly to damaged furniture which are not in a state to be used. These have been written off.

(g) Leasehold Rights on Business Combination transferred to Rights-of-Use Assets classified as Property, Plant and Equipment.

Leasehold rights previously recognised as intangibles on acquisition of subsidiary, Kolos Cement Ltd, have been reclassified to Rights of Use Assets upon application of IFRS 16.

(h) Right-of-Use assets

Group and Company as Lessee

Group	**Land & Buildings**	**Motor Vehicles**	**Total**
	Rs	**Rs**	**Rs**
As at 1 January 2019	-	-	**-**
Transfer from Non-Current Receivables (Note 31)	51,096,512	-	**51,096,512**
Transfer from Accounts Receivables	248,537	-	**248,537**
Recognition of Rights-of-use Assets	200,170,332	48,361,459	**248,531,791**
	251,515,381	48,361,459	**299,876,840**
Transfer of Leasehold Rights on business combination	114,071,000	-	**114,071,000**
Additions	-	5,633,204	**5,633,204**
Depreciation for the year	(25,469,769)	(14,880,119)	**(40,349,888)**
As at 31 December 2019	340,116,612	39,114,544	**379,231,156**

The transfers from Non-current Receivables and Accounts receivables refers to previous payments which were accounted as prepayments made in relation to obtention of the leases. These amounts have been derecognised on transition under IAS 17 for operating leases.

Company	**Buildings**
	Rs
As at 1 January 2019	**-**
Recognition of Rights-of-use Assets	**31,143,727**
Depreciation for the year	**(3,892,966)**
As at 31 December 2019	**27,250,761**

Description of lease activities

Land and buildings

The Group and Company lease land and buildings for their offices and Warehouses. The leases are for a period of 6 years for the Company and 6 to 50 years for the Group with no extension option.

Motor Vehicles

The Group leases motor vehicles to be used by staffs on construction sites and Forklifts to be used for loading and unloading of Cement. The leases are for a period ranging from 3 to 5 years with no extension option.

6. INTANGIBLE ASSETS

(a) Group

	Consolidation Goodwill	Leasehold Rights On Business Combination	Computer Software	Total
	Rs	Rs	Rs	Rs
COST				
At 1 January 2018	892,169,059	123,000,000	23,731,904	1,038,900,963
Additions	-	-	2,252,300	2,252,300
Derecognition of goodwill due to loss of control in subsidiary	(7,571,197)	-	-	(7,571,197)
At 31 December 2018	884,597,862	123,000,000	25,984,204	1,033,582,066
Additions	23,359,268	-	870,910	24,230,178
Write off	-	-	(1,040,658)	(1,040,658)
Reclassification to Property, Plant & Equipment (Note 5)	-	(123,000,000)	-	(123,000,000)
At 31 December 2019	**907,957,130**	**-**	**25,814,456**	**933,771,586**
ACCUMULATED IMPAIRMENT/AMORTISATION				
At 1 January 2018	94,042,514	5,929,000	7,721,677	107,693,191
Charge for the Year	-	3,000,000	1,772,973	4,772,973
At 31 December 2018	94,042,514	8,929,000	9,494,650	112,466,164
Charge for the Year	-	-	2,400,493	2,400,493
Write off	36,999,402	-	(1,040,657)	35,958,745
Reclassification to Property, Plant & Equipment	-	(8,929,000)	-	(8,929,000)
At 31 December 2019	**131,041,916**	**-**	**10,854,486**	**141,896,402**
NET BOOK VALUE				
At 31 December 2019	**776,915,214**	**-**	**14,959,970**	**791,875,184**
At 31 December 2018	790,555,348	114,071,000	16,489,554	921,115,902

(b) Company

	Computer Software
	Rs
COST	
At 1 January 2018	5,045,838
Additions	1,212,500
At 31 December 2018 & 31 December 2019	**6,258,338**
ACCUMULATED AMORTISATION	
At 1 January 2018	3,318,802
Charge for the year	144,675
At 31 December 2018	**3,463,477**
Charge for the Year	558,973
At 31 December 2019	**4,022,450**
NET BOOK VALUE	
At 31 December 2019	**2,235,888**
At 31 December 2018	2,794,861

6. INTANGIBLE ASSETS (CONTINUED)

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. The carrying amount of goodwill had been allocated as follows:

	2019	2018
	Rs	Rs
Investment and Corporate Services & Others		
- Investment CGU	**776,915,214**	790,555,348

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

At 31 December 2019, based on the impairment tests, management determined that its Investments to which goodwill had been allocated had not been impaired.

Goodwill is allocated to the cash generating units. The carrying amount of goodwill had been allocated as follows:

	2019	2018
	Rs	Rs
Princegate Holdings Ltd	**25,855,314**	25,855,314
Pool Joseph Merven Ltd	**23,359,268**	-
Govenland Co Ltd	**-**	36,999,402
Kolos Cement Ltd	**727,700,632**	727,700,632
	776,915,214	790,555,348

The total amount of goodwill has been assessed as having indefinite useful life as the Group continues to derive benefits from its CGU's for which Goodwill is allocated.

Govenland Co Ltd has leasehold rights on a plot of land, which is undeveloped. Goodwill which was attributable has been impaired during the year based on the fact that no income will be derived from Govenland Co Ltd in the foreseable future and the fact that its net recoverable assets will continue to deteriorate as operating expenses will continue to be borne by the subsidiary.

Main basis and assumptions for testing goodwill impairment in CGU's to which goodwill is allocated:

	Basis for calculating goodwill impairment
Princegate Holdings Ltd	Net recoverable assets
Pool Joseph Merven Ltd	Discounted cash flow
Kolos Cement Ltd	Share price on Stock Exchange

Based on impairment tests, the goodwill attributable to Princegate Holdings Ltd and Pool Joseph Merven Ltd amounting to Rs 49,214,582 are found not to be impaired and are not materially significant in comparison to the Group's total carrying amount of goodwill.

Main assumptions used for value in use of Pool Joseph Merven Ltd:
(i) the expected future net cash flows for five years have been discounted.
(ii) the post-tax discount rate used is 7.16%.
(iii) annual growth rate averages 5.5% yearly as from third year.

The goodwill attributable to Kolos Cement Ltd have been tested for impairment based on its fair value less costs of disposal. The fair value are based on the share price of Kolos Cement Ltd, which is listed on the Development Entreprise Market of the Stock Exchange of Mauritius. No indication of impairment for the current financial year (2018: Nil).

7. INVESTMENTS IN SUBSIDIARIES

	COMPANY	
	2019	2018
	Rs	Rs
Investments in Subsidiaries	**1,554,505,204**	1,515,282,108

7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(a) The subsidiaries (direct and indirect) of the Company as at 31 December 2019 are as follows:

	Activity	Class of Shares Held	Carrying value of investment		Effective % Holding	
			2019	2018	**2019**	2018
			Rs	Rs	**Rs**	Rs
Accacias Co Ltd	Investment	Ordinary	**-**	-	**100.0%**	100.0%
Aggregate Resources Co Ltd	Dormant	Ordinary	**-**	-	**100.0%**	100.0%
A.S. Burstein Management Ltd	Lottery	Ordinary	**-**	-	**100.0%**	100.0%
Bitumen Storage Ltd	Dormant	Ordinary	**-**	-	**100.0%**	100.0%
Boron Investments Ltd	Investment	Ordinary	**6,200,000**	6,200,000	**100.0%**	100.0%
BR Capital Ltd	Property investment	Ordinary	**-**	-	**100.0%**	75.0%
BR Hotel Resorts Ltd	Property investment	Ordinary	**-**	-	**100.0%**	100.0%
Broadgate Holding Ltd	Investment	Ordinary	**-**	-	**100.0%**	100.0%
Broadgate Investment Ltd	Investment	Ordinary	**-**	-	**100.0%**	100.0%
Burford Development Ltd	Property investment	Ordinary	**25,000**	25,000	**100.0%**	100.0%
Burford Investments Ltd	Property investment	Ordinary	**-**	-	**100.0%**	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	**-**	-	**74.0%**	74.0%
Centreview Development Ltd	Property investment	Ordinary	**25,000**	25,000	**100.0%**	100.0%
Fine Point Property Ltd	Dormant	Ordinary	**-**	-	**100.0%**	100.0%
Fine Point Realty Ltd	Dormant	Ordinary	**-**	-	**100.0%**	100.0%
Gamlot Technologies Ltd	Dormant	Ordinary	**-**	-	**100.0%**	100.0%
Gamma Asia Construction Ltd	Dormant	Ordinary	**-**	-	**100.0%**	100.0%
Gamma Capital Ltd	Investment	Ordinary	**105,164,180**	25,000	**100.0%**	100.0%
Gamma Cement Holdco Ltd	Dormant	Ordinary	**-**	-	**100.0%**	100.0%
Gamma Cement International Ltd	Investment	Ordinary	**4,277,100**	4,277,100	**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			**100.0%**	100.0%
Gamma-Civic Construction Holdings Ltd	Investment	Ordinary	**-**	-	**100.0%**	100.0%
Gamma-Civic Construction Ltd	Dormant	Ordinary	**-**	-	**100.0%**	100.0%
Gamma-Civic Hotel Holdings Ltd	Investment	Ordinary	**25,000**	25,000	**100.0%**	100.0%
Gamma Construction Ltd	Construction	Ordinary	**106,000,000**	106,000,000	**100.0%**	100.0%
Gamma Energy Holdings Ltd	Investment	Ordinary	**-**	-	**100.0%**	100.0%
Gamma Energy Ltd	Dormant	Ordinary	**-**	-	**100.0%**	100.0%
Gamma FinTech Holding Ltd	Dormant	Ordinary	**-**	-	**100.0%**	0.0%
Gamma Land Ltd	Investment	Ordinary	**1,000,000**	1,000,000	**100.0%**	100.0%
GammaTech Ltd	I.T Application	Ordinary	**-**	-	**100.0%**	0.0%
Gamma Treasury Management Ltd	Treasury	Ordinary	**1,000,000**	1,000,000	**100.0%**	100.0%
Gammafin Ltd (disposed during the year)	Dormant	Ordinary	**-**	-	**0.0%**	100.0%
Gammafin Resource Management Ltd	Dormant	Ordinary	**-**	-	**100.0%**	100.0%
G-Traxx Equipment & Rental Ltd	Dormant	Ordinary	**-**	-	**100.0%**	100.0%
Gamma Leisure Ltd	Investment	Ordinary	**50,000**	50,000	**100.0%**	100.0%
Govenland Co Ltd	Property investment	Ordinary	**-**	-	**49.0%**	49.0%

7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(a) The subsidiaries (direct and indirect) of the Company as at 31 December 2019 are as follows: (continued)

	Activity	Shares Held	Carrying value of investment		Effective % Holding	
			2019	2018	**2019**	2018
			Rs	Rs	**Rs**	Rs
Glot Holdings (Mauritius) Ltd	Investment	Ordinary	**99,000**	99,000	**99.0%**	99.0%
Glot Management Ltd	Investment	Ordinary	**-**	-	**100.0%**	100.0%
Kolos Cement Ltd	Cement	Ordinary	**-**	-	**74.0%**	74.0%
Kolos Building Materials Ltd	Cement	Ordinary	**-**	-	**74.0%**	74.0%
Insignia Leisure Resorts Ltd	Dormant	Ordinary	-	-	**100.0%**	100.0%
Insignia Resorts Ltd	Dormant	Ordinary	-	-	**100.0%**	100.0%
Lottotech Ltd	Lottery	Ordinary	**-**	-	**56.1%**	56.1%
Loterie Vert Ltd	Lottery	Ordinary	**-**	-	**56.1%**	56.1%
Lotwin Investments Ltd (Liquidated during the year)	Investment	Ordinary	**-**	-	**0.0%**	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%
Pool Joseph Merven Limited	Lottery	Ordinary	-	-	**56.1%**	0.0%
Princegate Holdings Ltd	Property investment	Ordinary	**27,563,100**	27,563,100	**100.0%**	100.0%
Reel Mada SA (In process of liquidation)	Dormant	Ordinary	**-**	-	**65.0%**	65.0%
Regency Realty Ltd	Dormant	Ordinary	**-**	-	**100.0%**	100.0%
RHT Media Ltd	Investment	Ordinary	**-**	-	**100.0%**	100.0%
Star Cement Ltd	Investment	Ordinary	**-**	-	**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%
			262,678,380	157,539,200		
Non-current amounts due from Subsidiaries - Note 7(c)			**1,291,826,824**	1,357,742,908		
			1,554,505,204	1,515,282,108		

The Non-Current amounts due from subsidiaries classified as Non-Current assets are unsecured and management does not intend to recall any amount 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.

Non-Current amounts due from subsidiaries amounting to Rs 17,206,656 have been impaired during the year and reversal of impairment amounted to Rs 4,000,000 (2018: Reversal of impairment Rs 9,000,000). Impairment test is carried out for all subsidiaries by comparing the Company's investment against the net assets of the Subsidiaries. Where the investment value is greater than the net assets of the subsidiaries, the investment value is impaired up to the net assets amount.

7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(a) The subsidiaries (direct and indirect) of the Company as at 31 December 2019 are as follows: (continued)

In 2018 Rs 68,215,143 was reclassified from Current amount due from subsidiaries to Non-Current amount due classified as quasi equity since directors assessed that these amounts are the Company's long-term investment in these subsidiaries.

During the year GammaTech Ltd and Gamma FinTech Holding Ltd were incorporated by the Group and Pool Joseph Merven Limited was acquired by the Group's subsidiary Lottotech Ltd (note 37). Gammafin Ltd was disposed of during the year (note 34).

(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	
		2019	2018
Construction	Mauritius	**1**	1
Dormant	Mauritius	**15**	16
I.T Application	Mauritius	**1**	-
Investment	Mauritius	**19**	19
Lottery	Mauritius	**1**	1
Property investment	Mauritius	**11**	9
Secretarial services	Mauritius	**1**	1
Treasury	Mauritius	**1**	1
Trading	Mauritius	**1**	1
		51	49

Principal Activity	Place of incorporation and operation	Number of non wholly-owned subsidiaries	
		2019	2018
Cement	Mauritius	**3**	3
Dormant	Mauritius	**1**	2
Investment	Mauritius	**1**	1
Lottery	Mauritius	**3**	1
Property investment	Mauritius	**2**	5
		10	12

(c) Non-Current Amount due from Subsidiaries

	COMPANY	
	2019	2018
	Rs	Rs
At 1 January	**1,357,742,908**	1,746,739,341
Reclassification from current amount due from subsidiaries	**-**	68,215,143
Net cash movement during the year	**(52,483,898)**	(457,211,576)
Disposal of Subsidiary	**(225,530)**	-
Net Impairment Loss Recognised on Non-current Amount due from Subsidiaries	**(13,206,656)**	-
At 31 December (Quasi equity aggregated into investment in subsidiaries - Note 7 (a))	**1,291,826,824**	1,357,742,908

7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Reclassification from current amounts due from subsidiaries

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

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

Name of Subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
		2019	2018	**2019**	2018	**2019**	2018
				Rs	Rs	**Rs**	Rs
Lottotech Ltd	Mauritius	**43.9%**	43.9%	**75,508,378**	48,827,140	**91,920,129**	79,505,299
Kolos Cement Ltd	Mauritius	**26.0%**	26%	**47,835,263**	40,138,094	**120,602,202**	129,268,891
Individually immaterial subsidiaries with non-controlling interests				**24,575,357**	5,983,044	**(6,330,382)**	8,700,537
				147,918,998	94,948,278	**206,191,948**	217,474,727

During the year ended 31 December 2019, the Group acquired 56.1% in Pool Joseph Merven Limited for a consideration of Rs 23,495,000 through Lottotech Ltd (Note 37).

During the current financial year, the Group disposed of its 100% stake in Gammafin Ltd for a consideration of Rs 1,000,000 (Note 34).

The profit allocated to non-controlling interest of individually immaterial subsidiaries of Rs 24,575,357 include Rs 42,844,914 net gain on fair value of investment properties in subsidiaries BR Capital Ltd and Burford Investments Ltd.

During the year ended 31 December 2018 , the Group sold 26% of its interest in Kolos Cement Ltd for a consideration of Rs 525,328,749.

7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

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

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

Lottotech Ltd

	2019	2018
	Rs	Rs
Current assets	**377,414,169**	422,277,973
Non-current assets	**161,838,297**	65,371,271
Current Liabilities	**(311,679,006)**	(304,091,272)
Non-current liabilities	**(18,090,499)**	(2,368,000)
Equity attributable to owners of the Company	**117,562,832**	101,684,673
Non-controlling interests	**91,920,129**	79,505,299

	2019	2018
	Rs	Rs
Revenue	**1,354,713,186**	1,040,078,632
Expenses	**(1,182,630,007)**	(928,801,849)
Profit for the year	**172,083,179**	111,276,783
Profit attributable to the owners of the Company	**96,574,801**	62,449,643
Profit attributable to the non-controlling interests	**75,508,378**	48,827,140
Profit for the year	**172,083,179**	111,276,783
Other comprehensive (loss)/income attributable to the owners of the Company	**(555,705)**	202,625
Other comprehensive (loss)/income attributable to non-controlling interests	**(434,485)**	158,425
Dividend paid to non-controlling interests	**(62,659,212)**	(44,756,580)
Net cash inflow from operating activities	**66,833,924**	61,059,702
Net cash outflow from investing activities	**(126,003,707)**	(4,906,600)
Net cash outflow from financing activities	**(29,023,638)**	(2,510,967)
Net cash (outflow)/inflow	**(88,193,421)**	53,642,135

7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

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

Kolos Cement Ltd	2019	2018
	Rs	Rs
Current assets	256,172,957	280,478,702
Non-current assets	616,831,217	660,433,250
Current Liabilities	(243,466,454)	(257,578,756)
Non-Current Liabilities	(165,683,098)	(211,624,788)
Equity attributable to owners of the Company	343,252,420	342,439,517
Non-controlling interests	120,602,202	129,268,891

	2019	2018
	Rs	Rs
Revenue	1,475,246,068	1,097,747,214
Expenses	(1,291,264,287)	(917,890,296)
Profit for the year	183,981,781	179,856,918
Profit attributable to the owners of the Company	136,146,518	139,718,824
Profit attributable to the non-controlling interests	47,835,263	40,138,094
Profit for the year	183,981,781	179,856,918
Other comprehensive income attributable to the owners of the Company	7,891,680	5,167,733
Other comprehensive income attributable to non-controlling interests	2,772,753	1,815,690
Dividend paid to non-controlling interests	(45,562,500)	(12,568,500)
Net cash (outflow)/inflow from operating activities	118,562,790	254,818,442
Net cash outflow from investing activities	(34,429,565)	(36,054,730)
Net cash inflow from financing activities	(112,547,277)	(46,650,462)
Net cash (outflow)/inflow	(28,414,052)	172,113,250

7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(e) Risks inherent in Investee Companies

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

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

8. INVESTMENTS IN ASSOCIATES AND JOINT VENTURE

	GROUP		COMPANY	
	2019	2018	**2019**	2018
	Rs	Rs	**Rs**	Rs
(a) Investments in Associates				
At 1 January	**329,473,933**	264,178,246	**11,180,640**	11,180,640
Share of Profit of Associates	**58,698,083**	18,957,833	**-**	-
Reclassification from Subsidiary (note e)	**-**	53,367,992	**-**	-
Additions	**110,278,360**			
Investment by Associate in Subsidiary	**-**	(4,999,750)	**-**	-
Transfer to Investment in Joint Venture	**-**	(1,649,625)	**-**	-
Revaluation Surplus of Property of Associates, net of Deferred Tax	**5,646,566**	4,822,440	**-**	-
Dividend received	**(15,536,357)**	(6,180,062)	**-**	-
Disposal of Associate	**(51,262,028)**	-	**-**	-
Remeasurement of Retirement Benefit Obligations, net of Deferred Tax	**627,907**	976,859	**-**	-
At 31 December	**437,926,464**	329,473,933	**11,180,640**	11,180,640
Investment in Joint Venture				
At 1 January	**425,373,490**	465,112,164	**42,065,000**	42,065,000
Share of Profit of Joint Venture	**125,611,756**	105,055,718	**-**	-
Dividend received	**(84,045,870)**	(55,298,649)	**-**	-
Revaluation Surplus of Property of Joint Venture, net of Deferred Tax	**-**	(91,863,733)	**-**	-
Remeasurement of Retirement Benefit Obligations, net of Deferred Tax	**(3,626,685)**	718,365	**-**	-
Transfer from investments in Associates	**-**	1,649,625	**-**	-
At 31 December	**463,312,691**	425,373,490	**42,065,000**	42,065,000
Total Investments in Associates and Joint Venture	**901,239,155**	754,847,423	**53,245,640**	53,245,640

(b) Fair value of Investments in Associates and Investment in Joint Venture.

Valuation of Associates & Joint-Venture	GROUP		COMPANY	
	2019	2018	**2019**	2018
	Rs	Rs	**Rs**	Rs
Quoted Equity Investments at Fair Value	**239,647,470**	311,080,851	**5,813,933**	7,546,932
Unquoted Equity Investments at Cost	**198,283,920**	45,940,560	**42,065,000**	42,065,000
	437,931,390	357,021,411	**47,878,933**	49,611,932

Stamford Properties Ltd was disposed during the year through redemption of the shares held by the Group. Non-cash consideration received was additional shareholding by the Group's wholly owned subsidiary, Gamma Land Ltd, in BR Capital Ltd and Burford Investments Ltd. Consequently, the Group's shareholding in these companies increased from 75% to 100%.

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

The transfer of Rs 1,649,625 from investment in associate to investment in joint-venture in 2018 relates to a reclassification of prior year figures.

8. INVESTMENTS IN ASSOCIATES AND JOINT VENTURE (CONTINUED)

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

Name	Activity	Class of Shares Held	Place of business	Effective % Holding 2019	Effective % Holding 2018	% of Voting Power Held 2019	% of Voting Power Held 2018
Morning Light Co Ltd	Hotel	Ordinary	Mauritius	**25.1%**	25.1%	**25.1%**	25.1%
Viva Voce Limitee	Media	Ordinary	Mauritius	**25.7%**	25.7%	**25.7%**	25.7%
Stamford Properties Ltd	Real Estate	Ordinary	Mauritius	**-**	**50.0%**	**0.0%**	50.0%
Square Mile Investment Nine Ltd	Investment Holding	Ordinary	Mauritius	**50.0%**	-	**50.0%**	-
CG Re (Africa) Ltd	Re-Insurance broking	Ordinary	Mauritius	**50.0%**	-	**50.0%**	-
CG Re (Africa) (Proprietary) Limited	Re-Insurance broking	Ordinary	Botswana	**50.0%**	-	**50.0%**	-
Moon Craft Ltd	Investment Holding	Ordinary	Mauritius	**30.0%**	-	**30.0%**	-
Bastion Fort Ltd	I.T application Development	Ordinary	Mauritius	**30.0%**	-	**30.0%**	-
IAME Limited	I.T application Development	Ordinary	Mauritius	**30.0%**	-	**30.0%**	-
Mobi Move Ltd	I.T application Development	Ordinary	Mauritius	**30.0%**	-	**30.0%**	-

Details of the investment in the joint venture are as follows:

Name	Activity	Class of Shares Held	Place of business	Effective % Holding 2019	Effective % Holding 2018	% of Voting Power Held 2019	% of Voting Power Held 2018
Gamma Materials Ltd	Building Materials	Ordinary	Mauritius	**50.0%**	50.0%	**50.0%**	50.0%

(d) 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 associates' and joint-venture's financial statements prepared in accordance with IFRSs.

	Associates		Joint Venture	
	2019	2018	**2019**	2018
	Rs	Rs	**Rs**	Rs
Total Assets	**2,015,188,799**	1,887,176,894	**1,617,707,662**	1,272,776,030
Total Liabilities	**(798,390,769)**	(671,721,245)	**(691,082,282)**	(422,029,051)
Net Assets	**1,216,798,030**	1,215,455,649	**926,625,380**	850,746,979
Group’s Share of Associates’ and Joint Venture's Net Assets	**418,576,270**	326,397,724	**463,312,690**	425,373,490
Revenue	**766,446,369**	711,786,242	**2,162,010,042**	1,782,725,636
Profit for the Year	**138,372,265**	55,071,298	**251,223,510**	210,111,435
Total Comprehensive Income	**163,370,162**	78,176,078	**243,970,140**	27,820,700
Group's Share of Associates' and Joint Venture's Profit for the Year	**58,054,564**	13,954,587	**125,611,755**	105,055,718
Group's Share of Associates' and Joint Venture's Total Comprehensive Income for the Year	**64,329,037**	19,753,886	**121,985,070**	13,910,350

8. INVESTMENTS IN ASSOCIATES AND JOINT VENTURE (CONTINUED)

(d) 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 associates' financial statements prepared in accordance with IFRSs (Continued).

Morning Light Co Ltd

	2019	2018
	Rs	Rs
Current Assets - cash and cash equivalents	63,901,081	63,444,065
Other Current Assets	100,521,261	98,958,459
Non-current Assets	1,730,951,398	1,611,887,636
Current Liabilities	(228,196,513)	(199,504,743)
Non-Current Liabilities	(540,788,166)	(465,024,974)

	2019	2018
	Rs	Rs
Revenue	600,913,002	621,506,478
Depreciation and amortisation	(66,715,831)	(68,224,267)
Interest expense	(20,976,322)	(22,021,578)
Income tax expense	(10,036,840)	(10,046,251)
Profit for the year	38,586,742	42,864,479
Other comprehensive income for the year	24,997,897	23,104,780
Total comprehensive income for the year	63,584,639	65,969,259
Dividends received from the associate during the year	11,521,513	-

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

	2019	2018
	Rs	Rs
Net Assets in Associate	1,062,487,980	1,109,760,443
Proportion of the Group's ownership interest in Morning Light Co. Ltd	25.1%	25.1%
Share of net assets in associate	266,684,483	278,549,871
Carrying amount of the Group's interest in Morning Light Co. Ltd	266,684,483	278,549,871

(e) **Stamford Properties Ltd**

	2019	2018
	Rs	Rs
Current Assets - cash and cash equivalents	-	3,985,674
Other Current Assets	-	23,076,459
Non-Current Assets	-	85,824,601
Current Liabilities	-	(7,191,528)

8. INVESTMENTS IN ASSOCIATES AND JOINT VENTURE (CONTINUED)

(e) Stamford Properties Ltd (continued)

	2019	2018
	Rs	Rs
Revenue	22,904,254	27,079,764
Interest expense	(9,305)	(9,503)
Income tax expense	(3,818,763)	(6,493,417)
Profit for the year	16,358,031	12,206,819
Other Comprehensive Income for the year	-	-
Total Comprehensive Income for the year	16,358,031	12,206,819

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

	2019	2018
	Rs	Rs
Net Assets in Associate	-	105,695,206
Proportion of the Group's ownership interest in Stamford Properties Ltd	0.0%	50%
Share of net assets in Associate	-	52,847,603
Less Investment by Associate in Subsidiary'	-	(4,999,750)
Carrying amount of the Group's interest in Stamford Properties Ltd	-	47,847,853

(f) Square Mile Investment Nine Ltd

	2019	2018
	Rs	Rs
Current Assets - cash and cash equivalents	45,962,882	-
Other Current Assets	57,148,881	-
Non-Current Assets	713,711	-
Current Liabilities	(21,733,043)	-

	2019	2018
	Rs	Rs
Revenue	130,642,342	-
Interest income	200,181	-
Profit for the year	82,409,444	-
Other Comprehensive Income for the year	-	-
Total Comprehensive Income for the year	82,409,444	-

8. INVESTMENTS IN ASSOCIATES AND JOINT VENTURE (CONTINUED)

(f) Square Mile Investment Nine Ltd (continued)

Reconciliation of the above summarised information to the carrying amount of the interest in Square Mile Investment Nine Ltd recognised in the consolidated financial statements:

	2019 Rs	2018 Rs
Net Assets in Associate	82,092,431	-
Proportion of the Group's ownership interest in Square Mile Investment Nine Ltd	50%	0.0%
Share of net assets in Associate	41,046,216	-
Goodwill on purchase	100,158,106	-
Carrying amount of the Group's interest in Square Mile Investment Nine Ltd	141,204,322	-

The goodwill represents the excess of the Group's share of net fair value of the identifiable assets and liabilities over the cost of the acquisition.

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

At 31 December 2019, based on the impairment tests, the directors determined that goodwill that had been allocated to Square Mile Investment Nine Ltd had not been impaired. The Group considers the relationship between the book value of the investment and the discounted forecasted cash flow forecast.

(g) Moon Craft Ltd

	2019 Rs	2018 Rs
Current Assets - cash and cash equivalents	7,896,297	-
Other Current Assets	2,044,293	-
Non-Current Assets	6,048,995	-
Current Liabilities	(781,281)	-
Non-current liabilities	(6,891,766)	-

	2019 Rs	2018 Rs
Revenue	11,986,771	-
Depreciation and amortisation	638,930	-
Interest expense	10,442	-
Profit for the year	1,018,048	-
Other Comprehensive Income for the year	-	-
Total Comprehensive Income for the year	1,018,048	-

Reconciliation of the above summarised information to the carrying amount of the interest in Moon Craft Group recognised in the consolidated financial statements:

	2019 Rs	2018 Rs
Net Assets in Associate	8,316,538	-
Proportion of the Group's ownership interest in Moon Craft Ltd	30%	-
Share of net assets in Associate	2,494,961	-
Goodwill on purchase	8,192,504	
Carrying amount of the Group's interest in Moon Craft Ltd	10,687,465	-

8. INVESTMENTS IN ASSOCIATES AND JOINT VENTURE (CONTINUED)

(h) 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 amounts shown in the Joint Venture's financial statements prepared in accordance with IFRSs.

Gamma Materials Ltd

	2019	2018
	Rs	Rs
Current Assets - cash and cash equivalents	**151,689,437**	94,175,113
Other Current Assets	**468,802,076**	429,870,297
Non-Current Assets	**997,216,150**	748,730,620
Current Liabilities	**(342,134,630)**	(345,354,326)
Non-current Liabilities	**(348,947,652)**	(76,674,725)

	2019	2018
	Rs	Rs
Revenue	**2,162,010,042**	1,782,725,636
Interest income	**881,210**	146,275
Interest expense	**(5,353,435)**	(1,907,867)
Depreciation and Amortisation	**(127,210,466)**	(86,103,671)
Income tax expense	**(53,978,511)**	(42,885,038)
Profit for the year	**251,223,510**	210,111,435
Other Comprehensive loss for the year	**(7,253,370)**	(182,290,735)
Total Comprehensive Income for the year	**243,970,140**	27,820,700
Dividends received from the Joint Venture during the year	**(84,045,870)**	(55,298,649)

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

	2019	2018
	Rs	Rs
Net Asset in Joint Venture	**926,625,381**	850,746,979
Proportion of the Group's ownership interest in Gamma Materials Ltd	**50.0%**	50.0%
Share of Net Asset in Joint venture	**463,312,691**	425,373,490
Carrying amount of the Group's interest in Gamma Materials Ltd	**463,312,691**	425,373,490

Aggregate information of associates that are not individually material

	2019	2018
	Rs	Rs
The Group's share of profit	**234,814**	5,003,246
Aggregate carrying amount of the Group's interests in these associates	**3,311,023**	3,076,209

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

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

9. INVESTMENT PROPERTIES

	GROUP			
	Freehold Land and Building on Leasehold Property 2019	**Right-Of-Use Assets 2019**	**Total 2019**	Total 2018
	Rs	**Rs**	**Rs**	Rs
At 1 January - as previously stated	**1,041,084,855**	**-**	**1,041,084,855**	1,091,463,483
Effect of recognition of Rights-of-use assets	**-**	**62,308,287**	**62,308,287**	-
At 1 January - as restated	**1,041,084,855**	**62,308,287**	**1,103,393,142**	1,091,463,483
Additions	**74,689,456**	**-**	**74,689,456**	92,506,240
Disposal proceeds	**-**	**-**	**-**	(4,368,000)
Loss on disposal	**-**	**-**	**-**	(826,706)
Reclassification to associate	**-**	**-**	**-**	(137,581,214)
Gain from fair value adjustment	**182,059,888**	**(731,201)**	**181,328,687**	(108,948)
At 31 December	**1,297,834,199**	**61,577,086**	**1,359,411,285**	1,041,084,855

The fair value of the Group's investment properties as at 31 December 2019 and 31 December 2018 has been arrived at on the basis of a valuation carried out on the respective dates by Elevante Investments Limited, an independent valuer not related to the Group. Elevante Investments Limited is member of the Royal Institute of Chartered Surveyors, and the directors determine that 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.

The Group rents leasehold land on which it has constructed an office building. The leases are for a remaining period of 15 years, with an extension period of 60 years.

	GROUP	
	2019	2018
	Rs	Rs
Rental income derived from investment properties	**26,269,693**	21,392,861
Direct operating expenses (including repairs and maintenance) generating rental income (included in administrative espenses)	**(5,370,126)**	(11,798,409)
Direct operating expenses (including repairs and maintenance) that did not generate rental income (included in administrative expenses)	**(3,662,287)**	(857,305)
Profit arising from investment properties carried at fair value	**17,237,280**	8,737,147

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.

	GROUP
Right-of-Use assets Group as Lessee	**Building on Leasehold Property 2019**
	Rs
Transfer from Non-Current Receivables (Note 31)	**13,651,107**
Transfer from Accounts Receivables	**355,326**
Recognition of Rights-of-use Assets	**14,208,288**
Gain from fair value adjustment on recognition at 01 January 2019 (Equity movement)	**34,093,566**
Effect at 1 January 2019	**62,308,287**
Loss from fair value adjustment for the year	**(731,201)**
	61,577,086

9. INVESTMENT PROPERTIES (CONTINUED)

Details of the Group's investment properties and information about the fair value hierarchy as at 31 December 2019 and 2018 are as follows:

	Level 2	**Fair value as at 31 December 2019**
	Rs	**Rs**
Freehold building on leasehold land, freehold office units and leasehold site	**475,534,199**	**475,534,199**
Bare freehold land and buildings and other structures	**822,300,000**	**822,300,000**
Leasehold Land - Rights of Use Assets	**61,577,086**	**61,577,086**
		1,359,411,285

	Level 2	Fair value as at 31 December
	Rs	Rs
Freehold building on leasehold land, freehold office units and leasehold site	218,784,855	218,784,855
Bare freehold land and buildings and other structures	822,300,000	822,300,000
		1,041,084,855

The investment properties categorised into Level 2 (2018: Level 2) of the fair value hierarchy, the following information is relevant:

	Valuation techniques	**Significant observable inputs**	**Range**
			2019 & 2018
Freehold Building on leasehold land	Income capitalisation approach and Sales Comparison Approach	Rental Growth	5%
Freehold office units and leasehold site		Rental yield	8.75%

	Valuation techniques	**Significant observable**	**Range**	
			2019	**2018**
			Rs	**Rs**
Freehold Land	Sales Comparison	Price per square metre	Rs 918 - Rs 3,764	Rs 913 - Rs 3,673

10. INVESTMENT IN FINANCIAL ASSET

	GROUP & COMPANY
	2018
<u>At fair value through Other Comprehensive Income</u>	Rs
At 1 January	5,666,979
Disposal proceeds	(5,629,313)
Fair value gain	-
Loss on disposal	(37,666)
At 31 December	-

Details of the Group's and Company's available-for-sale investments and information about the fair value hierarchy was classified under Level 1 .

11. INVENTORIES

	GROUP	
	2019	2018
	Rs	Rs
Raw materials	**111,523,167**	73,032,306
Stock in transit	**1,710,174**	56,592,401
Finished Goods	**54,319,215**	50,379,471
	167,552,556	180,004,178

During the period cost of inventories recognised as expense in the Statement of Profit or Loss amounts to Rs 992,905,355 (2018: Rs 735,947,794).

The cost of inventories recognised as expense includes Rs 3,662,043 in respect of write-downs (2018: Rs 3,086,903 reversal of write downs) of inventory to net realisable value.

12. CONTRACT ASSETS

	GROUP	
	2019	2018
Non-Current Assets	**Rs**	Rs
Contracts retention	**43,175,313**	45,218,694
Advance to subcontractors	**44,338,497**	24,066,417
	87,513,810	69,285,111
Current Assets		
Trade receivables from contracts net of allowance for expected credit losses	**436,725,440**	369,357,164
Progress billings	**(185,273,560)**	(77,181,911)
Contracts retention	**49,209,997**	41,083,143
Advance to subcontractors	**9,079,593**	2,480,747
	309,741,470	335,739,143

The contract assets primarily relate to the Group's receivables from its construction contracting activities. Contract assets also include all contracts retention and advances paid to subcontractors. Of the balances from trade receivables from current contracts assets at the end of the reporting date, Rs 245M (2018: Rs180M) is due from Government Authorities and their related entities.

Contracts retention are amounts invoiced but not paid until the conditions specified in the contract are fulfilled or until defects have been rectified. These balances are carried at amortised cost using an effective interest rate of 6.60% p.a (2018:6.85%).

Advances are amounts paid to subcontractors for related work-in-progress.

Progress billings are amounts billed for work performed but not yet recognised as revenue as at reporting date.

Trade receivables from contracts are non-interest bearing and are generally on terms of 60 days. No interest is charged on the trade receivables but the Group reserves its contractual rights to claim interest on overdue amounts. The interest rates, if any, are normally agreed under the contract agreement.

In determining the recoverability of contract assets, the Group assesses its contractual rights and the terms and conditions of the agreements. The Group does not hold any collateral as security over these balances.

Prior to the decision to submit a tender for a particular contract, the Group assesses the financial strength and stability of the potential client. The Group bids for both private and Government projects. Payment terms form part of the contract agreement whereby all conditions and entitlements of the contractor are listed. The client portfolio varies from year to year depending on which contracts are awarded at that time.

Customer credit risk is managed in accordance with the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard. Outstanding customer receivables and contract assets are regularly monitored. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns which os customer type and rating. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

12. CONTRACT ASSETS (CONTINUED)

Balances of contract assets are assessed for expected credit losses.
Allowance for expected credit losses / Provision for impairment on contract assets

31 December 2019

	< 30 days	31-60 days	61-90 days	> than 90 days
Expected credit loss rate (%)	**0.01%**	**2.73%**	**15.65%**	**83.11%**
	Rs	**Rs**	**Rs**	**Rs**
Estimated total gross carrying amount at default	**193,948,152**	**244,825,887**	**3,432,060**	**10,413,107**
Expected credit losses	**(14,983)**	**(6,687,167)**	**(537,192)**	**(8,654,424)**
Net carrying amount	**193,933,169**	**238,138,720**	**2,894,868**	**1,758,683**

31 December 2018

	< 30 days	31-60 days	61-90 days	> than 90 days
Expected credit loss rate (%)	**2.00%**	**2.65%**	**35.81%**	**98.05%**
	Rs	**Rs**	**Rs**	**Rs**
Estimated total gross carrying amount at default	**309,673,308**	**60,678,998**	**10,376,285**	**7,166,785**
Expected credit losses	**(6,186,426)**	**(1,609,008)**	**(3,715,574)**	**(7,027,204)**
Net carrying amount	**303,486,882**	**59,069,990**	**6,660,711**	**139,581**

	GROUP	
Allowance for expected credit losses	**2019**	2018
	Rs	Rs
At 1 January	**18,538,212**	-
Reclassification from Trade and Other Receivables (Note 12(a))	**-**	15,297,766
(Credit)/Charge for the year	**(2,644,446)**	3,240,446
At 31 December	**15,893,766**	18,538,212

12(a). TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2019	2018	**2019**	2018
	Rs	Rs	**Rs**	Rs
Trade Receivables, Net of allowance for expected credit losses	**225,493,692**	120,307,590	**-**	-
Amount due from Associates and Joint Venture (Note 28)	**6,085,471**	5,416,354	**6,085,471**	5,416,354
Other receivables and Prepayments	**107,212,970**	148,155,485	**62,789,696**	62,051,046
	338,792,133	273,879,429	**68,875,167**	67,467,400

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 expected credit losses is determined by the Group using provision matrix. No interest is charged on the trade receivables. Management expects full recoverability of due balances which are neither past due nor impaired.

12(a). TRADE AND OTHER RECEIVABLES (CONTINUED)

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. There are no customers (2018: Nil) who represent more than 5% of the total balance of trade receivables.

Included in the Group's trade receivable balance are debtors with a carrying amount of Rs 5,404,848 (2018: Rs 11,799,194) which are past due at the reporting date for which the Group have not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group do not hold any collateral over these balances.

Other receivables balances for the Group and the Company includes Rs 61M (2018:Rs 62M) from a single customer, the Government of Mauritius, on compulsory acquisition of land.

Ageing of past due but not impaired trade receivables:

	GROUP		COMPANY	
	2019	2018	**2019**	2018
	Rs	Rs	**Rs**	Rs
61 - 90 days	**918,054**	7,751,334	**-**	-
Over 91 days	**3,799,829**	2,091,553	**-**	-
Total	**4,717,883**	9,842,887	**-**	-

Allowance for expected credit losses on trade receivables

	GROUP		COMPANY	
	2019	2018	**2019**	2018
	Rs	Rs	**Rs**	Rs
At 1 January	**11,778,776**	32,521,533	**546,351**	1,760,038
Reclassification to Contract Assets (Note 12)	**-**	(15,297,766)	**-**	-
Credit for the year	**(184,028)**	(5,444,991)	**-**	(1,213,687)
At 31 December	**11,594,748**	11,778,776	**546,351**	546,351

Impairment Loss (Reversed)/Recognised on trade receivables refers to allowances for expected losses as required by IFRS 9.

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.

The Group applies the IFRS 9 simplified approach to measuring the expected credit losses for other receivables and amounts due from related parties. Expected credit losses are calculated based on individual balances on a case to case basis.

The Group's Other receivables and prepayments are assessed for expected credit losses individually on a case-by-case basis and an allowance for expected losses for an amount of Rs 4,770,510 was made during the year (2018: Rs 4,530,000).

12(a). TRADE AND OTHER RECEIVABLES (CONTINUED)

Credit exposure on trade receivables

	< 30 days	31-60 days	61-90 days	> than 90 days
Group - 31 December 2019				
Expected credit loss rate (%)	**0% - 1.96%**	**7.44%**	**15.46%**	**26% - 100%**
	Rs	**Rs**	**Rs**	**Rs**
Estimated total gross carrying amount at default	**220,175,000**	**1,052,726**	**1,855,875**	**14,004,839**
Expected credit loss	**(86,156)**	**(365,761)**	**(937,821)**	**(10,205,010)**
Net carrying amount	**220,088,844**	**686,965**	**918,054**	**3,799,829**
Group - 31 December 2018				
Expected credit loss rate (%)	**0% - 1.96%**	**7.44%**	**15.46%**	**26% - 100%**
	Rs	**Rs**	**Rs**	**Rs**
Estimated total gross carrying amount at default	108,633,081	2,267,737	8,639,462	12,546,086
Expected credit loss	(124,685)	(311,430)	(888,128)	(10,454,533)
Net carrying amount	108,508,396	1,956,307	7,751,334	2,091,553

13. STATED CAPITAL

	GROUP AND COMPANY	
	2019	2018
	Rs	Rs
133,250,000 (2018: 133,250,000) Ordinary Shares of Rs1 (2018: Rs1) each	**133,250,000**	133,250,000

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

14. LOANS

	GROUP		COMPANY	
	2019	2018	**2019**	2018
	Rs	Rs	**Rs**	Rs
Loans Repayable by Instalments	**633,277,291**	649,994,803	**458,236,676**	572,354,188
Less: Amount due for Settlement within one year (shown under Current Liabilities)	**(71,462,675)**	(192,450,392)	**(68,208,629)**	(114,809,777)
Amount due for Settlement after one year (shown under Non-current Liabilities)	**561,814,616**	457,544,411	**390,028,047**	457,544,411

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

	GROUP		COMPANY	
	2019	2018	**2019**	2018
	Rs	Rs	**Rs**	Rs
After one year before two years	**99,171,442**	67,972,908	**71,517,810**	67,972,908
After two years before five years	**301,337,326**	224,673,633	**235,828,507**	224,673,633
After five years	**161,305,848**	164,897,870	**82,681,730**	164,897,870
	561,814,616	457,544,411	**390,028,047**	457,544,411

Part of the loans is secured by fixed and floating charges on the assets of the borrowing companies. The rates of interest of the remainder loans are variable and range between 4.75% p.a. to 5.60% p.a. (2018: 3.75% p.a. to 5.75% p.a.). The loans include a total amount of Rs 45,040,615 (2018: Rs 45,040,615) which are unsecured, interest-free with no fixed repayment terms. The fair value of loans approximates their carrying amount.

15. LEASE LIABILITIES

Group

	GROUP		COMPANY	
	2019	2018	**2019**	2018
	Rs	Rs	**Rs**	Rs
At 1 January	**-**	-	**-**	**-**
Recognition of lease liability in relation to Property, Plant & Equipment	**248,531,791**	-	**31,143,727**	-
Recognition of lease liability in relation to Investment Property	**14,208,288**	-	**-**	-
Accretion of interest	**14,127,176**	-	**1,730,944**	**-**
Additions	**5,633,204**	-	**-**	-
Repayments	**(50,239,914)**	-	**(4,879,494)**	-
Lease liabilities:	**232,260,545**	-	**27,995,177**	**-**
Less: Amount due for Settlement within one year (shown under Current Liabilities)	**(22,229,727)**	-	**(3,336,929)**	-
Amount due for Settlement after one year (shown under Non-current Liabilities)	**210,030,818**	-	**24,658,248**	-

The lease liabilities in connection to Property, plant & equipment relate to leasehold land & buildings and motor vehicles with lease term ranging from two to seventy-eight years including renewal period at the option of the Group. The Group rents leasehold land on which it has constructed an office building. The leases are for a remaining period of 15 years, with extension periods of 60 years.

The following are the amounts recognised in Profit or Loss:

	GROUP		COMPANY	
	2019	**2018**	**2019**	2018
	Rs	Rs	**Rs**	Rs
Depreciation of right-of-use assets	**40,349,888**	-	**3,892,966**	-
Interest expense on lease liabilities	**14,127,176**	-	**1,730,944**	-
Expense relating to short-term leases	**631,928**	-	**-**	-
	55,108,992	-	**5,623,910**	-

16. RETIREMENT BENEFIT OBLIGATIONS

(a) Defined Contribution Plan

The Company participates in a multi-employer defined contribution (DC) pension plan to which it contributes 6%, 8% or 10% of its eligible employees' salaries depending on age. The assets of the plans are held separately from those of the Group in funds under the control of an independent management committee. Where employees leave the plans prior to full vesting of the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions. Any residual gratuities under the Workers' Rights Act 2019 for the qualifying employees after allowing for permitted deductions in respect of the pension plan are included below in the tables for the retirement benefits in respect of The Workers' Rights Act 2019.

	GROUP		COMPANY	
	2019	2018	**2019**	2018
	Rs	Rs	**Rs**	Rs
Amount Recognised as an Expense for the Defined Contribution Plan	**1,474,000**	2,169,856	**872,000**	872,000

(b) Statutory Retirement Benefits in respect of The Workers Rights Act 2019.

The Group has recognised a net defined benefit liability of Rs 52,742,968 (Company: Rs 4,778,000) in its statement of financial position as at 31 December 2019 (2018: Group Rs 44,282,664 and Company: Rs 3,513,000) in respect of any additional retirement gratuities that are expected to be paid out of the Company's cashflow to its employees under the Workers Rights' Act (WRA) 2019.

The defined benefit liability exposes the Group 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 Group had a residual obligation imposed by WRA 2019 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 between related entities.

(c) Reconciliation of Net Defined Benefit Liability:

	GROUP		COMPANY	
	2019	2018	**2019**	2018
	Rs	Rs	**Rs**	Rs
Reconciliation of Net Defined Benefit Liability:				
At 1 January	**44,282,664**	44,536,532	**3,513,000**	2,478,000
Amount Recognised in Statement of Profit or Loss	**10,704,827**	8,418,856	**900,000**	872,000
Amount Recognised in Other Comprehensive Income	**(1,177,523)**	(6,897,688)	**393,000**	392,000
Transfer of liability from/(to) Related Party	**-**	2,366,964	**(28,000)**	(229,000)
Less: Employer Contributions	**(1,067,000)**	(4,142,000)	**-**	-
At 31 December	**52,742,968**	44,282,664	**4,778,000**	3,513,000

16. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

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

	GROUP		COMPANY	
	2019	2018	**2019**	2018
	Rs	Rs	**Rs**	Rs
At 1 January	**44,282,664**	44,536,532	**3,513,000**	2,478,000
Current Service Cost	**8,014,534**	5,986,570	**684,000**	748,000
Interest Expense	**2,690,293**	2,432,286	**216,000**	124,000
Employer contributions	**(1,067,000)**	(4,142,000)	**-**	-
Transfer of liability from/(to) related party	**-**	2,366,964	**(28,000)**	(229,000)
Liability Experience (gain)/loss	**(3,304,523)**	2,170,312	**(120,000)**	1,093,000
Liability Loss/(gain) due to Change in Financial Assumptions	**2,127,000**	(9,068,000)	**513,000**	(701,000)
At 31 December	**52,742,968**	44,282,664	**4,778,000**	3,513,000

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

	GROUP		COMPANY	
	2019	**2018**	**2019**	**2018**
	Rs	Rs	**Rs**	Rs
Current Service Cost	**8,014,534**	5,986,570	**684,000**	748,000
Interest Expense	**2,690,293**	2,432,286	**216,000**	124,000
Amounts recorded in Statements of Profit or Loss	**10,704,827**	8,418,856	**900,000**	872,000

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

	GROUP		COMPANY	
	2019	2018	**2019**	2018
	Rs	Rs	**Rs**	Rs
Liability Experience (Loss)/Gain	**(3,304,523)**	2,170,312	**(120,000)**	1,093,000
Liability Gain/(Loss) due to Change in Financial Assumptions	**2,127,000**	(9,068,000)	**513,000**	(701,000)
Components of Defined Benefit Costs recorded in Other Comprehensive Income	**(1,177,523)**	(6,897,688)	**393,000**	392,000

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

16. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

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

	GROUP		COMPANY	
	2019	2018	**2019**	2018
Discount Rate	**3.9% to 5.3%**	6.2%	**4.9%**	6.2%
Expected Rate of Salary Increase	**3% to 3.6%**	3.8%	**3.3%**	3.8%
Expected Rate of Pension Increases	**0.9% to 1.3%**	2.2%	**0.9%**	2.2%
Average Retirement Age (ARA)	**65 / 60 years**	65 / 60 years	**65 / 60 years**	65 / 60 years

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

	GROUP		COMPANY	
	2019	2018	**2019**	2018
Increased due to 1% Decrease in Discount Rate	**14,080,070**	15,700,568	**774,000**	585,000
Decreased due to 1% Increase in Discount Rate	**17,388,945**	11,342,089	**651,000**	496,000
Increased due to 1% Increase in Salary Rate	**11,050,435**	N/A	**803,000**	N/A
Decreased due to 1% decrease in Salary Rate	**6,346,056**	N/A	**685,000**	N/A

(i) Future cash flows

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

	GROUP		COMPANY	
	2019	2018	**2019**	2018
Expected Employer Contribution for the Next Year	**609,000**	609,000	**-**	-
Weighted Average Duration of the Defined Benefit Obligation	**6 to 30 years**	2 to 27 years	**11 years**	11 years

	GROUP		COMPANY	
	2019	2018	**2019**	2018
	Rs	Rs	**Rs**	Rs
National Pension Scheme Contributions Expensed	**6,244,311**	7,119,030	**158,076**	243,312

17. TAXATION

(a) Income Tax

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

	GROUP		COMPANY	
	2019	2018	**2019**	2018
	Rs	Rs	**Rs**	Rs
Profit before Taxation	**683,947,193**	533,373,967	**261,965,098**	644,508,256
Tax at the above Applicable Rate (17%)	**116,271,023**	90,673,574	**44,534,067**	109,566,404
Income not subject to tax	**(62,158,549)**	(21,082,304)	**(53,407,997)**	(106,005,752)
Underprovision in Previous Year	**(1,398,532)**	2,154,676	**-**	-
Expenses not deductible	**24,047,962**	26,433,165	**20,679,128**	21,171,380
Other adjusting items	**10,875,361**	1,198,681	**-**	-
Taxation	**87,637,265**	99,377,792	**11,805,198**	24,732,032

Income not subject to tax refers to the Net gain from fair value adjustment of Investment Properties and share of Profits of Associates and Joint Venture for the Group, and dividend income for the Company. Expenses not deductible for the Company which is reflected in the Group figure mainly represents the proportion of expenses attributable to dividend income which is disallowed as not deductible, plus other costs not directly linked with production of taxable Income. Other adjusting items includes tax losses for which no deferred tax has been recognised.

17. TAXATION (CONTINUED)

(a) Income Tax (Continued)

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

	GROUP		COMPANY	
	2019	2018	**2019**	2018
	Rs	Rs	**Rs**	Rs
Current Tax Expense	**75,265,859**	77,238,611	**-**	-
(Overprovision)/underprovision in Previous Year	**(1,398,532)**	2,154,676	**-**	-
Deferred Tax Movement	**13,769,938**	19,984,505	**11,805,198**	24,732,032
	87,637,265	99,377,792	**11,805,198**	24,732,032

(iii) Income Tax recognised in Statements of Financial Position

	GROUP	
	2019	2018
	Rs	Rs
At 1 January	**34,541,882**	47,928,742
Charge for the year	**75,265,859**	77,238,611
Repayment	**(79,550,751)**	(92,780,147)
(Overprovision)/underprovision in Previous Year	**(1,398,532)**	2,154,676
At 31 December	**28,858,458**	34,541,882

(b) Deferred Tax Liabilities/(Assets)

	GROUP		COMPANY	
	2019	2018	**2019**	2018
	Rs	Rs	**Rs**	Rs
Deferred Tax Assets	**(9,959,016)**	(17,396,695)	**-**	(7,645,000)
Deferred Tax Liabilities	**58,167,578**	55,117,150	**4,561,000**	-
Net Deferred Tax Liabilities/(Assets)	**48,208,562**	37,720,455	**4,561,000**	(7,645,000)

	GROUP		COMPANY	
	2019	2018	**2019**	2018
	Rs	Rs	**Rs**	Rs
At 1 January	**37,720,455**	14,770,013	**(7,645,000)**	(32,835,000)
<u>Charge/(credit) to Statement of Profit or Loss</u>				
Deferred Tax Expense	**13,769,938**	19,984,505	**11,805,198**	24,732,032
<u>(Credit)/charged to Other Comprehensive Income</u>				
Revaluation of Buildings	**(3,096,272)**	1,923,720	**467,612**	524,608
Remeasurement of Retirement Benefit Obligations	**(185,559)**	1,042,217	**(66,810)**	(66,640)
At 31 December	**48,208,562**	37,720,455	**4,561,000**	(7,645,000)

	GROUP		COMPANY	
	2019	2018	**2019**	2018
	Rs	Rs	**Rs**	Rs
Accelerated Capital Allowances	**33,447,888**	37,319,330	**1,511,883**	3,258,087
Revaluation Surplus on Land and Buildings	**31,236,747**	28,738,307	**8,423,897**	8,891,509
Unused Tax Losses	**(18,117,400)**	(29,395,764)	**(4,006,748)**	(18,641,614)
Other Temporary Differences	**1,641,327**	1,058,582	**(1,368,032)**	(1,152,982)
	48,208,562	37,720,455	**4,561,000**	(7,645,000)

17. TAXATION (CONTINUED)

(b) Deferred Tax Liabilities/(Assets) (Continued)

The Group has aggregate unutilised tax losses and deductible temporary differences of Rs 41,344,191 (2018: Rs 148,190,344) to carry forward against future taxable income for which a deferred tax asset has not been recognised due to uncertainty of their recoverability.

The expiry dates of the unutilised tax loss are as follows:	GROUP	
	2019	2018
	Rs	Rs
31 December 2024	10,901,023	-
31 December 2023	2,962,547	27,466,838
31 December 2022	5,318,879	27,962,549
31 December 2021	11,523,344	33,525,897
31 December 2020	10,638,398	36,510,701
31 December 2019	-	22,724,359
	41,344,191	**148,190,344**

18. BANK OVERDRAFTS

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

Interest rates are floating rates and range between 5.50% p.a. and 6.55% p.a. (2018: 5.50% p.a. and 6.10% p.a).

19. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2019	2018	**2019**	2018
	Rs	Rs	**Rs**	Rs
Trade payables	**88,651,186**	179,307,867	**1,551,362**	2,076,782
Amount due to joint venture	**-**	28,635,824	**-**	-
Other payables and accruals	**691,522,366**	699,268,719	**132,761,963**	106,237,078
Advance payment from customers	**14,010,200**	-	**-**	-
Prize liability and reserve fund	**78,621,576**	85,865,850	**-**	-
Unclaimed prize	**6,420,865**	4,247,115	**-**	-
Consolidated Fund	**116,861,111**	135,806,170	**-**	-
	996,087,304	1,133,131,545	**134,313,325**	108,313,860
Less: Amount due for Settlement after one year (shown under Non Current Liabilities)	**(36,268,206)**	-	**-**	-
	959,819,098	1,133,131,545	**134,313,325**	**108,313,860**

Other Payables and Accruals comprise mainly of accruals for goods and services relating to the Group's operations which was not yet invoiced at reporting date, and amounts due to third parties which are not classified as trade creditors. The amount comprise of Rs 353M of accruals relating to construction costs on ongoing contracts.

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

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

19(a). CONTRACT LIABILITIES

	2019	2018
Non Current	**Rs**	Rs
Retention payable to subcontractors	**5,811,342**	4,150,210
Advance from customers	**6,282,470**	9,436,647
	12,093,812	13,586,857
Current		
Retention payable to Subcontractors	**58,653,301**	52,787,499
Advance from customers	**123,385,862**	30,498,579
	182,039,163	83,286,078

19(a). CONTRACT LIABILITIES

The contract liabilities primarily relate to the advance consideration received from customers for the performance obligation yet to be satisfied and retention payable to sub-contractors.

The non-current contract liabilities are carried at amortised cost using an effective interest rate of 6.20% p.a (2018: 6.35%).

The significant changes in the balances of contract liabilities are disclosed in Note 20.

20. TURNOVER AND REVENUE

	GROUP		COMPANY	
	2019	2018	**2019**	2018
	Rs	Rs	**Rs**	Rs
Turnover	**5,026,129,299**	4,241,252,634	**459,566,364**	734,932,082
Less: Prizes	**(1,275,797,854)**	(979,491,528)	**-**	**-**
Revenue	**3,750,331,445**	3,261,761,106	**459,566,364**	734,932,082
Revenue from contracts with customers	**3,724,061,752**	3,232,405,515	**145,401,678**	111,368,833
Rental Income from investment properties	**26,269,693**	29,355,591	**-**	-
Dividend income	**-**	-	**314,164,686**	623,563,249
Revenue from Continuing Operations	**3,750,331,445**	3,261,761,106	**459,566,364**	734,932,082

Set out below is the disaggregation of the revenue from contract with customers:

(a) Disaggregation of revenue

	GROUP		COMPANY	
	2019	2018	**2019**	2018
	Rs	Rs	**Rs**	Rs
Set out below is the disaggregation of revenue from contract with customers:				
Type of revenue				
Sale of building materials	**1,473,011,384**	1,121,079,905	**-**	-
Construction contract revenue	**856,513,750**	1,033,837,816	**-**	-
Sale of lottery tickets	**1,357,176,731**	1,040,221,577	**-**	-
Sale of goods and services	**37,359,887**	37,266,217	**145,401,678**	111,368,833
Revenue from contracts with customers	**3,724,061,752**	3,232,405,515	**145,401,678**	111,368,833
Timing of revenue recognition				
At a point in time	**2,867,548,002**	2,198,567,699	**145,401,678**	111,368,833
Over time	**856,513,750**	1,033,837,816	**-**	-
	3,724,061,752	3,232,405,515	**145,401,678**	111,368,833

	GROUP	
	2019	2018
Revenue derived over time are earned on:	**Rs**	Rs
Short-term contracts	**152,481,858**	349,386,845
Long-term contracts	**704,031,892**	684,450,971
Total revenue	**856,513,750**	1,033,837,816

The Group has disaggregated revenues generated from contracts with customers in terms of contract duration as projects profitability is normally analysed as being generated from Short term or Long term contracts. Short-term contracts are contracts having a duration of less than one year and Long-term contracts are those having a duration of one year or more.

20. REVENUE (CONTINUED)

Disaggregation of revenue from Contract with customers between segments:

2019

	Building Materials	**Contracting**	**Investments**	**Lottery**	**Corporate Services & Others**	**Total**
	Rs	**Rs**	**Rs**	**Rs**	**Rs**	**Rs**
External customer	**1,473,011,384**	**866,497,640**	**276,595**	**1,357,226,033**	**27,050,100**	**3,724,061,752**
Inter-Segment Revenue	**2,508,613**	**82,195,438**	**330,001**	**-**	**-**	**85,034,052**
	1,475,519,997	**948,693,078**	**606,596**	**1,357,226,033**	**27,050,100**	**3,809,095,804**
Inter-Segment adjustments and eliminations	**(2,508,613)**	**(82,195,438)**	**(330,001)**	-	**-**	**(85,034,052)**
Revenue with external customers	**1,473,011,384**	**866,497,640**	**276,595**	**1,357,226,033**	**27,050,100**	**3,724,061,752**

2018

	Building Materials	Contracting	Investments	Lottery	Corporate Services & Others	Total
	Rs	Rs	Rs	Rs	Rs	Rs
External customer	1,121,079,905	1,045,876,384	6,280,454	1,040,078,632	21,127,257	3,234,442,632
Inter-Segment Revenue	5,000,299	110,304,973	2,081,778	-	-	117,387,050
	1,126,080,204	1,156,181,357	8,362,232	1,040,078,632	21,127,257	3,351,829,682
Inter-Segment adjustments and eliminations	(5,000,299)	(110,304,973)	(2,081,778)	-	(2,037,117)	(119,424,167)
Revenue with external customers	1,121,079,905	1,045,876,384	6,280,454	1,040,078,632	19,090,140	3,232,405,515

20. REVENUE (CONTINUED)

(b) Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities:

	GROUP	
	2019	2018
	Rs	Rs
Advance from customers		
At 1 January	**39,929,226**	34,493,917
Amount received during the year	**119,067,555**	93,295,199
Amount recognised in revenue	**(66,611,471)**	(87,859,890)
At 31 December	**92,385,310**	39,929,226

(c) Unsatisfied long-term contracts

The following table shows unsatisfied performance obligations resulting from fixed-price long-term construction contracts.

	GROUP	
	2019	2018
	Rs	Rs
Aggregate amount of the transaction price allocated to long term contract that are partially or fully unsatified at reporting date	**1,112,206,678**	776,067,121

Management expects that the transaction price allocated to the unsatisfied contracts as at 31 December 2019 will be recognised as revenue during the next reporting period. The amount disclosed does not include variable consideration which is constrained.

(d) Performance obligations

Information on the Group's performance obligations are summarised below:

Construction contracts with customers

The performance obligation is satisfied over-time. Invoicing is performed on a monthly basis based on the value of the work completed. Payment is generally due upon acceptance of the invoice issued by the customer. In some contracts, short term advances are required before the construction is started. These advances are interest free. For more information on advances from clients refer to Note 19.

Sale of Building Materials

The performance obligation is satisfied upon delivery of building materials and payment is generally due within 60 days from delivery.

Sale of lottery tickets

Sale of lottery tickets are the wagers placed on lottery tickets on the Group's draw-based game. Revenue recognition occurs when the draw has been held and the results have been certified by the Gambling Regulatory Authority.

Sale of goods and services

The performance obligation is satisfied upon delivery of goods and services and payment is generally due within 60 days from delivery. Sale of goods and services relate to asphalt selling and management fees income from associate and joint venture.

Rental Income from investment properties

Rental Income refers to the provision of office areas to tenants.

21. OPERATING PROFIT

The Operating Profit from continuing operations is arrived at:

	GROUP		COMPANY	
	2019	2018	**2019**	2018
	Rs	Rs	**Rs**	Rs
(i) After crediting:				
Profit on Disposal of Property, Plant and Equipment	**(2,392,438)**	(1,868,575)	**-**	(764,686)
Profit on Disposal of Associate (Note 35)	**(11,879,313)**	-	**-**	-
Interest Income	**(5,709,838)**	(25,754,705)	**(2,367,235)**	(21,219,078)
Net Foreign Exchange Gains	**(27,465,047)**	(17,218,302)	**(26,618)**	-
Profit on disposal of Subsidiary	**(875,383)**	-	**-**	-
Other Operating Income	**(4,011,292)**	(63,027,893)	**(3,648,129)**	(38,102,909)
(ii) and charging:				
Cost of Sales	**2,577,654,773**	2,224,594,590	**-**	-
Operating Expenses				
- Administrative Expenses	**855,917,951**	694,040,528	**172,888,315**	130,524,068
Included in Cost of Sales and Operating Expenses are:				
Cost of Inventories Expensed (Note 11)	**992,905,355**	735,947,794	**-**	-
Depreciation (Note 5)	**90,893,263**	94,042,176	**4,026,387**	4,145,644
Depreciation of Rights-of-Use Assets (Note (5(g))	**40,349,888**	-	**3,892,966**	-
Amortisation of Intangible Assets (Note 6)	**2,400,493**	4,772,973	**558,973**	144,675
Staff costs	**430,189,431**	399,133,748	**96,204,579**	84,936,583
Loss on Disposal of Property, Plant and Equipment	**1,758,418**	826,706	**1,758,418**	-
Loss on Disposal of Investment Property	**-**	-	**-**	-
Impairment of Investments in Subsidiaries included in Administrative Expenses (Note 7(a))	**-**	-	**17,206,656**	-
Goodwill impairment/Derecognition of goodwill due to loss of control in subsidiary (Note 6(a))	**36,999,402**	7,571,197	**-**	-
Provision for/(Reversal of provision) for Slow Moving Inventories	**3,662,043**	(3,086,903)	**-**	-
Foreign Exchange Losses	**-**	4,751,011	**-**	715,795

22. FINANCE COSTS

	GROUP		COMPANY	
	2019	2018	**2019**	2018
	Rs	Rs	**Rs**	Rs
Interest Expense on:				
Bank Overdrafts	**1,745,805**	6,965,767	**-**	1,796
Loans Repayable by Instalments	**28,767,399**	33,288,358	**24,014,027**	33,060,689
Unwinding of Discount under Amortised Cost	**2,593,141**	1,513,330	**-**	-
Finance Charges on lease liabilities	**14,127,176**	2,015,638	**1,730,944**	-
Other Interest	**732,425**	-	**239,452**	-
Finance Costs	**47,965,946**	43,783,093	**25,984,423**	33,062,485

23. DIVIDEND

	COMPANY	
	2019	2018
	Rs	Rs
Special Dividend of Rs Nil (2018: Rs1.00) per Share	**-**	133,250,000
Final Dividend of Rs 0.75 (2018: Rs Nil) per Share	**99,937,500**	-
Interim Dividend of Rs 0.50 (2018: Rs 0.50) per Share	**66,625,000**	66,625,000
Total Dividend Paid during the Year	**166,562,500**	199,875,000

24. EARNINGS PER SHARE

	GROUP	
	2019	2018
	Rs	Rs
Profit Attributable to Owners of the Company	**448,390,930**	339,517,897
Number of Shares for Earnings per Share Calculation	**133,250,000**	133,250,000
Earnings per Share (Basic and Diluted)	**3.37**	2.55

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

25. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	GROUP		COMPANY	
	2019	2018	**2019**	2018
	Rs	Rs	**Rs**	Rs
Property, Plant and Equipment purchased	**120,531,932**	105,032,334	**189,541**	483,545
Financed as follows:				
Lease (Right-of-Use Asset)	**5,633,204**	-	**-**	-
Cash Disbursed	**114,898,728**	105,032,334	**189,541**	483,545
Total	**120,531,932**	105,032,334	**189,541**	483,545

26. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2019	2018	**2019**	2018
	Rs	Rs	**Rs**	Rs
Cash at Bank, in Hand and Short Term Deposits	**492,961,111**	636,165,804	**100,062,733**	89,111,144
Bank Overdrafts	**(19,187,897)**	(241,458)	**-**	-
	473,773,214	635,924,346	**100,062,733**	89,111,144

27. SEGMENT INFORMATION

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

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

The Group's reportable segments under IFRS 8 are:

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

(a) Segment Revenue and Results

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

2019

	Building Materials	Contracting	Investments	Lottery	Corporate Services & Others	Eliminations	Total
	Rs	Rs	Rs	Rs	Rs	Rs	Rs
REVENUE							
External Sales	1,473,011,384	866,497,641	26,410,310	1,357,376,854	126,617,483	(99,582,227)	3,750,331,445
Inter-segment Sales	2,508,613	82,195,438	330,001	-	365,430,294	(450,464,346)	-
	1,475,519,997	948,693,079	26,740,311	1,357,376,854	492,047,777	(550,046,573)	3,750,331,445
OPERATING PROFIT							
Segment Results	228,112,515	13,634,616	11,372,550	188,478,639	307,108,709	(380,490,380)	368,216,649
Net Impairment Reversal on Financial and Contract Assets							(1,942,036)
Net Gain from Fair Value Adjustment on Investment Properties							181,328,687
Finance Costs							(47,965,946)
Share of Profit of Associates and Joint Venture	121,985,070	-	-	-	106,177,279	-	228,162,349
Profit before Taxation							727,799,703
Taxation							(87,637,265)
Profit for the Year							640,162,438

27. SEGMENT INFORMATION (CONTINUED)

(a) Segment Revenue and Results (Continued)

2018

	Building Materials	Contracting	Investments	Lottery	Corporate Services & Others	Eliminations	Total
	Rs	Rs	Rs	Rs	Rs	Rs	Rs
REVENUE							
External sales	1,121,079,905	1,045,876,384	35,636,045	1,040,078,632	80,425,906	(61,335,766)	3,261,761,106
Inter-segment Sales	5,000,299	110,304,973	2,081,778	-	659,961,510	(777,348,560)	-
	1,126,080,204	1,156,181,357	37,717,823	1,040,078,632	740,387,416	(838,684,326)	3,261,761,106
OPERATING PROFIT							
Segment Results	248,459,487	21,614,880	17,794,627	135,433,565	687,558,558	(659,865,654)	450,995,463
Net Impairment Reversal on Financial and Contract Assets							2,256,994
Net Gain from Fair Value Adjustment on Investment Properties							(108,948)
Finance Costs							(43,783,093)
Share of Profit of Associates and Joint Venture	105,055,718	-	-	-	18,957,833	-	124,013,551
Profit before Taxation							533,373,967
Taxation							(99,377,792)
Profit for the Year							433,996,175

Segment revenue reported above represents revenue generated from external customers.

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

External sales elimination refers to dividend income from Associates and Joint Venture. The dividends are eliminated on consolidation since the share of Profit of Associates and Joint Venture are taken in the Group results.

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

Goodwill derecognised during in 2018 is allocated to segment Corporate services and others.

27. SEGMENT INFORMATION (CONTINUED)

(b) Segment Assets and Liabilities

2019

	Building Materials	Contracting	Investments	Lottery	Corporate Services & Others	Eliminations	Total
	Rs	Rs	Rs	Rs	Rs	Rs	Rs
ASSETS							
Segment Assets	285,690,799	754,651,374	710,782,186	525,169,054	4,680,620,234	(2,011,636,935)	4,945,276,712
Investments in Associates and joint venture	463,312,691	-	-	-	437,926,464	-	901,239,155
Unallocated Corporate Assets							37,535,488
Total Assets							5,884,051,355
LIABILITIES							
Segment Liabilities	237,472,958	1,081,094,841	522,183,465	1,018,612,226	1,116,806,505	(2,714,018,851)	1,262,151,144
Unallocated Corporate Liabilities							952,563,872
Total Liabilities							2,214,715,016
Non-controlling Interests	120,602,202	-	-	91,920,129	(6,330,382)	-	206,191,948
Shareholders' Funds							3,463,144,391
Total Equity and Liabilities							5,884,051,355

27. SEGMENT INFORMATION (CONTINUED)

(b) Segment Assets and Liabilities (Continued)

2018

	Building Materials Rs	Contracting Rs	Investments Rs	Lottery Rs	Corporate Services & Others Rs	Eliminations Rs	Total Rs
ASSETS							
Segment Assets	185,483,495	553,612,432	409,238,157	493,846,594	4,792,778,755	(1,944,604,142)	4,490,355,291
Investments in Associates and joint venture	425,373,490	-	-	-	329,473,933	-	754,847,423
Unallocated Corporate Assets							113,858,278
Total Assets							5,359,060,992
LIABILITIES							
Segment Liabilities	243,997,974	989,655,778	550,680,904	1,074,639,690	1,103,448,476	(2,687,894,220)	1,274,528,602
Unallocated Corporate Liabilities							739,653,835
Total Liabilities							2,014,182,437
Non-controlling Interests	129,268,891	-	5,539,474	79,505,299	3,161,063	-	217,474,727
Shareholders' Funds							3,127,403,828
Total Equity and Liabilities							5,359,060,992

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

All assets and liabilities are allocated to reportable segments. 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.

27. SEGMENT INFORMATION (CONTINUED)

(c) Other Information

(i) Capital Additions, Depreciation and Amortisation

2019

	Building Materials	**Contracting**	**Investments**	**Lottery**	**Corporate Services & Others**	**Eliminations**	**Total**
	Rs	**Rs**	**Rs**	**Rs**	**Rs**	**Rs**	**Rs**
Capital Additions	**34,429,564**	**25,954,159**	**29,900**	**60,585,047**	**404,172**	**-**	**121,402,842**
Depreciation and Amortisation	**59,235,712**	**25,242,626**	**12,898**	**40,076,063**	**9,076,345**	**-**	**133,643,644**

2018

	Building Materials	Contracting	Investments	Lottery	Corporate Services & Others	Eliminations	Total
	Rs	Rs	Rs	Rs	Rs	Rs	Rs
Capital Additions	48,476,982	51,760,260	-	5,286,847	1,760,545	-	107,284,634
Depreciation and Amortisation	36,398,379	14,651,313	65,884	43,233,193	4,466,380	-	98,815,149

(ii) Geographical

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

(iii) Information about major customers

No single customer contributed 10% or more of the Group's revenue for both 2019 and 2018.

27. SEGMENT INFORMATION (CONTINUED)

-

(c) Other Information (Continued)

(iv) Revenue from Major Products and Services

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

	2019	2018
	Rs	Rs
Building Materials	**1,473,011,384**	1,121,079,905
Contracting	**866,497,641**	1,045,876,384
Investment Properties	**26,269,693**	35,636,045
Lottery	**1,357,376,854**	1,040,221,577
Others	**27,175,873**	18,947,195
	3,750,331,445	3,261,761,106

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	
	2019	2018	**2019**	2018
	Rs	Rs	**Rs**	Rs
(a) Sales of Goods and Services				
To Subsidiaries	**-**	-	**2,196,000**	2,464,200
	2019	2018	**2019**	2018
	Rs	Rs	**Rs**	Rs
(b) Purchases of Goods and Services				
From subsidiaries	**-**	-	**4,695,343**	4,433,590
From Director-related Entities	**-**	26,528,800	**-**	-
From Associates and Joint venture	**133,372,268**	166,502,807	**238,483**	312,462
	2019	2018	**2019**	2018
	Rs	Rs	**Rs**	Rs
(c) Dividend Income, Management Fee income and rental income derived from Administrative Services.				
(i) Dividend income				
From Subsidiaries	**-**	-	**229,839,300**	568,264,600
From Associates and Joint venture	**99,582,227**	61,478,711	**84,325,386**	55,298,649
(ii) Management Fee income and Rental Income				
From subsidiaries	**-**	-	**121,981,578**	94,205,776
From Associates and Joint venture	**23,420,100**	19,627,257	**23,420,100**	19,627,257

(iii) Other transactions - Sale of Subsidiary and Acquisition of Associate

During the year the Group sold its existing interests in Gammafin Ltd to directors for a consideration of Rs 1,000,000. The group made a profit of Rs 875,383 from the transaction (Note 34).

During the year, the Group acquired 50% shareholding in Square Mile Investment Nine Ltd, a director-related entity, for Rs100,000,000.

The above transactions have been made at arm's length, on normal commercial terms and in the normal course of business.

28. RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Compensation of Key Management Personnel

	2019	2018	**2019**	2018
	Rs	Rs	**Rs**	Rs
Short-term Benefits	**164,673,810**	143,928,650	**63,249,194**	58,856,571
Post-employment Benefits	**3,960,654**	3,531,173	**392,355**	286,312
	168,634,464	147,459,823	**63,641,549**	59,142,883

(e) Outstanding Balances

(i) Amount due from Related Parties:

	GROUP		**COMPANY**	
	2019	2018	**2019**	2018
	Rs	Rs	**Rs**	Rs
Subsidiaries	**-**	-	**86,254,259**	70,444,322
Associates	**2,400**	304,236	**2,400**	304,236
Joint Venture	**6,083,071**	5,112,118	**6,083,071**	5,112,118
	6,085,471	5,416,354	**92,339,730**	75,860,676

Part of the amount due from related parties carry interest at the rate of 3% per annum. Remaining amount due from related parties is unsecured, interest free and repayable at call except for amount shown in Note 7(c).

A total amount of Rs 11,862,367 was repaid to the Company by its subsidiaries in 2018. These amounts which were previously provided for impairment were reversed upon the receipt from subsidiaries.

The amount due to related parties is unsecured, interest free and repayable at call except for amount shown in Note 19. Amounts due from related parties have been tested for impairment using the ECL method and no impairment is deemed to be recorded.

(ii) Amount due to Related Parties

	GROUP		**COMPANY**	
	2019	2018	**2019**	2018
	Rs	Rs	**Rs**	Rs
Director-related Entities	**45,040,615**	71,569,415	**-**	-
Amount due to Subsidiaries	**-**	-	**149,860,700**	157,582,693
Associates and Joint venture included in Creditors and Accruals	**-**	28,635,824	**-**	-
	45,040,615	100,205,239	**149,860,700**	157,582,693

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 2018.

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

(b) Gearing Ratio

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

The gearing ratio at the year end was as follows:

	GROUP		COMPANY	
	2019	2018	**2019**	2018
	Rs	Rs	**Rs**	Rs
Debt (i)	**884,725,733**	650,236,261	**486,231,853**	572,354,188
Cash at Bank and in Hand	**(492,961,111)**	(636,165,804)	**(100,062,733)**	(89,111,144)
Net Debt	**391,764,622**	14,070,457	**386,169,120**	483,243,044
Equity (ii)	**3,669,336,339**	3,344,878,555	**1,464,751,536**	1,379,072,277
Gearing Ratio	**10.7%**	0%	**26%**	35%

(i) Debt is defined as short and long term borrowings, as detailed in Notes 14, 15 and 18.

(ii) Equity includes capital and reserves of the Group/Company.

(c) Significant Accounting Policies

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

29. FINANCIAL INSTRUMENTS (CONTINUED)

(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	
	2019	2018	**2019**	2018
	Rs	Rs	**Rs**	Rs
Financial Assets				
Financial Assets at amortised cost	**1,179,674,465**	1,317,521,259	**255,682,273**	227,512,980
Financial Liabilities				
Financial Liabilities at amortised cost	**1,628,270,112**	1,682,017,391	**638,167,144**	754,046,544

Total financial assets consist of non-current receivables, trade and other receivables excluding prepayments, cash and cash equivalents and amounts due from subsidiaries (Company only).

Total financial liabilities consist of trade and other payables excluding accruals, lease liabilities, loans and amounts due from subsidiaries (Company only).

(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	
	Financial Assets at FVOCI	
	2019	2018
	Rs	Rs
Hierarchy levels		
Levels 1, 2 and 3	**-**	-

(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 (g)) may change in a manner which has a material effect on the reported values of its assets and liabilities.

29. FINANCIAL INSTRUMENTS (CONTINUED)

(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	
	2019	2018	**2019**	2018
	Rs	Rs	**Rs**	Rs
Currency				
Mauritian Rupee	**1,112,123,010**	797,694,926	**1,597,525,496**	1,636,896,859
United States Dollar*	**66,969,853**	113,540,063	**29,934,421**	43,683,310
Euro	**567,193**	1,248,759	**810,195**	1,437,222
ZAR	**14,409**	13,257	**-**	-
	1,179,674,465	912,497,005	**1,628,270,112**	1,682,017,391

(ii) **Company**

	Financial Assets		Financial Liabilities	
	2019	2018	**2019**	2018
	Rs	Rs	**Rs**	Rs
Currency				
Mauritian Rupee	**198,124,275**	227,089,094	**638,167,144**	754,046,544
United States Dollar	**57,557,998**	310,654	**-**	-
Euro	**-**	113,232	**-**	-
	255,682,273	227,512,980	**638,167,144**	754,046,544

*Included in United States Dollar under Financial Assets are mainly cash at banks and short term deposits.

*Included in United States Dollar under Financial Liabilities are mainly trade payables.

(h) Foreign Currency Sensitivity Analysis

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

The following table details the Group's sensitivity to a 5% increase and decrease in foreign currencies 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. An increase in foreign currency will lead to an overall increase in profit and equity as shown below, and vice-versa.

	GROUP		COMPANY	
	2019	2018	**2019**	2018
	Rs	Rs	**Rs**	Rs
	Impact		Impact	
United States Dollar	**1,851,772**	3,492,838	**2,877,900**	15,533
Euro	**(12,150)**	(9,423)	**-**	5,662
ZAR	**720**	663	**-**	-
Total	**1,840,342**	3,484,078	**2,877,900**	21,195

29. FINANCIAL INSTRUMENTS (CONTINUED)

(h) Foreign Currency Sensitivity Analysis (Continued)

The above is mainly attributable to the Group exposure outstanding on cash and cash equivalents and borrowings in USD, Euro and ZAR. The Group uses derivative financial instruments such as forward currency contracts to hedge its foreign currency risks. There was no open forward contract at reporting date.

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 and from its financing activities including deposits with banks and financial institutions. The amounts presented in the Statements of Financial Position are net of allowances for expected credit losses, 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.

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

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns i.e., by customer type and rating. Generally, trade receivables are impaired if past due for more than one year. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 12. The Group does not hold collateral as security.

(j) Interest Rate Risk

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

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

Financial Liabilities

	Bank Overdraft		**Bank Loan**	
	Floating Interest Rate		***Floating Interest Rate***	
	2019	**2018**	**2019**	2018
	%	%	**%**	%
Mauritian Rupee	**From 5.60 to 6.55%**	From 3.75 to 6.10%	**From 4.75 to 5.60%**	From 4.85 to 5.75%

29. FINANCIAL INSTRUMENTS (CONTINUED)

(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 2019 would have decreased as follows:

	GROUP		COMPANY	
	2019	2018	**2019**	2018
	Rs	Rs	**Rs**	Rs
Decrease in Profit and equity	**1,628,377**	1,625,591	**572,796**	715,443

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.

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**
2019				
Non-interest Bearing	**785,472,519**	**24,174,394**	**-**	**809,646,913**
Lease Liability	**45,209,836**	**131,399,406**	**393,587,939**	**570,197,181**
Variable Interest Rate Instruments	**118,559,607**	**568,139,057**	**82,019,911**	**768,718,575**
	949,241,962	**723,712,857**	**475,607,850**	**2,148,562,669**

29. FINANCIAL INSTRUMENTS (CONTINUED)

(l) Liquidity Risk Management (Continued)

Liquidity Tables (Continued)

Group

	Less than 1 year	1 - 5 years	5+ years	Total
	Rs	Rs	Rs	Rs
2018				
Non-interest Bearing	1,129,890,056	-	-	1,129,890,056
Variable Interest Rate Instruments	222,912,406	467,715,064	127,605,541	818,233,011
	1,352,802,462	467,715,064	127,605,541	1,948,123,067

Company

	Less than 1 year	1 - 5 years	5+ years	Total
	Rs	Rs	Rs	Rs
2019				
Non-interest Bearing	**259,159,970**	**-**	**-**	**259,159,970**
Lease Liability	**4,879,494**	**19,517,976**	**9,758,988**	**34,156,458**
Variable Interest Rate Instruments	**88,624,834**	**439,557,624**	**-**	**528,182,458**
	352,664,298	**459,075,600**	**9,758,988**	**821,498,886**
2018				
Non-interest Bearing	253,984,137	-	-	253,984,137
Variable Interest Rate Instruments	138,937,003	443,216,520	84,791,414	666,944,937
	392,921,140	443,216,520	84,791,414	920,929,074

Non-interest bearing debts includes Trade and other payables and Amounts due to subsidiaries (Company only) and contract liabilities.

Variable Interest rate instruments refer to bank and other loans inclusive of future interests.

29. FINANCIAL INSTRUMENTS (CONTINUED)

(l) Liquidity Risk Management (Continued)

(i) Group

	1 January 2019	Interest cost	Cash (Outflows)/Inflows	Reclassification	Recognition of lease liabilities	31 December 2019
	Rs	Rs	Rs	Rs	Rs	Rs
Current interest bearing loans	192,450,392	8,517,448	(122,634,961)	(6,870,205)	-	71,462,675
Current lease liabilities	-	1,163,864	(37,276,602)	36,223,467	22,118,998	22,229,727
Non current interest bearing loans	457,544,411	20,249,951	77,150,049	6,870,205	-	561,814,616
Non current lease liabilities	-	12,963,312	(13,074,041)	(36,223,467)	246,365,014	210,030,818
	649,994,803	42,894,575	(95,835,554)	-	268,484,012	865,537,836

	1 January 2018	Interest cost	Cash Outflows	Reclassification	31 December 2018
	Rs	Rs	Rs	Rs	Rs
Current interest bearing loans	258,059,462	9,267,227	(279,895,549)	205,019,252	192,450,392
Current lease liabilities	7,435,977	256,447	(7,692,424)	-	-
Non current interest bearing loans	662,563,663	23,793,462	(23,793,462)	(205,019,252)	457,544,411
	928,059,102	33,317,136	(311,381,435)	-	649,994,803

(ii) Company

	1 January 2019	Interest cost	Cash Outflows	Reclassification	Recognition of lease liabilities	31 December 2019
	Rs		Rs	Rs	Rs	Rs
Current interest bearing loans	114,809,777	4,817,026	(118,934,538)	67,516,364	-	68,208,629
Current lease liabilities	-	174,994	(3,323,544)	3,336,929	3,148,550	3,336,929
Non current interest bearing loans	457,544,411	19,197,001	(19,197,001)	(67,516,364)	-	390,028,047
Non current lease liabilities	-	1,555,950	(1,555,950)	(3,336,929)	27,995,177	24,658,248
	572,354,188	25,744,971	(143,011,033)	-	31,143,727	486,231,853

	1 January 2018	Interest cost	Cash Outflows	Reclassification	31 December 2018
	Rs		Rs	Rs	Rs
Current interest bearing loans	213,018,847	8,043,273.79	(311,271,596)	205,019,252	114,809,777
Non current interest bearing loans	662,563,663	25,017,415.21	(25,017,415)	(205,019,252)	457,544,411
	875,582,510	33,060,689	(336,289,011)	-	572,354,188

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.

During the year the rental income earned by the Group and Company under operating leases amounted to Rs 26,269,693 (2018: Rs 29,355,591) and Rs 2,196,000 (2018: Rs 2,464,200) respectively. Direct operating expenses incurred by the Group and Company for the year amount to Rs 5,370,126 (2018: Rs 11,798,409) and Rs Nil respectively. (2018: Nil)

Non-cancellable Operating Lease Receivables

	GROUP	GROUP	COMPANY
	2019	2018	2018
	Rs	Rs	Rs
Less than one year	10,433,919	10,527,068	2,462,000
Between one and two years	10,955,610	10,443,919	-
Between two and three years	2,771,901	10,955,610	-
Between three and four years	-	2,771,901	-
	24,161,430	34,698,498	2,462,000

(b) The Group as Lessee - Prior to 01 January 2019

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
	2018	2018
	Rs	Rs
Less than one year	29,403,462	4,791,192
Between one to five years	77,815,223	9,582,384
More than five years	301,888,533	-
	409,107,218	14,373,576
Payments recognised as an Expense		
Minimum Lease Payments	31,117,347	4,791,192

31. NON-CURRENT RECEIVABLES

	GROUP		COMPANY	
	2019	2018	**2019**	2018
	Rs	Rs	**Rs**	Rs
Prepayment for lease of land	**7,210,839**	70,576,698	**-**	-
Other receivables	**27,576,472**	27,176,472	**490,114**	490,114
	34,787,311	97,753,170	**490,114**	490,114

On adoption of IFRS 16 on 01 January 2019, previous prepayments on lease of land have been transferred to Property, Plant & Equipment amounting to Rs 51,096,512 (Note 5h) and to Investment Property Rs 13,651,107 (Note 9).

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	
	2019	2018
	Rs	Rs
After one year but before five years	**1,923,644**	9,374,324
More than five years	**5,287,195**	61,202,374
	7,210,839	70,576,698

Other receivables for the Group mainly relates to long-term deposit.

32. ASSETS CLASSIFIED AS HELD FOR SALE

	GROUP & COMPANY	
	2019	2018
	Rs	Rs
At 1 January	52,400,000	-
Transfer from Property, Plant and Equipment	-	52,400,000
Disposal during the year	(52,400,000)	
At 31 December	**-**	52,400,000

Assets held for sale refers to carrying value of property which the Government decided to acquire compulsorily. The sale occured during the current financial year.

33. CONTINGENT LIABILITIES

Contingent liabilities not provided for in the Group financial statements relate to expatriate guarantees of Rs 2M(2018: Rs 3M), customs guarantees of Rs Nil (2018: Rs 3M), performance bond of Rs 335M (2018: Rs 184M), tender bond of Rs 12M (2018: Rs13M), advance payment guarantees of Rs 91 M (2018: Rs156M) and guarantees of Rs 0.2M (2018: Rs 33M) to third parties.

Contingent liabilities not provided for in the Company financial statements relate to performance guarantee of Rs.Nil (2018: Rs Nil), expatriates guarantees of Rs 3M (2018: Rs 3M), custom guarantees of Rs 3M (2018: Rs 3M) and performance bond of Rs Nil M (2018: Rs 1M).

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

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

34. DISPOSAL OF SUBSIDIARY

The Group disposed its investment in Gammafin Ltd during the year ended 31 December 2019. In the previous reporting period, the Group reclassified its investment in Stamford Properties Ltd from Investment in Subsidiary to Investment in Associate.

	2019
	Gammafin Ltd
	Rs
Consideration Received in Cash and Cash Equivalents	**1,000,000**
Analysis of Assets and Liabilities over which Control was lost:	
<u>Current Liabilities</u>	
Payables	**124,617**
Net Assets disposed of	**124,617**
Share of Net Assets disposed of	**124,617**
Profit on Disposal of Subsidiary (Note 21)/(Note 28 (c)(iii))	**875,383**
Consideration Received in Cash and Cash Equivalents	**1,000,000**
Less: Cash and Cash Equivalent Balances disposed of	**-**
Net consideration received	**1,000,000**

35. DISPOSAL OF ASSOCIATE AND ACQUISITION OF ADDITIONAL INTEREST IN SUBSIDIARIES

On 12 December 2019, the Group's associate Stamford Properties Ltd redeemed its shares which were held by the Group for a deemed consideration of Rs 63,116,086. No cash was received and, by way of consideration, the Group obtained additional shares (25% effective shareholding) in BR Capital Ltd and Burford Investments Ltd which were previously held by the non-controlling shareholder of Stamford Properties Ltd. Following the transaction there was no outstanding balances among the entities.

Stamford Properties Ltd was derecognised as associate and BR Capital Ltd and Burford Investments Ltd became wholly owned subsidiaries of the Group.

The carrying value of the investment in associate disposed and Non-Controlling Interests in the subsidiaries purchased at date of transaction were as follows:

	2019
Disposal of Associate	**Rs**
Deemed consideration	63,116,086
Investment in Associate	(51,262,028)
Other adjustments	25,255
Profit on disposal of associate - Statement of Profit or Loss Account	**11,879,313**
Acquisition of additional interest in subsidiaries	
Book value of Non Controlling Interests acquired	54,994,899
Outstanding balances written back	20,000,500
Deemed purchase consideration	(63,116,086)
Profit on acquisition of additional interest in subsidiaries - Statement of Changes in Equity	**11,879,313**

36. CHANGE IN OWNERSHIP INTEREST WITHOUT LOSS OF CONTROL

The Group partially disposed of 26% of its effective interest in Kolos Cement Ltd, Kolos Building Materials Ltd and Cement Logistic Ltd during the year ended 31 December 2018.

	Kolos Cement Ltd	Kolos Building Materials Ltd	Cement Logistic Ltd	Total
	Rs	Rs	Rs	Rs
Consideration Received in Cash and Cash Equivalents	525,328,749	-	-	525,328,749
Analysis of Assets and Liabilities of subsidiaries partially disposed:				
Non-Current Assets				
Property, Plant and Equipment	465,950,685	5,112,950	-	471,063,635
Investments	122,500	-	-	122,500
Deferred tax assets	-	12,116	-	12,116
Intangible Assets	13,841,779	-	-	13,841,779
Current Assets				
Inventories	127,636,836	113,806	-	127,750,642
Receivables	73,798,547	4,582,124	495,030	78,875,701
Cash and Cash Equivalents	35,460,091	1,801,219	2,868,932	40,130,242
Non-Current Liabilities				
Deferred Tax liability	(45,894,740)	-	-	(45,894,740)
Retirement Benefit Obligations	(5,705,972)	-	-	(5,705,972)
Current Liabilities				
Bank overdrafts	(147,973,927)	-	-	(147,973,927)
Payables	(126,568,440)	(11,945,208)	(723,220)	(139,236,868)
Current tax liability	(4,548,622)	-	(2,673,562)	(7,222,184)
Total Net Assets/(Liabilities) of subsidiaries which were partiallty disposed	386,118,737	(322,993)	(32,820)	385,762,924
Share of Net Assets disposed of	100,390,872	(83,978)	(8,533)	100,298,361
Amount recognised directly in equity in the Statement of Changes in Equity	424,937,877	83,978	8,533	425,030,388

37. ACQUISITION OF SUBSIDIARY

On 1 April 2019, the Group acquired 100% of the voting shares of Pool Joseph Merven Limited for a cash consideration of Rs 23,495,000 through its subsidiary Lottotech Ltd. The Group's effective interest is 56.12%. The subsidiary's main operating activity is to act as agent of foreign pool promoter. The principal reason behind the acquisition is the benefits attributable to the operating license held by Pool Joseph Merven Limited.

The fair values of the identifiable assets and liabilities as at the date of acquisition were:	2019
	Rs
Assets	
Property and equipment	107,154
Non-current deposits	400,000
Cash and cash equivalents	463,712
Trade receivables	86,136
	1,057,002
Liabilities	
Trade payables	(791,354)
Current income tax liabilities	(23,791)
Total identifiable net assets at fair value	241,857
Less: Non-Controlling Interests	(106,125)
Share of Group's total identifiable net assets at fair value	135,732
Goodwill arising on acquisition	23,359,268
Purchase consideration	23,495,000
Net cash outflow on acquisition of subsidiary:	
Consideration paid in cash	23,495,000
Less: Cash and cash equivalents acquired	(463,712)
	23,031,288

The goodwill comprises the value of expected synergies arising from the acquisition and a license, which is not separately recognised. Due to the high level of uncertainty involved in the fair valuation of the license, it has not been recognised as a separate intangible asset under IAS 38. Impairment test on goodwill at reporting date did not identify any indication of impairment.

38. EVENTS AFTER THE REPORTING DATE

The recent outbreak of Coronavirus (or Covid-19) will affect economic, trading and travel conditions globally resulting in disruptions to countries exposed to the contagion. Governments in affected countries are imposing travel bans, quarantines and other emergency public safety measures whilst other governments including Mauritius are under increasing pressure to impose stricter border controls and restrictions. These measures will impact the demand and supply dynamics of our businesses. It is however unclear how long these measures will continue or increase depending on the extent of the outbreak. Whilst we are monitoring the situation closely, it remains equally uncertain to what extent the Covid-19 outbreak will financially and operationally impact the businesses of the Group. A number of mitigations and contingency plans are in place which will be implemented depending on the extent of the outbreak and its direct impact.

39. 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.