

ANNUAL REPORT

2017

Dear Shareholder,

Your Board of Directors is pleased to present the Annual Report of CIM Financial Services Ltd for the year ended 30 September 2017.

This report was approved by the Board on 12 December 2017.

A handwritten signature in white ink, appearing to read 'CT', located below the first paragraph.

Colin Taylor
Non-Executive Director and Chairman

A handwritten signature in white ink, appearing to read 'Mark van Beuningen', located below the second paragraph.

Mark van Beuningen
Executive Director and Group Chief Executive Officer

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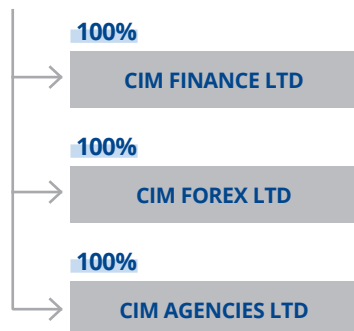
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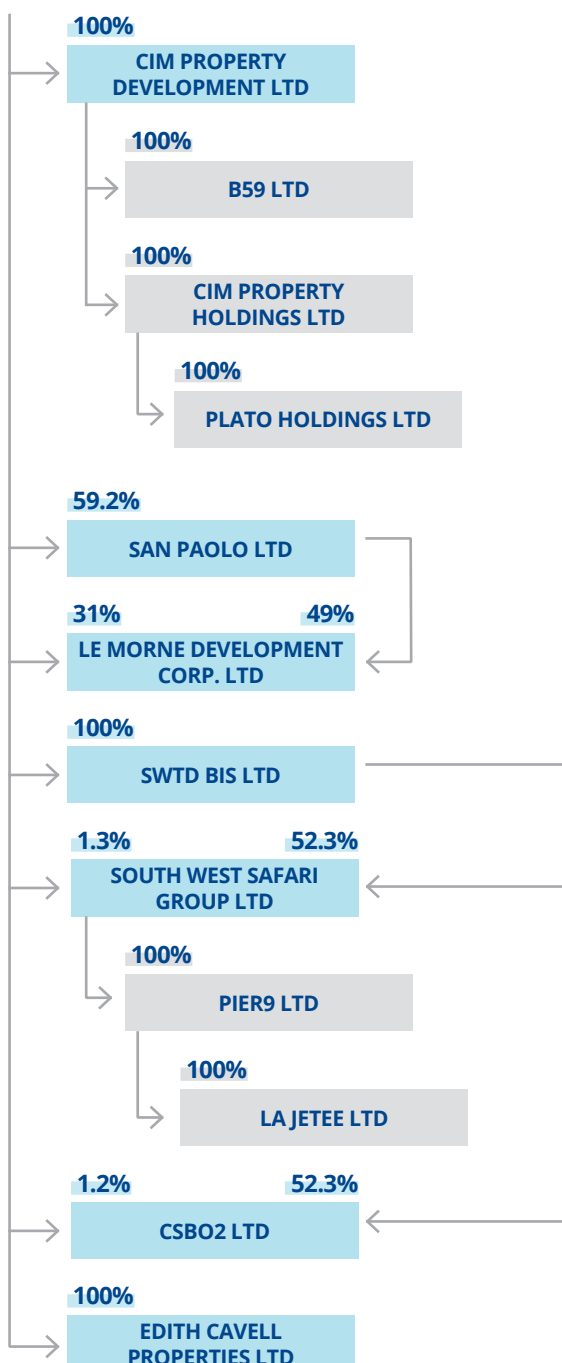
GROUP STRUCTURE

CIM FINANCIAL SERVICES LTD

FINANCE



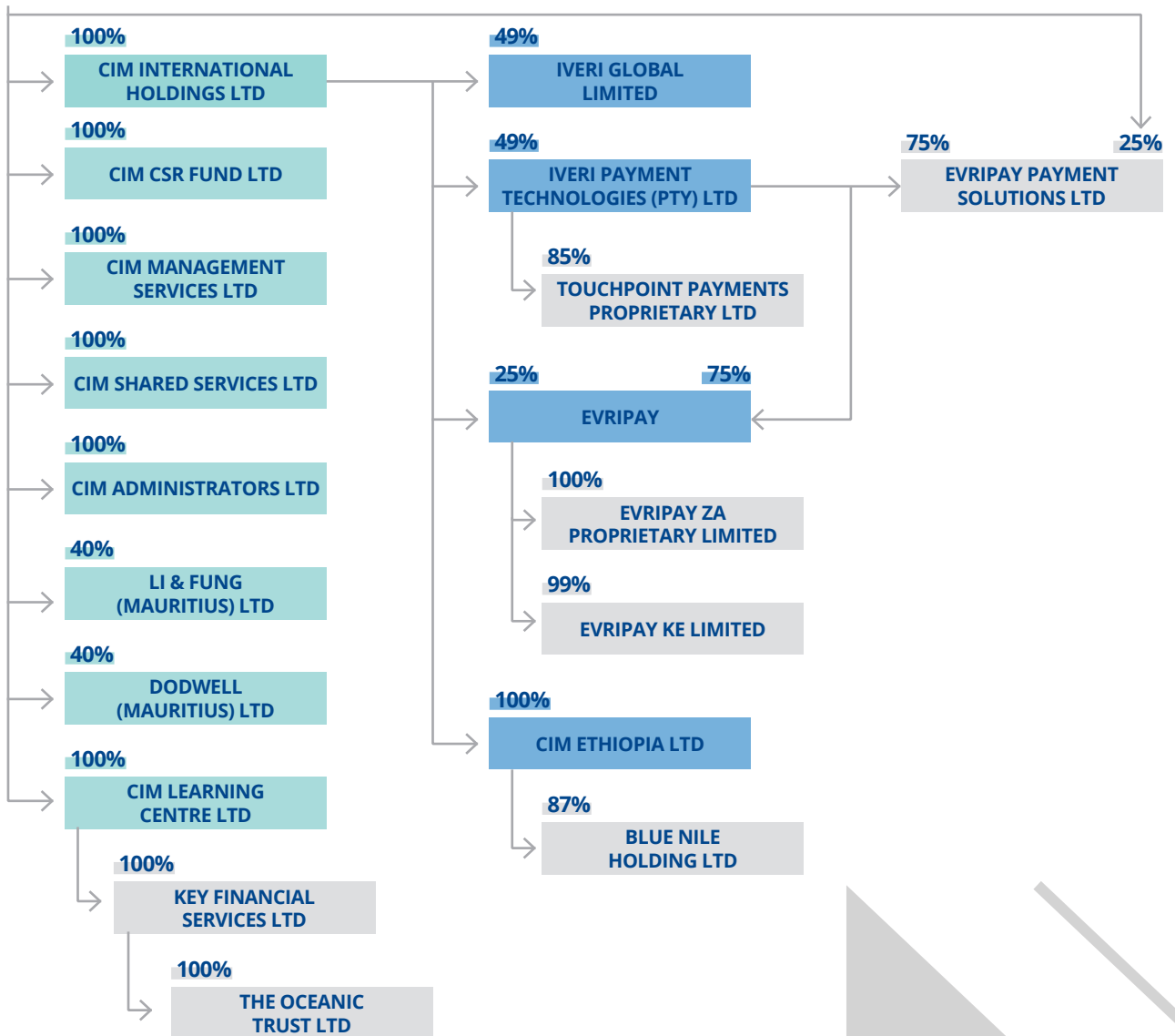
PROPERTY



1. Excluding companies under winding up and inactive companies

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

INVESTMENTS



FINANCIAL HIGHLIGHTS

59.3%

Return on Equity

MUR 4.35

Earnings per share

31%

Increase in
Total Assets

NET OPERATING INCOME (MUR m)



GROUP PROFIT AFTER TAX (MUR m)



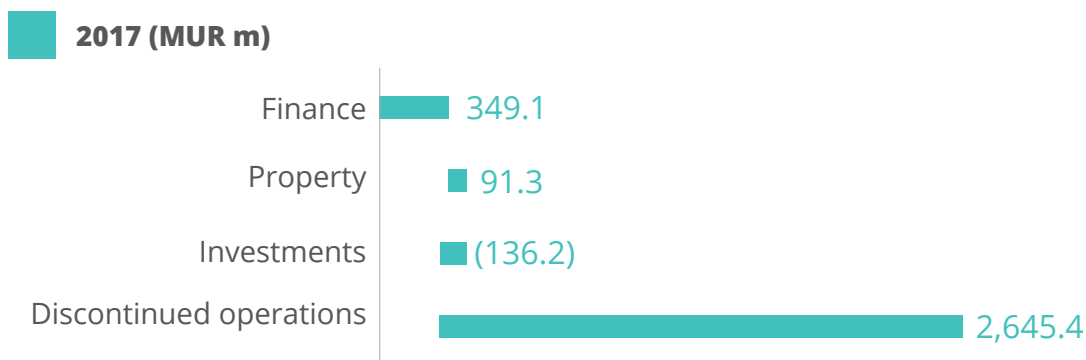
NET ASSET VALUE PER SHARE (MUR)



TOTAL ASSETS (MUR m)



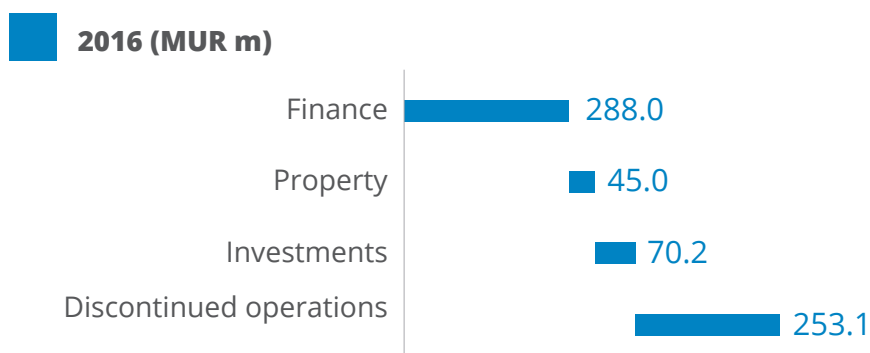
CONTRIBUTION TO GROUP PROFIT



CONSOLIDATED VALUE ADDED STATEMENT

	FY 17 MUR m	%	FY 16 MUR m	%
Income	1,582		1,409	
Bought-in materials & services	2,396		178	
Total Value Added	3,978		1,587	
Applied as follows :				
Employees (staff costs)	485	12	470	29
Government (income tax)	107	3	70	5
Dividends paid to:				
Shareholders of CIM Financial Services Ltd	89	2	231	15
Banks & other lenders	352	9	303	19
Providers of capital	441	11	534	34
Depreciation	68	2	70	4
Amortisation	16	-	18	1
Retained Profit	2,861	72	425	27
Reinvested	2,945	74	513	32
	3,978	100	1,587	100

CONTRIBUTION TO GROUP PROFIT







“La vie
avance”

CHAIRMAN'S MESSAGE



COLIN TAYLOR //
Non-Executive Director
and Chairman

Cim Group has performed strongly in 2017 and is moving forward with a renewed sense of purpose and direction after the sale of Cim Global to SGG Group of Luxembourg. While the Board had previously approved a growth strategy for Cim Global that involved the scaling up of its Singapore office and establishing a presence in Johannesburg, this strategy was overtaken in the light of developments with international consolidation of the sector.

“ *Delivering value and returns for our shareholders remains paramount, despite changing times, and we are very pleased that we have been able to pay an enhanced final dividend of MUR 0.60 per share on 6 November 2017 as compared to MUR 0.22 per share in November 2016, in the light of the sale of Cim Global and to thank our shareholders for their loyalty and support.* **”**

MUR 0.60

Final dividend per share

The profit made on disposal of Cim Global now provides us with a significant opportunity to concentrate our resources on our fast growing Finance and Property businesses in Mauritius and expansion in Africa. We are now embarked on a journey with greater vigour and a clearer focus.

Delivering value and returns for our shareholders remains paramount, despite changing times, and we are very pleased that we have been able to pay an enhanced final dividend of MUR 0.60 per share on 6 November 2017 as compared to MUR 0.22 per share in November 2016, in the light of the sale of Cim Global and to thank our shareholders for their loyalty and support.

In terms of the Group's performance, the Finance business saw its profit increase by 21% compared with 2016, while the profit of the Property business increased by 20% over the same period excluding fair value gain on investment property. These positive results across the Finance and Property clusters provide us with comfort that the plans to generate growth in these sectors are on the right track. The overall Group Profit After Tax for the Financial Year 2017 was MUR 2,949.6m, which includes the profits on the disposal of Cim Global.

Now is a time for optimism, after the challenging economic backdrop of recent years, with the global economy finally beginning to strengthen, and global growth projected to increase to 3.6% in 2017 and 3.7% in 2018 (according to the IMF's World Economic Outlook of October 2017). It is encouraging to note that broad-based upward revisions have been seen across many parts of the world, including the euro area, Japan, emerging Asia, emerging Europe and Russia, which are offsetting the downward revisions for the United States, which is seeing sharp policy changes under President Trump, and the United Kingdom, which is still trying to find the right path to deliver 'Brexit'.

Mauritius is seeking to become a high-income economy within the next 10 years, on the basis of an ambitious public investment programme and improvements to the business climate. There is still much work to do in rebuilding the credibility of the island's fiscal regime, tackling inflationary pressures, addressing financial stability risks and improving competitiveness to support growth, but Mauritius has a successful track record in re-inventing its economic model and will be ready to face this task and to build a bright future.

CHAIRMAN'S MESSAGE



Looking further afield, we will have a new emphasis on regional expansion which will re-shape our Group for the future.



In terms of our strategy going forward, developing our financial services activities in Mauritius will clearly be our key priority for the Group. We are very confident that there is much more we can do to cement our position in the market as the leading non-bank provider of financial services. In particular, we will seek to bring new innovation to the market to help build access to our products and services through digital channels. The Board will continue to consider whether the interests of our shareholders and customers could be even better served if Cim Group decided to apply for a banking licence and this will be an important topic for our strategic review in 2018.

Looking further afield, we will have a new emphasis on regional expansion which will re-shape our Group for the future. Together with Goldman Sachs, Progression Capital Africa and Surya Capital, CIM Financial Services Ltd will be investing in the first foreign owned leasing Company (First Capital Goods Finance Share Company) in Ethiopia. Its main target markets will be Ethiopian SMEs which find it difficult to access financing to meet their capital investment needs.

Furthermore, we foresee significant opportunities in Kenya, which is already leading Africa in the use of mobile technologies. With the help of our technology partner, we are looking forward to deploying a fintech-enabled Hire Purchase solution by mid Financial Year 2018, and to developing partnerships with established market players in the retail sector.

In terms of reinforcing our management team, we were delighted at the start of the year to welcome on board Nicolas Vaudin as Managing Director of Cim Property. We both share a common vision in developing and restructuring the property arm of our business so that its value is fully recognised.

I would like to thank the outgoing Chairman, Tim Taylor, and the outgoing Group Chief Executive, Paul Leech, who have made tremendous efforts over the past years to strengthen the Group's market position and revenues, for which we are truly grateful.

It is a great pleasure to welcome Mark van Beuningen on board in his new role as the Group CEO. Mark has already helped Cim Finance to consolidate its leading position since he joined in May 2016 as Managing Director. I would also like to welcome Vishuene (Viny) Vydelingum as the new Managing Director of Cim Finance as from November 2017. Viny brings a wealth of financial services experience to the Group and I am sure that he will spearhead the next stages of growth and our ambition for Cim Finance over the coming years.

In closing, I would like to take this opportunity to thank our shareholders and valued customers for their loyalty and trust, as well as our Directors for all their support, as Cim Group moves forward with a renewed vision and purpose for 2018.

GROUP CEO'S OUTLOOK



MARK VAN BEUNINGEN //
Executive Director and
Group CEO

Group Review

A major achievement during the year was the sale of Cim Global to Luxembourg-headquartered SGG Group for approximately MUR 3.2 billion (USD 90 million), representing a profit on disposal of MUR 2.5 billion. The decision to sell Cim Global was made with the recognition of the consolidation internationally in the Global Business sector and the decision to focus our development plans on our finance and property businesses. We believe that the arrival of another major international player in the Mauritius Global Business

sector represents a major vote of confidence in the attractiveness of the jurisdiction, and brings not only a significant piece of FDI to the country but also the opportunity to expand the range of services offered to multinational clients.

The Group has had a very satisfactory year financially. Group income before discontinued operations grew by 12% to MUR 1.6 billion and profit from continuing operations before fair value adjustments and foreign exchange losses by 7% to MUR 368 million.



During the course of the next 12 months we will assess the feasibility of whether or not to launch a bank.



Looking ahead

During the course of the next 12 months we will assess the feasibility of whether or not to launch a bank.

We do believe that this could be an opportunity to deploy a significant amount of capital realised from the Cim Global sale to diversify our revenue streams, as well as to reduce our funding costs through cheaper retail deposits, but we are fully cognisant of the complexity of deploying a banking proposition in an already highly banked market, and of the additional regulatory complexity that would ensue. We have embarked on a detailed strategic review to ensure that we make the right decision for our shareholders.

As a part of our African expansion strategy, we have invested a lot of time exploring expansion opportunities in two East African markets.

As mentioned earlier, First Capital Goods Financing (FCGF), the company we are looking to set up in Ethiopia, will be the first foreign-owned financial services company in Ethiopia. FCGF will be focused on leasing of capital equipment in the Ethiopian Government's priority sectors. Despite the challenges of operating in the Ethiopian market, we strongly believe that there is significant long term potential for the leasing business, given the strong macroeconomic fundamentals of the country and significant business demand for credit. Ethiopia's GDP growth has exceeded 10% per annum over the last ten years and is projected to maintain a similar future trajectory. The country's globally strategic location, significant investment in hydro power and rail lines to Djibouti Port, as well as labour cost competitiveness, drive its ambition to become an African manufacturing hub and we believe that FCGF will be well positioned to take advantage of the growth opportunities in the market. We are currently going through the regulatory approval process with the National Bank of Ethiopia.

We have also invested a lot of effort in a strategic review to explore wholly-owned greenfield opportunities in consumer finance in Africa. This has involved a detailed analysis of market opportunities in large East and West African markets that resulted in a detailed go-to-market strategy for a hire purchase

business in Kenya. We have engaged a technology partner to support us in deploying a fintech-enabled business model leveraging upon Kenya's unique mobile digital ecosystem and high consumer awareness of mobile phone app based lending platforms (currently largely micro finance lending). We will aim to partner with established retail players, as we do in Mauritius, but with a technology-led rather than people-heavy operating model. We are targeting a launch date towards mid financial year 2018 in Kenya.

As set out in the Property cluster's business review, a restructuration programme has already been launched to enable the cluster to meet its strategic plans. Cim Property's team will also be busy with the implementation of the Edith Cavell Project, the Belle Mare IHS project and the PDS project at Case Noyale. We are confident that these initiatives will help us to reach our objective of ensuring that the value of Property cluster is accurately reflected in the Cim share price.

Conclusion

Our performance in 2017 has been very encouraging. As highlighted, we are looking to invest significantly in our core businesses in Mauritius and potentially to diversify outside of that within the Mauritian market.

We are also looking to diversify regionally into East Africa in businesses where we feel we have core capabilities and strengths, namely in consumer finance and leasing.

We believe that a well-executed Mauritian and regional strategy will reward shareholders with attractive returns and a strong growth story.

Importantly, I would like to thank our valued customers for placing their business with us, our Board and shareholders for their support and our staff for their skill and hard work to make Cim an attractive employer and valued partner to our customers.

The background is a solid blue color. It features several abstract geometric shapes in lighter shades of blue. In the top left, there is a thin line forming a right angle. In the top center, there is a larger, solid blue chevron pointing to the right. In the bottom left, there is a large, solid blue chevron pointing to the right. In the bottom right, there is a thin line forming a right angle.

DIRECTORS' **PROFILES**

DIRECTORS' PROFILES



COLIN TAYLOR

Non-Executive Director and Chairman

Colin Taylor Holds an MSc in Management from Imperial College, London and a BSc (Hons) in Engineering with Business Studies from Portsmouth Polytechnic.

He is the Chairman and CEO of Taylor Smith Investment which is a diversified group of companies involved in Marine Services, Logistics and Distribution, Manufacturing, Services and Property.

He is the Honorary Consul of Sweden in Mauritius.

Directorship in other listed companies: none.

Mark van Beuningen is currently the Group CEO and Executive Director of CIM Financial Services Ltd. He joined the Group in January 2016 and was the Managing Director of Cim Finance Ltd until 30 September 2017.

Prior to joining the Cim Group, Mark worked for the Boston Consulting Group (BCG) in Sydney for two years and more recently in 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 Bachelor of Business Science (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 Analyst in 2007 and as a Chartered Accountant (SA) in 2005.

Directorship in other listed companies: none.



MARK VAN BEUNINGEN

Executive Director and Group CEO

Teresa Clarke is the Chairman and CEO of Africa.com, the leading Africa-related digital media company that operates the website at www.africa.com and an ad network of the leading 40+ business publications on the continent. She serves on the board of Change Financial, listed on the Australian Stock Exchange. Prior to founding Africa.com, Ms. Clarke was a Managing Director in the investment banking division of Goldman, Sachs & Co.

Ms. Clarke was 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.



TERESA CLARKE
Independent Director



LOUIS AMEEDÉ 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.

DIRECTORS' PROFILES

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.



MARCEL DESCROIZILLES
Independent Director



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.

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.



MATTHEW TAYLOR
Non-Executive Director



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.

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 and also the Chairman of The BrandHouse Ltd. 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: Vivo Energy Mauritius Ltd



TIMOTHY TAYLOR
Non-Executive Director

SENIOR EXECUTIVES' PROFILES



MARK VAN BEUNINGEN
Executive Director and Group CEO

Mark van Beuningen is currently the Group CEO and Executive Director of CIM Financial Services Ltd. He joined the Group in January 2016 and was the Managing Director of Cim Finance Ltd until 30 September 2017.

Prior to joining the Cim Group, Mark worked for the Boston Consulting Group (BCG) in Sydney for two years and more recently in 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 Bachelor of Business Science (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 Analyst in 2007 and as a Chartered Accountant (SA) in 2005.

Renu Audit joined the Cim Group in September 2008 following her private practice in Supreme Court of India and thereafter 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 and international forums.

Legally qualified in India, Mauritius and the UK, she has developed 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. Lately she has contributed very actively in industry forums and workshops on upcoming issues like Anti Bribery and Corruption best practices, corporate governance and gender diversity, FATCA and RegTech.



RENU AUDIT
Group Legal Counsel



AMBRISH MAHARAHJE
Head of Corporate Affairs

Ambrish Maharajah is an Associate of the Institute of Chartered Secretaries 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.



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.

Nicolas Vaudin joined the Cim Group as Managing Director of the Cim Property cluster in February 2017.

Prior to joining the Cim Group, Nicolas was the Director in the Advisory Deals (Real Estate) practice of PricewaterhouseCoopers Ltd, Mauritius, where he provided advisory services and development management services in connection with real estate projects in Mauritius, Dubai, Morocco and Kenya. Prior to his time at PwC, Nicolas was the General Manager of Ciel Properties Ltd and headed the Anahita resort real estate development which included the Four Seasons Resort Mauritius at Anahita and the Ernie Els design championship golf course.

Nicolas holds a Bachelor of Applied Science in Hospitality Administration from South New Hampshire University, Manchester, NH, USA and an MBA from Surrey European Management School, University of Surrey, Guildford, UK.

He has 12 years' experience in Hospitality Management and 11 years in Real Estate development management and his sector expertise includes Real Estate, Construction, Lodging and Food & Beverages.



NICOLAS VAUDIN
Managing Director, Cim Property Holdings Ltd



VISHUENE (VINY) VYDELINGUM
Managing Director, Cim Finance Ltd

With more than 20 years of experience in the financial services sector, Vishuene has extensive expertise in Corporate, Commercial, Business, Investment and International Banking Services, both locally and regionally. He joined Cim Finance Ltd as Managing Director on 1 November 2017.

He was most recently Executive Head - Corporate Banking, Institution & Treasury at Maubank Ltd, where he led the development and implementation of the strategies of a wide range of business functions. Prior to joining Maubank Ltd, he held several senior positions at Barclays Bank Mauritius, including those of Commercial Director and Regional Treasurer, leading successfully the bank's overall local and wider African strategies.

Vishuene holds a Master's degree in Banking and Finance with specialisation in Derivatives Markets (Ingénieur Maître en Banque et Finance avec spécialisation en Marchés Dérivés (IUP)) from University Paris XIII and is a licensed stockbroker accredited by the Stock Exchange of Mauritius.





"The right plan
to make things
happen"

BUSINESS REVIEW

CIM FINANCE



The Finance cluster consists of Cim Finance, Cim Agencies and Cim Forex, with each business being separately licensed and regulated. Cim Finance is the largest of the businesses and is regulated both by the Bank of Mauritius and the Financial Services Commission. Cim Finance plays an important role in the Mauritian economy with the focus of Cim Finance being very much “mass market” retail and SME financing.

We recently defined Cim Finance’s purpose statement as being “helping people uplift their lives to build better futures” and our team fundamentally believes that we do have an important role to play in helping less affluent Mauritians realise their aspirations, as well as in supporting SME businesses to grow sustainably.



Our latest unsecured lending product, Cim MoCredit, has now been on the market for two years and the book has recorded an impressive growth of over 50%.



Financially we reported a strong revenue growth of 15% in the Finance cluster, largely driven by our Consumer Finance business. Operating profits showed a very healthy increase over history with an increase of 21% in PAT. These are very encouraging results, especially in the light of the challenging market conditions that we face.

As highlighted in last year's Group Chief Executive Review, the significantly reduced HP rate to 12% from 19% since 2015 adversely distorted loan pricing at the lower end of the mass market. This rate is significantly below unsecured personal loans as well as credit card borrowing rates.

Since 2016 we moved away from offering finance via HP contracts and opted to finance retail point-of-sale (POS) purchases via Credit Finance Agreements (CFA). A major initiative that we launched towards the end of 2016 and completed in 2017 was the introduction of Cim MoKart to our over 250,000 CFA customers. Cim MoKart has allowed us to improve approval processing as well as repayment transaction times at our counters. We have launched a Loyalty Programme for Cim MoKart holders that will enable them to benefit from special offers from the Loyalty Programme corporate partners. We aim to offer additional value-added products linked to Cim MoKart.

Our retail POS financing book has thus grown significantly in 2017, with an increase of 20% vs. 2016 to MUR 4.5 billion. We now have over 85 counters located across Mauritius and look to expand this number in 2018 in supporting our retail merchant partners' growth aspirations.

Our latest unsecured lending product, Cim MoCredit, has now been on the market for two years and the book has recorded an impressive growth of over 50%. Our customers use Cim MoCredit to finance their needs beyond retail financing requirements for life needs such as weddings, funerals and renovations.

In 2017 we put a lot of effort into strengthening our Factoring business unit, given that Factoring plays a large role in the financing needs in particular of SMEs. We recruited a number of senior sales and operations personnel, invested in a new software as a service (SaaS) system, streamlined our processes and entered

a contractual agreement with a global credit insurance provider to provide credit insurance for our non-recourse Factoring product. We have already seen an improvement in our book of over 20% and aim to grow our Factoring business significantly in 2018.

Our Leasing business showed respectable growth in 2017 with a growth in our leasing book of 8%. This business has predominantly focused on SMEs and the second hand car and reconditioned car market from a retail perspective. We continue to be one of the leading leasing companies by market share in Mauritius and will look to strengthen our position in 2018 by diversifying our customer segments further.

Our credit cards book remained flat in 2017 but we did grow our POS acquiring volumes, despite significant market competition. We have embarked on a large project to outsource our credit card issuing, POS acquiring and ecommerce acquiring processing, subject to Bank of Mauritius approval, that will deliver significant processing improvements and additional value-adds to our credit card customers.

Outlook

Over the next financial year, we will invest a significant amount of time and capital to strengthen and improve our Mauritian core businesses, in particular our consumer finance business. We will aim to invest significantly in our core systems as well as to digitise our customer-facing and back-office operations. There is a lot we can do to enhance the customer journey and experience, as well as to ensure that we improve the productivity and efficiency of our operations.

We will also seek to leverage the capabilities that Cim Group's associate investment in iVeri Payment Technologies (iVeri) can bring to support Cim Finance's Cards & Payments business. iVeri has developed a multi-channel solution (mobile, ecommerce and POS) to offer merchants a number of options for card acceptance, but at the same time managing it on a single gateway solution. In addition, Cim Finance will be able to leverage iVeri's full suite of POS products, which range from Africa's first mPOS solution through to its sophisticated fully integrated multi-lane POS solution.

"A clear vision for growth"





BUSINESS REVIEW

CIM PROPERTY



NICOLAS VAUDIN //
Managing Director,
Cim Property Holdings Ltd

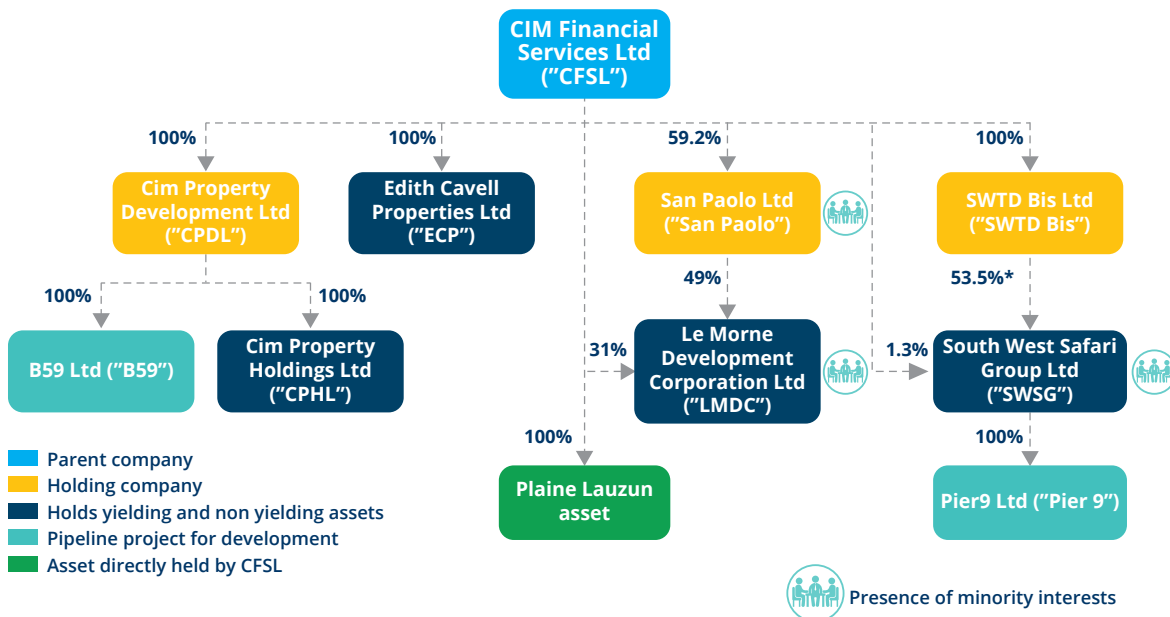
“

2017 has been a year of consolidation and planning. We now have a clear strategy which will see the restructuring of the Property cluster during 2018 along with a series of development projects and strategic acquisitions to successfully grow the Property cluster and further improve results.

”

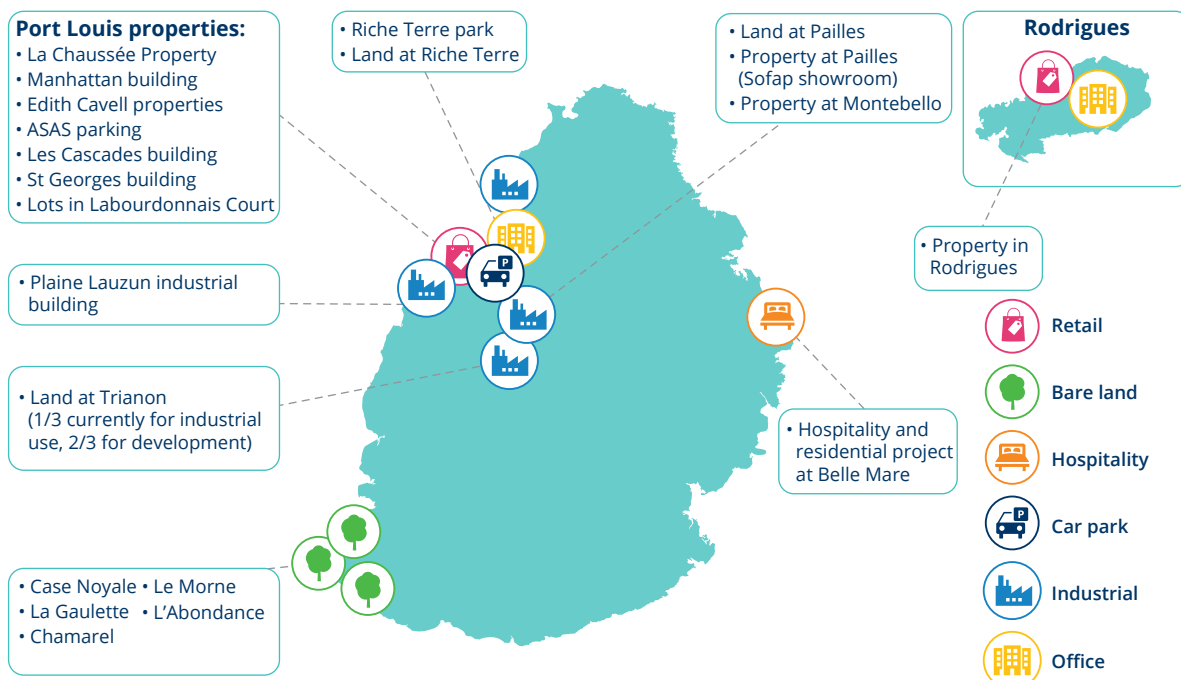
MUR2Bn of assets under management

Cim's Property cluster is made up of yielding and non-yielding properties held under the current corporate structure as detailed below.



* Post amalgamation of CSBO2 Ltd into SWSG which will be effective on 31 December 2017 (subject to issue of Certificate of Amalgamation by the Registrar of Companies).

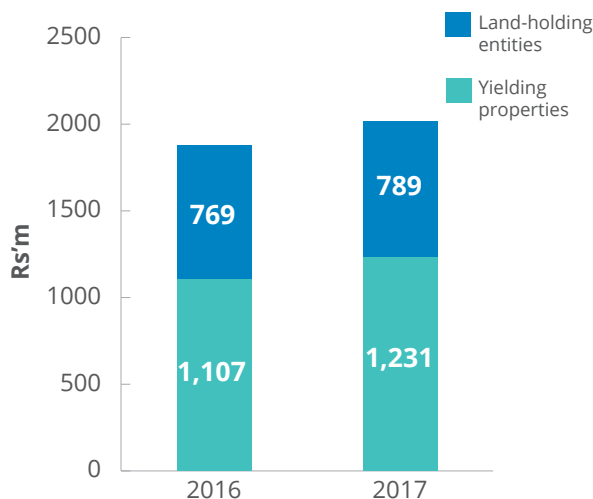
Geographical location of properties



BUSINESS REVIEW

CIM PROPERTY

The Company has undertaken a valuation exercise of its properties as illustrated below.



During the year under review, we undertook a number of initiatives to consolidate and improve the assets of the Property cluster by:

- Refurbishment of a warehouse at Riche Terre Park occupied by Scott Health.
- Phase 1 of upgrading works at Manhattan building which will allow Cim Finance to optimise its working space and improve the work environment of employees.
- Relocation of tenants within 22 St Georges to allow for larger floor plates to be occupied by single tenants at the ground and first floors.

Besides improving the work environment of its tenants, the Property cluster has generated an additional PAT of MUR5M in financial year 2017 through such refurbishment works.

As part of its strategy to maximise value from its assets, management has embarked on a redevelopment programme for the immovable assets at Edith Cavell Street in Port Louis, which is in the final stages of design. Construction is set to start in 2018 (subject to obtaining relevant authorisations) and will last approximately 18 months with all buildings of historical importance being refurbished so as to maintain the current streetscape and add to the authenticity of this historical site. In this context, the cluster acquired La Chaussée Property (Ex Happy World House) which is strategically positioned in a prime commercial location opposite our property at the corner of La Chaussée and Edith Cavell Streets. This property will be integrated in the redevelopment plan.

In addition, two parking lots situated in strategic locations on St Georges Street and Mère Barthélemy Street respectively were acquired. These plots of land will improve the marketability of our office properties at St Georges and Edith Cavell Streets and will provide the Company with prime land for development opposite the new Supreme Court.

In the Riche Terre region, we are looking to develop 6900 square meters as a mixed-use light industrial building, offering unique frontage with access to and from the highway between the Riche Terre and Jin Fei roundabouts. The project is set to launch in 2018 with construction to follow once tenants have been secured and required permits and authorisations have been obtained.

With a view to further diversify our portfolio properties, we have acquired leasehold rights on a portion of land of approximately 3 Arpents in Belle Mare for the development of a hospitality and residential project. This project is expected to be launched in financial year 2018 subject to obtaining the required permits and approvals.



SWSG intends to develop 40 Arpents of land under a 'Morcellement' scheme and some 10 Arpents under a PDS scheme subject to obtaining the relevant permits and approvals.



We are also pleased to report that after several months of planning, the Board of our subsidiary South West Safari Group Limited (SWSG) has approved the development of Morcellements and a PDS project at Case Noyale in association with Select Property Services (SPS), a well-known local property developer. SWSG intends to develop 40 Arpents of land under a 'Morcellement' scheme and some 10 Arpents under a PDS scheme subject to obtaining the relevant permits and approvals. The 'Morcellement' programme will be phased and the first phase is being commercialised in 2018 once the letter of intent from the Morcellement Board is obtained.

SWSG has also secured an additional 100 Arpents of land adjacent to the property at L'Abondance so that will create improved synergies and provide direct road access from the Chamarel – Maconde road.

Outlook

Following the approval of a 3 year strategic plan for the cluster by the Cim Property Board, the cluster will focus on the ownership, development and acquisition of commercial yielding properties.

A restructuration programme has been kick-started at the beginning of financial year 2018 to create a new holding Company regrouping all the property companies under one roof. The key elements of the strategic plan are to:

- a) convert non-yielding/low yielding assets by development of investment property projects or sale of such assets;
- b) improve occupancy of yielding properties, in particular the La Chaussée and St Georges buildings;

- c) reduction in operating cost through growth, economies of scale and internalisation of property management functions whilst keeping the facilities maintenance and management outsourced;
- d) improve marketability and energy efficiency of our properties through a planned upkeep programme and replacement of energy inefficient equipment to drive improved operating results;
- e) stay abreast of key tenants' business strategies so as to provide them with appropriate real estate solutions and accompany their growth; and,
- f) explore new product and market development.



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 Company; it is required to adopt good governance practices. The new National Code of Corporate Governance 2016 shall be applicable for CFSL as from the year ending 30 September 2018. This Corporate Governance Report is based on the provisions of the Code of Governance in 2003 (the "Code").

CFSL has set up a Corporate Governance Committee (CGC) to oversee all governance issues relating to the business activities of the Company and all its subsidiaries.

The Risk Management and Audit Committee (RMAC) oversees the risk and audit-related issues of the Company and its subsidiaries. However, due to the specificity of the credit management sectors, and in keeping with regulatory requirements, a dedicated risk management and audit committee was constituted at the level of Cim Finance.

The Board Investment Committee (BIC) assists the Board of CFSL in making investment and/or acquisition decisions within the mandate of the Committee.

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 2017, the ultimate holding structure of the Company was as follows:



The common directors at each level, as at 30 September 2017, were as follows:

	CFSL	CHL	ELGIN
CLARKE, Teresa Hillary	✓	-	-
DARGA, Amédée	✓	-	-
DESCROIZILLES, Marcel	✓	-	-
LEECH, Paul	✓	-	-
SOMEN, David	✓	-	-
TAYLOR, Colin	✓	✓	✓
TAYLOR, Matthew	✓	✓	✓
TAYLOR, Philip	✓	✓	✓
TAYLOR, Timothy	✓	✓	✓
TOWNLEY, Nathalie Sarah	-	-	✓
VALLET, Ann Charlotte	-	-	✓
VAUDIN, Dominique Jane	-	-	✓

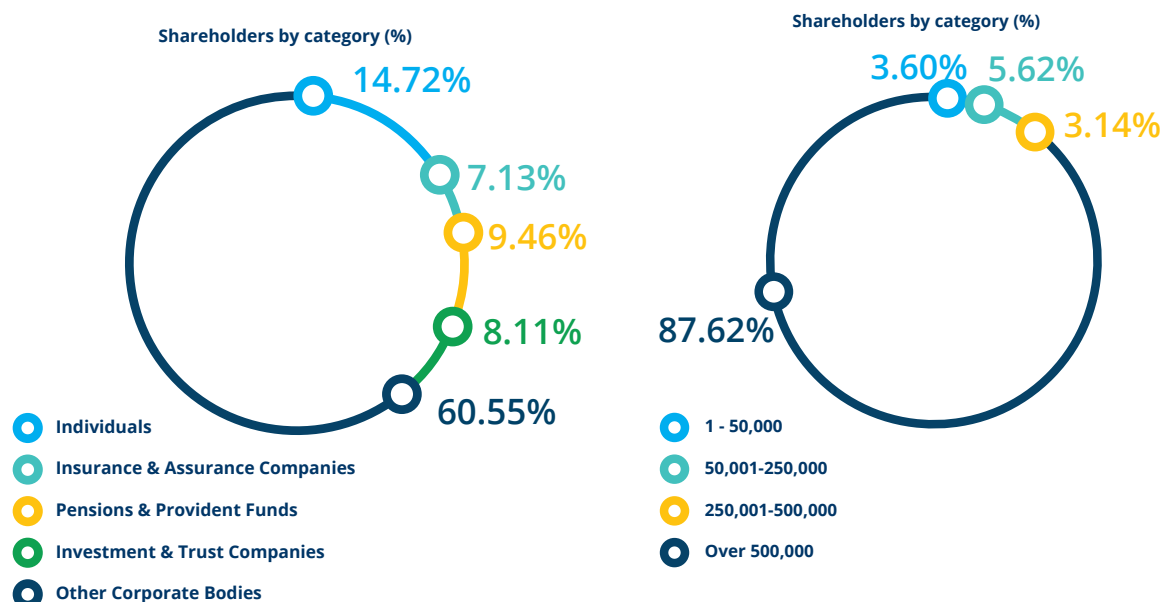
There is no shareholders' agreement at the level of the Company which affects its governance.

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

2.2. Share ownership

As at 30 September 2017, the Company had 3,717 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.



Number of Shares	NUMBER OF SHAREHOLDERS	NUMBER OF SHARES OWNED	% OF TOTAL ISSUED SHARES
1 - 500	387	71,618	0.01
501 - 1,000	1,046	1,012,533	0.15
1,001 - 5,000	671	1,827,884	0.27
5,001 - 10,000	360	2,614,079	0.38
10,001 - 50,000	732	18,030,273	2.65
50,001 - 100,000	176	12,715,603	1.87
100,001 - 250,000	123	20,209,564	2.97
250,001 - 500,000	55	21,049,781	3.09
over 500,000	79	602,990,975	88.61
Total	3,629*	680,522,310	100.00

* The above number of shareholders is indicative only because of the consolidation of multiple portfolios for reporting purposes. The total number of active shareholders as at 30 September 2017 was 3,717.

CORPORATE GOVERNANCE REPORT

2.3. Shareholder publications and events

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

The key events and shareholder publications are set out below.

December	Preliminary results and issue of Annual Report
February/March	Annual Meeting of Shareholders & 1st quarter results
March	Interim dividends (declared)
April	Interim dividends (paid)
May	2nd quarter results
August	3rd 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 MUR 0.13 per share and a final dividend of MUR 0.60 per share.

2.5. Share price information

The Company's share price as at 3 October 2016 was MUR 7.10 per share and MUR 9.16 per share as at 30 September 2017.

3. THE BOARD

3.1. Board membership

During the year under review, the Company was headed by a unitary board, comprised of nine members under the chairmanship of Mr. Colin Taylor, who was appointed as the new Chairman as from 16 January 2017, replacing Mr. Timothy Taylor. The Chairman does not have any executive responsibilities.

There was one executive director, namely Mr. Paul Leech (Group CEO), and eight non-executive directors, four of whom meet the criteria of the Code for

classification as independent directors. Mrs Audrey Lo Fong, Group Finance Manager, also attends the meetings when the Board considers accounting and finance-related issues.

The functions and responsibilities of the Chairman and the Group CEO are separate.

The Group CEO 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.

Mr Mark van Beuningen was appointed as Group CEO with effect as from 1 October 2017.

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 13 to 17.

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 CEO, 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 six times and the table on page 34 shows the attendance of directors at meetings held between 1 October 2016 and 30 September 2017.

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

- a. Directors' recommendation for appointment and re-election at the Annual Meeting of Shareholders;
- b. Appointment of the new Chairman and key executives for the Group;

- c. Consideration and approval of the Company's Annual Report;
- d. Review of Company and strategic business units' performance against budgets;
- e. Approval of Group unaudited quarterly results for publication;
- f. Consideration and approval of an interim and a final dividend declaration;
- g. Receipt of quarterly reports from the chairmen of the RMAC and the CGC;
- h. Appointment of new auditors for the Group;
- i. Approval of the external audit fees recommended by the RMAC;
- j. Consideration and approval of investment and divestment proposals;
- k. Approval of the Group's Budget for 2016-17;
- l. Appointment of the new Group CEO.

3.4. Board access to information and advice

An induction pack, including an induction presentation of the Company's businesses, is 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 ¹	6/6	4/4	n/a	4/4	0.4108	9.74	810,000
CLARKE, Teresa Hillary	6/6	5/5	n/a	n/a	nil	nil	620,000
DARGA, Amédée	6/6	n/a	6/6	4/4	0.0013	nil	730,000
DESCROIZILLES, Marcel	6/6	n/a	6/6	n/a	0.0286	nil	890,000
LEECH, Paul	6/6	5/5	n/a	4/4	0.0316	nil	51,940,463
LIM KONG, Jean Pierre ²	1/1	n/a	n/a	n/a	0.0001	nil	4,882,000
SOMEN, David	6/6	5/5	n/a	n/a	nil	nil	969,500
TAYLOR, Colin ³	6/6	1/1	n/a	3/4	0.0147	2.99	870,000
TAYLOR, Matthew ⁴	6/6	1/1	3/3	n/a	0.0059	1.19	660,000
TAYLOR, Philip ⁵	6/6	2/4	1/2	n/a	nil	2.99	640,000

¹ Mr Timothy Taylor was appointed as member of the Corporate Governance Committee on 16 January 2017.

² Mr Jean Pierre Lim Kong resigned from the Board of directors and as member of the Board Investment Committee on 9 December 2016.

³ Mr Colin Taylor was replaced as member of the Corporate Governance Committee on 16 January 2017.

⁴ Mr Matthew Taylor was replaced as member of the Corporate Governance Committee on 16 January 2017 and was appointed as member of the Risk Management and Audit Committee on 16 January 2017.

⁵ Mr Philip Taylor was replaced as member of the Risk Management and Audit Committee and was appointed as member of the Corporate Governance Committee on 16 January 2017.

3.5. Board performance review

A peer review of the Board directors and a review of the performance of the Board and its committees were carried out and the results were used to improve the contribution of the directors to board deliberations.

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
Colin Taylor	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 – Teresa Clarke, Paul Leech, Timothy Taylor and Philip Taylor

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

The CGC met five times during the year under review and the table on page 34 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:

- a. making recommendations to the Board on all corporate governance provisions to be adopted so that the Board remains effective and complies with prevailing corporate governance principles and practices;
- b. 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;
- c. making recommendations to the Board on all new Board appointments;
- d. formally reviewing the balance and effectiveness of the Board;
- e. developing a policy on executive remuneration and fixing the remuneration and benefit packages of individual directors within agreed terms of reference and, at the same time, avoiding potential conflicts of interest;
- f. 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

- g. 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 – Matthew Taylor and Amédée Darga

In attendance – Sheila Ujoodha (Chief Audit Executive) and Audrey Lo Fong (Group Finance Manager)

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 Committee met six times during the year under review. The table on page 34 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;
 - 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.

CORPORATE GOVERNANCE REPORT

4.3. Board Investment Committee (BIC)

Chairman – Colin Taylor

Members – Timothy Taylor, Amédée Darga and Paul Leech

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

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

The Committee met four times during the year under review. The table on page 34 sets out the attendance of members at such meetings.

The main responsibility of the BIC is to review and approve any investment decision as well as any related transaction documents 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 falls within set thresholds.

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 the non-executive and independent directors consists of a mix of attendance and retainer fees.

The remuneration paid to executive and non-executive directors and/or committee members is set out in the table to be found on page 34.

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 47 to 53.

7. HUMAN RESOURCES

The human resource initiatives of the Group are set out on pages 39 to 42.

8. PROFILES OF SENIOR EXECUTIVE TEAM

The profiles of the senior executive team can be found on pages 18 to 19.

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 2017, as required by the Securities Act 2005.

Surname	NAMES	DIRECT %	INDIRECT %
Alfs	Susanne	nil	nil
Ashton	Adrian Kevin	nil	nil
Audit	Renu	0.0001	nil
Bhoodnah	Anusha	0.0001	nil
Boland	Christopher	nil	nil
Chuckowree	Ounishka Devi	nil	nil
Dina	Rubeena	nil	nil
Fokeera	Abder	nil	nil
Gujadhur	Budheswar	0.004	nil
How Poo	Vee Fong	0.0001	nil
Koowaroo	Nemraj	nil	nil
Li Yuk Lo	Li Chin Siong	0.0001	nil
Liong Kee	Lim Tat Voon	0.0051	nil
Lo Fong	Marie Lyselle Audrey	0.0001	nil
Low Kwan Sang	Soo Him	0.0001	nil
Maharahaje	Tioumitra Panday Woogra	0.0022	nil
Marion	Edwin	nil	nil
Nababsing-Jetshan	Diya Melina	nil	nil
Racoute	Corine Marie Francoise	nil	nil
Rambaccussing	Sheilesh Kumarsingh	nil	nil
Sathan	Shanti Nirmala Ananti	nil	nil
Sceales	Anthony Patrick Niven	nil	nil
Soorajee	Melinda	0.0001	nil
Stephen	Luc Clement	nil	nil
Takoordyal	Caleyvarny	nil	nil
Ujoodha	Sheila	0.0001	nil
Van Beuningen	Mark John	nil	nil
Vaudin	Marie Joseph Nicolas	nil	nil

CORPORATE GOVERNANCE REPORT

10. OTHER MATTERS

10.1. Related party transactions

Please refer to page 143 of the Annual Report.

10.2. Management agreements

The Company has management contracts with Lochiel Ltd for the management of the Company's immovable properties.

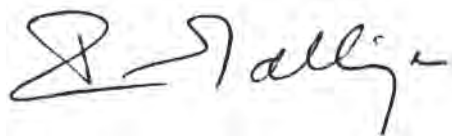
10.3. Donations

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

10.4. Corporate Social Responsibility (CSR)

Cim CSR Fund Ltd was set up on 12 April 2016 under the laws of Mauritius pursuant to the Companies Act 2001. The company receives annual statutory contributions from all entities within the Group for the purposes of 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 43 to 46.



Tioumitra Maharahaje
For Cim Administrators Ltd
Company Secretary

12 December 2017

HUMAN RESOURCE

Human Resource HR governance

Following the sale of the Cim Global cluster, the Group HR function has moved from being a Shared Services Unit to becoming embedded in the business. The HR Team of Cim Finance has been restructured under three strategic functions namely Learning and Development, Talent Acquisition and Safety and Health. The HR needs of the head office are managed by an HR Coordinator in collaboration with the HR team of Cim Finance. The HR processes described below cover mainly Cim Finance's HR functions as the cluster employs the majority of the Group's employees.

Actions have focused on putting in place measures to update HR governance, including risk management, as well as policy and programme governance within the Cim Finance cluster in the first stage. 2017-2018 will be an instrumental year in finalising HR policies and procedures, programmes, practices, and outcomes, through clearly defined roles, responsibilities, and accountabilities for the Group.

HR partnered with management and all business collaborators to ensure a continued focus on bringing the company's values and beliefs to life through a long-term vision for the HR function. Continuing that partnership will also be key to implementing the significant changes announced under Strategy 2017-2018.

In 2016-17, our HR activities were in line with the following priorities for sustainable organisational performance:

- Building leadership capabilities and developing future leaders;
- Fostering an environment that supports sustainable performance and promoting continual professional and personal development for all employees; and
- Strengthening the role of HR as a control/support function to mitigate risks.

Leadership

In line with the Group's culture to invest in people's development, the talent management initiative 'Leaders Programme 3.0 (FLP 3.0)' was launched in 2016 at Cim Finance in view of building and leveraging key leadership skills while at the same time setting the foundation for Cim Finance to continue to focus on building a new leadership mind-set that rewards innovation, experimentation, learning and customer-centric design thinking.

Moreover, in 2017 Cim Finance embraced a rebranding strategy, where a new purpose, promise and guiding principles were launched across the company. The journey started with engaging Cim Finance's employees in this exercise, at all levels of the organisation, through intensive and collaborative workshops, training sessions and activities to promote a winning culture. Our objective is that our brand stories and guiding principles are not just highly visible but also embedded.

Performance management and development review

The performance management and development review model has been reviewed with the aim of promoting a more flexible, agile and transparent approach in line with the new guiding principles and mission of the company. We have been placing an increasing emphasis on managing and developing employee performance holistically and regularly giving feedback and taking appropriate actions.

The next step, as part of the HR agenda, will be to implement an integrated and digital performance management and development system from an employee perspective, encompassing Competency Framework Design, Succession Planning, Learning and Development, Rewards and Recognition initiatives.

HUMAN RESOURCE

Learning and development

In mid-2017, a well-defined training needs analysis exercise was successfully conducted at Cim Finance. Internal and external training and certified courses are being conducted and initiated to bridge competency gaps and to cater for each step in the career path. Our objective is also to improve the quality and output of learning and development with a full-time Learning and Development ('L&D') Manager on-board, thereby providing a full-fledged support to all levels of employees to achieve their operational results.

We started by enrolling members of the management team in the Project Leadership Certification programme where the objective was to support them in developing their leadership styles to work more effectively in specific project situations.

The HR agenda for the financial year 2018 and beyond comprises of developing Leadership Fundamentals programmes, focusing on leading people, understanding business and market forces and managing change at all levels, to help those with high potential, from Team Leaders up to Senior Managers, to grow in their roles.

There has been a greater focus on regulatory issues and compliance in 2017 across Cim Finance. In light of this, our learning and development goals were to strengthen employees' understanding and adherence to the company's, but also the local jurisdiction's, requirements on conduct and living the corporate values, through delivering intensive and mandatory training courses about the company's Code of Conduct.

Furthermore in the area of learning and development and in an effort to develop young people and promote the attractiveness of Cim Finance as a preferred employer, Cim Finance partnered with the African Leadership University in the GTES programme to train 25 fresh graduates. A wide range of online learning opportunities and a new L&D infrastructure would be implemented to encourage employees to find new career paths, identifying possible mentors and mastering new technologies.

Talent acquisition

In late 2017, we launched a new talent acquisition strategy whereby our objective is to build a digital employment brand which is highly visible, attractive and compelling for candidates to find us through Facebook and LinkedIn. Cim Finance also participates in campus recruitment campaigns, career fairs and student fairs.

With a new Talent Acquisition Manager on board, we will also continue to leverage the skills and experience already available within the organisation, while bringing in the necessary capabilities that will help us position Cim Finance for long term sustainable performance.

Our hiring strategy is also to ensure a steady pipeline of junior talent, including permanent hires and interns, and investment in this area will continue. The Cim Finance Graduate Programme allows graduates to be introduced to different aspects of the Cim Finance's business and culture, and trained in relevant technical skills, and are later afforded an opportunity to embrace a career with us.

Compensation

We believe that compensation management needs to be sustainable in the long term. To be efficient in our people agenda and to give due importance to aligning pay with the market, we participated in 2 remuneration benchmarking exercises. In the light of the results which are expected in late 2017, we wish to develop, attract, and reward employees efficiently and to align our reward system, whether it is fixed or variable pay and whether financial or non-financial, to the evolving requirements.

Employee Engagement

Integrated and Continuous Engagement

For the year 2016, engagement reached 73% at Cim Finance further to the Aon Hewitt survey and the improvement drivers are being addressed through a mix of initiatives.

The Cim WeCare initiative has been revamped to promote employee Wellbeing/Welfare/Wellness, Safety & Health and Employee Engagement integrated programme.

Promoting wellness, wellbeing and fitness

At Cim we believe that a healthier workforce is more productive, and being recognised as an employer that take the health and wellbeing of employees seriously reflects positively on the brand and culture of the organisation.

As part of the Group's Employee Value Proposition for the wellbeing of our employees, we have continued our Zumba and Yoga sessions. Gym@Cim has also witnessed an increasing number of participants during the course of the year. Furthermore, eye examination and diabetes screening sessions accessible to all employees were organised. The core long-term health offering includes free of charge preventive medical examinations and advice.

Over the past months Cimple Life, our lifestyle programme, has been efficiently utilised by the employees, with the objective of promoting the wellness ideas, special offers, expert advice, great deals and discounts at the counters level.

Safety & Health

We have a legal responsibility to ensure that the workplace, across the Group, has suitable health and safety arrangements in place so that everyone who works or visits the premises is protected from harm. With a new full-time Safety and Health Officer at Cim Finance, we have been reviewing the workplace's health and safety procedures, policies and action plan, as well as conducting a risk assessment, to ensure that we are compliant with the law.

Positive work environment

We believe that employees' performance is driven by a positive work environment. We engaged ourselves as a Group in promoting a culture of recognition, inclusiveness, transparency and trust both through internal and external communication.

Loyalty recognition

In 2017, as Cim Finance celebrated its 30th anniversary, employees with at least 30 years of service were recognised to an even greater extent and were duly rewarded for their loyalty and commitment.

Cim Welfare Fund

As part of the Group initiative to promote welfare among its staff, the Cim Welfare Fund scheme was extended to 4 employees facing financial hardships and life crises during the period April to September 2017.

Cim MiStudy

In line with our guiding purpose 'Helping people uplift their lives and build better futures', Cim Finance has offered a credit facility at a preferential rate to finance University courses (including professional courses) through Cim MiStudy, for Cim Staff members and their children.

Diversity

The Group continued to promote diversity as one of the key enablers for long-term success. We aim to build teams of people with different backgrounds, education, skills and experiences to create sustainable value across the Group. This is reaffirmed by the Group's commitment towards celebrating cultural diversity by organising different events throughout the year.

HUMAN RESOURCE

Women Empowerment at Cim (WECim)

At Cim, more than 76% of the workforce is female. We strongly believe that a holistic and integrated approach needs to be adopted in empowering women.

The WECim initiative was launched in May 2015, based on two main principles namely:

- 1) Promote an atmosphere of well-being across Cim
- 2) Enhance corporate leadership from gender initiatives

A WECim committee was constituted along these lines composed of Sheila Ujoodha - Chief Audit Executive (Chairperson), Adrian Ashton – Head of Marketing & Communications, Kevina Takoordyal – Head of Customer Accounts, Corine Racoute – Head of HR and twelve other staff members. Several measures were implemented during this financial year namely:

ACTIVITIES	DATES
Breakfast forum on 'Be Bold for Change' by the Managing Director of Dale Carnegie Training	March 2017
Lunch catered by "Ti Rayons Soleil" for sale to Cim employees	March 2017
Awareness and screening sessions for spine by "KKT Orthopedic Spine Centre"	March 2017
Fun Walk at Le Daughet	March 2017
Talks on domestic violence by the Managing Director of Gender Links	March 2017
Leadership courses on 'How to boost self-confidence' by the Managing Director of Gender Links	July 2017
Free eye screening by Patel Optics	August 2017
Free diabetes screening by Pharmacie Nouvelle Ltd	September 2017



>> Breakfast forum 'Be Bold for Change'



>> Leadership courses 'How to boost self-confidence'

The background is a solid teal color. It features several large, semi-transparent geometric shapes, including chevrons and triangles, in varying shades of teal. These shapes are positioned in the upper and lower portions of the frame, creating a modern, abstract design.

CORPORATE SOCIAL **RESPONSIBILITY** (CSR)

CORPORATE SOCIAL RESPONSIBILITY (CSR)



>> Launching of medically equipped caravan donated to Link to Life



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 CSR Fund Ltd, a not-for-profit company limited by guarantee which was created to administer the Group's CSR spend. This entity allows for a more efficient management of Cim CSR's activities and ensures that a proper governance process is followed by having the Board of Directors of the company approving the projects. The day-to-day management of CSR

activities of the Group is handled by a full-time employee, whilst accounting and company secretarial support are provided by the shared services arm of the Group.

FOCUS AREAS

With a view to creating a real impact while helping as many beneficiaries as possible, Cim concentrates its CSR initiatives in the following three areas:

1. Engagement
2. Environment
3. Education

For the financial year under review, Cim CSR spent MUR 13m (excluding administrative expenses), on projects submitted by NGOs across its focus areas.



>> Empowering women in NGO "Ti Rayons Soleil"



ENGAGEMENT

Our Engagement initiatives are geared towards helping the most vulnerable in our society. 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.

One of the key initiatives we sponsored this year was the launch of the cancer screening caravan for the NGO Link to Life. The caravan will allow people from underprivileged regions to be screened at an early stage for breast and cervical cancer.

A total of MUR 9m was spent on our Engagement initiatives.

List of projects

NGOS/ ASSOCIATION	INITIATIVES	OUTCOME
Muscular Dystrophy Association	Sponsorship of the Charity Walk and supporting the physiotherapy services	Raising awareness from the public with over 100 PARTICIPANTS
Spiral Injury Rehabilitation Centre (SiRec)	The acquisition of medical equipment for the therapy programme	10 CHILDREN suffering from cerebral palsy benefited from the programme
Gender Links	Supporting the NGO in providing life skills courses for women in Cité Cim Rivière du Rempart and the organisation of a Fun Day in the region	25 WOMEN benefited from the programme 80 PEOPLE attended the Fun Day
Ti Rayons Soleil	Training programme for vulnerable women at Cité Cim in Rivière Du Rempart to empower them to develop a small business	12 WOMEN attended the courses from Riviere Du Rempart to Vacoas
Community based projects	Renovation of Houses in Cité Cim at Rivière du Rempart in terms of fixing leaking roofs and ensuring the safety of the electrical supply	20 FAMILIES will ultimately benefit and live more comfortably
Link to Life	Launching of the medically equipped caravan for cancer screening on 5 October 2017	2430 WOMEN were screened for breast and participated in awareness campaign

CORPORATE SOCIAL RESPONSIBILITY (CSR)



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. A total amount of MUR 1m was disbursed for this initiative.



EDUCATION

An amount of MUR 3m was allocated to the projects, reaching over 400 beneficiaries. These projects ranged from programmes to support schools operating in socially deprived regions to the sponsorship of a 'retrospective' of the works of the late Serge Constantin, a respected Mauritian artist, to help protect and disseminate the cultural heritage of Mauritius.



>> Launching of biography of late Serge Constantin

NGOS	INITIATIVES	OUTCOME
Noyau Cité la Cure (Teen Hope)	To sponsor various projects to mark the 25th Anniversary of Cim Global Business, including free eye screening and provision of spectacles to vulnerable children. Other initiatives included a free journey to Crocodile Park, the donation of uniforms and shoes and the painting of all the classrooms. A bakery project has been funded to foster the spirit of entrepreneurship among the adolescents	84 CHILDREN benefited from the sponsorship. 20 adolescents have received training.
Soroptimist	To support early childhood and pre-schooling care to children aged 2 to 5 years old in the socially deprived area of Cite Richelieu.	25 CHILDREN are enrolled for the pre-schooling
Serge Constantin	To mark the 100th anniversary of the late Serge Constantin, a great painter and artists, with the creation of a website to build awareness of the history of the painter, providing a biography and displaying an exhibition of his works.	10,080 PERSONS benefited from the exhibition. Children of all ages undertook courses to learn about painting.
Action Familiale	To support a documentary film to mark the 50th anniversary of the independence of Mauritius.	The film will target students at large to build awareness of the history of Mauritius.
Care - Co (Rodrigues)	To sponsor the centre for the empowerment of handicapped adolescents in small businesses like handicrafts and beekeeping	12-15 HANDICAPPED adolescents will benefit from the training.

INTERNAL CONTROL AND RISK MANAGEMENT

In the business environment that we live in, doing nothing might be the biggest risk of all. At Cim, the Board plays a crucial role in risk oversight; it is bringing more diverse viewpoints into the boardroom, rethinking the allocation of risk oversight duties, and ensuring that risk topics have the necessary agenda time at meetings of both the Board and sub committees.

By viewing the Group's operations through a lens of risk, values and ethics, and by asking the right questions at the right time, the Board and sub committees effectively oversee, challenge and assess how executives are managing performance and risk.

New technologies and changes in our society and environment present new opportunities but harbour new risks. While regulatory risk, economic slowdown and reputation risk are challenges that will remain, disruptive technologies, cyber risk and competition now feature on the Cim Group's risk radar.

The successful management of risk is essential to enable Cim Group to deliver upon its strategic objectives. Our risk management and internal control framework defines the procedures that manage and mitigate risks facing the business, rather than eliminate risk altogether, and can only provide reasonable and not absolute assurance against material mis-statement or loss.

The Board retains overall responsibility for the Group's system of internal control and risk management and determines the nature and extent of the significant risks it is willing to take in achieving its strategic objectives.

Cim Group's combined assurance framework comprises three lines of defense, with oversight provided by the Board and Board committees. This is in accordance with enterprise risk management best practice, as set out below:



INTERNAL CONTROL AND RISK MANAGEMENT

Risk Management

Cim Group has a structured risk management framework to support the identification and effective management of risks across the Group. The goal of our risk management approach, based on ISO 31000, is to continue to support Cim Group in meeting its strategic and operational objectives.

Our risk management framework

The diagram below, 'How we manage risk', shows our approach to risk management across Cim Group and is being used not only to identify, assess and mitigate risk, but also to reinforce our efforts to embed risk

management best practice approaches across all levels of the business.

Risk assessment is performed regularly at management level in line with the defined risk appetite. A risk register tracks all risks which are relevant to the main business units, namely Cim Finance, Cim Forex and Cim Property Holdings, which are approved and tabled at their relevant RMACs and Boards.

The Group risk register of the principal risks faced by the Group is maintained and tabled at the CIM Financial Services Ltd RMAC.

The monitoring and the review of the risk management processes generate improvement action which is integrated into the mitigating action plan.

How we manage risk

Our risk management framework is used to assess and drive consistent improvements in risk management across Cim Group



Internal Control and Compliance

The Board oversees the development and implementation of the Group's internal control systems and reviews their effectiveness. The role of the Group's management is to implement all Board policies on risk and control.

The Group's internal control systems are designed to provide reasonable protection of the Group's

assets, and to safeguard these assets against unauthorised use or disposition by ensuring that all such transactions are executed in accordance with the management's authorisation. The systems also ensure that accounting records are sufficiently accurate for the preparation of financial information used for operational and reporting purposes and that applicable laws and regulations are adhered to.

The Group has adopted comprehensive procedures with duly assigned levels of authority in the areas of financial, operational and compliance controls, and risk management, to ensure that its assets and resources remain secure at all times.

The regulated businesses of the Group (Cim Finance and Cim Forex) 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

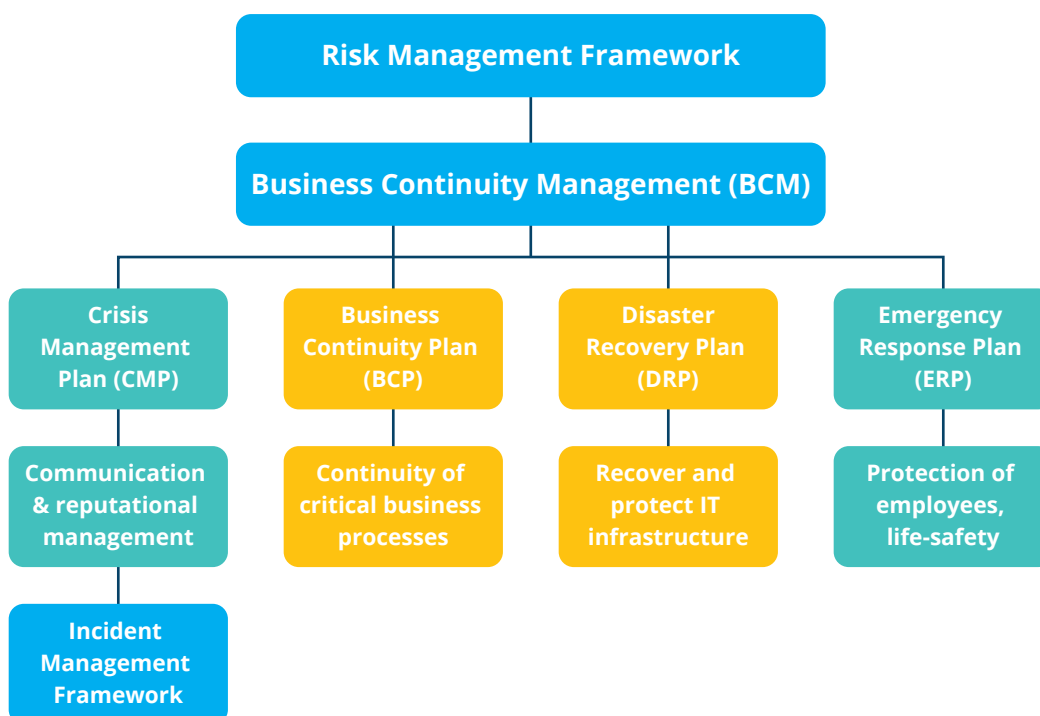
The Group has an effective risk-based internal audit department which is suitably resourced. It has a specific internal audit charter duly approved by CIM Financial Services Ltd (CFSL) RMAC which independently appraises the adequacy and effectiveness of the Group's systems, internal controls and accounting records. All audit activities are performed in compliance with the International Standards for Professional Practice as provided by the Institute of Internal Auditors (IIA).

The Internal Audit function serves to provide assurance to the RMACs and Boards that relevant controls and actions are in place. Its plan of work is guided by the Group's risk assessment process and agreed with the RMACs and Boards at the start of each year, although it remains flexible to address new and emerging risks.

The Chief Audit Executive is responsible to report the key findings of audit reports to management, the external auditors as well as the RMACs and Boards.

As a trusted advisor, Internal Audit needs to have a clear understanding of the expectations of its stakeholders. It aligns its scope and the resulting audit plan with the business direction in the context of these expectations. The function maintains alignment through its planning and coordination with other lines of defense. The types of audit activities conducted depend on the complexity of risks, stakeholders' expectations and range from fully assurance, a mix of assurance and consulting and wholly advisory/ consulting which clearly defines the value it will deliver to the Group.

BUSINESS CONTINUITY MANAGEMENT FRAMEWORK



INTERNAL CONTROL AND RISK MANAGEMENT

Cim Group Business Continuity Management Framework is established, as highlighted above, to mitigate the related risks.

During the year, the BCP and DRP have been updated to ensure the rapid restoration of services to customers through:

- Providing training and awareness;
- Conducting continuous business continuity and network disaster recovery exercises.

Whistleblowing

A whistleblowing facility is available to employees and third parties to report control failures or behaviours, informing the Group on potential changes or improvements to risk mitigation activities.

Whistleblowing Policy facilitates employees and other stakeholders reporting on any suspected misconduct or malpractice within the Group in confidence and without fear of reprisal or victimisation. The policy is posted on the Company's intranet. Incidents reported are promptly followed up. Investigation results are then communicated to the Chairman of CFSL RMAC or the Board (where applicable).

Our risk management achievements in financial year 2017

Following the departure of the global business segment, the implementation of related actions was not applicable.

The risk culture was strengthened through the following action points:

- Ongoing training sessions were conducted in line with Bank of Mauritius and Financial Services Commission guidelines.
- Setting up of a Legal and Regulatory Forum at Cim Finance.

Risk Management priorities for financial year 2018

Cim Group intends to:

- Continue to improve the Group's risk maturity in 2018. This will include a review of the Company's risk appetite and tolerance and improving how risk is monitored and reported to the Board;
- Conduct self-risk assessment workshops using a bottom up approach to track operational risks in Cim Finance Ltd;
- Continue linking risks with business strategy;
- Continue to enhance the risk culture through regular training sessions; and
- Conduct a full scale simulation exercise with the help of an independent consultant;
- Carry out cyber security maturity assessment for Cim Finance Ltd and cyber security testing from a Group perspective.

Key risks are risks which Cim Group considers would have the most impact on its objectives; these risks have been robustly assessed in the context of the external and internal control landscape.

The Board of Directors has evaluated the principal risks and mitigating controls as set below.

CURRENT KEY RISKS	MITIGATING FACTORS
Concentration risk	
The Group's revenue is largely derived from one major business line and may be impacted by adverse changes in the regulatory regime.	<ul style="list-style-type: none"> • Regular monitoring of external influences. • Develop new products and provide ancillary services to its customers. • Diversify and explore new markets (local and overseas). • Monitor borrowers' expenditure.
Competition risk	
The Company is operating in a highly competitive financial services market and new entrants are penetrating the non-banking financial sector.	<ul style="list-style-type: none"> • New products/service offering to customers with cross-selling opportunities. • Development of loyalty programme. • Revision of brand identity. • Retain key staff.
Reputational risk	
The Group is exposed to reputational risks due to getting involved/named/sued and ineffective management of internal and external communication which could impact on its ability to grow its client base and future income streams.	<ul style="list-style-type: none"> • Maintaining a robust control framework to ensure adherence with circulars, guidelines and applicable laws and regulations. • Staff training on compliance, complaints handling 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. • Monitoring of potential and existing litigation cases. • Use of effective communication messages in line with the Crisis Management Plan.

INTERNAL CONTROL AND RISK MANAGEMENT

CURRENT KEY RISKS	MITIGATING FACTORS
Information Security risk/Cyber risk	
The Group is increasingly reliant on Information Technology and has to maintain the highest level of data integrity and system security.	<ul style="list-style-type: none"> • Review of IT strategy and systems through Cyber Security assessment by Ernst & Young. • Multi-layered controls are in place to protect the Group's information and technical infrastructure. These include backup procedures, business continuity plans, 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.
People risk	
The Group's continuity of business operations and realisation of its business objectives may be impacted due to loss of people in critical positions.	<ul style="list-style-type: none"> • Identify 'what if' scenarios. • Succession planning for critical positions and staff. • Identify and retain talents.
Regulatory and Compliance risk	
The Group operates in a complex and dynamic regulatory environment which requires strict adherence to new or existing laws, regulations, rules, internal policies and procedures.	<ul style="list-style-type: none"> • Regular review of Cim Group control framework and operating procedures to improve their effectiveness. • Legal and regulatory developments are monitored on a continuous basis to ensure that the Group is well prepared for local changes. • Advice is sought from our in-house legal and compliance teams and/or externally as and when required. • A robust and consultative Internal Audit function to support BUs in designing appropriate control frameworks and policies and to ensure adherence to policies and procedures. • Ensuring prominence of these risks via standard agenda items at management committees, RMAC and Board meetings. • Effective training intended to educate staff.

CURRENT KEY RISKS	MITIGATING FACTORS
Financial, Liquidity & Credit risk	
The Group is exposed to the risk of loss resulting from forex, interest rate, liquidity, lending and borrowing exposures.	<ul style="list-style-type: none"> • The Group's exposures are monitored through an Asset and Liability Committee, Credit Risk & Forex monitoring committees. • Credit exposures are tracked by a Debtors Monitoring Committee. • Explore the funding options available (e.g. deposits, borrowings from financial institutions, issue of debentures).
Project risk	
The Group is exposed to loss resulting from the pursuit of an unsuccessful business plan/project and/or to risks that are associated with the execution of projects that are in the phase of implementation e.g., delays, additional costs.	<ul style="list-style-type: none"> • Due diligence prior to project implementation. • Business plan duly approved by the Board. • Close supervision to produce required specific deliverables.
Business Interruption	
The Group's operations may be impacted due to any significant disruption in the normal operations impacting on its revenue.	<ul style="list-style-type: none"> • Implement a Business Continuity Management Framework (Crisis Management Plan, Business Continuity Plan, Disaster Recovery Plan and Emergency Response plan). • Appropriate insurance covers. • Regular maintenance of the Disaster Recovery Centre. • Appropriate firewalls and back-up infrastructure.



“We help you
kick-start
your
business”



OTHER STATUTORY DISCLOSURES

Directors' remuneration and benefits

Directors of CIM Financial Services Ltd

2 Executive (2 in 2016)
8 Non Executive (9 in 2016)

Directors of Subsidiary companies

23 Executive (25 in 2016)
8 Non Executive (8 in 2016)

2017	2016
Rsm	Rsm
56.8	45.8
6.2	6.4
83.6	103.8
1.5	1.7

Donations

CSR
Donations (charitable)
Donations (political)

GROUP		COMPANY	
2017	2016	2017	2016
Rsm	Rsm	Rsm	Rsm
19.6	13.7	-	-
0.5	1.0	-	-
-	-	-	-

Auditors' fees

Audit fees paid to :

EY
BDO

Fees paid for other services provided by :

EY
BDO

GROUP		COMPANY	
2017	2016	2017	2016
Rsm	Rsm	Rsm	Rsm
2.4	0.3	0.6	-
0.2	2.1	-	0.3
0.2	-	-	-
-	0.6	-	0.2

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; and
- (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 56.

(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 64 to 153 were approved by the Board on 12 December 2017 and are signed on their behalf by:



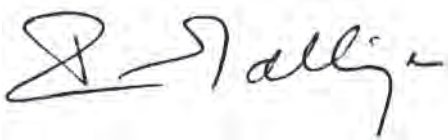
Colin Taylor
Non-Executive Director and Chairman



Mark van Beuningen
Executive Director and Group Chief Executive Officer

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 2017, all such returns as are required of the Company under the Companies Act 2001.



Tioumitra Maharahaje
For Cim Administrators Ltd
Company Secretary

12 December 2017

STATEMENT OF COMPLIANCE

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

Name of PIE: CIM FINANCIAL SERVICES LTD

Reporting Period: FINANCIAL YEAR 2016-2017

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.



Colin Taylor

Non-Executive Director and Chairman

12 December 2017



Mark van Beuningen

Executive Director and Group Chief Executive Officer

12 December 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

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

Key Audit Matter	How the matter was addressed in the audit
<p>Impairment of loans and advances and investment in leases and other credit agreements</p> <p>The Group has hire purchase and other credit agreements, loans and advances and net finance lease receivables (collectively referred to as "Loans and Advances") portfolio of MUR 8,977.3m as at 30 September 2017. As explained in the accounting policies, these assets are carried at amortised cost, less allowance for credit impairment (MUR 407.2m). This provision is accounted for if, at the reporting date, there is objective evidence, for example the existence of payment arrears, that not all the contractually agreed cash flows will be collected. Failure to promptly recognise objective evidence of the risk of uncollectability and/or errors in the provisioning can result in incorrect valuation of the loans and advances in the financial statements.</p> <p>Refer to Note 2 for accounting policies on loans and advances and allowance for credit impairment. Given the relative size of loans and advances (58% of total assets), we identified the valuation of loans and advances as a key audit matter.</p>	<p>We assessed and tested the design and operating effectiveness of the controls over specific and collective impairment calculations including the quality of underlying data and systems.</p> <p>Collective impairment allowances are calculated based on the guidelines imposed by the Bank of Mauritius. Such guidelines require the Group to make portfolio provisions of not less than 1% on unimpaired loans and advances.</p> <p>As this basis represents a departure from IAS39, the Group also determines what the collective impairment would have been under the standard using the incurred loss model and evaluates the impact of the departure. We reviewed the portfolio provisioning under both bases and assessed the impact of the difference on the overall presentation of the financial statements.</p> <p>In particular we re-performed the calculations of collective impairment under both methods. In respect of the provisioning as per the Bank of Mauritius guidelines, we assessed the appropriateness of the calculation made by management and the identification of loans to be included within the calculation. For collective impairment under IAS39, we assessed the appropriateness of the model used including the inputs and assumptions.</p> <p>For specific impairments, judgement is required to determine when an impairment event has occurred and then to estimate the expected future cash flows discounted at the original effective interest rate of the loans and advances. Where cash flows for large credits include the realisable value of collateral securing the credit, the value of such collateral is based on the opinion of independent and qualified appraisers. We thus also assessed the independence and the qualifications of the appraisers.</p> <p>We assessed that loans and advances with objective evidence of impairment have been properly identified by management by:</p> <ul style="list-style-type: none"> • Reviewing the minutes of the Debtors Monitoring Committee; • Obtaining loans and advances arrears reports and testing that arrears exceeding the internally predefined periods are included in the specific impairment analysis; • Identifying loans and advances displaying certain characteristics such as financial difficulties of the borrower, restructured loans, insufficient collaterals and exposures to sectors in decline. <p>For loans and advances showing an indication of impairment, we independently assessed the appropriateness of provisioning methodologies and policies and formed an independent view on the levels of provisions booked based on the detailed loan and counterparty information in the credit files.</p>

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

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

Other Information

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and the Company to express an opinion on the Group and Company financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Other matter

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

Report on Other Legal and Regulatory Requirements

Companies Act 2001

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


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

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

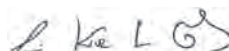
Financial Reporting Act 2004

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

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



ERNST & YOUNG
Ebène, Mauritius



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

Date: 13 December 2017

STATEMENTS OF PROFIT OR LOSS

YEAR ENDED 30 SEPTEMBER 2017

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

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

Auditor's report on pages 60 to 63.

STATEMENTS OF COMPREHENSIVE INCOME

YEAR ENDED 30 SEPTEMBER 2017

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

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

Auditor's report on pages 60 to 63.

STATEMENTS OF FINANCIAL POSITION

30 SEPTEMBER 2017

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

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



Colin Taylor

Non-Executive Director and
Chairman



Mark van Beuningen

Executive Director and Group Chief Executive Officer

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

Auditor's report on pages 60 to 63.

STATEMENTS OF CHANGES IN EQUITY

30 SEPTEMBER 2017

GROUP

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

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

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

Auditor's report on pages 60 to 63.

STATEMENTS OF CHANGES IN EQUITY

30 SEPTEMBER 2017

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

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

Auditor's report on pages 60 to 63.

STATEMENTS OF CASH FLOWS

YEAR ENDED 30 SEPTEMBER 2017

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

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

Auditor's report on pages 60 to 63.

EXPLANATORY NOTES

30 SEPTEMBER 2017

1. GENERAL INFORMATION

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

2. ACCOUNTING POLICIES

2.1 Basis of preparation

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

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

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

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

2.2 Statement of compliance

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

2.3 Basis of consolidation

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

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

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

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

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

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

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

EXPLANATORY NOTES

30 SEPTEMBER 2017

2. ACCOUNTING POLICIES (CONT'D)

2.3 Basis of consolidation (cont'd)

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

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non controlling interest
- Derecognises the cumulative translation differences, recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings as appropriate.

2.4 Changes in accounting policies

New and amended standards and interpretation

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

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

IFRS 14 Regulatory Deferral Accounts

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

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

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

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

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

EXPLANATORY NOTES

30 SEPTEMBER 2017

2. ACCOUNTING POLICIES (CONT'D)

2.4 Changes in accounting policies (cont'd)

Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants

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

Amendments to IAS 27: Equity Method in Separate Financial Statements

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

Annual improvements 2012-2014 cycle

These improvements include:

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

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

IFRS 7 Financial Instruments: Disclosures

(i) Servicing contracts

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

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

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

IAS 19 Employee Benefits

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

IAS 34 Interim Financial Reporting

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

EXPLANATORY NOTES

30 SEPTEMBER 2017

2. ACCOUNTING POLICIES (CONT'D)

2.4 Changes in accounting policies (cont'd)

Amendments to IAS 1 Disclosure Initiative

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

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

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

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

New or revised standards and interpretations:

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

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

EXPLANATORY NOTES

30 SEPTEMBER 2017

2. ACCOUNTING POLICIES (CONT'D)

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

IFRS 9 Financial Instruments

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

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

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

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

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

Classification and measurement

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

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

EXPLANATORY NOTES

30 SEPTEMBER 2017

2. ACCOUNTING POLICIES (CONT'D)

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

IFRS 9 Financial Instruments (Cont'd)

Impairment

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

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

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

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

Hedge accounting

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

IFRS 15 Revenue from Contracts with Customers

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

IFRS 16 Leases

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

EXPLANATORY NOTES

30 SEPTEMBER 2017

2. ACCOUNTING POLICIES (CONT'D)

2.6 Significant accounting policies

(a) Business combinations and goodwill

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

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

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

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

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

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

(b) Investments in subsidiaries

Consolidated financial statements

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

Separate financial statements of the investor

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

(c) Investments in associates and joint venture

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

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Separate financial statements of the investor

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

EXPLANATORY NOTES

30 SEPTEMBER 2017

2. ACCOUNTING POLICIES (CONT'D)

2.6 Significant accounting policies (Cont'd)

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

Consolidated financial statements

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

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

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

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

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

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

(d) Revenue recognition

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

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

Interest income

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Fees that the Group considers to be an integral part of these financial instruments are recognised in the EIR.

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

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

Rental income

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

Dividend income

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

EXPLANATORY NOTES

30 SEPTEMBER 2017

2. ACCOUNTING POLICIES (CONT'D)

2.6 Significant accounting policies (Cont'd)

(d) Revenue recognition (Cont'd)

Sale of services

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

Sale of goods

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

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

(e) Foreign currencies

(i) *Functional and presentation currency*

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

(ii) *Transactions and balances*

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

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

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

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

(iii) *Group companies*

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

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the reporting date;
- income and expenses for each statement representing profit or loss and other comprehensive income are translated at average exchange rates;
- all resulting exchange differences are recognised in other comprehensive income;

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

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

EXPLANATORY NOTES

30 SEPTEMBER 2017

2. ACCOUNTING POLICIES (CONT'D)

2.6 Significant accounting policies (Cont'd)

(f) Inventories

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

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

(g) Leases

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

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

(i) Finance leases - lessor

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

(ii) Operating leases - lessor

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

(iii) Finance leases - lessee

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

(iv) Operating leases - lessee

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

(h) Investment properties

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

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

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

EXPLANATORY NOTES

30 SEPTEMBER 2017

2. ACCOUNTING POLICIES (CONT'D)

2.6 Significant accounting policies (Cont'd)

(i) Property, plant and equipment

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

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

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

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

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

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

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

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

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

Land is not depreciated.

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

(j) Intangible assets

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

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

EXPLANATORY NOTES

30 SEPTEMBER 2017

2. ACCOUNTING POLICIES (CONT'D)

2.6 Significant accounting policies (Cont'd)

(j) Intangible assets (Cont'd)

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

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

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

Goodwill

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

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

(k) Current and deferred income tax

Current Income Tax

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

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

Deferred Income Tax

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

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

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

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

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

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

EXPLANATORY NOTES

30 SEPTEMBER 2017

2. ACCOUNTING POLICIES (CONT'D)

2.6 Significant accounting policies (Cont'd)

(k) Current and deferred income tax

Corporate Social Responsibility (CSR) Tax

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

Value Added Tax

Revenue, expenses and assets are recognised net of the amount of value added tax except:

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

(l) Impairment of non-financial assets

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

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

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

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

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

(m) Retirement benefits

(i) State plan and defined contribution pension plans

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

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

EXPLANATORY NOTES

30 SEPTEMBER 2017

2. ACCOUNTING POLICIES (CONT'D)

2.6 Significant accounting policies (Cont'd)

(m) Retirement benefits (Cont'd)

(ii) *Defined benefit pension plans and other retirement benefits*

The following pension benefits are also in place:

- The Group contributes to a pension plan in respect of some employees who have a No Worse Off Guarantee (NWOG) that their benefits would not be worse than what they would have earned under a previous defined benefit plan.
- The Group recognises a net liability for employees whose benefits under the current pension plan are not expected to fully offset the retirement gratuity obligations under the Employment Rights Act 2008.
- The Group recognises a liability in respect of employees who are not members of any supplementary pension plan and are entitled to retirement gratuities under the Employment Rights Act 2008.
- The Group recognises a liability in respect of pensions paid out of cash flow for some former employees.

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

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

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

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

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

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

Gratuity on retirement

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

EXPLANATORY NOTES

30 SEPTEMBER 2017

2. ACCOUNTING POLICIES (CONT'D)

2.6 Significant accounting policies (Cont'd)

(n) Financial instruments - Initial recognition and subsequent measurement

(i) Initial recognition

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

(ii) Initial measurement of financial instruments

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

(iii) Day 1 Profit or loss

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

(iv) Effective interest rate

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

(v) Due from banks and loans and advances

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

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

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

(vi) Deposit from customers and other borrowed funds

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

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

EXPLANATORY NOTES

30 SEPTEMBER 2017

2. ACCOUNTING POLICIES (CONT'D)

2.6 Significant accounting policies (Cont'd)

(n) Financial instruments - Initial recognition and subsequent measurement

(vii) *Available for sale investments*

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

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

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

(viii) *Derivatives and hedge accounting*

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

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

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

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

Fair value hedge

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

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

Cash flow hedge

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

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

EXPLANATORY NOTES

30 SEPTEMBER 2017

2. ACCOUNTING POLICIES (CONT'D)

2.6 Significant accounting policies (Cont'd)

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

(viii) Reclassification of financial assets

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

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

(o) Derecognition of financial assets and financial liabilities

(i) Financial assets

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

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

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

- the Group has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances by the entity with the right of full recovery of the amount lent plus accrued interest at market rates
- the Group cannot sell or pledge the original asset other than as security to the eventual recipients for the obligation to pay them cash flows
- the Group has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Group is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents during the short settlement period from the collection date to the date of required remittance to the eventual recipients, and interest earned on such investments is passed to the eventual recipients.

A transfer only qualifies for derecognition if:

- The Company has transferred substantially all the risks and rewards of the asset.
- The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

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

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

EXPLANATORY NOTES

30 SEPTEMBER 2017

2. ACCOUNTING POLICIES (CONT'D)

2.6 Significant accounting policies (Cont'd)

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

(ii) Financial Liabilities

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

(p) Determination of fair value

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

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

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

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

(q) Impairment of financial assets

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

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

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

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

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

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

EXPLANATORY NOTES

30 SEPTEMBER 2017

2. ACCOUNTING POLICIES (CONT'D)

2.6 Significant accounting policies (Cont'd)

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

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

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

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

(ii) *Available for sale investments*

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

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

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

(r) *Offsetting of financial instruments*

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

(s) *Cash and cash equivalents*

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

EXPLANATORY NOTES

30 SEPTEMBER 2017

2. ACCOUNTING POLICIES (CONT'D)

2.6 Significant accounting policies (Cont'd)

(t) Stated capital

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

(u) Segment reporting

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

(v) Dividend distribution

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

(w) Biological assets

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

(x) Discontinued operations

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

- Represents a separate major line of business or geographical area of operations
 - Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations
- or
- Is a subsidiary acquired exclusively with a view to resale.

EXPLANATORY NOTES

30 SEPTEMBER 2017

3. FINANCIAL RISK MANAGEMENT

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

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

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

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

3.1 Financial risk factors

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

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

(a) Foreign exchange risk

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

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

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

EXPLANATORY NOTES

30 SEPTEMBER 2017

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial risk factors (cont'd)

(a) Foreign exchange risk (Cont'd)

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

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

EXPLANATORY NOTES

30 SEPTEMBER 2017

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial risk factors (cont'd)

(a) Foreign exchange risk (cont'd)

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

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

Effect on profit before tax and equity

Group		Company	
Sep-17	Sep-16	Sep-17	Sep-16
MUR m	MUR m	MUR m	MUR m
74.4	9.0	75.1	0.3

(b) Interest rate risk

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

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

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

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

Effect on profit before tax and equity

Group		Company	
Sep-17	Sep-16	Sep-17	Sep-16
MUR m	MUR m	MUR m	MUR m
12.4	17.2	8.0	8.4

(c) Equity price risk

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

EXPLANATORY NOTES

30 SEPTEMBER 2017

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial risk factors (cont'd)

(d) Credit risk

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

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

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

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

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

GROUP

30 September 2017

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

30 September 2016

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

EXPLANATORY NOTES

30 SEPTEMBER 2017

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial risk factors (cont'd)

(d) Credit risk (Cont'd)

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

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

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

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

(e) Liquidity risk

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

EXPLANATORY NOTES

30 SEPTEMBER 2017

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial risk factors (cont'd)

(e) Liquidity risk (Cont'd)

Contractual maturities of undiscounted cash flows of financial assets and liabilities

Group

30 September 2017

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

Group

30 September 2016

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

EXPLANATORY NOTES

30 SEPTEMBER 2017

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial risk factors (cont'd)

(e) Liquidity risk (cont'd)

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

Company

30 September 2017

Assets

Cash and bank balances

Deposits with banks

Loans and advances

Investments in financial assets

Other assets

Total assets

Liabilities

Other borrowed funds

Other liabilities

Total liabilities

Net liquidity gap

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

Company

30 September 2016

Assets

Cash and bank balances

Deposits with banks

Loans and advances

Investments in financial assets

Other assets

Total assets

Liabilities

Other borrowed funds

Other liabilities

Total liabilities

Net liquidity gap

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

EXPLANATORY NOTES

30 SEPTEMBER 2017

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.2 Capital management

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

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

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

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

Debt (note 28 and 29)
Less: Bank balances & cash (note 13)

Equity

Net debt/equity ratio

Group		Company	
Sep-17	Sep-16	Sep-17	Sep-16
MUR m	MUR m	MUR m	MUR m
7,318.5	6,254.6	1,620.0	1,690.9
(505.4)	(587.1)	(113.5)	(20.0)
6,813.1	5,667.5	1,506.5	1,670.9
6,444.2	3,527.9	5,136.4	2,387.2
1.1	1.6	0.3	0.7

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

EXPLANATORY NOTES

30 SEPTEMBER 2017

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

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

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

Going concern

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

Fair value estimation

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

Impairment of non-financial assets

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

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

EXPLANATORY NOTES

30 SEPTEMBER 2017

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

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

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

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

Revaluation of property, plant and equipment and investment properties

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

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

Pension Benefits

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

Deferred tax assets

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

Asset lives and residual values

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

EXPLANATORY NOTES

30 SEPTEMBER 2017

5. NET INTEREST INCOME

(a) Interest income

Leases and other credit agreements
Other interest income

GROUP		COMPANY	
Sep-17	Sep-16	Sep-17	Sep-16
MUR m	MUR m	MUR m	MUR m
871.4	670.8	-	-
171.0	162.4	126.0	109.7
1,042.4	833.2	126.0	109.7

(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 one year and before two years

GROUP		COMPANY	
Sep-17	Sep-16	Sep-17	Sep-16
MUR m	MUR m	MUR m	MUR m
1.1	1.6	0.1	-
104.9	60.3	0.3	2.3
-	4.9	-	4.9
19.3	24.6	19.3	24.6
185.2	170.5	42.2	32.5
41.6	41.6	41.5	41.6
352.1	303.5	103.4	105.9
690.3	529.7	22.6	3.8

Net interest income

6. FEE AND COMMISSION INCOME

Commission
Fee income

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

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

7. OTHER OPERATING INCOME

Rent
Other income*
Operating lease income
Profit on disposal of land
Profit on disposal of property, plant and equipment
Profit on disposal of available for sale assets
Change in fair value of foreign currency forward contracts
Fair value gain on revaluation of investment property

GROUP		COMPANY	
Sep-17	Sep-16	Sep-17	Sep-16
MUR m	MUR m	MUR m	MUR m
75.2	86.5	-	-
141.9	171.5	2.4	1.9
36.9	37.6	-	-
6.8	-	-	-
0.6	2.5	-	-
-	2.2	-	2.2
12.0	-	13.3	-
48.2	-	2.7	-
321.6	300.3	18.4	4.1

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

EXPLANATORY NOTES

30 SEPTEMBER 2017

8. EMPLOYEE BENEFIT EXPENSE

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

GROUP		COMPANY	
Sep-17	Sep-16	Sep-17	Sep-16
MUR m	MUR m	MUR m	MUR m
445.6	435.5	7.1	7.3
39.6	34.3	0.9	-
485.2	469.8	8.0	7.3

9. OTHER OPERATING EXPENSES

Administration
Professional fees
Advertising and marketing
Rental charges payable under operating lease

GROUP		COMPANY	
Sep-17	Sep-16	Sep-17	Sep-16
MUR m	MUR m	MUR m	MUR m
217.3	222.8	2.6	4.7
71.1	38.9	17.1	7.5
16.7	16.1	-	-
-	0.4	-	-
305.1	278.2	19.7	12.2

10. ALLOWANCE FOR CREDIT IMPAIRMENT

Net provision for credit impairment
- Leases
- Other credit agreements
- Loans and advances
- Other assets
Bad debts written off for which no provision was made
- Leases
- Other assets
Bad debts recovered
- Leases
- Other credit agreements
- Loans and advances

GROUP		COMPANY	
Sep-17	Sep-16	Sep-17	Sep-16
MUR m	MUR m	MUR m	MUR m
17.8	28.9	-	-
126.4	58.6	-	-
15.3	61.5	-	-
34.1	(3.2)	-	-
0.7	-	-	-
-	4.5	-	-
(0.8)	(0.3)	-	-
(3.5)	(1.6)	-	-
(3.7)	(2.3)	-	-
186.3	146.1	-	-

EXPLANATORY NOTES

30 SEPTEMBER 2017

11. TAXATION

(a) Income tax expense/(credit)

Current income tax at 15% (2016:15%)
 Corporate social responsibility tax
 Over provision
 Deferred tax expense/(credit)
Income tax expense/(credit)

GROUP		COMPANY	
Sep-17	Sep-16	Sep-17	Sep-16
MUR m	MUR m	MUR m	MUR m
83.5	73.8	-	-
19.6	8.0	-	-
(0.5)	(0.8)	-	-
4.7	(10.9)	(0.5)	-
107.3	70.1	(0.5)	-

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

Accounting profit before tax

Statutory income tax rate of 15% (2016: 15%)
 Corporate social responsibility tax
 Tax losses utilised
 Deferred tax not recognised
 Deferred tax rate differential on corporate social responsibility tax
 Income not subject to tax
 Non deductible expenses*
Income tax expense/ (credit)

GROUP		COMPANY	
Sep-17	Sep-16	Sep-17	Sep-16
MUR m	MUR m	MUR m	MUR m
411.5	473.3	2,836.5	591.9
61.7	71.0	425.5	88.8
19.6	8.0	-	-
(3.1)	(11.9)	(2.1)	(0.6)
12.3	(4.3)	-	-
(2.3)	1.5	-	-
(3.3)	-	(445.9)	(92.3)
22.4	5.8	22.0	4.1
107.3	70.1	(0.5)	-

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

(b) Income tax liabilities

At 1 October
 Charge for the year
 Paid during the year
 Overprovision during the year
 Disposal of subsidiaries

GROUP		COMPANY	
Sep-17	Sep-16	Sep-17	Sep-16
MUR m	MUR m	MUR m	MUR m
45.5	38.0	-	-
83.5	121.1	-	-
(112.0)	(108.9)	-	-
(0.5)	(0.8)	-	-
(11.3)	(3.9)	-	-
5.2	45.5	-	-

EXPLANATORY NOTES

30 SEPTEMBER 2017

12. OTHER COMPREHENSIVE INCOME

GROUP

Year ended 30 September 2017

Other comprehensive income not to be reclassified to profit or loss:

	Hedging Reserve	Translation Reserve	Revaluation Reserve	Actuarial Reserve	Total
	MUR m	MUR m	MUR m	MUR m	MUR m
Gain on revaluation of land and buildings	-	-	72.6	-	72.6
Deferred tax on gain on revaluation of land and buildings	-	-	(2.2)	-	(2.2)
Remeasurement of defined benefit obligations (note 26)	-	-	-	1.8	1.8
Deferred tax on remeasurement of defined benefit obligations	-	-	-	(0.4)	(0.4)
	-	-	70.4	1.4	71.8

Other comprehensive income to be reclassified to profit or loss:

Exchange difference on translation of foreign entities	-	(14.0)	-	-	(14.0)
Movement in reserves of associates	-	(1.4)	-	-	(1.4)
	-	(15.4)	-	-	(15.4)
Other comprehensive income for the year, net of tax	-	(15.4)	70.4	1.4	56.4

GROUP

Year ended 30 September 2016

Other comprehensive income not to be reclassified to profit or loss:

Remeasurement of defined benefit obligations (note 26)	-	-	-	20.6	20.6
Deferred tax on remeasurement of defined benefit obligations	-	-	-	(3.1)	(3.1)
	-	-	-	17.5	17.5

Other comprehensive income to be reclassified to profit or loss:

Exchange difference on translation of foreign entities	-	0.9	-	-	0.9
Movement in reserves of associates	-	(0.4)	-	-	(0.4)
Cash flow hedge loans (note 29)	5.6	-	-	-	5.6
	5.6	0.5	-	-	6.1
Other comprehensive income for the year, net of tax	5.6	0.5	-	17.5	23.6

EXPLANATORY NOTES

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12. OTHER COMPREHENSIVE INCOME (CONT'D)

COMPANY

Year ended 30 September 2017

Other comprehensive income not to be reclassified to profit or loss:

Remeasurement of defined benefit obligations

Year ended 30 September 2016

Other comprehensive income to be reclassified to profit or loss:

Cash flow hedge loans (note 29)

Actuarial Reserve	Hedging Reserve
MUR m	MUR m
0.7	-
0.7	-
-	5.6
-	5.6

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

Hedging reserve

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

Translation reserve

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

Revaluation reserve

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

Actuarial reserve

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

13. CASH AND CASH EQUIVALENTS

Cash and bank balances

Loans at call receivable (note 18)

Loans at call payable (note 30)

Bank overdrafts (note 29)

Cash and cash equivalents

GROUP		COMPANY	
Sep-17	Sep-16	Sep-17	Sep-16
MUR m	MUR m	MUR m	MUR m
505.4	587.1	113.5	20.0
-	-	113.5	463.0
-	-	-	(104.4)
(126.3)	(10.7)	-	-
379.1	576.4	227.0	378.6

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

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

14. DEPOSITS WITH BANKS

Deposit with banks

The deposit with banks are analysed as follows:

Current

Non current

GROUP		COMPANY	
Sep-17	Sep-16	Sep-17	Sep-16
MUR m	MUR m	MUR m	MUR m
2,738.9	475.6	2,256.1	-
2,391.8	20.5	2,256.1	-
347.1	455.1	-	-
2,738.9	475.6	2,256.1	-

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

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15. NET INVESTMENT IN LEASES AND OTHER CREDIT AGREEMENTS

GROUP

30 September 2017

Gross investment

Within one year

After one year and before five years

After five years

Unearned future finance income

Present value of minimum lease payments

Less allowance for credit impairment

Portfolio provision

Specific provision

Present value of minimum lease payments analysed as follows:

Within one year

After one year and before five years

After five years

Allowance for credit impairment

Portfolio provision

At 1 October 2016

Net provision for credit impairment

At 30 September 2017

Specific Provision

At 1 October 2016

Net provision for credit impairment

Amounts written off

At 30 September 2017

Finance leases	Other credit agreements	Total
MUR m	MUR m	MUR m
926.5	3,398.3	4,324.8
1,844.8	1,479.6	3,324.4
52.6	-	52.6
2,823.9	4,877.9	7,701.8
(381.5)	(423.0)	(804.5)
2,442.4	4,454.9	6,897.3
(23.7)	(80.3)	(104.0)
(26.2)	(157.4)	(183.6)
2,392.5	4,217.2	6,609.7
763.6	3,061.8	3,825.4
1,629.1	1,393.1	3,022.2
49.7	-	49.7
2,442.4	4,454.9	6,897.3
22.3	51.2	73.5
1.4	29.1	30.5
23.7	80.3	104.0
41.9	141.7	183.6
16.5	97.4	113.9
(32.2)	(81.7)	(113.9)
26.2	157.4	183.6

EXPLANATORY NOTES

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

GROUP

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

16. LOANS AND ADVANCES

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

EXPLANATORY NOTES

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16. LOANS AND ADVANCES (CONT'D)

(a) Credit facilities receivables breakdown:

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

GROUP		COMPANY	
Sep-17	Sep-16	Sep-17	Sep-16
MUR m	MUR m	MUR m	MUR m
502.6	306.9	-	-
1,041.2	707.8	-	-
-	5.5	-	-
1,543.8	1,020.2	-	-
55.5	51.2	1,626.5	1,335.4
173.6	70.2	668.1	485.0
38.4	20.4	-	-
267.5	141.8	2,294.6	1,820.4

(b) Corporate loans receivables breakdown:

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

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

(d) Allowance for credit impairment are as follows:

GROUP

At 1 October 2016
Charge/(credit) for the year
Amounts written off

At 30 September 2017

Made up of:

Specific provision
Portfolio provision

At 1 October 2015
Charge for the year
Amounts written off

At 30 September 2016

Made up of:

Specific provision
Portfolio provision

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

EXPLANATORY NOTES

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17. INVESTMENT IN FINANCIAL ASSETS

Available for sale investments (note (a))
Government bonds
Foreign currency derivatives (note (b))

GROUP		COMPANY	
Sep-17	Sep-16	Sep-17	Sep-16
MUR m	MUR m	MUR m	MUR m
1.8	2.4	1.8	2.4
8.0	8.0	-	-
12.0	-	13.3	-
21.8	10.4	15.1	2.4

(a) Available for sale investments

Non current

At 1 October
Disposals
Impairment charge
At 30 September

GROUP		COMPANY	
Sep-17	Sep-16	Sep-17	Sep-16
MUR m	MUR m	MUR m	MUR m
Level 3	Level 3	Level 3	Level 3
2.4	232.2	2.4	232.2
-	(228.8)	-	(228.8)
(0.6)	(1.0)	(0.6)	(1.0)
1.8	2.4	1.8	2.4

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

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

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

(b) Foreign currency derivatives

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

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-17	Sep-16
MUR m	MUR m
1,183.5	548.5
159.3	160.5

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18. OTHER ASSETS

Trade receivables (a)
Less impairment (b)

Prepayments
Other receivables
Consumable biological assets (c)

Receivable from subsidiaries
Receivable from related company
Loan at call
- Subsidiaries (Note 13)

GROUP		COMPANY	
Sep-17	Sep-16	Sep-17	Sep-16
MUR m	MUR m	MUR m	MUR m
2.4	120.1	-	-
-	(15.7)	-	-
2.4	104.4	-	-
58.7	62.0	9.5	35.5
483.4	249.8	169.8	-
2.0	2.0	-	-
546.5	418.2	179.3	35.5
-	-	85.1	5.0
-	2.5	-	-
-	-	113.5	463.0
-	2.5	198.6	468.0
546.5	420.7	377.9	503.5

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

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

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

(a) Ageing of trade receivables

GROUP

2017
Trade receivables
Less impairment

Less than 3 months	3 to 6 months	More than 6 months	Total
MUR m	MUR m	MUR m	MUR m
1.0	1.1	0.3	2.4
-	-	-	-
1.0	1.1	0.3	2.4

2016
Trade receivables
Less impairment

MUR m	MUR m	MUR m	MUR m
80.2	19.8	20.1	120.1
-	-	(15.7)	(15.7)
80.2	19.8	4.4	104.4

(b) Impairment of trade receivables

GROUP

At 1 October
Disposal of subsidiaries
Provision for credit impairment
Amounts written off
At 30 September

Sep-17	Sep-16
MUR m	MUR m
15.7	30.1
(15.7)	(10.4)
-	(3.2)
-	(0.8)
-	15.7

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18. OTHER ASSETS (CONT'D)

(c) Consumable biological assets

GROUP

Livestock

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

Sep-17	Sep-16
MUR m	MUR m
2.0	1.8
-	0.1
(1.0)	(0.5)
1.0	0.6
2.0	2.0

19. INVENTORIES

GROUP

Cost

Work in progress
 Consumables

Sep-17	Sep-16
MUR m	MUR m
-	2.6
8.2	5.8
8.2	8.4

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

20. INVESTMENT IN SUBSIDIARIES

COMPANY

At 1 October
 Additions
 Disposal
 At 30 September

Sep-17	Sep-16
MUR m	MUR m
2,022.5	1,902.1
519.5	197.7
(755.5)	(77.3)
1,786.5	2,022.5

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

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20. INVESTMENT IN SUBSIDIARIES

(a) Details pertaining to the subsidiaries

Details pertaining to the subsidiaries

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

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20. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

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

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

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

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

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

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

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

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20. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

2017

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

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20. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

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

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21. INVESTMENT IN ASSOCIATES

(a) Movement in investment in associates

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

(b) Details of the associates

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

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

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

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

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

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

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21. INVESTMENT IN ASSOCIATES (CONT'D)

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

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

* Figures include Li & Fung Ltd and Dodwell Ltd

** Company is dormant

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21. INVESTMENT IN ASSOCIATES (CONT'D)

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

2016

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

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

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22. INVESTMENT IN JOINT VENTURE

GROUP

At 1 October
Share of result
Dividends
Transfer to investments in subsidiary companies
At 30 September

Sep-17	Sep-16
MUR m	MUR m
-	95.2
-	0.7
-	(5.2)
-	(90.7)
-	-

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

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

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

Name

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

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23. INVESTMENT PROPERTIES

At 1 October
Acquisition through business combination (note 35)
Additions
Gains on fair value adjustment
Disposal
Transfer (note 24)
At 30 September

GROUP		COMPANY	
Sep-17	Sep-16	Sep-17	Sep-16
MUR m	MUR m	MUR m	MUR m
733.7	533.7	30.8	30.8
-	163.0	-	-
38.1	12.0	-	-
48.2	-	2.7	-
(1.5)	-	-	-
220.7	25.0	-	-
1,039.2	733.7	33.5	30.8

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

The Group's and Company's investment properties are accounted at their fair value based on a valuation done during the year by JPW International Property Consultants and Gexim Real Estate Ltd, two independent valuation specialists.

The different valuation methods used are:

- (i) Direct Market Comparison Approach.
- (ii) Income Capitalisation Approach.
- (iii) Depreciated Replacement Cost Approach.
- (iv) The Sales Comparison Approach.

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

Land
Buildings

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

Significant unobservable valuation input:

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

Range

MUR 1,170 - MUR 55,000
MUR 8,000 - MUR 85,000

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

The following have been recognised in profit or loss:

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-17	Sep-16	Sep-17	Sep-16
MUR m	MUR m	MUR m	MUR m
85.7	68.1	-	-
19.7	12.5	-	-
9.5	8.5	-	-

EXPLANATORY NOTES

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24. PROPERTY, PLANT AND EQUIPMENT

(a) GROUP

Cost or Valuation

At 30 September 2015	
Additions	
Acquisition through business combination (note 35)	
Disposal of subsidiaries (note 36)	
Scrapped assets	
Transfer (note 23)	
Disposals	
At 30 September 2016	
Additions	
Revaluation adjustment	
Disposal of subsidiaries (note 36)	
Scrapped assets	
Transfer (note 23)	
Disposals	
At 30 September 2017	

Land and Buildings	Plant and Equipment	Vehicles	Total
MUR m	MUR m	MUR m	MUR m
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
-	31.2	57.1	88.3
72.6	-	-	72.6
-	(117.3)	(5.6)	(122.9)
-	(15.3)	(1.3)	(16.6)
(225.0)	4.3	-	(220.7)
(6.9)	(9.2)	(52.5)	(68.6)
990.0	295.1	189.1	1,474.2

Depreciation and impairment

At 1 October 2015	
Charge for the year	
Acquisition through business combination (note 35)	
Eliminated on disposal of subsidiary (note 36)	
Scrapped assets	
Disposal adjustment	
At 30 September 2016	
Charge for the year	
Eliminated on disposal of subsidiary (note 36)	
Scrapped assets	
Disposal adjustment	
At 30 September 2017	

Land and Buildings	Plant and Equipment	Vehicles	Total
MUR m	MUR m	MUR m	MUR m
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
2.0	49.7	27.8	79.5
-	(82.0)	(3.0)	(85.0)
-	(15.3)	(1.3)	(16.6)
-	(6.3)	(39.9)	(46.2)
9.2	182.5	83.0	274.7

Carrying value

At 30 September 2017	
At 30 September 2016	

980.8	112.6	106.1	1,199.5
1,142.1	165.0	92.0	1,399.1

EXPLANATORY NOTES

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

- (b) The Group's land and buildings are accounted at their fair value based on a valuation done during the year by JPW International Property Consultants and Gexim Real Estate Ltd, two independent valuation specialists.

The different valuation methods used are:

- (i) Direct Market Comparison Approach.
- (ii) Income Capitalisation Approach.
- (iii) Depreciated Replacement Cost Approach.
- (iv) The Sales Comparison Approach for land.

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

Land
Buildings

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

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

Significant unobservable valuation input:

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

Range

MUR 111 - MUR 55,000
MUR 11,000 - MUR 85,000

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

- (c) Land & Buildings

Freehold land & buildings

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

Cost
Accumulated Depreciation

Net book value

Sep-17	Sep-16
MUR m	MUR m
980.8	1,142.1
748.2	980.1
(9.2)	(16.2)
739.0	963.9

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

- (d) Leased assets

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

2017

Cost
Accumulated depreciation
Carrying value

Plant and equipment	Motor vehicles	Total
MUR m	MUR m	MUR m
-	5.2	5.2
-	(3.6)	(3.6)
-	1.6	1.6

2016

Cost
Accumulated depreciation
Carrying value

41.0	4.1	45.1
(14.8)	(1.8)	(16.6)
26.2	2.3	28.5

EXPLANATORY NOTES

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25. INTANGIBLE ASSETS

(a) GROUP

Cost

	Goodwill on acquisition	Leasehold Rights	Software	Total
	MUR m	MUR m	MUR m	MUR m
At 1 October 2015	1,099.4	-	242.9	1,342.3
Additions	-	-	10.4	10.4
Disposal of subsidiary (note 36)	-	-	(22.6)	(22.6)
Disposal	-	-	(40.1)	(40.1)
Scrapped assets	-	-	(23.1)	(23.1)
At 30 September 2016	1,099.4	-	167.5	1,266.9
Additions	-	45.8	2.7	48.5
Disposal of subsidiary (note 36)	(1,099.4)	-	(17.4)	(1,116.8)
At 30 September 2017	-	45.8	152.8	198.6

Amortisation/Impairment

At 1 October 2015	500.7	-	195.2	695.9
Charge for the year	-	-	18.7	18.7
Disposal of subsidiary (note 36)	-	-	(21.6)	(21.6)
Disposal adjustment	-	-	(36.0)	(36.0)
Scrapped assets	-	-	(23.1)	(23.1)
At 30 September 2016	500.7	-	133.2	633.9
Charge for the year	-	-	15.5	15.5
Disposal of subsidiary (note 36)	(500.7)	-	(16.2)	(516.9)
At 30 September 2017	-	-	132.5	132.5

Carrying value

At 30 September 2017	-	45.8	20.3	66.1
At 30 September 2016	598.7	-	34.3	633.0

EXPLANATORY NOTES

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25. INTANGIBLE ASSETS (CONT'D)

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

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

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

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

(b) COMPANY

Cost

At 1 October
Additions
At 30 September

Amortisation

At 1 October
Charge for the year
At 30 September

Carrying value

At 30 September

Software	
Sep-17	Sep-16
MUR m	MUR m
0.3	0.3
-	-
0.3	0.3
0.1	-
-	0.1
0.1	0.1
0.2	0.2

EXPLANATORY NOTES

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26. RETIREMENT BENEFIT ASSET/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 to other comprehensive income:

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

GROUP		COMPANY	
Sep-17	Sep-16	Sep-17	Sep-16
MUR m	MUR m	MUR m	MUR m
(6.8)	(9.9)	-	-
40.2	43.7	40.2	-
37.5	45.1	-	-
70.9	78.9	40.2	-
6.8	9.9	-	-
(77.7)	(88.8)	(40.2)	-
(70.9)	(78.9)	(40.2)	-
0.7	0.7	-	-
2.9	3.0	2.9	-
4.8	10.7	-	-
8.4	14.4	2.9	-
(0.5)	(3.5)	-	-
(0.7)	1.9	(0.7)	-
(0.6)	(19.0)	-	-
(1.8)	(20.6)	(0.7)	-

EXPLANATORY NOTES

30 SEPTEMBER 2017

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

(a) Pension benefits

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

(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 36)
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
Experience loss/(gain)

Gain due to change in financial assumptions

Components of amount recognised in other comprehensive income

Actual return on plan assets

GROUP	
Sep-17	Sep-16
MUR m	MUR m
25.5	27.1
(32.3)	(37.0)
(6.8)	(9.9)
(9.9)	(10.1)
0.7	0.7
(0.5)	(3.5)
(0.4)	(0.4)
3.3	3.4
(6.8)	(9.9)
1.0	1.3
(0.3)	(0.6)
0.7	0.7
(2.0)	3.2
1.8	(6.7)
(0.3)	-
(0.5)	(3.5)
4.0	(0.6)

EXPLANATORY NOTES

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

(a) Pension benefits (cont'd)

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

At 1 October	27.1	38.3
Current service cost	1.0	1.3
Interest expense	1.7	2.0
Benefits paid on settlement	-	-
Other benefits paid	-	(0.9)
Experience loss/(gain)	1.8	(6.7)
Gain due to change in financial assumptions	(0.3)	-
Deconsolidation of group companies (note 36)	(5.8)	(6.9)
At 30 September	25.5	27.1

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

At 1 October	37.0	48.4
Interest income	2.0	2.6
Employer contribution	0.4	0.4
Benefits paid	-	(0.9)
Return on plan assets excluding interest income	2.0	(3.2)
Deconsolidation of group companies (note 36)	(9.1)	(10.3)
At 30 September	32.3	37.0

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

Increase due to 1% decrease in discount rate	15.5	17.7
Decrease due to 1% increase in discount rate	12.2	13.6

GROUP	
Sep-17	Sep-16
MUR m	MUR m
27.1	38.3
1.0	1.3
1.7	2.0
-	-
-	(0.9)
1.8	(6.7)
(0.3)	-
(5.8)	(6.9)
25.5	27.1
37.0	48.4
2.0	2.6
0.4	0.4
-	(0.9)
2.0	(3.2)
(9.1)	(10.3)
32.3	37.0
15.5	17.7
12.2	13.6

EXPLANATORY NOTES

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

(a) Pension benefits (cont'd)

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

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

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

(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-17	Sep-16
%	%
38.0	39.0
29.0	28.0
23.0	23.0
-	1.0
2.0	2.0
8.0	7.0
100.0	100.0

(vii) Future cashflows

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

EXPLANATORY NOTES

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

- (a) Pension Benefits (cont'd)
- (viii) Principal actuarial assumptions at end of year:
- Discount rate
 - Future salary increases
 - Future pension increases
 - Average retirement age (ARA)
 - Average remaining life expectancy for:
 - Male at ARA
 - Female at ARA

GROUP	
Sep-17	Sep-16
6.0%	7.0%
5.0%	5.5%
0.5%	1.0%
60	60
19.5 years	19.5 years
24.2 years	24.2 years

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

- Investment risk

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

- Interest risk

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

- Longevity risk

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

- Salary risk

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

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

EXPLANATORY NOTES

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

(b) Unfunded pension schemes

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

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

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

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

EXPLANATORY NOTES

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

(b) Unfunded pension schemes (cont'd)

(v) Future cash flows

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

(vi) Principal actuarial assumptions at end of year:

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

Sep-17	Sep-16
MUR m	MUR m
6.5%	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

(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

- Experience gain
- Gain due to change in demographic assumptions

Components of amount recognised in other comprehensive income

GROUP	
Sep-17	Sep-16
MUR m	MUR m
37.5	45.1
37.5	45.1
3.5	5.9
(1.0)	1.1
2.5	7.0
2.3	3.7
4.8	10.7
(0.5)	(8.2)
(0.1)	(10.8)
(0.6)	(19.0)

EXPLANATORY NOTES

30 SEPTEMBER 2017

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

- (c) Other retirement benefits (cont'd)
- (iii) Movements in liability recognised in statements of financial position:
- At 1 October
- Current service cost
- Past service cost
- Interest expense
- Other benefits paid
- Experience gains
- Gain due to change in demographic assumptions
- Gain due to change in financial assumptions
- Deconsolidation of group companies (note 36)
- 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-17	Sep-16
MUR m	MUR m
45.1	61.8
3.5	5.9
(1.0)	1.1
2.3	3.7
(0.8)	2.8
(0.4)	(8.2)
-	(10.8)
(0.1)	-
(11.1)	(11.2)
37.5	45.1
8.0	12.5
2.1	10.2

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

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

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

(v) Future cashflows

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

(vi) Principal actuarial assumptions at end of year:

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

GROUP	
Sep-17	Sep-16
MUR m	MUR m
6.5%	8.0%
5.0%-6.0%	6.5%-6.0%
2.0%	2.0%
60	60
19.5 years	19.5 years
24.2 years	24.2 years

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

EXPLANATORY NOTES

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27. DEFERRED TAXATION

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

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

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

Deferred tax assets/(liabilities)

GROUP

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

Deferred tax assets/(liabilities)

COMPANY

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

EXPLANATORY NOTES

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28. DEPOSITS FROM CUSTOMERS

GROUP

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

Sep-17	Sep-16
MUR m	MUR m
72.6	69.0
167.9	115.3
253.5	221.8
741.9	634.8
1,235.9	1,040.9
107.7	62.9
79.9	170.8
457.9	349.3
1,138.8	1,083.8
1,784.3	1,666.8
3,020.2	2,707.7
114.1	87.6
3,134.3	2,795.3

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

Deposits are denominated in Mauritian Rupees.

EXPLANATORY NOTES

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29. OTHER BORROWED FUNDS

(a) Non current

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

Current

Bank overdrafts (note 13)
Bank and other borrowings - Secured
Bank and other borrowings - Unsecured
Medium term note (note (e))
Interest payable
Other loans
Finance lease obligations

Total

GROUP		COMPANY	
Sep-17	Sep-16	Sep-17	Sep-16
MUR m	MUR m	MUR m	MUR m
200.0	592.0	180.0	270.0
1,097.0	-	-	-
-	750.0	-	750.0
-	22.3	-	-
1,297.0	1,364.3	180.0	1,020.0
126.3	10.7	-	-
1,311.7	1,416.0	90.0	90.0
682.2	613.8	583.0	535.0
750.0	-	750.0	-
17.0	17.7	17.0	17.7
-	28.2	-	28.2
-	8.6	-	-
2,887.2	2,095.0	1,440.0	670.9
4,184.2	3,459.3	1,620.0	1,690.9

(b) Non current borrowings analysed as follows:

Repayable otherwise than 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

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-17	Sep-16	Sep-17	Sep-16
MUR m	MUR m	MUR m	MUR m
353.1	117.6	-	-
343.7	867.3	-	750.0
301.3	97.9	-	-
118.9	11.5	-	-
90.0	90.0	90.0	90.0
90.0	90.0	90.0	90.0
-	90.0	-	90.0
-	-	-	-
1,297.0	1,364.3	180.0	1,020.0

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

Bank overdrafts
Bank and other borrowings - Secured
Bank and other borrowings - Unsecured
Other loans
Finance lease obligations

GROUP		COMPANY	
Sep-17	Sep-16	Sep-17	Sep-16
%	%	%	%
5.05 - 8.25	5.60 - 8.50	-	5.80 - 6.50
3.60 - 5.85	4.15 - 7.50	5.55 - 5.85	5.55 - 5.85
0.75 - 4.20	0.75 - 4.20	3.55 - 3.90	3.95 - 4.20
-	5.70 - 7.00	-	6.65
-	7.50	-	-

EXPLANATORY NOTES

30 SEPTEMBER 2017

29. OTHER BORROWED FUNDS (CONT'D)

(d) Cash flow hedge loans

At 1 October
 Repayment of borrowings
 Reclassification of adjustments for gains from Other Comprehensive Income to Profit or Loss
 At 30 September

GROUP AND COMPANY	
Sep-17	Sep-16
MUR m	MUR m
-	36.2
-	(30.6)
-	(5.6)
-	-

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

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

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

MUR and others
 EURO
 USD

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

30. OTHER LIABILITIES

Trade payables
 Accruals
 Other payables
 Dividend payable

 Amount payable to
 - Related companies
 - Subsidiary companies
 Loan at call
 - Subsidiary companies (note 13)

GROUP		COMPANY	
Sep-17	Sep-16	Sep-17	Sep-16
MUR m	MUR m	MUR m	MUR m
444.4	510.8	-	-
111.5	221.2	12.5	6.8
603.1	511.5	0.2	0.5
-	149.7	-	149.7
1,159.0	1,393.2	12.7	157.0
-	27.5	-	-
-	-	84.3	76.0
-	-	-	104.4
-	27.5	84.3	180.4
1,159.0	1,420.7	97.0	337.4

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

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

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

EXPLANATORY NOTES

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31. DIVIDENDS

Amounts recognised as distributions to equity holders in the year:

Final dividends payable of nil (2016: MUR 0.22 per share)

Interim dividends paid of MUR 0.13 per share (2016: MUR 0.12 per share)

COMPANY	
Sep-17	Sep-16
MUR m	MUR m
-	149.7
88.5	81.7
88.5	231.4

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

32. EQUITY

Stated Capital

No par value shares

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

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

Capital Reserves

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

Actuarial Reserves

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

Retained Earnings

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

Other Reserves

Reserves not dealt in above are accounted as other reserves.

EXPLANATORY NOTES

30 SEPTEMBER 2017

33. EARNINGS PER SHARE (Basic/diluted)

Profit for the year from continuing operations	
Profit for the year from discontinued operations	
Profit attributable to owners of the parent	
Number of shares used in calculation	
Basic/diluted earnings per share from continuing operations	MUR
Basic/diluted earnings per share from discontinued operations	MUR
Basic/diluted earnings per share	MUR

GROUP		COMPANY	
Sep-17	Sep-16	Sep-17	Sep-16
MUR m	MUR m	MUR m	MUR m
310.8	411.3	2,837.0	591.9
2,645.4	253.1	-	-
2,956.2	664.4	2,837.0	591.9
680,522,310	680,522,310	680,522,310	680,522,310
0.46	0.60	4.17	0.87
3.89	0.38	-	-
4.35	0.98	4.17	0.87

34. NOTES TO THE STATEMENTS OF CASH FLOWS

(a) Cash generated from operations

Profit before taxation from continuing operations	
Profit before taxation from discontinued operations	
Depreciation	
Amortisation	
Impairment of investment	
Profit on disposal of subsidiaries	
Fair value adj in value of investment properties	
Net bargain on business combination	
Impairment charge	
Profit on sale of property, plant and equipment	
Profit on disposal of financial assets	
Investment income	
Exchange losses	
Fair value gain on forward foreign exchange contracts	
Share of results of associates	
Share of result of joint venture	
Retirement benefit obligations	

Changes in working capital

Deposit with banks	
Inventories	
Net investment in finance leases and other credit agreements	
Loan and advances	
Other assets	
Deposit from customers	
Other liabilities	
Cash absorbed in from operations	

(b) Operational cash flows from interest

Interest income received during the year	
Interest expense paid during the year	

GROUP		COMPANY	
Sep-17	Sep-16	Sep-17	Sep-16
MUR m	MUR m	MUR m	MUR m
411.5	Restated 473.3	2,836.5	591.9
2,676.0	300.3	-	-
79.5	86.3	-	-
15.6	18.7	-	0.1
0.6	1.0	0.6	1.0
(2,477.8)	(47.0)	(2,494.9)	(147.7)
(48.2)	-	(2.7)	-
-	(21.3)	-	-
193.7	145.8	-	-
(7.4)	(2.6)	-	-
-	(2.2)	-	(2.2)
-	(5.7)	(448.9)	(462.4)
(4.8)	5.6	77.4	5.6
(12.0)	-	(13.3)	-
5.6	(15.4)	-	-
-	(0.7)	-	-
0.6	10.0	(2.8)	-
832.9	946.1	(48.1)	(13.7)
(2,251.6)	87.1	(2,323.5)	-
(3.5)	(2.2)	-	-
(1,086.6)	(1,357.9)	-	-
(754.2)	(934.6)	(474.2)	(449.7)
161.1	(86.0)	(186.2)	(30.3)
339.0	304.5	-	-
(227.1)	332.6	13.5	(27.8)
(2,990.0)	(710.4)	(3,018.5)	(521.5)
159.4	249.4	125.9	105.1
(354.3)	(317.6)	(103.4)	(112.4)

EXPLANATORY NOTES

30 SEPTEMBER 2017

35. BUSINESS COMBINATION AND ACQUISITION OF NON CONTROLLING INTERESTS

Year ended 30 September 2017

Acquisition of non controlling interests in SWTD BIS LTD

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

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

Year ended 30 September 2016

Acquisition of subsidiary

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

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

	MUR m
Consideration	
Cash	69.5
Fair value of equity interest held before the business combination	69.5
Total consideration	139.0
Fair value of net assets acquired	(181.5)
Gain on bargain purchase	(42.5)
 This transaction has resulted in the recognition of a loss on remeasurement, calculated as follows:	
Fair value of investment held before business combination	69.5
Less: carrying amount of investment on the date of transfer to subsidiary	(90.7)
Loss on remeasurement	(21.2)
 Gain on business combination:	
Gain on bargain purchase	42.5
Loss on remeasurement	(21.2)
Net gain on business combination	21.3

Recognised amounts of identifiable assets acquired and liabilities assumed

Cash and cash equivalents	5.7
Property, plant and equipment	16.1
Investment properties	163.0
Other assets	0.8
Other liabilities	(1.1)
Current tax liabilities	(0.1)
Deferred tax liabilities	(2.9)
	181.5

Net cash outflow on acquisition of subsidiary

Consideration paid in cash	69.5
Less: cash and cash equivalent balances acquired	(5.7)
	63.8

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

EXPLANATORY NOTES

30 SEPTEMBER 2017

36. DISCONTINUED OPERATIONS AND DISPOSAL OF SUBSIDIARIES

Disposed in year ended 30 September 2017

(a) Discontinued operations - Cim Global Business Segment

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

The results of the segment disposed are as follows:

Revenue
Expenses
Operating income
Finance costs
Impairment loss
Profit before tax
Income tax expense
Profit after tax
Profit on disposal of subsidiaries
Profit after tax for the year from discontinued operations

Sep-17	Sep-16
MUR m	MUR m
516.0	790.5
(300.7)	(487.1)
215.3	303.4
(1.6)	(3.1)
(1.8)	-
211.9	300.3
(30.6)	(47.2)
181.3	253.1
2,464.1	-
2,645.4	253.1
3.9	0.4

Basic/diluted earnings per share from discontinued operations

Analysis of assets and liabilities disposed

Assets

Property, plant and equipment
Intangible assets
Deferred tax asset
Cash and cash equivalent
Other assets

Liabilities

Retirement benefit obligation
Other borrowed funds
Other liabilities
Income tax liabilities

Net assets disposed

Gain on disposal of subsidiaries

Consideration received in cash and cash equivalents
Deferred consideration
Direct transaction costs
Carrying value of net assets disposed

Foreign exchange translation reserve transferred to profit or loss on disposal
Gain on disposal of subsidiaries

Net cash flow on disposal of subsidiaries

Consideration received in cash and cash equivalents, net of direct transaction cost
Carrying value of cash and cash equivalent disposed

Sep-17
MUR m
31.9
594.5
1.4
141.0
330.3
1,099.1
(7.4)
(27.1)
(366.0)
(11.0)
(411.5)
687.6
3,044.5
175.3
(70.4)
(687.6)
2,461.8
2.3
2,464.1
2,974.1
(141.0)
2,833.1

EXPLANATORY NOTES

30 SEPTEMBER 2017

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

(a) Discontinued operations (Cont'd)

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

Operating
Investing
Financing
Net cash inflow

Sep-17	Sep-16
MUR m	MUR m
213.4	242.5
(108.5)	(6.6)
(0.1)	(221.4)
104.8	14.5

(b) Disposal of subsidiaries

Year ended 30 September 2017

Gain on disposal of subsidiaries

Cim Global Reinsurance Company Ltd and Cim Captive Reinsurance Company PCC (note (i))
Cybernaptics Ltd (note (ii))
Subsidiaries under Global Business segment (iii)

GROUP	COMPANY
MUR m	MUR m
13.7	(2.2)
-	3.0
-	2,494.1
13.7	2,494.9

- (i) Cim Global Reinsurance Company Ltd and Cim Captive Reinsurance Company PCC were wound up during the year. These subsidiaries' functional currency were USD and the foreign currency translation reserve balance at the date of winding up were recycled to profit or loss in the Group's financial statements as gain/(loss) on disposal of subsidiaries.
- (ii) The Group also disposed of its subsidiary Cybernaptics Ltd on 1 October 2016 for a consideration of MUR 10.8 m which represented the net assets of the subsidiary at the date of disposal.

	MUR m
Proceeds from disposal of subsidiary	10.8
Net assets disposed	(10.8)
	-

Analysis of assets and liabilities disposed

Cash and cash equivalents	3.7
Property, plant and equipment	6.0
Intangible assets	5.4
Inventories	3.7
Other assets	7.4
Other borrowed funds	(6.8)
Current tax liabilities	(0.3)
Retirement benefit obligation	(0.4)
Other liabilities	(7.9)
Net assets disposed	10.8

Net cash flow on disposal of subsidiaries

Consideration received in cash and cash equivalents	10.8
Carrying value of cash and cash equivalent disposed	(3.7)
	7.1

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

EXPLANATORY NOTES

30 SEPTEMBER 2017

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

(b) Disposal of subsidiaries (Cont'd)

Disposed in year ended 30 September 2016

GROUP

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

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

COMPANY

Gain on disposal of subsidiaries

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

EXPLANATORY NOTES

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37. 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-17	Sep-16
MUR m	MUR m
27.5	28.0
63.6	40.1
0.8	1.0
91.9	69.1

38. EVENTS AFTER THE REPORTING DATE

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

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

39. CONTINGENT LIABILITIES

Corporate guarantees:
Subsidiary
Company with common shareholders

GROUP & COMPANY	
Sep-17	Sep-16
MUR m	MUR m
20.0	20.0
-	250.9
20.0	270.9

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

EXPLANATORY NOTES

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40. RELATED PARTY TRANSACTIONS

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

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

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

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

EXPLANATORY NOTES

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41 BUSINESS SEGMENTS

GROUP

Year ended 30 September 2017

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

EXPLANATORY NOTES

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41. BUSINESS SEGMENTS (CONT'D)

Year ended 30 September 2016

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

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

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

Property - Property management and rentals.

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

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

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

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

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

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

42. IMMEDIATE AND ULTIMATE HOLDING COMPANY

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

EXPLANATORY NOTES

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43. MATURITY ANALYSIS OF ASSET AND LIABILITIES

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

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

EXPLANATORY NOTES

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

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

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44. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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45. CLASSIFICATION OF FINANCIAL INSTRUMENTS

Categories of financial instruments

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

30 September 2017	Categories under IAS 39							
	Group				Company			
	Assets at fair value through profit or loss	Available for sale	Loans and receivables	Total	Assets at fair value through profit or loss	Available for sale	Loans and receivables	Total
	MUR m	MUR m	MUR m	MUR m	MUR m	MUR m	MUR m	MUR m
Financial assets								
Cash and bank balances	-	-	505.4	505.4	-	-	113.5	113.5
Deposits with banks	-	-	2,738.9	2,738.9	-	-	2,256.1	2,256.1
Net investment in leases and other credit agreements	-	-	6,609.7	6,609.7	-	-	-	-
Loans and advances	-	-	2,367.6	2,367.6	-	-	2,294.6	2,294.6
Investments in financial assets	12.0	1.8	8.0	21.8	13.3	1.8	-	15.1
Other assets	-	-	485.8	485.8	-	-	368.4	368.4
	12.0	1.8	12,715.4	12,729.2	13.3	1.8	5,032.6	5,047.7

Financial liabilities

Deposits from customers
Other borrowed funds
Other liabilities

Group		Company	
Financial liabilities at amortised cost	Total	Financial liabilities at amortised cost	Total
MUR m	MUR m	MUR m	MUR m
3,134.3	3,134.3	-	-
4,184.2	4,184.2	1,620.0	1,620.0
1,159.0	1,159.0	97.0	97.0
8,477.5	8,477.5	1,717.0	1,717.0

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

Financial liabilities

Deposits from customers
Other borrowed funds
Other liabilities

Group		Company	
Financial liabilities at amortised cost	Total	Financial liabilities at amortised cost	Total
MUR m	MUR m	MUR m	MUR m
2,795.3	2,795.3	-	-
3,459.3	3,459.3	1,690.9	1,690.9
1,420.7	1,420.7	337.4	337.4
7,675.3	7,675.3	2,028.3	2,028.3

EXPLANATORY NOTES

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46. PRIOR YEAR RESTATEMENTS

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

GROUP

(a) Impairment allowance

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

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

(Decrease)/increase in impairment allowance

Hire purchase and other credit agreements
Loans and advances
- Credit facilities
- Card debtors

2016	2015
MUR m	MUR m
(18.6)	25.0
15.1	-
0.1	(1.5)
(3.4)	23.5

(b) Amortisation of processing fees

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

Decrease in fee and commission income

Amortisation of processing fees on loans and advances

2016	2015
MUR m	MUR m
(14.1)	-

(c) Income and deferred tax

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

Increase/(decrease) in deferred tax asset

Effect on profit or loss
Effect on other comprehensive income
Effect on opening retained earnings

2016	2015
MUR m	MUR m
3.9	-
(0.2)	-
-	51.5
3.7	51.5

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

Corporate Social Responsibility tax

2016
MUR m
8.0

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30 SEPTEMBER 2017

46. PRIOR YEAR RESTATEMENTS (CONT'D)

(d) Intercompany sales

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

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

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

Allowance for credit impairment

As previously stated
Increase/(decrease) in impairment allowance
As restated

2016
MUR m
149.5
(3.4)
146.1

Fee and commission income

As previously stated
Amortisation of processing fees on loans and advances
Reclassification from other operating income*
As restated

2016
MUR m
520.8
(14.1)
7.0
513.7

* Reclassification done to achieve consistency with current year presentation

Other expenses and services

As previously stated
Transfer to discontinued operations
Corporate Social Responsibility tax
As restated

2016
MUR m
390.4
(112.0)
(8.0)
270.4

Income tax expense

As previously stated
Transfer to discontinued operations
Increase in deferred tax asset
Corporate Social Responsibility tax
As restated

2016
MUR m
113.2
(47.2)
(3.9)
8.0
70.1

Other comprehensive income

As previously stated
Decrease in deferred tax
As restated

2016
MUR m
17.7
(0.2)
17.5

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46. PRIOR YEAR RESTATEMENTS (CONT'D)

(f) Statement of financial position

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

Net investment in leases and other credit agreements

As previously stated

Increase in impairment allowance

As restated

2016	2015
MUR m	MUR m
5,667.5	4,415.7
(6.5)	(25.1)
5,661.0	4,390.6

Loan and advances

As previously stated

(Decrease)/increase in impairment allowance

Reclassification

As restated

2016	2015
MUR m	MUR m
1,670.1	782.1
(13.6)	1.5
(0.2)	(0.5)
1,656.3	783.1

Deferred tax asset

As previously stated

Increase in deferred tax asset

As restated

2016	2015
MUR m	MUR m
15.8	16.1
55.2	51.4
71.0	67.5

Other liabilities

As previously stated

Amortisation of processing fees on loans and advances

Reclassification of interest payable to other borrowed funds

Intercompany sales

As restated

2016	2015
MUR m	MUR m
1,450.1	1,619.6
14.1	-
(17.7)	-
(25.8)	(25.8)
1,420.7	1,593.8

Retained earnings

As previously stated

Increase in impairment allowance

Amortisation of processing fees on loans and advances

Intercompany income

Increase in deferred tax asset

As restated

2016	2015
MUR m	MUR m
2,348.7	2,018.5
(20.1)	(23.5)
(14.1)	-
25.8	25.8
55.3	51.4
2,395.6	2,072.2

Other reserves

As previously stated

Decrease in deferred tax asset

As restated

2016	2015
MUR m	MUR m
452.0	318.6
(0.2)	-
451.8	318.6

COMPANY

Investment in Subsidiaries

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

EXPLANATORY NOTES

30 SEPTEMBER 2017

47. FINANCIAL SUMMARY

GROUP

Statements of Profit or Loss and Other Comprehensive Income from continuing operations

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

DIRECTORS OF SUBSIDIARY COMPANIES

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

C- Chairman

X-In office as director

A-Appointed as director

R-Resigned as director

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NOTES



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