INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of CIM Financial Services Ltd (the "Company") and its subsidiaries (the "Group") set out on pages 64 to 153 which comprise the statements of financial position as at 30 September 2017, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements, including significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Group and Company as at 30 September 2017, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001 and the Financial Reporting Act 2004.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group and the Company in accordance with the International Ethics Standards 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 consolidated 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
Impairment of loans and advances and investment in leases and other credit agreements The Group has hire purchase and other credit agreements, loans and advances and net finance lease receivables (collectively referred to as "Loans and Advances) portfolio of MUR 8,977.3m as at 30 September 2017. As explained in the accounting policies, these assets are carried at amortised cost, less allowance for credit impairment (MUR 407.2m). This provision is accounted for if, at the reporting date, there is objective evidence, for example the existence of payment arrears, that not all the contractually agreed cash flows will be collected. Failure to promptly recognise objective evidence of the risk of uncollectability and/or errors in the provisioning can result in incorrect valuation of the loans and advances in the financial statements. Refer to Note 2 for accounting policies on loans and advances and allowance for credit impairment. Given the relative size of loans and advances (58% of total assets), we identified the valuation of loans and advances as a key audit matter.	We assessed and tested the design and operating effectiveness of the controls over specific and collective impairment calculations including the quality of underlying data and systems. Collective impairment allowances are calculated based on the guidelines imposed by the Bank of Mauritius. Such guidelines require the Group to make portfolio provisions of not less than 1% on unimpaired loans and advances. As this basis represents a departure from IAS39, the Group also determines what the collective impairment would have been under the standard using the incurred loss model and evaluates the impact of the departure. We reviewed the portfolio provisioning under both bases and assessed the impact of the difference on the overall presentation of the financial statements. In particular we re-performed the calculations of collective impairment under both methods. In respect of the provisioning as per the Bank of Mauritius guidelines, we assessed the appropriateness of the calculation made by management and the identification of loans to be included within the calculation. For collective impairment under IAS39, we assessed the appropriateness of the model used including the inputs and assumptions. For specific impairments, judgement is required to determine when an impairment event has occurred and then to estimate the expected future cash flows discounted at the original effective interest rate of the loans and advances. Where cash flows for large credits include the realisable value of collateral securing the credit, the value of such collateral is based on the opinion of independent and qualified appraisers. We thus also assessed the independence and the qualifications of the appraisers. We assessed that loans and advances with objective evidence of impairment have been properly identified by management by: • Reviewing the minutes of the Debtors Monitoring Committee; • Obtaining loans and advances arrears reports and testing that arrears exceeding the internally predefined periods are included in the specific impairment analysis; • Identifying loans and advances displaying certain characteristics such as financial difficulties of the borrower, restructured loans, insufficient collaterals and exposures to sectors in decline. For loans and advances showing an indication of impairment, we independently assessed the appropriateness of provisioning methodologies and policies and formed an independent view on the levels of provisions booked based on the detailed loan and counterparty information in the credit files.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

Key Audit Matter	How the matter was addressed in the audit
Fair Valuation of properties accounted under investment properties and property, plant and equipment. The Group has properties fair valued at Rs 2,024.3m as at 30 September 2017 which are accounted under investment properties or property, plant and equipment depending on whether they are occupied by the Group or not. Subsequent to initial recognition, these investments are carried at fair value representing open-market value determined regularly by independent valuation specialists. Given the relative size of the properties and the level of judgement involved in determining the fair value, we identified the valuation of properties as a key audit matter.	We have obtained and read the valuation reports for the year ended 30 September 2017 prepared by the independent valuation specialists. We assessed the competency, independence and integrity of the independent valuation specialists engaged by the Group. We have held discussions with the independent valuation specialists regarding the methodology, key assumptions and critical judgemental areas and understood the approaches taken by them in determining the valuation of each property. We tested the integrity of information, including underlying lease and financial information provided to the independent valuation specialists. We reviewed previous information for consistency in respect of the treatment of investment properties and property, plant and equipment. We checked the correctness of accounting for transfers to/from investment properties where a change of use has occurred. We have also assessed the appropriateness of the disclosures relating to the valuation techniques and key inputs applied by the independent valuation specialists.

Other Information

The directors are responsible for the other information. The other information comprises the Group Structure, Financial Highlights, Chairman's Message, Directors' Profiles, Senior Executives' Profiles, Business Review, Corporate Governance Report, Human Resource, Corporate Social Responsibility, Internal Control and Risk Management, Other Statutory Disclosures, Directors' Report, Secretary's Certificate as required by the Companies Act 2001, Statement of Compliance and Directors of Subsidiary Companies, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

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

In preparing the financial statements, the directors are responsible for assessing the Group and 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 and or the Company or to cease operations, or have 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 misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the 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 the director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 Group and Company financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Other matter

This report is made solely for the Company's members, 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 members 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 members, 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 Company other than in our capacity 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 Company as far as it appears from our examination of those records.

Financial Reporting Act 2004

The directors are responsible for preparing the Corporate Governance Report. Our responsibility is to report on the extent of compliance with the Code of Corporate Governance as disclosed in the Annual Report and whether the disclosure is consistent with the requirements of the Code.

In our opinion, the disclosure in the Annual Report is consistent with the requirements of the Code.

ERNST & YOUNG
Ebène, Mauritius

LI KUNE LAN POOKIM, F.C.A, F.C.C.A
Licensed by FRC

Date: 13 December 2017

STATEMENTS OF PROFIT OR LOSS

YEAR ENDED 30 SEPTEMBER 2017

			GROUP		COMPANY	
			Sep-17	Sep-16	Sep-17	Sep-16
Continuing Operations	NOTES		MUR m	MUR m Restated	MUR m	MUR m
Interest income	5		1,042.4	833.2	126.0	109.7
Interest expense	5		(352.1)	(303.5)	(103.4)	(105.9)
Net interest income			690.3	529.7	22.6	3.8
Sale of goods			0.3	26.7	-	-
Services rendered			3.2	33.2	-	-
Fee and commission income	6		566.3	513.7	-	-
Investment income			-	5.7	448.9	462.4
Other operating income	7		321.6	300.3	18.4	4.1
			891.4	879.6	467.3	466.5
Net operating income			1,581.7	1,409.3	489.9	470.3
Operating expenses						
Cost of sales of goods and services			(0.3)	(29.7)	-	-
Employee benefit expense	8		(485.2)	(469.8)	(8.0)	(7.3)
Depreciation			(68.2)	(70.0)	-	(0.1)
Amortisation			(15.6)	(18.3)	-	-
Other operating expenses	9		(305.1)	(278.2)	(19.7)	(12.2)
			(874.4)	(866.0)	(27.7)	(19.6)
Operating profit before impairment			707.3	543.3	462.2	450.7
Allowance for credit impairment	10		(186.3)	(146.1)	-	-
Impairment of investment	17		(0.6)	(1.0)	(0.6)	(1.0)
Operating profit			520.4	396.2	461.6	449.7
Foreign Exchange loss			(117.0)	(7.3)	(120.0)	(5.5)
Share of results of associates	21		(5.6)	15.4	-	-
Share of result of joint venture	22		-	0.7	-	-
			397.8	405.0	341.6	444.2
Gain on disposal of subsidiaries	36		13.7	47.0	2,494.9	147.7
Net gain on business combination	35		-	21.3	-	-
Profit before tax from continuing operations			411.5	473.3	2,836.5	591.9
Income tax (expense)/credit	11		(107.3)	(70.1)	0.5	-
Profit for the year from continuing operations			304.2	403.2	2,837.0	591.9
Discontinued operations						
Profit after tax for the year from discontinued operations	36		2,645.4	253.1	-	-
Profit for the year			2,949.6	656.3	2,837.0	591.9
Attributable to:						
Owners of the parent						
Profit for the year from continuing operations			310.8	411.3	2,837.0	591.9
Profit for the year from discontinued operations			2,645.4	253.1	-	-
			2,956.2	664.4	2,837.0	591.9
Non controlling interests						
Profit for the year from continuing operations			(6.6)	(8.1)	-	-
Profit for the year from discontinued operations			-	-	-	-
			(6.6)	(8.1)	-	-
			2,949.6	656.3	2,837.0	591.9
Basic/diluted earnings per share from continuing operations	33	MUR	0.46	0.60	4.17	0.87
Basic/diluted earnings per share	33	MUR	4.35	0.98	4.17	0.87

The notes on pages 70 to 153 form an integral part of these financial statements.

Auditor's report on pages 60 to 63.

STATEMENTS OF COMPREHENSIVE INCOME

YEAR ENDED 30 SEPTEMBER 2017

	NOTES	GROUP		COMPANY	
		Sep-17	Sep-16	Sep-17	Sep-16
		MUR m	MUR m Restated	MUR m	MUR m
Profit for the year		2,949.6	656.3	2,837.0	591.9
Other comprehensive income	12				
Other comprehensive income not to be reclassified to profit or loss:					
Gain on revaluation of land and buildings, net of tax		70.4	-	-	-
Remeasurement of defined benefit obligations, net of tax		1.4	17.5	0.7	-
Other comprehensive income to be reclassified to profit or loss:					
Exchange difference on translation of foreign entities		(14.0)	0.9	-	-
Movement in reserves of associates	21(a)	(1.4)	(0.4)	-	-
Gains arising on cash flow hedges		-	5.6	-	5.6
Other comprehensive income for the year, net of tax		56.4	23.6	0.7	5.6
Total comprehensive income for the year		3,006.0	679.9	2,837.7	597.5
Attributable to:					
Owners of the parent		3,001.6	688.0	2,837.7	597.5
Non controlling interests		4.4	(8.1)	-	-
		3,006.0	679.9	2,837.7	597.5

The notes on pages 70 to 153 form an integral part of these financial statements.

Auditor’s report on pages 60 to 63.

STATEMENTS OF FINANCIAL POSITION

30 SEPTEMBER 2017

	NOTES	GROUP			COMPANY		
		Sep-17	Sep-16	Sep-15	**Sep-17**	Sep-16	Sep-15
		MUR m	MUR m	MUR m	**MUR m**	MUR m	MUR m
ASSETS			Restated	Restated		Restated	Restated
Cash and bank balances	13	**505.4**	587.1	953.9	**113.5**	20.0	24.6
Deposits with banks	14	**2,738.9**	475.6	562.7	**2,256.1**	-	-
Net investment in leases and other credit agreements	15	**6,609.7**	5,661.0	4,390.6	**-**	-	-
Loans and advances	16	**2,367.6**	1,656.3	783.1	**2,294.6**	1,820.4	1,353.7
Investments in financial assets	17	**21.8**	10.4	240.2	**15.1**	2.4	232.2
Other assets	18	**546.5**	420.7	516.7	**377.9**	503.5	336.0
Inventories	19	**8.2**	8.4	422.4	**-**	-	-
Investments in subsidiaries	20	**-**	-	-	**1,786.5**	2,022.5	1,902.1
Investments in associates	21	**193.1**	77.4	92.0	**16.2**	16.2	16.2
Investment in joint venture	22	**-**	-	95.2	**-**	-	-
Investment properties	23	**1,039.2**	733.7	533.7	**33.5**	30.8	30.8
Property, plant and equipment	24	**1,199.5**	1,399.1	1,491.7	**-**	-	-
Intangible assets	25	**66.1**	633.0	646.4	**0.2**	0.2	0.3
Retirement benefit assets	26	**6.8**	9.9	10.1	**-**	-	-
Deferred tax assets	27	**65.2**	71.0	67.5	**-**	-	-
Total assets		**15,368.0**	11,743.6	10,806.2	**6,893.6**	4,416.0	3,895.9
LIABILITIES							
Deposits from customers	28	**3,134.3**	2,795.3	2,490.8	**-**	-	-
Other borrowed funds	29	**4,184.2**	3,459.3	3,090.9	**1,620.0**	1,690.9	1,624.6
Other liabilities	30	**1,159.0**	1,420.7	1,593.8	**97.0**	337.4	249.7
Income tax liabilities	11	**28.3**	45.5	38.0	**-**	-	-
Retirement benefit obligations	26	**77.7**	88.8	107.4	**40.2**	-	-
Deferred tax liabilities	27	**25.3**	21.6	23.0	**-**	0.5	0.5
Total liabilities		**8,608.8**	7,831.2	7,343.9	**1,757.2**	2,028.8	1,874.8
EQUITY							
Stated capital	32	**680.5**	680.5	680.5	**680.5**	680.5	680.5
Retained earnings		**5,171.6**	2,395.6	2,072.2	**4,455.2**	1,706.7	1,346.2
Revaluation and other reserves		**592.1**	451.8	318.6	**0.7**	-	(5.6)
Equity attributable to owners of the parent		**6,444.2**	3,527.9	3,071.3	**5,136.4**	2,387.2	2,021.1
Non controlling interests		**315.0**	384.5	391.0	**-**	-	-
Total equity		**6,759.2**	3,912.4	3,462.3	**5,136.4**	2,387.2	2,021.1
Total equity and liabilities		**15,368.0**	11,743.6	10,806.2	**6,893.6**	4,416.0	3,895.9

These financial statements have been approved for issue by the Board of Directors on 12 December 2017.

Colin Taylor

Non-Executive Director and Chairman

Mark van Beuningen

Executive Director and Group Chief Executive Officer

The notes on pages 70 to 153 form an integral part of these financial statements.

Auditor's report on pages 60 to 63.

STATEMENTS OF CHANGES IN EQUITY

30 SEPTEMBER 2017

	NOTES	Stated capital	Capital reserves	Revaluation reserves	Other reserves	Retained earnings	Actuarial reserve	Attributable to owners of the parent	Non controlling interests	Total equity
		MUR m	MUR m	MUR m	MUR m	MUR m	MUR m	MUR m	MUR m	MUR m
GROUP										
At 1 October 2016, as previously stated		680.5	356.6	83.5	10.5	2,348.7	1.4	3,481.2	384.5	3,865.7
Impact of prior year adjustments	46	-	-	-	-	46.9	(0.2)	46.7	-	46.7
Balance at 1 October 2016 as restated		680.5	356.6	83.5	10.5	2,395.6	1.2	3,527.9	384.5	3,912.4
Profit/(loss) for the year		-	-	-	-	2,956.2	-	2,956.2	(6.6)	2,949.6
Other comprehensive income for the year	12	-	-	59.4	(15.4)	-	1.4	45.4	11.0	56.4
Total comprehensive income for the year		-	-	59.4	(15.4)	2,956.2	1.4	3,001.6	4.4	3,006.0
Dividends	31	-	-	-	-	(88.5)	-	(88.5)	-	(88.5)
Transfers		-	77.2	-	-	(77.2)	-	-	-	-
Purchase of non controlling interest		-	-	25.4	-	(22.2)	-	3.2	(72.5)	(69.3)
Deconsolidation of group companies	35(b)	-	(7.7)	-	-	7.7	-	-	(1.4)	(1.4)
Total transactions with owners of parent		-	69.5	25.4	-	(180.2)	-	(85.3)	(73.9)	(159.2)
At 30 September 2017		**680.5**	**426.1**	**168.3**	**(4.9)**	**5,171.6**	**2.6**	**6,444.2**	**315.0**	**6,759.2**

	NOTES	Stated capital	Capital reserves	Revaluation reserves	Other reserves	Retained earnings	Actuarial reserve	Attributable to owners of the parent	Non controlling interests	Total equity
		MUR m	MUR m	MUR m	MUR m	MUR m	MUR m	MUR m	MUR m	MUR m
At 1 October 2015, as previously stated		680.5	248.0	82.5	4.4	2,018.5	(16.3)	3,017.6	391.0	3,408.6
Impact of prior year adjustments	46	-	-	-	-	53.7	-	53.7	-	53.7
Balance at 1 October 2015 as restated		680.5	248.0	82.5	4.4	2,072.2	(16.3)	3,071.3	391.0	3,462.3
Profit/(loss) for the year		-	-	-	-	664.4	-	664.4	(8.1)	656.3
Other comprehensive income for the year	12	-	-	-	6.1	-	17.5	23.6	-	23.6
Total comprehensive income for the year		-	-	-	6.1	664.4	17.5	688.0	(8.1)	679.9
Dividends	31	-	-	-	-	(231.4)	-	(231.4)	-	(231.4)
Issue of shares		-	-	-	-	-	-	-	1.6	1.6
Transfers		-	111.0	-	-	(111.0)	-	-	-	-
Deconsolidation of group companies	35(b)	-	(2.4)	1.0	-	1.4	-	-	-	-
Total transactions with owners of parent		-	108.6	1.0	-	(341.0)	-	(231.4)	1.6	(229.8)
At 30 September 2016		**680.5**	**356.6**	**83.5**	**10.5**	**2,395.6**	**1.2**	**3,527.9**	**384.5**	**3,912.4**

The notes on pages 70 to 153 form an integral part of these financial statements.

Auditor's report on pages 60 to 63.

STATEMENTS OF CHANGES IN EQUITY

30 SEPTEMBER 2017

	NOTES	Stated capital	Actuarial reserve	Hedging reserves	Retained earnings	Total equity
		MUR m	MUR m	MUR m	MUR m	MUR m
COMPANY						
At 1 October 2016		680.5	-	-	1,706.7	2,387.2
Profit for the year		-	-	-	2,837.0	2,837.0
Other comprehensive income	12	-	0.7	-	-	0.7
Dividends	31	-	-	-	(88.5)	(88.5)
At 30 September 2017		**680.5**	**0.7**	**-**	**4,455.2**	**5,136.4**
At 1 October 2015		680.5	-	(5.6)	1,346.2	2,021.1
Profit for the year		-	-	-	591.9	591.9
Other comprehensive income	12	-	-	5.6	-	5.6
Dividends	31	-	-	-	(231.4)	(231.4)
At 30 September 2016		**680.5**	**-**	**-**	**1,706.7**	**2,387.2**

The notes on pages 70 to 153 form an integral part of these financial statements.

Auditor’s report on pages 60 to 63.

STATEMENTS OF CASH FLOWS

YEAR ENDED 30 SEPTEMBER 2017

	NOTES	GROUP		COMPANY	
		Sep-17	Sep-16	Sep-17	Sep-16
		MUR m	MUR m	MUR m	MUR m
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash absorbed in operations	34	(2,990.0)	(710.4)	(3,018.5)	(521.5)
Income tax paid	11	(112.0)	(108.9)	-	-
Net cash flow used in operating activities		(3,102.0)	(819.3)	(3,018.5)	(521.5)
CASH FLOWS FROM INVESTING ACTIVITIES					
Dividends received		1.7	40.5	448.9	468.1
Proceeds from sale of financial assets		-	231.0	-	231.0
Purchase of property, plant and equipment	24	(88.3)	(74.8)	-	-
Proceeds from sale of property, plant and equipment		30.3	14.4	-	-
Proceeds from sale of intangible assets		-	4.1	-	-
Purchase of intangible assets	25	(48.5)	(12.0)	-	-
Purchase of investment properties		(38.1)	(10.4)	-	-
Sale of investment properties		1.5	-	-	-
Disposal of subsidiary, net of cash disposed	36	2,840.2	116.9	3,250.4	225.0
Acquisition of subsidiary, net of cash acquired	35	-	(63.8)	-	(69.5)
Investment in subsidiary companies	20	-	-	(519.5)	(58.3)
Acquisition of associates		(118.8)	-	-	-
Net cash flow generated from investing activities		2,580.0	245.9	3,179.8	796.3
CASH FLOWS FROM FINANCING ACTIVITIES					
Issue of shares to minority		-	1.6	-	-
Proceeds from other borrowed funds		9,097.1	5,183.0	148.0	385.0
Repayment of other borrowed funds		(8,459.7)	(4,435.5)	(218.9)	(336.4)
Acquisition of non controlling interests	35	(69.3)	-	-	-
Dividends paid to shareholders of Company		(238.1)	(217.8)	(238.2)	(217.8)
Net cash flow generated from/(used in) financing activities		330.0	531.3	(309.1)	(169.2)
Net (decrease)/increase in cash and cash equivalents		(192.0)	(42.1)	(147.8)	105.6
Effect of exchange rate changes on cash and cash equivalents		(5.3)	-	(3.8)	-
Cash and cash equivalents - opening		576.4	618.5	378.6	273.0
Cash and cash equivalents - closing	13	379.1	576.4	227.0	378.6

The notes on pages 70 to 153 form an integral part of these financial statements.

Auditor’s report on pages 60 to 63.

EXPLANATORY NOTES

30 SEPTEMBER 2017

1. GENERAL INFORMATION

CIM Financial Services Ltd is a public company limited by shares, incorporated on 15 July 2005 and domiciled in Mauritius. The principal activity of the Company is the holding of investments. As at 30 September 2017, its holding company is Cim Holdings Ltd and its registered address is Taylor Smith House, Old Quay D Road, Port Louis. The Company's place of business is at 33, Edith Cavell Street, Port-Louis. These financial statements have been prepared for the year ended 30 September 2017.

2. ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements include the consolidated financial statements of the parent company and its subsidiary companies (the "Group") and the separate financial statements of the parent company (the "Company"). The financial statements are presented in Mauritian Rupees and all values are rounded to the nearest million (MUR m), except when otherwise indicated. These policies have been consistently applied to all the years presented, unless otherwise stated and where necessary, comparative figures have been amended to conform with changes in presentation in the current year.

The financial statements are prepared under the historical cost convention except that:

- land and buildings are carried at revalued amounts;
- investment properties are stated at fair value;
- available for sale financial assets and derivatives are stated at fair value;
- consumable biological assets are stated at fair value.

The Company presents its statement of financial position in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non–current) is presented in note 43 of the financial statements.

2.2 Statement of compliance

The financial statements of CIM Financial Services Ltd comply with the Companies Act 2001 and have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by The International Accounting Standard Board (IASB).

2.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of CIM Financial Services Ltd and its subsidiaries as at 30 September 2017.

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

• Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)

• Exposure, or rights, to variable returns from its involvement with the investee, and

• The ability to use its power over the investee to affect its returns

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

• The contractual arrangement with the other vote holders of the investee

• Rights arising from other contractual arrangements

• The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

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

EXPLANATORY NOTES

30 SEPTEMBER 2017

2. ACCOUNTING POLICIES (CONT'D)

2.3 Basis of consolidation (cont'd)

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

· Derecognises the assets (including goodwill) and liabilities of the subsidiary

· Derecognises the carrying amount of any non controlling interest

· Derecognises the cumulative translation differences, recorded in equity

· Recognises the fair value of the consideration received

· Recognises the fair value of any investment retained

· Recognises any surplus or deficit in profit or loss

· Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings as appropriate.

2.4 Changes in accounting policies

New and amended standards and interpretation

The Group applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2016. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The nature and the effect of these changes are disclosed below. Although these new standards and amendments applied for the first time in the year ended 30 September 2017, they did not have a material impact on the financial statements of the Group. The nature and the impact of each new standard or amendment is described below.

IFRS 14 Regulatory Deferral Accounts

IFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of IFRS. Entities that adopt IFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and OCI. The standard requires disclosure of the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. Since the Group is an existing IFRS preparer and is not involved in any rate-regulated activities, this standard does not apply.

Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests

The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business, must apply the relevant IFRS 3 Business Combinations principles for business combination accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation if joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are applied prospectively. These amendments do not have any impact on the Group as there has been no interest acquired in a joint operation during the year.

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify the principle in IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is a part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are applied prospectively and do not have any impact on the Group, given that it has not used a revenue-based method to depreciate its non-current assets.

EXPLANATORY NOTES

30 SEPTEMBER 2017

2. ACCOUNTING POLICIES (CONT'D)

2.4 Changes in accounting policies (cont'd)

Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants

The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of IAS 41 Agriculture. Instead, IAS 16 will apply. After initial recognition, bearer plants will be measured under IAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of IAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, IAS 20 Accounting for Government Grants and Disclosure of Government Assistance will apply. The amendments are applied retrospectively and do not have any impact on the Group as it does not have any bearer plants.

Amendments to IAS 27: Equity Method in Separate Financial Statements

The amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in their separate financial statements have to apply that change retrospectively. These amendments do not have any impact on the Company's financial statements.

Annual improvements 2012-2014 cycle

These improvements include:

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations

Assets are generally disposed of either through sale or distribution to the owners. The amendment clarifies that changing from one of these disposal methods to the other would not be considered a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in IFRS 5. This amendment is applied prospectively. This amendment has no impact on the Group as there are has been no change from one disposal method to the other.

IFRS 7 Financial Instruments: Disclosures

(i) Servicing contracts

The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in IFRS 7 in order to assess whether the disclosures are required. The assessment of which servicing contracts constitute continuing involvement must be done retrospectively. However, the required disclosures need not be provided for any period beginning before the annual period in which the entity first applies the amendments. This amendment does not have any impact on the Group.

(ii) Applicability of the amendments to IFRS 7 to condensed interim financial statements

The amendment clarifies that the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report. This amendment is applied retrospectively. This amendment does not have any impact on the Group's financial statements.

IAS 19 Employee Benefits

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

IAS 34 Interim Financial Reporting

The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report (e.g. in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. This amendment is applied retrospectively. This amendment does not have any impact on the Group's financial statements.

EXPLANATORY NOTES

30 SEPTEMBER 2017

2. ACCOUNTING POLICIES (CONT'D)

2.4 Changes in accounting policies (cont'd)

Amendments to IAS 1 Disclosure Initiative

The amendments to IAS 1 clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:
- The materiality requirements in IAS 1
- That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated
- That entities have flexibility as to the order in which they present the notes to financial statements
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss. Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI. These amendments do not have any impact on the Company.

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

Certain standards, amendments to published standards and interpretations issued are effective for accounting periods beginning on or after 1 October 2017 and the Group has not early adopted any of them.

New or revised standards and interpretations:	Effective for accounting period beginning on or after
IFRS 9 Financial Instruments	1-Jan-18
IFRS 15 Revenue from Contracts with Customers	1-Jan-18
IFRS 16 Leases	1-Jan-19
IFRS 17 Insurance contracts	1-Jan-21
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or indefinitely Joint Venture	Effective date deferred indefinitely
IAS 7 Disclosure Initiative – Amendments to IAS 7	1-Jan-17
IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses – Amendments to IAS 12	1-Jan-17
IFRS 2 Classification and Measurement of Share-based Payment Transactions - Amendments to IFRS 2	1-Jan-18
Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - Amendments to IFRS 4	1-Jan-18
Transfers of Investment Property (Amendments to IAS 40)	1-Jan-18
IFRS 12 Disclosure of Interests in Other Entities - Clarification of the scope of the disclosure requirements in IFRS 12	1-Jan-17
IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1-Jan-18
IFRS 1 First-time Adoption of International Financial Reporting Standards - Deletion of short-term exemptions for first-time adopters	1-Jan-18
IAS 28 Investments in Associates and Joint Ventures - Clarification that measuring investees at fair value through profit or loss is an investment - by - investment choice	1-Jan-18
IFRIC Interpretation 23 Uncertainty over Income Tax Treatments	1-Jan-19

The above new standards and amendments to existing standards issued but not yet effective are not expected to have a significant impact on the Group except for IFRS 9, IFRS 15 and IFRS 16 as listed below.

EXPLANATORY NOTES

30 SEPTEMBER 2017

2. ACCOUNTING POLICIES (CONT'D)

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

IFRS 9 Financial Instruments

IFRS 9 is of particular importance to the Group. In July 2014, the IASB issued IFRS 9 'Financial Instruments', which is the comprehensive standard to replace IAS 39 'Financial Instruments: Recognition and Measurement', and includes requirements for classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. The Group plans to adopt the new standard on the required effective date i.e. 1 October 2018. The classification and measurement and impairment requirements are applied retrospectively by adjusting the opening balance sheet at the date of initial application, with no requirement to restate comparative periods.

The Group has already initiated the IFRS 9 implementation to ensure transition by October 2018. Currently, the Group is undertaking process changes and enhancing its governance framework across data, models, accounting and financial reporting to ensure that all the requirements of the new accounting standard are met.

Prior to implementation of IFRS 9, the Group benchmarked its current state to the new standard requirements across several essential parameters such as data, models, accounting and business model to identify the gaps and understand the readiness for adoption of IFRS 9. The Group developed a detailed implementation plan, outlined with target completion dates against each activity and internal stakeholder responsibilities, for the implementation of the requirements of IFRS 9 and is following the plan to meet the stipulated timelines.

The Group shall perform considerable parallel run before implementation of the new aspects introduced by the standard to ensure robust implementation. This assessment will be based on information currently available and may be subject to change arising from additional reasonable and supportable information being made available to the Group in the future. It expects similarity between the existing and revised classification and measurement of financial assets and liabilities under IFRS 9.

Classification and measurement

All financial assets are measured at fair value on initial recognition, adjusted for transaction costs if the instruments are not measured at fair value through profit and loss (FVTPL). Debt instruments are subsequently measured at amortised cost (AC), fair value through other comprehensive income (FVOCI) or fair value through profit and loss (FVTPL). The classification and measurement of financial assets into the categories mentioned above will depend on how these are managed (the entity's business model) and their contractual cash flow characteristics. There is a fair value option that allows financial assets to be designated at FVTPL at initial recognition if that eliminates or significantly reduces an accounting mismatch. Equity instruments are generally classified at FVTPL, however entities have an irrevocable option to present changes in fair value of non-trading instruments in other comprehensive income without recycling to profit or loss. IFRS 9 retains almost all of the existing requirements from IAS 39 on the classification of financial liabilities, including those relating to embedded derivatives except for financial liabilities classified at FVTPL using the fair value option. The amount of change in fair value of such financial liabilities that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss.

The Group is currently assessing the classification and measurement of its financial assets.

EXPLANATORY NOTES

30 SEPTEMBER 2017

2. ACCOUNTING POLICIES (CONT'D)

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

IFRS 9 Financial Instruments (Cont'd)

Impairment

The incurred loss model for provisioning under IAS 39 is replaced by an expected credit loss model for provisioning under IFRS 9. The new impairment requirements are applied to debt instruments accounted for at amortised cost or at FVOCI; most loan commitments; and lease receivables under IAS 17 Leases.

Under IFRS 9, impairment is measured as either 12 month expected credit loss (ECL) (stage 1) or life time ECL (stage 2/stage 3). Financial assets in stage 1 can be shifted to stage 2 in case of significant increase in credit risk since initial recognition (or when the commitment or guarantee was entered into). For some assets such as leases, the Group may apply the simplified approach whereby the lifetime expected credit losses will always be recognised.

The assessment of credit risk, and the estimation of ECL, are required to be unbiased and probability weighted, and should incorporate all the available information which is relevant to the assessment including information about past events, current conditions and reasonable and supportable forecasts of future events and economic conditions at the reporting date. In addition, the estimation of ECL, should take into account the time value of money.

As a result, the recognition and measurement of impairment is intended to be more forward looking than under IAS 39.

Hedge accounting

IFRS 9 includes a new general hedge accounting model, which aligns hedge accounting more closely with risk management. The new model does not fundamentally change the types of hedging relationships or the requirement to measure and recognise ineffectiveness under IAS 39; however, under the new model more hedging strategies that are used for risk management may qualify for hedge accounting. The standard does not explicitly address macro hedge accounting strategies, which are being considered in a separate project. To remove the risk of any conflict between existing macro hedge accounting practice and the new general hedge accounting requirements, IFRS 9 includes an accounting policy choice to remain with IAS 39 hedge accounting. The new hedging requirements will not have an impact on the Group since it does not currently apply hedge accounting.

IFRS 15 Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers, effective for periods beginning on 1 January 2018 with early adoption permitted. IFRS 15 defines principles for recognising revenue and will be applicable to all contracts with customers. However, interest and fee income integral to financial instruments and leases will continue to fall outside the scope of IFRS 15 and will be regulated by the other applicable standards (e.g., IFRS 9, and IFRS 16 Leases). Revenue under IFRS 15 will need to be recognised as goods and services are transferred, to the extent that the transferor anticipates entitlement to goods and services. The standard will also specify a comprehensive set of disclosure requirements regarding the nature, extent and timing as well as any uncertainty of revenue and corresponding cash flows with customers. The Company does not anticipate early adopting IFRS 15 and although the impact is still being evaluated, it is not expected that there will be a significant impact as the main revenue stream of the Group is scoped out of IFRS 15.

IFRS 16 Leases

The IASB issued the new standard for accounting for leases - IFRS 16 Leases in January 2016. The new standard does not significantly change the accounting for leases for lessors. However, it does require lessees to recognise most leases on their statements of financial position as lease liabilities, with the corresponding right of-use assets. Lessees must apply a single model for all recognised leases, but will have the option not to recognise 'short-term' leases and leases of 'low-value' assets. Generally, the profit or loss recognition pattern for recognised leases will be similar to today's finance lease accounting, with interest and depreciation expense recognised separately in the statement of profit or loss. IFRS 16 is effective for annual periods beginning on or after 1 January 2019. The Group is still assessing the impact of the standard on its financial statements.

EXPLANATORY NOTES

30 SEPTEMBER 2017

2. ACCOUNTING POLICIES (CONT'D)

2.6 Significant accounting policies

(a) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 Financial Instruments: Recognition and Measurement, is measured at fair value with the changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

(b) Investments in subsidiaries

Consolidated financial statements

Subsidiaries are fully consolidated in the Group's financial statements from the date control is obtained by the Group until the date that control ceases.

Separate financial statements of the investor

In the separate financial statements of the Company, investments in subsidiaries are carried at cost, net of any impairment. Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is recognised in profit or loss. Upon disposal of the investment, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

(c) Investments in associates and joint venture

An associate is an entity over which the Group has significant influence but not control, or joint control, generally accompanying a shareholding between 20% and 50% of the voting rights.

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 the unanimous consent of the parties sharing control.

Separate financial statements of the investor

In the separate financial statements of the investor, investments in associates and joint ventures are carried at cost (which includes transaction costs). Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is recognised in profit or loss. Upon disposal of the investment, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

EXPLANATORY NOTES

30 SEPTEMBER 2017

2. ACCOUNTING POLICIES (CONT'D)

2.6 Significant accounting policies (Cont'd)

(c) Investments in associates and joint venture (Cont'd)

Consolidated financial statements

The Group's investments in its associate and joint venture are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Group's share of the results of operations of the associates or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of associates and joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associates or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss as 'Share of profit of associate and a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

(d) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable stated net of discounts, returns, value added taxes, rebates and other similar allowances.

The specific recognition criteria described below must also be met before revenue is recognised.

Interest income

For all financial instruments measured at amortised cost, 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. Fees that the Group considers to be an integral part of these financial instruments are recognised in the EIR.

Earnings from finance leases are recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return.

Commissions received from merchants on financing of credit agreements are initially recognised and presented in other liabilities in the statement of financial position. The release to profit or loss is recognised in fee and commission income in the statement of profit or loss.

Rental income

Rental income is recognised in accordance with the substance of the relevant agreement. Rental income from operating leases net of value added taxes is recognised on a straight line basis over the lease term.

Dividend income

Dividend income is recognised when the Group's right to receive the payment is established.

EXPLANATORY NOTES

30 SEPTEMBER 2017

2. ACCOUNTING POLICIES (CONT'D)

2.6 Significant accounting policies (Cont'd)

(d) Revenue recognition (Cont'd)

Sale of services

Sale of services is recognised in the accounting year in which services are rendered. Management fees are recognised as the services are provided.

Sale of goods

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

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;

- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

- the amount of revenue can be measured reliably;

- it is probable that the economic benefits associated with the transaction will flow to the Group; and

- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

(e) Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using Mauritian Rupee, the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated and separate financial statements are presented in Mauritian Rupees, which is the Company's functional currency. All amounts are in million, rounded to one decimal place except as otherwise stated.

(ii) Transactions and balances

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

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

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

Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

(iii) Group companies

The results and financial position of the Group entities that have a functional currency different from Mauritian Rupee are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the reporting date;

- income and expenses for each statement representing profit or loss and other comprehensive income are translated at average exchange rates;

- all resulting exchange differences are recognised in other comprehensive income;

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

On disposal of foreign entities, such translation differences are recognised in the profit or loss as part of the gain or loss.

EXPLANATORY NOTES

30 SEPTEMBER 2017

2. ACCOUNTING POLICIES (CONT'D)

2.6 Significant accounting policies (Cont'd)

(f) Inventories

Inventories are valued at lower of cost and net realisable value.

Cost is determined at the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads, but excludes interest expenses. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

(g) Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Leases also include contracts for the hire of an asset that contain a provision giving the hirer an option to acquire title to the asset upon the fulfilment of agreed conditions.

Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit or loss on a straight-line basis over the period of the lease.

(i) Finance leases - lessor

Finance leases granted are accounted for in the statement of financial position as investment at an amount equal to the net investment in the leases, after deduction of allowances for credit impairment. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return.

(ii) Operating leases - lessor

Assets leased out under operating leases are included in property, plant and equipment in the statement of financial position. They are depreciated over their expected useful lives on a basis consistent with similar assets. Rental income is recognised in profit or loss on a straight line basis over the lease term.

(iii) Finance leases - lessee

Assets acquired under finance leases are accounted for at the present value of the minimum lease payments and depreciated over their estimated useful lives. A corresponding liability is recorded as outstanding lease obligations. Lease payments are apportioned between the liability and the finance charge so as to achieve a constant periodic rate of interest on the outstanding lease obligations. Leased assets are depreciated over the shorter of the useful life of the asset and the lease terms.

(iv) Operating leases - lessee

Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit or loss on a straight-line basis over the period of the lease.

(h) Investment properties

Investment properties held to earn rentals or for capital appreciation or both and not occupied by the Group are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are carried at fair value representing open-market value determined regularly by external valuers. Changes in fair values are included in profit or loss in the period in which they arise.

Investment properties are derecognised when they are disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its 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.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

EXPLANATORY NOTES

30 SEPTEMBER 2017

2. ACCOUNTING POLICIES (CONT'D)

2.6 Significant accounting policies (Cont'd)

(i) Property, plant and equipment

Plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of the property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repairs and maintenance costs are recognised in profit or loss as incurred.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised.

Property, which consists of land and buildings held for use in the production or supply of goods or services or for administrative purposes, are stated in the statement of financial position at fair value less accumulated depreciation and impairment losses. Valuations of land and buildings are performed on a regular basis.

Increases in the carrying amount arising on revaluation of land and buildings are credited to other comprehensive income and shown as revaluation reserves in shareholder's equity. Decreases that offset previous increases of the same amount are charged in other comprehensive income and debited against revaluation reserves in equity; all other decreases are charged to profit or loss.

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

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss. When revalued assets are sold, the amounts previously included in revaluation reserves are transferred to retained earnings.

Depreciation on property, plant and equipment are calculated on the straight line method to write off the costs or revalued amounts of the assets to their residual values as follows:

	%
Buildings	2 - 4
Improvement to buildings	15
Plant & equipment	15 - 100
Vehicles	15 - 25

Items of plant and equipment costing less than MUR 30,000 are recognised as expense in profit or loss in the year of acquisition.

Land is not depreciated.

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

(j) 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.

EXPLANATORY NOTES

30 SEPTEMBER 2017

2. ACCOUNTING POLICIES (CONT'D)

2.6 Significant accounting policies (Cont'd)

(j) Intangible assets (Cont'd)

The amortisation rates on computer software vary from 12% to 50%. Leasehold right on property is amortised over the shorter of the economic life of the asset or the period of the lease.

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

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

Goodwill

The excess of the consideration transferred and amount of any non controlling interest in the acquired entity over the fair value of the net identifiable assets is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised directly in profit or loss as a bargain purchase. Goodwill on acquisition of subsidiaries is recognised as intangible assets.

Gain on bargain purchase represents the excess of the Group's interest in the net fair value of the acquiree's net identifiable asset over cost of acquisition is recognised in profit or loss. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. On disposal of a subsidiary or associate, the attributable amount of goodwill is included in the determination of the gains and losses on disposal. Goodwill is allocated to cash-generating units for the purpose of impairment testing and is tested annually for impairment.

(k) Current and deferred income tax

Current Income Tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Income Tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for.

Deferred income tax is determined using tax rates that have been enacted or substantively enacted by the end of the reporting period and are expected to apply in the period when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which deductible temporary differences can be utilised. 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 relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time rather than through sale.

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

EXPLANATORY NOTES

30 SEPTEMBER 2017

2. ACCOUNTING POLICIES (CONT'D)

2.6 Significant accounting policies (Cont'd)

(k) Current and deferred income tax

Corporate Social Responsibility (CSR) Tax

The Group is required to set up a Corporate Social Responsibility (CSR) Fund of 2.0 percent of its taxable profit of the preceding year. If the amount spent on CSR activities is less than the amount provided under the Fund, the difference is payable to the tax authorities as a tax ("CSR tax"). The CSR tax is included in income tax expense and the net amount of CSR fund payable to the taxation authority is included in current tax liabilities in the statements of financial position.

Value Added Tax

Revenue, expenses and assets are recognised net of the amount of value added tax except:
• Where the value added tax incurred on a purchase of asset or service is not recoverable from the taxation authority, in which case, the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.
• Receivables and payables that are stated with the amount of value added tax included.
• The net amount of value added taxes recoverable from or payable to the taxation authority is included as part of other assets or other liabilities in the statement of financial position.

(l) Impairment of non-financial assets

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 as available.

The Group bases its impairment calculation on detailed 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.

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 as at the reporting date 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.

(m) Retirement benefits

(i) State plan and defined contribution pension plans

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

Contributions to the National Pension Scheme and the Group's defined contribution pension plan are expensed to profit or loss in the period in which they fall due.

EXPLANATORY NOTES

30 SEPTEMBER 2017

2. ACCOUNTING POLICIES (CONT'D)

2.6 Significant accounting policies (Cont'd)

(m) Retirement benefits (Cont'd)

(ii) Defined benefit pension plans and other retirement benefits

The following pension benefits are also in place:

- The Group contributes to a pension plan in respect of some employees who have a No Worse Off Guarantee (NWOG) that their benefits would not be worse than what they would have earned under a previous defined benefit plan.

- The Group recognises a net liability for employees whose benefits under the current pension plan are not expected to fully offset the retirement gratuity obligations under the Employment Rights Act 2008.

- The Group recognises a liability in respect of employees who are not members of any supplementary pension plan and are entitled to retirement gratuities under the Employment Rights Act 2008.

- The Group recognises a liability in respect of pensions paid out of cash flow for some former employees.

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement usually dependent on one or more factors such as age, years of service and compensation.

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

Remeasurement of the net defined benefit liability, which comprises actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), is recognised immediately in other comprehensive income in the period in which they occur. Remeasurements recognised in other comprehensive income shall not be reclassified to profit or loss in subsequent period.

The Group determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability, taking into account any changes in the net defined liability during the period as a result of contributions and benefit payments. Net interest expense is recognised in profit or loss.

Service costs comprising current service cost, past service cost, as well as gains and losses on curtailments and settlements are recognised immediately in profit or loss.

For employees who are not covered or who are insufficiently covered by the current pension plan, the net present value of gratuity on retirement payable under the Employment Rights Act 2008 (as amended) is calculated by an actuary and provided for. The obligations arising under this item are not funded.

Gratuity on retirement

The net present value of gratuity on retirement payable under the Employment Rights Act 2008 (as amended) has been provided for in respect of those employees who are not covered or who are insufficiently covered by the above retirement benefit plan. The obligations arising under this item are not funded. Changes were made to the Employment Rights Act which now stipulates that the gratuity paid on retirement should be based on the remuneration (which is inclusive of payment for extra work, productivity bonus, attendance bonus, commission in return for services and any other regular payment) of the employee instead of the earnings. The amount due per year of service is 15 days remuneration based on a month of 26 days (15/26).

EXPLANATORY NOTES

30 SEPTEMBER 2017

2. ACCOUNTING POLICIES (CONT'D)

2.6 Significant accounting policies (Cont'd)

(n) Financial instruments - Initial recognition and subsequent measurement

(i) Initial recognition

Financial assets and liabilities, with the exception of deposits from customers and other borrowed funds, are initially recognised on the trade date, i.e., the date that the Group becomes a party to the contractual provisions of the instrument. Deposits from customers and other borrowed funds are recognised when funds are transferred to the Group's account by the counterparty.

(ii) Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their purpose and characteristics and the management's intention when acquiring them. All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss.

(iii) Day 1 Profit or loss

When the transaction price differs from the fair value of other observable current market transactions in the same instrument, or based on a valuation technique with the variables including only data from observable markets, the Group immediately recognises the difference between the transaction price and fair value (a Day 1 profit or loss) in net trading income. In cases where fair value is determined using data which is not observable, the difference between the transaction price and model value is only recognised in profit or loss when the inputs become observable, or when the instrument is derecognised.

(iv) Effective interest rate

The effective interest rate (EIR) is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate a shorter period, to the net carrying amount of the financial asset or financial liability. The amortised cost of the financial asset or financial liability is adjusted if the Company revises its estimates of payments or receipts. The adjusted amortised cost is calculated based on the original or latest re-estimated EIR and the change is recorded as 'interest income' for financial assets and 'interest expense' for financial liabilities.

(v) Due from banks and loans and advances

Balances due from banks and loans and advances to customers consist of non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

After initial measurement, amounts due from banks and loans and advances to customers are subsequently measured at amortised cost using the EIR methodology, less allowances for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of EIR. Therefore, the Group recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of the loan, hence, recognising the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (prepayments, penalty interest and charges).

If expectations are revised the adjustment is booked a positive or negative adjustment to the carrying amount in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through interest and similar income in profit or loss.

(vi) Deposit from customers and other borrowed funds

Financial instruments issued by the Group that are not held for trading or designated at FVTPL, are classified as liabilities as either deposit from customers or other borrowed funds, where the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

After initial measurement, deposit from customers and other borrowed funds are subsequently measured at amortised cost using the EIR. Amortised cost is calculated by taking into account any discount or premium on the issue and costs that are an integral part of the EIR.

EXPLANATORY NOTES

30 SEPTEMBER 2017

2. ACCOUNTING POLICIES (CONT'D)

2.6 Significant accounting policies (Cont'd)

(n) Financial instruments - Initial recognition and subsequent measurement

(vii) Available for sale investments

Available for sale investments include equity securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated at FVTPL.

After initial measurement, available for sale financial investments are subsequently measured at fair value.

Unrealised gains and losses are recognised in other comprehensive income in equity. When the investment is disposed of, the cumulative gain or loss previously recognised in equity is recognised in profit or loss. Dividends earned whilst holding available for sale financial investments are recognised in profit or loss when the right of the payment has been established. The losses arising from impairment of such investments are recognised in profit or loss.

(viii) Derivatives and hedge accounting

The Group uses derivative financial instruments, such as forward currency contracts and cross currency swaps to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- hedges of the fair value of recognised liabilities (fair value hedge);

- hedges of a particular risk associated with a recognised liability or a highly probable forecast transaction (cash flow hedge).

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

Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss, together with any changes in fair value of the hedged asset or liability that are attributable to the hedged risk.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity.

Cash flow hedge

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

Amounts accumulated in equity are transferred to profit or loss in the periods when the hedged item affects profit or loss. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to profit or loss.

EXPLANATORY NOTES

30 SEPTEMBER 2017

2. ACCOUNTING POLICIES (CONT'D)

2.6 Significant accounting policies (Cont'd)

(n) Financial instruments - Initial recognition and subsequent measurement (Cont'd)

(viii) Reclassification of financial assets

The Group is permitted to reclassify, in certain circumstances, non-derivative financial assets out of the held for trading category and into the available for sale, loans and receivables, or held to maturity categories. It is also permitted to reclassify, in certain circumstances, financial instruments out of the available for sale category and into the loans and receivables category. Reclassifications are recorded at fair value at the date of reclassification, which becomes the new amortised cost.

For a financial asset reclassified out of the available for sale category, any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment, using the EIR. Any difference between the new amortised cost and the expected cash flows is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is recycled to profit or loss.

(o) Derecognition of financial assets and financial liabilities

(i) Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the asset have expired. The Group also derecognises the assets if it has both transferred the asset, and the transfer qualifies for derecognition.

The Group has transferred the asset if, and only if, either it has transferred its contractual rights to receive cash flows from the asset or it retains the rights to the cash flow. It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass–through' arrangement.

Pass-through arrangements are transactions when the Group retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

• the Group has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances by the entity with the right of full recovery of the amount lent plus accrued interest at market rates

• the Group cannot sell or pledge the original asset other than as security to the eventual recipients for the obligation to pay them cash flows

• the Group has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Group is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents during the short settlement period from the collection date to the date of required remittance to the eventual recipients, and interest earned on such investments is passed to the eventual recipients.

A transfer only qualifies for derecognition if:
• The Company has transferred substantially all the risks and rewards of the asset.
• The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

In relation to the above, the Group considers the control to be transferred if, and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass–through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in it. 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.

The Group also derecognises a financial asset, in particular, a loan to customer when the terms and conditions have been renegotiated to the extent that it substantially became a new loan, with the difference, i.e difference between the original loan's carrying amount and the new loan's carrying amount (present value), recognised as impairment in the profit or loss.

EXPLANATORY NOTES

30 SEPTEMBER 2017

2. ACCOUNTING POLICIES (CONT'D)

2.6 Significant accounting policies (Cont'd)

(o) Derecognition of financial assets and financial liabilities (Cont'd)

(ii) Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where 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 a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

(p) Determination of fair value

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

Level 1 financial instruments –Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Group has access to at the measurement date. The Group considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available at the reporting date.

Level 2 financial instruments–Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Group will classify the instruments as Level 3.

Level 3 financial instruments –Those that include one or more unobservable inputs that are significant to the measurement as whole.

(q) Impairment of financial assets

(i) Financial assets carried at amortised cost, leases and other credit agreements

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset, or a group of financial assets, is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred loss event) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

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

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant.

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

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original EIR.

EXPLANATORY NOTES

30 SEPTEMBER 2017

2. ACCOUNTING POLICIES (CONT'D)

2.6 Significant accounting policies (Cont'd)

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

(i) Financial assets carried at amortised cost, leases and other credit agreements (Cont'd)

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income (recorded as finance income in the statement of profit or loss) continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans, together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to profit or loss.

The Group's impairment loss provision is established to recognise incurred impairment losses either on specific assets or within a portfolio of financial assets. Individually impaired financial assets are those against which individual impairment provisions have been raised. Portfolio impairment provision cover the inherent losses in the portfolio that exist at the reporting date, but have not been individually identified.

(ii) Available for sale investments

For available for sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment is impaired.

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

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

(r) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the 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.

(s) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents include cash in hand and at bank, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, bank overdrafts and loans at call. Cash and cash equivalents are classified as loans and receivables in accordance with IAS 39. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position and loans at call are included in other assets when receivable and in other liabilities when payable.

EXPLANATORY NOTES

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2. ACCOUNTING POLICIES (CONT'D)

2.6 Significant accounting policies (Cont'd)

(t) Stated capital

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

(u) Segment reporting

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

(v) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements and deducted from equity in the period in which the dividends are declared.

(w) Biological assets

Consumable biological assets are stated at their fair value less costs to sell and relates to livestock.

(x) Discontinued operations

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.

EXPLANATORY NOTES

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3. FINANCIAL RISK MANAGEMENT

Whilst risk is inherent in normal activities, it is managed through an integrated risk management framework, including ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability and each individual within the Group is accountable for the risk exposures relating to his or her responsibilities. The Group is exposed to credit risk, liquidity risk and market risk, the latter being subdivided into trading and non–trading risks. It is also subject to country risk and various operating and business risks.

The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and control, and to monitor the risks and adherence to limits by means of reliable and up-to-date administrative and information systems.

The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice. The Board recognises the critical importance of having efficient and effective risk management policies and systems in place. To this end, there is a clear organisational structure with delegated authorities and responsibilities from the Board to Board Committees, executives and senior management. Individual responsibility and accountability are designed to deliver a disciplined, conservative and constructive culture of risk management and control.

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

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks, which consist of market risks, credit risk and liquidity risk. Market risk include foreign currency risk, interest rate risk and equity price risk.

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group covers to the extent possible exposures through certain hedging operations. Written principles have been established throughout the Group for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investing excess liquidity.

(a) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures primarily with respect to certain major currencies. Entities in the Group use forward contracts to mitigate their exposure to foreign currency risk. Each subsidiary is responsible for hedging the net position in each currency by using currency borrowings and external forward currency contracts, under advice from the Group's Treasury.

The Group also hedges the foreign currency exposure of its contract commitments to purchase certain goods and services from abroad.

The Group makes use of foreign currency swap to mitigate its foreign currency fluctuations. Swaps are contractual agreements between two parties to exchange streams of payments over time based on specified notional amounts, in relation to movements in a specified underlying index. Currency swaps are mostly used for loans repayments and usually settled gross.

EXPLANATORY NOTES

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3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial risk factors (cont'd)

(a) Foreign exchange risk (Cont'd)

The currency profile of the Group's and the Company's financial assets is set out below:

	Equivalent in MUR m				Equivalent in MUR m			
	Group				Company			
	EURO	USD	MUR & others	Total	EURO	USD	MUR & others	Total
30 September 2017								
Financial assets								
Cash and bank balances	9.1	189.0	307.3	505.4	-	73.6	39.9	113.5
Deposits with banks	-	2,256.1	482.8	2,738.9	-	2,256.1	-	2,256.1
Net investment in leases and other credit agreements	67.8	19.1	6,522.8	6,609.7	-	-	-	-
Loans and advances	-	3.1	2,364.5	2,367.6	-	4.2	2,290.4	2,294.6
Investments in financial assets	-	-	21.8	21.8	-	-	15.1	15.1
Other assets	-	169.9	315.9	485.8	-	169.9	198.5	368.4
	76.9	2,637.2	10,015.1	12,729.2	-	2,503.8	2,543.9	5,047.7
Financial liabilties								
Deposits from customers	-	-	3,134.3	3,134.3	-	-	-	-
Other borrowed funds	66.9	24.3	4,093.0	4,184.2	-	-	1,620.0	1,620.0
Other liabilities	85.7	82.2	991.1	1,159.0	-	-	97.0	97.0
	152.6	106.5	8,218.4	8,477.5	-	-	1,717.0	1,717.0
Net exposure	**(75.7)**	**2,530.7**	**1,796.7**	**4,251.7**	**-**	**2,503.8**	**826.9**	**3,330.7**
30 September 2016								
Financial assets								
Cash and bank balances	18.5	223.9	344.7	587.1	-	1.5	18.5	20.0
Deposits with banks	-	-	475.6	475.6	-	-	-	-
Net investment in leases and other credit agreements	102.3	32.2	5,526.5	5,661.0	-	-	-	-
Loans and advances	1.3	4.8	1,650.2	1,656.3	-	11.6	1,808.8	1,820.4
Investments in financial assets	-	-	10.4	10.4	-	-	2.4	2.4
Other assets	-	70.7	286.0	356.7	-	-	468.0	468.0
	122.1	331.6	8,293.4	8,747.1	-	13.1	2,297.7	2,310.8
Financial liabilties								
Deposits from customers	-	-	2,795.3	2,795.3	-	-	-	-
Other borrowed funds	104.1	45.0	3,310.2	3,459.3	-	-	1,690.9	1,690.9
Other liabilities	-	-	1,420.7	1,420.7	-	3.5	333.9	337.4
	104.1	45.0	7,526.2	7,675.3	-	3.5	2,024.8	2,028.3
Net exposure	**18.0**	**286.6**	**767.2**	**1,071.8**	**-**	**9.6**	**272.9**	**282.5**

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3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial risk factors (cont'd)

(a) Foreign exchange risk (cont'd)

The sensitivity of the profit before tax with regards to the Group's financial assets and liabilities and the USD to Mauritian Rupee and EURO to Mauritian Rupee exchange rate is shown below.

If Mauritian Rupee had weakened/strengthened by 3% and 2% against USD and EURO respectively, the financial impact would be as follows:

	Group		Company	
	Sep-17	Sep-16	**Sep-17**	Sep-16
	MUR m	MUR m	**MUR m**	MUR m
Effect on profit before tax and equity	**74.4**	9.0	**75.1**	0.3

(b) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair value of financial instruments.The Group's exposure to interest rate risk relates primarily to its borrowings and lendings with floating interest rates.

The Group mitigates its interest rate risk by having a mixed portfolio of fixed and variable interest bearing lendings and borrowings. For a significant part of the existing interest bearing assets and liabilities, the Group's income and operating cash flows are mostly independent of changes in market interest rates as the interest rates on leases and other credit agreements, loans and advances, and deposits from customers are mostly fixed.

For those lending and borrowings with floating interest rate rates, the Group ensures that the losses that may be created or reduced following interest margins change are not significant by setting limits on the level of mismatch in interest rate repricing that may be undertaken.

The sensitivity of the profit before tax to a reasonably possible change in interest rate of + or - 50 basis points (2016: +/- 50 basis points), with all other variables held constant is shown below. The sensitivity has been based on the financial assets and liabilities at the reporting date. These changes are considered to be reasonably possible based on observations of current market conditions.

	Group		Company	
	Sep-17	Sep-16	**Sep-17**	Sep-16
	MUR m	MUR m	**MUR m**	MUR m
Effect on profit before tax and equity	**12.4**	17.2	**8.0**	8.4

(c) Equity price risk

Equity price risk is the risk that the fair value of equity securities fluctuates as a result of the changes in the prices of the those securities. The Group is not exposed to significant equity price risks as it does not have any significant equity financial assets.

EXPLANATORY NOTES

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3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial risk factors (cont'd)

(d) Credit risk

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group manages and control its credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties, and for geography and industry concentrations, and by monitoring exposures in relation to such limits.

The Group has policies in place to ensure that leases and other credit facilities are granted to customers with appropriate credit history, and that limit the amount of credit exposure to any one financial position. The Group's policies in place also ensure that credit sales of products and services are made to customers after a credit assessment has been carried out and credit terms agreed. The Group has no significant concentration of credit risk, with exposure spread over a large number of customers .

Credit facilities to customers are monitored and the Company has policies in place to identify defaults and recover amounts due. Leases and hire purchases granted are also effectively secured as the rights to the leased assets revert to the lessor in the event of default. There are two types of leases, Finance lease and Operating lease. Most of the assets financed are motor vehicles and the rest are various types of equipment. The period of the lease will normally vary between 3-7 years and leases are mostly given at fixed rates. The Group also holds collaterals on lendings made to customers.

The Group used incurred loss models for the recognition of losses on impaired financial assets. This means that losses are recognised when objective evidence of a specific loss event has been observed. The Group also ensures that the guidelines of the regulator, in respect of credit impairment, are followed.

The table below shows the credit quality for all financial assets exposed to credit risk. The amounts presented are gross of impairment allowance.

GROUP

	Neither past due nor impaired	Past due but not impaired	Individually impaired	Total
30 September 2017	MUR m	MUR m	MUR m	MUR m
Bank balances and cash	505.4	-	-	505.4
Deposits with banks	2,738.9	-	-	2,738.9
Net investment in leases and other credit agreements	4,973.5	1,656.7	267.1	6,897.3
Loans and advances	1,801.3	584.6	101.3	2,487.2
Investments in financial assets	8.0	-	-	8.0
Other assets	484.4	1.4	-	485.8
	10,511.5	2,242.7	368.4	13,122.6

	Neither past due nor impaired	Past due but not impaired	Individually impaired	Total
30 September 2016	MUR m	MUR m	MUR m	MUR m
Bank balances and cash	587.1	-	-	587.1
Deposits with banks	475.6	-	-	475.6
Net investment in leases and other credit agreements	4,404.1	1,252.6	261.6	5,918.3
Loans and advances	1,304.8	376.5	81.4	1,762.7
Investments in financial assets	8.0	-	-	8.0
Other assets	336.9	19.8	15.7	372.4
	7,116.5	1,648.9	358.7	9,124.1

EXPLANATORY NOTES

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3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial risk factors (cont'd)

(d) Credit risk (Cont'd)

The maximum exposure to credit risk at the reporting date equals the carrying amount of the respective financial assets and is as follows:

	Group		Company	
	Sep-17	Sep-16	Sep-17	Sep-16
	MUR m	MUR m	MUR m	MUR m
Bank balances and cash	505.4	587.1	113.5	20.0
Deposits with banks	2,727.2	475.6	2,244.4	-
Net investment in leases and other credit agreements	6,609.7	5,661.0	-	-
Loans and advances	2,367.6	1,656.3	2,272.8	1,803.4
Investments in financial assets	8.0	8.0	-	-
Other assets	497.5	356.7	368.4	485.0
	12,715.4	8,744.7	4,999.1	2,308.4

The Group held collaterals on finance lease which include heavy equipment, vehicles and other equipment. The fair value of collaterals of impaired lease facilities is estimated at MUR 108 m (2016: MUR 117m).

The Group may recover amounts not settled by the debtors from the customers for factoring facilities with recourse while the non-recourse factoring facilities are insured. Other credit agreements with exposure of MUR 5,563m (2016: MUR 4,148m) are mitigated by insurance covers. The exposure in respect of credit cards is not backed by collaterals.

(e) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Group might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. Such scenarios could occur when funding needed for illiquid asset positions is not available to the Group on acceptable terms. To limit this risk, management has arranged for diversified funding sources including deposits from customers and keeping committed credit facilities with banks. The Group also maintains a certain level of cash and deposits with banks to cater for its liquidity needs.

EXPLANATORY NOTES

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3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial risk factors (cont'd)

(e) Liquidity risk (Cont'd)

Contractual maturities of undiscounted cash flows of financial assets and liabilities

Group

30 September 2017	Up to 1 year	1 to 5 years	Over 5 years	Total
	MUR m	MUR m	MUR m	MUR m
Assets				
Cash and bank balances	505.4	-	-	505.4
Deposits with banks	183.7	348.0	-	531.7
Net investment in leases and other credit agreements	4,324.8	3,324.5	52.6	7,701.9
Loans and advances	1,458.5	1,452.2	42.4	2,953.1
Investments in financial assets	12.3	8.3	1.8	22.4
Other assets	485.8	-	-	485.8
Total assets	6,970.5	5,133.0	96.8	12,200.3
Liabilities				
Deposits from customers	1,276.1	2,159.1	-	3,435.2
Other borrowed funds	2,248.1	2,041.1	118.9	4,408.1
Other liabilities	1,159.0	-	-	1,159.0
Total liabilities	4,683.2	4,200.2	118.9	9,002.3
Net liquidity gap	2,287.3	932.8	(22.1)	3,198.0

Group

30 September 2016	Up to 1 year	1 to 5 years	Over 5 years	Total
	MUR m	MUR m	MUR m	MUR m
Assets				
Cash and bank balances	587.1	-	-	587.1
Deposits with banks	2,298.3	517.7	-	2,816.0
Net investment in leases and other credit agreements	3,634.2	2,958.3	47.4	6,639.9
Loans and advances	1,110.9	978.9	27.9	2,117.7
Investments in financial assets	0.3	8.7	2.4	11.4
Other assets	372.4	-	-	372.4
Total assets	8,003.2	4,463.6	77.7	12,544.5
Liabilities				
Deposits from customers	1,104.0	1,986.6	-	3,090.6
Other borrowed funds	2,108.6	1,431.7	11.5	3,551.8
Other liabilities	1,420.7	-	-	1,420.7
Total liabilities	4,633.3	3,418.3	11.5	8,063.1
Net liquidity gap	3,369.9	1,045.3	66.2	4,481.4

EXPLANATORY NOTES

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3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial risk factors (cont'd)

(e) Liquidity risk (cont'd)

Contractual maturities of undiscounted cash flows of financial assets and liabilities (Cont'd)

Company

30 September 2017	Up to 1 year	1 to 5 years	Over 5 years	Total
	MUR m	MUR m	MUR m	MUR m
Assets				
Cash and bank balances	113.5	-	-	113.5
Deposits with banks	2,273.2	-	-	2,273.2
Loans and advances	1,687.4	733.6	-	2,421.0
Investments in financial assets	13.3	-	1.8	15.1
Other assets	377.9	-	-	377.9
Total assets	4,465.3	733.6	1.8	5,200.7
Liabilities				
Other borrowed funds	735.5	940.5	-	1,676.0
Other liabilities	97.0	-	-	97.0
Total liabilities	832.5	940.5	-	1,773.0
Net liquidity gap	3,632.8	(206.9)	1.8	3,427.7

Company

30 September 2016	Up to 1 year	1 to 5 years	Over 5 years	Total
	MUR m	MUR m	MUR m	MUR m
Assets				
Cash and bank balances	20.0	-	-	20.0
Deposits with banks	-	-	-	-
Loans and advances	1,335.4	598.1	-	1,933.5
Investments in financial assets	-	-	2.4	2.4
Other assets	503.5	-	-	503.5
Total assets	1,858.9	598.1	2.4	2,459.4
Liabilities				
Other borrowed funds	670.9	1,076.0	-	1,746.9
Other liabilities	337.4	-	-	337.4
Total liabilities	1,008.3	1,076.0	-	2,084.3
Net liquidity gap	850.6	(477.9)	2.4	375.1

EXPLANATORY NOTES

30 SEPTEMBER 2017

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.2 Capital management

The primary objective of the Group's and the Company's capital management is to maximise shareholders' value. The Company aims at distributing an adequate dividend whilst ensuring that sufficient resources are maintained to continue as a going concern and for expansion.

The Group and the Company manage their capital structure and make adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The ratio of net debt to equity is used to monitor capital and the ratio is kept at a reasonable level. For the purpose of capital management, net debt includes deposits from customers and other borrowed funds net of cash and bank balances. Equity consists of stated capital, retained earnings and other reserves.

There were no changes in the Company's approach to capital risk management during the year.

	Group		Company	
	Sep-17	Sep-16	**Sep-17**	Sep-16
	MUR m	MUR m	**MUR m**	MUR m
Debt (note 28 and 29)	**7,318.5**	6,254.6	**1,620.0**	1,690.9
Less: Bank balances & cash (note 13)	**(505.4)**	(587.1)	**(113.5)**	(20.0)
	6,813.1	5,667.5	**1,506.5**	1,670.9
Equity	**6,444.2**	3,527.9	**5,136.4**	2,387.2
Net debt/equity ratio	**1.1**	1.6	**0.3**	0.7

One of the Group's subsidiaries has to comply with the capital requirements set by the Bank of Mauritius, which include maintaining a minimum capital requirement of MUR200m and minimum capital adequacy ratio of 10%.

EXPLANATORY NOTES

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4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the Group's accounting policies, management has made the following judgements and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Existing circumstances and assumptions about future developments may change due to circumstances beyond the Group's control and are reflected in the assumptions if and when they occur.

Items with the most significant effect on the amounts recognised in the financial statements with substantial management judgement and/or estimates are collated below with respect to judgements/estimates involved.

Going concern

The Group's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Fair value estimation

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values.

Impairment of non-financial assets

Assets are considered for impairment if there is a reason to believe that impairment may be necessary. Goodwill is considered for impairment at least annually. Factors taken into consideration in reaching such a decision include the economic viability of the asset itself and where it is a component of a larger economic unit, the viability of that unit itself.

Future cash flows expected to be generated by an asset or cash-generating assets are projected, taking into account market conditions and the expected useful lives of the assets. The present value of these cash flows, determined using an appropriate discount rate, is compared to the current net asset value and, if lower, the assets are impaired to the present value. The impairment loss is first allocated to goodwill and then to the other assets of a cash-generating unit.

EXPLANATORY NOTES

30 SEPTEMBER 2017

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Impairment losses on loans and advances, leases and other credit agreements

The Group reviews its individually significant loans and advances and net investment in leases and other credit agreements at each reporting date to assess whether an Impairment loss should be recorded in profit or loss. The Group's impairment methodology for assets carried at amortised cost and leases and other credit agreements results in the recording of provisions for specific impairment losses on individually significant or specifically identified exposures and portfolio provision on individually not significant exposures and incurred but not yet identified losses.

All categories include an element of management's judgement, in particular for the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses. These estimates are driven by a number of factors, the changing of which can result in different levels of allowances. Additionally, judgements around the inputs and calibration of the portfolio provision models include the criteria for the identification of smaller homogenous portfolios, the effect of concentrations of risks and economic data (including levels of unemployment, repayment trends, collateral values and the performance of different individual groups, and bankruptcy trends), and for determination of the emergence period. The methodology and assumptions are reviewed regularly in the context of actual loss experienced.

Revaluation of property, plant and equipment and investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in Profit or Loss. In addition, it measures land and buildings at revalued amounts with changes in fair value being recognised in Other Comprehensive Income. This year the Group engaged independent valuation specialists to determine fair value. The valuers used depreciated replacement cost approach for buildings and the sales comparison approach for land.

The key assumptions used to determine the fair value are further explained in Notes 24.

Pension Benefits

The cost of the defined benefit pension plan and other post-employment medical benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Deferred tax assets

Deferred tax assets are recognised in respect of deductible temporary differences to the extent that it is probable that future taxable profit will be available which these temporary differences can be utilised. Judgment is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits, together with future tax-planning strategies.

Asset lives and residual values

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

EXPLANATORY NOTES

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5. NET INTEREST INCOME

(a) Interest income

	GROUP		COMPANY	
	Sep-17	Sep-16	Sep-17	Sep-16
	MUR m	MUR m	MUR m	MUR m
Leases and other credit agreements	871.4	670.8	-	-
Other interest income	171.0	162.4	126.0	109.7
	1,042.4	833.2	126.0	109.7

(b) Interest expense

	GROUP		COMPANY	
	Sep-17	Sep-16	Sep-17	Sep-16
	MUR m	MUR m	MUR m	MUR m
Bank overdrafts	1.1	1.6	0.1	-
Bank loans and other loans repayable by instalments				
- Within one year	104.9	60.3	0.3	2.3
- After one year and before two years	-	4.9	-	4.9
- After two years and before five years	19.3	24.6	19.3	24.6
Bank loans and other loans not repayable by instalments				
- Within one year	185.2	170.5	42.2	32.5
- After one year and before two years	41.6	41.6	41.5	41.6
	352.1	303.5	103.4	105.9
Net interest income	690.3	529.7	22.6	3.8

6. FEE AND COMMISSION INCOME

	GROUP		COMPANY	
	Sep-17	Sep-16	Sep-17	Sep-16
	MUR m	MUR m	MUR m	MUR m
Commission	400.3	297.7	-	-
Fee income	166.0	216.0	-	-
	566.3	513.7	-	-

Commission includes merchant commissions which are recognised and released to profit or loss in accordance with note 2.6 (d)

7. OTHER OPERATING INCOME

	GROUP		COMPANY	
	Sep-17	Sep-16	Sep-17	Sep-16
	MUR m	MUR m	MUR m	MUR m
Rent	75.2	86.5	-	-
Other income*	141.9	171.5	2.4	1.9
Operating lease income	36.9	37.6	-	-
Profit on disposal of land	6.8	-	-	-
Profit on disposal of property, plant and equipment	0.6	2.5	-	-
Profit on disposal of available for sale assets	-	2.2	-	2.2
Change in fair value of foreign currency forward contracts	12.0	-	13.3	-
Fair value gain on revaluation of investment property	48.2	-	2.7	-
	321.6	300.3	18.4	4.1

*Main components of other income include management fees and administration fees.

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8. EMPLOYEE BENEFIT EXPENSE

	GROUP		COMPANY	
	Sep-17	Sep-16	**Sep-17**	Sep-16
	MUR m	MUR m	**MUR m**	MUR m
Wages, salaries and related expenses	**445.6**	435.5	**7.1**	7.3
Pension and other retirement benefit costs	**39.6**	34.3	**0.9**	-
	485.2	469.8	**8.0**	7.3

9. OTHER OPERATING EXPENSES

	GROUP		COMPANY	
	Sep-17	Sep-16	**Sep-17**	Sep-16
	MUR m	MUR m	**MUR m**	MUR m
Administration	**217.3**	222.8	**2.6**	4.7
Professional fees	**71.1**	38.9	**17.1**	7.5
Advertising and marketing	**16.7**	16.1	**-**	-
Rental charges payable under operating lease	**-**	0.4	**-**	-
	305.1	278.2	**19.7**	12.2

10. ALLOWANCE FOR CREDIT IMPAIRMENT

	GROUP		COMPANY	
	Sep-17	Sep-16	**Sep-17**	Sep-16
	MUR m	MUR m	**MUR m**	MUR m
Net provision for credit impairment				
- Leases	**17.8**	28.9	**-**	-
- Other credit agreements	**126.4**	58.6	**-**	-
- Loans and advances	**15.3**	61.5	**-**	-
- Other assets	**34.1**	(3.2)	**-**	-
Bad debts written off for which no provision was made				
- Leases	**0.7**	-	**-**	-
- Other assets	**-**	4.5	**-**	-
Bad debts recovered				
- Leases	**(0.8)**	(0.3)	**-**	-
- Other credit agreements	**(3.5)**	(1.6)	**-**	-
- Loans and advances	**(3.7)**	(2.3)	**-**	-
	186.3	146.1	**-**	-

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11. TAXATION

(a) Income tax expense/(credit)

	GROUP		COMPANY	
	Sep-17	Sep-16	Sep-17	Sep-16
	MUR m	MUR m	MUR m	MUR m
Current income tax at 15% (2016:15%)	83.5	73.8	-	-
Corporate social responsibility tax	19.6	8.0	-	-
Over provision	(0.5)	(0.8)	-	-
Deferred tax expense/(credit)	4.7	(10.9)	(0.5)	-
Income tax expense/(credit)	107.3	70.1	(0.5)	-

The tax charge shown in profit or loss differs from the tax charge that would apply if all profits had been charged at the Conmpany's statutory rate. A reconciliation between the tax expense and the accounting profit at 15% is as follows:

	GROUP		COMPANY	
	Sep-17	Sep-16	Sep-17	Sep-16
	MUR m	MUR m	MUR m	MUR m
Accounting profit before tax	411.5	473.3	2,836.5	591.9
Statutory income tax rate of 15% (2016: 15%)	61.7	71.0	425.5	88.8
Corporate social responsibility tax	19.6	8.0	-	-
Tax losses utilised	(3.1)	(11.9)	(2.1)	(0.6)
Deferred tax not recognised	12.3	(4.3)	-	-
Deferred tax rate differential on corporate social responsibility tax	(2.3)	1.5	-	-
Income not subject to tax	(3.3)	-	(445.9)	(92.3)
Non deductible expenses*	22.4	5.8	22.0	4.1
Income tax expense/ (credit)	107.3	70.1	(0.5)	-

** Main items of non deductible expenses include unrealised exchange losses and expenses attributable to exempt income.*

(b) Income tax liabilities

	GROUP		COMPANY	
	Sep-17	Sep-16	Sep-17	Sep-16
	MUR m	MUR m	MUR m	MUR m
At 1 October	45.5	38.0	-	-
Charge for the year	83.5	121.1	-	-
Paid during the year	(112.0)	(108.9)	-	-
Overprovision during the year	(0.5)	(0.8)	-	-
Disposal of subsidiaries	(11.3)	(3.9)	-	-
	5.2	45.5	-	-

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12. OTHER COMPREHENSIVE INCOME

	Hedging Reserve	Translation Reserve	Revaluation Reserve	Actuarial Reserve	Total
	MUR m	MUR m	MUR m	MUR m	MUR m
GROUP					
Year ended 30 September 2017					
Other comprehensive income not to be reclassified to profit or loss:					
Gain on revaluation of land and buildings	-	-	72.6	-	72.6
Deferred tax on gain on revaluation of land and buildings	-	-	(2.2)	-	(2.2)
Remeasurement of defined benefit obligations (note 26)	-	-	-	1.8	1.8
Deferred tax on remeasurement of defined benefit obligations	-	-	-	(0.4)	(0.4)
	-	-	70.4	1.4	71.8
Other comprehensive income to be reclassified to profit or loss:					
Exchange difference on translation of foreign entities	-	(14.0)	-	-	(14.0)
Movement in reserves of associates	-	(1.4)	-	-	(1.4)
	-	(15.4)	-	-	(15.4)
Other comprehensive income for the year, net of tax	**-**	**(15.4)**	**70.4**	**1.4**	**56.4**

	Hedging Reserve	Translation Reserve	Revaluation Reserve	Actuarial Reserve	Total
	MUR m	MUR m	MUR m	MUR m	MUR m
GROUP					
Year ended 30 September 2016					
Other comprehensive income not to be reclassified to profit or loss:					
Remeasurement of defined benefit obligations (note 26)	-	-	-	20.6	20.6
Deferred tax on remeasurement of defined benefit obligations	-	-	-	(3.1)	(3.1)
	-	-	-	17.5	17.5
Other comprehensive income to be reclassified to profit or loss:					
Exchange difference on translation of foreign entities	-	0.9	-	-	0.9
Movement in reserves of associates	-	(0.4)	-	-	(0.4)
Cash flow hedge loans (note 29)	5.6	-	-	-	5.6
	5.6	0.5	-	-	6.1
Other comprehensive income for the year, net of tax	**5.6**	**0.5**	**-**	**17.5**	**23.6**

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12. OTHER COMPREHENSIVE INCOME (CONT'D)

COMPANY	Acturial Reserve	Hedging Reserve
	MUR m	MUR m
Year ended 30 September 2017		
Other comprehensive income not to be reclassified to profit or loss:		
Remeasurement of defined benefit obligations	0.7	-
	0.7	-
Year ended 30 September 2016		
Other comprehensive income to be reclassified to profit or loss:		
Cash flow hedge loans (note 29)	-	5.6
	-	5.6

Other reserves in the statement of changes in equity comprises of hedging reserve and translation reserve.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements.

Revaluation reserve

The revaluation reserve comprises the increase and decreases in fair value as a result of the revaluation of property.

Actuarial reserve

The actuarial reserve represents the cumulative remeasurement of defined benefit obligation recognised.

13. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	Sep-17	Sep-16	Sep-17	Sep-16
	MUR m	MUR m	MUR m	MUR m
Cash and bank balances	505.4	587.1	113.5	20.0
Loans at call receivable (note 18)	-	-	113.5	463.0
Loans at call payable (note 30)	-	-	-	(104.4)
Bank overdrafts (note 29)	(126.3)	(10.7)	-	-
Cash and cash equivalents	379.1	576.4	227.0	378.6

The bank overdrafts are secured by floating charges on the assets of the borrowing companies.

The rate of interest varies between 5.05% and 6.90% (2016: 5.60% and 8.50%).

14. DEPOSITS WITH BANKS

	GROUP		COMPANY	
	Sep-17	Sep-16	Sep-17	Sep-16
	MUR m	MUR m	MUR m	MUR m
Deposit with banks	2,738.9	475.6	2,256.1	-
The deposit with banks are analysed as follows:				
Current	2,391.8	20.5	2,256.1	-
Non current	347.1	455.1	-	-
	2,738.9	475.6	2,256.1	-

The above deposits carry interest rates ranging between 1.30% and 5.70% and have maturity dates ranging from November 2017 to February 2022.

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15. NET INVESTMENT IN LEASES AND OTHER CREDIT AGREEMENTS

GROUP	Finance leases	Other credit agreements	Total
	MUR m	MUR m	MUR m
30 September 2017			
Gross investment			
Within one year	926.5	3,398.3	4,324.8
After one year and before five years	1,844.8	1,479.6	3,324.4
After five years	52.6	-	52.6
	2,823.9	4,877.9	7,701.8
Unearned future finance income	(381.5)	(423.0)	(804.5)
Present value of minimum lease payments	2,442.4	4,454.9	6,897.3
Less allowance for credit impairment			
Portfolio provision	(23.7)	(80.3)	(104.0)
Specific provision	(26.2)	(157.4)	(183.6)
	2,392.5	**4,217.2**	**6,609.7**
Present value of minimum lease payments analysed as follows:			
Within one year	763.6	3,061.8	3,825.4
After one year and before five years	1,629.1	1,393.1	3,022.2
After five years	49.7	-	49.7
	2,442.4	**4,454.9**	**6,897.3**
Allowance for credit impairment			
Portfolio provision			
At 1 October 2016	22.3	51.2	73.5
Net provision for credit impairment	1.4	29.1	30.5
At 30 September 2017	**23.7**	**80.3**	**104.0**
Specific Provision			
At 1 October 2016	41.9	141.7	183.6
Net provision for credit impairment	16.5	97.4	113.9
Amounts written off	(32.2)	(81.7)	(113.9)
At 30 September 2017	**26.2**	**157.4**	**183.6**

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15. NET INVESTMENT IN LEASES AND OTHER CREDIT AGREEMENTS (CONT'D)

GROUP	Finance leases	Other credit agreements	Total
	MUR m	MUR m	MUR m
30 September 2016			
Gross investment			
Within one year	831.7	2,808.0	3,639.7
After one year and before five years	1,669.7	1,282.9	2,952.6
After five years	47.4	-	47.4
	2,548.8	4,090.9	6,639.7
Unearned future finance income	(347.6)	(374.0)	(721.6)
Present value of minimum lease payments	2,201.2	3,716.9	5,918.1
Less allowance for credit impairment			
Portfolio provision	(22.3)	(51.2)	(73.5)
Specific provision	(41.9)	(141.7)	(183.6)
	2,137.0	**3,524.0**	**5,661.0**
Present value of minimum lease payments analysed as follows:			
Within one year	684.0	2,510.7	3,194.7
After one year and before five years	1,472.5	1,206.2	2,678.7
After five years	44.7	-	44.7
	2,201.2	**3,716.9**	**5,918.1**
Allowance for credit impairment			
Portfolio provision			
At 1 October 2015	24.1	50.0	74.1
Net provision for credit impairment	(1.8)	1.2	(0.6)
At 30 September 2016	**22.3**	**51.2**	**73.5**
Specific Provision			
At 1 October 2015	26.7	136.3	163.0
Net provision for credit impairment	30.8	57.4	88.2
Amounts written off	(15.6)	(52.0)	(67.6)
At 30 September 2016	**41.9**	**141.7**	**183.6**

16. LOANS AND ADVANCES

	GROUP		COMPANY	
	Sep-17	Sep-16	**Sep-17**	Sep-16
	MUR m	MUR m	**MUR m**	MUR m
Credit facilities (note (a))	**1,543.8**	1,020.2	**-**	-
Corporate loans (note (b))	**267.5**	141.8	**2,294.6**	1,820.4
Factoring receivables	**222.1**	119.1	**-**	-
Card receivables	**453.8**	481.6	**-**	-
	2,487.2	1,762.7	**2,294.6**	1,820.4
Less allowance for credit impairment (note (d))	**(119.6)**	(106.4)	**-**	-
	2,367.6	1,656.3	**2,294.6**	1,820.4

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16. LOANS AND ADVANCES (CONT'D)

	GROUP		COMPANY	
	Sep-17	Sep-16	Sep-17	Sep-16
	MUR m	MUR m	MUR m	MUR m
(a) Credit facilities receivables breakdown:				
Within one year	502.6	306.9	-	-
After one year and before five years	1,041.2	707.8	-	-
After five years	-	5.5	-	-
	1,543.8	1,020.2	-	-
(b) Corporate loans receivables breakdown:				
Within one year	55.5	51.2	1,626.5	1,335.4
After one year and before five years	173.6	70.2	668.1	485.0
After five years	38.4	20.4	-	-
	267.5	141.8	2,294.6	1,820.4

(c) Factoring and card receivables are due within one year.

(d) Allowance for credit impairment are as follows:

GROUP	Credit facilities	Corporate loans	Factoring receivables	Card receivables	Total
At 1 October 2016	30.3	11.5	14.9	49.7	106.4
Charge/(credit) for the year	19.3	(4.0)	16.5	17.6	49.4
Amounts written off	-	(4.8)	(10.6)	(20.8)	(36.2)
At 30 September 2017	49.6	2.7	20.8	46.5	119.6
Made up of:					
Specific provision	31.6	-	18.8	35.0	85.4
Portfolio provision	18.0	2.7	2.0	11.5	34.2
	49.6	2.7	20.8	46.5	119.6
At 1 October 2015	-	-	14.0	59.6	73.6
Charge for the year	30.3	11.5	3.6	16.1	61.5
Amounts written off	-	-	(2.7)	(26.0)	(28.7)
At 30 September 2016	30.3	11.5	14.9	49.7	106.4
Made up of:					
Specific provision	15.6	9.9	13.7	37.6	76.8
Portfolio provision	14.7	1.6	1.2	12.1	29.6
	30.3	11.5	14.9	49.7	106.4

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17. INVESTMENT IN FINANCIAL ASSETS

	GROUP		COMPANY	
	Sep-17	Sep-16	**Sep-17**	Sep-16
	MUR m	MUR m	**MUR m**	MUR m
Available for sale investments (note (a))	**1.8**	2.4	**1.8**	2.4
Government bonds	**8.0**	8.0	**-**	-
Foreign currency derivatives (note (b))	**12.0**	-	**13.3**	-
	21.8	10.4	**15.1**	2.4

(a) Available for sale investments

	GROUP		COMPANY	
	Sep-17	Sep-16	**Sep-17**	Sep-16
	MUR m	MUR m	**MUR m**	MUR m
	Level 3	Level 3	**Level 3**	Level 3
Non current				
At 1 October	**2.4**	232.2	**2.4**	232.2
Disposals	**-**	(228.8)	**-**	(228.8)
Impairment charge	**(0.6)**	(1.0)	**(0.6)**	(1.0)
At 30 September	**1.8**	2.4	**1.8**	2.4

The Company has a minority equity interest in a company based in India. The fair value assessment of the investment is done using the Net Assets approach.

The Net Assets Approach uses the following technique: The value of the investee is determined on the basis of the value of the assets and liabilities as disclosed in its financial statements as at the reporting date. The carrying amount is adjusted for the increase or decrease in the net asset value of the investee.

Impairment charge has been recognised as the fall in net assets has been prolonged.

(b) Foreign currency derivatives

Foreign currency derivatives consist of forward contracts and currency swaps that have been fair valued and included in level 2 of the fair value hierarchy. These instruments are valued by calculated forward points models using mid market inputs.

	GROUP	
	Sep-17	Sep-16
	MUR m	MUR m
Forward foreign exchange contracts		
The notional principal amounts of the outstanding forward foreign exchange contracts are as follows:		
Foreign exchange contracts purchased	**1,183.5**	548.5
Foreign exchange contracts sold	**159.3**	160.5

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18. OTHER ASSETS

	GROUP		COMPANY	
	Sep-17	Sep-16	Sep-17	Sep-16
	MUR m	MUR m	MUR m	MUR m
Trade receivables (a)	2.4	120.1	-	-
Less impairment (b)	-	(15.7)	-	-
	2.4	104.4	-	-
Prepayments	58.7	62.0	9.5	35.5
Other receivables	483.4	249.8	169.8	-
Consumable biological assets (c)	2.0	2.0	-	-
	546.5	418.2	179.3	35.5
Receivable from subsidiaries	-	-	85.1	5.0
Receivable from related company	-	2.5	-	-
Loan at call				
- Subsidiaries (Note 13)	-	-	113.5	463.0
	-	2.5	198.6	468.0
	546.5	420.7	377.9	503.5

The carrying amount of other assets approximate their fair values due to their short term nature.

Receivable from subsidiary and related companies are unsecured and carry an interest rate ranging from 4.25% to 8.50% .

Other receivables include commission receivable, card clearing accounts and deferred consideration on disposal of the global business segment. These are unsecured, interest free and are receivable within 3 months.

(a) Ageing of trade receivables

GROUP

	Less than 3 months	3 to 6 months	More than 6 months	Total
2017	MUR m	MUR m	MUR m	MUR m
Trade receivables	1.0	1.1	0.3	2.4
Less impairment	-	-	-	-
	1.0	1.1	0.3	2.4
2016	MUR m	MUR m	MUR m	MUR m
Trade receivables	80.2	19.8	20.1	120.1
Less impairment	-	-	(15.7)	(15.7)
	80.2	19.8	4.4	104.4

(b) Impairment of trade receivables

GROUP

	Sep-17	Sep-16
	MUR m	MUR m
At 1 October	15.7	30.1
Disposal of subsidiaries	(15.7)	(10.4)
Provision for credit impairment	-	(3.2)
Amounts written off	-	(0.8)
At 30 September	-	15.7

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18. OTHER ASSETS (CONT'D)

(c) Consumable biological assets

GROUP	Sep-17 MUR m	Sep-16 MUR m
Livestock		
At 1 October	2.0	1.8
Additions	-	0.1
Cost of sales	(1.0)	(0.5)
Gain arising from changes in fair value	1.0	0.6
At 30 September	2.0	2.0

19. INVENTORIES

GROUP	Sep-17 MUR m	Sep-16 MUR m
Cost		
Work in progress	-	2.6
Consumables	8.2	5.8
	8.2	8.4

The cost of inventories recognised as expense and included in cost of sales amounted to MUR 17m (2016: MUR 28m). The inventories have been provided as security for borrowings taken by the Group.

20. INVESTMENT IN SUBSIDIARIES

COMPANY	Sep-17 MUR m	Sep-16 MUR m
At 1 October	2,022.5	1,902.1
Additions	519.5	197.7
Disposal	(755.5)	(77.3)
At 30 September	1,786.5	2,022.5

Refer to note 36 for further details regarding the disposal of subsidiaries.

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20. INVESTMENT IN SUBSIDIARIES

(a) Details pertaining to the subsidiaries

Name of subsidiaries	Principal activity	Proportion of direct ownership (%)		Proportion of indirect ownership (%)		Proportion ownership by non controlling interest (%)	
		Sep-17	Sep-16	**Sep-17**	Sep-16	**Sep-17**	Sep-16
Finance							
Cim Finance Ltd (note (i))	Credit card business, factoring, consumer finance, leasing & deposit taking	**100.0**	100.0	**-**	-	**-**	-
Cim Finance (Seychelles) Ltd	Dormant	**-**	-	**100.0**	100.0	**-**	-
Cim Forex Ltd	Forex dealer	**100.0**	100.0	**-**	-	**-**	-
Cim Agencies Ltd	Insurance agent	**100.0**	100.0	**-**	-	**-**	-
Investments							
Cim International Holdings Ltd	Investment holding	**100.0**	100.0	**-**	-	**-**	-
Cim Administrators Ltd	Secretarial services	**100.0**	100.0	**-**	-	**-**	-
Cim Ethiopia Ltd	Investment holding	**-**	-	**100.0**	100.0	**-**	-
Key Financial Services Ltd	Investment holding	**-**	-	**100.0**	100.0	**-**	-
The Oceanic Trust Co. Ltd	Corporate trustee	**-**	-	**100.0**	100.0	**-**	-
Cim Global Business UK Ltd (note (iv))	Dormant	**100.0**	100.0	**-**	-	**-**	-
Cim Global Reinsurance Co. Ltd	Reinsurance	**-**	100.0	**-**	-	**-**	-
Cim Captive Reinsurance Co. PCC	Reinsurance	**-**	100.0	**-**	-	**-**	-
Blue Nile Holding Ltd	Investment holding	**-**	-	**-**	87.0	**-**	13.0
First Capital Leasing Share Company	Leasing company	**-**	-	**-**	78.3	**-**	21.7
Global Management							
Cim Fiduciary Administration Services Ltd	Trust administration	**-**	100.0	**-**	-	**-**	-
Cim Corporate Services Ltd	Adminstrator of corporate entities	**-**	100.0	**-**	-	**-**	-
Cim Fund Services Ltd	Adminstrator of fund	**-**	100.0	**-**	-	**-**	-
Cim Trustees (Mauritius) Ltd	Provide trust services and solutions	**-**	100.0	**-**	-	**-**	-
Cim Global Business Ltd	Management and consultancy services	**-**	100.0	**-**	-	**-**	-
Cim Tax Services Ltd	Tax and regulatory advisory services	**-**	100.0	**-**	-	**-**	-
Cim Global Administrators Ltd	Secretarial support services	**-**	100.0	**-**	-	**-**	-
Cim Investment Advisors Ltd	Investment and advisory services	**-**	100.0	**-**	-	**-**	-
Nominee Companies	Nominee companies	**-**	100.0	**-**	-	**-**	-
IMM Trustees Ltd	Provide trust services and solutions	**-**	-	**-**	100.0	**-**	-
Multiconsult Trustees Ltd	Provide trust services and solutions	**-**	-	**-**	100.0	**-**	-
Cim Portfolio Managers PCC	Holding and managing assets (or porfolios of assets) in different cells	**-**	-	**-**	100.0	**-**	-

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20. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) Details pertaining to the subsidiaries (Cont'd)

Name of subsidiaries	Principal activity	Proportion of direct ownership (%) Sep-17	Proportion of direct ownership (%) Sep-16	Proportion of indirect ownership (%) Sep-17	Proportion of indirect ownership (%) Sep-16	Proportion ownership by non controlling interest (%) Sep-17	Proportion ownership by non controlling interest (%) Sep-16
Property							
Cim Property Development Ltd	Property	100.0	100.0	-	-	-	-
Cim Property Holdings Ltd	Property	-	-	100.0	100.0	-	-
South West Safari Group Ltd (note(iii))	Property	1.3	1.3	52.3	34.9	46.4	63.8
CSBO 2 Ltd (note(iii))	Property	1.2	1.2	52.3	34.9	46.5	63.9
Le Morne Development Corp Ltd	Property	31.0	31.0	29.0	29.0	20.0	20.0
San Paolo Ltd	Property	59.2	59.2	-	-	40.8	40.8
SWTD Bis Ltd (note(iii))	Property	100.0	66.8	-	-	-	33.2
Plato Holdings Ltd	Property	-	-	100.0	100.0	-	-
Edith Cavell Properties Ltd	Property	100.0	100.0	-	-	-	-
La Jetee (note (ii))	Property	-	-	53.6	-	46.4	-
Pier9 Ltd (note (ii))	Property	-	-	53.6	-	46.4	-
B59 (note (ii))	Property	-	-	100.0	-	-	-
New Fashion Style and Design Ltd	Property	-	-	100.0	-	-	-
Others							
Cim Learning Centre Ltd	Learning and development	100.0	100.0	-	-	-	-
Cim Management Services Ltd	Management services	100.0	100.0	-	-	-	-
Cim Shared Services Ltd	Support activities	100.0	100.0	-	-	-	-
Cybernaptics Ltd	ICT	-	100.0	-	-	-	-
Cim CSR Fund Ltd (note (v))	Corporate social responsibility fund	100.0	-	-	-	-	-

The above subsidiaries are incorporated in Mauritius except for Cim Finance (Seychelles) Ltd which is incorporated in the Republic of Seychelles

Note (i) - Cim Finance Ltd issued an additional 32,500,000 shares to the Company for a consideration of MUR 325m during the year.

Note (ii) - These subsidiaries were incorporated during the year.

Note (iii) - During the year, the Company acquired the remaining 33.2% of the shareholding of SWTD Bis Ltd, hence the Group's effective ownership in the underlying subsidiaries, South West Safari Group Ltd and CSBO 2 Ltd, increased.

Note (iv) - Cim Global Business UK Ltd has been wound up on the 31st October 2017.

Note (v) - Cim CSR Fund Ltd is not consolidated.

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20. INVESTMENT IN SUBSIDIARIES (CONT'D)

(b) Summarised financial information on subsidiaries with non controlling interests

	South West Safari Group Ltd	CSBO 2 Ltd	Le Morne Development Corp Ltd	San Paolo Ltd	SWTD Bis Ltd	Blue Nile Holding Ltd	First Capital Leasing Share Company
	MUR m	MUR m	MUR m	MUR m	MUR m	MUR m	MUR m
2017							
Current assets	50.3	-	12.7	-	-	-	-
Non-current assets	430.3	53.1	315.3	14.5	163.2	-	-
Current liabilities	9.8	3.6	3.0	-	0.2	-	-
Non-current liabilities	92.3	-	34.6	-	-	-	-
Revenue	2.1	-	0.9	-	-	-	-
Loss	(8.0)	(0.9)	(2.7)	-	-	-	-
Other comprehensive income	7.4	25.7	15.9	-	-	-	-
Total comprehensive income	0.6	24.8	13.2	-	-	-	-
Cash flow from operating activities	(35.5)	(0.5)	(2.2)	-	-	-	-
Cash flow from investing activities	4.8	-	-	-	-	-	-
Cash flow from financing activities	41.5	0.5	2.2	-	-	-	-
Net increase in cash and cash equivalents	10.8	-	-	-	-	-	-
Loss allocated to non controlling interests	5.0	0.5	1.1	-	-	-	-
Carrying amounts of non controlling interests	175.4	23.0	116.2	0.2	-	-	-

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20. INVESTMENT IN SUBSIDIARIES (CONT'D)

(b) Summarised financial information on subsidiaries with non controlling interests (Cont'd)

	South West Safari Group Ltd	CSBO 2 Ltd	Le Morne Development Corp Ltd	San Paolo Ltd	SWTD Bis Ltd	Blue Nile Holding Ltd	First Capital Leasing Share Company
	MUR m	MUR m	MUR m	MUR m	MUR m	MUR m	MUR m
2016							
Current assets	50.3	-	12.8	0.2	0.2	0.1	7.1
Non-current assets	430.3	50.4	299.4	0.6	-	-	-
Current liabilities	9.8	2.7	2.7	0.1	0.2	0.3	0.9
Non-current liabilities	92.3	-	32.4	-	-	-	-
Revenue	2.1	-	1.0	-	-	-	-
Loss	(8.0)	(0.8)	(2.8)	(0.1)	-	(0.2)	(1.2)
Other comprehensive income	7.4	-	-	-	-	-	-
Total comprehensive income	0.6	(0.8)	(2.8)	(0.1)	-	(0.2)	(1.2)
Cash flow from operating activities	(3.1)	(2.5)	-	(0.7)	-	-	-
Cash flow from investing activities	(8.5)	(0.4)	(6.8)	-	-	-	-
Cash flow from financing activities	10.5	3.0	6.8	7.4	-	-	-
Net (decrease)/increase in cash and cash equivalents	(1.1)	0.1	-	6.7	-	-	-
Loss allocated to non controlling interests	(6.2)	(0.5)	(1.1)	-	(0.3)	-	-
Carrying amounts of non controlling interests	241.6	30.5	110.8	0.3	1.3	-	-

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21. INVESTMENT IN ASSOCIATES

(a) Movement in investment in associates

	GROUP		COMPANY	
	Sep-17	Sep-16	Sep-17	Sep-16
	MUR m	MUR m	MUR m	MUR m
At 1 October	77.4	92.0	16.2	16.2
Additions	124.4	-	-	-
Share of results	(5.6)	15.4	-	-
Movement in other reserves	(1.4)	(0.4)	-	-
Dividends	(1.7)	(29.6)	-	-
At 30 September	193.1	77.4	16.2	16.2

(b) Details of the associates

Details of the associates at the reporting date are as follows:

Name	Principal activity	Principal place of business	Country of incorporation	Proportion of direct ownership (%)		Proportion of indirect ownership (%)	
Unquoted				Sep-17	Sep-16	Sep-17	Sep-16
Li & Fung (Mauritius) Ltd	Buying agent	Mauritius	Mauritius	40.0	40.0	-	-
Dodwell (Mauritius) Ltd	Buying agent	Mauritius	Hong Kong	40.0	40.0	-	-
iVery Payment Technologies Proprietary Ltd (ii)	Payment solutions provider	South Africa	South Africa	-	-	49.0	49.0
Touchpoint Payment Proprietary Limited (ii)	Payment solutions provider	South Africa	South Africa	-	-	41.7	41.7
Evripay (ii)	Payment service provider	South Africa	Mauritius	-	-	61.8	61.8
EvriPay ZA (Proprietary) Ltd (iii)	Payment service provider	South Africa	South Africa	-	-	61.8	61.8
EvriPay KE Limited (iii)**	Payment service provider	South Africa	South Africa	-	-	61.8	61.8
Ivery Global Limited	Software solutions provider	Mauritius	Mauritius	-	-	49.0	49.0
Blue Nile Holding Ltd (iv)	Investment holding	Mauritius	Mauritius	-	-	32.6	-
First Capital Leasing Share Company (iv)	Leasing Company	Ethiopia	Ethiopia	-	-	29.3	-

(i) All of the above associates are accounted for using the equity method in the consolidated financial statements.

(ii) iVery Payment Technologies Proprietary Ltd holds 75% of the equity shares of Evripay and 85% of the equity shares of Touchpoint Payment Proprietary Limited.

(iii) Evripay holds 100% of the equity shares of EvriPay ZA (Proprietary) Ltd and EvriPay KE Limited . EveriPay KE Limited is a dormant company.

(iv) Blue Nile Holding Ltd and First Capital Leasing Share Company were subsidiairies in the prior year. They have now become associates as a result of further investments by third parties.

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21. INVESTMENT IN ASSOCIATES (CONT'D)

(c) Summarised financial information in respect of the Group's associates

2017	Li & Fung (Mauritius) Ltd - Group *	iVery Payment Technologies Proprietary Ltd	Touchpoint Payment Proprietary Limited	Evripay	EvriPay ZA (Proprietary) Ltd	Ivery Global Limited	Blue Nile Holding Ltd	First Capital Leasing
	MUR m	MUR m	MUR m	MUR m	MUR m	MUR m	MUR m	MUR m
Current assets	54.6	29.3	17.7	0.1	0.1	14.6	40.9	0.4
Non current assets	0.1	9.7	0.4	-	-	-	301.0	0.2
Current liabilities	(2.2)	(11.0)	(2.7)	(0.4)	(0.2)	(0.2)	(3.8)	(1.7)
Non current liabilities	-	1.6	0.1	-	(1.7)	-	-	-
Net assets	52.5	29.6	15.5	(0.3)	(1.8)	14.4	338.1	(1.1)
Ownership interest	40%	49%	42%	62%	62%	49%	33%	29%
Share of net assets	21.0	14.5	6.5	(0.2)	(1.2)	7.1	110.2	(0.3)
Goodwill	(18.8)	47.4	(2.3)	0.8	7.5	-	2.7	(1.8)
Carrying value of associates	2.2	61.9	4.2	0.6	6.3	7.1	112.9	(2.1)
Revenue	-	59.3	11.4	-	0.4	-	-	639.8
Profit/(loss) for the year	0.3	(2.2)	1.3	(0.3)	(0.6)	18.0	(35.4)	(6.3)
Other comprehensive income for the year	(0.1)	(0.7)	(0.2)	0.1	0.1	-	0.1	-
Total comprehensive income for the year	0.2	(2.9)	1.1	(0.2)	(0.5)	18.0	(35.3)	(6.3)
Group's share of profit/(loss) for the year	0.1	(1.1)	0.5	(0.2)	(0.3)	8.8	(11.5)	(1.9)
Group's share of total comprehensive income for the year	0.1	(1.4)	0.5	(0.1)	(0.3)	8.8	(11.5)	(1.9)
Dividend received during the year	-	-	-	-	-	1.7	-	-

* Figures include Li & Fung Ltd and Dodwell Ltd

** Company is dormant

EXPLANATORY NOTES

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21. INVESTMENT IN ASSOCIATES (CONT'D)

(c) Summarised financial information in respect of the Group's associates (Cont'd)

2016	Li & Fung (Mauritius) Ltd - Group *	iVery Payment Technologies Proprietary Ltd	Touchpoint Payment Proprietary Limited	Evripay	EvriPay ZA (Proprietary) Ltd	Ivery Global Limited
	MUR m	MUR m	MUR m	MUR m	MUR m	MUR m
Current assets	53.5	35.2	15.7	0.3	0.8	0.1
Non current assets	-	4.9	2.0	-	-	-
Current liabilities	(0.5)	(7.7)	(2.8)	(0.4)	(0.9)	(0.3)
Non current liabilities	-	(0.7)	-	-	(1.2)	-
Net assets	53.0	31.7	14.9	(0.1)	(1.3)	(0.2)
Ownership interest	40.0%	49.0%	41.7%	61.8%	61.8%	49.0%
Share of net assets	21.2	15.5	6.2	-	(0.8)	(0.1)
Goodwill and other adjustments	(18.5)	47.8	(2.3)	0.8	7.5	0.1
Carrying value of associates	2.7	63.3	3.9	0.8	6.7	-
Revenue	6.2	-	-	-	-	-
Profit/(loss) for the year	11.5	3.3	8.7	(0.7)	9.9	(0.2)
Other comprehensive income for the year	(1.5)	0.4	0.1	-	(0.1)	-
Total comprehensive income for the year	10.0	3.7	8.8	(0.7)	9.8	(0.2)
Group's share of profit/(loss) for the year	4.6	1.6	3.6	(0.4)	6.1	(0.1)
Group's share of total comprehensive income for the year	4.0	1.8	3.7	(0.4)	6.1	(0.1)
Dividend received during the year	74.2	-	-	-	-	-

(d) Share of loss not recognised amounted to MUR 0.1m for Ivery Global Limited.

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22. INVESTMENT IN JOINT VENTURE

GROUP	Sep-17	Sep-16
	MUR m	MUR m
At 1 October	-	95.2
Share of result	-	0.7
Dividends	-	(5.2)
Transfer to invesments in subsidiary companies	-	(90.7)
At 30 September	-	-

The Group's joint venture consisted of Edith Cavell Properties Ltd, a private company incorporated in Mauritius. The principal activity of the joint venture was property holding. On 28 March 2016, the Group acquired an additional stake in Edith Cavell Properties Ltd for MUR 69.5m, thus increasing its stake from 50% to 100%.

The interest has thus been transferred from investment in joint venture to investment in subsidiaries.

Summarised financial information in respect of the joint venture is set out below:

Name	Current assets	Non current assets	Current liabilities	Revenue	Profit for the period/year	Total comprehensive income for the period/year	Dividend received during the period/year
	MUR m	MUR m	MUR m	MUR m	MUR m	MUR m	MUR m
2016							
Edith Cavell Properties Ltd	-	-	-	5.2	1.4	1.4	5.2

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23. INVESTMENT PROPERTIES

	GROUP		COMPANY	
	Sep-17	Sep-16	**Sep-17**	Sep-16
	MUR m	MUR m	**MUR m**	MUR m
At 1 October	**733.7**	533.7	**30.8**	30.8
Acquisition through business combination (note 35)	**-**	163.0	**-**	-
Additions	**38.1**	12.0	**-**	-
Gains on fair value adjustment	**48.2**	-	**2.7**	-
Disposal	**(1.5)**	-	**-**	-
Transfer (note 24)	**220.7**	25.0	**-**	-
At 30 September	**1,039.2**	733.7	**33.5**	30.8

The investment properties with carrying value of MUR 856.2m are subject to fixed and floating charges in favour of lenders for borrowings taken by the Group.

The Group's and Company's investment properties are accounted at their fair value based on a valuation done during the year by JPW International Property Consultants and Gexim Real Estate Ltd, two independent valuation specialists.
The different valuation methods used are:
(i) Direct Market Comparison Approach.
(ii) Income Capitalisation Approach.
(iii) Depreciated Replacement Cost Approach.
(iv) The Sales Comparison Approach.

Details of the Group and Company's investment properties, which are classified as level 3 on the fair value hierarchy are as follows:

	GROUP		COMPANY	
	Sep-17	Sep-16	**Sep-17**	Sep-16
	MUR m	MUR m	**MUR m**	MUR m
Land	**596.2**	462.3	**-**	-
Buildings	**443.0**	271.4	**33.5**	30.8
	1,039.2	733.7	**33.5**	30.8

Significant unobservable valuation input:	**Range**
Land - Price per Square Metre	MUR 1,170 - MUR 55,000
Buildings - Price per Square Metre	MUR 8,000 - MUR 85,000

Significant increases/(decreases) in estimated price per square metre in isolation would result in a proportionate higher/(lower) fair value.

The following have been recognised in profit or loss:

	GROUP		COMPANY	
	Sep-17	Sep-16	**Sep-17**	Sep-16
	MUR m	MUR m	**MUR m**	MUR m
Rental income	**85.7**	68.1	**-**	-
Direct operating expenses arising from investment properties that generate rental income	**19.7**	12.5	**-**	-
Direct operating expenses that did not generate rental income	**9.5**	8.5	**-**	-

EXPLANATORY NOTES

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24. PROPERTY, PLANT AND EQUIPMENT

(a) GROUP

	Land and Buildings	Plant and Equipment	Vehicles	Total
Cost or Valuation	MUR m	MUR m	MUR m	MUR m
At 30 September 2015	1,150.8	565.5	239.7	1,956.0
Additions	7.5	38.8	28.5	74.8
Acquisition through business combination (note 35)	16.0	0.4	-	16.4
Disposal of subsidaries (note 36)	-	(154.0)	(31.7)	(185.7)
Scrapped assets	-	(32.9)	-	(32.9)
Transfer (note 23)	(25.0)	-	-	(25.0)
Disposals	-	(16.4)	(45.1)	(61.5)
At 30 September 2016	1,149.3	401.4	191.4	1,742.1
Additions	-	31.2	57.1	88.3
Revaluation adjustment	72.6	-	-	72.6
Disposal of subsidaries (note 36)	-	(117.3)	(5.6)	(122.9)
Scrapped assets	-	(15.3)	(1.3)	(16.6)
Transfer (note 23)	(225.0)	4.3	-	(220.7)
Disposals	(6.9)	(9.2)	(52.5)	(68.6)
At 30 September 2017	**990.0**	**295.1**	**189.1**	**1,474.2**

	Land and Buildings	Plant and Equipment	Vehicles	Total
Depreciation and impairment	MUR m	MUR m	MUR m	MUR m
At 1 October 2015	3.4	332.5	128.4	464.3
Charge for the year	3.7	52.0	30.6	86.3
Acquisition through business combination (note 35)	0.1	0.2	-	0.3
Eliminated on disposal of subsidiary (note 36)	-	(102.7)	(22.6)	(125.3)
Scrapped assets	-	(32.9)	-	(32.9)
Disposal adjustment	-	(12.7)	(37.0)	(49.7)
At 30 September 2016	7.2	236.4	99.4	343.0
Charge for the year	2.0	49.7	27.8	79.5
Eliminated on disposal of subsidiary (note 36)	-	(82.0)	(3.0)	(85.0)
Scrapped assets	-	(15.3)	(1.3)	(16.6)
Disposal adjustment	-	(6.3)	(39.9)	(46.2)
At 30 September 2017	**9.2**	**182.5**	**83.0**	**274.7**
Carrying value				
At 30 September 2017	**980.8**	**112.6**	**106.1**	**1,199.5**
At 30 September 2016	1,142.1	165.0	92.0	1,399.1

EXPLANATORY NOTES

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

(b) The Group's land and buildings are accounted at their fair value based on a valuation done during the year by JPW International Property Consultants and Gexim Real Estate Ltd, two independent valuation specialists.
The different valuation methods used are:
(i) Direct Market Comparison Approach.
(ii) Income Capitalisation Approach.
(iii) Depreciated Replacement Cost Approach.
(iv) The Sales Comparison Approach for land.

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

	Sep-17	Sep-16
	MUR m	MUR m
	Level 3	Level 3
Land	915.2	967.2
Buildings	65.6	174.9
	980.8	1,142.1

The fair value of land was derived using the Sales Comparison Approach. Sales prices of comparable land in close proximity are adjusted for differences in key attributes such as property size, access, topography and other stringent adverse physical conditions. The fair value of the buildings was determined using the depreciated replacement cost approach. The most significant input into these valuation approaches are price per square metre.

Significant unobservable valuation input:	Range
Land - Price per Square Metre	MUR 111 - MUR 55,000
Buildings - Price per Square Metre	MUR 11,000 - MUR 85,000

Significant increases/(decreases) in estimated price per square metre in isolation would result in a proportionate higher/(lower) fair value.

(c) Land & Buildings

	Sep-17	Sep-16
	MUR m	MUR m
Freehold land & buildings	980.8	1,142.1
On the cost basis, these properties would have been as follows:		
Cost	748.2	980.1
Accumulated Depreciation	(9.2)	(16.2)
Net book value	739.0	963.9

Land and buildings with carrying amount of MUR 612.8m are subject to fixed and floating charges in favour of lenders for borrowings taken by the Group.

(d) Leased assets

Included in property, plant and equipment are assets held under finance lease as follows:

	Plant and equipment	Motor vehicles	Total
	MUR m	MUR m	MUR m
2017			
Cost	-	5.2	5.2
Accumulated depreciation	-	(3.6)	(3.6)
Carrying value	-	1.6	1.6
2016			
Cost	41.0	4.1	45.1
Accumulated depreciation	(14.8)	(1.8)	(16.6)
Carrying value	26.2	2.3	28.5

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25. INTANGIBLE ASSETS

	Goodwill on acquisition	Leasehold Rights	Software	Total
	MUR m	MUR m	MUR m	MUR m
(a) GROUP				
Cost				
At 1 October 2015	1,099.4	-	242.9	1,342.3
Additions	-	-	10.4	10.4
Disposal of subsidiary (note 36)	-	-	(22.6)	(22.6)
Disposal	-	-	(40.1)	(40.1)
Scrapped assets	-	-	(23.1)	(23.1)
At 30 September 2016	**1,099.4**	**-**	**167.5**	**1,266.9**
Additions	-	45.8	2.7	48.5
Disposal of subsidiary (note 36)	(1,099.4)	-	(17.4)	(1,116.8)
At 30 September 2017	**-**	**45.8**	**152.8**	**198.6**
Amortisation/Impairment				
At 1 October 2015	500.7	-	195.2	695.9
Charge for the year	-	-	18.7	18.7
Disposal of subsidiary (note 36)	-	-	(21.6)	(21.6)
Disposal adjustment	-	-	(36.0)	(36.0)
Scrapped assets	-	-	(23.1)	(23.1)
At 30 September 2016	**500.7**	**-**	**133.2**	**633.9**
Charge for the year	-	-	15.5	15.5
Disposal of subsidiary (note 36)	(500.7)	-	(16.2)	(516.9)
At 30 September 2017	**-**	**-**	**132.5**	**132.5**
Carrying value				
At 30 September 2017	**-**	**45.8**	**20.3**	**66.1**
At 30 September 2016	**598.7**	**-**	**34.3**	**633.0**

EXPLANATORY NOTES

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25. INTANGIBLE ASSETS (CONT'D)

At the end of each reporting period, the Group assesses the recoverable amount of goodwill and determines whether there is any further impairment. The Group considers the relationship between its market capitalisation and its book value, among other factors, when reviewing for indicators of impairment.

During the year ended 30 September 2017, the Group disposed of its global business segment on which goodwill on acquisition with carrying value amounting to MUR598.7m were previously recognised. Hence as at 30 September 2017, the Group no more has any goodwill on acquisition.

At 30 September 2016, the recoverable of the global business segment cash generating unit was determined based on a value in use calculation using cash flow projection approved by the Group's management covering a five year period. A risk free rate of 5.5% and a risk premium of 7.5% was applied. The recoverable amount exceeded the carrying amount of the cash generating unit.

A reasonable possible change in the assumptions used would not cause the recoverable amount to fall below the carrying value of the cash generating unit.

(b) COMPANY

	Software	
	Sep-17	Sep-16
	MUR m	MUR m
Cost		
At 1 October	**0.3**	0.3
Additions	**-**	-
At 30 September	**0.3**	0.3
Amortisation		
At 1 October	**0.1**	-
Charge for the year	**-**	0.1
At 30 September	**0.1**	0.1
Carrying value		
At 30 September	**0.2**	0.2

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26. RETIREMENT BENEFIT ASSET/OBLIGATIONS

	GROUP		COMPANY	
	Sep-17	Sep-16	**Sep-17**	Sep-16
	MUR m	MUR m	**MUR m**	MUR m
Amounts recognised in the statements of financial position:				
Pension benefits (note (a))	**(6.8)**	(9.9)	**-**	-
Unfunded pension schemes (note (b))	**40.2**	43.7	**40.2**	-
Other retirement benefits (note (c))	**37.5**	45.1	**-**	-
	70.9	78.9	**40.2**	-
Analysed as follows:				
Non current assets	**6.8**	9.9	**-**	-
Non current liabilities	**(77.7)**	(88.8)	**(40.2)**	-
	(70.9)	(78.9)	**(40.2)**	-
Amounts charged to profit or loss:				
Pension benefits (note (a))	**0.7**	0.7	**-**	-
Unfunded pension schemes (note (b))	**2.9**	3.0	**2.9**	-
Other retirement benefits (note (c))	**4.8**	10.7	**-**	-
Total included in employee benefit expense (note 8)	**8.4**	14.4	**2.9**	-
Amounts credited to other comprehensive income:				
Pension benefits (note (a))	**(0.5)**	(3.5)	**-**	-
Unfunded pension schemes (note (b))	**(0.7)**	1.9	**(0.7)**	-
Other retirement benefits (note (c))	**(0.6)**	(19.0)	**-**	-
	(1.8)	(20.6)	**(0.7)**	-

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26. RETIREMENT BENEFIT ASSET/OBLIGATIONS (CONT'D)

(a) Pension benefits

The Group operates a final salary defined benefit pension plan for some employees. The assets are held separately from the Group under the control of the Management Committee of Rogers Money Purchase Retirement Fund (RMPRF). The Group contributes to the pension plan in respect of some employees who have a No Worse Off Guarantee (NWOG) so that their benefits would not be worse than what they would have earned under a previous defined benefit plan.

	GROUP	
	Sep-17	Sep-16
	MUR m	MUR m
(i) Amounts recognised in the statements of financial position are as follows:		
Present value of funded obligations	**25.5**	27.1
Fair value of plan assets	**(32.3)**	(37.0)
Asset in the statements of financial position	**(6.8)**	(9.9)
The reconciliation of the opening balances to the closing balances for the net defined benefit liability is as follows:		
At 1 October	**(9.9)**	(10.1)
Charged to profit or loss	**0.7**	0.7
Credited to other comprehensive income	**(0.5)**	(3.5)
Contributions paid	**(0.4)**	(0.4)
Deconsolidation of group companies (note 36)	**3.3**	3.4
At 30 September	**(6.8)**	(9.9)
(ii) Amounts recognised in profit or loss and other comprehensive income are as follows:		
Service cost:		
Current service cost	**1.0**	1.3
Net interest on net defined benefit asset	**(0.3)**	(0.6)
Components of amount recognised in profit or loss	**0.7**	0.7
Return on plan assets above interest cost	**(2.0)**	3.2
Experience loss/(gain)	**1.8**	(6.7)
Gain due to change in financial assumptions	**(0.3)**	-
Components of amount recognised in other comprehensive income	**(0.5)**	(3.5)
Actual return on plan assets	**4.0**	(0.6)

EXPLANATORY NOTES

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26. RETIREMENT BENEFIT ASSET/OBLIGATIONS (CONT'D)

	GROUP	
	Sep-17	Sep-16
	MUR m	MUR m
(a) Pension benefits (cont'd)		
(iii) Movements in the defined benefit obligations over the year is as follows:		
At 1 October	**27.1**	38.3
Current service cost	**1.0**	1.3
Interest expense	**1.7**	2.0
Benefits paid on settlement	**-**	-
Other benefits paid	**-**	(0.9)
Experience loss/(gain)	**1.8**	(6.7)
Gain due to change in financial assumptions	**(0.3)**	-
Deconsolidation of group companies (note 36)	**(5.8)**	(6.9)
At 30 September	**25.5**	27.1
(iv) Movements in the fair value of plan assets over the year is as follows:		
At 1 October	**37.0**	48.4
Interest income	**2.0**	2.6
Employer contribution	**0.4**	0.4
Benefits paid	**-**	(0.9)
Return on plan assets excluding interest income	**2.0**	(3.2)
Deconsolidation of group companies (note 36)	**(9.1)**	(10.3)
At 30 September	**32.3**	37.0
(v) Sensitivity analysis on defined benefit obligation at end of year		
Increase due to 1% decrease in discount rate	**15.5**	17.7
Decrease due to 1% increase in discount rate	**12.2**	13.6

EXPLANATORY NOTES

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26. RETIREMENT BENEFIT ASSET/OBLIGATIONS (CONT'D)

(a) Pension benefits (cont'd)

(v) Sensitivity analysis on defined benefit obligation at end of year (cont'd)

The above sensitivity analysis has been carried out by recalculating the present value of obligation at the end of the period after increasing or decreasing the discount rate while leaving all other assumptions unchanged. The results are particularly sensitive to a change in discount rate due to the nature of the liabilities being the difference between a minimum defined benefit liability and the projected defined contribution liabilities, the latter being MUR 59.3m as at 30 September 2017. Any similar variation in the other assumptions would have shown smaller variations in the defined benefit obligation.

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

	GROUP	
	Sep-17	Sep-16
	%	%
(vi) Allocation of plan assets at end of year:		
Equity - local quoted	**38.0**	39.0
Equity - overseas quoted	**29.0**	28.0
Debt - local unquoted	**23.0**	23.0
Debt - overseas quoted	**-**	1.0
Property - local	**2.0**	2.0
Cash and other	**8.0**	7.0
	100.0	100.0

(vii) Future cashflows

- The funding policy is to pay contributions to an external legal entity at the rate recommended by the entity's actuaries.
- Expected employer contributions to post-employment benefit plans for the year ending 30 September 2017 are MUR 63,000.
- The weighted average duration of the defined benefit obligations is 10 years.

EXPLANATORY NOTES

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26. RETIREMENT BENEFIT ASSET/OBLIGATIONS (CONT'D)

(a) Pension Benefits (cont'd)

(viii) Principal actuarial assumptions at end of year:

	GROUP	
	Sep-17	Sep-16
Discount rate	6.0%	7.0%
Future salary increases	5.0%	5.5%
Future pension increases	0.5%	1.0%
Average retirement age (ARA)	60	60
Average remaining life expectancy for:		
- Male at ARA	19.5 years	19.5 years
- Female at ARA	24.2 years	24.2 years

The Plan exposes the Group to normal risks associated with defined benefit pension plans such as investment, interest, longevity and salary risks.

- *Investment risk*

The plan liability is calculated using a discount rate determined by reference to government bond yields; if the return on plan assets is below this rate, it will create a plan deficit and if it is higher, it will create a plan surplus. Currently the Plan has a relatively balanced investment in equity securities, debt instruments and real estate to leverage the return generated by the plan assets.

- *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.

- *Longevity risk*

The plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan liability.

- *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.

There has been no plan amendment, curtailment or settlement during the year.

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26. RETIREMENT BENEFIT ASSET/OBLIGATIONS (CONT'D)

(b) Unfunded pension schemes

Unfunded pension schemes comprise of pensions paid out of cash flow.

	GROUP		COMPANY	
	Sep-17	Sep-16	**Sep-17**	Sep-16
	MUR m	MUR m	**MUR m**	MUR m
(i) Amounts recognised in the statements of financial position are as follows:				
Present value of unfunded obligation	**40.2**	43.7	**40.2**	-
Liability in the statements of financial position	**40.2**	43.7	**40.2**	-
(ii) Amounts recognised in profit or loss and other comprehensive income are as follows:				
Net interest on net defined benefit liability	**2.9**	3.0	**2.9**	-
Service cost	**-**	-	**-**	-
Components of amount recognised in profit or loss	**2.9**	3.0	**2.9**	-
Experience (gain)/loss	**(1.8)**	1.9	**(1.8)**	-
Loss due to change in financial assumptions	**1.1**	-	**1.1**	-
Components of amount recognised in other comprehensive income	**(0.7)**	1.9	**(0.7)**	-
(iii) Movements in liability recognised in statements of financial position:				
At 1 October	**43.7**	45.6	**-**	-
Interest expense	**2.9**	3.0	**2.9**	-
Past service cost transferred	**-**	-	**43.7**	-
Other benefits paid	**(5.7)**	(6.8)	**(5.7)**	-
Experience adjustment	**(1.8)**	1.9	**(1.8)**	-
Loss due to change in financial assumptions	**1.1**	-	**1.1**	-
At 30 September	**40.2**	43.7	**40.2**	-
(iv) Sensitivity Analysis on defined benefit obligation at end of period				
Increase due to 1% decrease in discount rate	**2.4**	2.5	**2.4**	-
Decrease due to 1% increase in discount rate	**2.1**	2.3	**2.1**	-

The above sensitivity analysis has been carried out by recalculating the present value of obligation at the end of the period after increasing or decreasing the discount rate while leaving all other assumptions unchanged. Any similar variation in the other assumptions would have shown smaller variations in defined benefit obligation.

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

EXPLANATORY NOTES

30 SEPTEMBER 2017

26. RETIREMENT BENEFIT ASSET/OBLIGATIONS (CONT'D)

(b) Unfunded pension schemes (cont'd)

(v) Future cash flows

- The funding policy is to pay benefits out of the Group's cashflow as and when due;
- Expected employer contributions to post-employment benefit plans for the year ending 30 September 2017 are MUR 5.9m;
- The weighted average duration of the defined benefit obligations is 6 years.

	Sep-17	Sep-16
	MUR m	MUR m
(vi) Principal actuarial assumptions at end of year:		
Discount rate	6.5%	7.0%
Future pension increases	2.5%	2.5%
Average retirement age (ARA)	60	60
Average remaining life expectancy for:		
- Male at ARA	19.5 years	19.5 years
- Female at ARA	24.2 years	24.2 years

(c) Other retirement benefits

Other retirement benefits comprise full and residual retirement gratuities.

	GROUP	
	Sep-17	Sep-16
	MUR m	MUR m
(i) Amounts recognised in the statements of financial position are as follows:		
Present value of unfunded obligation	37.5	45.1
Liability in the statements of financial position	37.5	45.1
(ii) Amounts recognised in profit or loss and other comprehensive income are as follows:		
Service cost:		
Current service cost	3.5	5.9
Past service cost	(1.0)	1.1
	2.5	7.0
Net interest on net defined benefit liability	2.3	3.7
Components of amount recognised in profit or loss	4.8	10.7
Experience gain	(0.5)	(8.2)
Gain due to change in demographic assumptions	(0.1)	(10.8)
Components of amount recognised in other comprehensive income	(0.6)	(19.0)

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26. RETIREMENT BENEFIT ASSET/OBLIGATIONS (CONT'D)

	GROUP	
	Sep-17	Sep-16
	MUR m	MUR m
(c) Other retirement benefits (cont'd)		
(iii) Movements in liability recognised in statements of financial position:		
At 1 October	**45.1**	61.8
Current service cost	**3.5**	5.9
Past service cost	**(1.0)**	1.1
Interest expense	**2.3**	3.7
Other benefits paid	**(0.8)**	2.8
Experience gains	**(0.4)**	(8.2)
Gain due to change in demographic assumptions	**-**	(10.8)
Gain due to change in financial assumptions	**(0.1)**	-
Deconsolidation of group companies (note 36)	**(11.1)**	(11.2)
At 30 September	**37.5**	45.1
(iv) Sensitivity Analysis on defined benefit obligation at end of period		
Increase due to 1% decrease in discount rate	**8.0**	12.5
Decrease due to 1% increase in discount rate	**2.1**	10.2

The above sensitivity analysis has been carried out by recalculating the present value of obligation at end of period after increasing or decreasing the discount rate while leaving all other assumptions unchanged. Any similar variation in the other assumptions would have shown smaller variations in defined benefit obligation.

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

In relation to the residual retirement gratuities, the results are particularly sensitive to a change in discount rate due to the nature of liabilities being the difference between the pure retirement gratuities under the Employment Rights Act 2008 and the deductions allowable, being five times the annual pension provided and half the lump sum received by the member at retirement from the pension fund with reference to the Company's share of contributions. The latter's amount is MUR 78.5m as at 30 September 2017.

(v) Future cashflows

- The funding policy is to pay benefits out of the Group's cashflow as and when due.
- Expected employer contributions to post-employment benefit plans for the year ending 30 September 2017 are MUR 0.3m
- The weighted average duration of the defined benefit obligations ranges between 13 years and 26 years.

	GROUP	
	Sep-17	Sep-16
(vi) Principal actuarial assumptions at end of year:	**MUR m**	MUR m
Discount rate	**6.5%**	8.0%
Future salary increases	**5.0%-6.0%**	6.5%-6.0%
Future pension increases	**2.0%**	2.0%
Average retirement age (ARA)	**60**	60
Average remaining life expectancy for:		
- Male at ARA	**19.5 years**	19.5 years
- Female at ARA	**24.2 years**	24.2 years

(d) Contribution to the defined contribution plans amounted to MUR 24.5 m (2016: MUR 23.3m).

EXPLANATORY NOTES

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27. DEFERRED TAXATION

The following amounts are shown in the statement of financial position:

	GROUP		COMPANY	
	Sep-17	Sep-16	Sep-17	Sep-16
	MUR m	MUR m	MUR m	MUR m
Deferred tax assets	65.2	71.0	-	-
Deferred tax liabilities	(25.3)	(21.6)	-	(0.5)
	39.9	49.4	-	(0.5)

At the end of the reporting period, the Group and the Company had unused tax losses of MUR 37.8m (2016: MUR 95.3m) and MUR 3.9m (2016: MUR 33.5m) respectively available for offset against future profit. The expiry of the Group's tax losses are: MUR 3.2m in 2018, MUR 7.2m in 2019, MUR 6.5 in 2020, MUR 6.0m in 2021, and MUR 14.9m in 2022. The Company's tax loss of MUR 3.9m will expire in 2020. No deferred tax asset has been recognised due to unpredictability of taxable future profit streams.

Deferred tax assets/(liabilities)

GROUP

	Impairment allowance	Retirement benefit obligations	Fair Value Gains and Others	Accelerated tax depreciation	Total
At 1 October 2015	56.3	11.2	(2.6)	(20.4)	44.5
Charge to profit or loss	9.0	(2.4)	(0.2)	4.5	10.9
Charge to other comprehensive income	-	(3.1)	-	-	(3.1)
Acquisition of subsidiaries	-	-	-	(2.9)	(2.9)
At 30 September 2016	65.3	5.7	(2.8)	(18.8)	49.4
Charge to profit or loss	7.4	(7.2)	(7.5)	2.6	(4.7)
Charge to other comprehensive income	-	(0.4)	(3.0)	-	(3.4)
Disposal of subsidiaries	(3.5)	0.6	-	1.5	(1.4)
At 30 September 2017	69.2	(1.3)	(13.3)	(14.7)	39.9

Deferred tax assets/(liabilities)

COMPANY

	Impairment allowance	Retirement benefit obligations	Fair Value Gains and Others	Accelerated tax depreciation	Total
At 1 October 2015	-	-	(0.5)	-	(0.5)
Charge to profit or loss	-	-	-	-	-
At 30 September 2016	-	-	(0.5)	-	(0.5)
Credit to profit or loss	-	-	0.5	-	0.5
At 30 September 2017	-	-	-	-	-

EXPLANATORY NOTES

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28. DEPOSITS FROM CUSTOMERS

GROUP

	Sep-17	Sep-16
	MUR m	MUR m
Time deposits with remaining term to maturity		
Retail customers		
Within 3 months	72.6	69.0
Over 3 up to 6 months	167.9	115.3
Over 6 up to 12 months	253.5	221.8
Over 1 up to 5 years	741.9	634.8
	1,235.9	1,040.9
Corporate customers		
Within 3 months	107.7	62.9
Over 3 up to 6 months	79.9	170.8
Over 6 up to 12 months	457.9	349.3
Over 1 up to 5 years	1,138.8	1,083.8
	1,784.3	1,666.8
Deposits - capital element	3,020.2	2,707.7
Interest payable	114.1	87.6
	3,134.3	2,795.3

The above consists of deposits bearing annual effective interest at the rates of 2.32% - 7.50% per annum.

Deposits are denominated in Mauritian Rupees.

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29. OTHER BORROWED FUNDS

	GROUP		COMPANY	
	Sep-17	Sep-16	Sep-17	Sep-16
	MUR m	MUR m	MUR m	MUR m
(a) Non current				
Bank and other borrowings - Secured	200.0	592.0	180.0	270.0
Bank and other borrowings - Unsecured	1,097.0	-	-	-
Medium term note (note (e))	-	750.0	-	750.0
Finance lease obligations	-	22.3	-	-
	1,297.0	1,364.3	180.0	1,020.0
Current				
Bank overdrafts (note 13)	126.3	10.7	-	-
Bank and other borrowings - Secured	1,311.7	1,416.0	90.0	90.0
Bank and other borrowings - Unsecured	682.2	613.8	583.0	535.0
Medium term note (note (e))	750.0	-	750.0	-
Interest payable	17.0	17.7	17.0	17.7
Other loans	-	28.2	-	28.2
Finance lease obligations	-	8.6	-	-
	2,887.2	2,095.0	1,440.0	670.9
Total	4,184.2	3,459.3	1,620.0	1,690.9

(b) Non current borrowings analysed as follows:

	GROUP		COMPANY	
	Sep-17	Sep-16	Sep-17	Sep-16
	MUR m	MUR m	MUR m	MUR m
Repayable otherwise than by instalments:				
After one year and before two years	353.1	117.6	-	-
After two years and before three years	343.7	867.3	-	750.0
After three years and before five years	301.3	97.9	-	-
After five years	118.9	11.5	-	-
Repayable by instalments:				
After one year and before two years	90.0	90.0	90.0	90.0
After two years and before three years	90.0	90.0	90.0	90.0
After three years and before five years	-	90.0	-	90.0
After five years	-	-	-	-
	1,297.0	1,364.3	180.0	1,020.0

(c) The effective interest rates at the end of the reporting period were as follows:

	GROUP		COMPANY	
	Sep-17	Sep-16	Sep-17	Sep-16
	%	%	%	%
Bank overdrafts	5.05 - 8.25	5.60 - 8.50	-	5.80 - 6.50
Bank and other borrowings - Secured	3.60 - 5.85	4.15 - 7.50	5.55 - 5.85	5.55 - 5.85
Bank and other borrowings - Unsecured	0.75 - 4.20	0.75 - 4.20	3.55 - 3.90	3.95 - 4.20
Other loans	-	5.70 -7.00	-	6.65
Finance lease obligations	-	7.50	-	-

EXPLANATORY NOTES

30 SEPTEMBER 2017

29. OTHER BORROWED FUNDS (CONT'D)

(d) Cash flow hedge loans

	GROUP AND COMPANY	
	Sep-17	Sep-16
	MUR m	MUR m
At 1 October	-	36.2
Repayment of borrowings	-	(30.6)
Reclassification of adjustments for gains from Other Comprehensive Income to Profit or Loss	-	(5.6)
At 30 September	-	-

(e) In June 2013, the Company issued its first tranche notes with a nominal amount of MUR 750m under its Medium Term Note Programme. The notes carry a fixed interest rate of 5.55%, payable semi-annually, and are repayable at maturity on 11 June 2018.

The Medium Term Notes are secured by fixed and floating charges on the assets of the Group.

(f) The carrying amounts of other borrowed funds are denominated in the following currencies:

	GROUP		COMPANY	
	Sep-17	Sep-16	Sep-17	Sep-16
	MUR m	MUR m	MUR m	MUR m
MUR and others	4,075.1	3,292.5	1,603.0	1,673.2
EURO	67.8	104.1	-	-
USD	24.3	45.0	-	-
	4,167.2	3,441.6	1,603.0	1,673.2

30. OTHER LIABILITIES

	GROUP		COMPANY	
	Sep-17	Sep-16	Sep-17	Sep-16
	MUR m	MUR m	MUR m	MUR m
Trade payables	444.4	510.8	-	-
Accruals	111.5	221.2	12.5	6.8
Other payables	603.1	511.5	0.2	0.5
Dividend payable	-	149.7	-	149.7
	1,159.0	1,393.2	12.7	157.0
Amount payable to				
- Related companies	-	27.5	-	-
- Subsidiary companies	-	-	84.3	76.0
Loan at call				
- Subsidiary companies (note 13)	-	-	-	104.4
	-	27.5	84.3	180.4
	1,159.0	1,420.7	97.0	337.4

The carrying amount of the payables is considered as a reasonable approximation of fair value due to their short term nature.

Trade payables and other payables are unsecured, interest free and payable within 3 months.

Included in other payables is deferred income pertaining to merchant commission which is recognised and released to profit or loss in accordance with note 2.6 (d).

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31. DIVIDENDS

	COMPANY	
	Sep-17	Sep-16
	MUR m	MUR m
Amounts recognised as distributions to equity holders in the year:		
Final dividends payable of nil (2016: MUR 0.22 per share)	-	149.7
Interim dividends paid of MUR 0.13 per share (2016: MUR 0.12 per share)	88.5	81.7
	88.5	231.4

On 3 October 2017 the Board of Directors of CIM Financial Services Ltd (the 'Company') has declared a final dividend of MUR 0.60 per share payable totalling MUR 408.3m for the year ended 30 September 2017, in respect of all the ordinary shares of the Company. As the dividend was declared subsequent to the reporting date, it has not been recognised in the statement of financial position as at 30 September 2017.

32. EQUITY

Stated Capital

	COMPANY	
	2017 & 2016	
	No of shares	Ordinary shares
	Million	MUR m
No par value shares	680.5	680.5

The Company has a stated number of ordinary shares is 680,522,310 at no par value. All shares are fully paid and carry equal voting rights.

Capital Reserves

The capital reserve relates to the transfer of excess Statutory and Regulatory loss reserve requirements over recoveries credited to Profit or Loss by a subsidiary. When a lease or other credit agreements are uncollectible, they are written off against the related provision for impairment; subsequent recoveries are credited to Profit or Loss. Statutory and regulatory loss reserve requirements that exceed these amounts are dealt with in the capital reserve as an appropriation of retained earnings.

Actuarial Reserves

Actuarial reserves arise on remeasurement of net defined benefit liability. Remeasurement of the net defined benefit liability, which comprises actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), is recognised immediately in other comprehensive income in the period in which they occur. Remeasurements recognised in other comprehensive income shall not be reclassified to profit or loss in subsequent period.

Retained Earnings

Retained earnings arise from the accumulation of profits from the Profit or Loss less any dividends payable for the period. It also accounts for any adjustments arising on Group consolidation or transfer to Capital reserves by a subsidiary.

Other Reserves

Reserves not dealt in above are accounted as other reserves.

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33. EARNINGS PER SHARE (Basic/diluted)

		GROUP		COMPANY	
		Sep-17	Sep-16	**Sep-17**	Sep-16
		MUR m	MUR m	**MUR m**	MUR m
Profit for the year from continuing operations		**310.8**	411.3	**2,837.0**	591.9
Profit for the year from discontinued operations		**2,645.4**	253.1	**-**	-
Profit attributable to owners of the parent		**2,956.2**	664.4	**2,837.0**	591.9
Number of shares used in calculation		**680,522,310**	680,522,310	**680,522,310**	680,522,310
Basic/diluted earnings per share from continuing operations	MUR	**0.46**	0.60	**4.17**	0.87
Basic/diluted earnings per share from discontinued operations	MUR	**3.89**	0.38	**-**	-
Basic/diluted earnings per share	MUR	**4.35**	0.98	**4.17**	0.87

34. NOTES TO THE STATEMENTS OF CASH FLOWS

		GROUP		COMPANY	
		Sep-17	Sep-16	**Sep-17**	Sep-16
		MUR m	MUR m	**MUR m**	MUR m
(a)	Cash generated from operations		Restated		
	Profit before taxation from continuing operations	**411.5**	473.3	**2,836.5**	591.9
	Profit before taxation from discontinued operations	**2,676.0**	300.3	**-**	-
	Depreciation	**79.5**	86.3	**-**	-
	Amortisation	**15.6**	18.7	**-**	0.1
	Impairment of investment	**0.6**	1.0	**0.6**	1.0
	Profit on disposal of subsidiaries	**(2,477.8)**	(47.0)	**(2,494.9)**	(147.7)
	Fair value adj in value of investment properties	**(48.2)**	-	**(2.7)**	-
	Net bargain on business combination	**-**	(21.3)	**-**	-
	Impairment charge	**193.7**	145.8	**-**	-
	Profit on sale of property, plant and equipment	**(7.4)**	(2.6)	**-**	-
	Profit on disposal of financial assets	**-**	(2.2)	**-**	(2.2)
	Investment income	**-**	(5.7)	**(448.9)**	(462.4)
	Exchange losses	**(4.8)**	5.6	**77.4**	5.6
	Fair value gain on forward foreign exchange contracts	**(12.0)**	-	**(13.3)**	-
	Share of results of associates	**5.6**	(15.4)	**-**	-
	Share of result of joint venture	**-**	(0.7)	**-**	-
	Retirement benefit obligations	**0.6**	10.0	**(2.8)**	-
		832.9	946.1	**(48.1)**	(13.7)
	Changes in working capital				
	Deposit with banks	**(2,251.6)**	87.1	**(2,323.5)**	-
	Inventories	**(3.5)**	(2.2)	**-**	-
	Net investment in finance leases and other credit agreements	**(1,086.6)**	(1,357.9)	**-**	-
	Loan and advances	**(754.2)**	(934.6)	**(474.2)**	(449.7)
	Other assets	**161.1**	(86.0)	**(186.2)**	(30.3)
	Deposit from customers	**339.0**	304.5	**-**	-
	Other liabilities	**(227.1)**	332.6	**13.5**	(27.8)
	Cash absorbed in from operations	**(2,990.0)**	(710.4)	**(3,018.5)**	(521.5)
(b)	Operational cash flows from interest				
	Interest income received during the year	**159.4**	249.4	**125.9**	105.1
	Interest expense paid during the year	**(354.3)**	(317.6)	**(103.4)**	(112.4)

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35. BUSINESS COMBINATION AND ACQUISITION OF NON CONTROLLING INTERESTS

Year ended 30 September 2017

Acquisition of non controlling interests in SWTD BIS LTD

On 4 May 2017, the Group acquired the remaining 33.23% of the share capital of SWTD Bis Ltd and obtained full control in the subsidiary. The acquisition gave rise to an increase in the effective ownership in its underlying subsidiaries. The effective ownership in South West Safari Group Ltd increased from 36.3% to 53.6%, whilst that of CSBO 2 Ltd increased from 36.2% to 53.5%.

	MUR m
Cash consideration paid to non controlling shareholders	**69.3**
Carrying value of additional interest acquired	**(72.5)**
Excess of non controlling interest acquired over consideration	**(3.2)**
Amount recognised in revaluation reserve	**25.4**
Amount recognised in retained earnings	**22.2**

Year ended 30 September 2016

Acquisition of subsidiary

At 30 September 2015, the Group held 50% in Edith Cavell Properties Ltd. On March 28, 2016, the Group acquired the remaining 50% of the share capital of Edith Cavell Properties Ltd and obtained the control of Edith Cavell Properties Ltd.

The following table summarises the consideration paid and the amounts of the assets acquired and liabilities assumed recognised at the acquisition date.

Consideration	MUR m
Cash	69.5
Fair value of equity interest held before the business combination	69.5
Total consideration	139.0
Fair value of net assets acquired	(181.5)
Gain on bargain purchase	(42.5)
This transaction has resulted in the recognition of a loss on remeasurement, calculated as follows:	
Fair value of investment held before business combination	69.5
Less: carrying amount of investment on the date of transfer to subsidiary	(90.7)
Loss on remeasurement	(21.2)
Gain on business combination:	
Gain on bargain purchase	42.5
Loss on remeasurement	(21.2)
Net gain on business combination	21.3
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	5.7
Property, plant and equipment	16.1
Investment properties	163.0
Other assets	0.8
Other liabilities	(1.1)
Current tax liabilities	(0.1)
Deferred tax liabilities	(2.9)
	181.5
Net cash outflow on acquisition of subsidiary	
Consideration paid in cash	69.5
Less: cash and cash equivalent balances acquired	(5.7)
	63.8

Had the acquired subsidiary been consolidated from 1 October 2015, the consolidated statement of profit or loss would show additional income of MUR 5.2m and profit of MUR 1.4m.

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36. DISCONTINUED OPERATIONS AND DISPOSAL OF SUBSIDIARIES

Disposed in year ended 30 September 2017

(a) Discontinued operations - Cim Global Business Segment

On 31 May 2017, the board of CIM Financial Services Ltd approved the disposal of the whole of its interest in the global business segment to SGG Ltd and Bentys Ltd, for a consideration of MUR 3.2 billion. The global business segment has thus been considered as discontinued operations. Refer to note 20 for list of subsidiaries disposed.

The results of the segment disposed are as follows:

	Sep-17	Sep-16
	MUR m	MUR m
Revenue	516.0	790.5
Expenses	(300.7)	(487.1)
Operating income	215.3	303.4
Finance costs	(1.6)	(3.1)
Impairment loss	(1.8)	-
Profit before tax	211.9	300.3
Income tax expense	(30.6)	(47.2)
Profit after tax	181.3	253.1
Profit on disposal of subsidiaries	2,464.1	-
Profit after tax for the year from discontinued operations	2,645.4	253.1
Basic/diluted earnings per share from discontinued operations	3.9	0.4

	Sep-17
	MUR m
Analysis of assets and liabilities disposed	
Assets	
Property, plant and equipment	31.9
Intangible assets	594.5
Deferred tax asset	1.4
Cash and cash equivalent	141.0
Other assets	330.3
	1,099.1
Liabilities	
Retirement benefit obligation	(7.4)
Other borrowed funds	(27.1)
Other liabilities	(366.0)
Income tax liabilities	(11.0)
	(411.5)
Net assets disposed	687.6
Gain on disposal of subsidiaries	
Consideration received in cash and cash equivalents	3,044.5
Deferred consideration	175.3
Direct transaction costs	(70.4)
Carrying value of net assets disposed	(687.6)
	2,461.8
Foreigh exchange translation reserve transferred to profit or loss on disposal	2.3
Gain on disposal of subsidiaries	2,464.1
Net cash flow on disposal of subsidiaries	
Consideration received in cash and cash equivalents, net of direct transaction cost	2,974.1
Carrying value of cash and cash equivalent disposed	(141.0)
	2,833.1

EXPLANATORY NOTES

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36. DISCONTINUED OPERATIONS AND DISPOSAL OF SUBSIDIARIES (CONT'D)

(a) Discontinued operations (Cont'd)

The net cash flows arising on the disposal of the subsidiary are as follows:

	Sep-17	Sep-16
	MUR m	MUR m
Operating	213.4	242.5
Investing	(108.5)	(6.6)
Financing	(0.1)	(221.4)
Net cash inflow	104.8	14.5

(b) Disposal of subsidiaries

Year ended 30 September 2017

Gain on disposal of subsidiaries	GROUP	COMPANY
	MUR m	MUR m
Cim Global Reinsurance Company Ltd and Cim Captive Reinsurance Company PCC (note (i))	13.7	(2.2)
Cybernaptics Ltd (note (ii)	-	3.0
Subsidiaries under Global Business segment (iii)	-	2,494.1
	13.7	2,494.9

(i) Cim Global Reinsurance Company Ltd and Cim Captive Reinsurance Company PCC were wound up during the year. These subsidiaries' functional currency were USD and the foreign currency translation reserve balance at the date of winding up were recycled to profit or loss in the Group's financial statements as gain/(loss) on disposal of subsidiaries.

(ii) The Group also disposed of its subsidiary Cybernaptics Ltd on 1 October 2016 for a consideration of MUR 10.8 m which represented the net assets of the subsidiary at the date of disposal.

	MUR m
Proceeds from disposal of subsidiary	10.8
Net assets disposed	(10.8)
	-
Analysis of assets and liabilities disposed	
Cash and cash equivalents	3.7
Property, plant and equipment	6.0
Intangible assets	5.4
Inventories	3.7
Other assets	7.4
Other borrowed funds	(6.8)
Current tax liabilities	(0.3)
Retirement benefit obligation	(0.4)
Other liabilities	(7.9)
Net assets disposed	10.8
Net cash flow on disposal of subsidiaries	
Consideration received in cash and cash equivalents	10.8
Carrying value of cash and cash equivalent disposed	(3.7)
	7.1

(iii) The company disposed of its investments in subsidiaries with carrying amount of MUR 655.2m relating to the Global Business segment (note 36(a)) for a net consideration of MUR 3,149.3m. This resulted in a recognition of a gain on disposal of MUR 2,494.1m.

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36. DISCONTINUED OPERATIONS AND DISPOSAL OF SUBSIDIARIES (CONT'D)

(b) Disposal of subsidiaries (Cont'd)

Disposed in year ended 30 September 2016

GROUP

On 9 December 2015, the board of CIM Financial Services Ltd approved the disposal of its 100% shareholding in The BrandHouse Ltd to Taylor Smith and Sons Ltd and Bentys Ltd, which are related companies, for a consideration of MUR 225m.

	MUR m
Consideration received	
Consideration received	225.0
Total consideration received	225.0
Analysis of assets and liabilities over which control was lost	
Cash and cash equivalent	108.1
Other assets	186.5
Inventories	416.2
Property, plant and equipment	60.4
Retirement benefit assets	3.4
Loan and advances	0.3
Intangible assets	1.0
Retirement benefit obligation	(11.2)
Other borrowed funds	(72.1)
Other liabilities	(510.7)
Taxation	(3.9)
Net assets disposed of	178.0
Gain on disposal of subsidiaries	
Consideration received	225.0
Net assets disposed of	(178.0)
Gain on disposal	47.0

A net amount of MUR 1.4m has been reclassified from equity to retained earnings on disposal of subsidiaries.

Net cash inflow on disposal of subsidiaries	
Consideration received	225.0
Less: cash and cash equivalent balances disposed of	(108.1)
Net cash inflow on disposal	116.9

COMPANY

Gain on disposal of subsidiaries	
Consideration received	225.0
Less: carrying amount of investments disposed	(77.3)
Gain on disposal	147.7

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37. COMMITMENTS

(a) Operating lease - where the Group is the lessor

	GROUP	
	Sep-17	Sep-16
	MUR m	MUR m
The future minimum lease receivable under operating leases are as follows:		
Within one year	27.5	28.0
After one year and before five years	63.6	40.1
Later than 5 years	0.8	1.0
	91.9	69.1

38. EVENTS AFTER THE REPORTING DATE

There have been no events after the reporting date until the financial statements were authorised for issue that require disclosure in these financial statements except:

On 3 October 2017 the Board of Directors of CIM Financial Services Ltd (the 'Company') has declared a final dividend of MUR 0.60 per share payable for the year ended 30 September 2017, in respect of all the ordinary shares of the Company. As the dividend was declared subsequent to the reporting date, it has not been recognised in the statement of financial position at 30 September 2017.

39. CONTINGENT LIABILITIES

	GROUP & COMPANY	
	Sep-17	Sep-16
	MUR m	MUR m
Corporate guarantees:		
Subsidiary	20.0	20.0
Company with common shareholders	-	250.9
	20.0	270.9

At 30 September 2017, the Company had contingent liabilities in respect of guarantees from which it is anticipated that no material liabilities would arise.

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40. RELATED PARTY TRANSACTIONS

(a) During the year the Group transacted with related parties.

Transactions which are not dealt with elsewhere in the financial statements are as follows:

	GROUP		COMPANY	
	Sep-17	Sep-16	Sep-17	Sep-16
	MUR m	MUR m	MUR m	MUR m
Sales of goods & services to				
Companies with common shareholders	3.6	30.0	-	-
Purchase of goods & services from				
Companies with common shareholders	0.5	5.9	-	-
Dividend income, interest income and other income				
Subsidiary companies	-	-	574.9	528.6
Associates	1.7	29.7	1.7	29.7
Companies with common shareholders	-	21.8	-	4.8
Joint venture	-	5.2	-	5.2
Financial charges				
Subsidiary companies	-	-	-	2.7
Companies with common shareholders	-	0.2	-	-
Loans payable to			-	
Subsidiary companies	-	-	-	104.4
Loans and leases receivable from				
Companies with common shareholders	126.0	103.0	-	-
Subsidiary companies	-	-	2,272.8	2,266.4
Amount owed by				
Companies with common shareholders	0.8	2.5	-	-
Subsidiary companies	-	-	176.7	22.0
Advance payment to				
Companies with common shareholders	-	30.0	-	30.0
Amount owed to				
Companies with common shareholders	1.1	27.5	-	-
Subsidiary companies	-	-	84.3	6.8
Remuneration of key management personnel				
Short term employee benefit	174.9	175.4	7.1	6.6
Term employment benefit	5.6	10.9	-	-
Post employment benefits	5.7	6.9	-	-

Outstanding balances at the year end are unsecured with interest varying from 4.25% to 8.50% (2016: 0.75% to 7.5%) and settlement occurs in cash and/or through current account. The Group has not recorded any impairment of receivable relating to amounts owed by the related parties (2016: nil). There have been no guarantees provided or received for any related party receivable or payable.

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41 BUSINESS SEGMENTS

GROUP	Finance	Property	Investments	Group elimination	Discontinued operations	Total
	MUR m	MUR m	MUR m	MUR m	MUR m	MUR m
Year ended 30 September 2017						
Gross operating income	1,670.9	193.5	313.5	(244.1)	-	1,933.8
Interest expense	(347.6)	(15.9)	(107.4)	118.8	-	(352.1)
Net operating income	1,323.3	177.6	206.1	(125.3)	-	1,581.7
Operating expenses	(716.3)	(65.9)	(217.5)	125.3	-	(874.4)
Operating profit before impairment	607.0	111.7	(11.4)	-	-	707.3
Net impairment of financial assets	(186.3)	-	(0.6)	-	-	(186.9)
Operating profit	420.7	111.7	(12.0)	-	-	520.4
Foreign exchange gain/(loss)	7.9	(0.1)	(124.8)	-	-	(117.0)
Share of loss of associates	-	-	(5.6)	-	-	(5.6)
	428.6	111.6	(142.4)	-	-	397.8
Gain on disposal of subsidiaries	-	-	13.7	-	-	13.7
Profit/(loss) before tax	428.6	111.6	(128.7)	-	-	411.5
Income tax expense	(79.5)	(20.3)	(7.5)	-	-	(107.3)
Profit/(loss) for the year from continuing operations	349.1	91.3	(136.2)	-	-	304.2
Profit for the year from discontinued operations	-	-	-	-	2,645.4	2,645.4
Profit for the year	349.1	91.3	(136.2)	-	2,645.4	2,949.6
Assets	10,527.3	2,281.7	5,419.2	(2,860.2)	-	15,368.0
Liabilities	9,156.1	397.6	1,915.3	(2,860.2)	-	8,608.8
Capital expenditure	75.4	90.6	6.3	-	-	172.3
Other disclosures: Investments in associates	-	-	193.1	-	-	193.1
Depreciation & amortisation	69.0	6.9	7.9	-	-	83.8

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41. BUSINESS SEGMENTS (CONT'D)

	Finance	Property	Investments	Group elimination	Discontinued operations	Total
	MUR m	MUR m	MUR m	MUR m	MUR m	MUR m
Year ended 30 September 2016						
Gross operating income	1,439.5	128.2	392.4	(247.3)	-	1,712.8
Interest expense	(292.8)	(15.3)	(107.1)	111.7	-	(303.5)
Net operating income	1,146.7	112.9	285.3	(135.6)	-	1,409.3
Operating expenses	(653.9)	(60.2)	(287.5)	135.6	-	(866.0)
Operating profit before impairment	492.8	52.7	(2.2)	-	-	543.3
Net impairment of financial assets	(144.7)	(0.2)	(2.2)	-	-	(147.1)
Operating profit/(loss)	348.1	52.5	(4.4)	-	-	396.2
Foreign exchange loss	(1.6)	-	(5.7)	-	-	(7.3)
Share of profit of associates	-	-	15.4	-	-	15.4
Share of profit of joint venture	-	0.7	-	-	-	0.7
Profit before tax	346.5	53.2	5.3	-	-	405.0
Gain on disposal of subsidiaries	-	-	47.0	-	-	47.0
Net gain on business combination	-	-	21.3	-	-	21.3
Income tax expense	(58.5)	(8.2)	(3.4)	-	-	(70.1)
Profit for the year for continuing operations	288.0	45.0	70.2	-	-	403.2
Profit for the year from discontinued operations	-	-	-	-	253.1	253.1
Profit for the year	288.0	45.0	70.2	-	253.1	656.3
Assets	8,941.7	1,909.6	3,270.0	(2,894.8)	517.1	11,743.6
Liabilities	7,946.3	256.7	2,125.0	(2,894.8)	398.0	7,831.2
Other disclosures: Investments in associates	-	-	77.4	-	-	77.4
Capital expenditure	54.8	25.3	10.5	-	-	90.6
Depreciation & amortisation	72.4	8.4	7.5	-	-	88.3

For management purposes, the Group is organised in four business segments based on the products and services as follows:

Finance - consumer credit, leasing, card acquiring and issuing, factoring, deposit taking and foreign exchange dealing.

Property - Property management and rentals.

Investments - import and distribution of consumer electronics and household appliances, IT related services, strategy monitoring, support to SBUs, performance monitoring and statutory reporting.

Global Business - Corporate administration, fund administration, tax structuring, trusts, corporate secretarial services and compliance outsourcing. This segment has been sold during the year.

No operating segments have been aggregated to form the above reportable operating segments.

During the year ended 30 September 2017, the Group disposed of its global business segment and has therefore disclosed this segment as discontinued operations.

Transfer prices between operating segments are based on the Group's pricing framework.

The Group's activities are carried out principally from companies based in Mauritius.

42. IMMEDIATE AND ULTIMATE HOLDING COMPANY

The immediate and ultimate holding companies of CIM Financial Services Ltd are Cim Holdings Ltd and Elgin Ltd respectively. Both companies are incorporated in Mauritius.

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43. MATURITY ANALYSIS OF ASSET AND LIABILITIES

The table below shows an analysis of assets and liabilities based on when they are expected to be recovered or settled

	Group			Company		
30 September 2017	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
	MUR m	MUR m	MUR m	MUR m	MUR m	MUR m
ASSETS						
Cash and bank balances	505.4	-	505.4	113.5	-	113.5
Deposits with banks	2,391.8	347.1	2,738.9	2,256.1	-	2,256.1
Net investment in leases and other credit agreements	3,641.7	2,968.0	6,609.7	-	-	-
Loans and advances	1,114.4	1,253.2	2,367.6	1,626.5	668.1	2,294.6
Investments in financial assets	21.8	-	21.8	15.1	-	15.1
Other assets	546.5	-	546.5	377.9	-	377.9
Inventories	8.2	-	8.2	-	-	-
Investments in subsidiaries	-	-	-	-	1,786.5	1,786.5
Investments in associates	-	193.1	193.1	-	16.2	16.2
Investment in joint venture	-	-	-	-	-	-
Investment properties	-	1,039.2	1,039.2	-	33.5	33.5
Property, plant and equipment	-	1,199.5	1,199.5	-	-	-
Intangible assets	-	66.1	66.1	-	0.2	0.2
Retirement benefit assets	-	6.8	6.8	-	-	-
Deferred tax assets	-	65.2	65.2	-	-	-
Total assets	8,229.8	7,138.2	15,368.0	4,389.1	2,504.5	6,893.6
LIABILITIES						
Deposits from customers	1,253.7	1,880.6	3,134.3	-	-	-
Other borrowed funds	2,887.2	1,297.0	4,184.2	1,440.0	180.0	1,620.0
Other liabilities	1,159.0	-	1,159.0	97.0	-	97.0
Income tax liabilities	28.3	-	28.3	-	-	-
Retirement benefit obligations	-	77.7	77.7	-	40.2	40.2
Deferred tax liabilities	-	25.3	25.3	-	-	-
Total liabilities	5,328.2	3,280.6	8,608.8	1,537.0	220.2	1,757.2

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43. MATURITY ANALYSIS OF ASSET AND LIABILITIES (CONT'D)

30 September 2016	Group			Company		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
	Restated	Restated	Restated	Restated	Restated	Restated
	MUR m	MUR m	MUR m	MUR m	MUR m	MUR m
ASSETS						
Cash and bank balances	587.1	-	587.1	20.0	-	20.0
Deposits with banks	20.5	455.1	475.6	-	-	-
Net investment in leases and other credit agreements	3,010.9	2,650.1	5,661.0	-	-	-
Loans and advances	852.4	803.9	1,656.3	1,335.4	485.0	1,820.4
Investments in financial assets	10.4	-	10.4	2.4	-	2.4
Other assets	420.7	-	420.7	503.5	-	503.5
Inventories	8.4	-	8.4	-	-	-
Investments in subsidiaries	-	-	-	-	2,022.5	2,022.5
Investments in associates	-	77.4	77.4	-	16.2	16.2
Investment in joint venture	-	-	-	-	-	-
Investment properties	-	733.7	733.7	-	30.8	30.8
Property, plant and equipment	-	1,399.1	1,399.1	-	-	-
Intangible assets	-	633.0	633.0	-	0.2	0.2
Retirement benefit assets	-	9.9	9.9	-	-	-
Deferred tax assets	-	71.0	71.0	-	-	-
Total assets	4,910.4	6,833.2	11,743.6	1,861.3	2,554.7	4,416.0
LIABILITIES						
Deposits from customers	1,076.7	1,718.6	2,795.3	-	-	-
Other borrowed funds	2,095.0	1,364.3	3,459.3	670.9	1,020.0	1,690.9
Other liabilities	1,420.7	-	1,420.7	337.4	-	337.4
Income tax liabilities	45.5	-	45.5	-	-	-
Retirement benefit obligations	88.8	-	88.8	-	-	-
Deferred tax liabilities	21.6	-	21.6	-	0.5	0.5
Total liabilities	4,748.3	3,082.9	7,831.2	1,008.3	1,020.5	2,028.8

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44. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Group does not fair value any of its financial assets and financial liabilities except for available for sale investment and its derivatives. The table below shows, by class of financial instruments, the comparison of their carrying amounts with their fair values. These fair values are calculated for disclosure purposes only. The table excludes those financial assets and financial liabilities for which their carrying amounts approximate their fair values.

30 September 2017	Carrying amounts	Fair value Level 1	Level 2	Level 3	Total
	MUR m	MUR m	MUR m	MUR m	MUR m
Financial assets measured at fair value					
Available for sale investment	1.8	-	-	1.8	1.8
Foreign currency derivatives	12.0	-	12.0	-	12.0
Financial assets not measured at fair value					
Net investment in leases and other credit agreements	5,661.0	-	-	6,078.7	6,078.7
Loans and advances	2,367.6	-	-	2,317.2	2,317.2
Investments in financial assets	8.0	-	8.0	-	8.0
	8,050.4	-	20.0	8,397.7	8,417.7
Financial liabilities not measured at fair value					
Deposits from customers	3,134.3	-	3,182.7	-	3,182.7
Other borrowed funds	4,184.2	-	4,167.2	-	4,167.2
	7,318.5	-	7,349.9	-	7,349.9

30 September 2016	Carrying amounts	Fair value Level 1	Level 2	Level 3	Total
	MUR 000	MUR 000	MUR 000	MUR 000	MUR 000
Financial assets measured at fair value					
Available for sale investment	2.4	-	-	2.4	2.4
Financial assets not measured at fair value					
Net investment in leases and other credit agreements	5,661.0	-	-	5,317.4	5,317.4
Loans and advances	1,656.3	-	-	1,640.9	1,640.9
Investments in financial assets	8.0	-	8.0	-	8.0
	7,327.7	-	8.0	6,960.7	6,968.7
Financial liabilities not measured at fair value					
Deposits from customers	2,795.3	-	2,781.9	-	2,781.9
Other borrowed funds	3,459.3	-	3,441.6	-	3,441.6
	6,254.6	-	6,223.5	-	6,223.5

For financial assets and financial liabilities that have a short-term maturity, the carrying amounts, which are net of impairment, represent a reasonable approximation of their fair value. Such instruments include cash and bank balances, deposits with banks, factoring and card receivables and other liabilities.

The fair value of the net investment in leases and and other credit agreements, credit facilities, corporate credit facilities (included in loans and advances), deposits from customers and other borrowed funds are estimated using cash flow models discounted at the relevant discount rate taking into consideration credit risk, foreign exchange risk, probablity of default and loss given default estimates. As a result, these balances fall under Level 3 of the fair value hierarchy. Market observable data is used when appropriate and when such data is not available, the company uses historical experience. The discount rates used represent the market rates.

Refer to Note 17 for further details regarding financial assets measured at fair value.

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45. CLASSIFICATION OF FINANCIAL INSTRUMENTS

Categories of financial instruments

The table below shows the financial assets and liabilities of the Group and the Company classified according to the categories under IAS 39.

Categories under IAS 39

30 September 2017	Group				Company			
	Assets at fair value through profit or loss	Available for sale	Loans and receivables	Total	Assets at fair value through profit or loss	Available for sale	Loans and receivables	Total
Financial assets	MUR m	MUR m	MUR m	MUR m	MUR m	MUR m	MUR m	MUR m
Cash and bank balances	-	-	505.4	505.4	-	-	113.5	113.5
Deposits with banks	-	-	2,738.9	2,738.9	-	-	2,256.1	2,256.1
Net investment in leases and other credit agreements	-	-	6,609.7	6,609.7	-	-	-	-
Loans and advances	-	-	2,367.6	2,367.6	-	-	2,294.6	2,294.6
Investments in financial assets	12.0	1.8	8.0	21.8	13.3	1.8	-	15.1
Other assets	-	-	485.8	485.8	-	-	368.4	368.4
	12.0	1.8	12,715.4	12,729.2	13.3	1.8	5,032.6	5,047.7

	Group		Company	
	Financial liabilities at amortised cost	Total	Financial liabilities at amortised cost	Total
Financial liabilties	MUR m	MUR m	MUR m	MUR m
Deposits from customers	3,134.3	3,134.3	-	-
Other borrowed funds	4,184.2	4,184.2	1,620.0	1,620.0
Other liabilities	1,159.0	1,159.0	97.0	97.0
	8,477.5	8,477.5	1,717.0	1,717.0

30 September 2016	Group				Company			
	Assets at fair value through profit or loss	Available for sale	Loans and Receivables	Total	Assets at fair value through profit or loss	Available for sale	Loans and Receivables	Total
Financial assets	MUR m	MUR m	MUR m	MUR m	MUR m	MUR m	MUR m	MUR m
Cash and bank balances	-	-	587.1	587.1	-	-	20.0	20.0
Deposits with banks	-	-	475.6	475.6	-	-	-	-
Net investment in leases and other credit agreements	-	-	5,661.0	5,661.0	-	-	-	-
Loans and advances	-	-	1,656.3	1,656.3	-	-	1,820.4	1,820.4
Investments in financial assets	-	2.4	8.0	10.4	-	2.4	8.0	10.4
Other assets	-	-	356.7	356.7	-	-	468.0	468.0
	-	2.4	8,744.7	8,747.1	-	2.4	2,316.4	2,318.8

	Group		Company	
	Financial liabilities at amortised cost	Total	Financial liabilities at amortised cost	Total
Financial liabilties	MUR m	MUR m	MUR m	MUR m
Deposits from customers	2,795.3	2,795.3	-	-
Other borrowed funds	3,459.3	3,459.3	1,690.9	1,690.9
Other liabilities	1,420.7	1,420.7	337.4	337.4
	7,675.3	7,675.3	2,028.3	2,028.3

EXPLANATORY NOTES

30 SEPTEMBER 2017

46. PRIOR YEAR RESTATEMENTS

The Board of directors has identified the following adjustments which were not material and have been applied retrospectively by analogy to "IAS 8 – Accounting Policies, Changes in Accounting Estimate and Errors" in order to achieve improved disclosure.

GROUP

(a) Impairment allowance

The subsidiary of the Group, Cim Finance Ltd, has been applying the Guideline on Credit Impairment Measurement and Income Recognition of the Bank of Mauritius (the "Guideline"), which requires the Company to make a provision for credit losses of not less than 1% on their unimpaired loans and advances.

In the prior years, the subsidiary was recording its portfolio allowances for credit losses to ensure that the requirement of the guideline was being met. The subsidiary reviewed its basis of impairment allowance and to be in line with IAS 39, which requires impairment losses to be recognised on the incurred loss model the following adjustments were made pertaining to the comparative periods presented in the Group's financial statements.

	2016	2015
	MUR m	MUR m
(Decrease)/increase in impairment allowance		
Hire purchase and other credit agreements	(18.6)	25.0
Loans and advances		
- Credit facilities	15.1	-
- Card debtors	0.1	(1.5)
	(3.4)	23.5

(b) Amortisation of processing fees

The Group previously accounted the processing fees received on loans granted to customers as revenue upfront. These processing fees are required to be amortised using the Effective Interest Rate method in accordance with IAS 39. The correction of this error resulted in the following adjustment to the figures of the comparative period reported in these financial statements:

	2016	2015
	MUR m	MUR m
Decrease in fee and commission income		
Amortisation of processing fees on loans and advances	(14.1)	-

(c) Income and deferred tax

The Group has not recognised deferred tax assets on the full amount of the impairment allowance. In addition, the rate at which the deferred tax has been computed did not include CSR tax of 2% of taxable profit. The Group has, accordingly, adjusted its deferred tax asset, the effect of these adjustments on the prior period figures are summarised below:

	2016	2015
	MUR m	MUR m
Increase/(decrease) in deferred tax asset		
Effect on profit or loss	3.9	-
Effect on other comprehensive income	(0.2)	-
Effect on opening retained earnings	-	51.5
	3.7	51.5

In addition, the Group reclassified Corporate Social Responsibility tax of 2% on taxable income from operating expenses to income tax expense in the statement of profit or loss. The amounts of the reclassification are shown below and had no impact on the Group's profit after tax.

	2016
	MUR m
Corporate Social Responsibility tax	8.0

EXPLANATORY NOTES

30 SEPTEMBER 2017

46. PRIOR YEAR RESTATEMENTS (CONT'D)

(d) Intercompany sales

One of the Group's subsidiaries did not recognise the sales made to other companies within the Group whilst on the other hand, the expenses were recognised. These transactions were therefore not eliminated at statement of financial position and profit or loss level in the prior years which resulted in the overstatement of the expenses in these years. Since these errors occurred prior to the earliest comparative period presented, the adjustment amounting to MUR 25.8 m has been adjusted in retained earnings at 1 October 2015 with the corresponding entry in other liabilities.

(e) Statement of profit or loss and other comprehensive income

The effects of the above adjustments on the respective items of statements of profit of loss and other comprehensive income are summarised below:

Allowance for credit impairment	2016
	MUR m
As previously stated	149.5
Increase/(decrease) in impairment allowance	(3.4)
As restated	146.1

Fee and commission income	2016
	MUR m
As previously stated	520.8
Amortisation of processing fees on loans and advances	(14.1)
Reclassification from other operating income*	7.0
As restated	513.7

** Reclassification done to achieve consistency with current year presentation*

Other expenses and services	2016
	MUR m
As previously stated	390.4
Transfer to discontinued operations	(112.0)
Corporate Social Responsibility tax	(8.0)
As restated	270.4

Income tax expense	2016
	MUR m
As previously stated	113.2
Transfer to discontinued operations	(47.2)
Increase in deferred tax asset	(3.9)
Corporate Social Responsibility tax	8.0
As restated	70.1

Other comprehensive income	2016
	MUR m
As previously stated	17.7
Decrease in deferred tax	(0.2)
As restated	17.5

EXPLANATORY NOTES

30 SEPTEMBER 2017

46. PRIOR YEAR RESTATEMENTS (CONT'D)

(f) Statement of financial position

The effects of the above adjustments on the respective items of statements of financial position are summarised below:

	2016	2015
	MUR m	MUR m
Net investment in leases and other credit agreements		
As previously stated	5,667.5	4,415.7
Increase in impairment allowance	(6.5)	(25.1)
As restated	5,661.0	4,390.6

	2016	2015
	MUR m	MUR m
Loan and advances		
As previously stated	1,670.1	782.1
(Decrease)/increase in impairment allowance	(13.6)	1.5
Reclassification	(0.2)	(0.5)
As restated	1,656.3	783.1

	2016	2015
	MUR m	MUR m
Deferred tax asset		
As previously stated	15.8	16.1
Increase in deferred tax asset	55.2	51.4
As restated	71.0	67.5

	2016	2015
	MUR m	MUR m
Other liabilities		
As previously stated	1,450.1	1,619.6
Amortisation of processing fees on loans and advances	14.1	-
Reclassification of interest payable to other borrowed funds	(17.7)	-
Intercompany sales	(25.8)	(25.8)
As restated	1,420.7	1,593.8

	2016	2015
	MUR m	MUR m
Retained earnings		
As previously stated	2,348.7	2,018.5
Increase in impairment allowance	(20.1)	(23.5)
Amortisation of processing fees on loans and advances	(14.1)	-
Intercompany income	25.8	25.8
Increase in deferred tax asset	55.3	51.4
As restated	2,395.6	2,072.2

	2016	2015
	MUR m	MUR m
Other reserves		
As previously stated	452.0	318.6
Decrease in deferred tax asset	(0.2)	-
As restated	451.8	318.6

COMPANY

Investment in Subsidiaries

During the year ended 30 September 2016, the Company inadvertently reduced its investment in subsidiary, Cim Property Development Ltd, by MUR 69.5M. The effect of correcting the above resulted in an increase of MUR 69.5M in investment in subsidiary with a corresponding equivalent amount in other liabilities as at 30 September 2016.

EXPLANATORY NOTES

30 SEPTEMBER 2017

47. FINANCIAL SUMMARY

GROUP		Sep-17	Sep-16	Sep-15
		MUR m	MUR m	MUR m
Statements of Profit or Loss and Other Comprehensive Income from continuing operations				
Interest income		1,042.4	833.2	743.9
Interest expense		(352.1)	(303.5)	(268.8)
Net interest income		690.3	529.7	475.1
Fee and commission income		566.3	513.7	430.4
Other income		325.1	365.9	2,207.7
Net operating income		1,581.7	1,409.3	3,113.2
Operating profit before impairment		707.3	543.3	499.8
Allowance for impairment		(186.9)	(147.1)	(113.3)
Foreign Exchange loss		(117.0)	(7.3)	-
Share of results of associates		(5.6)	15.4	4.0
Share of result of joint venture		-	0.7	3.5
		397.8	405.0	394.0
Gain on disposal of subsidiary company		13.7	47.0	-
Net gain on business combination		-	21.3	-
Profit before taxation		411.5	473.3	394.0
Income tax expense		(107.3)	(70.1)	(70.1)
Profit for the year from continuing operations		304.2	403.2	323.9
Other comprehensive income for the year, net of tax		56.4	23.6	(0.4)
Total comprehensive income from continuing operations for the year		360.6	426.8	323.5
Profit for the year from discontinued operations		2,645.4	253.1	234.2
Profit for the year		3,006.0	679.9	557.7
Profit attributable to:				
Owners of the parent		2,956.2	664.4	574.9
Non controlling interests		(6.6)	(8.1)	(7.2)
		2,949.6	656.3	567.7
Total comprehensive income attributable to:				
Owners of the parent		3,001.6	688.0	574.6
Non controlling interests		4.4	(8.1)	(7.2)
		3,006.0	679.9	567.4
Earnings per share from continuing operations		0.46	0.60	0.48
Earnings per share		4.35	0.98	0.82
Statements of Financial Position				
Assets		15,368.0	11,743.6	10,806.2
Stated capital		680.5	680.5	680.5
Retained earnings		5,171.6	2,395.6	2,072.2
Other reserves		592.1	451.8	318.6
Non controlling interests		315.0	384.5	391.0
Liabilities		8,608.8	7,831.2	7,343.9
		15,368.0	11,743.6	10,806.2
Stated Capital				
Number of ordinary shares - issued and fully paid	Units	680,522,310	680,522,310	680,522,310

DIRECTORS OF SUBSIDIARY COMPANIES

	Alfs Susanne	Boland Christopher Francis	Clarke Teresa	Coetzee Barry	Darga Louis Amedee	Descroizilles Marcel Vivian	Elferink Roland	Espitalier-Noël M.M.Hector	Espitalier-Noël M. H. Philippe	Koowaroo Nemraj	Leech Paul Ernest	Lim Kong Jean Pierre Claudio	Lim Tat Voon Liong Kee	Lo Fong Audrey	Low Kwan Sang Soo Him
B59 Ltd											R				
Blue Nile Holding Ltd					A						R				
Cim Administrators Ltd												R			
Cim Agencies Ltd												R			
Cim CSR Fund Ltd											R				
Cim Ethiopia Ltd											R				
Cim Finance (Seychelles) Ltd												R			
Cim Finance Ltd	X	X									R				X
CIM Financial Services Ltd			X		X	X					R	R			
Cim Forex Ltd										X	R		X		
Cim Global Business UK Limited															
Cim International Holdings Ltd											R	R			
Cim Learning Centre Ltd											R	R		A	
Cim Management Services Ltd											R	R			
Cim Property Development Ltd											R	R			
Cim Property Holdings Ltd											R	R			
Cim Shared Services Ltd												R			
CSBO2 Ltd						X					R	R			
Edith Cavell Properties Ltd											R	R			
evriPay				X			X								
evriPay Payment Solutions Ltd				X			X					R			
Key Financial Services Ltd															
Iveri Global Limited				X			X								
La Jetee Ltd															
Le Morne Development Corporation Ltd.								X	X			R			
New Fashion Style and Design Ltd											R				
Pier9 Ltd															
Plato Holdings Ltd											R	R			
San Paolo Ltd.															
South West Safari Group Limited						X					R	R			
SWTD Bis Ltd											R	R			
The Oceanic Trust Co. Ltd															

C- Chairman X-In office as director A-Appointed as director R-Resigned as director

Maharahaje Panday Woogra Tioumitra	Marion Jacques Edwin	Pareemamum Vanesha Pamela	Ramtoola Ashraf	Pascal Gérard J D	Pilot Jacques Christian Jerome	Sathan Davina	Sceales Anthony Patrick Niven	Sin Fai Lam Donald	Sheward Graham	Somen David	Stephen Luc Clement	Stern Jeffrey	Taylor Colin Geoffrey	Taylor Alexander Matthew	Taylor Philip Simon	Taylor Timothy	Van Beuningen Mark	Vaudin Nicolas	Victoire Gianella	Wiehe L. H. Georges
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X						A														
							A										A			
		R							R							X	A			
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X																				
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		R															A			
A																	A			
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A		R																	A	
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