

2016

ANNUAL REPORT



Dear Shareholder,

Your Board of Directors is pleased to present the Annual Report of Cim Financial Services Ltd for the year ended 30 September 2016.

This report was approved by the Board on 8 December 2016.

A handwritten signature in black ink, appearing to read 'Tim Taylor', with a stylized flourish at the end.

Timothy Taylor
Non-Executive Director and Chairman

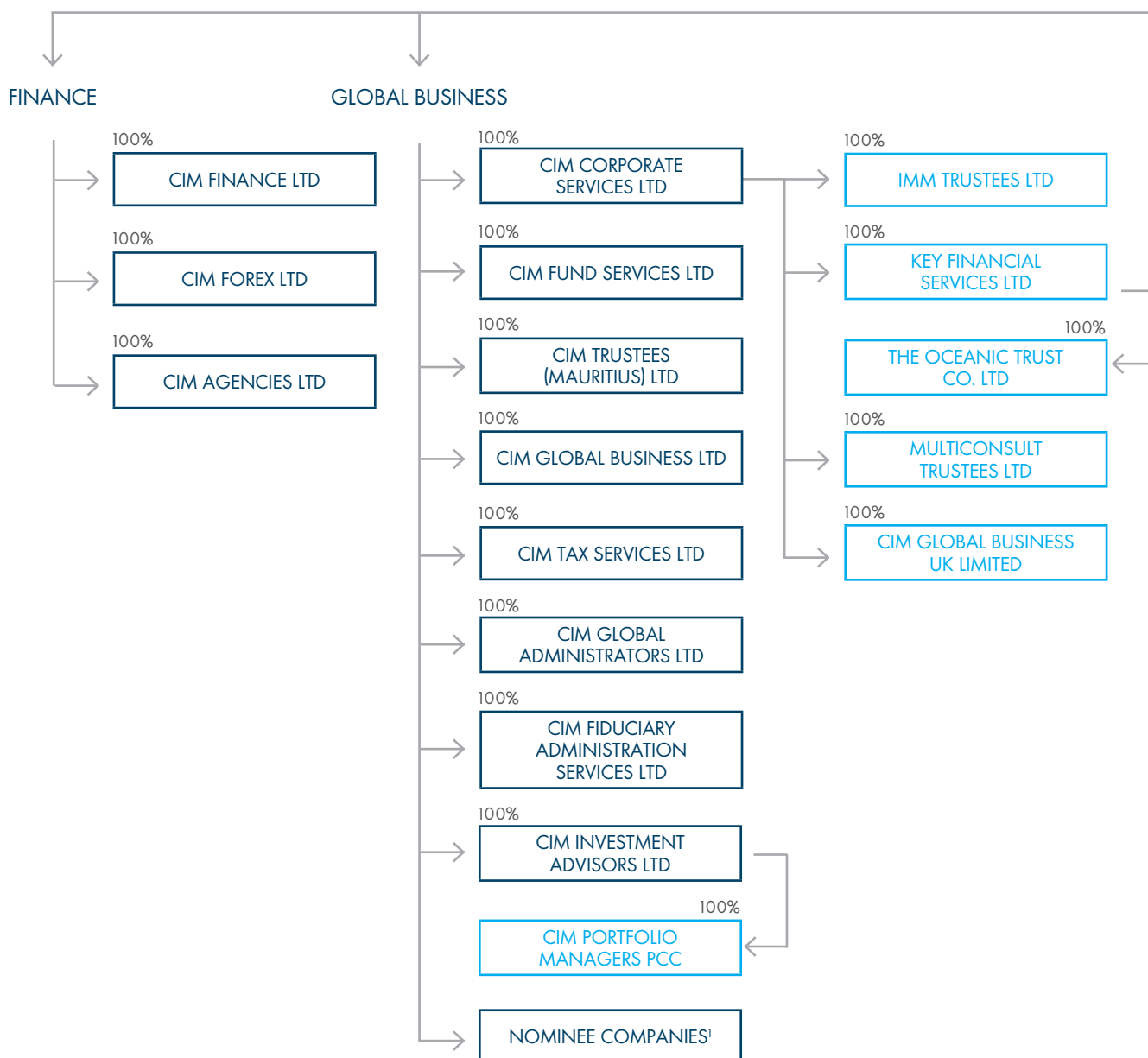
A handwritten signature in black ink, appearing to read 'Paul Leech', with a long vertical stroke extending downwards.

Paul Leech
Executive Director and Group Chief Executive

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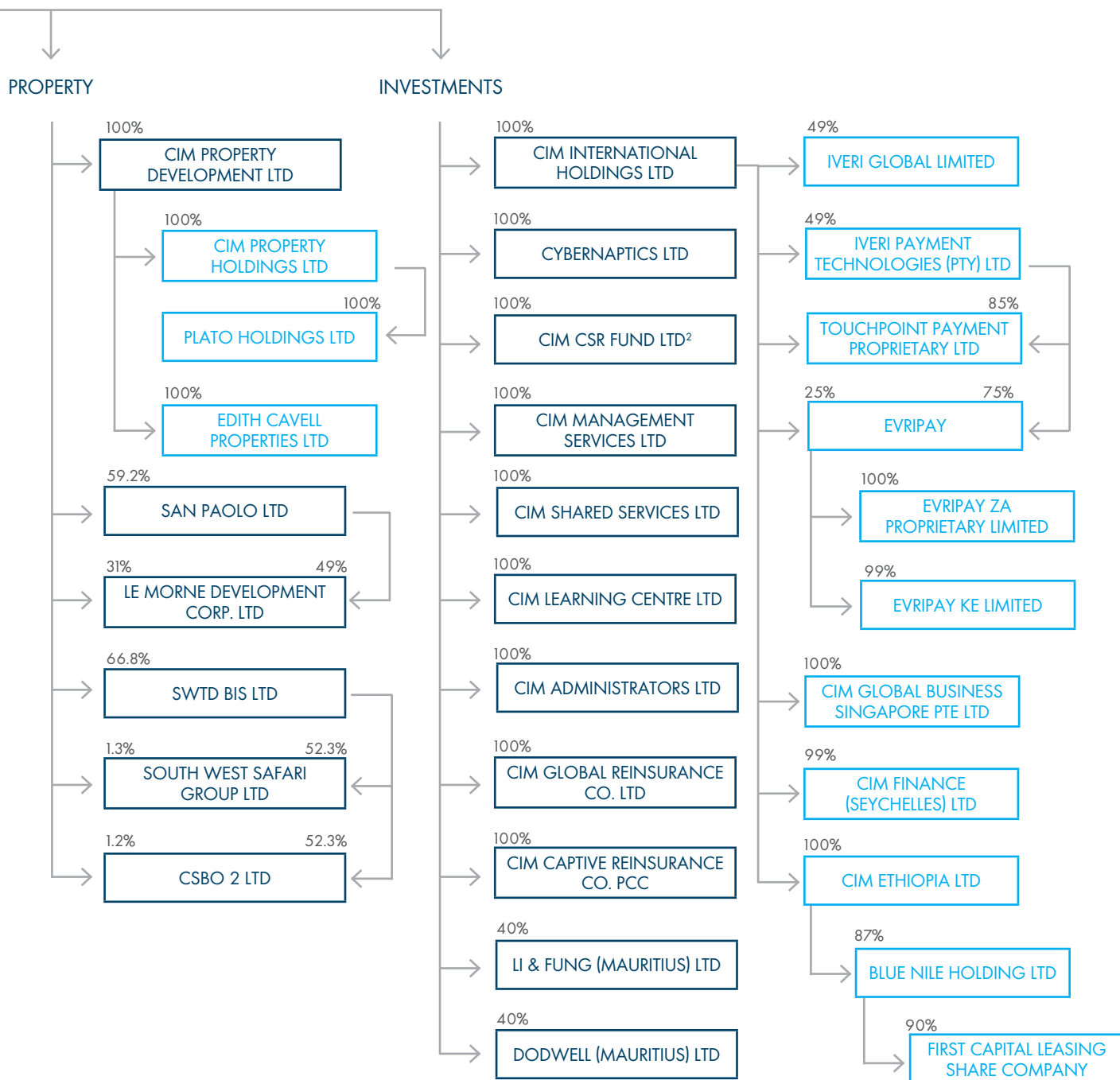
GROUP STRUCTURE



1. Refer to pages 93 to 99 for Investment in Subsidiary Companies.

2. The Cim CSR Fund Ltd is established as a not for profit company limited by guarantee to conduct Corporate Social Responsibility activities.

CIM FINANCIAL SERVICES LTD



FINANCIAL HIGHLIGHTS

NET OPERATING INCOME (MUR m)



*Includes other income from The BrandHouse which has since been discontinued.

NET ASSET VALUE PER SHARE (MUR)



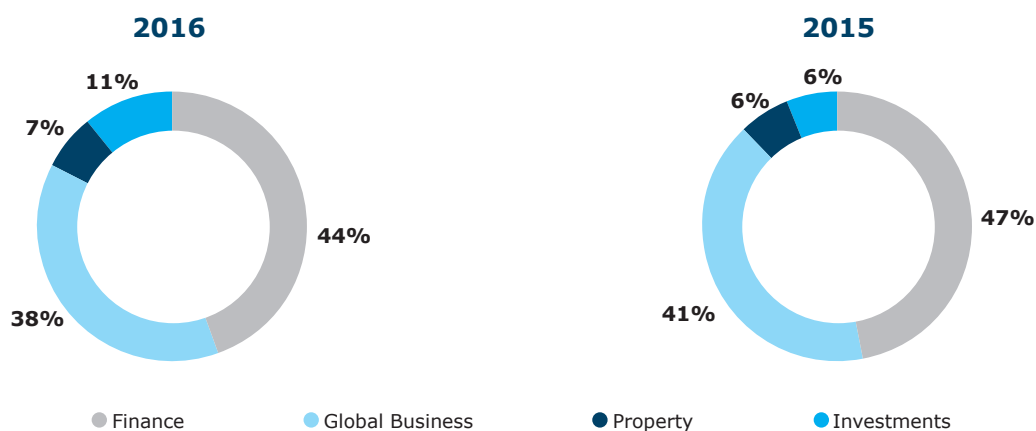
GROUP PROFIT AFTER TAX (PAT) (MUR m)



TOTAL ASSETS (MUR m)



CONTRIBUTION TO GROUP PROFIT



RETURN ON EQUITY
20.7%*

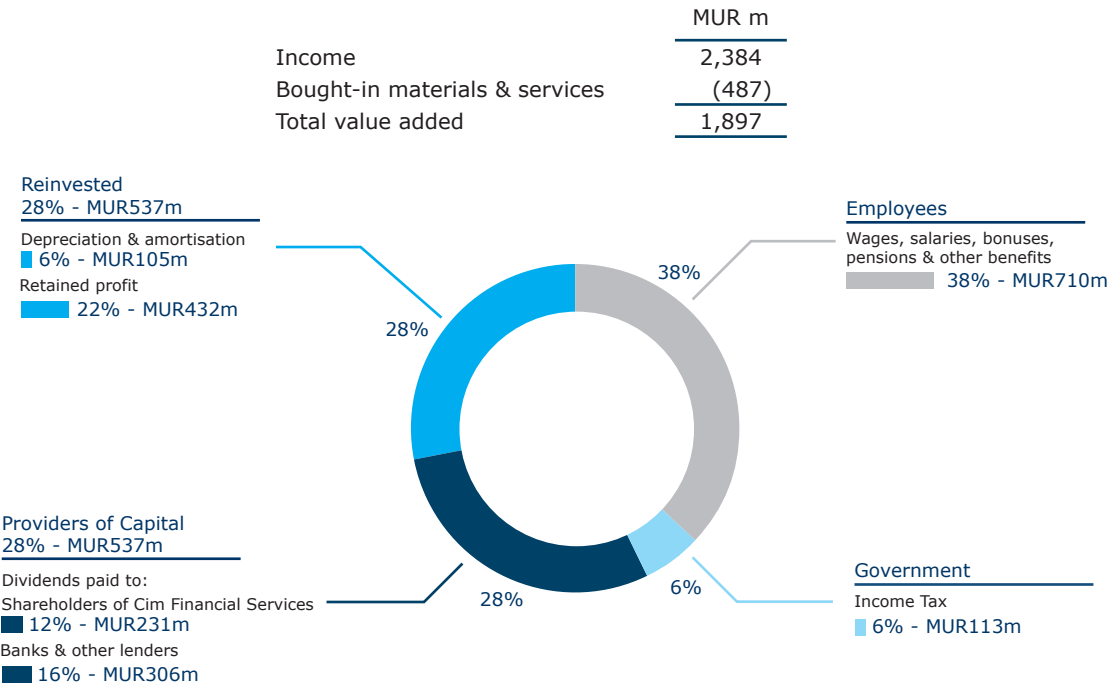
EARNINGS PER SHARE
MUR 0.99

DIVIDEND PER SHARE
MUR 0.34

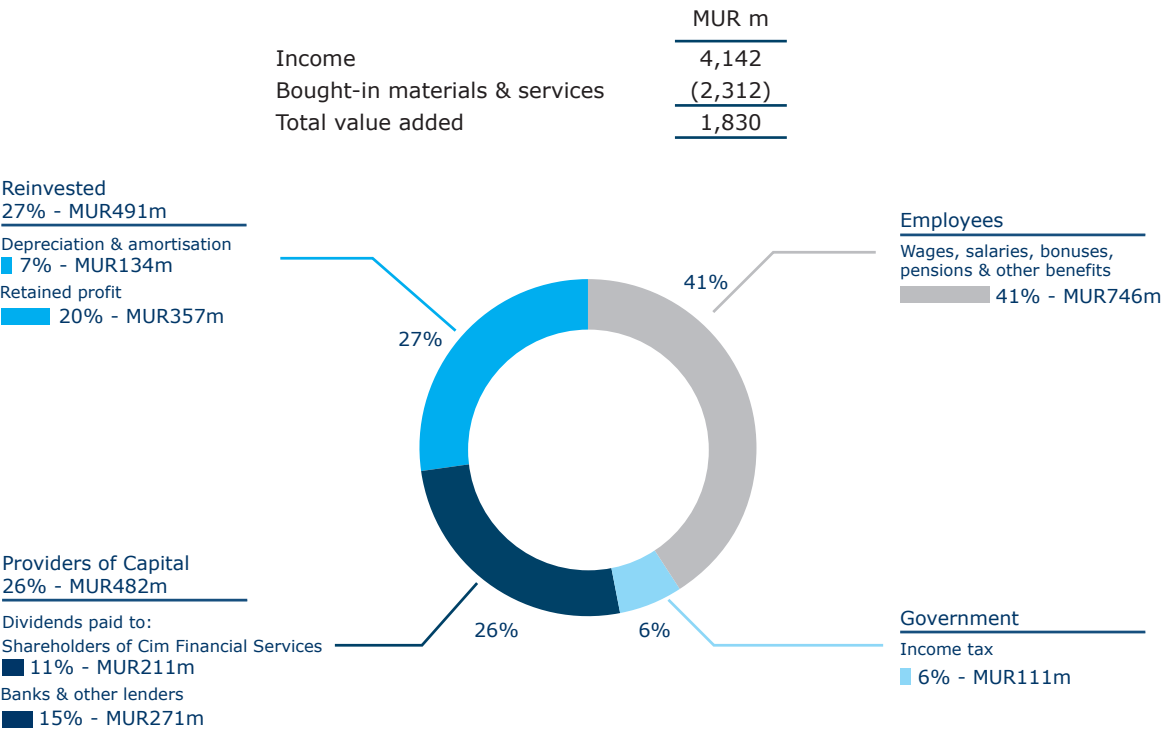
*On profit attributable to the owners of the parent and based on average equity attributable to owners of the parent.

CONSOLIDATED VALUE ADDED STATEMENT

2016



2015





I work closely with companies at every stage of growth, from start-up to expansion financing. As a Sales Officer at Cim Finance, I assisted Garuda Car Rentals as they expanded their fleet from three to ten cars over three years. My greatest satisfaction is in helping my clients' businesses grow, and in earning my clients' loyalty thanks to the quality of service that we provide.

Ally Oozeerally
Sales Officer, Cim Finance



> CHAIRMAN'S MESSAGE

We see 2017 as a year during which we will continue to pursue the initiatives taken in 2015 and 2016. We will thus continue to diversify the market for our two principal businesses and launch a number of property projects.



Timothy Taylor
NON-EXECUTIVE DIRECTOR
AND CHAIRMAN

On the world stage, 2016 has been another challenging year. In many economies, austerity remains the order of the day and pundits consider that the world economy is still in a post-crisis (2007/2008) phase. Then in June, the UK voted to leave the European Union. It is difficult to see how "Brexit", as it has come to be known, can be positive for the world economy. Depending on whether Brexit is hard or soft, it could be particularly damaging to the UK economy, and to a lesser extent the European economies. Brexit also threatens Mauritius' trade with the UK as currently, this trade is governed by a treaty between Mauritius and the European Union. If the UK leaves the single market, this treaty may have to be replaced; and until then, Mauritius' exports to UK could be subject to customs duty. We may also feel pressure from the US, where President-Elect Trump has taken a position against free trade. AGOA, an agreement that is important for Mauritian exports, could be under threat.

In Mauritius, 2016 has not been a serene year either. The amendments to the Double Taxation Avoidance Agreement (DTAA) between Mauritius and India have ended the uncertainty that previously prevailed in the market. The DTAA's new provisions regarding withholding tax makes debt structuring through Mauritius an attractive proposition for foreign investors seeking to invest in India. The fact that there is a "grandfathering" clause in the new treaty and the recent announcement that "Most Favoured Nation" status has been given to Mauritius by India are both positive new elements.

Notwithstanding the uncertainties of 2016, the Mauritian economy has taken huge strides forward in the last two decades. This is especially true of the financial sector. Today there

are many thousands of mainly young Mauritians working in the sector. If Mauritius is to prosper, and in order for our graduates to have meaningful jobs in the future, the continued development of the financial sector is critical.

Our group's performance in these difficult times has been very positive. Profit After Tax increased by 17% compared to the previous year. As a result, we have been able to increase the total dividends payable to our shareholders by 9.7% to MUR231.4m. The performances of both our major businesses were good, with Cim Global Business increasing its profits by 9% and Cim Finance by 11%. Cim Global Business' positive results reflect the hard work over the last two years to become more professional and efficient, while those of Cim Finance are the result of the diversification in non-Hire Purchase (HP) lending and the sale of other services following the lowering of HP interest rates. In both businesses there is a real emphasis on staff training on one hand, and on really understanding and fulfilling the needs of the client on the other.

Our businesses have also been working hard to diversify their markets. Cim Global Business has been looking for markets that complement its India business, while Cim Finance added services and other lending products to the core HP lending that is its traditional forte. We have been working to expand our network in Africa, with a joint venture leasing project being set up in Ethiopia.

We also have plans to develop our property assets, valued at over MUR1.9b. Alongside a number of likeminded partners, companies and individuals, we are working on a scheme for the regeneration of Port Louis.

The performances of both our major businesses were good, with Cim Global Business increasing its profits by 9% and Cim Finance by 11%.

We see 2017 as a year during which we will continue to pursue the initiatives taken in 2015 and 2016. We will thus continue to diversify the market for our two principal businesses and launch a number of property projects.

I would like to thank Paul Leech and his team for their continued hard work, professionalism and commitment throughout the year.

My sincere gratitude goes to my fellow Directors for their contributions and support during the past year.

In closing, I wish to thank our shareholders and valued customers for their loyalty and trust, which inspire us to take the Cim Group to ever greater heights.



Timothy Taylor

Non-Executive Director and Chairman

> DIRECTORS' PROFILES



TIMOTHY TAYLOR NON-EXECUTIVE DIRECTOR AND CHAIRMAN

Timothy Taylor holds a BA (Hons) in Industrial Economics from Nottingham University. He worked in the United Kingdom until 1972 when he returned to Mauritius and joined Rogers & Co. He became Chief Executive of Rogers in 1999, retiring in December 2006. He was then Non-Executive Chairman of Rogers from 2007 to October 2012.

He is the Chairman of Scott & Co, one of Mauritius' oldest commercial concerns. He is a past Chairman of the National Committee on Corporate Governance and a former President of the Mauritius Chamber of Commerce and Industry. He is Honorary Consul of Norway in Mauritius. He has always had an interest in environmental and conservation issues and has been a member of the Council of the Mauritian Wildlife Foundation since 2006 and President since 2009.

Directorship in other listed companies: none.

TERESA CLARKE INDEPENDENT DIRECTOR

Teresa Clarke is the Chairman and CEO of Africa.com, the leading Africa-related digital media company with over one million visitors per month seeking news and information on all 54 countries. Previous to founding Africa.com, Ms. Clarke was a Managing Director in the investment banking division of Goldman, Sachs & Co.

Ms. Clarke is one of 15 private sectors leaders in the United States appointed to President Obama's Advisory Council on Doing Business in Africa, and is a member of the Council on Foreign Relations. She was named one of the Top 25 Influential Women in Business by the Network Journal, and has been honoured twice by the South African government for her contributions to education as the founder of the Student Sponsorship Programme of South Africa.

She earned a BA in economics, *cum laude* from Harvard College, an MBA from Harvard Business School, and a JD from Harvard Law School.

Directorship in other listed companies: none.



LOUIS AMEDEE DARGA

INDEPENDENT DIRECTOR

Louis Amédée Darga is a Fellow of the Royal Society of Arts (FRSA). He is the Chairperson of the Mauritius Africa Business Club, and is also the Managing Partner of StraConsult, a management and economic development consulting firm. He was until December 2014 the Chairperson of Enterprise Mauritius.

He is a Honorary Fellow of the Institute of Engineers in Mauritius as well as a Fellow of the Mauritius Institute of Directors. He is a former member of parliament in Mauritius, and a former Minister.

He also served as Mayor of the town of Curepipe. He is Chairman of the Southern and Eastern African Trade and Information Network (SEATINI), a member of the African Association of Political Science since 1977 and a former executive member of the organisation. He served from 2005 to 2011 as a Member of the Bureau of the Committee on Human Development and Civil Society of the U.N Economic Commission for Africa.

Directorship in other listed companies:
Alteo Limited.



MARCEL DESCROIZILLES

INDEPENDENT DIRECTOR

Marcel Descroizilles is a Fellow of the Institute of Chartered Accountants in England and Wales. Between 1976 and 1996, he was Finance Manager of a number of Shell Group companies. From 1996, he was Managing Director of Esso Mauritius, until his retirement in December 2005. Marcel is also a Director of a number of companies in the offshore sector. Marcel is the Chairman of the Group's Risk Management and Audit Committee.

Directorship in other listed companies: none.

PAUL LEECH

EXECUTIVE DIRECTOR AND GROUP CHIEF EXECUTIVE

Paul Leech had a 33-year international banking career with HSBC during which he held senior positions in Asia, the Middle East, Europe and Africa. He gained wide experience in consumer, mid-market and wholesale banking in both OECD economies and Emerging Markets. He left HSBC in 2010 as Head of International Asia Pacific in which post he was responsible for the regional management of 11 Asian countries. He has also served as a Board member of Global Finance Mauritius since June 2014.

Directorship in other listed companies: none.



> DIRECTORS' PROFILES



JEAN PIERRE LIM KONG EXECUTIVE DIRECTOR AND CHIEF FINANCE EXECUTIVE

Jean Pierre Lim Kong is a Fellow of the Institute of Chartered Accountants in England and Wales and holds a BSc (Hons) in Mathematics and Management Studies from King's College London. Prior to joining the Cim Group, Jean Pierre worked for KPMG's audit practice in London for six years. He then worked in the business advisory departments of KPMG and DCDM Consulting in Mauritius before joining Innodis as General Manager for Finance and Administration from 2000 to 2005.

Jean Pierre joined the Cim Group in September 2005 as Managing Director of Cim Finance and Cim Leasing and subsequently became the Cim Group's Chief Finance Executive in June 2008. Jean Pierre is currently a member of the Listing Executive Committee of the Stock Exchange of Mauritius. He also served on the Board of the Mauritius Institute of Directors for three years.

Directorship in other listed companies: none.

DAVID SOMEN INDEPENDENT DIRECTOR

David Somen holds a Law Degree from Oxford University and an MBA from Harvard Business School. He is the Co-Founder and Executive Deputy Chairman of AccessKenya Group Limited, Kenya's leading Internet Service Provider, and is also the founder and Managing Director of Virtual IT Limited, a UK IT services business. Prior to founding AccessKenya and Virtual IT, David was the Co-Founder and CEO of the LCR Telecom Group, which was sold to NASDAQ listed PRIMUS Telecommunications in 2000.

David also has several years' work experience in London and Hong Kong for McKinsey & Co. David is currently the Chairman of the Group's Corporate Governance Committee.

Directorship in other listed companies: none.



COLIN TAYLOR

NON-EXECUTIVE DIRECTOR

Colin Taylor holds a BSc (Hons) in Engineering with Business Studies and an MSc in Management. He is presently Chief Executive of Taylor Smith Investment and the Honorary Consul of Sweden in Mauritius.

Directorship in other listed companies:
New Mauritius Hotels Ltd.



PHILIP TAYLOR

NON-EXECUTIVE DIRECTOR

Philip Taylor graduated from the University of Surrey in 1989 after reading Hotel Management. After completing an MBA in England in 1994, Philip moved back with the Rogers Group in Mauritius, and headed the Rogers Group's diversified international development. In 2004, Philip left Rogers to set up his own businesses with a focus on the Indian Ocean Islands and Africa.

His involvements over the past few years have been diverse, with a focus on the region's hospitality and tourism industry. He currently heads the development of a fast growing hospitality technology service "start-up" by the name of www.hospitality-plus.travel. Philip is the Honorary Consul of Finland in Mauritius.

Directorship in other listed companies: none.

MATTHEW TAYLOR

NON-EXECUTIVE DIRECTOR

Matthew Taylor holds a BSc (Hons) in Retail Management from the University of Surrey. He joined Rogers in 2000 as Project Manager in the Planning and Development Department. He was the Executive Director Retail of Scott & Co from 2007 to January 2013 and is currently the firm's CEO.

Directorship in other listed companies: none.



> SENIOR EXECUTIVES' PROFILES



PAUL LEECH
GROUP CHIEF EXECUTIVE

Paul Leech had a 33-year international banking career with HSBC during which he held senior positions in Asia, the Middle East, Europe and Africa. He gained wide experience in consumer, mid-market and wholesale banking in both OECD economies and Emerging Markets. He left HSBC in 2010 as Head of International Asia Pacific in which post he was responsible for the regional management of 11 Asian countries. He has also served as a Board member of Global Finance Mauritius since June 2014.

RENU AUDIT
GROUP LEGAL COUNSEL

Renu Audit joined the Cim Group in September 2008 following her nine years of service in the Mauritius Financial Services Commission where she inter alia headed its Legal and Enforcement Department and represented the regulator in senior level delegations and on various national committees. Legally qualified in India, Mauritius and the UK, she has developed not only extensive knowledge of the supervisory and legal framework in the financial services sector but also a lot of practical know-how of doing business in Mauritius and dealing with the Government and its agencies.



MARK VAN BEUNINGEN

MANAGING DIRECTOR, CIM FINANCE

Mark van Beuningen joined Cim Finance in January 2016. Prior to joining the Cim Group, Mark worked for the Boston Consulting Group (BCG) in Sydney for two years and most recently Johannesburg for four years. Before that he worked at Macquarie Funds Group in Sydney and as audit manager for KPMG Financial Services Assurance in Cape Town. Mark holds a BBusSci (Hons) in Finance and Accounts from the University of Cape Town and an MBA from the Australian Graduate School of Management. Mark qualified as a Chartered Financial Analysts in 2007 and Chartered Accountant (SA) in 2005.



EDAN LATZELSBERGER

MANAGING DIRECTOR, PROFESSIONAL SERVICES OUTSOURCING

Edan Latzelsberger is a qualified lawyer who holds a B.Com and LLB (*summa cum laude*) from the University of Natal, South Africa and an MBA from BPP Business School, London. After qualifying as a lawyer, Edan worked for Investec Private Bank in Durban, South Africa before moving to the UK in 2008.

He worked for Legal & General in London for seven years in a variety of roles across both the insurance and retail savings businesses. He initially joined the Legal & General Group as an in-house lawyer, and progressed into more commercially focused strategy and business development positions. His last role at Legal & General, prior to joining the Cim Group, was as Head of Commercial of Cofunds, the UK's largest digital investment platform.

Edan heads Cim's Professional Services Outsourcing unit and also assists in the development of the Group's strategy.

JEAN PIERRE LIM KONG

EXECUTIVE DIRECTOR AND CHIEF FINANCE EXECUTIVE

Jean Pierre Lim Kong is a Fellow of the Institute of Chartered Accountants in England and Wales and holds a BSc (Hons) in Mathematics and Management Studies from King's College London. Prior to joining the Cim Group, Jean Pierre worked for KPMG's audit practice in London for six years. He then worked in the business advisory departments of KPMG and DCDM Consulting in Mauritius before joining Innodis as General Manager for Finance and Administration from 2000 to 2005.

Jean Pierre joined the Cim Group in September 2005 as Managing Director of Cim Finance and Cim Leasing and subsequently became the Cim Group's Chief Finance Executive in June 2008. Jean Pierre is currently a member of the Listing Executive Committee of the Stock Exchange of Mauritius. He also served on the Board of the Mauritius Institute of Directors for three years.



SENIOR EXECUTIVES' PROFILES



AMBRISH MAHARAHAJE HEAD OF CORPORATE AFFAIRS

Ambrish Maharajahje is an Associate of the Institute of Chartered Secretary and Administrators (UK) and holds a BSc in Management from the University of Mauritius.

Prior to joining the Cim Group, Ambrish worked at the Mauritius Institute of Directors as Executive Secretary and at Rogers and Company Limited as Corporate Manager, Legal Compliance.

Ambrish heads Cim Group's Corporate Affairs function which comprises of Communications & Investor Relations and Company Secretarial services.

VIV PADAYATCHY CHIEF INFORMATION OFFICER

Viv Padayatchy holds a BSc (joint hons) in Chemistry and Computer Science from the University of Reading (UK). He also holds a PhD in Computational Chemistry from the same university. Before joining the Cim Group, as Chief Information Officer, Viv was the founder and Managing Director of an IT company, Cybernaptics Ltd which was acquired by the Group in December 2014. Prior to starting Cybernaptics, Viv was the Executive Director Operations and Information Technology at the Mauritius Freeport Development Company Ltd. Previously, Viv was working in Hong Kong in the field of Information Technology. He was also a founding member and former Chairman of the African Network Information Centre (AfriNIC), the Internet Registry for Africa.



VANESHA PAREEMAMUN

GROUP HEAD OF HUMAN RESOURCE

Vanesha Pareemamun holds a BSc Econ. in Economics and Management from the University of Wales College of Cardiff, UK. She also has an MBA with specialisation in Human Resource from the University of Mauritius. She joined the Cim Group in 2008 as Head of Human Resource of Cim Finance and subsequently became Group Head of Human Resource in August 2013. She has been appointed as Executive Director of the Board Cim Finance Ltd since October 2014.

Prior to joining the Cim Group, Vanesha worked as an economist for 10 years at the Ministry of Finance and Economic Development. She then worked as Manager Human Resource at the Business Parks of Mauritius and the Mauritius Housing Company Ltd.



GRAHAM SHEWARD

MANAGING DIRECTOR, CIM GLOBAL BUSINESS

Graham Sheward has over 30 years of financial services experience gained initially in the UK, Jersey, Guernsey and Isle of Man. Prior to joining the Cim Group, Graham was Country Director, International Banking, Barclays Bank (Mauritius), where he was responsible for a diverse client portfolio including Global Corporates, Intermediaries and HNW Private Clients.

His previous roles include Head of the NatWest Expatriate Service in the Isle of Man, Head of Retail Savings and Investments for Zurich Financial Services, and Managing Director of Close Brothers Group Offshore Banking Division.

Graham holds the Diploma in Company Direction from the Institute of Directors and has held multiple Board directorships and regulator-approved positions. He has served as a member of several industry bodies, including the Mauritius Bankers' Association International Sub-Committee, Global Finance Mauritius and the Financial Services Promotion Committee.

SHEILA UJOODHA

CHIEF AUDIT EXECUTIVE

Sheila Ujoodha holds a BSc (Hons) in Accounting. She is a Fellow of the Association of Chartered Certified Accountants (FCCA). Her memberships extend to the Chartered Institute of Internal Auditors in the UK, Mauritius Institute of Professional Accountants, Mauritius Institute of Directors, Mauritius Audit Committee Forum and the Women Directors Forum. She joined British American Tobacco (Mauritius) as the Internal Audit Manager in 2001. In March 2005, she was employed as General Manager of the Risk & Audit Department of Rogers and was subsequently appointed as Chief Risk & Audit Executive in 2007. Sheila joined the Cim Group in the same capacity in October 2012.



> GROUP CHIEF EXECUTIVE'S REVIEW

We are pivoting the Group's strategy towards financial services as we are confident that our competencies in Point-of-Sale (POS) financing at retail locations, and competitive financing solutions for SMEs, can provide our shareholders with sustainable returns.



Paul Leech
EXECUTIVE DIRECTOR AND
GROUP CHIEF EXECUTIVE

Group performance

The Group has had a very satisfactory year financially, with solid improvement in both revenue from continuing operations (+15%) and profit from continuing activities before non-recurring items (+11%). In an economy characterised by GDP growth of 3.8%, we consider that an encouraging performance.

This year we are presenting our financial statements in a new format, reflecting the fact that we increasingly view ourselves as a financial services group whose main revenue drivers are net interest margins from our finance business and fee and rental income from our consumer, corporate and institutional client bases. We are pivoting the Group's strategy towards financial services as we are confident that our competencies in Point-of-Sale (POS) financing at retail locations, and competitive financing solutions for SMEs, can provide our shareholders with sustainable returns. We also hope that these competencies will entail our Group exploring other countries in the region which have more attractive demographics and GDP growth rates than Mauritius.

On this note, we have spent an increasing amount of time and energy on exploring expansion opportunities in two East African markets. The most advanced of these potential projects is in Ethiopia, where we have spent the last two years working on a Joint Venture (JV) leasing project. The JV entity is the first foreign-owned entity in the financial services sector to be given approval to invest by the Ethiopian Investment Commission. We are now working towards achieving an operating licence and an amendment to a

piece of adverse regulation. In our view, the country's longer-term growth prospects make it an attractive place to invest.

We have delivered increased profits during a year in which our businesses have had to respond to significant regulatory changes. First, we have had to live with a full year's impact of the reduced 12% cap on Hire Purchase rates introduced in the 2015 Budget last April. Then we have had to adapt, in our Global Business cluster, to the signing of a new protocol amending the Mauritius-India Double Taxation Avoidance Agreement (DTAA). I touch on both these issues in the sectoral reviews below.

Our resilient financial performance is not the only factor making us optimistic about our future. For the last four years, we have conducted annual Staff Engagement Surveys via an independent service provided by Aon Hewitt. We have worked hard as a leadership team to bring in initiatives that make Cim a more attractive place to work, where performance is rewarded and where communication is encouraged. We are proud that the recent results of the 2016 survey have set a new benchmark for Group engagement with a score of 73%. Importantly, this engagement underpins our ability to attract quality staff at all levels. We aim to be the employer of choice in the various sectors that we work in, and rely on a mix of internal promotions and new external hires (from the local market as well as from overseas) to improve our management bench strength. Thanks to this approach, we are well on the way to achieving our aspiration of being the best financial services team in Mauritius.

+ 15%

Revenue from
continuing
operations

+ 11%

Profit from
continuing
activities before
non-recurring items

73%

Our 2016
engagement score

GROUP CHIEF EXECUTIVE'S REVIEW

Segment Review

FINANCE

The Finance cluster consists of Cim Finance, Cim Agencies and Cim Forex. Each business is separately licensed and regulated but are increasingly managed collectively, given the significant overlap between their customers and in order to generate cost synergies. Cim Finance is the largest of these businesses. It is regulated by both the Bank of Mauritius and the Financial Services Commission and plays an important role in the Mauritian economy. It has for many years provided finance to individuals who have used that financing to improve their wellbeing and prosperity. Similarly, we have a good track record of supporting smaller businesses and of assisting them in their growth ambitions. We are proud of our ability to help change people's lives through our financing activities.

Financially, we reported very robust revenue growth of 20% in our Finance cluster. This is the result of record levels of activity in our Consumer Division. Operating profits also showed healthy increases over history whilst PAT was up 11% over history in view of higher impairment charges, caused largely by a specific provision on a corporate exposure.

2016 has been a year of substantial growth for our core financing activity. For many years, our non-leasing lending was dominated by HP loans to customers wanting credit to finance white and electronic goods purchases at local retailers. This business underwent several significant

Financially, we reported very robust revenue growth of 20% in our Finance cluster.

changes in 2016. First, we have moved away from offering finance via HP contracts, and instead opted to finance POS purchases via Credit Finance Agreements. Last year, I commented that the significantly reduced 12% HP rate (formerly 19%) introduced in the 2015 Budget adversely distorted loan pricing at the lower end of the mass market. This rate remains well below that of most unsecured personal loan products and significantly below typical credit card borrowing rates in the local market. We have compared the current HP rates in Mauritius to those of numerous overseas jurisdictions and have yet to find another market where rates are capped by regulation at anywhere near 12%. HP appears to be the only price-controlled financing product in the local market, with the result that competition for HP financing providers has narrowed significantly. We are fairly sure that this was not the intended result of this substantial reduction in the HP rate, but the fact remains that narrower margins and lack of scale have forced smaller players to exit the market.

The second major initiative in our POS financing activity is the introduction of a membership card

for our borrowing customers. *Cim MoKart* was launched in August. The card allows quicker loan approval processing and repayment transactions at our counters, though we are also looking to extend significant loyalty-related benefits via *Cim Mokart*.

Overall, our POS financing book has grown significantly. All of our larger retail partners have enjoyed sales growth, but we have also benefited from a full year of partnership with the new owners of the Courts Mammouth retail business. This new relationship has progressed well. We took on an additional 121 staff from the old Courts business and now have 12 counters across the Courts Mammouth chain. I reported briefly last year on the disposal of the Group's shareholding in The BrandHouse/Galaxy retail business. This has allowed us to concentrate fully on providing quality POS financing and insurance products to our large network of retail partners. We now have 82 counters at retail stores located across Mauritius and consider that we have built a core competence in working with retailers to help grow and support their businesses.

Outside of our POS financing activities, we have successfully launched a new unsecured lending product, *Cim MoCrédit*. This is an important development, as it has allowed us to meet our customers' financing needs beyond their immediate retail financing requirements. All manner of family expenses such as those relating to education, weddings, funerals and property refurbishments can now be financed. We have watched the repayment performance of this

new loan product closely and are encouraged with how the book is trending to date. It is therefore now becoming an important revenue driver for our business.

We are particularly keen to develop a competitive proposition for SMEs and will look to align ourselves with the Government's initiatives in leasing and factoring for the SME market.

In our other asset product lines of leasing, factoring and credit cards, growth rates are well below those for our personal lending. Competition is fierce on both margins and client acquisition but the new Managing Director of Cim Finance, who joined the business in early 2016 from The Boston Consulting Group, is looking to refresh significantly our propositions in both the consumer and SME markets. We are particularly keen to develop a competitive proposition for SMEs and will look to align ourselves with the Government's initiatives in leasing and factoring for the SME market.

I am pleased to report that we also have attracted new and high quality senior hires in the Marketing,

Insurance, Risk and Customer Accounts departments to help drive these initiatives.

In terms of risk, we see that impairment rates across our lending portfolios remain generally subdued. However, we are aware that any uptick in unemployment rates, sluggish GDP growth rates and the impact of Brexit could all dampen the credit climate in Mauritius. We need to remain vigilant to these risks.

GLOBAL BUSINESS

Our Global Business activities are regulated by the Financial Services Commission. The business specialises in providing corporate services, fund and trust administration for a wide range of institutional and corporate clients including private equity, sovereign wealth, asset management, banking and hedge fund clients.

I have previously commented on the increasing consolidation of the sector globally. The number of merger & acquisition deals, largely fuelled by private equity capital, has increased, and we anticipate that this trend will continue. We will therefore need to continue to invest in best-of-breed technology platforms, new business development staff and the expansion of our overseas offices. During 2016, we began to implement an enhanced client data platform and completed a Navision migration project in order to provide us with a very robust systems platform for our Global clients. We have brought in talent into our Business Development team, recruited a highly experienced Managing Director for our Singapore office and opened a new sales office

Financially, it has been a satisfactory year with revenue up 4% in Mauritian rupees and growth in profit after tax of 9%.

with a new Head to cover Africa from its base in Johannesburg.

During the year, Cim Fund Services (part of Cim Global Business) was recognised for its longstanding excellence in client service. It was voted Best Fund Administrator in Mauritius by Acquisition International Fund Awards, and Best Fund Administrator for Private Equity in Africa by the Africa Global Funds Service Providers Awards. These accolades are a testament to our continuous efforts to deliver best-in-class service to our clients. We are already SSAE 16 and ISAE 3402 accredited and are in the process of becoming ISO27001 certified to demonstrate our adherence to increasingly important best practice around information security.

Financially, it has been a satisfactory year with revenue up 4% in Mauritian rupees and growth in profit after tax of 9%. We have continued to seek out efficiency gains in the business to drive our cost/income ratio from 57% down to 50%.

The new protocol of the Mauritius-India DTAA announced in May was a major event for the sector. While it provided certainty after many years of renegotiation, the result

GROUP CHIEF EXECUTIVE'S REVIEW

was greeted with some dismay from many operators, who felt that they were insufficiently consulted prior to the final agreement. While this is in fact true, the sector does not present its arguments and position coherently enough to be impactful, in part because there are two representative bodies looking after the interests of the many Offshore Management Companies licensed in Mauritius. This dichotomy needs to be addressed.

The new protocol itself provides both clarity and certainty for existing investors via a grandfathering clause. We certainly still consider Mauritius both a viable and an attractive jurisdiction through which to route India-bound FDI. While some investors will elect to invest directly or via other jurisdictions, we are optimistic that certain categories of investment, e.g. debt structures, will find the new protocol an impetus for further investment. We have sought the views of all our major Global Business clients in order to assess the impact on our business. The reality is that some clients are still in an assessment period with their advisers, but our overall sense is that a significant majority of our clients are either neutrally impacted or will continue to use Mauritius as a tried-and-tested route into India.

I have commented over the last two years about our strategy of reducing our dependency on tax structuring to drive growth in our Global Business cluster. Last year, I indicated that, as part of this strategy, we had set up a Professional Services Outsourcing (PSO) team. This team offers international service providers located in higher cost jurisdictions the ability to benefit from lower wage rates in Mauritius. I am pleased to

report that this initiative progressed well during 2016. We have targeted specific niche sectors and brought in appropriate expertise. As a result, we now have 10 mandates in place for clients located in the Cayman Islands, USA, Bermuda and Jersey.

Our progress to date and our existing pipeline encourage us to view our PSO business as a major revenue generator for Global Business in the coming years.

We currently employ 148 professional accountants in our Global Business segment and operate in a country with the highest density of professional accountants in the world. Our progress to date and our existing pipeline encourage us to view our PSO business as a major revenue generator for Global Business in the coming years.

PROPERTY & INVESTMENTS

Our strategy of enhancing our property portfolio continues to bear fruit with good financial results achieved in 2016. Revenue was up 11% and PAT increased by 28%.

We acquired the remaining shares of Edith Cavell Properties Limited at a discount to Net Book Value resulting in a Net gain on business combination which boosted our bottom line at Group level.

We are making progress on plans to develop low-yield assets into more productive ones and will look to fund development plans in part from the disposal of non-core property assets. Given both the potential and current number of initiatives, we will look to appoint a Managing Director for our Property cluster in the coming months.

In terms of our Investments, overall results showed an increased PAT of MUR70.4m which included a MUR47.0m profit on disposal of The BrandHouse and a MUR21.3m gain on the Edith Cavell Properties Ltd purchase. Elsewhere our other investments collectively achieved improved results. We have taken the decision to dispose of our IT solutions company, Cybernaptics, to its management, as we consider that future growth would be better achieved under the new owner. Cybernaptics will however continue to supply our group with various IT support services under arms-length contracts.

Conclusion

Our performance in 2016 gives us grounds for optimism about our strategy. We are investing in our businesses and have many initiatives underway to drive the Group's future revenue growth. Mauritius remains our key market, and much of our ongoing investment is intended to make us a bigger and better player in our core sectors.

Alongside this, we are looking to diversify beyond our home market. We see the scale-up of our offices in Singapore and Johannesburg, the acquisition of iVeri Payment Technology last year and our investment in Ethiopia as part of the internationalisation of our group. Our aim is to reward shareholders with both an attractive yield on their investment and a viable, well-executed growth story.

I would like to place on record our thanks to our many customers for giving us their business, our shareholders for their support and our staff for their skill and determination to make Cim a good place to work.



Paul Leech

Executive Director
and Group Chief Executive



Our experience of working with Cim has exceeded our expectations. Their approach is highly professional and we benefit from their excellent knowledge of the captive industry and its requirements. Cim's team not only delivers day to day account management quickly and accurately, but also provides top-notch service on special projects. We couldn't be happier!



Somers Risk





CORPORATE GOVERNANCE REPORT

1. GOVERNANCE STRUCTURE

Cim Financial Services Ltd ('CFSL' or the 'Company') is classified as a public interest entity under the Financial Reporting Act, and as a listed entity it is required to adopt good governance practices in accordance with the provisions of the National Code of Corporate Governance for Mauritius (the 'Code').

The Board has set up three subcommittees to assist in the execution of its responsibilities namely a Corporate Governance Committee (CGC), a Risk Management and Audit Committee (RMAC) and a Board Investment Committee (BIC).

The CGC oversees all governance issues relating to the business activities of the Company and all its subsidiaries.

The RMAC oversees the business activities of the Company and its subsidiaries. However, due to the specificity of the credit management sectors and Bank of Mauritius regulations, a dedicated risk management and audit committee has been constituted at the level of Cim Finance Ltd.

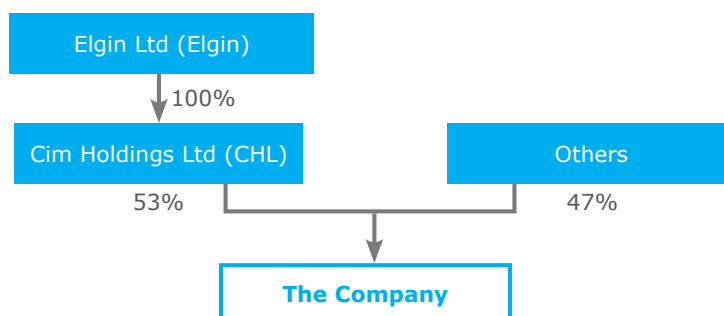
The BIC's role is to assist the Board of the CFSL in making investment and/or acquisition decisions.

When necessary, other committees are set up by the Board on an ad hoc basis to consider specific matters.

2. SHAREHOLDERS

2.1 HOLDING STRUCTURE AND COMMON DIRECTORS

As at 30 September 2016, the ultimate holding structure of the Company was as follows:



The common directors at each level, as at 30 September 2016, were as follows:

	CFSL	CHL	Elgin
CLARKE, Teresa	✓	-	-
DARGA, Amédée	✓	-	-
DESCROIZILLES, Marcel	✓	-	-
LEECH, Paul	✓	-	-
LIM KONG, Jean Pierre	✓	-	-
SOMEN, David	✓	-	-
TAYLOR, Colin	✓	✓	✓
TAYLOR, Matthew	✓	✓	✓
TAYLOR, Philip	✓	✓	✓
TAYLOR, Timothy	✓	✓	✓

There is no shareholders' agreement at the level of the Company which affects its governance.

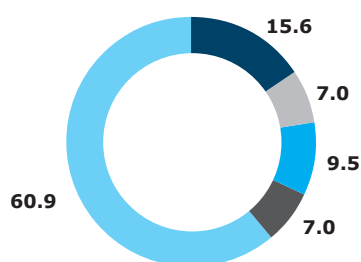
The Company adopted a constitution on 24 August 2012. The constitution provides that the shares of the Company are freely transferrable.

2.2 SHARE OWNERSHIP

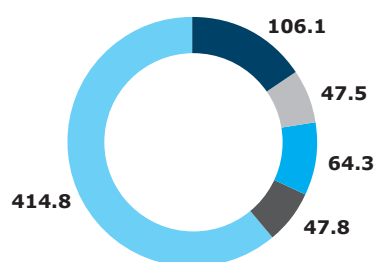
As at 30 September 2016, the Company had 3,737 shareholders with CHL being the only substantial shareholder of the Company, holding 53% of the stated capital. CHL is wholly owned by Elgin.

A breakdown of the category of shareholders and share ownership is set out below.

Shareholders by category (%)



Share ownership (Millions)



● Individuals
 ● Insurance & Assurance Companies
 ● Pension & Provident Funds
 ● Investment & Trust Companies
 ● Other Corporate Bodies

Number of Shares	Number of Shareholders	Number of Shares Owned	% of Total Issued Shares
1 - 50,000	3,207	24,428,045	3.6
50,001 - 250,000	324	36,607,845	5.4
250,001 - 500,000	53	19,362,982	2.8
Over 500,000	77	600,123,438	88.2
Total	3,661	680,522,310	100.00

N.B: The above number of shareholders is indicative, due to consolidation of multi portfolios for reporting purposes. The total number of active shareholders as at 30 September 2016 was 3,737.

CORPORATE GOVERNANCE REPORT

2.3 SHAREHOLDER PUBLICATIONS AND EVENTS

The Company communicates to its shareholders through its Annual Report, which is also accessible on the Cim website (www.cim.mu), publication of unaudited quarterly results, dividend declarations and its yearly annual meeting of shareholders.

The key events and shareholder publications are set out below.

December	Preliminary results and issue of Annual Report
February	Annual Meeting of Shareholders & 1 st quarter results
March	Interim dividends (declared)
April	Interim dividends (paid)
May	2 nd quarter results
August	3 rd quarter results
September	Final dividends (declared)
October	Final dividends (paid)

2.4 DIVIDEND POLICY

Payment of dividends is subject to a solvency test under the Companies Act 2001 and to the profitability of the Company, cash flow, working capital, foreseeable investments and capital expenditure requirements.

For the year under review, the Company paid an interim dividend of MUR0.12 per share and a final dividend of MUR0.22 per share.

There were two executive directors namely Mr. Paul Leech (Group Chief Executive) and Mr. Jean Pierre Lim Kong (Chief Finance Executive), and eight non-executive directors, four of whom meet the criteria of the Code for classification as independent directors.

The functions and responsibilities of the Chairman and the Group Chief Executive are separate.

The Group Chief Executive is contractually responsible for:

- developing and recommending the long-term vision and strategy of the Company;
- generating shareholder value;
- maintaining positive, reciprocal relations with relevant stakeholders;
- creating an appropriate HR framework to identify the right resources, training them, helping them excel in performance and maintaining positive team spirit;
- formulating and monitoring the Company's budgets and financial matters; and
- establishing an optimum internal control and risk management framework to safeguard the assets of the Company.

The Group Chief Executive has a service contract with the Group expiring on 31 December 2017.

2.5 SHARE PRICE INFORMATION

The shares of the Company are listed on the official list of the Stock Exchange of Mauritius. The share price at the opening period was MUR8.26 and the share price at the end of the period was MUR6.90. The dividend per share amounted to MUR0.34 (2015: MUR0.31), whilst the dividend yield amounted to 4.9% (2015: 3.8%).

3. THE BOARD

3.1 BOARD MEMBERSHIP

During the year under review, the Company was headed by a unitary board, comprised of ten members under the chairmanship of Mr. Timothy Taylor. The Chairman does not have any executive responsibilities.

The current directors have a broad range of skills, expertise and experience ranging from accounting, commercial and financial to international business.

Nominations of candidates for appointment as directors of the Company are approved by the Company's Corporate Governance Committee, acting in its capacity as Nomination Committee, and recommended to the Board of the Company.

In accordance with the Code, each director is proposed for re-election at the Annual Meeting of Shareholders.

The names of the directors of the Company and their profiles, categories and directorships in other listed companies are set out on pages 10 to 13.

3.2 BOARD CHARTER

The Board has not adopted a board charter as it is of the view that the responsibilities of the directors should not be confined to such a charter.

3.3 BOARD MEETINGS AND CONDUCT

The Board promotes, encourages and expects open and frank discussions at meetings. Board meetings provide a forum for challenging and constructive debate.

The Chairman and the Group Chief Executive, in collaboration with the Company Secretary, agree meeting agendas to ensure adequate coverage of key issues during the year. Board packs are usually sent to directors in advance. Directors are expected to attend each Board meeting and each meeting of the committees of which they are members, unless there are exceptional circumstances that prevent them from so doing.

For the year under review, the Board met seven times and the table on page 30 shows the attendance of directors at meetings held between 1 October 2015 and 30 September 2016.

Board time during the year was mainly allocated to the following:

- Directors recommendation for appointment and re-election at the Annual Meeting of Shareholders;

- Consideration and approval of the Company's Annual Report;
- Review of Company and strategic business units' performance against budgets;
- Approval of Group unaudited quarterly results for publication;
- Consideration and approval of an interim and a final dividend declaration;
- Receipt of quarterly reports from the chairmen of the RMAC and the CGC;
- Approval of the external audit fees recommended by the RMAC;
- Consideration and approval of investment and divestment proposals; and
- Approval of the Group's Budget for 2016-17.

3.4 BOARD ACCESS TO INFORMATION AND ADVICE

An induction pack, including an induction presentation of the Company's businesses, was provided to newly elected directors.

All directors have access to the Company Secretary to discuss issues or to obtain information on specific areas or items to be considered at Board meetings or any other area they consider appropriate.

Furthermore, directors have access to the Company's records and the right to request independent professional advice at the Company's expense.

The Board and/or its Committees also have the authority to secure the attendance at meetings of third parties with relevant experience and expertise as and when required.

CORPORATE GOVERNANCE REPORT

	Attendance				Interests		Remuneration
	Board meetings	CGC	RMAC	BIC	Direct	Indirect	MUR
TAYLOR, Timothy	7/7	n/a	n/a	6/6	0.4108	13.65	1,030,000
CLARKE, Teresa Hillary¹	5/5	2/2	n/a	n/a	nil	nil	490,000
DARGA, Amédée	7/7	n/a	6/6	6/6	0.0013	nil	760,000
DESCROIZILLES, Marcel	7/7	n/a	6/6	n/a	0.0286	nil	975,000
JAUFFRET, Olivier²	2/2	1/1	n/a	n/a	nil	nil	10,000
LEECH, Paul	7/7	3/3	n/a	6/6	0.0316	nil	36,158,856
LIM KONG, Jean Pierre	7/7	n/a	n/a	6/6	0.0001	nil	9,636,408
SOMEN, David	7/7	3/3	n/a	n/a	nil	nil	1,040,375
TAYLOR, Colin	7/7	3/3	n/a	6/6	nil	3.22	730,000
TAYLOR, Matthew	6/7	1/3	n/a	n/a	0.0059	nil	660,000
TAYLOR, Philip	6/7	n/a	6/6	n/a	nil	3.22	690,000

1 Ms Clarke was appointed on the Board of Directors and as member of the Corporate Governance Committee on 11 February 2016.

2 Mr Jauffret stepped down from the Board of Directors and as member of the Corporate Governance Committee on 11 February 2016.

3.5 BOARD PERFORMANCE REVIEW

A Board peer evaluation exercise as well as a board review was carried out and the results were used to improve director performance. Furthermore, the Board has resolved that the peer evaluation exercise be carried out every two years.

3.6 INTERESTS OF DIRECTORS

All directors, including the Chairman, declare their direct and indirect interests in the shares of the Company. They also follow the Model Code for Securities Transactions as detailed in Appendix 6 of the Stock Exchange of Mauritius Listing Rules whenever they deal in the shares of the Company.

For the year under review, the following director dealt in the shares of the Company:

Name of directors	Number of shares acquired
Paul Leech	100,000

3.7 INDEMNITIES AND INSURANCE

The Company subscribes to a directors' and officers' liability insurance policy. The policy provides cover for the risks arising out of acts or omissions of the directors and officers of the Company. The cover does not provide insurance against fraudulent, malicious or wilful acts or omissions.

4. BOARD COMMITTEES

4.1 CORPORATE GOVERNANCE COMMITTEE (CGC)

Chairman – David Somen

Members – Olivier Jauffret
(up to 11 February 2016),
Teresa Clarke
(as from 11 February 2016)
Paul Leech, Colin Taylor and
Matthew Taylor

The CGC is comprised of two independent directors, two non-executive directors and one executive director namely the Group Chief Executive. It also serves as the Remuneration and Nomination Committees.

The CGC met three times during the year under review and the table on page 30 sets out the attendance of members at such meetings.

The CGC's terms of reference have been reviewed and are aligned with the Code.

The main responsibilities of the CGC as per its terms of reference include:

- making recommendations to the Board on all corporate governance provisions to be adopted so that the Board remains effective and complies with prevailing corporate principles and practices;
- ensuring that the disclosure requirements with regard to corporate governance, whether in the annual or other reports, are in accordance with the principles of the applicable Code of Corporate Governance;
- making recommendations to the Board on all new Board appointments;
- formally reviewing the balance and effectiveness of the Board;
- developing a policy on executive remuneration and for fixing the remuneration and benefit packages of individual directors within agreed terms of reference and, at the same time, avoiding potential conflicts of interest;
- in relation to the remuneration of non-executive directors, to avoid any perception of self-interest, making recommendations to the full Board for its consideration; and
- reviewing and recommending to the Board the Remuneration policy of the Cim Group.

4.2 RISK MANAGEMENT AND AUDIT COMMITTEE (RMAC)

Chairman – Marcel Descroizilles

Members – Philip Taylor and Amédée Darga

In attendance – Sheila Ujoodha (Chief Audit Executive) and Jean Pierre Lim Kong (Chief Finance Executive)

The RMAC is composed of two independent directors and one non-executive director.

The RMAC's terms of reference are in accordance with provisions of the Code and were approved by the Board on 12 February 2013. The Group Chief Executive is in attendance for sessions dedicated to risk issues as and when required.

The Committee met six times during the year under review. The table on page 30 sets out the attendance of members at such meetings.

The main responsibilities of the RMAC as per its terms of reference include:

- a) Ensuring that:
 - all risks pertaining to business operations and activities are reviewed and managed to an acceptable level;
 - all internal accounting, administrative and risk control procedures are designed to provide assurance that assets are safeguarded; and
 - transactions are executed and recorded in accordance with Company policy.
- b) Reviewing:
 - important accounting issues;
 - changes in legislation that will give rise to changes in practice;
 - compliance with regard to specific disclosures in the financial statements; and
 - quarterly, preliminary and annual and any other financial reports.

4.3 BOARD INVESTMENT COMMITTEE (BIC)

Chairman – Timothy Taylor

Members – Colin Taylor, Amédée Darga,
Paul Leech and Jean-Pierre Lim Kong

The BIC is comprised of one independent director, two non-executive directors and two executive directors namely the Group Chief Executive and the Chief Finance Executive.

CORPORATE GOVERNANCE REPORT

The BIC's terms of reference were approved by the Board on 21 May 2015.

The Committee met six times during the year under review. The table on page 30 sets out the attendance of members at such meetings.

The main responsibility of the BIC is to review and approve any Investment decision with regards to any project within the territory of the Republic of Mauritius that has received the prior in-principle approval of the Board and which are within the following thresholds:

- a) Assets being acquired up to a maximum of MUR100M; or
- b) Consideration payable up to a maximum of MUR100M.

5. STATEMENT OF REMUNERATION PHILOSOPHY

Executive directors are not remunerated for serving on the Board of the Company or its committees. Their remuneration packages as employees of the Company, including performance bonuses, are in accordance with market rates.

The remuneration of non-executive directors consists of a mix of attendance and retainer fees. Such fees were last reviewed in September 2015.

The remuneration paid to executive and non-executive directors and/or committee members is set out in the table to be found on page 30.

6. INTERNAL CONTROL, INTERNAL AUDIT AND RISK MANAGEMENT

The Group's internal control and risk management framework and the key risks as well as the steps taken to manage these risks are detailed on pages 45 to 49.

7. HUMAN RESOURCE

The human resource initiatives of the Group are set out on pages 35 to 38.

8. PROFILES OF SENIOR EXECUTIVE TEAM

The profiles of the senior executive team can be found on pages 14 to 17.

9. STATEMENTS OF INTEREST OF THE SENIOR EXECUTIVE TEAM (EXCLUDING DIRECTORS)

The table below sets out the direct and indirect interests of senior officers (excluding directors) as at 30 September 2016, as required by the Securities Act 2005.

Surname	Names	Direct %	Indirect %
Alfs	Susanne	nil	nil
Ashton	Adrian	nil	nil
Audit	Renu	0.0001	nil
Bhoodnah	Anusha	0.0001	nil
Boland	Christopher	nil	0.0108
Chumun	Dourvesh Kumar	0.0001	nil
Dewoo Pydiah	Premila	0.0001	nil
Dewkurun	Pam	nil	nil
Gambhir	Udit	nil	nil
Gowrea	Gyaneshwarnath	0.0001	nil
Hossen Ally	Rubina	0.0002	nil
How Poo	Vee FOUNG	0.0001	nil
Kistnamah	Nagesh	nil	nil
Koowaroo	Nemraj	nil	nil
Lee Chow Pan	Ah Kin	0.0001	nil
Li Yuk Lo	Li Chin Siong	0.0001	nil
Liong Kee	Lim Tat Voon	0.0051	nil
Low Kwan Sang	Steeve	0.0001	nil
Lutchmiah	Sonia	0.0003	nil
Sannassee Pareemamun	Pamela Vanesha	0.0001	nil
Maharajah	Tioumitra Panday Woogra	0.0022	nil
Mallam Hassam	Shamima	nil	nil
Marion	Edwin	nil	nil
Nababsing-Jetshan	Diya	nil	nil
Pascal	Joseph Desire Gerard	0.0079	nil
Sathan	Nirmala	nil	nil
Shahabally	Rooksana	0.0004	nil
Sheward	Graham	0.0040	nil
Soorajee	Melinda	0.0001	nil
Stephen	Luc Clement	nil	nil
Takoordyal	Kevina	nil	nil
Ujoodha	Sheila	0.0001	nil
Van Beuningen	Mark John	nil	nil
Padayatchy	Vivegananda	nil	nil
Latzelsberger	Edan	nil	nil

> CORPORATE GOVERNANCE REPORT

10. OTHER MATTERS

10.1 RELATED PARTY TRANSACTIONS

Please refer to page 130 of the Annual Report.

10.2 MANAGEMENT AGREEMENTS

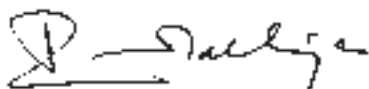
The Group has a management contract with Lochiel Ltd for the management of the Group's immovable properties.

10.3 DONATIONS

The Company did not make any political donations during the year in review.

10.4 CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Group's CSR activities which reflect its commitment to creating sustainable value for the social, environmental and economic well-being of society are set out on pages 39 to 44.



Tioumitra Maharahaje

For Cim Administrators Ltd

Company Secretary

8 December 2016



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PARTICIPANTS FOR
CIM ADVENTURE
ONBOARDING
PROGRAMME



Cim Adventure Onboarding Programme:

Integration session for new recruits together with more experienced colleagues.

OUR HR INITIATIVES FOR FY16 FOCUSED ON:

- Human Resource Development through Learning and Development Programmes
- Employee Engagement
- Safety, Health and Wellness
- Employee Recognition
- Staff Welfare and Celebrating Diversity



Cim Future Leaders Programme 3.0:
Building key leadership skills within the Group.

LEARNING AND DEVELOPMENT

Investing in our people's development is critical to creating a high-performing culture. During FY16, Cim Group partnered with LRMG, a Performance Agency, to implement two major training initiatives: the Cim Group Adventure Onboarding Programme and the Future Leaders Programme 3.0.

Launched in March 2016, the Cim Adventure Onboarding Programme helps new recruits integrate and perform in their roles, which has a direct impact on their early success and motivation. It is run with the support of the organisation and more experienced colleagues.

As part of our talent management strategy, the Group also implemented the Cim Future Leaders Programme 3.0 (FLP 3.0). Launched in June 2016, the programme is designed to build key leadership skills through workplace applications as well as business case formulations.

At the business unit level, Cim Global Business (CGB) organised a number of internal training programmes to help employees improve their technical knowledge and skills. Training focused on legal, compliance and tax issue, including topics such as recent fund law, basics of contracting, FATCA, securities law, investment funds, and compliance with the Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) Framework.

With the collaboration of an external provider, Cim Finance Ltd introduced a course on 'La Relation Client par téléphone dans le secteur financier' (Client services by telephone for the financial sector) to improve its customer experience. Refresher courses on ISO 9001:2008, Anti-Money Laundering and Combating the Financing of Terrorism and product knowledge were also conducted.



Promoting a healthy lifestyle:
Glucose test for diabetes screening.

PROMOTING SAFETY, HEALTH AND WELLNESS

Creating a work environment that focuses on employee safety, health, wellness and wellbeing is a key commitment for the Group. To foster safety and health, the Group's annual safety refresher course was conducted, and designated Fire Wardens and Firefighters were given practical training.

To ensure the security of our employees, the Group launched a programme of increased surveillance around its main buildings. Cameras have been installed in strategic places and security officers have been deployed.

To promote staff welfare and wellness, weekly sports activities such as badminton, Zumba and yoga sessions were organised. As part of the Women Empowerment at Cim (WECim) programme, an in-house gym was launched on Cim's premises. This facility, Gym@Cim was set up to encourage employees to keep fit and adopt a healthier lifestyle. A number of awareness and induction sessions were held, during which a specialised coach was present to explain the concept and safety and health measures. 44% of the Cim workforce demonstrated interest in the gym facilities.

Employees were also invited to participate in an annual breast and cervical cancer screening and in diabetes screening via a glucose test. Talks were organised on diabetes and healthy eating for general wellness.

Under the WECim initiative, pregnant members of staff were offered executive chairs and footrests comfortable enough to reduce strain and other types of seating-related discomfort commonly associated with pregnancy.

100 THINGS CAMPAIGN

AIMS TO ENCOURAGE IDEA GENERATION
AND SHARING AMONG CIM EMPLOYEES
TO IMPROVE HOW WE WORK.

Celebrating diversity:
Chinese New Year celebrations.





◀ **Celebrating diversity:**
Eid celebrations.

STAFF WELFARE AND CELEBRATING DIVERSITY

Each year, Cim Group promotes diversity through the celebration of cultural events including Diwali, Spring Festival, Easter and Eid ul-Fitr. Lunch and/or cakes and sweets are offered to employees. The office premises and reception areas are decorated for these occasions and employees are invited to dress in traditional outfits.

EMPLOYEE ENGAGEMENT

Our Employee Benefit Schemes continue to enjoy considerable success. A number of applications have been approved under the Cim Welfare Fund, which was launched to provide financial support to employees and their families facing exceptional circumstances or hardship.

At the level of the business units, CGB has built on the momentum of previous years by adopting an employee-centric approach to making Cim a great place to

work. With the participation of its Colleague Engagement Forum and the Sports & Social Committee, CGB has implemented the “100 Things Campaign”, which aims to encourage idea generation and sharing among employees. A number of suggestions have now been considered and acted upon. The refurbishment of the mess room to include a lounge bar and vending machines was one such initiatives.

The results of the Employee Engagement Survey conducted in September 2016 have been very encouraging with a Group Engagement Score of 73%, effectively rating Cim as a High Performance Organisation. Our engaged employees create a positive impact on the business and drive high performance culture. The 73% engagement score also confirms that as a Group, we have been able to enhance our Employee Value Proposition.

EMPLOYEE RECOGNITION

Employee recognition initiatives were launched to recognise and reward work and behaviours that support the Group’s goals, values and initiatives.

The length of service of employees is recognised through a milestone celebration. Quarterly and monthly events are held to thank employees for their hard work and reward them for special achievements.

WECIM - WOMEN EMPOWERMENT AT CIM

At Cim, 65% of our workforce is female. The empowerment of women at Cim is considered a journey, not a destination. Understanding what enables women to embark on these journeys, what pathways are available to them, what routes they take and what assists them along the way is essential and allows Cim to support women as they empower themselves.

The WECim initiative was launched in May 2015 and has resulted in several measures being implemented during the financial year.

CORPORATE SOCIAL RESPONSIBILITY



Noyau Social Cité La Cure:

Painting on canvas is one of the numerous activities organised by the NGO.

initiatives. The Trust works with Non-Governmental Organisations (NGOs) operating in Cim's chosen focus areas and with whom it has developed close working relationships over time. The Trust also occasionally invites other interested NGOs to submit projects for consideration.

In September 2016, the Trust was replaced by a new entity, the Cim CSR Fund Ltd, a not-for-profit company limited by guarantee created to administer the Group's CSR spend. The new entity should allow for more efficient management of Cim CSR's activities and improve their governance thanks to the creation of a new board of directors for the Cim CSR Fund. The board will lead and supervise Cim's CSR initiatives, while the day-to-day management of CSR activities of the Group will be managed by a full-time employee. Accounting and company secretarial support will be provided by the shared services arm of the Group.

FOCUS AREAS

With a view to be more impactful and at the same time help as many beneficiaries as possible, Cim has decided to concentrate its CSR activities in the following three areas:

1. Engagement
2. Environment
3. Education

For the financial year under review, the Trust spent MUR12.2m (excluding administrative expenses), on projects submitted by 15 NGOs across its focus areas.

MUR 12.2m

**SPENT ON PROJECTS
SUBMITTED BY 15 NGOs**

CIM CSR'S FRAMEWORK

Cim's CSR strategy is underpinned by the desire to make a positive impact on the lives of less privileged members of society. We aim to achieve this not only by contributing money to worthwhile causes but also by encouraging our staff to participate in the CSR efforts of the Group.

The Group's subsidiaries channel their individual CSR contributions to the Cim Social Development Trust (the "Trust") which is a special purpose vehicle designed to coordinate the Group's CSR





CORPORATE SOCIAL RESPONSIBILITY



Link to Life: Cîm Group's employees assisted the NGO during several of its screening campaigns.

ENGAGEMENT

Our Engagement initiatives are geared towards helping the most vulnerable in our society, namely children and women. The NGOs we partnered with ranged from an organisation working to empower women from vulnerable backgrounds to launch their own small scale businesses; to an association supporting children in need of special therapy. We also reacted promptly to assist vulnerable families who were severely affected by the floods in Fond du Sac and Grand Bay villages in February 2016. A total of MUR7.1m was spent on our Engagement initiatives.

NGO	INITIATIVE	OUTCOMES
	<p>Sponsorship of breast and cervical cancer awareness and screening campaign in vulnerable areas across the island for 1119 beneficiaries.</p> <p>Support for the opening of a therapy centre in Pamplémousses.</p>	<p>1,119 women screened.</p> <p>36% referred for further investigation in relation to cervical problems.</p> <p>11% referred to for further investigation for breast-related problems.</p> <p>18 employees helped Link to Life conduct its screening campaign.</p>
	<p>Rehabilitative physiotherapy and occupational therapy services for children with cerebral palsy.</p>	<p>5 children received 300 hours of therapy at home over a period of 24 weeks.</p>
	<p>Sponsorship of the annual charity walk of the association.</p>	<p>Raising awareness among the public with over 100 people participating.</p>
	<p>Training programme for vulnerable women at Cité Malherbes to empower them to develop their own small businesses.</p> <p>Training programme for vulnerable women at Cité Cœur Immaculé de Marie (Cité Cîm) at Rivière du Rempart, to empower them to develop their own small businesses.</p>	<p>15 women already trained, 4 of whom have started their own catering business through Ti Rayons Soleil.</p> <p>15 women being trained representing 22% of the total number of households in Cité Cîm.</p>

NGO

INITIATIVE

OUTCOMES

**SIR GAETAN
DUVAL
FOUNDATION**



Christmas gifts for vulnerable children in Cité Anoshka, Cité Bambous and Cité Beau Sejour.



200 children.

**OPEN
MIND**



Support for the construction of the NGO's psychological care centre in Verdun.



The centre caters for up to **84** children.

**FLOOD
CRISIS**



Financial support for families of Fond Du Sac and Grand Bay villages impacted by the February 2016 floods.



141 households.

**NGO
TRADE
FAIRS**



Two trade fairs were organised on Cim premises in December 2015 and May 2016 to help NGOs sell their products.



32 NGOs participated and over **100** Group employees visited the fair.



Thanks to the continuous support of Cim Group, Link to Life has been able to raise awareness of breast cancer and provide screening to those most vulnerable to the disease. We have now reached more than

3,000

WOMEN ISLAND-WIDE.

Elizabeth Dalais, President of Link to Life

Link to Life: One of our employees assisting a beneficiary during an awareness and screening session.

CORPORATE SOCIAL RESPONSIBILITY

EDUCATION













Education is the second most important area that the Group supports. An amount of MUR3.4m was allocated to the projects, reaching over 891 beneficiaries. These projects ranged from programmes to improve young people's financial literacy and help people burdened by over-indebtedness, to projects helping ex-detainees to reintegrate socially and allowing vulnerable children to discover the joys of the circus.





















The NGOs we partnered with ranged from an association working with women from vulnerable backgrounds to help them launch their own small scale businesses to an association supporting children in need of special therapy.



Ti Rayons Soleil: Women of the NGO are coached and mentored to be able to develop their own businesses.

NGO	INITIATIVE	OUTCOMES
	 Sponsorship of school uniforms for pupils of École Père Henri Souchon.	 250 pupils.
	 Lunch programme for vulnerable children for the academic year.	 84 children.
	 Initiation of vulnerable children to rugby.	 22 children targeted.
	 Supporting the launch of a B.A.(Hons) Music course at the University of Mauritius.	 22 students in the first cohort.

NGO	INITIATIVE	OUTCOMES
 SERGE CONSTANTIN PROJECT	 Safeguarding the work of late painter Serge Constantin.	 24 works.
 CIRCUS SAMOA	 Allowing vulnerable children to discover the Circus.	 150 children.
 UNIVERSITY OF MAURITIUS	 Financial literacy programme to raise awareness of indebtedness in vulnerable areas of Mauritius.	 150 beneficiaries.
 JUNIOR ACHIEVE- MENT MASCA- REIGNES	 Offering a Junior Achievement Managing Your Money Smartly Programme to teach young people how to manage their money effectively.	 100 beneficiaries.
 ASSOCIATION KINOUETE	 Rehabilitation and reintegration programme for ex-detainees.	 15 women trained.
 LOIS LAGESSE TRUST FUND	 Upgrading of infrastructure to enhance the physical security of visually impaired individuals.	 The centre caters for 50 people.




CORPORATE SOCIAL RESPONSIBILITY

ENVIRONMENT

As a responsible corporate citizen, we believe that it is our collective responsibility to preserve our environment. Cim contributed to the Mauritius Wildlife Foundation's awareness and conservation programme, to an awareness and mentoring programme to help conserve our marine environment and to cleaning the streets around its offices in Port Louis. A total amount of MUR1.5m was disbursed for these initiatives.

Employee Engagement:
Cleaning activity.



NGO	INITIATIVE	OUTCOMES
	<p>Rare plant conservation programme whose main objectives are to find new locations for rare endemic plant species, the propagation of critically endangered plants, the transfer of propagated species into Field Gene Banks and the improvement of knowledge of the distribution of rare plants, their ecology and propagation techniques.</p> <p>Sharing the benefits of native wilderness and wildlife with the Mauritian people.</p>	<p>91 staff members attended a "Discovery Walk" educational session at Black River National Park where information on the endemic forest and rare species was imparted by the MWF team.</p>
	<p>Awareness and mentoring programme for the conservation of our marine environment.</p>	<p>15 youngsters were trained.</p>
	<p>Awareness and cleaning of Victor De La Faye Street in Port Louis.</p>	<p>Participation of 35 employees. Installation of litter bins.</p>

Going Forward

Despite the recent changes to CSR legislation, which suggests that the Group's CSR budget would effectively be halved, Cim remains more committed than ever to its mission of positively impacting the lives of less privileged members of society. The Group will continue to explore innovative ways of ensuring that its CSR initiatives are sustainable in the future. We also look forward to working constructively with the new National CSR Foundation in our joint endeavour to help vulnerable members of society.

INTERNAL CONTROL AND RISK MANAGEMENT

The world of risk is changing. Challenging economic times, volatile world events and fast-changing technology are leaving organisations more vulnerable than ever.

Cim Group's risk management governance structure and system of internal control aim at managing the business and operational risks, with a view to enhancing the value of shareholders' investments and safeguarding assets.

The Board acknowledges that it is responsible for the Group's system of internal control and for reviewing its effectiveness. The system is designed to manage the risk of failure to achieve business objectives. However, this risk cannot be wholly eliminated and therefore the system can only provide reasonable but not absolute assurance against the risk of material misstatement, fraud or loss.

Key policies, processes and independent controls have been put in place at both group and business unit level to provide assurance to the Board on the integrity of our reporting and effectiveness of our systems of internal control and risk management.

OUR APPROACH TO RISK MANAGEMENT

Effective risk management is the product of multiple layers of risk defence. To effectively optimise our management of risk, Cim Group uses the three lines of defence model as illustrated below.



INTERNAL CONTROL AND RISK MANAGEMENT

INTERNAL CONTROL AND COMPLIANCE

The Board has overall responsibility to ensure that the internal control frameworks are adequately designed and effectively implemented throughout the Group. The former delegates the establishment and implementation of systems of internal control to members of executive management through a formal approved framework to mitigate strategic, operational and process risks. Hence, Cim Group's assets are safeguarded, working capital is effectively managed, and set organisational policies, procedures, standards as well as guidelines are established, maintained and enhanced at appropriate times.

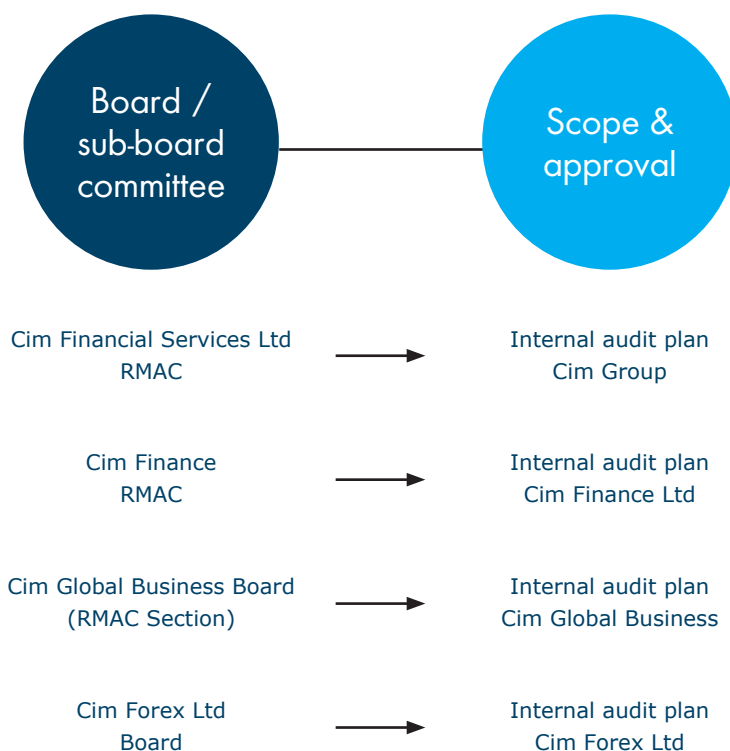
The regulated businesses of the Group (Cim Finance, Cim Forex and Cim Global Business) are supported by dedicated compliance teams which provide on-going support to Management to ensure that policies, procedures, laws and regulations are adhered to at all times.

INTERNAL AUDIT

The Audit and Risk Assurance Department of the Cim Group provides independent and objective assurance on the adequacy and effectiveness of the system of internal controls in place to manage the significant risks of the business down to an acceptable level.

The Department continues to operate in accordance with the Internal Audit charter, duly approved by Cim Financial Services Ltd (CFSL) Risk Management Audit Committees (RMAC). All audit activities are performed in compliance with the International Standards for the Professional Practice of Internal Auditing (the Standards) as provided by the Institute of Internal Auditors (IIA).

Governance Structure



As indicated above, the annual audit coverage plans are developed applying a risk-based approach and approved by relevant RMACs and the Boards. Thus, the audit plan 15/16 laid much emphasis on cybersecurity. The Chief Audit Executive is responsible to report the key audit findings to the RMACs and the Boards on a regular basis. A progress report of agreed remedial actions with Management is tabled at the RMACs or the Boards, which enables the latter to ensure that prompt action has been taken to address the key areas of concern.

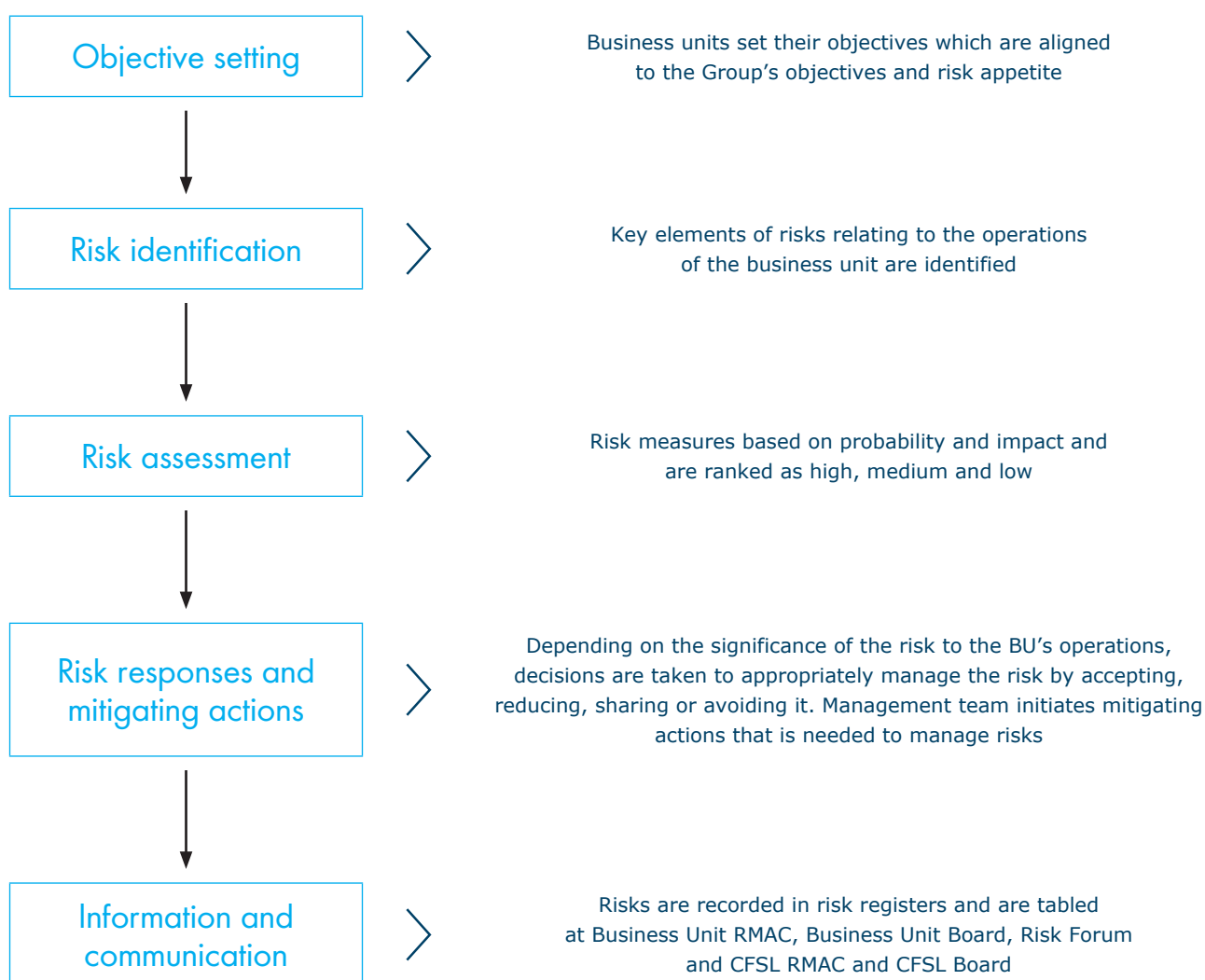
In an expanding risk landscape the Internal Audit function has emerged as a critical lever for change. Internal Audit has moved well beyond its traditional role and has become increasingly involved as a trusted advisor and partner to the organisation. The types of audit activities conducted depend on the stakeholders' expectation and range from fully assurance, a mixed of assurance and consulting and wholly advisory/consulting. Hence the Internal Audit function plays a critical role in helping Cim Group successfully "manage the change" by providing assurances that with every new process, procedure and initiative, any significant new risks that emerge are identified, monitored and managed effectively.

Group risk management guideline

The Group Risk Management Guideline, initially established in January 2013, is based on the ISO 31000 framework. The former has been updated this year to reflect changes in the risk governance structure more specifically at business unit level.

The guideline provides methods for escalation and delegation to the appropriate levels within the Group and ensures that actions are owned, defined, resourced and effective.

The core elements of the guideline are set out below.



Taking into consideration the risk appetite, the Group Risk Register of the principal risks faced by the Group is maintained and includes Business Units risks that could seriously affect the Group's performance, future prospects, reputation or its ability to deliver against its objectives. The top risks are regularly tabled at the CFSL Board and RMAC. All the main business units, namely Cim Finance, Cim Global Business, Cim Forex and Cim Property Holdings also have their risk registers approved and tabled at their relevant RMACS and Boards.

INTERNAL CONTROL AND RISK MANAGEMENT

WHISTLEBLOWING

Cim Group is committed to the highest standards of ethical, moral and legal conduct in operating its businesses. In line with this commitment, the Whistleblowing policy exists to provide a mechanism for employees to raise concerns where the interests of the Group are at risk and is expected to provide an assurance that employees raising such concerns will be protected from reprisals and victimisation. This policy applies to all individuals working at all levels within Cim Group.

As mentioned last year the reporting structure in the Whistleblowing policy has been reviewed to further safeguard the Group's position against "questionable practices".

CRISIS MANAGEMENT

Cim Group has in place a crisis management plan, as a preventive and proactive tool, to enable to counter a crisis efficiently and effectively, to ensure continued operations during such crisis and to effect quick operational recovery to normal conditions within a minimum time frame.

During the year, mini simulation exercises and training sessions for the main business units were conducted to strengthen the level of emergency preparedness. The weaknesses were identified and the crisis management plan (CMP) modified based on lessons learned; the contact details and the activation procedure have also been updated.

OUR RISK MANAGEMENT ACHIEVEMENTS IN 15/16

During the year, as mentioned in our annual report last year, the Board has assessed the continued appropriateness of key measures and tolerances relative to the risk exposures of the Group and the Board has established the Group's risk appetite.

Ongoing training sessions were conducted in line with Bank of Mauritius and Financial Services Commission guidelines. More importantly, the risk culture was strengthened through the following action points:

- (i) Reinforcement of the risk management team across both business units namely Cim Finance and Cim Global Business
- (ii) Continuous awareness and sensitisation through regular fan-outs to reinforce and broaden the risk culture across Cim Global Business
- (iii) Self-risk assessment workshops were facilitated at the level of Cim Global Business operations to ensure that operational risks are identified and duly escalated to the Cim Global Business board via the Risk Forum
- (iv) Review of Incident Management Framework to formalise the escalation matrix for tracking and monitoring purposes for both business units
- (v) Departmental Business Impact Analysis and Business Continuity Plans have been reviewed to feed into a revised Business Continuity Plan
- (vi) Disaster recovery plan implemented at the level of Cim Finance.

OUR FOCUS FOR 16/17

For the new financial year our Risk Management focus will be:

- 1. Conduct self-risk assessment workshops using a bottom up approach to track operational risks in Cim Finance Ltd
- 2. Perform audit of risk management processes at Cim Global Business
- 3. Continue linking risks with business strategy
- 4. Continue to enhance the risk culture through regular training session
- 5. Conduct a full scale simulation exercise with the help an independent consultant.

Key risks are recorded in a risk register and a summary of the Group's key risks and mitigating controls is set out below:

Current key risks	Mitigating factors
Concentration risk	
The Group's revenue is largely derived from two major business lines and may be impacted by adverse changes in regulatory regime.	<ul style="list-style-type: none"> • Cim Global Business is actively looking for markets that will complement their India business and regularly monitors external influences via industry committees. • Cim Finance has provided ancillary services to its customers, is developing new products and is exploring new markets.
Regulatory and compliance risk	
Strict adherence to new or existing laws, regulations, rules, internal policies and procedures given the complex and dynamic regulatory environment in which the businesses operate.	<ul style="list-style-type: none"> • Legal and regulatory developments are monitored on a continuous basis to ensure that the Group is well prepared for both local and global changes. • Advice is sought from our in-house legal and compliance teams and/or externally as and when required. • Active involvement in industry committees to monitor external influences. • Effective training intended to educate staff.
Legal and Reputational risk	
Exposure to legal and reputational risks which could impact on the Group's ability to grow its client base and future income streams.	<ul style="list-style-type: none"> • Adherence to stringent client acceptance and due diligence procedures. • Staff training on compliance and anti-money laundering procedures. • Regular reviews and reinforcement of policies, procedures and controls with input from the compliance and internal audit functions. • The Group maintains an insurance programme against potential legal liabilities. This is reviewed annually.
Information Technology risk	
Increasing reliance on Information Technology and the need to maintain the highest level of data integrity and system security.	<ul style="list-style-type: none"> • Investment in preventive technology e.g., implementation of a three-year Group-wide IT security improvement programme with the advisory support of PricewaterhouseCoopers. • Multi-layered controls are in place to enhance cybersecurity and protect the Group's information and technical infrastructure. These include backup procedures, disaster recovery plans, malware detection, virus protection and penetration testing. • Staff awareness sessions have been held to highlight the importance of maintaining a high level of information security.
Financial risk	
The ability to meet its contractual or contingent financial obligations as they arise.	<ul style="list-style-type: none"> • The Group's exposures are monitored through an Asset and Liability Committee. • The Group's cash position, available facilities and forecast cash flows are monitored by the treasury function. • Foreign exposures are also tracked on a regular basis across the Group.
Credit risk	
Exposure to the risk of loss resulting from a counterparty being unable to meet its contractual obligations to the Group in respect of loans or other financial transactions.	<ul style="list-style-type: none"> • Strict adherence to credit approval procedures, which include credit checks performed through the Mauritius Credit Information Bureau, where relevant. • Credit exposures are tracked by a Debtors Monitoring Committee. • The Group reviews its credit policies and procedures on a regular basis. • The Group maintains a balanced and diversified portfolio of clients to limit any significant concentration of credit exposure. • Cim Finance continuously promotes the Credit Protection Plan.



Working for one of Mauritius' largest management companies pushes me to perform: it's a challenging yet deeply enriching environment that allows me to interact with people across the globe. My clients' appreciation is my greatest satisfaction.



Lana So Wan Yuen
Client Services Lead – Corporate, Cim Global Business



OTHER STATUTORY DISCLOSURES

Directors' remuneration and benefits

Directors of Cim Financial Services

2	Executive
9	Non Executive

Directors of Subsidiary Companies

25	Executive	(20 in 2015)
8	Non Executive	(11 in 2015)

2016	2015
MUR m	MUR m
45.8	35.7
6.4	5.3
103.8	64.3
1.7	2.2

Donations

Corporate Social Responsibility
Donations (charitable)
Donations (political)

GROUP		COMPANY	
2016	2015	2016	2015
MUR m	MUR m	MUR m	MUR m
13.7	11.5	-	-
1.0	1.0	-	-
-	-	-	-

Auditors' fees

Audit fees paid to:

BDO
Other firms

Fees paid for other services provided by:

BDO
Other firms

GROUP		COMPANY	
2016	2015	2016	2015
MUR m	MUR m	MUR m	MUR m
2.1	2.4	0.3	0.3
1.6	1.5	-	-
0.6	0.5	0.2	0.2
0.5	0.7	-	0.7

Detailed description and nature of non-audit services

The non-audit fees paid to BDO & Co relate mainly to quarterly review of consolidated figures per quarters and internal control services as per Bank of Mauritius.

DIRECTORS' REPORT

(a) Financial statements

The directors of Cim Financial Services Ltd (the 'Company') are responsible for the integrity of the audited financial statements of the Group and the Company and the objectivity of the other information presented in these statements.

The Board confirms that, in preparing the audited financial statements, it has:

- (i) selected suitable accounting policies and applied them consistently
- (ii) made judgements and estimates that are reasonable and prudent
- (iii) stated whether applicable accounting standards have been followed, subject to any material departures explained in the financial statements
- (iv) kept proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company
- (v) safeguarded the assets of the Company by maintaining internal accounting and administrative control systems and procedures
- (vi) taken reasonable steps for the prevention and detection of fraud and other irregularities.

(b) Going concern statement

On the basis of current projections, we are confident that the Group and the Company has adequate resources to continue operating for the foreseeable future and consider that it is appropriate that the going concern basis in preparing the financial statements be adopted.

(c) Internal control and risk management

The Board is responsible for the system of Internal Control and Risk Management for the Company and its subsidiaries. The Group is committed to maintaining continuously a sound system of risk management and adequate control procedures with a view to safeguarding the assets of the Group.

The Board believes that the Group's systems of internal control and risk management provide reasonable assurance that control and risk issues are identified, reported on and dealt with appropriately.

(d) Donations

The Company did not make any political contributions in this financial year. For details on the charitable donations made by the Company, please refer to page 52.

(e) Governance

The Board strives to apply the principles of good governance within the Company and its subsidiaries.

(f) Audited Financial Statements

The audited financial statements of the Group and the Company which appear on pages 60 to 133 were approved by the Board on 8 December 2016 and are signed on their behalf by:



Timothy Taylor

Non-Executive Director and Chairman
8 December 2016

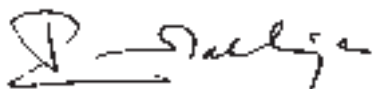


Paul Leech

Executive Director & Group Chief Executive
8 December 2016

> SECRETARY'S CERTIFICATE

In my capacity as Company Secretary of Cim Financial Services Ltd (the 'Company'), I hereby confirm that, to the best of my knowledge and belief, the Company has filed with the Registrar of Companies, for the financial year ended 30 September 2016, all such returns as are required of the Company under the Companies Act 2001.



Tioumitra Maharajahje

For Cim Administrators Ltd

Company Secretary

8 December 2016

> STATEMENT OF COMPLIANCE

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

Name of PIE: CIM FINANCIAL SERVICES LTD

Reporting Period: FINANCIAL YEAR 2015-2016

We, the Directors of **CIM FINANCIAL SERVICES LTD** ('PIE') confirm that to the best of our knowledge that the PIE has complied with all of its obligations and requirements under the Code of Corporate Governance.



Timothy Taylor

Non-Executive Director and Chairman

8 December 2016



Paul Leech

Executive Director and Group Chief Executive

8 December 2016



My role is to ensure that customers benefit from pleasant, efficient and satisfying service at Cim Finance. I have learned hugely from the company's leaders, who are always happy to share their knowledge and experience. My current manager is an inspiration and a mentor, and I do my best to emulate his work ethics and put them to use in improving our customer service.



Oudhin Cotobally
Customer Service Assistant, Cim Finance





INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

This report is made solely to the members of Cim Financial Services Ltd (the "Company"), 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 auditors' 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 the Financial Statements

We have audited the financial statements of Cim Financial Services Ltd and its subsidiaries (the "Group") and the Company's separate financial statements on pages 60 to 133 which comprise the Statements of Financial Position at 30 September 2016, Statements of Profit or Loss, Statements of Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

> INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

Report on the Financial Statements (Cont'd)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements on pages 60 to 133 give a true and fair view of the financial position of the Group and of the Company at 30 September 2016, 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.

Report on Other Legal and Regulatory Requirements

Companies Act 2001

We have no relationship with, or interests in, the Company or any of its subsidiaries, other than in our capacity as auditors and dealings in the ordinary course of business.

We have obtained all 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.



BDO & CO

Chartered Accountants

8 December 2016

Port Louis,

Mauritius.



Ameenah Ramdin, FCCA, ACA

Licensed by FRC

STATEMENTS OF PROFIT OR LOSS

Year ended 30 September 2016

			GROUP		COMPANY	
			Sep-16 MUR m	Sep-15 MUR m	Sep-16 MUR m	Sep-15 MUR m
Interest income	5(a)		833.2	744.0	109.7	68.1
Interest expense	5(b)		(305.9)	(271.5)	(105.9)	(84.2)
Net interest income/(expense)			527.3	472.5	3.8	(16.1)
Sale of goods			26.7	2,028.5	-	-
Sale of services			821.8	752.4	-	-
Fee and commission income	6		520.8	402.4	-	-
Investment income - unquoted			5.7	32.2	462.4	576.2
Other operating income	7		175.1	151.4	4.1	4.0
Foreign exchange differences			0.5	30.9	(5.5)	(8.9)
			1,550.6	3,397.8	461.0	571.3
Net operating income			2,077.9	3,870.3	464.8	555.2
Non interest expense						
Cost of sales			(29.7)	(1,692.4)	-	-
Employee benefit expense	8		(710.4)	(745.5)	(7.3)	(6.4)
Depreciation and amortisation			(105.0)	(134.0)	(0.1)	-
Other expenses and services			(390.4)	(516.1)	(12.2)	(15.1)
			(1,235.5)	(3,088.0)	(19.6)	(21.5)
Operating profit before impairment			842.4	782.3	445.2	533.7
Allowance for credit impairment	9		(149.5)	(105.3)	-	-
Impairment of investment	19		(1.0)	(6.3)	(1.0)	(6.3)
			(150.5)	(111.6)	(1.0)	(6.3)
Operating profit			691.9	670.7	444.2	527.4
Share of results of associates	17		15.4	4.0	-	-
Share of result of joint venture	18		0.7	3.5	-	-
Profit before non-recurring items			708.0	678.2	444.2	527.4
Non-recurring items:						
Gain on disposal of subsidiary company	34(b)/16(a)		47.0	-	147.7	-
Net gain on business combination	34(a)		21.3	-	-	-
Profit before taxation			776.3	678.2	591.9	527.4
Taxation	10		(113.2)	(110.5)	-	-
Profit for the year			663.1	567.7	591.9	527.4
Attributable to:						
Owners of the parent			671.2	574.9	591.9	527.4
Non controlling interests			(8.1)	(7.2)	-	-
			663.1	567.7	591.9	527.4
Earnings per share	32	MUR.	0.99	0.84	0.87	0.77
Earnings per share (adjusted for non-recurring items)	32	MUR.	0.89	0.84	0.65	0.77

The explanatory notes on pages 66 to 133 form an integral part of these financial statements.

Auditors' report on pages 58 and 59.

STATEMENTS OF COMPREHENSIVE INCOME

Year ended 30 September 2016

	NOTES	GROUP		COMPANY	
		Sep-16 MUR m	Sep-15 MUR m	Sep-16 MUR m	Sep-15 MUR m
Profit for the year		663.1	567.7	591.9	527.4
Other comprehensive income	11				
Items that will not be reclassified to Profit or Loss:					
Remeasurement of defined benefit obligations		17.7	(5.7)	-	-
Items that may be reclassified subsequently to Profit or Loss:					
Exchange difference on translation of foreign entities		0.9	7.7	-	-
Movement in reserves of associates	17	(0.4)	(0.3)	-	-
Gains/(losses) arising on cash flow hedges		5.6	(2.1)	5.6	(2.1)
Other comprehensive income for the year, net of tax		23.8	(0.4)	5.6	(2.1)
Total comprehensive income for the year		686.9	567.3	597.5	525.3
Attributable to:					
Owners of the parent		695.0	574.5	597.5	525.3
Non-controlling interests		(8.1)	(7.2)	-	-
		686.9	567.3	597.5	525.3

The explanatory notes on pages 66 to 133 form an integral part of these financial statements.

Auditors' report on pages 58 and 59.

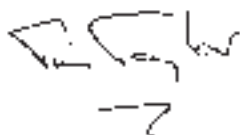
Note: The format of the Statements of Profit or Loss and of the Statements of Financial Position has been amended to reflect the main activities of the Group - financial services.

STATEMENTS OF FINANCIAL POSITION

30 September 2016

		GROUP		COMPANY	
		Sep-16	Sep-15	Sep-16	Sep-15
		MUR m	MUR m	MUR m	MUR m
NOTES					
ASSETS					
Bank balances and cash	12	587.1	953.9	20.0	24.6
Deposits with banks	13	475.6	562.7	-	-
Net investment in leases and other credit agreements	14	5,667.5	4,415.7	-	-
Loans and advances	15	1,670.1	782.1	1,803.4	1,353.7
Investments in subsidiary companies	16	-	-	1,953.0	1,902.1
Investments in associates	17	77.4	92.0	16.2	16.2
Investment in joint venture	18	-	95.2	-	-
Investments in financial assets	19	10.4	240.2	2.4	232.2
Property, plant and equipment	20	1,399.1	1,491.7	-	-
Investment properties	21	733.7	533.7	30.8	30.8
Intangible assets	22	633.0	646.4	0.2	0.3
Inventories	23	8.4	422.4	-	-
Retirement benefit assets	28	9.9	10.1	-	-
Other assets	24	420.6	516.2	520.5	336.0
Total assets		11,692.8	10,762.3	4,346.5	3,895.9
LIABILITIES					
Deposits from customers	25	2,795.3	2,490.8	-	-
Other borrowed funds	26	3,441.6	3,090.9	1,673.2	1,624.6
Current tax liabilities		45.5	38.0	-	-
Deferred taxation	27	5.8	7.0	0.5	0.5
Retirement benefit obligations	28	88.8	107.4	-	-
Other liabilities	29	1,450.1	1,619.6	285.6	249.7
Total liabilities		7,827.1	7,353.7	1,959.3	1,874.8
CAPITAL AND RESERVES					
Stated capital	31	680.5	680.5	680.5	680.5
Retained earnings		2,348.7	2,018.5	1,706.7	1,346.2
Other reserves		452.0	318.6	-	(5.6)
Equity attributable to owners of the parent		3,481.2	3,017.6	2,387.2	2,021.1
Non controlling interests		384.5	391.0	-	-
Total equity		3,865.7	3,408.6	2,387.2	2,021.1
Total equity and liabilities		11,692.8	10,762.3	4,346.5	3,895.9

These financial statements have been approved for issue by the Board of Directors on 8 December 2016.



Timothy Taylor

Non-Executive Director and Chairman



Paul Leech

Executive Director and Group Chief Executive

The explanatory notes on pages 66 to 133 form an integral part of these financial statements.

Auditors' report on pages 58 and 59.

STATEMENTS OF CHANGES IN EQUITY

30 September 2016

GROUP

NOTES		Stated capital	Capital reserves	Revaluation reserves	Other reserves	Retained earnings	Actuarial losses	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	680.5	248.0	82.5	4.4	2,018.5	(16.3)	3,017.6	391.0	3,408.6
	Profit/(loss) for the year	-	-	-	-	671.2	-	671.2	(8.1)	663.1
11	Other comprehensive income for the year	-	-	-	6.1	-	17.7	23.8	-	23.8
	Total comprehensive income for the year	-	-	-	6.1	671.2	17.7	695.0	(8.1)	686.9
30	Dividends	-	-	-	-	(231.4)	-	(231.4)	-	(231.4)
	Issue of shares	-	-	-	-	-	-	-	1.6	1.6
	Transfers	-	111.0	-	-	(111.0)	-	-	-	-
34(b)	Deconsolidation of group companies	-	(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	2,348.7	1.4	3,481.2	384.5	3,865.7

		Stated capital	Capital reserves	Revaluation reserves	Other reserves	Retained earnings	Actuarial losses	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 2014	680.5	209.0	82.5	(0.9)	1,693.6	(10.6)	2,654.1	398.2	3,052.3
	Profit/(loss) for the year	-	-	-	-	574.9	-	574.9	(7.2)	567.7
11	Other comprehensive income for the year	-	-	-	5.3	-	(5.7)	(0.4)	-	(0.4)
	Total comprehensive income for the year	-	-	-	5.3	574.9	(5.7)	574.5	(7.2)	567.3
30	Dividends	-	-	-	-	(211.0)	-	(211.0)	-	(211.0)
	Transfers	-	39.0	-	-	(39.0)	-	-	-	-
	Total transactions with owners of parent	-	39.0	-	-	(250.0)	-	(211.0)	-	(211.0)
	At 30 September 2015	680.5	248.0	82.5	4.4	2,018.5	(16.3)	3,017.6	391.0	3,408.6

The explanatory notes on pages 66 to 133 form an integral part of these financial statements.

Auditors' report on pages 58 and 59.

STATEMENTS OF CHANGES IN EQUITY

30 September 2016

	NOTES	Stated capital	Hedging reserves	Retained earnings	Total equity
		MUR m	MUR m	MUR m	MUR m
COMPANY					
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	11	-	5.6	-	5.6
Dividends	30	-	-	(231.4)	(231.4)
At 30 September 2016		680.5	-	1,706.7	2,387.2
At 1 October 2014		680.5	(3.5)	1,029.8	1,706.8
Profit for the year		-	-	527.4	527.4
Other comprehensive income	11	-	(2.1)	-	(2.1)
Dividends	30	-	-	(211.0)	(211.0)
At 30 September 2015		680.5	(5.6)	1,346.2	2,021.1

The explanatory notes on pages 66 to 133 form an integral part of these financial statements.

Auditors' report on pages 58 and 59.

STATEMENTS OF CASH FLOWS

Year ended 30 September 2016

		NOTES	GROUP		COMPANY	
			Sep-16 MUR m	Sep-15 MUR m	Sep-16 MUR m	Sep-15 MUR m
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash (absorbed in)/generated from operations	33		(710.4)	839.6	(521.5)	(393.1)
Income tax paid			(108.9)	(101.1)	-	-
Net cash flow (used in)/generated from operating activities			(819.3)	738.5	(521.5)	(393.1)
CASH FLOWS FROM INVESTING ACTIVITIES						
Dividends received			40.5	27.8	468.1	570.5
Proceeds from sale of financial assets			231.0	74.0	231.0	74.0
Purchase of property, plant and equipment			(74.8)	(145.8)	-	-
Proceeds from sale of property, plant and equipment			14.4	8.2	-	-
Proceeds from sale of intangible assets			4.1	-	-	-
Purchase of intangible assets			(12.0)	(9.9)	-	-
Purchase of investment properties			(10.4)	(9.2)	-	-
Disposal of subsidiary, net of cash disposed	34(b)		116.9	-	225.0	-
Acquisition of subsidiary, net of cash acquired	34(a)		(63.8)	(4.9)	(69.5)	(7.8)
Investment in subsidiary companies	16		-	-	(58.3)	(63.0)
Acquisition of associates	17		-	(63.1)	-	-
Net cash flow generated from/(used in) investing activities			245.9	(122.9)	796.3	573.7
CASH FLOWS FROM FINANCING ACTIVITIES						
Issue of shares to minority			1.6	-	-	-
Net proceeds from/(repayments of) other borrowed funds			747.5	(187.9)	48.6	126.2
Dividends paid to shareholders of Company			(217.8)	(183.8)	(217.8)	(183.8)
Net cash flow generated from/(used in) financing activities			531.3	(371.7)	(169.2)	(57.6)
Net (decrease)/increase in cash and cash equivalents			(42.1)	243.9	105.6	123.0
Cash and cash equivalents - opening			618.5	374.6	273.0	150.0
Cash and cash equivalents - closing	12		576.4	618.5	378.6	273.0

The explanatory notes on pages 66 to 133 form an integral part of these financial statements.
Auditors' report on pages 58 and 59.

EXPLANATORY NOTES

30 September 2016

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 2016, 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 2016.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements comply with the Companies Act 2001 and have been prepared in accordance with International Financial Reporting Standards (IFRS). 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;
- investments held-for-trading and available-for-sale financial assets are stated at fair value;
- held-to-maturity financial assets are carried at amortised cost; and
- consumable biological assets are stated at fair value.

Standards, Amendments to published Standards and Interpretations effective in the reporting period

There are no standards, amendments to published standards and interpretations effective for the first time in the reporting period.

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 2016, but which the Group has not early adopted.

At the reporting date of these financial statements, the following were in issue but not yet effective:

IFRS 9 Financial Instruments

IFRS 14 Regulatory Deferral Accounts

Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)

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

IFRS 15 Revenue from Contract with Customers

Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)

Equity Method in Separate Financial Statements (Amendments to IAS 27)

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

Annual Improvements to IFRSs 2012-2014 Cycle

Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)

Disclosure Initiative (Amendments to IAS 1)

IFRS 16 Leases

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

Amendments to IAS 7 Statement of Cash Flows

EXPLANATORY NOTES

30 September 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of preparation (cont'd)

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

Clarifications to IFRS 15 Revenue from Contracts with Customers

Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)

Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments to IFRS 4)

Where relevant, the Group is still evaluating the effect of these Standards, amendments to published Standards and Interpretations issued but not yet effective, on the presentation of its financial statements.

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.

Classification and measurement

The classification and measurement of financial assets will depend on how these are managed (the entity's business model) and their contractual cash flow characteristics. These factors determine whether the financial assets are measured at amortised cost, fair value through other comprehensive income ('FVOCI') or fair value through profit or loss ('FVPL'). In many instances, the classification and measurement outcomes will be similar to IAS 39, although differences will arise. For example, under IFRS 9, embedded derivatives are not separated from host financial assets and equity securities are measured at FVPL or, in limited circumstances, at FVOCI. The combined effect of the application of the business model and the contractual cash flow characteristics tests may result in some differences in the population of financial assets measured at amortised cost or fair value compared with IAS 39. The classification of financial liabilities is essentially unchanged. For certain liabilities measured at fair value, gains or losses relating to changes in the entity's own credit risk are to be included in Other Comprehensive Income.

Impairment

The impairment requirements apply to financial assets measured at amortised cost, and lease receivables and certain loan commitments and financial guarantee contracts. At initial recognition, allowance (or provision in the case of commitments and guarantees) is required for expected credit losses ('ECL') resulting from default events that are possible within the next 12 months ('12-month ECL'). In the event of a significant increase in credit risk, allowance (or provision) is required for ECL resulting from all possible default events over the expected life of the financial instrument ('lifetime ECL'). Financial assets where 12-month ECL is recognised are considered to be 'stage 1'; financial assets which are considered to have experienced a significant increase in credit risk are in 'stage 2'; and financial assets for which there is objective evidence of impairment are considered to be in default or otherwise credit impaired are in 'stage 3'.

The assessment of whether credit risk has increased significantly since initial recognition is performed for each reporting period by considering the change in the risk of default occurring over the remaining life of the financial instrument, rather than by considering an increase in ECL.

The assessment of credit risk and the estimation of ECL are required to be unbiased and probability-weighted, and should incorporate all 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 and the resulting impairment charge will tend to be more volatile. It will also tend to result in an increase in the total level of impairment allowances, since all financial assets will be assessed for at least 12-month ECL and the population of financial assets to which lifetime ECL applies is likely to be larger than the population for which there is objective evidence of impairment in accordance with IAS 39.

EXPLANATORY NOTES

30 September 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of preparation (cont'd)

Hedge accounting

The general hedge accounting requirements aim to simplify hedge accounting, creating a stronger link between it and risk management strategy and permitting the former to be applied to a greater variety of hedging instruments and risks. 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.

Transition

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 mandatory application date for the standard as a whole is 1 January 2018, but it is possible to apply the revised presentation for certain liabilities measured at fair value from an earlier date.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and judgement. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

(b) Investments in subsidiaries

Separate financial statements of the investor

In the separate financial statements of the investor, investments in subsidiary companies are carried at cost.

The carrying amount is reduced to recognise any impairment in the value of individual investments.

Consolidated financial statements

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has right to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

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

The excess of (a) the aggregate of the consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (b) the net of the acquisition-date amounts of identifiable assets acquired and the liabilities and contingent liabilities assumed measured in accordance with IFRS 3 is recorded as goodwill. In the case of a bargain purchase (excess of (b) over (a)), the resulting gain is recognised directly in profit or loss.

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

Transactions and non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests without loss of control are also recorded in equity.

EXPLANATORY NOTES

30 September 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Investments in subsidiaries (cont'd)

Disposal of subsidiaries

When the Group ceases to have control or significant influence, any retained interest in the equity is remeasured to its fair value at the date control is lost, with the change in carrying amount recognised in Profit or Loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for retained interest as an associate, joint venture or financial asset. In addition, any amount previously recognised in Other Comprehensive Income in respect of that entity is accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in Other Comprehensive Income are reclassified to Profit or Loss.

(c) Investments in associates

Separate financial statements of the investor

In the separate financial statements of the investor, investments in associated companies are carried at cost (which includes transaction costs). The carrying amount is reduced to recognise any impairment in the value of individual investments.

Consolidated financial statements

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

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

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

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

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

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in Other Comprehensive Income is reclassified to Profit or Loss where appropriate.

Dilution gains and losses arising in investments in associates are recognised in Profit or Loss.

(d) Investment in joint venture

Separate financial statements of the investor

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

Consolidated financial statements

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

EXPLANATORY NOTES

30 September 2016

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Revenue recognition

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 and after eliminating sales within the Group.

Revenue consists of:

- interest income - as it accrues (taking into account the effective yield on the asset) unless collectibility is in doubt;
- earnings from finance leases;
- rental income in respect of operating leases is recognised on a straight line basis over the lease term;
- rental income is recognised in accordance with the substance of the relevant agreement;
- fees and commissions - as they accrue. Commission income is deferred and recognised over the life of the facility;
- management fees are recognised as the services are provided;
- dividend income accrues when the shareholders' right to receive payment is established.

Sale of services

Sale of services is recognised in the accounting year in which services are rendered.

Sale of goods

Sale of goods is 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.

(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

- (i) Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Profit or Loss on a straight-line basis over the period of the lease. 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.
- (ii) 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 for bad and doubtful debts. 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.

EXPLANATORY NOTES

30 September 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Leases (cont'd)

(iii) 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.

(iv) 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.

(h) 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.

(i) 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.

EXPLANATORY NOTES

30 September 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Property, plant and equipment

Property, plant and equipment are 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.

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 based on valuation performed regularly.

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 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

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.

(k) Intangible assets

(i) Goodwill

The excess of the consideration transferred, 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 included in Goodwill and other 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 on acquisition of associates is included in investments in associates. 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.

Goodwill is tested annually for impairment.

(ii) Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with identifiable software which will generate economic benefits beyond one year are recognised as intangible assets and are amortised over their estimated useful lives.

EXPLANATORY NOTES

30 September 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Intangible assets (cont'd)

(ii) Computer software (cont'd)

Amortisation rates are as follows:

	%
Software	12 - 50

(l) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment.

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

(m) Current and deferred income tax

The tax expense for the period comprises current and deferred income tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current Income Tax

The current income tax charge is based on taxable income for the year calculated on the basis of tax laws enacted or substantively enacted by the end of the reporting period.

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.

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.

(n) 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 the Profit or Loss in the period in which they fall due.

EXPLANATORY NOTES

30 September 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) 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 (NWOOG) 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.

(o) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events and when it is probable that this obligation will result in an outflow of economic benefits that can be reasonably estimated. Provisions for restructuring costs are recognised when the Group has a detailed formal plan for the restructuring which has been notified to affected parties.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

(p) Financial instruments

Financial assets and financial liabilities are recognised on the Group's Statement of Financial Position when the Group has become a party to the contractual provisions of the instrument.

(i) *Investment in financial assets*

The Group classifies its financial assets depending on the purpose for which the investments were acquired.

Management determines the classification of its financial assets at initial recognition.

Purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Investments are initially measured at fair value plus transaction costs for all financial assets except held-for-trading financial assets.

EXPLANATORY NOTES

30 September 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Financial instruments (cont'd)

(i) Investment in financial assets (cont'd)

Held-to-maturity financial assets

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non current assets unless management intends to dispose of the investment within twelve months of the end of the reporting period. They are carried at fair value. Unrealised gains and losses arising from change in fair value are recognised in Other Comprehensive Income. On disposal of available-for-sale financial assets, the gain or loss arising from the difference between the sale proceeds and the previous carrying amount adjusted for any prior adjustment that had been reported in equity to reflect the fair value of that asset, is recognised in Profit or Loss.

Fair value for quoted financial assets is based on market quotation. If the market for a financial asset is not active and for unquoted financial assets the Group establishes fair value by using recognised and acceptable valuation techniques. Financial assets are categorised according to a fair value hierarchy as follows:

Level 1 financial assets are those with unadjusted quoted prices in active markets for identical investments.

Level 2 financial assets include those with quoted prices for similar investments in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset (i.e. interest rates or yields) and inputs that are derived from or corroborated by observable market data.

Level 3 financial assets include those with unobservable inputs that reflect directors' assumptions about what factors market participants would use in pricing such investments. These inputs are based on the best information available including the Group's own information.

Other financial assets

All other financial assets other than those mentioned previously, including investment in subsidiaries by the Company, are stated at cost net of any impairment in value. Impairment in value of the investment portfolio or any surpluses or losses arising on disposal are accounted for in Profit or Loss.

(ii) Long term receivables

Long term receivables with fixed maturity terms are measured at amortised cost using the effective interest rate method, less provision for impairment. The carrying amount of the asset is reduced by the difference between the asset's carrying amount and the present value of estimated cash flows discounted using the effective interest rate. The amount of loss is recognised in the income statement. Long term receivables without fixed maturity terms are measured at cost. If there is objective evidence that an impairment loss has been incurred, the amount of impairment loss is measured as the difference between the carrying amount of the asset and the present value (PV) of estimated cash flows discounted at the current market rate of return of similar financial assets. (Note: This accounting treatment assumes an implicit market rate of interest).

(iii) Borrowings

Borrowings are recognised initially at fair value being their issue proceeds net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds and the redemption value is recognised in Profit or Loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

(iv) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of provision is recognised in Profit or Loss.

EXPLANATORY NOTES

30 September 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Financial instruments (cont'd)

(v) Trade and other payables

Trade and other payables are stated at fair value and subsequently measured at amortised cost using the effective interest method.

(vi) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position.

(vii) Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

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

(b) 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 on going 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.

(viii) Impairment of financial assets

Financial assets classified as available-for-sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss, measured as the difference between acquisition cost and the current fair value, less any impairment loss on that previously recognised in equity, is removed from equity and recognised in Profit or Loss. Impairment loss for the Group is recognised in Profit or Loss.

EXPLANATORY NOTES

30 September 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Financial instruments (cont'd)

(viii) Impairment of financial assets (cont'd)

Financial assets carried at amortised cost

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

Evidence of impairment may include indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate 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 receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and, the amount of the loss is recognised in Profit or Loss. If a held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

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

(q) 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.

(r) Segment reporting

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

(s) Dividend distribution

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

(t) Biological assets

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

(u) Non-recurring items

Non-recurring items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Group. They are material items of income or expense that have been shown separately due to the significance of their nature or amount.

EXPLANATORY NOTES

30 September 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(v) Impairment of leases and other credit agreements

Allowance for credit losses consists of specific and portfolio provision for credit losses and is determined based on the Group's best estimate of on statement of financial position items.

An allowance for impairment is established if there is objective evidence that the Group will not be able to collect the amount due according to the original contractual terms of the lease and other credit agreements. The amount of the provision is the difference between the carrying amount at the time the lease and other credit agreement are considered doubtful and the recoverable amount.

The provision amount also covers losses when there is objective evidence that probable losses are present in components of the lease and other credit agreements portfolio at the reporting date. They have been estimated based on the future specific losses inherent in the leases and upon historical patterns of losses in each component and the economic climate in which the clients operate. 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.

(w) Deposits from customers

Deposits from customers are classified as financial liabilities at amortised cost. They are initially measured at fair value and subsequently carried at amortised costs.

EXPLANATORY NOTES

30 September 2016

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks, including the effects of changes in debt, foreign currency exchange rates and interest rates.

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group 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 hedge 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 Treasury.

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

Exposure in major currencies are as follows:

	Equivalent in MUR m				Equivalent in MUR m			
	Group				Company			
	EURO	USD	MUR & others	Total	EURO	USD	MUR & others	Total
Sep-16								
Financial assets								
Bank balances and cash	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	5,533.0	5,667.5	-	-	-	-
Loans and advances	1.3	4.8	1,664.0	1,670.1	-	11.6	1,791.8	1,803.4
Investments in financial assets	-	-	10.4	10.4	-	-	2.4	2.4
Other assets	-	70.7	285.9	356.6	-	-	485.0	485.0
	122.1	331.6	8,313.6	8,767.3	-	13.1	2,297.7	2,310.8
Financial liabilities								
Deposits from customers	-	-	2,795.3	2,795.3	-	-	-	-
Other borrowed funds	104.1	45.0	3,292.5	3,441.6	-	-	1,673.2	1,673.2
Other liabilities	-	-	1,450.1	1,450.1	-	3.5	282.1	285.6
	104.1	45.0	7,537.9	7,687.0	-	3.5	1,955.3	1,958.8
Net exposure	18.0	286.6	775.7	1,080.3	-	9.6	342.4	352.0
Sep-15								
Financial assets								
Bank balances and cash	26.6	167.5	759.8	953.9	-	5.6	19.0	24.6
Deposits with banks	-	-	562.7	562.7	-	-	-	-
Net investment in leases and other credit agreements	139.2	43.9	4,232.6	4,415.7	-	-	-	-
Loans and advances	6.8	9.7	765.6	782.1	5.0	12.2	1,336.5	1,353.7
Investments in financial assets	-	-	240.2	240.2	-	-	232.2	232.2
Other assets	-	66.0	398.1	464.1	-	-	326.0	326.0
	172.6	287.1	6,959.0	7,418.7	5.0	17.8	1,913.7	1,936.5
Financial liabilities								
Deposits from customers	-	-	2,490.8	2,490.8	-	-	-	-
Other borrowed funds	145.5	93.0	2,852.4	3,090.9	-	36.2	1,588.4	1,624.6
Other liabilities	-	-	1,619.6	1,619.6	-	8.8	240.9	249.7
	145.5	93.0	6,962.8	7,201.3	-	45.0	1,829.3	1,874.3
Net exposure	27.1	194.1	(3.8)	217.4	5.0	(27.2)	84.4	62.2

EXPLANATORY NOTES

30 September 2016

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial risk factors (cont'd)

(a) Foreign exchange risk (cont'd)

The sensitivity of the net result for the year and equity 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-16	Sep-15	Sep-16	Sep-15
	MUR m	MUR m	MUR m	MUR m
Net result for the year (+/-)	9.0	7.5	0.3	0.4
Equity (+/-)	-	1.2	-	1.2

(b) Interest rate risk

The Group's income and operating cash flows are influenced by changing market interest rates. The Group's borrowings and lendings are contracted at fixed and variable rates.

In order to mitigate any interest rate risk, the company engaged in leasing activities has a portfolio of fixed and floating leases and deposits.

The sensitivity of the net result for the year and equity to a reasonably possible change in interest of + or - 0.5% (2015: +/-0.5%), with effect from the beginning of the year, is shown below. These changes are considered to be reasonably possible based on observations of current market conditions.

	Group		Company	
	Sep-16	Sep-15	Sep-16	Sep-15
	MUR m	MUR m	MUR m	MUR m
Net result for the year (+/-)	17.2	15.4	8.4	8.1

(c) 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, and arises principally from the Group's receivables. The amounts presented in the Statements of Financial Position are net of allowances for doubtful receivables, estimated by management based on prior experience, Bank of Mauritius guidelines and the current environment. In respect of the lease and other credit arrangements, impaired facilities are individually assessed for provisioning and a portfolio provision is made based on the Bank of Mauritius guidelines.

The Group has policies in place to ensure that credit sales of products and services are made to customers after a credit assessment has been carried out and credit terms agreed (refer to note 24 for trade receivables). 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 Group has policies in place to identify defaults and recover amounts due. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivables.

EXPLANATORY NOTES

30 September 2016

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial risk factors (cont'd)

(c) Credit risk (cont'd)

Leases and other credit facilities

Leases and hire purchase and other credit arrangements granted are effectively secured as the rights to the leased/hired 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. Period of lease normally vary between 3 - 7 years and are mostly given at fixed rates. The maximum exposure to credit risk at the reporting date is the fair value of the receivables. Specific provision and portfolio provision are made according to the requirements of the Bank of Mauritius.

As at 30 September 2016, credit facilities of MUR 352.8m (2015: MUR336.1m) were individually determined to be impaired. The amount of specific provision was MUR 252.7m (2015: MUR 216.3m). The fair value of the collateral on impaired leases is estimated at MUR 117m (2015: MUR 139m). The individually impaired receivables mainly relate to customers with a history of default.

As at 30 September 2016, credit facilities of MUR 198.9m (2015: MUR 189.7m) were past due but not impaired. The fair value of leases which are past due but not impaired is estimated at least at MUR 15.5m (2015: MUR 18.5m). The exposure in respect of credit cards is not backed by collaterals. The risk exposure to credit financing is partly mitigated by insurance covers.

The ageing of the past due but not impaired leases and other credit agreements is as follows:

	Sep-16 MUR m	Sep-15 MUR m
3 to 6 months	131.4	119.4
Over 6 months	67.5	70.3
	198.9	189.7

(d) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities from financial institutions. Due to the dynamic nature of the underlying businesses, the Group Treasury aims at maintaining flexibility in funding by keeping committed credit facilities with banks.

THE GROUP

Liquidity risk

Maturities of financial assets and liabilities

At 30 September 2016

Financial assets

	Up to 1 year MUR m	1 to 5 years MUR m	Over 5 years MUR m	Total MUR m
Bank balances and cash	587.1	-	-	587.1
Deposits with banks	20.5	455.1	-	475.6
Net investment in leases and other credit agreements	3,194.7	2,678.7	44.7	5,918.1
Loan and advances	798.7	937.8	26.3	1,762.8
Investment in financial assets	-	10.4	-	10.4
Other assets	372.3	-	-	372.3
Total	4,973.3	4,082.0	71.0	9,126.3
Less : Provision				(359.0)
				8,767.3

Financial liabilities

Deposits from customers	1,076.7	1,718.6	-	2,795.3
Other borrowed funds	2,077.3	1,364.3	-	3,441.6
Other liabilities	1,318.2	-	-	1,318.2
Total	4,472.2	3,082.9	-	7,555.1
	501.1	999.1	71.0	1,571.2
				(359.0)
				1,212.2

Less : Provision

Net liquidity gap

EXPLANATORY NOTES

30 September 2016

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial risk factors (cont'd)

(d) Liquidity risk (cont'd)

THE GROUP

Maturities of financial assets and liabilities

At 30 September 2015

Financial assets

	Up to 1 year	1 to 5 years	Over 5 years	Total
	MUR m	MUR m	MUR m	MUR m
Cash at bank and in hand	953.9	-	-	953.9
Deposits with banks	417.7	145.0	-	562.7
Net investment in leases and other credit agreements	2,440.7	2,146.5	40.6	4,627.8
Loan and advances	726.5	129.8	0.9	857.2
Investment in financial assets	-	240.2	-	240.2
Other assets	494.2	-	-	494.2
Total	5,033.0	2,661.5	41.5	7,736.0
Less : Provision				(317.3)
				7,418.7

Financial liabilities

Deposits from customers	1,397.0	1,093.8	-	2,490.8
Other borrowed funds	1,694.0	1,396.9	-	3,090.9
Other liabilities	1,492.6	-	-	1,492.6
Total	4,583.6	2,490.7	-	7,074.3
	449.4	170.8	41.5	661.7
Less : Provision				(317.3)
Net liquidity gap				344.4

THE COMPANY

Maturities of financial assets and liabilities

At 30 September 2016

Financial assets

Bank balances and cash	20.0	-	-	20.0
Loan and advances	1,318.4	485.0	-	1,803.4
Investment in financial assets	-	2.4	-	2.4
Other assets	485.0	-	-	485.0
Total	1,823.4	487.4	-	2,310.8
Less : Provision				-
				2,310.8

Financial liabilities

Other borrowed funds	653.2	1,020.0	-	1,673.2
Other liabilities	285.6	-	-	285.6
Total	938.8	1,020.0	-	1,958.8
	884.6	(532.6)	-	352.0
Less : Provision				-
Net liquidity gap				352.0

EXPLANATORY NOTES

30 September 2016

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial risk factors (cont'd)

(d) Liquidity risk (cont'd)

THE COMPANY

Maturities of financial assets and liabilities

At 30 September 2015

Financial assets

Bank balances and cash

Loan and advances

Investment in financial assets

Other assets

Total

Less : Provision

Financial liabilities

Other borrowed funds

Other liabilities

Total

Less : Provision

Net liquidity gap

	Up to 1 year	1 to 5 years	Over 5 years	Total
	MUR m	MUR m	MUR m	MUR m
Bank balances and cash	24.6	-	-	24.6
Loan and advances	598.3	755.4	-	1,353.7
Investment in financial assets	-	232.2	-	232.2
Other assets	326.0	-	-	326.0
Total	948.9	987.6	-	1,936.5
Less : Provision				-
				1,936.5
Financial liabilities				
Other borrowed funds	486.4	1,138.2	-	1,624.6
Other liabilities	249.7	-	-	249.7
Total	736.1	1,138.2	-	1,874.3
	212.8	(150.6)	-	62.2
Less : Provision				-
Net liquidity gap				62.2

3.2 Fair value estimation

The nominal value less credit adjustments of receivables and payables are assumed to approximate their fair values.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

3.3 Capital risk management

The Group and the Company aim at distributing an adequate dividend whilst ensuring that sufficient resources are maintained to continue as a going concern and for expansion. The ratio of debt to equity is used to manage capital risk and is kept at a reasonable level.

	Group		Company	
	Sep-16 MUR m	Sep-15 MUR m	Sep-16 MUR m	Sep-15 MUR m
Debt (note 25 & 26)	6,236.9	5,581.7	1,673.2	1,624.6
Less: Bank balances & cash (note 12)	(587.1)	(953.9)	(20.0)	(24.6)
	5,649.8	4,627.8	1,653.2	1,600.0
Equity	3,481.2	3,017.6	2,387.2	2,021.1
Debt/Equity ratio	1.6	1.5	0.7	0.8

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

EXPLANATORY NOTES

30 September 2016

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

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. The Group engaged independent valuation specialists to determine fair value as at 30 September 2014. The valuers used depreciated replacement cost approach for buildings and the sales comparison approach for land. The directors have reassessed the fair values of the investment properties at 30 September 2016.

The key assumptions used to determine the fair value are further explained in Notes 20 and 21.

Impairment of Goodwill

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. For acquired goodwill the value of the investment is based on a discounted cash flow method. The discount rate is estimated by management using currently available rate of interest and an estimate of the risk premium.

Pension Benefits

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

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations.

Other key assumptions for pension obligation are based in part on current market conditions. Additional information is disclosed in Note 28.

Fair value estimation

In assessing the fair value of financial instruments, the Group uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting date. The face value less any estimated credit adjustments for financial assets and financial liabilities with a maturity of less than one year are assumed to approximate their fair values. The fair values of those assets and liabilities not presented in the Group's and the Company's Statements of Financial Position at their fair values are not materially different from their carrying amounts.

Fair value of securities not quoted in active market

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

Provisions for credit losses

The Group makes a provision against its portfolio of leases, hire purchase, credit cards and factoring. The Group follows the guidance under International Financial Reporting Standards and the Bank of Mauritius Guidelines in order to determine its best estimate of the provision required. In making this estimate, the Group looks, among other factors, at future specific losses inherent in the facilities, historical patterns of losses and the economic climate in which clients operate.

EXPLANATORY NOTES

30 September 2016

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

Asset lives and residual values

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

Depreciation policies

Property, plant and equipment are depreciated to their residual values over their estimated useful lives. The residual value of an asset is the estimated net amount that the Group would currently obtain from disposal of the asset, if the asset was already of the age and in condition expected at the end of its useful life.

Limitations of sensitivity analysis

Sensitivity analysis in respect of market risk demonstrates the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear and larger or smaller impacts should not be interpolated or extrapolated from these results.

Sensitivity analysis does not take into consideration that the Group's assets and liabilities are managed. Other limitations include the use of hypothetical market movements to demonstrate potential risks that only represent the Group's view of possible near-term market changes that cannot be predicted with any certainty.

Deferred tax on investment properties

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties, the directors reviewed the Group's investment property portfolio and concluded that the investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, the Group has recognised deferred tax on changes in fair value of investment properties.

Impairment of 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.

Fair value estimation

A number of assets and liabilities included in the Group's financial statements are measured at fair value and utilise market observable inputs and data. Inputs used in determining fair value are categorised into:

Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities.

Level 2: Observable inputs other than quoted prices included within level 1.

Level 3: Unobservable inputs that are not derived from market data.

In assessing the fair value of financial instruments in level 3, the Group uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting date. The carrying value less any estimated credit adjustments for financial assets and financial liabilities within a maturity of less than one year are assumed to approximate their fair values. The fair values of those assets and liabilities not presented in the Group's Statements of Financial Position at their fair values are not materially different from their carrying amounts.

EXPLANATORY NOTES

30 September 2016

5. NET INTEREST INCOME

(a) Interest income

Interest income
Earned income

GROUP		COMPANY	
Sep-16 MUR m	Sep-15 MUR m	Sep-16 MUR m	Sep-15 MUR m
162.3	157.2	109.7	68.1
670.9	586.8	-	-
833.2	744.0	109.7	68.1

(b) Interest expense

Bank overdrafts
Bank loans and other loans repayable by instalments
 Within one year
 After one year and before two years
 After two years and before five years
Bank loans and other loans not repayable by instalments
 Within one year
 After two years and before five years

GROUP		COMPANY	
Sep-16 MUR m	Sep-15 MUR m	Sep-16 MUR m	Sep-15 MUR m
1.6	2.3	-	-
62.4	19.9	2.3	11.0
4.9	7.2	4.9	7.2
24.8	3.7	24.6	2.2
170.6	196.8	32.5	22.2
41.6	41.6	41.6	41.6
305.9	271.5	105.9	84.2

6. FEE AND COMMISSION INCOME

Commission
Fee income

GROUP		COMPANY	
Sep-16 MUR m	Sep-15 MUR m	Sep-16 MUR m	Sep-15 MUR m
297.7	154.9	-	-
223.1	247.5	-	-
520.8	402.4	-	-

7. OTHER OPERATING INCOME

Rent
Other income
Operating lease income
Profit on disposal of property, plant and equipment
Profit on disposal of available for sale assets

GROUP		COMPANY	
Sep-16 MUR m	Sep-15 MUR m	Sep-16 MUR m	Sep-15 MUR m
56.3	46.0	-	-
76.4	48.0	1.9	1.2
37.6	53.2	-	-
2.6	1.4	-	-
2.2	2.8	2.2	2.8
175.1	151.4	4.1	4.0

8. EMPLOYEE BENEFIT EXPENSE

Wages, salaries and related expenses
Pension and other retirement benefit costs

GROUP		COMPANY	
Sep-16 MUR m	Sep-15 MUR m	Sep-16 MUR m	Sep-15 MUR m
672.7	701.4	7.3	6.4
37.7	44.1	-	-
710.4	745.5	7.3	6.4

EXPLANATORY NOTES

30 September 2016

9. ALLOWANCE FOR CREDIT IMPAIRMENT

Net provision for credit impairment

- Leases
- Hire purchase and other credit arrangements
- Loans and advances
- Other assets

Bad debts written off for which no provision was made

- Leases
- Other assets

Bad debts recovered

- Leases
- Hire purchase and other credit arrangements
- Loans and advances

GROUP		COMPANY	
Sep-16 MUR m	Sep-15 MUR m	Sep-16 MUR m	Sep-15 MUR m
28.9	9.7	-	-
77.2	81.8	-	-
46.3	10.5	-	-
(3.2)	7.1	-	-
-	1.3	-	-
4.5	-	-	-
(0.3)	(0.2)	-	-
(1.6)	(2.5)	-	-
(2.3)	(2.4)	-	-
149.5	105.3	-	-

10. TAXATION

Provision on the profit for the year at 15% (2015:15%)

Over provision

Movement in deferred taxation (note 27)

GROUP		COMPANY	
Sep-16 MUR m	Sep-15 MUR m	Sep-16 MUR m	Sep-15 MUR m
121.0	110.3	-	-
(0.8)	(3.2)	-	-
(7.0)	3.4	-	-
113.2	110.5	-	-

The effective tax rate differs from that determined by applying the statutory income tax rate to profit before tax. This is due primarily to different tax rates, non deductible expenses and tax-exempt income.

Reconciliation of effective tax rate is as follows:

- Tax rate applicable
- Non deductible expenses
- Tax-exempt income
- Tax losses utilised
- Deferred tax
- Over provision
- Effective tax rate

GROUP		COMPANY	
Sep-16 %	Sep-15 %	Sep-16 %	Sep-15 %
15.0	15.0	15.0	15.0
1.7	3.0	0.7	0.9
-	(1.1)	(15.6)	(15.9)
(1.1)	(0.6)	(0.1)	-
(0.9)	0.5	-	-
(0.1)	(0.5)	-	-
14.6	16.3	-	-

30 September 2016

11.OTHER COMPREHENSIVE INCOME

GROUP

Year ended 30 September 2016

Items that will not be reclassified to Profit or Loss:

Re measurement of defined benefit obligations (note 28)	-	-	20.6	20.6
Deferred tax on remeasurement of defined benefit obligations	-	-	(2.9)	(2.9)

Items that may be reclassified subsequently 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 26(d))				
Reclassification adjustment in Profit or Loss	5.6	-	-	5.6

Other comprehensive income for the year, net of tax

Hedging Reserve	Translation Reserve	Actuarial gains/ (losses)	Total
MUR m	MUR m	MUR m	MUR m
-	-	20.6	20.6
-	-	(2.9)	(2.9)
-	0.9	-	0.9
-	(0.4)	-	(0.4)
5.6	-	-	5.6
5.6	0.5	17.7	23.8

GROUP

Year ended 30 September 2015

Items that will not be reclassified to Profit or Loss:

Remeasurement of defined benefit obligations (note 28)	-	-	(5.3)	(5.3)
Deferred tax on remeasurement of defined benefit obligations	-	-	(0.4)	(0.4)

Items that may be reclassified subsequently to Profit or Loss:

Exchange difference on translation of foreign entities	-	7.7	-	7.7
Movement in reserves of associates	-	(0.3)	-	(0.3)
Cash flow hedge loans (note 26(d))				
Losses arising during the year	(8.3)	-	-	(8.3)
Reclassification adjustment in Profit or Loss	6.2	-	-	6.2

Other comprehensive income for the year, net of tax

Hedging Reserve	Translation Reserve	Actuarial gains/ (losses)	Total
MUR m	MUR m	MUR m	MUR m
-	-	(5.3)	(5.3)
-	-	(0.4)	(0.4)
-	7.7	-	7.7
-	(0.3)	-	(0.3)
(8.3)	-	-	(8.3)
6.2	-	-	6.2
(2.1)	7.4	(5.7)	(0.4)

EXPLANATORY NOTES

30 September 2016

11. OTHER COMPREHENSIVE INCOME (CONT'D)

COMPANY

Year ended 30 September 2016

Items that may be reclassified subsequently to Profit or Loss:

Cash flow hedge loans (note 26(d))

Reclassification adjustment in Profit or Loss

Hedging Reserve

MUR m

5.6

5.6

Year ended 30 September 2015

Items that may be reclassified subsequently to Profit or Loss:

Cash flow hedge loans (note 26(d))

Losses arising during the year

(8.3)

Reclassification adjustment in Profit or Loss

6.2

(2.1)

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.

Actuarial gains/(losses)

The actuarial gains/(losses) reserve represents the cumulative remeasurement of defined benefit obligation recognised.

12. CASH AND CASH EQUIVALENTS

Loans at call receivable (note 24)

Bank balances and cash

Loans at call payable (note 29)

Bank overdrafts (note 26)

GROUP		COMPANY	
Sep-16 MUR m	Sep-15 MUR m	Sep-16 MUR m	Sep-15 MUR m
-	-	463.0	303.1
587.1	953.9	20.0	24.6
-	-	(104.4)	(54.7)
(10.7)	(335.4)	-	-
576.4	618.5	378.6	273.0

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

The rate of interest varies between 5.60% and 8.50% (2015: 6.25% and 8.50%).

13. DEPOSITS WITH BANKS

GROUP

Deposit with banks

At 30 September

The deposit with banks may be analysed as follows:

Current

Non current

Sep-16 MUR m	Sep-15 MUR m
475.6	562.7
20.5	417.7
455.1	145.0
475.6	562.7

The above deposits carry interest rates ranging between 4.2% and 6.75% and have maturity dates ranging from February 2017 to September 2021.

EXPLANATORY NOTES

30 September 2016

14. NET INVESTMENT IN LEASES AND OTHER CREDIT AGREEMENTS

Sep-16

Gross investment

Within one year

After one year and before five years

After five years

Unearned future finance income

Less provision for credit impairment

Portfolio provision

Specific provision

Remaining term to maturity

Within one year

After one year and before five years

After five years

Allowance for credit impairment

Portfolio provision

At 1 October 2015

Provision for credit impairment

At 30 September 2016

Specific Provision

At 1 October 2015

Provision for credit impairment

Amounts written off

At 30 September 2016

GROUP		
Finance leases	Other credit agreements	Total
MUR m	MUR m	MUR m
831.7	2,808.0	3,639.7
1,669.7	1,282.9	2,952.6
47.4	-	47.4
2,548.8	4,090.9	6,639.7
(347.6)	(374.0)	(721.6)
2,201.2	3,716.9	5,918.1
2,137.1	3,530.4	5,667.5
684.0	2,510.7	3,194.7
1,472.5	1,206.2	2,678.7
44.7	-	44.7
2,201.2	3,716.9	5,918.1
24.1	32.4	56.5
(1.9)	11.6	9.7
22.2	44.0	66.2
26.7	128.9	155.6
30.8	65.6	96.4
(15.6)	(52.0)	(67.6)
41.9	142.5	184.4

EXPLANATORY NOTES

30 September 2016

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

Sep-15

Gross investment

Within one year

After one year and before five years

After five years

Unearned future finance income

Less provision for credit impairment

Portfolio provision

Specific provision

Remaining term to maturity

Within one year

After one year and before five years

After five years

Allowance for credit impairment

Portfolio provision

At 1 October 2014

Provision for credit impairment

At 30 September 2015

Specific Provision

At 1 October 2014

Provision for credit impairment

Amounts written off

At 30 September 2015

GROUP		
Finance leases	Other credit agreements	Total
MUR m	MUR m	MUR m
741.5	2,085.9	2,827.4
1,500.3	882.5	2,382.8
43.3	-	43.3
2,285.1	2,968.4	5,253.5
(309.6)	(316.1)	(625.7)
1,975.5	2,652.3	4,627.8
(24.1)	(32.4)	(56.5)
(26.7)	(128.9)	(155.6)
1,924.7	2,491.0	4,415.7
609.6	1,831.1	2,440.7
1,325.3	821.2	2,146.5
40.6	-	40.6
1,975.5	2,652.3	4,627.8
18.3	23.2	41.5
5.8	9.2	15.0
24.1	32.4	56.5
34.7	93.4	128.1
3.9	72.6	76.5
(11.9)	(37.1)	(49.0)
26.7	128.9	155.6

15. LOANS AND ADVANCES

Credit facilities (note (a))

Corporate loans (note (b))

Factoring debtors

Card debtors

Less: provision for credit impairment

GROUP		COMPANY	
Sep-16	Sep-15	Sep-16	Sep-15
MUR m	MUR m	MUR m	MUR m
1,020.2	203.3	-	-
141.8	32.1	1,803.4	1,353.7
119.1	104.1	-	-
481.7	517.7	-	-
1,762.8	857.2	1,803.4	1,353.7
(92.7)	(75.1)	-	-
1,670.1	782.1	1,803.4	1,353.7

EXPLANATORY NOTES

30 September 2016

15. LOANS AND ADVANCES (CONT'D)

(a) Remaining terms to maturity - Credit facilities

Within one year
After one year and before five years
After five years

Less Unearned income

(b) Remaining terms to maturity - Corporate loans

Within one year
After one year and before five years
After five years

GROUP		COMPANY	
Sep-16 MUR m	Sep-15 MUR m	Sep-16 MUR m	Sep-15 MUR m
431.5	109.7	-	-
867.6	129.8	-	-
5.9	0.9	-	-
1,305.0	240.4	-	-
(284.8)	(37.1)	-	-
1,020.2	203.3	-	-
51.2	32.1	1,318.4	598.3
70.2	-	485.0	755.4
20.4	-	-	-
141.8	32.1	1,803.4	1,353.7

(c) Movements on the provision for bad debts are as follows:

At 1 October,
Net provision for credit impairment for the year
Amounts written off
At 30 September,

GROUP	
Sep-16 MUR m	Sep-15 MUR m
75.1	107.8
46.3	10.5
(28.7)	(43.2)
92.7	75.1

(d) Breakdown of provision:

Loans
Corporate loans
Factoring debtors
Card debtors

GROUP	
Sep-16 MUR m	Sep-15 MUR m
15.2	-
11.4	-
15.0	14.0
51.1	61.1
92.7	75.1

Loans
Corporate loans
Factoring debtors
Card debtors

2016		
Specific Provision	Portfolio Provision	Total Provision
MUR m	MUR m	MUR m
7.1	8.1	15.2
9.8	1.6	11.4
13.8	1.2	15.0
37.6	13.5	51.1
68.3	24.4	92.7

Factoring debtors
Card debtors

2015		
Specific Provision	Portfolio Provision	Total Provision
MUR m	MUR m	MUR m
13.2	0.8	14.0
47.5	13.6	61.1
60.7	14.4	75.1

EXPLANATORY NOTES

30 September 2016

16. INVESTMENT IN SUBSIDIARY COMPANIES

(a)

At 1 October
Additions
Redemption
Disposal
At 30 September

COMPANY	
Sep-16 MUR m	Sep-15 MUR m
1,902.1	1,831.3
197.7	70.8
(69.5)	-
(77.3)	-
1,953.0	1,902.1

Additions in 2016 made through non-cash transactions amounted to MUR 69.9m.

Redemption refers to a non-cash transaction.

Proceeds on disposal amounted to MUR 225m (note 34).

30 SEPTEMBER 2016

16. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

- (b) The financial statements of the following subsidiaries have been included in the consolidated financial statements.
The reporting date used for consolidation purposes is 30 September 2016.

Cim Financial Services Ltd		Proportion of ownership interests held by non controlling interest		Issued Capital		Principal activity
Class of shares held	Nominal value of investment MUR 000	% Holding	Other Group Companies % Holding	% Holding (effective)	MUR 000	
Global Management						
Cim Fiduciary Administration Services Ltd (note (i))	Ordinary	1	100.0	-	-	1 Trust administration
Cim Global Administrators Ltd	Ordinary	1	100.0	-	-	1 Secretarial support services
Cim Fund Services Ltd	Ordinary	500	100.0	-	-	500 Administrator of fund
Cim Global Business Singapore Pte Ltd	Ordinary	-	-	100.0	-	33,915 Administrator of fund and compliance outsourcing
Cim Global Business Ltd	Ordinary	1	100.0	-	-	1 Management and consultancy services
Cim Investment Advisors Ltd (note (ii))	Ordinary	2,679	100.0	-	-	3,034 Investment advisory services
Cim Tax Services Ltd	Ordinary	1	100.0	-	-	1 Tax and regulatory advisory services
Cim Trustees (Mauritius) Ltd	Ordinary	10,896	100.0	-	-	9,893 Provide trust services and solutions
IMM Trustees Ltd	Ordinary	-	-	100.0	-	500 Provide trust services and solutions
Cim Corporate Services Ltd	Ordinary	641,232	100.0	-	-	14,876 Administrator of corporate entities
Cim Global Business UK Ltd	Ordinary	-	-	100.0	-	- Dormant
Minimax Ltd	Ordinary	-	-	100.0	-	- Nominee companies
Orchid Nominees Ltd	Ordinary	-	-	100.0	-	- Nominee companies
Tiger Nominees Ltd	Ordinary	-	-	100.0	-	- Nominee companies
Fieldhall Ltd	Ordinary	-	-	100.0	-	- Nominee companies
Hammerfield Nominees Ltd	Ordinary	-	-	100.0	-	- Nominee companies
White Fin Nominees Ltd	Ordinary	-	-	100.0	-	- Nominee companies
Conqueror Ltd	Ordinary	-	-	100.0	-	- Nominee companies

30 SEPTEMBER 2016

16. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

Cim Financial
Services Ltd

Class of shares held	Nominal value of investment	% Holding	Other Group Companies % Holding	Proportion of ownership interests held by non controlling interest		
				% Holding (effective)	Issued Capital	Principal activity
				MUR 000		
Ordinary	-	-	100.0	-	-	- Nominee companies
Ordinary	-	-	100.0	-	-	- Nominee companies
Ordinary	-	-	100.0	-	-	- Nominee companies
Ordinary	-	-	100.0	-	300	Investment holding
Ordinary	-	-	100.0	-	500	Provide trust services and solutions
Ordinary	-	-	100.0	-	316	Corporate trustee
Ordinary	-	-	100.0	-	3	Holding and managing assets (or portfolios of assets) in different cells

Global Management (cont'd)

Cosign Ltd	Ordinary	-	-	100.0	-	- Nominee companies
Isla Ltd	Ordinary	-	-	100.0	-	- Nominee companies
CFUS Nominee Ltd	Ordinary	-	-	100.0	-	- Nominee companies
Key Financial Services Ltd	Ordinary	-	-	100.0	-	300 Investment holding
Multiconsult Trustees Ltd	Ordinary	-	-	100.0	-	500 Provide trust services and solutions
The Oceanic Trust Co. Ltd	Ordinary	-	-	100.0	-	316 Corporate trustee
Cim Portfolio Managers PCC	Ordinary	-	-	100.0	-	3 Holding and managing assets (or portfolios of assets) in different cells

Investments

Cim International Holdings Ltd (note (iii))	Ordinary	69,691	100.0	-	-	69,691 Investment holding
Cim Global Reinsurance Company Ltd	Ordinary	79,551	100.0	-	-	76,862 Reinsurance
Cim Captive Reinsurance Company PCC	Ordinary	12,929	100.0	-	-	11,385 Reinsurance
Cim Administrators Ltd	Ordinary	25	100.0	-	-	25 Secretarial services
Cybernaptics Ltd	Ordinary	7,750	100.0	-	-	1,000 Sales of goods and services related to ICT activities
Blue Nile Holding Ltd (note (iv))	Ordinary	-	-	87.0	13.0	6,673 Investment holding
First Capital Leasing Share Company (note (iv))	Ordinary	-	-	90.0	21.7	7,413 Leasing company
Cim Ethiopia Ltd (note (iv))	Ordinary	-	-	100.0	-	6,695 Investment holding

Finance

Cim Finance Ltd (note (v))	Ordinary	231,838	100.0	-	-	785,000 Credit card business, factoring, consumer credit, leasing & deposit taking
Cim Finance (Seychelles) Ltd	Ordinary	-	-	100.0	-	- Dormant
Cim Forex Ltd	Ordinary	20,000	100.0	-	-	27,000 Forex dealer
Cim Agencies Ltd	Ordinary	500	100.0	-	-	100 Insurance agent

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16. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

Cim Financial Services Ltd

	Class of shares held	Nominal value of investment MUR 000	% Holding	Other Group Companies % Holding	Proportion of ownership interests held by non controlling interest % Holding (effective)	Issued Capital MUR 000	Principal activity
Property							
Cim Property Development Ltd (note (vi))	Ordinary	450,000	100.0	-	-	450,000	Property
Cim Property Holdings Ltd	Ordinary	-	-	100.0	-	450,000	Property
South West Safari Group Ltd (note(vii))	Ordinary	3,501	1.3	52.3	63.7	268,032	Property
CSBO 2 Ltd (note(vii))	Ordinary	535	1.2	52.3	63.8	43,790	Property
Le Morne Development Corp Ltd	Ordinary	89,012	31.0	49.0	40.0	25	Property
San Paolo Ltd	Ordinary	83,258	59.2	-	40.8	5,022	Property
SWTD Bis Ltd	Ordinary	109,073	66.8	-	33.2	163,350	Property
Plato Holdings Ltd (note (iv))	Ordinary	-	-	100.0	-	10	Property
Edith Cavell Properties Ltd (note (viii))	Ordinary	138,931	100.0	-	-	138,931	Property

Others

Cim Learning Centre Ltd	Ordinary	1,000	100.0	-	-	1,000	Learning and development
Cim Management Services Ltd	Ordinary	100	100.0	-	-	100	Management services
Cim Shared Services Ltd	Ordinary	1	100.0	-	-	1	Support activities
Cim CSR Fund Ltd (note (ix))	-	-	-	-	-	-	Corporate Social Responsibility

Note (i) - The Company acquired the remaining 49% of shareholding of Cim Fiduciary Administration Services Ltd during the year.

Note (ii) - Cim Financial Services Ltd injected additional capital of MUR 2.1m in Cim Investment Advisors Ltd, which included MUR 0.4m as non-cash transactions.

Note (iii) - Cim Global Business Holding Ltd changed its name to Cim International Holdings Ltd during the year and issued additional 189,300 shares for a consideration of MUR 6.7m to the Company during the year.

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

Note (v) - Cim Finance Ltd issued additional 5,000,000 shares to the Company for a consideration of MUR 50m during the year.

Note (vi) - Cim Property Development Ltd reduced its share capital by MUR 69.5m during the year (non-cash transaction).

Note (vii) - Although the Group does not own more than one half of the voting power of South West Safari Group Ltd and CSBO 2 Ltd, the latter have been consolidated as subsidiary since the Company control is established through board representation.

Note (viii) - The Company acquired 100% of the shareholding of Edith Cavell Properties during the year (note 34).

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

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16. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(c) The above subsidiaries are incorporated and operate in Mauritius except for:

	Country of incorporation
Cim Global Business Singapore Pte Ltd	Republic of Singapore
Cim Finance (Seychelles) Ltd	Republic of Seychelles
First Capital Leasing Share Company	Federal Democratic Republic of Ethiopia

(d) Subsidiaries with non controlling interests

Details for subsidiaries that have non controlling interests:

Name

2016

- South West Safari Group Ltd
- CSBO 2 Ltd
- Le Morne Development Corp Ltd
- San Paolo Ltd
- First Capital Leasing Share Company

Loss allocated to non controlling interests during the year	Accumulated non controlling interests at 30 September
MUR m	MUR m
(6.2)	241.6
(0.5)	30.5
(1.1)	110.8
-	0.3
(0.3)	1.3

2015

- South West Safari Group Ltd
- CSBO 2 Ltd
- Le Morne Development Corp Ltd
- San Paolo Ltd

(6.2)	247.8
(0.1)	31.0
(0.9)	111.9
-	0.3

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16. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

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

(i) Summarised Statements of Financial Position, Statements of Profit or Loss and Statements of Comprehensive Income

Name	Current assets		Non current assets		Current liabilities		Non current liabilities		Revenue		Loss		Other comprehensive income		Total comprehensive income	
	MUR m	MUR m	MUR m	MUR m	MUR m	MUR m	MUR m	MUR m	MUR m	MUR m	MUR m	MUR m	MUR m	MUR m	MUR m	MUR m
2016																
• South West Safari Group Ltd	6.4	429.1	36.4	20.0	1.3	(9.7)	-	-	(9.7)							(9.7)
• CSBO 2 Ltd	-	50.4	2.7	-	-	(0.8)	-	-	(0.8)							(0.8)
• Le Morne Development Corp Ltd	12.8	299.4	2.7	32.4	1.0	(2.8)	-	-	(2.8)							(2.8)
• San Paolo Ltd	0.2	0.6	0.1	-	-	(0.1)	-	-	(0.1)							(0.1)
• SWTD Bis Ltd	0.2	-	0.2	-	-	-	-	-	-							-
• Blue Nile Holding Ltd	0.1	-	0.3	-	-	(0.2)	-	-	(0.2)							(0.2)
• First Capital Leasing Share Company	7.1	-	0.9	-	-	(1.2)	-	-	(1.2)							(1.2)
2015																
• South West Safari Group Ltd	8.8	421.7	21.6	20.2	1.7	(9.8)	-	-	(9.8)							(9.8)
• CSBO 2 Ltd	-	50.4	1.8	-	-	(0.1)	-	-	(0.1)							(0.1)
• Le Morne Development Corp Ltd	12.5	299.1	1.5	30.3	1.2	(2.1)	-	-	(2.1)							(2.1)
• San Paolo Ltd	-	0.7	-	-	-	-	-	-	-							-
• SWTD Bis Ltd	0.1	-	0.1	-	-	(0.1)	-	-	(0.1)							(0.1)
• Cim Fiduciary Administration Services Ltd	-	-	-	-	3.6	-	-	-	-							-

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16. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(e) Summarised financial information on subsidiaries with non controlling interests (cont'd)

(ii) Summarised cash flow information:

Name	Operating activities	Investing activities	Financing activities	Net increase/ (decrease) in cash and cash equivalents
	MUR m	MUR m	MUR m	MUR m
2016				
South West Safari Group Ltd	(3.1)	(8.5)	10.5	(1.1)
Le Morne Development Corp Ltd	(2.5)	(0.4)	3.0	0.1
Blue Nile Holding Ltd	-	(6.8)	6.8	-
First Capital Leasing Share Company	(0.7)	-	7.4	6.7
2015				
South West Safari Group Ltd	(13.3)	(5.6)	18.0	(0.9)
Le Morne Development Corp Ltd	(2.8)	-	2.0	(0.8)

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

17. INVESTMENT IN ASSOCIATES

GROUP	Sep-16 MUR m	Sep-15 MUR m
(a) At 1 October	92.0	26.5
Additions	-	63.1
Share of results	15.4	4.0
Movement in reserves	(0.4)	(0.3)
Dividends	(29.6)	(1.3)
At 30 September	77.4	92.0
Made up as follows:		
Net assets	24.0	38.6
Goodwill	53.4	53.4
	77.4	92.0

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17. INVESTMENT IN ASSOCIATES (CONT'D)

(b) Details of the associates at the end of the reporting year are as follows:

Name	Reporting period	Principal activity	Principal place of business	Country of incorporation	% Holding	
					Direct	Indirect
Unquoted						
2016						
Li & Fung (Mauritius) Ltd	31 December	Buying agent	Mauritius	Mauritius	40.00	-
Dodwell (Mauritius) Ltd	31 December	Buying agent	Mauritius	Hong Kong	40.00	-
iVery Payment Technologies Proprietary Ltd (iii)	31 December	Payment solutions provider	South Africa	South Africa	-	49.00
Touchpoint Payment Proprietary Limited (iii)	31 December	Payment solutions provider	South Africa	South Africa	-	41.65
EvriPay (iii)	31 December	Payment service provider	South Africa	Mauritius	-	61.75
EvriPay ZA (Proprietary) Ltd (iv)	31 December	Payment service provider	South Africa	South Africa	-	61.75
EvriPay KE Limited (iv)	31 December	Payment service provider	South Africa	South Africa	-	61.75
Ivery Global Limited (v)	31 December	Software solutions provider	Mauritius	Mauritius	-	49.00
2015						
Li & Fung (Mauritius) Ltd	31 December	Buying agent	Mauritius	Mauritius	40.00	-
Dodwell (Mauritius) Ltd	31 December	Buying agent	Mauritius	Hong Kong	40.00	-
iVery Payment Technologies Proprietary Ltd (iii)	31 December	Payment solutions provider	South Africa	South Africa	-	49.00
Touchpoint Payment Proprietary Limited (iii)	31 December	Payment solutions provider	South Africa	South Africa	-	41.65
EvriPay (iii)	31 December	Payment service provider	South Africa	Mauritius	-	61.75
EvriPay ZA (Proprietary) Ltd (iv)	31 December	Payment service provider	South Africa	South Africa	-	61.75
EvriPav KE Limited (iv)	31 December	Payment service provider	South Africa	South Africa	-	61.75

(i) All of the above associates are accounted for using the equity method.

(ii) Management accounts have been prepared at 30 September 2016 for the purpose of applying the equity method.

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

(iv) EvriPay holds 100% of the equity shares of EvriPay ZA (Proprietary) Ltd and EvriPay KE Limited.

(v) Ivery Global Limited was incorporated during the year with a stated capital of USD 100.

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17. INVESTMENT IN ASSOCIATES (CONT'D)

(c) Summarised financial information in respect of the Group's associated companies is set out below:

Name	Current assets		Non current assets		Current liabilities		Non current liabilities		Revenue		Profit for the year		Other comprehensive income for the year		Total comprehensive income for the year		Dividend received during the year	
	MUR m		MUR m		MUR m		MUR m		MUR m		MUR m		MUR m		MUR m		MUR m	
2016																		
Li & Fung (Mauritius) Ltd - Group*	53.5	-	-	0.5	-	0.5	-	-	6.2	6.2	11.5	11.5	(1.5)	(1.5)	10.0	10.0	29.6	29.6
iVery Payment Technologies Proprietary Ltd (iii)	35.2	4.9	4.9	7.7	0.7	0.7	0.7	0.7	0.0	0.0	3.3	3.3	0.4	0.4	3.7	3.7	-	-
Touchpoint Payment Proprietary Limited (iii)	15.7	2.0	2.0	2.8	-	2.8	-	-	-	-	8.7	8.7	0.1	0.1	8.8	8.8	-	-
EvriPay (iii)	0.3	-	-	0.4	-	0.4	-	-	-	-	(0.7)	(0.7)	-	-	(0.7)	(0.7)	-	-
EvriPay ZA (Proprietary) Ltd (iv)	0.8	-	-	0.9	1.2	0.9	1.2	1.2	-	-	9.9	9.9	(0.1)	(0.1)	9.8	9.8	-	-
EvriPay KE Limited (iv)**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Evri Global Limited (v)	0.1	-	-	0.3	-	0.3	-	-	-	-	(0.2)	(0.2)	-	-	(0.2)	(0.2)	-	-
2015																		
Li & Fung (Mauritius) Ltd - Group*	73.2	-	-	2.2	-	2.2	-	-	6.4	6.4	2.3	2.3	2.3	2.3	4.6	4.6	-	-
iVery Payment Technologies Proprietary Ltd (iii)	34.1	5.7	5.7	11.0	-	11.0	-	-	14.1	14.1	4.4	4.4	(3.7)	(3.7)	0.7	0.7	1.3	1.3
Touchpoint Payment Proprietary Limited (iii)	6.4	0.8	0.8	1.2	-	1.2	-	-	2.6	2.6	-	-	(0.7)	(0.7)	(0.7)	(0.7)	-	-
EvriPay (iii)	0.8	-	-	0.1	-	0.1	-	-	1.9	1.9	1.9	1.9	-	-	1.9	1.9	-	-
EvriPay ZA (Proprietary) Ltd (iv)	0.5	0.1	0.1	11.4	0.3	11.4	0.3	0.3	0.1	0.1	(0.4)	(0.4)	1.4	1.4	1.0	1.0	-	-
EvriPay KE Limited (iv)**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

* Figures include Li & Fung Ltd and Dodwell Ltd

** Company is dormant

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17. INVESTMENT IN ASSOCIATES (CONT'D)

(d) Reconciliation of summarised financial information

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

Name	Opening net assets		Profit for the year		Other comprehensive income for the year		Dividend		Closing net assets 30 September		Ownership interest		Interest in associates		Goodwill		Carrying value	
	MUR m	1 October	MUR m	the year	MUR m	year	MUR m	September	MUR m	%	MUR m	%	MUR m	MUR m	MUR m	MUR m	MUR m	MUR m
2016																		
Li & Fung (Mauritius) Ltd - Group		71.0	-	11.5	(1.5)	(74.2)	6.8	40.0	2.7	-	2.7	-	-	-	-	-	2.7	-
iVery Payment Technologies Proprietary Ltd (iii)		28.8	-	3.3	0.4	-	32.5	49.0	15.9	47.4	63.3							
Touchpoint Payment Proprietary Limited (iii)		6.0	-	8.7	0.1	-	14.8	41.7	6.2	(2.3)	3.9							
EvriPay (iii)		0.7	-	(0.7)	-	-	-	61.8	-	0.8	0.8							
EvriPay ZA (Proprietary) Ltd (iv)		(11.1)	-	9.9	(0.1)	-	(1.3)	61.8	(0.8)	7.5	6.7							
EvriPay KE Limited (iv)		-	-	-	-	-	-	61.8	-	-	-							
Ivery Global Limited (v)		-	-	(0.2)	-	-	(0.2)	49.0	-	-	-							
		95.4	-	32.5	(1.1)	(74.2)	52.6	24.0	53.4	77.4								
2015																		
Li & Fung (Mauritius) Ltd - Group		66.4	-	2.3	2.3	-	71.0	40.0	28.4	-	28.4							
iVery Payment Technologies Proprietary Ltd (iii)		-	30.8	4.4	(3.7)	(2.7)	28.8	49.0	14.2	47.4	61.6							
Touchpoint Payment Proprietary Limited (iii)		-	6.7	-	(0.7)	-	6.0	41.7	2.5	(2.3)	0.2							
EvriPay (iii)		-	(1.2)	1.9	-	-	0.7	61.8	0.4	0.8	1.2							
EvriPay ZA (Proprietary) Ltd (iv)		-	(12.1)	(0.4)	1.4	-	(11.1)	61.8	(6.9)	7.5	0.6							
EvriPay KE Limited (iv)		-	-	-	-	-	-	61.8	-	-	-							
		66.4	24.2	8.2	(0.7)	(2.7)	95.4	38.6	53.4	92.0								

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

COMPANY

Sep-16 MUR m	Sep-15 MUR m
16.2	16.2

At 1 October/ 30 September

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18. INVESTMENT IN JOINT VENTURE

GROUP

At 1 October
Share of result
Dividends
Transfer to investments in subsidiary companies
At 30 September
Made up as follows:
Net assets

Sep-16 MUR m	Sep-15 MUR m
95.2	91.7
0.7	3.5
(5.2)	-
(90.7)	-
-	95.2
-	95.2

(a) Name	Reporting period	Percentage holding	Principal activity	Principal place of business	Country of incorporation
Unquoted 2015					
Edith Cavell Properties Ltd	30 September	50.0%	Property	Mauritius	Mauritius

Edith Cavell Properties Ltd is a private company and there is no quoted market price available for its shares.

On 28 March 2016, the Group acquired 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.

EXPLANATORY NOTES

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18. INVESTMENT IN JOINT VENTURE (CONT'D)

(b) 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
2015							
Edith Cavell Properties Ltd	15.0	176.3	0.8	10.0	7.0	7.0	-

The above amounts of assets and liabilities include the following:

- Cash and cash equivalent: Nil (2015: MUR 7.3m).
- Current financial liabilities (excluding trade and other payables and provision) - Nil (2015: MUR 0.3m).

The above profit for the year includes the following:

- Interest income: Nil (2015: MUR 0.2m).
- Income tax expense: MUR 0.6m (2015: MUR 1.3m).

(c) Reconciliation of summarised financial information

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

Name	Opening net assets 1 October	Profit for the year	Dividend	Closing net assets 30 September	Ownership interest	Interest in joint venture
	MUR m	MUR m	MUR m	MUR m	%	MUR m
2015						
Edith Cavell Properties Ltd	183.5	7.0	-	190.5	50.0	95.2

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19. INVESTMENTS IN FINANCIAL ASSETS

(i) GROUP

Non current

Available for sale investments

At 1 October

Disposals

Impairment charge

Consolidation adjustment

At 30 September

Level 3	Sep-16 Total	Sep-15 Total
MUR m	MUR m	MUR m
232.2	232.2	310.2
(228.8)	(228.8)	(71.2)
(1.0)	(1.0)	(6.3)
-	-	(0.5)
2.4	2.4	232.2

Held-to-maturity investments

At 1 October/30 September

Sep-16 MUR m	Sep-15 MUR m
8.0	8.0
10.4	240.2

(ii) COMPANY

Non current

Available for sale investments

Unquoted

At 1 October

Disposals

Impairment charge

At 30 September

Level 3	Sep-16 Total	Sep-15 Total
MUR m	MUR m	MUR m
232.2	232.2	309.7
(228.8)	(228.8)	(71.2)
(1.0)	(1.0)	(6.3)
2.4	2.4	232.2

EXPLANATORY NOTES

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20. PROPERTY, PLANT AND EQUIPMENT

(a) GROUP

Cost or Valuation

At 30 September 2014	
Additions	
Acquisition through business combination	
Scrapped assets	
Transfer (note 21)	
Disposals	
At 30 September 2015	
Additions	
Acquisition through business combination (note 34(a))	
Disposed of on disposal of subsidiary (note 34(b))	
Scrapped assets	
Transfer (note 21)	
Disposals	
At 30 September 2016	

Land and Buildings	Plant and Equipment	Vehicles	Total
MUR m	MUR m	MUR m	MUR m
1,115.3	441.2	256.0	1,812.5
3.9	124.9	17.0	145.8
-	1.7	0.7	2.4
-	(0.2)	-	(0.2)
31.6	-	-	31.6
-	(2.1)	(34.0)	(36.1)
1,150.8	565.5	239.7	1,956.0
7.5	38.8	28.5	74.8
16.0	0.4	-	16.4
-	(154.0)	(31.7)	(185.7)
-	(32.9)	-	(32.9)
(25.0)	-	-	(25.0)
-	(16.4)	(45.1)	(61.5)
1,149.3	401.4	191.4	1,742.1

Depreciation and impairment

At 1 October 2014	
Charge for the year	
Acquisition through business combination	
Scrapped assets	
Disposal adjustment	
At 30 September 2015	
Charge for the year	
Acquisition through business combination (note 34(a))	
Eliminated on disposal of subsidiary (note 34(b))	
Scrapped assets	
Disposal adjustment	
At 30 September 2016	

Land and Buildings	Plant and Equipment	Vehicles	Total
MUR m	MUR m	MUR m	MUR m
-	271.3	117.3	388.6
3.4	62.1	38.0	103.5
-	1.4	0.3	1.7
-	(0.2)	-	(0.2)
-	(2.1)	(27.2)	(29.3)
3.4	332.5	128.4	464.3
3.7	52.0	30.6	86.3
0.1	0.2	-	0.3
-	(102.7)	(22.6)	(125.3)
-	(32.9)	-	(32.9)
-	(12.7)	(37.0)	(49.7)
7.2	236.4	99.4	343.0

Carrying value

At 30 September 2016	
At 30 September 2015	

1,142.1	165.0	92.0	1,399.1
1,147.4	233.0	111.3	1,491.7

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

- (b) The Group's land and buildings were last revalued at 30 September 2014 by independent valuers, Broll Indian Ocean Limited and Noor Dilmohamed and Associates. The revaluation surplus net of applicable deferred income taxes was credited to revaluation surplus in shareholder's equity (note 11). The directors have reassessed the fair values of the land and buildings at 30 September 2016. On the basis of current economic and property environment and after consultation with the independent valuers, the directors are satisfied that the carrying value of the land and buildings reflects their fair value at the reporting date.

Details of the Group's land and buildings measured at fair value and information about the fair value hierarchy as at 30 September 2016 are as follows:

	Level 3	
	Sep-16 MUR m	Sep-15 MUR m
Land	967.2	969.0
Buildings	174.9	178.4
	1,142.1	1,147.4

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:

Land - Price per Square Metre
Buildings - Price per Square Metre

Range
MUR 30 - MUR 55,000
MUR 8,000 - MUR 70,000

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

(c) Land & Buildings

Freehold land & buildings

On the cost basis, these properties would have been as follows:

Cost

Accumulated depreciation

Net book value

(d) Leased assets

Cost

Plant and equipment

Motor vehicles

Accumulated depreciation

Plant and equipment

Motor vehicles

Carrying value

Plant and equipment

Motor vehicles

GROUP	
Sep-16 MUR m	Sep-15 MUR m
1,142.1	1,147.4
980.1	981.7
(16.2)	(12.4)
963.9	969.3
41.0	44.3
4.1	3.2
45.1	47.5
14.8	9.8
1.8	2.4
16.6	12.2
26.2	34.5
2.3	0.8
28.5	35.3

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21. INVESTMENT PROPERTIES

At 1 October	
Acquisition through business combination (note 34(a))	
Additions	
Transfer (note 20)	
At 30 September	

GROUP		COMPANY	
Sep-16 MUR m	Sep-15 MUR m	Sep-16 MUR m	Sep-15 MUR m
533.7	556.1	30.8	30.8
163.0	-	-	-
12.0	9.2	-	-
25.0	(31.6)	-	-
733.7	533.7	30.8	30.8

Bank borrowings of some subsidiaries are secured by floating charges on their respective assets.

- (a) The Group and Company's investment properties have been revalued at their fair value on 30 September 2014 by Broll Indian Ocean Limited, an independent chartered valuer. The different valuation methods used are:

- (i) sales comparison approach for land;
- (ii) depreciated replacement cost approach for buildings.

The directors have reassessed the fair values of the investment properties at 30 September 2016. On the basis of current economic and property environment and after consultation with the independent valuers, the directors are satisfied that the carrying value of the investment properties reflects their fair value at the reporting date.

Details of the Group and Company's investment properties, which are classified as level 3 on the fair value hierarchy as at 30 September 2016 are as follows:

Land
Buildings

GROUP		COMPANY	
Sep-16 MUR m	Sep-15 MUR m	Sep-16 MUR m	Sep-15 MUR m
462.3	300.9	-	-
271.4	232.8	30.8	30.8
733.7	533.7	30.8	30.8

Significant unobservable valuation input:

Land - Price per Square Metre
Buildings - Price per Square Metre

Range

MUR 2,000 - MUR 55,000
MUR 8,000 - MUR 70,000

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

The following have been recognised in Profit or Loss:

Rental income
Direct operating expenses arising from investment properties that generate rental income
Direct operating expenses that did not generate rental income

GROUP		COMPANY	
Sep-16 MUR m	Sep-15 MUR m	Sep-16 MUR m	Sep-15 MUR m
68.1	51.9	-	-
12.5	10.0	-	-
8.5	8.9	-	-

EXPLANATORY NOTES

30 September 2016

22. INTANGIBLE ASSETS

a) GROUP

Cost

At 1 October 2014
Additions
Acquisition through business combination
Scrapped assets
At 30 September 2015
Additions
Disposal of subsidiary (note 34(b))
Disposals
Scrapped assets
At 30 September 2016

Amortisation/Impairment

At 1 October 2014
Charge for the year
Scrapped assets
At 30 September 2015
Charge for the year
Disposal of subsidiary (note 34(b))
Disposal adjustment
Scrapped assets
At 30 September 2016

Carrying value

At 30 September 2016
At 30 September 2015

Goodwill on acquisition	Software	Total
MUR m	MUR m	MUR m
1,094.0	234.6	1,328.6
-	9.9	9.9
5.4	-	5.4
-	(1.6)	(1.6)
1,099.4	242.9	1,342.3
-	10.4	10.4
-	(22.6)	(22.6)
-	(40.1)	(40.1)
-	(23.1)	(23.1)
1,099.4	167.5	1,266.9
500.7	166.3	667.0
-	30.5	30.5
-	(1.6)	(1.6)
500.7	195.2	695.9
-	18.7	18.7
-	(21.6)	(21.6)
-	(36.0)	(36.0)
-	(23.1)	(23.1)
500.7	133.2	633.9
598.7	34.3	633.0
598.7	47.7	646.4

At the end of the reporting period, the Group assessed the recoverable amount of goodwill and determined that there is no further impairment. The recoverable amount was arrived at based on a forecasted cash flow, a risk free rate of 5.5% (2015: 6.0%), a risk premium of 7.5% (2015: 7.5%) and took into consideration the current market and economic conditions.

b) COMPANY

Cost

Additions
At 30 September 2015 & 2016

Amortisation

At 1 October 2015
Charge for the year
At 30 September 2015 & 2016

Carrying value

At 30 September 2016
At 30 September 2015

Software	Total
MUR m	MUR m
0.3	0.3
0.3	0.3
-	-
0.1	0.1
0.1	0.1
0.2	0.2
0.3	0.3

EXPLANATORY NOTES

30 September 2016

23. INVENTORIES

Cost

Work in progress

Goods for resale

Carrying value of inventories pledged

GROUP	
Sep-16 MUR m	Sep-15 MUR m
2.6	1.6
5.8	420.8
8.4	422.4
8.4	422.4

The cost of inventories recognised as expense and included in cost of sales amounted to MUR 28m (2015: MUR 1,692.4m)

24. OTHER ASSETS

Trade receivables (a)

Less impairment (b)

Prepayments

Forward foreign exchange contracts

Other receivables

Consumer biological assets (c)

Receivable from subsidiary companies

Receivable from related company

Loan at call

- Subsidiary companies

GROUP		COMPANY	
Sep-16 MUR m	Sep-15 MUR m	Sep-16 MUR m	Sep-15 MUR m
120.1	127.0	-	-
(15.7)	(30.1)	-	-
104.4	96.9	-	-
62.0	50.3	35.5	10.0
-	0.1	-	-
249.7	366.6	-	-
2.0	1.8	-	-
418.1	515.7	35.5	10.0
-	-	22.0	22.9
2.5	0.5	-	-
-	-	463.0	303.1
2.5	0.5	485.0	326.0
420.6	516.2	520.5	336.0

The carrying amount of other assets approximate their fair values.

Receivable from subsidiary and related companies are unsecured.

EXPLANATORY NOTES

30 September 2016

24. OTHER ASSETS (CONT'D)

(a) Ageing of trade receivables

Less than 3 months
Impairment

More than 3 months
Impairment

More than 6 months
Impairment

(b) Impairment of trade receivables

At 1 October
Eliminated on disposal of subsidiary
Provision for credit impairment
Amounts written off
At 30 September

(c) Livestock

At 1 October
Additions
Cost of sales
Gain arising from changes in fair value
At 30 September

GROUP	
Sep-16 MUR m	Sep-15 MUR m
80.2	21.5
-	-
80.2	21.5
19.8	20.1
-	-
19.8	20.1
20.1	85.4
(15.7)	(30.1)
4.4	55.3
104.4	96.9
30.1	23.0
(10.4)	-
(3.2)	7.1
(0.8)	-
15.7	30.1

GROUP	
Sep-16 MUR m	Sep-15 MUR m
1.8	1.5
0.1	0.1
(0.5)	(0.4)
0.6	0.6
2.0	1.8

EXPLANATORY NOTES

30 September 2016

25. DEPOSITS FROM CUSTOMERS

Time deposits with remaining term to maturity

Retail customers

Within 3 months

Over 3 up to 6 months

Over 6 up to 12 months

Over 1 up to 5 years

Corporate customers

Within 3 months

Over 3 up to 6 months

Over 6 up to 12 months

Over 1 up to 5 years

Deposits - capital element

Interest payable

GROUP	
Sep-16 MUR m	Sep-15 MUR m
69.0	48.7
115.3	111.8
221.8	220.7
634.8	526.8
1,040.9	908.0
62.9	167.2
170.8	430.2
349.3	322.9
1,083.8	567.0
1,666.8	1,487.3
2,707.7	2,395.3
87.6	95.5
2,795.3	2,490.8

The above consists of deposits bearing annual effective interest at the rates of 2.25% - 8.15% per annum.

Deposits are denominated in Mauritian Rupees.

EXPLANATORY NOTES

30 September 2016

26. OTHER BORROWED FUNDS

(a) Non current

Bank and other borrowings - Secured
Bank and other borrowings - Unsecured
Other loans
Medium term note (note (e))
Finance lease obligations

Current

Bank overdrafts
Bank and other borrowings - Secured
Bank and other borrowings - Unsecured
Cash flow hedge (note (d))
Other loans
Finance lease obligations

Total

GROUP		COMPANY	
Sep-16 MUR m	Sep-15 MUR m	Sep-16 MUR m	Sep-15 MUR m
592.0	360.0	270.0	360.0
-	226.8	-	-
-	28.2	-	28.2
750.0	750.0	750.0	750.0
22.3	31.9	-	-
1,364.3	1,396.9	1,020.0	1,138.2
10.7	335.4	-	-
1,416.0	726.6	90.0	146.7
613.8	534.2	535.0	250.0
-	36.2	-	36.2
28.2	53.5	28.2	53.5
8.6	8.1	-	-
2,077.3	1,694.0	653.2	486.4
3,441.6	3,090.9	1,673.2	1,624.6

EXPLANATORY NOTES

30 September 2016

26. OTHER BORROWED FUNDS (CONT'D)

(b) Repayable otherwise than by instalments:

After one year and before two years

Others

After two years and before three years

Others

After three years and before five years

Others

After five years

Repayable by instalments:

After one year and before two years

After two years and before three years

After three years and before five years

After five years

GROUP		COMPANY	
Sep-16 MUR m	Sep-15 MUR m	Sep-16 MUR m	Sep-15 MUR m
117.6	-	-	-
867.3	750.0	750.0	750.0
97.9	-	-	-
11.5	-	-	-
90.0	202.6	90.0	118.2
90.0	193.9	90.0	90.0
90.0	249.7	90.0	180.0
-	0.7	-	-
1,364.3	1,396.9	1,020.0	1,138.2

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

Bank overdrafts

Bank and other borrowings - Secured

Bank and other borrowings - Unsecured

Cash flow hedge

Other loans

Finance lease obligations

GROUP		COMPANY	
Sep-16 %	Sep-15 %	Sep-16 %	Sep-15 %
5.60 - 8.50	6.25 - 8.50	5.80 - 6.50	6.75
4.15 - 7.50	4.40 - 6.70	5.55 - 5.85	5.55 - 6.70
0.75 - 4.20	0.75 - 7.50	3.95 - 4.20	4.50 - 4.90
-	1.82 - 1.85	-	1.82 - 1.85
5.70 - 7.00	6.90 - 7.15	6.65	6.90 - 7.15
7.5	7.50 - 9.75	-	-

EXPLANATORY NOTES

30 September 2016

26. OTHER BORROWED FUNDS (CONT'D)

(d) Cash flow hedge loans

	GROUP AND COMPANY	
	Sep-16 MUR m	Sep-15 MUR m
At 1 October	36.2	95.3
Repayment of borrowings	(30.6)	(61.2)
Losses recognised in Other Comprehensive Income	-	8.3
Reclassification of adjustments for gains from Other Comprehensive Income to Profit or Loss	(5.6)	(6.2)
At 30 September	-	36.2

The above USD cash flow hedge loans were secured. Repayment term was by 6-monthly instalments over a period of 5 years. Upon repayment of the instalments amounts, the exchange difference impacts Profit or Loss and is reclassified from reserves to Profit or Loss.

- (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.

	GROUP		COMPANY	
	Sep-16 MUR m	Sep-15 MUR m	Sep-16 MUR m	Sep-15 MUR m
(f) The carrying amounts of the other borrowed funds are denominated in the following currencies:				
MUR and others	3,292.5	2,852.4	1,673.2	1,588.4
EURO	104.1	145.5	-	-
USD	45.0	93.0	-	36.2
	3,441.6	3,090.9	1,673.2	1,624.6

- (g) The carrying amounts of the borrowed funds are not materially different from the fair value. The fair values are based on cash flows discounted using a rate based on the relevant borrowings rates and are within level 2 of the fair value hierarchy.

EXPLANATORY NOTES

30 September 2016

27. DEFERRED TAXATION

Deferred income tax is calculated on all temporary differences under the liability method at 15% (2015: 15%).

- (a) There is a legally enforceable right to offset current tax assets against current tax liabilities and deferred income tax assets and liabilities when the deferred income taxes relate to the same fiscal authority. The following amounts are shown in the Statement of Financial Position:

	GROUP		COMPANY	
	Sep-16 MUR m	Sep-15 MUR m	Sep-16 MUR m	Sep-15 MUR m
Deferred tax liabilities	20.3	21.5	0.5	0.5
Deferred tax assets	(14.5)	(14.5)	-	-
	5.8	7.0	0.5	0.5

At the end of the reporting period, the Group and the Company had unused tax losses of MUR 95.3m (2015: MUR 95.2m) and MUR 33.5m (2015: MUR 40.9m) respectively available for offset against future profit. No deferred tax asset has been recognised due to unpredictability of taxable future profit streams.

	GROUP		COMPANY	
	Sep-16 MUR m	Sep-15 MUR m	Sep-16 MUR m	Sep-15 MUR m
(b) The movement on the deferred income tax account is as follows:				
At 1 October	7.0	3.2	0.5	0.5
Acquisition through business combination (note 34(a))	2.9	-	-	-
Charged to Other Comprehensive Income	2.9	0.4	-	-
(Credited)/charged to Profit or Loss (note 10)	(7.0)	3.4	-	-
At 30 September	5.8	7.0	0.5	0.5

- (c) The movement on the deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same fiscal authority on the same entity, is as follows:

	GROUP			COMPANY
	Accelerated capital allowances	Fair value gains and others	Total	Fair value gains
	MUR m	MUR m	MUR m	MUR m
Deferred tax liabilities:				
At 30 September 2014	13.8	2.6	16.4	0.5
Charged to Profit or Loss	5.1	-	5.1	-
At 30 September 2015	18.9	2.6	21.5	0.5
Acquisition through business combination (note 34(a))	2.9	-	2.9	-
(Credited)/charged to Profit or Loss	(4.3)	0.2	(4.1)	-
At 30 September 2016	17.5	2.8	20.3	0.5

	Retirement benefit obligation	Impairment and provisions	Total
	MUR m	MUR m	MUR m
Deferred tax assets:			
At 30 September 2014	(9.7)	(3.5)	(13.2)
Charged to Other Comprehensive Income	0.4	-	0.4
Credited to Profit or Loss	(1.7)	-	(1.7)
At 30 September 2015	(11.0)	(3.5)	(14.5)
Charged to Other Comprehensive Income	2.9	-	2.9
Credited/(charged) to Profit or Loss	2.6	(5.5)	(2.9)
At 30 September 2016	(5.5)	(9.0)	(14.5)

EXPLANATORY NOTES

30 September 2016

28. RETIREMENT BENEFIT OBLIGATIONS

Amounts recognised in the Statements of Financial Position:

Pension benefits (note (a))
Unfunded pension schemes (note (b))
Other retirement benefits (note (c))

Analysed as follows:

Non current assets
Non current liabilities

Amounts charged to Profit or Loss:

Pension benefits (note (a))
Unfunded pension schemes (note (b))
Other retirement benefits (note (c))

Total included in employee benefit expense (note 8)

Amounts (credited)/charged to Other Comprehensive Income:

Pension benefits (note (a))
Unfunded pension schemes (note (b))
Other retirement benefits (note (c))

GROUP	
Sep-16 MUR m	Sep-15 MUR m
(9.9)	(10.1)
43.7	45.6
45.1	61.8
78.9	97.3
(9.9)	(10.1)
88.8	107.4
78.9	97.3
0.7	0.9
3.0	3.2
10.7	14.5
14.4	18.6
(3.5)	(0.7)
1.9	5.1
(19.0)	0.9
(20.6)	5.3

EXPLANATORY NOTES

30 September 2016

28. RETIREMENT BENEFIT 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 (NWOOG) so that their benefits would not be worse than what they would have earned under a previous defined benefit plan.

(i) Amounts recognised in the Statements of Financial Position are as follows:

Present value of funded obligations

Fair value of plan assets

Asset in the Statements of Financial Position

The reconciliation of the opening balances to the closing balances for the net defined benefit liability is as follows:

At 1 October

Charged to Profit or Loss

Credited to Other Comprehensive Income

Contributions paid

Deconsolidation of group companies (note 34 (b))

At 30 September

(ii) Amounts recognised in Profit or Loss and Other Comprehensive Income are as follows:

Service cost:

Current service cost

Net interest on net defined benefit asset

Components of amount recognised in Profit or Loss

Return on plan assets above interest cost

Liability experience (gain)/loss

Liability gain due to change in financial assumptions

Components of amount recognised in Other Comprehensive Income

Actual return on plan assets

GROUP	
Sep-16 MUR m	Sep-15 MUR m
27.1	38.3
(37.0)	(48.4)
(9.9)	(10.1)
(10.1)	(9.6)
0.7	0.9
(3.5)	(0.7)
(0.4)	(0.7)
3.4	-
(9.9)	(10.1)
1.3	1.7
(0.6)	(0.8)
0.7	0.9
3.2	(0.1)
(6.7)	0.6
-	(1.2)
(3.5)	(0.7)
(0.6)	3.8

EXPLANATORY NOTES

30 September 2016

28. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(a) Pension benefits (cont'd)

(iii) Movements in the defined benefit obligations over the year is as follows:

	Sep-16	Sep-15
	MUR m	MUR m
At 1 October	38.3	37.8
Current service cost	1.3	1.7
Interest expense	2.0	2.9
Benefits paid on settlement	-	(1.9)
Other benefits paid	(0.9)	(1.6)
Liability experience (gain)/loss	(6.7)	0.6
Liability gain due to change in financial assumptions	-	(1.2)
Deconsolidation of group companies (note 34 (b))	(6.9)	-
At 30 September	27.1	38.3

(iv) Movements in the fair value of plan assets over the year is as follows:

	Sep-16	Sep-15
	MUR m	MUR m
At 1 October	48.4	47.4
Interest income	2.6	3.7
Employer contribution	0.4	0.7
Benefits paid	(0.9)	(3.5)
Return on plan assets excluding interest income	(3.2)	0.1
Deconsolidation of group companies (note 34 (b))	(10.3)	-
At 30 September	37.0	48.4

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

	Sep-16	Sep-15
	MUR m	MUR m
Increase due to 1% decrease in discount rate	17.7	25.7
Decrease due to 1% increase in discount rate	13.6	20.2

EXPLANATORY NOTES

30 September 2016

28. RETIREMENT BENEFIT 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 end of 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 2016. 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.

(vi) Allocation of plan assets at end of year:

Equity - local quoted
Equity - overseas quoted
Debt - local unquoted
Debt - overseas quoted
Property - local
Cash and other

GROUP	
Sep-16	Sep-15
%	%
39	36
28	29
23	27
1	1
2	2
7	5
100	100

(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 2016 are MUR 0.4m.
- The weighted average duration of the defined benefit obligations ranges between 4 years and 15 years.

EXPLANATORY NOTES

30 September 2016

28. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(a) Pension Benefits (cont'd)

(viii) Principal actuarial assumptions at end of year:

- Discount rate
- Future salary increases
- Future pension increases
- Average retirement age (ARA)
- Average life expectancy for:
 - Male at ARA
 - Female at ARA

GROUP	
Sep-16	Sep-15
7.0%	7.0%
5.5%	5.5%
1.0%	1.0%
60	60
19.5	19.5 years
24.2	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.

EXPLANATORY NOTES

30 September 2016

28. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(b) Unfunded pension schemes

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

(i) Amounts recognised in the Statements of Financial Position are as follows:

Present value of unfunded obligation

Liability in the Statements of Financial Position

(ii) Amounts recognised in Profit or Loss and Other Comprehensive Income are as follows:

Net interest on net defined benefit liability

Components of amount recognised in Profit or Loss

Liability experience loss

Liability loss due to change in financial assumptions

Components of amount recognised in Other Comprehensive Income

(iii) Movements in liability recognised in Statements of Financial Position:

At 1 October

Interest expense

Other benefits paid

Liability experience loss

Liability loss due to change in financial assumptions

At 30 September

(iv) Sensitivity Analysis on defined benefit obligation at end of period

Increase due to 1% decrease in discount rate

Decrease due to 1% increase in discount rate

GROUP	
Sep-16 MUR m	Sep-15 MUR m
43.7	45.6
43.7	45.6
3.0	3.2
3.0	3.2
1.9	2.9
-	2.2
1.9	5.1
45.6	43.5
3.0	3.2
(6.8)	(6.2)
1.9	2.9
-	2.2
43.7	45.6
2.5	2.8
2.3	2.5

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.

EXPLANATORY NOTES

30 September 2016

28. RETIREMENT BENEFIT 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 2016 are MUR 7m
- The weighted average duration of the defined benefit obligations is 6 years.

(vi) Principal actuarial assumptions at end of year:

- Discount rate
- Future pension increases
- Average retirement age (ARA)
- Average life expectancy for:
 - Male at ARA
 - Female at ARA

GROUP	
Sep-16	Sep-15
7.0%	7.0%
2.5%	2.5%
60	60
19.5 years	19.5 years
24.2 years	24.2 years

(c) Other retirement benefits

Other retirement benefits comprise full and residual retirement gratuities.

(i) Amounts recognised in the Statements of Financial Position are as follows:

- Present value of unfunded obligation
- Liability in the Statements of Financial Position

GROUP	
Sep-16 MUR m	Sep-15 MUR m
45.1	61.8
45.1	61.8

(ii) Amounts recognised in Profit or Loss and Other Comprehensive Income are as follows:

- Service cost:
 - Current service cost
 - Past service cost

Net interest on net defined benefit liability

Components of amount recognised in Profit or Loss

- Liability experience (gain)/loss
- Liability loss due to change in demographic assumptions
- Liability loss due to change in financial assumptions

Components of amount recognised in Other Comprehensive Income

5.9	6.6
1.1	4.2
7.0	10.8
3.7	3.7
10.7	14.5
(8.2)	0.8
(10.8)	-
-	0.1
(19.0)	0.9

EXPLANATORY NOTES

30 September 2016

28. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(c) Other retirement benefits (cont'd)

(iii) Movements in liability recognised in Statements of Financial Position:

At 1 October	61.8	46.5
Current service cost	5.9	6.6
Past service cost	1.1	4.2
Interest expense	3.7	3.7
Other benefits paid	2.8	(0.1)
Liability experience (gains)/loss	(8.2)	0.8
Liability gain due to change in demographic assumptions	(10.8)	-
Liability loss due to change in financial assumptions	-	0.1
Deconsolidation of group companies (note 34 (b))	(11.2)	-
At 30 September	45.1	61.8

(iv) Sensitivity Analysis on defined benefit obligation at end of period

Increase due to 1% decrease in discount rate	12.5	21.2
Decrease due to 1% increase in discount rate	10.2	16.7

GROUP	
Sep-16 MUR m	Sep-15 MUR m
61.8	46.5
5.9	6.6
1.1	4.2
3.7	3.7
2.8	(0.1)
(8.2)	0.8
(10.8)	-
-	0.1
(11.2)	-
45.1	61.8
12.5	21.2
10.2	16.7

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 108.6m as at 30 September 2016.

(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 2016 are MUR 0.6m
- The weighted average duration of the defined benefit obligations ranges between 12 years and 29 years.

(vi) Principal actuarial assumptions at end of year:

Discount rate	8.0%	7.0%
Future salary increases	6.5%-6.0%	5.0%-5.5%
Future pension increases	2.0%	1.0%
Average retirement age (ARA)	60	60
Average life expectancy for:		
- Male at ARA	19.5 years	19.5 years
- Female at ARA	24.2 years	24.2 years

GROUP	
Sep-16 MUR m	Sep-15 MUR m
8.0%	7.0%
6.5%-6.0%	5.0%-5.5%
2.0%	1.0%
60	60
19.5 years	19.5 years
24.2 years	24.2 years

(d) Contribution to the defined contribution plans amounted to MUR 23.3 m (2015: MUR 25.5m).

EXPLANATORY NOTES

30 September 2016

29. OTHER LIABILITIES

	GROUP		COMPANY	
	Sep-16 MUR m	Sep-15 MUR m	Sep-16 MUR m	Sep-15 MUR m
Trade payables	510.8	650.1	-	-
Accruals	221.2	194.1	6.8	14.7
Other payables	540.9	629.8	18.2	32.3
Dividend payable (see note 30)	149.7	136.1	149.7	136.1
	1,422.6	1,610.1	174.7	183.1
Amount payable to				
- Related companies	27.5	9.3	-	-
- Subsidiary companies	-	-	6.5	11.9
- Joint venture	-	0.2	-	-
Loan at call				
- Subsidiary companies	-	-	104.4	54.7
	27.5	9.5	110.9	66.6
	1,450.1	1,619.6	285.6	249.7

The carrying amount of the payables is considered as a reasonable approximation of fair value.

30. DIVIDENDS

	COMPANY	
	2016 MUR m	2015 MUR m
Amounts recognised as distributions to equity holders in the year:		
Final dividends payable of MUR 0.22 per share (2015: MUR 0.20 per share)	149.7	136.1
Interim dividends paid of MUR 0.12 per share (2015: MUR 0.11 per share)	81.7	74.9
	231.4	211.0

31. STATED CAPITAL

	COMPANY	
	2016 & 2015	
	No of shares Million	Ordinary shares MUR m
At 30 September 2015 & 2016.	680.5	680.5

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

EXPLANATORY NOTES

30 September 2016

32. EARNINGS PER SHARE

Profit attributable to owners of the parent	
Number of shares used in calculation	
Earnings per share	MUR
Earnings per share (adjusted for non-recurring items)	MUR

GROUP		COMPANY	
Sep-16	Sep-15	Sep-16	Sep-15
MUR m	MUR m	MUR m	MUR m
671.2	574.9	591.9	527.4
680,522,310	680,522,310	680,522,310	680,522,310
0.99	0.84	0.87	0.77
0.89	0.84	0.65	0.77

33. NOTES TO THE STATEMENTS OF CASH FLOWS

(a) Cash generated from operations

Profit before taxation	776.3	678.2	591.9	527.4
Depreciation	86.3	103.5	-	-
Amortisation	18.7	30.5	0.1	-
Impairment of investment	1.0	6.3	1.0	6.3
Profit on disposal of subsidiary	(47.0)	-	(147.7)	-
Net bargain on business combination	(21.3)	-	-	-
Impairment charge	149.2	109.1	-	-
Profit on sale of property, plant and equipment	(2.6)	(1.4)	-	-
Profit on disposal of financial assets	(2.2)	(2.8)	(2.2)	(2.8)
Investment income	(5.7)	(32.2)	(462.4)	(576.2)
Exchange losses on borrowings	5.6	6.2	5.6	6.2
Fair value gain on forward foreign exchange contracts	-	(0.1)	-	-
Share of results of associates	(15.4)	(4.0)	-	-
Share of result of joint venture	(0.7)	(3.5)	-	-
Retirement benefit obligations	10.0	11.6	-	-

Changes in working capital (excluding the effects of acquisition and disposal of subsidiaries)	952.2	901.4	(13.7)	(39.1)
Deposit with banks	87.1	(32.8)	-	-
Inventories	(2.2)	(83.5)	-	-
Net investment in finance leases and other credit agreements	(1,357.9)	(600.7)	-	-
Loan and advances	(934.6)	(75.7)	(449.7)	(366.2)
Other assets	(86.0)	(66.9)	(30.3)	(0.3)
Deposit from customers	304.5	374.3	-	-
Other liabilities	326.5	423.5	(27.8)	12.5
Cash (absorbed in)/generated from operations	(710.4)	839.6	(521.5)	(393.1)

(b) Operational cash flows from interest

Interest income received during the year	249.4	157.2	105.1	67.6
Interest expense paid during the year	(317.6)	(271.5)	(112.4)	(84.6)

GROUP		COMPANY	
Sep-16	Sep-15	Sep-16	Sep-15
MUR m	MUR m	MUR m	MUR m
776.3	678.2	591.9	527.4
86.3	103.5	-	-
18.7	30.5	0.1	-
1.0	6.3	1.0	6.3
(47.0)	-	(147.7)	-
(21.3)	-	-	-
149.2	109.1	-	-
(2.6)	(1.4)	-	-
(2.2)	(2.8)	(2.2)	(2.8)
(5.7)	(32.2)	(462.4)	(576.2)
5.6	6.2	5.6	6.2
-	(0.1)	-	-
(15.4)	(4.0)	-	-
(0.7)	(3.5)	-	-
10.0	11.6	-	-
952.2	901.4	(13.7)	(39.1)
87.1	(32.8)	-	-
(2.2)	(83.5)	-	-
(1,357.9)	(600.7)	-	-
(934.6)	(75.7)	(449.7)	(366.2)
(86.0)	(66.9)	(30.3)	(0.3)
304.5	374.3	-	-
326.5	423.5	(27.8)	12.5
(710.4)	839.6	(521.5)	(393.1)
249.4	157.2	105.1	67.6
(317.6)	(271.5)	(112.4)	(84.6)

EXPLANATORY NOTES

30 September 2016

34. BUSINESS COMBINATION

(a) Acquisition of subsidiary

The Group held 50% in Edith Cavell Properties Ltd as at 30 September 2015. 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 Income Statement would show additional income of MUR 5.2m and profit of MUR 1.4m.

EXPLANATORY NOTES

30 September 2016

34. BUSINESS COMBINATION (CONT'D)

(b) Disposal of subsidiaries

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.

Consideration received

	MUR m
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

EXPLANATORY NOTES

30 September 2016

35. COMMITMENTS

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

The future minimum lease receivable under operating leases are as follows:

Within one year

After one year and before five years

Later than 5 years

GROUP	
Sep-16 MUR m	Sep-15 MUR m
28.0	36.3
40.1	56.1
1.0	3.8
69.1	96.2

- (b) Operating lease - where the Group is the lessee

The Group leases equipment under non-cancellable operating lease agreements and the future aggregate minimum lease payments are as follows:

Not later than one year

GROUP	
Sep-16 MUR m	Sep-15 MUR m
-	2.7

- (c) Derivative financial instruments

Forward foreign exchange contracts

The notional principal amounts of the outstanding forward foreign exchange contracts are as follows:

Foreign exchange contracts purchased

Foreign exchange contracts sold

GROUP	
Sep-16 MUR m	Sep-15 MUR m
548.5	157.2
160.5	39.5

36. EVENTS AFTER THE REPORTING DATE

- (a) On 8 December 2016, the board of Cim Financial Services Ltd ratified the disposal of its 100% shareholding in Cybernaptics Limited to Mr Viv Padayatchy, who is a related party, for a consideration of MUR 10.8m based on Net Asset Value. The carrying value of the investment and share of net assets of Cybernaptics Limited in the books of the Company and the Group at 30 September 2016 amounted to MUR 7.8m and MUR 5.4m respectively.
- (b) On 31 October 2016, the board of Cim Financial Services Ltd approved the winding up of two of its fully owned subsidiaries namely Cim Captive Reinsurance Company PCC and Cim Global Reinsurance Company in accordance with Section 139 of the Insolvency Act 2009. The carrying value of the investment and share of net assets of the subsidiaries in the books of the Company and the Group at 30 September 2016 amounted to MUR 92.5m and MUR 95.3m respectively. The effect of the winding up and the derecognition of the investment to the Company and the Group is yet to be quantified in the next financial year.

37. CONTINGENT LIABILITIES

Corporate guarantees:

Subsidiary

Company with common shareholders

GROUP & COMPANY	
Sep-16 MUR m	Sep-15 MUR m
20.0	20.0
250.9	249.8
270.9	269.8

At 30 September 2016, the Company had contingent liabilities in respect of guarantees from which it is anticipated that no material liabilities would arise.

EXPLANATORY NOTES

30 September 2016

38. 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-16 MUR m	Sep-15 MUR m	Sep-16 MUR m	Sep-15 MUR m
Sales of goods & services to				
Companies with common shareholders	30.0	20.5	-	-
Purchase of goods & services from				
Subsidiary companies	-	-	-	1.0
Companies with common shareholders	5.9	40.4	-	-
Joint venture	-	8.1	-	-
Dividend income, interest income and other income				
Subsidiary companies	-	-	528.6	613.3
Associates	29.7	1.3	29.7	-
Companies with common shareholders	21.8	8.5	4.8	-
Joint venture	5.2	-	5.2	-
Financial charges				
Subsidiary companies	-	-	2.7	3.7
Joint venture	-	0.2	-	0.2
Companies with common shareholders	0.2	2.2	-	-
Loans payable to				
Companies with common shareholders	-	30.0	-	-
Subsidiary companies	-	-	104.4	54.7
Joint venture	-	4.0	-	4.0
Loans and leases receivable from				
Companies with common shareholders	103.0	90.0	-	-
Subsidiary companies	-	-	2,266.4	1,657.8
Amount owed by				
Companies with common shareholders	2.5	0.5	-	-
Subsidiary companies	-	-	22.0	22.9
Advance payment to				
Companies with common shareholders	30.0	-	30.0	-
Amount owed to				
Companies with common shareholders	27.5	9.3	-	-
Subsidiary companies	-	-	6.8	11.9
Joint venture	-	0.2	-	-
Remuneration of key management personnel				
Short term employee benefit	175.4	123.0	6.6	5.9
Post employment benefits	6.9	6.1	-	-

- (b) The above transactions have been made on commercial terms and in the normal course of business.
- (c) Outstanding balances at the year end are unsecured with interest varying from 0.75% to 7.5% (2015: 0.75% to 9.75%) 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 (2015: nil).

EXPLANATORY NOTES

30 September 2016

39. BUSINESS SEGMENTS

Year ended 30 September 2016

	Global Business	Finance	Property	Investments	Group elimination	Total
	MUR m	MUR m	MUR m	MUR m	MUR m	MUR m
Income	800.8	1,452.4	128.0	840.7	(838.1)	2,383.8
Expenses	(500.7)	(952.1)	(75.5)	(851.2)	838.1	(1,541.4)
Operating profit before impairment	300.1	500.3	52.5	(10.5)	-	842.4
Net impairment of financial assets	-	(148.1)	(0.2)	(2.2)	-	(150.5)
Operating profit	300.1	352.2	52.3	(12.7)	-	691.9
Share of profit of associates	-	-	-	15.4	-	15.4
Share of profit of joint venture	-	-	0.7	-	-	0.7
Profit before non-recurring items	300.1	352.2	53.0	2.7	-	708.0
Non-recurring items:						
Gain on disposal of subsidiary company	-	-	-	47.0	-	47.0
Net gain on business combination	-	-	-	21.3	-	21.3
Profit before taxation	300.1	352.2	53.0	71.0	-	776.3
Taxation	(47.2)	(57.4)	(8.0)	(0.6)	-	(113.2)
Profit for the year	252.9	294.8	45.0	70.4	-	663.1
Assets	517.1	8,890.9	1,909.6	3,270.0	(2,894.8)	11,692.8
Liabilities	398.0	7,942.2	256.7	2,125.0	(2,894.8)	7,827.1
Capital expenditure	6.6	54.8	25.3	10.5	-	97.2
Depreciation & amortisation	16.6	72.4	8.4	7.6	-	105.0

EXPLANATORY NOTES

30 September 2016

39. BUSINESS SEGMENTS (CONT'D)

	Global Business	Finance	Property	Investments	Group elimination	Total
	MUR m	MUR m	MUR m	MUR m	MUR m	MUR m
Year ended 30 September 2015						
Income	764.0	1,203.9	117.6	2,915.4	(859.1)	4,141.8
Expenses	(488.8)	(789.9)	(78.9)	(2,861.0)	859.1	(3,359.5)
Operating profit before impairment	275.2	414.0	38.7	54.4	-	782.3
Net impairment of financial assets	(1.7)	(98.3)	-	(11.6)	-	(111.6)
Operating profit	273.5	315.7	38.7	42.8	-	670.7
Share of profit of associates	-	-	-	4.0	-	4.0
Share of profit of joint venture	-	-	3.5	-	-	3.5
Profit before taxation	273.5	315.7	42.2	46.8	-	678.2
Taxation	(42.0)	(49.7)	(7.0)	(11.8)	-	(110.5)
Profit for the year	231.5	266.0	35.2	35.0	-	567.7
Assets	497.0	6,949.5	1,809.7	3,673.4	(2,167.3)	10,762.3
Liabilities	424.7	6,179.0	257.7	2,659.6	(2,167.3)	7,353.7
Capital expenditure	56.1	36.7	21.8	50.3	-	164.9
Depreciation & amortisation	15.2	84.7	6.5	27.6	-	134.0

The Group's activity is mainly carried out by companies based in Mauritius.

- (a) Operating segments are reported in a manner consistent with the internal reporting provided to the Group Chief Executive.

- (b) Product description of above segments:

Global Business - corporate administration, fund administration, tax structuring, trusts, corporate secretarial services and compliance outsourcing.

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, captive insurance, IT related services, strategy monitoring, support to SBUs, performance monitoring and statutory reporting.

40. ULTIMATE HOLDING COMPANY

The holding and ultimate holding companies of the Company are Cim Holdings Ltd and Elgin Ltd respectively. Both companies are incorporated in Mauritius.

EXPLANATORY NOTES

30 September 2016

41. FINANCIAL SUMMARY

GROUP

Statements of Profit or Loss and Other Comprehensive Income

	Sep-16 MUR m	Sep-15 MUR m	Sep-14 MUR m
Interest income	833.2	744.0	725.4
Interest expense	(305.9)	(271.5)	(261.4)
Net interest income/(expense)	527.3	472.5	464.0
Fee and commission income	520.8	402.4	372.1
Other income	1,029.8	2,995.4	2,433.5
Net operating income	2,077.9	3,870.3	3,269.6
Operating profit before impairment	842.4	782.3	633.9
Allowance for impairment	(150.5)	(111.6)	(78.0)
Gain on revaluation of investment properties	-	-	114.2
Share of results of associates	15.4	4.0	3.1
Share of result of joint venture	0.7	3.5	22.0
Profit before non-recurring items	708.0	678.2	695.2
Non-recurring items:			
Gain on disposal of subsidiary company	47.0	-	-
Net gain on business combination	21.3	-	-
Profit before taxation	776.3	678.2	695.2
Taxation	(113.2)	(110.5)	(96.7)
Profit for the year	663.1	567.7	598.5
Other comprehensive income for the year, net of tax	23.8	(0.4)	175.0
Total comprehensive income for the year	686.9	567.3	773.5

Profit attributable to:

Owners of the parent	671.2	574.9	604.3
Non controlling interests	(8.1)	(7.2)	(5.8)
	663.1	567.7	598.5

Total comprehensive income attributable to:

Owners of the parent	695.0	574.5	685.9
Non controlling interests	(8.1)	(7.2)	87.6
	686.9	567.3	773.5

Earnings per share

Earnings per share	0.99	0.84	0.89
Earnings per share (adjusted for non-recurring items)	0.89	0.84	0.72

Statements of Financial Position

Assets	11,692.8	10,762.3	9,625.0
Stated capital	680.5	680.5	680.5
Retained earnings	2,348.7	2,018.5	1,693.6
Other reserves	452.0	318.6	280.0
Non controlling interests	384.5	391.0	398.2
Liabilities	7,827.1	7,353.7	6,572.7
	11,692.8	10,762.3	9,625.0

Stated Capital

Number of ordinary shares - issued and fully paid	Units	680,522,310	680,522,310	680,522,310
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DIRECTORS OF SUBSIDIARY COMPANIES

	Alfs Susanne	Appadoo Rajesh	Audit Renu	Boland Christopher Francis	Chumun Dourvish Kumar	Chung Kai To Cyril Yin Choon	Chung Kim Yuen Clive	Clarke Teresa	Coetzee Barry	Darga Louis Amedee	Descroizilles Marcel Vivian	Dewoo Premila	Elferink Roland	Espitalier-Noël M.M.Hector	Espitalier-Noël M. H. Philippe	Fakun Sandeep	Gambhir Udit	Gowrea Gyaneshwarnath	Hossen Ally Rubina	Imrith Rehma Devi Narveena
Blue Nile Holding Ltd																				
CFUS Nominee Ltd																				
Chronos Ltd																R				
Cim Administrators Ltd																				
Cim Agencies Ltd						R														
Cim Captive Reinsurance Co. PCC																A				
Cim Corporate Services Ltd (ex Multiconsult Ltd)			X															R		
Cim CSR Fund Ltd																				
Cim Ethiopia Ltd																				
Cim Fiduciary Administration Services Ltd																				X
Cim Finance (Seychelles) Ltd						R														
Cim Finance Ltd.	A			X		R														
Cim Financial Services Ltd								A		X	X									
Cim Forex Ltd																				
Cim Fund Services Ltd (ex IMM Fund Administrators Ltd)			X															R		
Cim Global Administrators Ltd																				
Cim Global Business Ltd						R						A								
Cim Global Business Singapore Pte		X			R												A			
Cim Global Business UK Limited																				
Cim Global Reinsurance Co. Ltd																A				
Cim International Holdings Ltd																				
Cim Investment Advisors Ltd																				
Cim Learning Centre Ltd																				
Cim Management Services Ltd																				
Cim Portfolio Managers PCC																				
Cim Property Development Ltd																				
Cim Property Holdings Ltd																				
Cim Shared Services Ltd						R														
Cim Tax Services Ltd			X															C		
Cim Trustees (Mauritius) Limited			X															R	A	
Conqueror Ltd																R				
Cosign Limited																R				
CSBO2 Ltd											X									
Cybernapics Ltd																				
Edith Cavell Properties Ltd																				
Evipay									X				X							
Evipay KE Limited									X											
Evipay ZA Proprietary Limited									X											
Fieldhall Ltd																R				
First Capital Leasing Share Company																				
Hammerfield Nominees Ltd																R				
IMM Trustees Ltd.																		A		
Isla Ltd																R				
Iveri Global Limited									X				X							
Iveri Payment Technologies (Pty) Ltd									X				X							
Key Financial Services Ltd																				
Le Morne Development Corporation Ltd.														X	X					
Minimax Ltd																		X		X
Multiconsult Trustees Ltd																X		X	A	
Orchid Nominees Ltd																		X		
Plato Holdings Ltd																				
San Paolo Ltd.																				
South West Safari Group Limited											X									
SWTD Bis Ltd																				
The Oceanic Trust Co. Ltd																				
Tiger Nominees Ltd																		X		
White Fin Nominees Ltd																R				

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

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This image shows a blank sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.



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