

**NOVUS PROPERTIES LTD  
AND ITS SUBSIDIARY**

**ANNUAL REPORT - YEAR ENDED**

**JUNE 30, 2016**

# NOVUS PROPERTIES LTD AND ITS SUBSIDIARY

## ANNUAL REPORT - YEAR ENDED JUNE 30, 2016

---

Dear Shareholder,

The Board of Directors is pleased to present the Annual Report of Novus Properties Ltd and its subsidiary for the year ended June 30, 2016, the contents of which are listed below:

This report was approved by the Board of Directors on... 29. Sept. 2016

  
Director

  
Director

CONTENTS	PAGES
Corporate Information	1
Statutory Disclosures	2 - 2(a)
Statement of Compliance	3 - 3(a)
Corporate Governance Report	3(b) - 3(i)
Statement of Directors' Responsibilities	3(j)
Company's Secretary Certificate	4
Independent Auditors' Report	5 - 5(a)
Statements of Financial Position	6
Statements of Profit or Loss and Other Comprehensive Income	7
Statements of Changes in Equity	8 - 9
Statements of Cash Flows	10
Notes to the Financial Statements	11 - 31

**DIRECTORS**

Jean Didier Merven  
Michel Guy Rivalland  
Laurent Bourgault Du Coudray

**SECRETARY**

FWM Secretarial Services Ltd  
6th Floor, Dias Pier Building,  
Le Caudan Waterfront,  
Caudan, Port Louis.

**REGISTERED OFFICE**

C/o FWM Secretarial Services Ltd  
6th Floor, Dias Pier Building,  
Le Caudan Waterfront,  
Caudan, Port Louis.

**AUDITORS**

BDO & CO  
Essar Building,  
10, Frère Felix de Valois Street,  
Port Louis.

**BANKERS**

The Mauritius Commercial Bank Limited  
Sir William Newton Street,  
Port Louis.

## STATUTORY DISCLOSURES - YEAR ENDED JUNE 30, 2016

**PRINCIPAL ACTIVITY**

The principal activity of the Company is property development for sale and/or rent.

**BUSINESS REVIEW****RESULTS****Company**

The results for the year are shown on page 7.

The Company's rental, investment and other income for the year amounted to Rs.9,174,028 (2015: Rs.8,392,876). The profit for the year after taxation amounted to Rs. 9,087,775 (2015: Rs.4,407,995).

**Group**

The Group's rental, investment and other income for the year amount to Rs. 12,173,743 (2015: Rs.11,260,878) and the profit for the year after tax amounted to Rs. 12,941,525 (2015: Rs.6,700,836).

**DIRECTORS**

The name of directors of the Company at the end of the accounting period are :

Mr. Jean Didier Merven  
 Mr. Michel Guy Rivalland  
 Mr. Laurent Bourgault Du Coudray

All the directors of the Company were also directors of the subsidiary as at June 30, 2016.

**INTERESTS OF SENIOR OFFICERS IN EQUITY SECURITIES**

<u>As at June 30, 2016</u>	<u>Direct interests</u>		<u>Indirect</u>
	<u>Shares</u>	<u>%</u>	<u>interests</u>
<b>(a) Company</b>			
Mr. Michel Guy Rivalland	338,000	2.45	-
<b>(b) Subsidiary</b>			
Mr. Michel Guy Rivalland	-	-	2.45

No entry was made in the interest register during the year.

**DIRECTORS' SERVICE CONTRACTS**

None of the directors of the Company and its subsidiary have service contracts.

**DIRECTORS' REMUNERATION AND BENEFITS**

None of the directors received any remuneration and benefits from the Company and its subsidiary.

STATUTORY DISCLOSURES - YEAR ENDED JUNE 30, 2016

**CONTRACT OF SIGNIFICANCE WITH DIRECTORS**

There was no contract of significance subsisting during the period to which the Company and its subsidiary is a party and in which a director is or was materially interested, either directly or indirectly.

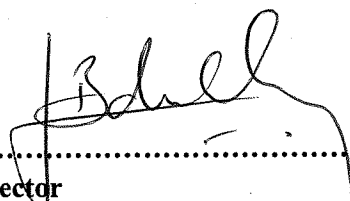
**DONATIONS**

The Company and its subsidiary did not make any political or charitable donations during the year (2015: Nil).

**AUDITORS' FEES**

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	Rs.	Rs.	Rs.	Rs.
The fees to the auditors BDO & Co for audit and other services were accrued as follows:				
Audit fees	115,000	110,000	115,000	110,000
Other services	20,000	20,000	20,000	20,000
Rs.	<u>135,000</u>	<u>130,000</u>	<u>135,000</u>	<u>130,000</u>

Approved by the Board of Directors on ..... 29. Sept. 2016 .....  
and signed on its behalf by:

  
.....  
Director

  
.....  
Director

**Statement of Compliance**  
**(Section 75 (3) of the Financial Reporting Act)**

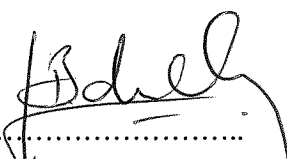
**Name of PIE: NOVUS PROPERTIES LTD**

Reporting Period: 30 June 2016

We, the Directors of Novus Properties Ltd, confirm that to the best of our knowledge, the Company has not complied with the sections below:

1. Section 2.2.2- Independent Directors;
2. Section 2.2.3- Executive Directors;
3. Section 2.10.3- Board Appraisal;
4. Section 3 (3.1 to 3.9.5) - Board Committees;
5. Section 7.3.1 – Code of Ethics.

Reasons for non-compliance are annexed to this statement.

  
.....  
Director

Name: LAURENT BOURQUE

Date: 29. Sept. 2016

  
.....  
Director

Name: DIDIER MERVIN

Date: 29. Sept. 2016

*Statement of Compliance*  
*(Section 75 (3) of the Financial Reporting Act)*

**Name of PIE: NOVUS PROPERTIES LTD**

Reporting Period: 30 June 2016

**Reason for Non-Compliance:**

1. Section 2.2.2– Independent Directors  
The Board is of the view that its composition is adequately balanced and that current directors have the range of skills, expertise and experience to carry out their duties properly. Should the need arise, the Board of Directors would consider the appointment of independent directors.
2. Section 2.2.3– Executive Directors  
Though the Code recommends at least two executive directors, the Board is of the view that given the nature of business of the Company, one executive director is sufficient. Should the need arise, the Board of Directors would elect an additional executive director.
3. Section 2.10.3- Board Appraisal  
Even though it is a requirement of the Code that the performance of a Board and its Directors be monitored and evaluated annually, such an exercise has not yet been conducted. However, the Board believes that conducting an appraisal exercise in the future may be beneficial to the Company.
4. Section 3 (3.1 to 3.9.5) - Board Committees  
The Board is of the view that the nature of business of the Company does not require set up of various board committees. Should the need arise, the Board of Directors would constitute these committees in the future.
5. Section 7.3.1 Code of Ethics  
Though the Company have not adopted a formally established Code of Ethics, the Company is committed to the highest standards of integrity and ethical conduct in dealing with all stakeholders. The Company firmly believes in values such as honesty, respect, fairness, steadiness and courtesy.

Novus Properties Ltd (Novus) is a limited liability company incorporated in Mauritius under the Companies Act 2001. The addresses of its registered office and principal place of business are at 6th Floor, Dias Pier Building, Le Caudan Waterfront, Caudan, Port Louis. The principal activities of the Company are property development for sale and/or rent.

The Company is committed to regular and proactive communications with its shareholder and that the highest degree of transparency is maintained throughout the year. The Board also ascertains that, at all times, there is sufficient disclosure of information to its shareholder so that they are kept fully informed of any information relating to the Company.

The Board of Novus fully supports the principles of good corporate governance as set out in the Code of Corporate Governance for Mauritius ('the Code') which is based on a "comply or explain basis".

### **Board of Directors**

#### ***Role of the Board***

The major role of the Board is to protect and enhance long-term shareholders' value. The Board plays a key role in determining the Company's direction, monitoring its performance and overseeing risks. As such, the Board is collectively responsible and accountable to the shareholders. The Board of Directors of Novus also ensures that the Board effectively sets policies and strategies for the continued survival and profitability of the Company.

The Board of Directors is committed to the highest standard of business integrity, transparency and professionalism in all its activities, so as to achieve continuing prosperity for Novus.

#### ***Responsibilities of the Board***

The Board of Novus is responsible in ensuring that the activities of the Company are managed ethically and responsibly in line with the relevant laws and regulations so as to protect and enhance shareholder's value. The Board is also responsible in monitoring and assessing risks so that the viability of the Company is sustained at all times. In addition, the Board has the responsibility to oversee that internal control systems and reporting arrangements are in place for the effective, prudent and efficient administration of its assets and liabilities.

### **Board Composition**

Novus is managed by a Board consisting of three Directors. Given that the current Directors possess the appropriate skills and experience and subject to the nature of the business, the Board does not consider it appropriate to appoint Independent Directors to the Board. Should the need arise, the Board of Directors would elect an additional executive director.

The Board functions independently of management and there is a clear separation of the roles of the Chairman and the Managing Director. The Chairman is elected by the Board and has no executive or management responsibilities.

Also, the Board is of the opinion that the Board is adequately balanced and that the current Directors possess the appropriate skills and experience to carry out their duties properly.

### **Role of the Executive and Non-Executive Directors**

The current Board comprises of one executive Director and two non-executive Directors. One of the executive Directors is also the Managing Director who is involved in the day-to-day management of the Company.



### **Role of the Executive and Non-Executive Directors (cont'd)**

Though the Code recommends at least two executive directors, the Board is of the view that given the nature of business of the Company, one executive director is sufficient. Should the need arise; the Board of Directors would elect an additional executive director.

The non-executive Directors play a vital role in providing independent judgment, at all times, in all circumstances to the Company. The non-executive Directors are not associated with the day-to-day activities of the Company. One of the non-executive directors is also the Chairman of the Board.

### **Directors' Profile**

The names and the profiles of the Directors of Novus and their profiles are set out hereunder.

#### **Jean Didier MERVEN**

*Non-Executive Director & Chairman*

Jean Didier MERVEN spent many years in Australia and moved back to Mauritius in 1988, He started portfolio management on an individual basis before setting up Portfolio & Investment Management Ltd (PIM) in 1992, the very first professional portfolio management company in Mauritius. Over the next 20 years, PIM became the AXYS Group and evolved from these beginnings into a diversified financial services company.

Directorship in listed companies:  
United Investments Ltd

#### **Michel Guy RIVALLAND**

*Non-Executive Director*

Michel Guy RIVALLAND is a graduate in Economics, BSc (Hons), UK. He is currently the Chief Executive Officer of United Investments Ltd, an investment holding company investing in financial services, agri-industry, commerce, IT and the hospitality sector. Michel Guy joined AXYS Group, as a fund manager, in 1999, and became a shareholder and Director in 2002. He was appointed CEO of AXYS Group on 1 July 2006, and since July 2010, he assumes the role of CEO for United Investments Ltd (UIL).

Directorship in listed companies:  
United Investments Ltd  
Attitude Property Ltd  
Les Gaz Industriels Ltd

#### **Laurent BOURGAULT DU COUDRAY**

*Executive Director and Managing Director*

Laurent BOURGAULT DU COUDRAY graduated in Accounting and Finance from Curtin University in Perth, Australia and is a member of the Institute of Chartered Accountants in Australia. He has worked over four years in Perth providing corporate and international tax services and is, since January 2013, Project Manager at United Investments Ltd.

Directorship in listed companies:  
Les Gaz Industriels Ltd

The above three persons have no contract of employment with the Company, nor its subsidiary.

### **Profile of Senior Management Team**

The profile of Laurent BOURGAULT DU COUDRAY already appears in the Directors' Profile section.

## CORPORATE GOVERNANCE REPORT – YEAR ENDED JUNE 30, 2016

***Conflicts of Interest***

No contracts of significance or loss existed between the Company and its Directors during the year under review. In the event that a conflict of interest arises, the Directors have an obligation to disclose their interests in the Company's register of interests.

***Common directors***

The common directors for the year ended under review exercised their directorship in these related party companies:

<b>Directors</b>	<b>Novus</b>	<b>United Investments Ltd</b>	<b>Firefox Ltd</b>	<b>Portfolio Investment and Management Limited</b>	<b>Goldstream Ltd</b>
Jean Didier MERVEN	X	X	X	X	X
Michel Guy RIVALLAND	X	X	-	-	-
Laurent BOURGAULT DU COUDRAY	X	-	-	-	-

***Appointment of Directors***

No Directors were appointed during the year under review and during previous financial year.

***Board & Directors' Appraisal***

Even though it is a requirement of the Code that the performance of a Board and its Directors be monitored and evaluated annually, such an exercise has not yet been conducted. However, the Board believes that conducting an appraisal exercise in the future may be beneficial to the Company.

***Directors' re-election***

The Board is of the view that its members should not be subject to annual re-election as proposed by the Code.

***Directors' Selection, Training and Development***

Though the Board does not organise or enrol its members on specific training session, it encourages all its members to keep on enhancing their knowledge and competencies through development programmes offered by various institutions in Mauritius and firmly believe that its members possess the relevant capacities to chair on the board.

***Remuneration of Directors***

Director fees, attendance fees of directors and remuneration of the executive Director are nil for the year under review for the Company and the subsidiary (2015: Nil).

***Statement of Remuneration Philosophy***

Though the Company does not have a formal remuneration policy, the Board of Directors is focused on optimising performance of the Company.

***Risk Management, Internal Control and Internal Audit***

The Board is ultimately responsible for the Company's risk management and system of internal control, which is designed to provide reasonable assurance against material misstatement and loss.

The risk exposure and the corresponding mitigating actions taken by the Board are as follows:

- **Financial risk**  
The Company maintains a system of financial control that is designed to provide assurance regarding the keeping of proper accounting records and the reliability of financial information used within the business and for publication. This risk is addressed by Internal Control, Accounting, Auditing and Internal Audit practices (as detailed below).
- **Compliance risk**  
The Board takes the necessary actions to ensure compliance to the applicable laws and regulations in the operations of the Company. This risk is addressed by the Company Secretary and Internal Control practices (as detailed below).
- **Technological risk**  
The Board ensures that IT systems are in place to provide financial and operational performance data for management accounting purposes. This risk is addressed by Internal Control practices (as detailed below).
- **Business continuity**  
Novus has registered address at the office of United Investments Ltd (UIL). For business under the custody of UIL group of companies, daily back-ups of data are made and are kept at end of each week in a safety deposit box offsite and a disaster recovery plan has contracted with a renowned telecommunication institution.
- **Physical, operational and human resource risk**  
This risk is addressed under Integrated Sustainability Reporting on page 3(f). The Company has a renewal insurance contract covering the Company's and subsidiary's assets against disasters, loss of rent and public liability.

For each major risk identified, a mitigating or correcting measure is taken.

**Internal controls**

The Board has overall responsibility for the system of internal control. A sound system of internal control is designed to manage the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The system of internal control put in place by management to respond to the above includes:

- Maintaining proper accounting records to ensure effective operation of the business and compliance;
- Implementing the strategies and policies adopted by the Board, and for managing all of the activities, including the operation of the internal control system.

The Board has also established key processes for monitoring the system of internal control as follows:

- IT systems are in place to provide financial and operational performance data for management accounting purposes;
- Review of the accounting information takes place on a regular basis at Board level and remedial action is taken promptly, where necessary;

### **Internal Audit**

No internal audit investigation was requested during the year under review (2015: Nil).

### ***Accounting and Auditing***

#### **Accounting**

The Directors are responsible for ensuring that:

- Adequate accounting records are kept and effective internal control systems are maintained.
- Accounts are prepared in order to fairly present the state of affairs of the Company and the results of its operations and that those accounts comply with Internal Financial Reporting Standards (IFRS).
- Appropriate accounting policies are applied and that they are supported by reasonable and prudent judgements.

#### **Audit**

The Board is responsible for the appointment and if necessary, the replacement and removal of the external auditors. Audit fees are set in a manner that enables an effective external audit on behalf of shareholders. Auditors should observe the highest standards of business and professional ethics and in particular their independence should not be impaired in any manner.

#### **Non-Audit Services**

No non-audit services were provided by BDO & Co for the year under review (2015: Nil).

### ***Company Secretary***

The Company Secretary, FWM Secretarial Services Limited, is available to provide assistance and information on governance and corporate administration issues. The Company Secretary is responsible for ensuring that Board procedures are followed and that applicable laws and regulations are complied with. It has also the primary responsibility for guiding the Board as regards their duties and responsibilities and for ensuring that Board procedures are followed. The Company Secretary is also responsible for taking accurate and precise Board minutes which are then submitted for approval at the following meeting.

### ***Integrated Sustainability Reporting***

#### **Safety, Health and Environment**

Novus has registered address at the office of United Investments Ltd, which believes in providing and maintaining a safe and healthy work environment for all Directors of Novus and its project administrators. The Group through its established policies encourages the enhancement of safety and health standards in the workplace.

#### **Code of Ethics**

Though the Company have not adopted a formally established Code of Ethics, the Company is committed to the highest standards of integrity and ethical conduct in dealing with all stakeholders. The Company firmly believes in values such as honesty, respect, fairness, steadiness and courtesy.

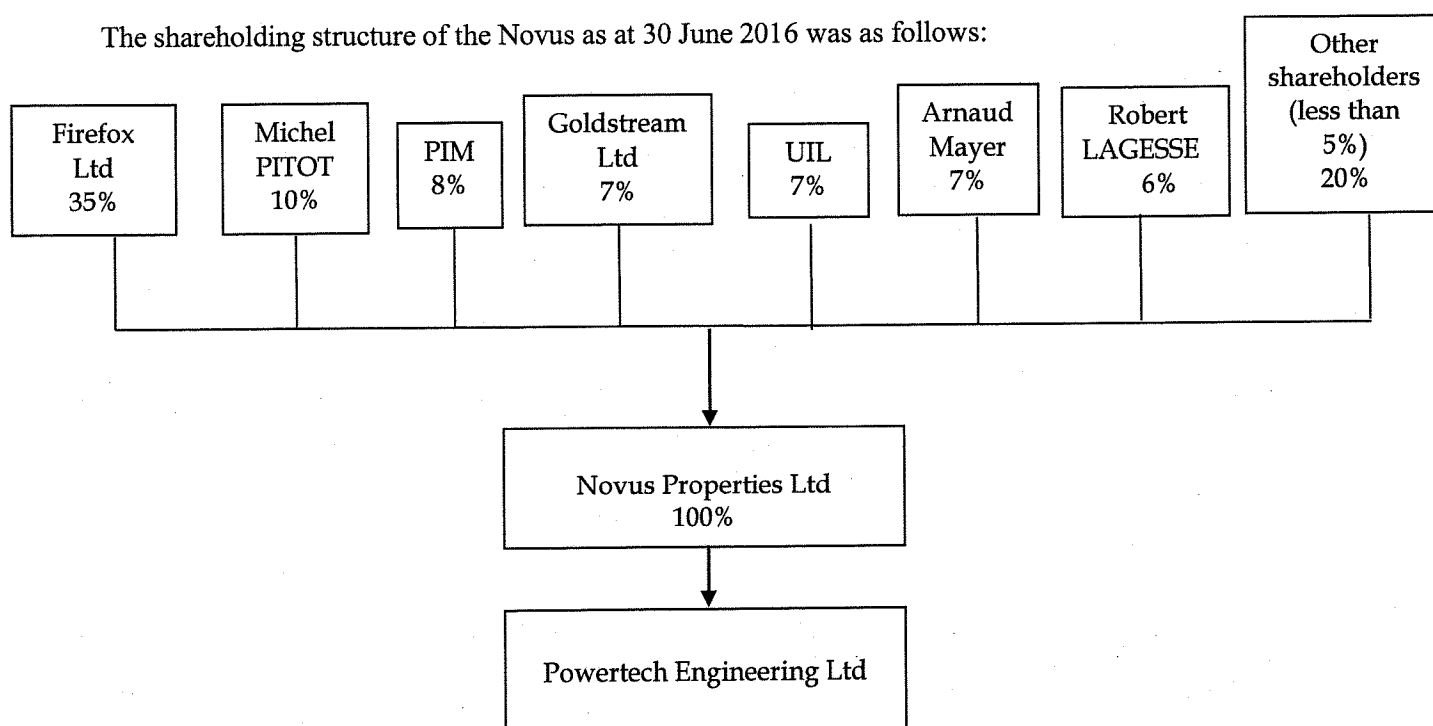
CORPORATE GOVERNANCE REPORT – YEAR ENDED JUNE 30, 2016

*Shareholding Structure*

As at 30 June 2016, the stated capital of Novus was Rs.106,042,887 made up of 13,778,700 ordinary shares of Rs.7.70 each. The shareholding of the Novus as at the same corresponding date was:

Name of shareholders	Class of Share	No. of shares held	Percentage holding (%)
Firefox Ltd	Ordinary	4,754,700	35%
Michel PITOT	Ordinary	1,367,100	10%
Portfolio Investment and Management Limited (PIM)	Ordinary	1,077,560	8%
Goldstream Ltd	Ordinary	1,008,100	7%
United Investments Ltd (UIL)	Ordinary	924,500	7%
Arnaud MAYER	Ordinary	988,000	7%
Robert LAGESSE	Ordinary	854,760	6%
Other shareholders (less than 5%)	Ordinary	2,803,980	20%
		<b>13,778,700</b>	<b>100%</b>

The shareholding structure of the Novus as at 30 June 2016 was as follows:



**Share price information**

The relevant share price of the Company is set out in the table below:

Date	Share price (Rs.)
20-Oct-14	8.76
31-Oct-14	8.74
31-Dec-14	8.24
30-Jun-15	7.50
30-Jun-16	8.00

**Board Committees**

The Board is of the view that the nature of business of the Company does not require set up of various board committees. Should the need arise, the Board of Directors would convene these committees in the future.

**Agreements**

No major agreements, other than those in the ordinary course of business, were contracted by Novus during the year under review.

**Dividend Policy**

Novus does not have any formal dividend policy and the dividend pay-out is subject to the performance of the Company and to the satisfaction of the solvency test as defined in the Companies Act 2001.

An interim dividend of Rs.2,342,379 has been paid and a final dividend of Rs.3,720,249 been declared and not yet paid during the year under review (2015: interim paid Rs.2,755,740 and final declared Rs.3,306,888).

**Employee Share Option Plan**

The Company does not have any Share Option Plan.

**Constitution**

The Company did not adopt a Constitution and is therefore governed by the Companies Act 2001.

**Related Party Transactions**

Please refer to page 31 - Note 23 to the Financial Statements.

**Corporate Social Responsibility (CSR)**

Novus recognises its social responsibility within the community and is committed to contributing to this welfare by undertaking various projects. Should the Company be eligible to contribute towards the CSR project, the Board would contribute accordingly.

For the year under review, Novus did not make contribution to CSR-supported entities (2015: Nil).

CORPORATE GOVERNANCE REPORT – YEAR ENDED JUNE 30, 2016

---

*Calendar*

<b>Month</b>	<b>Event</b>
November 2016	Publication of 1st quarter results
February 2017	Publication of 2nd quarter results
May 2017	Publication of 3rd quarter results
June 2017	Financial year end
September 2017	Publication of abridged annual audited financial statements for the year ending 30 June 2017

There is no Meeting of Shareholders- the annual audited financial statements are approved by way of a Shareholder's resolution.

STATEMENT OF DIRECTORS' RESPONSIBILITIES - YEAR ENDED JUNE 30, 2016

---

Directors acknowledge their responsibilities for:

- (i) adequate accounting records and maintenance of effective internal control systems;
- (ii) the preparation of financial statements which fairly present the state of affairs of the Group and of the Company as at the end of the financial year and the results of its operations and cash flows for that period and which comply with International Financial Reporting Standards (IFRS); and
- (iii) the selection of appropriate accounting policies supported by reasonable and prudent judgements.

The external auditors are responsible for reporting on whether the financial statements are fairly presented.

The directors report that:

- (i) adequate accounting records and an effective system of internal controls and risk management have been maintained;
- (ii) appropriate accounting policies supported by reasonable and prudent judgements and estimates have been used consistently;
- (iii) International Financial Reporting Standards have been adhered to;
- (iv) the Code of Corporate Governance has been adhered to. Reasons have been provided in the Statement of Compliance and in the Corporate Governance Report in case of non-compliance with any requirement.

Signed on behalf of the Board of Directors:

  
.....  
**Director**

  
.....  
**Director**

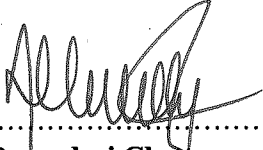


**NOVUS PROPERTIES LTD AND ITS SUBSIDIARY**

**COMPANY'S SECRETARY CERTIFICATE - YEAR ENDED JUNE 30, 2016**  
(Pursuant to Section 166 (d) of the Companies Act 2001)

---

We certify that, based on the records and information made available to us by the directors and shareholders of the Company, the Company has filed with the Registrar of Companies, for the financial year ended June 30, 2016, all such returns as are required of the Company under the Companies Act 2001.



.....  
**V.Oomadevi Chetty**  
Per FWM Secretarial Services Ltd  
Company Secretary  
7th Floor, Dias Pier Building,  
Le Caudan Waterfront,  
Caudan, Port Louis, Mauritius.

**Date:** ..... 29. Sept. 2016 .....

## **NOVUS PROPERTIES LTD AND ITS SUBSIDIARY**

5

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS**

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

#### **Report on the Financial Statements**

We have audited the financial statements of Novus Properties Ltd and its subsidiary (the "Group") and the Company's separate financial statements on pages 6 to 31, which comprise the statements of financial position at June 30, 2016, 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 a summary of significant accounting policies and other explanatory notes.

#### *Directors' Responsibility for the Financial Statements*

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

#### *Auditors' Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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



**NOVUS PROPERTIES LTD AND ITS SUBSIDIARY**

5(a)

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS**

*Opinion*

In our opinion, the financial statements on pages 6 to 31 give a true and fair view of the financial position of the Group and the Company at June 30, 2016, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

**Report on Other Legal and Regulatory Requirements**

*Companies Act 2001*

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

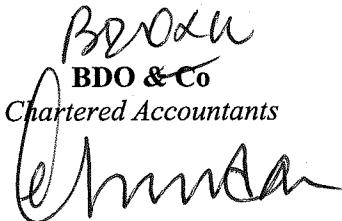
We have obtained all information and explanations we have required.

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

*Financial Reporting Act 2004*

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

In our opinion, the disclosure in the annual report is consistent with the requirements of the Code.

  
BDO & Co  
Chartered Accountants

Port Louis,  
Mauritius.

**Georges Chung Ming Kan, FCCA**  
Licensed by FRC

29 SEP 2016

## STATEMENTS OF FINANCIAL POSITION - JUNE 30, 2016

	Notes	THE GROUP		THE COMPANY	
		2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	5	2,924,241	3,299,391	89,148	26,636
Investment properties	6	126,300,000	119,388,047	94,500,000	90,180,847
Intangible assets	7	2,038,641	2,038,641	-	-
Investment in subsidiary	8	-	-	4,350,000	4,350,000
Investment in financial assets at fair value through profit or loss	9	31,655,045	31,784,602	31,655,045	31,784,602
Deferred tax assets	10	1,409,632	1,614,582	1,409,632	1,598,495
		<u>164,327,559</u>	<u>158,125,263</u>	<u>132,003,825</u>	<u>127,940,580</u>
<b>Current assets</b>					
Trade and other receivables	11	2,296,079	1,667,952	31,371,276	31,189,256
Cash and cash equivalents	12	6,412,324	5,976,088	3,169,036	4,379,592
		<u>8,708,403</u>	<u>7,644,040</u>	<u>34,540,312</u>	<u>35,568,848</u>
<b>TOTAL ASSETS</b>		<u><b>Rs. 173,035,962</b></u>	<u>165,769,303</u>	<u><b>166,544,137</b></u>	<u>163,509,428</u>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Share capital	13	106,042,887	106,042,887	106,042,887	106,042,887
Retained earnings		25,134,906	18,256,009	19,360,282	16,335,135
Total equity		<u>131,177,793</u>	<u>124,298,896</u>	<u>125,403,169</u>	<u>122,378,022</u>
<b>Non-current liabilities</b>					
Deferred tax liabilities	10	13,372	30,208	13,372	3,995
Borrowings	14	35,000,000	35,000,000	35,000,000	35,000,000
		<u>35,013,372</u>	<u>35,030,208</u>	<u>35,013,372</u>	<u>35,003,995</u>
<b>Current liabilities</b>					
Trade and other payables	15	2,828,554	2,928,233	2,407,347	2,677,478
Current tax liabilities	21(b)	295,994	205,078	-	143,045
Dividends payable	16	3,720,249	3,306,888	3,720,249	3,306,888
		<u>6,844,797</u>	<u>6,440,199</u>	<u>6,127,596</u>	<u>6,127,411</u>
Total liabilities		<u>41,858,169</u>	<u>41,470,407</u>	<u>41,140,968</u>	<u>41,131,406</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>Rs. 173,035,962</b></u>	<u>165,769,303</u>	<u><b>166,544,137</b></u>	<u>163,509,428</u>

These financial statements have been approved for issue by the Board of Directors on 29. Sept. 2016

LAURENT BOUVECAULT

Name of Director

[Signature]  
Signature

DIDIER MERVEN

Name of Director

[Signature]  
Signature

The notes on pages 11 to 31 form an integral part of these financial statements.  
Auditors' report on pages 5 and 5(a).

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME -  
YEAR ENDED JUNE 30, 2016**

	Notes	THE GROUP		THE COMPANY	
		2016	2015	2016	2015
		Rs.	Rs.	Rs.	Rs.
<b>REVENUE</b>					
Rental income	2(q)	10,877,443	9,947,639	7,757,728	7,043,637
Investment and other income	17	1,296,300	1,313,239	1,416,300	1,349,239
		<u>12,173,743</u>	<u>11,260,878</u>	<u>9,174,028</u>	<u>8,392,876</u>
<b>EXPENSES</b>					
Direct operating expenses relating to investment properties		(1,017,811)	(817,817)	(533,642)	(567,421)
Administrative expenses		(1,707,517)	(1,183,465)	(738,789)	(932,692)
Finance costs	18	(2,805,178)	(3,110,110)	(2,805,178)	(3,110,110)
		<u>(5,530,506)</u>	<u>(5,111,392)</u>	<u>(4,077,609)</u>	<u>(4,610,223)</u>
(Loss)/gain on fair value movements in financial at fair value through profit or loss	19	(129,557)	410,264	(129,557)	410,264
Revaluation gain on investment properties	6	6,911,953	655,697	4,319,153	655,697
<b>PROFIT BEFORE TAXATION</b>	20	<b>13,425,633</b>	<b>7,215,447</b>	<b>9,286,015</b>	<b>4,848,614</b>
Income tax charge	21(a)	(484,108)	(514,611)	(198,240)	(440,619)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>Rs. 12,941,525</b>	<b>6,700,836</b>	<b>9,087,775</b>	<b>4,407,995</b>
<b>EARNINGS PER SHARE</b>	22	<b>Rs. 0.94</b>	<b>0.49</b>		

The notes on pages 11 to 31 form an integral part of these financial statements.  
Auditors' report on pages 5 and 5(a).

## STATEMENT OF CHANGES IN EQUITY - YEAR ENDED JUNE 30, 2016

Note	Share	Retained	Calls on right	Total
	capital	earnings	issue of ordinary	
	Rs.	Rs.	shares	Rs.
<b>THE GROUP</b>				
Balance at July 1, 2015	106,042,887	18,256,009	-	124,298,896
Profit for the year	-	12,941,525	-	12,941,525
Dividends - 2016	16	(6,062,628)	-	(6,062,628)
<b>Balance at June 30, 2016</b>	<b>Rs. 106,042,887</b>	<b>25,134,906</b>	<b>-</b>	<b>131,177,793</b>
Balance at July 1, 2014	76,042,915	17,617,801	29,999,972	123,660,688
Profit for the year	-	6,700,836	-	6,700,836
Dividends - 2015	16	(6,062,628)	-	(6,062,628)
Issue of share capital	29,999,972	-	(29,999,972)	-
	29,999,972	(6,062,628)	(29,999,972)	(6,062,628)
<b>Balance at June 30, 2015</b>	<b>Rs. 106,042,887</b>	<b>18,256,009</b>	<b>-</b>	<b>124,298,896</b>

The notes on pages 11 to 31 form an integral part of these financial statements.

Auditors' report on pages 5 and 5(a).

## STATEMENT OF CHANGES IN EQUITY - YEAR ENDED JUNE 30, 2016

	Note	Share capital Rs.	Retained earnings Rs.	Calls on right issue of ordinary shares Rs.	Total Rs.
<b><u>THE COMPANY</u></b>					
Balance at July 1, 2015		106,042,887	16,335,135	-	122,378,022
Profit for the year		-	9,087,775	-	9,087,775
Dividends - 2016	16	-	(6,062,628)	-	(6,062,628)
<b>Balance at June 30, 2016</b>	Rs.	<b>106,042,887</b>	<b>19,360,282</b>	<b>-</b>	<b>125,403,169</b>
Balance at July 1, 2014		76,042,915	17,989,768	29,999,972	124,032,655
Profit for the year		-	4,407,995	-	4,407,995
Dividends - 2015	16	-	(6,062,628)	-	(6,062,628)
Issue of share capital		29,999,972	-	(29,999,972)	-
		29,999,972	(6,062,628)	(29,999,972)	(6,062,628)
<b>Balance at June 30, 2015</b>	Rs.	<b>106,042,887</b>	<b>16,335,135</b>	<b>-</b>	<b>122,378,022</b>

The notes on pages 11 to 31 form an integral part of these financial statements.

Auditors' report on pages 5 and 5(a).

## STATEMENTS OF CASH FLOWS - YEAR ENDED JUNE 30, 2016

	Note	THE GROUP		THE COMPANY	
		2016	2015	2016	2015
		Rs.	Rs.	Rs.	Rs.
<b>Cash flows from operating activities</b>					
Profit before taxation		13,425,633	7,215,447	9,286,015	4,848,614
<i>Adjustments for:</i>					
Depreciation on property, plant and equipment		541,450	212,858	5,978	2,565
Interest expense		2,805,178	3,110,110	2,805,178	3,110,110
Dividend income		(1,252,382)	(1,252,382)	(1,252,382)	(1,252,382)
Interest income		(18,231)	(59,111)	(18,231)	(59,111)
Loss / (gain) on fair value movements in financial at fair value through profit or loss		129,557	(410,264)	129,557	(410,264)
Revaluation gain on investment properties		(6,911,953)	(655,697)	(4,319,153)	(655,697)
<i>Changes in working capital:</i>					
- trade and other payables		(99,680)	193,663	(270,130)	342,498
- trade and other receivables		624,256	426,981	1,070,361	(1,308,377)
<b>Cash generated from operations</b>		<b>9,243,828</b>	<b>8,781,605</b>	<b>7,437,193</b>	<b>4,617,956</b>
Tax paid		(205,078)	-	(143,045)	-
Interest paid		(2,805,178)	(3,110,110)	(2,805,178)	(3,110,110)
Interest received		18,231	59,111	18,231	59,111
<b>Net cash generated from operating activities</b>		<b>6,251,803</b>	<b>5,730,606</b>	<b>4,507,201</b>	<b>1,566,957</b>
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment		(166,300)	(2,977,039)	(68,490)	(17,310)
Additions to investment properties		-	(3,025,150)	-	(3,025,150)
Loans granted to related parties		(1,218,750)	(1,522,620)	(1,218,750)	(1,522,620)
Loans repayments received from related parties		1,218,750	1,522,620	1,218,750	1,522,620
Dividends received		-	1,505,793	-	1,505,793
<b>Net cash used in investing activities</b>		<b>(166,300)</b>	<b>(4,496,396)</b>	<b>(68,490)</b>	<b>(1,536,667)</b>
<b>Cash flows from financing activities</b>					
Calls on right issue of ordinary shares		-	12,821,825	-	12,821,825
Repayment of long-term borrowings		-	(25,000,000)	-	(25,000,000)
Dividends paid to Company's shareholders		(5,649,267)	(2,755,740)	(5,649,267)	(2,755,740)
<b>Net cash used in financing activities</b>		<b>(5,649,267)</b>	<b>(14,933,915)</b>	<b>(5,649,267)</b>	<b>(14,933,915)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	Rs.	<b>436,236</b>	<b>(13,699,705)</b>	<b>(1,210,556)</b>	<b>(14,903,625)</b>
<b>Movement in cash and cash equivalents</b>					
At July 1,		5,976,088	19,675,793	4,379,592	19,283,217
Increase / (decrease)		436,236	(13,699,705)	(1,210,556)	(14,903,625)
<b>At June 30,</b>	12 Rs.	<b>6,412,324</b>	<b>5,976,088</b>	<b>3,169,036</b>	<b>4,379,592</b>

The notes on pages 11 to 31 form an integral part of these financial statements.

Auditors' report on pages 5 and 5(a).



NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2016

---

**1. GENERAL INFORMATION**

Novus Properties Ltd (the "Company") is a limited liability company incorporated in Mauritius under the Companies Act 2001. The address of its registered office and principal place of business is at 7th Floor, Dias Pier Building, Le Caudan Waterfront, Caudan, Port Louis. The principal activity of the Company is property development for sale and/or rent. As from October 20, 2014, the Company is listed on the Development & Enterprise Market. These financial statements will be submitted for consideration and approval at the forthcoming Annual Meeting of Shareholders of the Company.

**2. SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**(a) Basis of preparation**

The financial statements of Novus Properties Ltd comply with the Companies Act 2001 and have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements include the consolidated financial statements of the parent company and its subsidiary company (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 unit, except when otherwise indicated.

Where necessary, comparative figures have been amended to conform with change in presentation in the current year. The financial statements are prepared under the historical cost convention, except that:

- i) investment properties are stated at fair values; and
- ii) relevant financial assets and financial liabilities are stated at their fair values.

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

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

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

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after 1 January 2016 or later periods, but which the Group has not early adopted.

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

IFRS 9 Financial Instruments

IFRS 14 Regulatory Deferral Accounts

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

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

IFRS 15 Revenue from Contract with Customers

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

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

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

Annual Improvements to IFRSs 2012-2014 Cycle

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

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2016

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(a) Basis of preparation (cont'd)****(ii) *Standards, Amendments to published Standards and Interpretations issued but not yet effective (cont'd)***

Disclosure Initiative (Amendments to IAS 1)

IFRS 16 Leases

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

Amendments to IAS 7 Statement of Cash Flows

Clarifications to IFRS 15 Revenue from Contracts with Customers

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

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

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

**(b) Property, plant and equipment**

Property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Depreciation is calculated on the straight-line method to write off the cost of each asset to their residual values over their estimated useful lives. The annual rates used are as follows:

	%
Office equipment	10
Plant & Machinery	10 - 15
Furniture & Fittings	20

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

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposals of property, plant and equipment are determined by comparing proceeds with carrying amount and are included in profit or loss.

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(c) Investment properties**

Investment properties, held to earn rentals or 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 by external valuers.

Changes in the fair values are included in profit or loss and in the period in which they arise.

Where an investment property undergoes a change in use, evidenced by commencement of development with a view to sale, the property is transferred to inventories. A property's deemed cost for subsequent accounting as inventories is its fair value at the date of change in use. Changes in fair values are included in profit or loss as part of other income.

**(d) Intangible assets***Goodwill*

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

Goodwill is tested annually for impairment.

Goodwill is allocated to cash-generating units for the purpose of impairment testing.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the gains and losses on disposal.

**(e) Investment in subsidiary***Separate financial statements of the investor*

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

*Consolidated financial statements*

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

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

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2016

---

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(e) Investment in subsidiary (cont'd)***Consolidated financial statements (cont'd)*

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree (if any) over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss as a bargain purchase gain.

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

**(f) Financial assets****(A) Categories of financial assets**

The Group classifies its financial assets in the following categories: financial assets through profit or loss, loans and receivables.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its financial assets at initial recognition.

**(a) Financial assets at fair value through profit or loss**

This category has two sub-categories: financial assets held-for-trading, and those designated at fair value through profit or loss at inception.

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held-for-trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within twelve months to the end of the reporting period.

**(b) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are recognised initially at fair value plus any directly attributable transactions costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

The Group's loans and receivables comprise cash and cash equivalents and trade and other receivables.

**(B) Recognition and measurement**

Purchases and sales of financial assets are recognised on trade-date (or settlement date), the date on which the Group commits to purchase or sell the asset. Investments are initially measured at fair value plus transaction costs for all financial assets except those that are carried at fair value through profit or loss.

Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the statement of profit or loss and other comprehensive income.

Financial assets at fair value through profit or loss are subsequently carried at their fair values. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are stated at cost.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2016

---

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(f) Financial assets (cont'd)****(B) Recognition and measurement (cont'd)**

Realised and unrealised gains and losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are recognised in the statement of profit or loss and other comprehensive income in the period in which they arise.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flows analysis, and option pricing models refined to reflect the issuer's specific circumstances.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

**(g) Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, are capitalised until such time as the assets are substantially ready for their intended use or sale.

Other borrowing costs are expensed.

**(h) Current and deferred income tax**

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

*Current tax*

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

*Deferred tax*

Deferred income 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 at the reporting date and are expected to apply in the period when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

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

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2016

---

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(i) Trade receivables**

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

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of provision is recognised in profit or loss.

**(j) Cash and cash equivalents**

Cash and cash equivalents include cash at bank. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

**(k) Share 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 tax, from proceeds.

**(l) Borrowings**

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

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

**(m) Trade and other payables**

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

**(n) Provisions**

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources that can be reliably estimated will be required to settle the obligation.

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

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2016

---

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(o) Foreign currencies****(a) Functional and presentation currency**

Items included in the financial statements are measured using Mauritian rupees, the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in Mauritian rupees, which is the Company's functional and presentation currency.

**(b) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on 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 equity as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other (losses)/gains - net'.

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 items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

**(p) Impairment of non-financial assets**

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash-generating units).

**(q) Revenue recognition**

Rental income from investment properties is recognised in the statement of profit or loss and other comprehensive income on an accrual basis in accordance with the substance of the relevant agreement. Revenue is stated net of value added tax and allowances.

Interest income is recognised on a time-proportion basis, using the effective interest method.

Dividend income is accounted for when the shareholder's right to receive payment is established.

**(r) Dividend distribution**

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

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2016

## 3. FINANCIAL RISK MANAGEMENT

## 3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks, including liquidity risk, credit risk, cash flow and fair value interest rate risk and insurable risks.

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

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

(i) *Liquidity risk*

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivery of cash or another financial asset.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions. The Group aims at maintaining flexibility in funding by keeping committed credit lines available.

Management monitors rolling forecasts of the Group's liquidity reserve on the basis of expected cash flow.

The table below analyses the Group's and the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date.

	Less than 1 year Rs.	Between 1 and 2 years Rs.	Between 2 and 5 years Rs.	Over 5 years Rs.	Total Rs.
<b><u>The Group</u></b>					
<b><u>At June 30, 2016</u></b>					
Bank borrowings	-	-	35,000,000	-	35,000,000
Trade and other payables	2,828,554	-	-	-	2,828,554
<b>Rs.</b>	<b>2,828,554</b>	<b>-</b>	<b>35,000,000</b>	<b>-</b>	<b>37,828,554</b>
 <b><u>At June 30, 2015</u></b>					
Bank borrowings	-	-	35,000,000	-	35,000,000
Trade and other payables	2,928,233	-	-	-	2,928,233
<b>Rs.</b>	<b>2,928,233</b>	<b>-</b>	<b>35,000,000</b>	<b>-</b>	<b>37,928,233</b>
 <b><u>The Company</u></b>					
<b><u>At June 30, 2016</u></b>					
Bank borrowings	-	-	35,000,000	-	35,000,000
Trade and other payables	2,407,347	-	-	-	2,407,347
<b>Rs.</b>	<b>2,407,347</b>	<b>-</b>	<b>35,000,000</b>	<b>-</b>	<b>37,407,347</b>
 <b><u>At June 30, 2015</u></b>					
Bank borrowings	-	-	35,000,000	-	35,000,000
Trade and other payables	2,677,478	-	-	-	2,677,478
<b>Rs.</b>	<b>2,677,478</b>	<b>-</b>	<b>35,000,000</b>	<b>-</b>	<b>37,677,478</b>



## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2016

## 3. FINANCIAL RISK MANAGEMENT (CONT'D)

## 3.1 Financial risk factors (cont'd)

(ii) *Credit risk*

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade receivables. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Group's management based on prior experience and the current environment.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. The Group has policies in place to ensure that property is rented or sold to customers with an appropriate credit history. Advance payments are requested where necessary until positive credit rating is established.

(iii) *Cash flow and fair value interest rate risk*

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest rate risk arises from long term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest-rate risk.

At June 30, 2016, if interest rates on borrowings had been 10 basis points higher/lower with all other variables held constant, post-tax profit for the year would have been lower/higher by Rs.35,500 (2015: Rs.47,500) for the Group and by Rs.35,500 (2015: Rs.47,500) for the Company, mainly as a result of higher/lower interest expense on floating rate borrowings.

(iv) *Insurable Risks*

The Group has adequate insurance cover for its properties and material contents, loss of profits and public liability. The sum insured for each insurance cover are reviewed annually in accordance with recommendations from professional advisers, where applicable.

## 3.2 Financial instruments by category

**Financial assets**

The carrying amounts of each of the categories of the financial instruments as at the date of the statement of financial position are as follows:-

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	Rs.	Rs.	Rs.	Rs.
Cash and cash equivalents	6,412,324	5,976,088	3,169,036	4,379,592
Trade and other receivables	2,296,079	1,667,952	31,371,276	31,189,256
Investment in financial assets at fair value through profit or loss	31,655,045	31,784,602	31,655,045	31,784,602
Rs.	<u>40,363,448</u>	<u>39,428,642</u>	<u>66,195,357</u>	<u>67,353,450</u>
<b><u>Financial liabilities</u></b>				
Trade and other payables	2,828,554	2,928,233	2,407,347	2,677,478
Borrowings	35,000,000	35,000,000	35,000,000	35,000,000
Rs.	<u>37,828,554</u>	<u>37,928,233</u>	<u>37,407,347</u>	<u>37,677,478</u>

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2016

## 3. FINANCIAL RISK MANAGEMENT (CONT'D)

## 3.3 Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily quoted equity investments classified as trading securities or available-for-sale.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the end of the reporting period, with the resulting value discounted back to present value.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

## 3.4 Capital Management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sells assets to reduce debt.

The Group monitors its capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by shareholders' fund. Net debt is calculated as total borrowings (including current and non current borrowings) less cash and cash equivalents. The shareholders' fund comprise of issued capital, reserves and shareholders funding.

The gearing ratio at June 30, 2016 and June 30, 2015 were as follows:

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	Rs.	Rs.	Rs.	Rs.
Total debt (Note 14)	35,000,000	35,000,000	35,000,000	35,000,000
Less cash and cash equivalents	(6,412,324)	(5,976,088)	(3,169,036)	(4,379,592)
Net debt	Rs. 28,587,676	29,023,912	31,830,964	30,620,408
Total equity	Rs. 131,177,793	124,298,896	125,403,169	122,378,022
Net debt to equity ratio	22%	23%	25%	25%

The decrease in the debt-to-equity ratio for the group resulted primarily from an increase of retained earnings following a profit of Rs.12.9m realised during the year ended June 30, 2016 with only Rs.6.1m declared as dividends.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2016

---

**4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

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

**4.1 Critical accounting estimates and assumptions**

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

**(a) Estimated impairment of goodwill**

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2(d).

If the actual gross margin had been higher or the pre-tax discounted rate lower than management's estimates, the Group would not be able to reverse any prior impairment losses that had arisen on goodwill.

**(b) Impairment of financial assets at fair value through profit or loss**

The Group follows the guidance of IAS 39 on determining when an investment is other-than-temporarily impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, amongst other factors, the duration and extent to which the fair value of an investment is less than cost, the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

**(c) Revaluation of investment properties**

The Group carries its investment properties at fair value, with changes in fair value being recognised in the statement of profit and loss and other comprehensive income. The Group engaged independent valuation specialists (the 'Valuer') on a regular basis to determine fair value of its investment properties held for capital appreciation or rental. The Valuer has assessed the fair value on an open-market basis, valuation which is based on a number of assumptions using their best expertise as well as judgements. The estimated fair value could differ from actual market value.

**(d) Fair value of securities not quoted in an active market**

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

**(e) Limitation of sensitivity analysis**

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

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

#### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

##### 4.1 Critical accounting estimates and assumptions (cont'd)

(f) **Asset lives and residual values**

Property, plant and equipment are depreciated over its useful life taking into account residual values, where appropriate. The actual lives of 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.

(g) **Depreciation policies**

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

The directors therefore make estimates based on historical experience and use best judgement to assess the useful lives of the assets and to forecast the expected residual values of the assets at the end of their expected useful lives.

(h) **Impairment of assets**

Goodwill is considered for impairment at least annually. Property, plant and equipment, and intangible assets are considered for impairment if there is a reason to believe that impairment may be necessary. 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 the assets or cash-generating units 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.

Cash flows which are utilised in these assessments are extracted from formal five-year business plans which are updated annually. The Group utilises the valuation model to determine asset and cash-generating unit values supplemented, where appropriate, by discounted cash flow and other valuation techniques.

(i) **Deferred tax on investment properties**

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties, the directors reviewed the Group's and the Company's investment property portfolio and concluded that none of the Group's and the Company's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in determining the Group's and the Company's deferred taxation on investment properties, the directors have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted. As a result, the Group has not recognised any deferred taxes on changes in fair value of investment properties as the Group and the Company are not subject to any capital gain taxes on disposal of its investment properties.

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2016

## 5. PROPERTY, PLANT AND EQUIPMENT

	Office Equipment	Plant & Equipment	Furniture & Fittings	Total
(a) <u>THE GROUP</u>	Rs.	Rs.	Rs.	Rs.
<b>COST</b>				
At July 1, 2015	357,233	3,168,572	96,657	3,622,462
Additions	-	161,500	4,800	166,300
At June 30, 2016	<u>357,233</u>	<u>3,330,072</u>	<u>101,457</u>	<u>3,788,762</u>
<b>DEPRECIATION</b>				
At July 1, 2015	90,369	205,877	26,825	323,071
Charge for the year	35,723	486,154	19,573	541,450
At June 30, 2016	<u>126,092</u>	<u>692,031</u>	<u>46,398</u>	<u>864,521</u>
<b>NET BOOK VALUE</b>				
At June 30, 2016	Rs. <u>231,141</u>	<u>2,638,041</u>	<u>55,059</u>	<u>2,924,241</u>
<b>(b) <u>THE GROUP</u></b>				
	Office Equipment	Plant & Equipment	Furniture & Fittings	Total
	Rs.	Rs.	Rs.	Rs.
<b>COST</b>				
At July 1, 2014	122,773	425,993	96,657	645,423
Additions	234,460	2,742,579	-	2,977,039
At June 30, 2015	<u>357,233</u>	<u>3,168,572</u>	<u>96,657</u>	<u>3,622,462</u>
<b>DEPRECIATION</b>				
At July 1, 2014	63,690	39,030	7,493	110,213
Charge for the year	26,679	166,847	19,332	212,858
At June 30, 2015	<u>90,369</u>	<u>205,877</u>	<u>26,825</u>	<u>323,071</u>
<b>NET BOOK VALUE</b>				
At June 30, 2015	Rs. <u>266,864</u>	<u>2,962,695</u>	<u>69,832</u>	<u>3,299,391</u>

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2016

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)	Plant & Equipment	
	2016	2015
(c) <u>THE COMPANY</u>	Rs.	Rs.
<u>Cost</u>		
At July 1,	29,403	12,093
Additions	68,490	17,310
<b>At June 30,</b>	<b>97,893</b>	<b>29,403</b>
<u>Depreciation</u>		
At July 1,	2,767	202
Charge for the year	5,978	2,565
<b>At June 30,</b>	<b>8,745</b>	<b>2,767</b>
<u>Net Book Value</u>		
<b>At June 30,</b>	Rs. <b>89,148</b>	<b>26,636</b>

- (d) Depreciation charge of Rs.541,450 (2015: Rs.212,858) for the Group and Rs.5,978 (2015: Rs.2,565) for the Company has been included in administrative expenses.

6. INVESTMENT PROPERTIES	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	Rs.	Rs.	Rs.	Rs.
At July 1,	119,388,047	115,707,200	90,180,847	86,500,000
Additions	-	3,025,150	-	3,025,150
Increase in fair value	6,911,953	655,697	4,319,153	655,697
<b>At June 30,</b>	<b>Rs. 126,300,000</b>	<b>119,388,047</b>	<b>94,500,000</b>	<b>90,180,847</b>

- (a) The freehold land and building included in investment properties have been valued at June 30, 2016 on an open-market basis by Broll Indian Ocean Ltd, an independent professional qualified valuer. Investment properties are re-valued every three years. Increase in fair value for the current year represents fair value adjustment on investment property revalued at June 30, 2016

Details of the Group's and the Company's investment properties and information about the fair value hierarchy as at June 30, 2016 are as follows:

	THE GROUP		THE COMPANY	
	Level 2			
	2016	2015	2016	2015
	Rs.	Rs.	Rs.	Rs.
Land	46,607,171	26,662,704	40,207,171	5,900,000
Buildings	79,692,829	92,725,343	54,292,829	84,280,847
<b>Total</b>	<b>Rs. 126,300,000</b>	<b>119,388,047</b>	<b>94,500,000</b>	<b>90,180,847</b>

There were no transfers between levels during the year.

- (b) Details of rental income and the direct operating expenses relating to investment properties are shown on the statement of profit or loss and other comprehensive income.
- (c) Bank borrowings are secured by floating charges on the assets of the Group including investment properties.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2016

7. INTANGIBLE ASSETS

2016 & 2015

Rs.

THE GROUP

At July 1, 2015 and June 30, 2016

Rs. 2,038,641

Intangible assets represent goodwill arising on acquisition of subsidiary.

8. INVESTMENT IN SUBSIDIARY

2016 & 2015

Rs.

THE COMPANY

At July 1, 2015 and June 30, 2016

Rs. 4,350,000

The details of the Company's subsidiary is as follows:

Name	Year end	Country of incorporation and operation	Class of shares held	Proportion of direct ownership interest	
				2016	2015
Powertech Engineering Ltd	June 30	Mauritius	Ordinary	<u>100%</u>	<u>100%</u>

On July 20, 2016, Powertech Engineering Ltd changed its named to NOVUS Industrial Properties Ltd.

9. INVESTMENT IN FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

(a) The movement in investments in financial assets may be summarised as follows:

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	Rs.	Rs.	Rs.	Rs.
At July 1,	<u>31,784,602</u>	47,973,338	<u>31,784,602</u>	47,973,338
Distribution to the Company's shareholders through dividends in specie	-	(16,599,000)	-	(16,599,000)
Fair value (loss)/gain	<u>(129,557)</u>	410,264	<u>(129,557)</u>	410,264
At June 30,	Rs. <u>31,655,045</u>	<u>31,784,602</u>	Rs. <u>31,655,045</u>	<u>31,784,602</u>

(b) The financial instruments recognised at fair value, analysed between those whose fair value is based on:

- (i) Quoted prices in active markets for identical assets or liabilities (Level 1)
- (ii) Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- (iii) Those with inputs for the asset or liability that are not based on observable market date (unobservable inputs) (Level 3).

	2016	2015
	Level 3	Level 3
	Rs.	Rs.
The Group and the Company	Rs. <u>31,655,045</u>	<u>31,784,602</u>

(c) The financial assets at fair value through profit or loss are denominated in Mauritian Rupees.

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2016

## 10. DEFERRED INCOME TAX

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

- (a) There is a legally enforceable right to offset current tax assets against current tax liabilities and deferred income tax assets and liabilities when the deferred income taxes relates to the same fiscal authority on the same entity. The following amounts are shown in the statement of financial position.

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	Rs.	Rs.	Rs.	Rs.
Deferred tax assets	1,409,632	1,614,582	1,409,632	1,598,495
Deferred tax liabilities	(13,372)	(30,208)	(13,372)	(3,995)
<b>Rs.</b>	<b>1,396,260</b>	<b>1,584,374</b>	<b>1,396,260</b>	<b>1,594,500</b>

At the end of the reporting period, the Company had unused tax losses of Rs.9,397,547 (2015: Rs.10,656,633) available for offset against future profits. A deferred tax asset has been recognised in respect of such losses. The tax losses is not subject to expiry since they comprise of tax losses on capital allowances.

- (b) The movement in the deferred income tax account is as follows:

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	Rs.	Rs.	Rs.	Rs.
<b>Net deferred tax assets</b>				
At July 1,	1,584,374	1,893,907	1,594,500	1,892,074
Profit or loss charge (note 21(a))	(188,114)	(309,533)	(198,240)	(297,574)
<b>At June 30,</b>	<b>Rs. 1,396,260</b>	<b>1,584,374</b>	<b>1,396,260</b>	<b>1,594,500</b>

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

	Accelerated capital allowance		
	Tax losses	Total	
	Rs.	Rs.	Rs.
<b>Net deferred tax assets</b>			
<b>THE GROUP</b>			
At July 1, 2014	(30)	1,893,937	1,893,907
Charged to statement of profit or loss	(30,178)	(279,355)	(309,533)
At June 30, 2015	(30,208)	1,614,582	1,584,374
Credited / (charged) to statement of profit or loss	16,836	(204,950)	(188,114)
<b>At June 30, 2016</b>	<b>Rs. (13,372)</b>	<b>1,409,632</b>	<b>1,396,260</b>
<b>THE COMPANY</b>			
At July 1, 2014	(30)	1,892,104	1,892,074
Charged to statement of profit or loss	(3,965)	(293,609)	(297,574)
At June 30, 2015	(3,995)	1,598,495	1,594,500
Charged to statement of profit or loss	(9,377)	(188,863)	(198,240)
<b>At June 30, 2016</b>	<b>Rs. (13,372)</b>	<b>1,409,632</b>	<b>1,396,260</b>

- (d) Tax losses available for net off against future taxable profit of the Company are as follows:

	Rs.
Non-expiring tax losses on capital allowances (for the financial years from June 30, 2009 to June 30, 2015)	10,656,633
Tax losses utilised during the year	(1,259,086)
<b>At June 30, 2016</b>	<b>Rs. 9,397,547</b>



## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2016

11. TRADE AND OTHER RECEIVABLES	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	Rs.	Rs.	Rs.	Rs.
Trade receivables	226,069	302,313	50,819	124,532
Less provisions for impairment	(174,398)	(29,302)	-	(29,302)
Trade debtors - net	51,671	273,011	50,819	95,230
Receivable from subsidiary (Note 23)	-	-	29,375,459	30,237,459
Other receivables	992,026	1,394,941	692,616	856,567
Dividends receivable	1,252,382	-	1,252,382	-
Rs.	<u>2,296,079</u>	<u>1,667,952</u>	<u>31,371,276</u>	<u>31,189,256</u>

- (i) The carrying amount of trade and other receivable approximate their fair values.

As of June 30, 2016, trade receivables of Rs.174,398 (2015: Rs.29,302) were impaired for the Group and Nil (2015: Rs. 29,302) for the Company. The individually impaired receivables relate to tenants, which are in unexpectedly difficult economic situations. It was assessed that a portion of the receivables is expected to be recovered.

The ageing of these receivables is as follows:

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	Rs.	Rs.	Rs.	Rs.
3 to 6 months	145,332	-	-	-
Over 6 months	29,066	29,302	-	29,302
Rs.	<u>174,398</u>	<u>29,302</u>	<u>-</u>	<u>29,302</u>

As of June 30, 2016, trade receivables of Rs.51,671 (2015: Rs.273,011) for the Group and Rs.50,819 (2015: Rs.95,230) for the Company were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	Rs.	Rs.	Rs.	Rs.
3 to 6 months	Rs. 51,671	273,011	50,819	95,230

The carrying amounts of the Group's and the Company's trade and other receivables are denominated in the following currencies:

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	Rs.	Rs.	Rs.	Rs.
Mauritian Rupees	Rs. 2,296,079	1,667,952	31,371,276	31,189,256

Movements in the provision for impairment of trade receivables are as follows:

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	Rs.	Rs.	Rs.	Rs.
At July 1,	29,302	29,302	29,302	29,302
Provision for receivable impairment	174,398	-	-	-
Unused amounts reversed	(29,302)	-	(29,302)	-
At June 30,	Rs. 174,398	29,302	-	29,302

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2016

## 11. TRADE AND OTHER RECEIVABLES (CONT'D)

The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Group does not hold any collateral as security.

## 12. CASH AND CASH EQUIVALENTS

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	Rs.	Rs.	Rs.	Rs.
Cash at bank	Rs. <u>6,412,324</u>	<u>5,976,088</u>	<u>3,169,036</u>	<u>4,379,592</u>

## 13. SHARE CAPITAL

	THE GROUP AND THE COMPANY			
	2016	2015	2016	2015
	Number of shares	Number of shares	Amount Rs.	Amount Rs.
At July 1,	13,778,700	503,750	106,042,887	76,042,915
Right issue (Note (a))	-	185,185	-	29,999,972
	<u>13,778,700</u>	<u>688,935</u>	<u>106,042,887</u>	<u>106,042,887</u>
Share split- 1 to 19 (Note (b))	-	13,089,765	-	-
At June 30,	<u>13,778,700</u>	<u>13,778,700</u>	<u>106,042,887</u>	<u>106,042,887</u>

- (a) During the year ended June 30, 2015, 185,185 shares were issued at a 10% discount to Net Asset Value amounting to Rs. 29,999,972.
- (b) On August 25, 2014, the Company effected a share split of 19 additional shares issued for every ordinary no par shares held by each shareholder.
- (c) Fully paid ordinary shares carry one vote per share and carry a right to dividend.

## 14. BORROWINGS

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	Rs.	Rs.	Rs.	Rs.
Non-current	Rs. <u>35,000,000</u>	<u>35,000,000</u>	<u>35,000,000</u>	<u>35,000,000</u>

- (a) The Group's and the Company's borrowings include secured liabilities amounting to Rs.35,000,000 (2015: Rs.35,000,000). The bank borrowing is secured by a floating charge and a fixed charge on the Company's assets comprising of its investment properties (Note 6) and a pledge on 2,159,280 shares held as financial assets (Note 9) for a total charge of Rs.60,000,000. The rate of interest on those borrowings is 7.9% per annum.
- (b) The exposure of the Group's and the Company's borrowings to interest-rate changes and the contractual repricing dates are as follows:

	6 months or less	6 - 12 months	1 - 5 years	Over 5 years	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
<b>THE GROUP</b>					
At June 30, 2016					
Total borrowings	<u>-</u>	<u>-</u>	<u>35,000,000</u>	<u>-</u>	<u>35,000,000</u>
At June 30, 2015					
Total borrowings	<u>-</u>	<u>-</u>	<u>35,000,000</u>	<u>-</u>	<u>35,000,000</u>

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2016

14. BORROWINGS (CONT'D)	6 months	6 - 12	1 - 5	Over 5	Total
	or less	months	years	years	
	Rs.	Rs.	Rs.	Rs.	Rs.
<b>THE COMPANY</b>					
At June 30, 2016					
Total borrowings	-	-	35,000,000	-	35,000,000
At June 30, 2015					
Total borrowings	-	-	35,000,000	-	35,000,000

(c) The maturity of non-current borrowings is as follows:

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	Rs.	Rs.	Rs.	Rs.
After two years and before five year	Rs. 35,000,000	35,000,000	35,000,000	35,000,000

(d) The carrying amounts of the Group's and the Company's borrowings are denominated in Mauritian Rupees.

(e) The carrying amounts of borrowings are approximate to their fair values.

15. TRADE AND OTHER PAYABLES	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	Rs.	Rs.	Rs.	Rs.
Deposits on rent	1,536,721	1,457,467	1,301,884	1,222,630
Other payables and accrued expenses	1,291,833	1,470,766	1,105,463	1,454,848
	Rs. 2,828,554	2,928,233	2,407,347	2,677,478

## 16. DIVIDENDS

	THE GROUP AND THE COMPANY	
	2016	2015
	Rs.	Rs.
Amounts recognised as distributions to equity holders during the year:		
<b>Unpaid as at June 30,</b>		
Final dividend for the year ended June 30, 2016 of Re.0.27 per share (2015: Re. 0.24)	3,720,249	3,306,888
<b>Paid and distributed during the year</b>		
Interim dividend for the year ended June 30, 2016 of Re.0.17 per share (2015: Re.0.20)	2,342,379	2,755,740
	Rs. 6,062,628	6,062,628

## 17. INVESTMENT AND OTHER INCOME

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	Rs.	Rs.	Rs.	Rs.
Dividend income	1,252,382	1,252,382	1,252,382	1,252,382
Interest income	18,231	59,111	18,231	59,111
Other income	25,687	1,746	145,687	37,746
	Rs. 1,296,300	1,313,239	1,416,300	1,349,239

## 18. FINANCE COSTS

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	Rs.	Rs.	Rs.	Rs.
Interest on bank loans	Rs. 2,805,178	3,110,110	2,805,178	3,110,110

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2016

19. NET GAIN ON FAIR VALUE MOVEMENTS IN FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	Rs.	Rs.	Rs.	Rs.
(Loss)/gain on fair value movements in financial at fair value through profit or loss	Rs. (129,557)	410,264	(129,557)	410,264

20. PROFIT BEFORE TAXATION	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	Rs.	Rs.	Rs.	Rs.
<i>Profit before taxation is arrived at after:</i>				
<i>Crediting:</i>				
Increase in fair value in investment property	6,911,953	655,697	4,319,153	655,697
Gain on fair value movements in financial at fair value through profit or loss	-	410,264	-	410,264
<i>and charging:</i>				
Loss on fair value movements in financial at fair value through profit or loss	129,557	-	129,557	-
Depreciation on property, plant and equipment	541,450	212,858	5,978	2,565

(a) The Group and the Company do not have any employee.

21. TAXATION	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	Rs.	Rs.	Rs.	Rs.
(a) <b>Statements of profit or loss and other comprehensive income</b>				
Current tax on the adjusted profit for the year at 15% (2015: 15%)	261,171	62,033	-	-
Underprovision of Alternative Minimum Tax in previous year	-	143,045	-	143,045
CSR charge	34,823	-	-	-
Deferred tax charge (see Note 10(b))	188,114	309,533	198,240	297,574
<b>Tax charge</b>	Rs. 484,108	514,611	198,240	440,619

(b) <b>Statements of financial position</b>				
At July 1,	205,078	-	143,045	-
Current tax on the adjusted profit for the year at 15% (2015: 15%)	261,171	62,033	-	-
CSR charge	34,823	-	-	-
Tax paid	(205,078)	-	(143,045)	-
Underprovision of Alternative Minimum Tax in previous year	-	143,045	-	143,045
<b>At June 30,</b>	Rs. 295,994	205,078	-	143,045

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2016

## 21. TAXATION (CONT'D)

## (c) Tax reconciliation

The tax on the Group's and the Company's profit before taxation differs from the theoretical amount that would arise using the basic tax rate of the Group and the Company as follows:

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	Rs.	Rs.	Rs.	Rs.
Profit before taxation	13,425,633	7,215,447	9,286,015	4,848,614
Tax calculated at a rate of 15% (2015: 15%)	2,013,845	1,082,317	1,392,902	727,292
Tax calculated on previous taxable period	250,635	-	-	-
Income not subject to tax	(1,225,736)	(347,981)	(835,730)	(347,981)
Capital allowances	(551,420)	(463,782)	(412,552)	(404,875)
Expenses not deductible for tax purpose	197,931	159,773	44,243	132,368
Underprovision of Alternative Minimum Tax in previous year	-	143,045	-	143,045
Utilisation of previously unrecognised tax losses	(424,084)	(368,294)	(188,863)	(106,804)
CSR charge	34,823	-	-	-
Deferred tax movement	188,114	309,533	198,240	297,574
<b>Tax charge</b>	<b>Rs. 484,108</b>	<b>514,611</b>	<b>198,240</b>	<b>440,619</b>

## 22. EARNINGS PER SHARE

The calculation of earnings per ordinary share is based on the following parameters:

	THE GROUP	
	2016	2015
	Rs.	Rs.
Profit attributable to the equity shareholders:	Rs. 12,941,525	6,700,836
Number of shares in issue	13,778,700	13,778,700
Earnings per share	Rs. 0.94	0.49

## 23. RELATED PARTY TRANSACTIONS

	Subsidiary
	Rs.
<b>THE COMPANY - 2016</b>	
Amount owed by related party	Rs. 29,375,459
<b>THE COMPANY - 2015</b>	
Amount owed by related party	Rs. 30,237,459

## 24. NET ASSETS VALUE

The net assets value per share (NAV) as at the end of the reporting date is as follows:

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	Rs.	Rs.	Rs.	Rs.
Net Assets Value	Rs. 9.52	9.02	9.10	8.88