

**NOVUS PROPERTIES LTD
AND ITS SUBSIDIARY**

ANNUAL REPORT - YEAR ENDED

JUNE 30, 2017

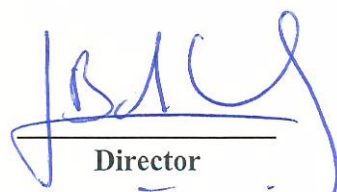
NOVUS PROPERTIES LTD AND ITS SUBSIDIARY

ANNUAL REPORT - YEAR ENDED JUNE 30, 2017

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, 2017, the contents of which are listed below:

This report was approved by the Board of Directors on.....290917.....


Director


Director

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CORPORATE INFORMATION - YEAR ENDED JUNE 30, 2017

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, 2017

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.7,929,733 (2016: Rs.9,174,028). The profit for the year after taxation amounted to Rs.4,762,156 (2016: Rs.9,087,775).

Group

The Group's rental, investment and other income for the year amount to Rs.10,788,943 (2016: Rs.12,173,743) and the profit for the year after tax amounted to Rs. 6,622,422 (2016: Rs.12,941,525).

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, 2017.

INTERESTS OF SENIOR OFFICERS IN EQUITY SECURITIES

<u>As at June 30, 2017</u>	<u>Direct interests</u>		<u>Indirect interests</u>
	<u>Shares</u>	<u>%</u>	<u>%</u>
(a) Company			
Mr. Michel Guy Rivalland	338,000	2.45	-
(b) Subsidiary			
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, 2017

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.

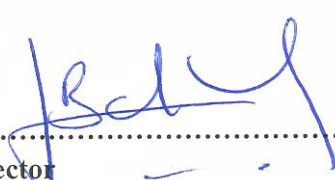
DONATIONS

The Company and its subsidiary did not make any political or charitable donations during the year (2016: Nil).

AUDITORS' FEES

	THE GROUP		THE COMPANY	
	2017	2016	2017	2016
	Rs.	Rs.	Rs.	Rs.
The fees to the auditors BDO & Co for audit and other services were accrued as follows:				
Audit fees	120,000	115,000	120,000	115,000
Other services	20,000	20,000	20,000	20,000
Rs.	<u>140,000</u>	<u>135,000</u>	<u>140,000</u>	<u>135,000</u>

Approved by the Board of Directors on **290917**
 and signed on its behalf by:



 Director



 Director

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

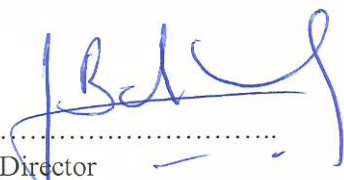
Name of PIE: NOVUS PROPERTIES LTD


Reporting Period: June 30, 2017

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 Bourgeois du Condoy*
Date: *290917*


.....
Director
Name: *Didier Mesven*
Date: *290917*

*Statement of Compliance**(Section 75 (3) of the Financial Reporting Act)***Name of PIE: NOVUS PROPERTIES LTD**

Reporting Period: June 30, 2017

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 6/7th Floor, Dias Pier Building, Le Caudan Waterfront, Caudan, Port Louis 11307. 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.

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

In 1991, Didier MERVEN set up Portfolio and Investment Management Ltd ('PIM') – one of the very first professional portfolio management companies in Mauritius. Over the next 20 years, PIM evolved from these beginnings into the Group, a diversified financial services company. Mr Merven now sits on the UIL board and is still involved in portfolio management for the Company's high net worth clients.

Directorship in listed companies:

United Investments Ltd
Novare Africa Fund PCC

Michel Guy RIVALLAND

Non-Executive Director

Michel Guy RIVALLAND is a graduate in economics, BSc (Hons), UK. He joined AXYS Group in 1999, became a shareholder and director in 2002. He was appointed CEO of AXYS Group in July 2006, and since July 2010, he assumes the role of CEO for 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.

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:

Directors	Novus	United Investments Ltd	Firefox Ltd	Portfolio Investment and Management Limited	Goldstream Ltd
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 (2016: None).

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 (2016: 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(g). 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.

CORPORATE GOVERNANCE REPORT – YEAR ENDED JUNE 30, 2017

Internal controls (cont'd)

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 (2016: Nil).

Accounting and Auditing**Accounting**

The Directors are responsible for ensuring that:

- Adequate accounting records are kept and effective internal control systems are maintained.
- Financial statements are prepared in order to fairly present the state of affairs of the Company and the results of its operations and that those financial statements 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

	2017	2016
	Rs.	Rs.
Review of subsidiary's financial statements	20,000	20,000

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

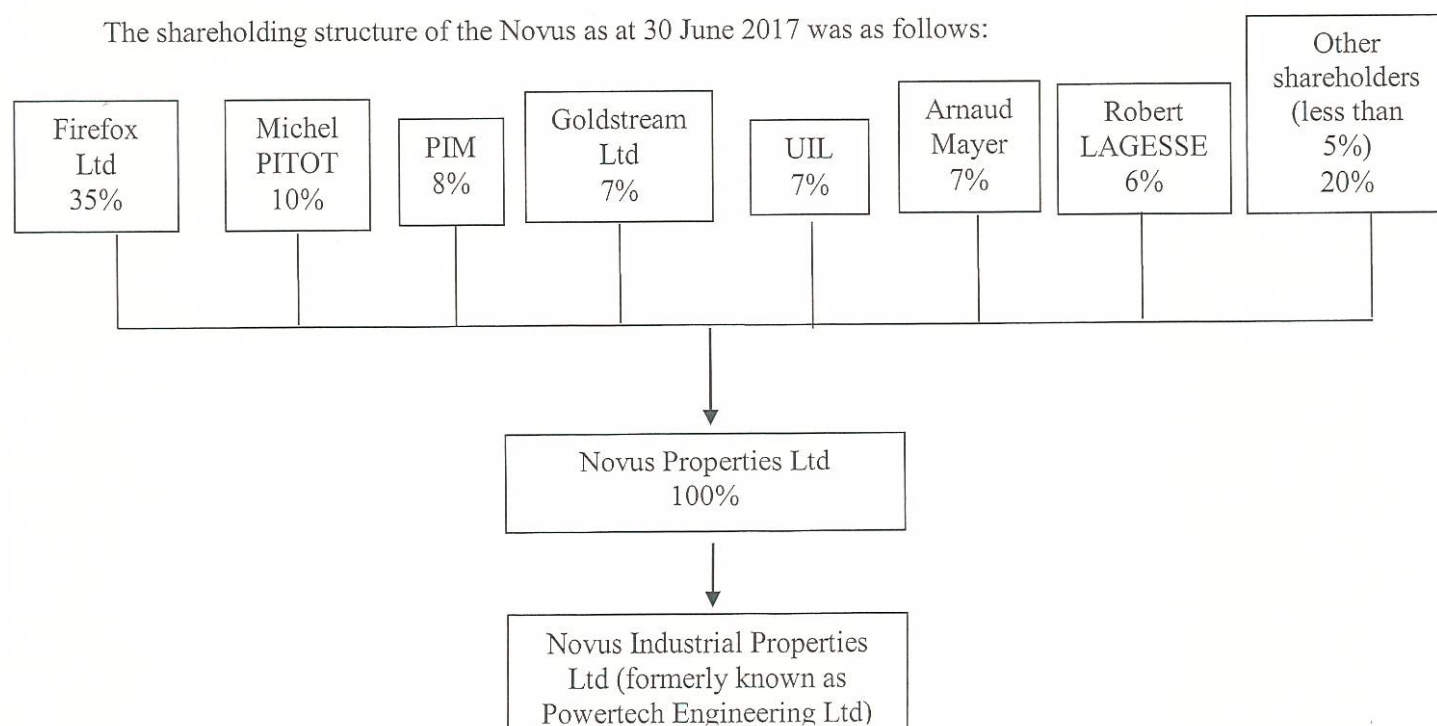
Though the Company have not adopted a formally established Code of Ethics, the Company is committed to the highest standards of integrity and ethical conduct in dealing with all stakeholders. The Company firmly believes in values such as honesty, respect, fairness, steadiness and courtesy.

Shareholding Structure

As at June 30, 2017, the stated capital of Novus was Rs.106,042,887 made up of 13,778,700 ordinary shares of Rs.7.70 each. The following shareholders held 5% or more of the shareholding of Novus as at June 30, 2017:

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	1,074,500	8%
Goldstream Ltd	Ordinary	1,011,160	7%
Arnaud MAYER	Ordinary	988,000	7%
United Investments Ltd (UIL)	Ordinary	924,500	7%
Robert LAGESSE	Ordinary	854,760	6%

The shareholding structure of the Novus as at 30 June 2017 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
30-Jun-17	7.70

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.2,480,166 has been paid and a final dividend of Rs.2,755,740 been declared and not yet paid during the year under review (2016: interim paid Rs. 2,342,379 and final declared Rs.3,720,249).

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 33 - Note 24 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 (2016: Nil).

CORPORATE GOVERNANCE REPORT – YEAR ENDED JUNE 30, 2017

Calendar

Month	Event
November 2018	Publication of 1st quarter results
February 2018	Publication of 2nd quarter results
May 2018	Publication of 3rd quarter results
June 2018	Financial year end
September 2018	Publication of abridged annual audited financial statements for the year ending June 30, 2018

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, 2017

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, 2017

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



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Per FWM Secretarial Services Ltd

Company Secretary
7th Floor, Dias Pier Building,
Le Caudan Waterfront,
Caudan, Port Louis, Mauritius.

Date:
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NOVUS PROPERTIES LTD AND ITS SUBSIDIARY

5

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Novus Properties Ltd

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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Report on the audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Novus Properties Ltd and its subsidiary (the Group), and the Company's separate financial statements on pages 6 to 33 which comprise the statements of financial position as at June 30, 2017 and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements on pages 6 to 33 give a true and fair view of the financial position of the Group and of the Company as at June 30, 2017, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



NOVUS PROPERTIES LTD AND ITS SUBSIDIARY

5(a)

INDEPENDENT AUDITOR'S REPORT (CONT'D)

To the Shareholders of Novus Properties Ltd

Report on the audit of the Financial Statements (cont'd)

1 Valuation on investment properties

KEY AUDIT MATTER

Investment Properties is the largest amount in the Group's Statement of Financial Position and is valued at Rs. 126.3m at June 30, 2017 (2016: Rs. 126.3m).

The Group measures its Investment Properties at fair value. Valuations are performed by an independent professionally accredited expert, in accordance with Royal Institute of Chartered Surveyors (RICS) Standards and performed with sufficient regularity to ensure that the carrying value is not materially different from the fair value at the Statement of Financial Position date.

The policy of the Group is to value its Investment Properties by External Valuers, every 3 years, the last one being performed in June 2016.

The directors consider the fair value at June 30, 2017 to be not materially different from the valuation carried out in June 2016.

AUDIT RESPONSE

The Sales Comparison Approach has been used by the expert to value Investment Properties in June 2016.

We ensured that there has been no major fluctuation in market values of properties since last valuation.

The results of these procedures did not identify any issues with valuation of Investment Properties in the financial statements.

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and 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.

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

Those charged with governance are responsible for overseeing the Group and the Company's financial reporting process.



NOVUS PROPERTIES LTD AND ITS SUBSIDIARY

5(b)

INDEPENDENT AUDITOR'S REPORT (CONT'D)

To the Shareholders of Novus Properties Ltd

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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



NOVUS PROPERTIES LTD AND ITS SUBSIDIARY

INDEPENDENT AUDITOR'S REPORT (CONT'D)

To the Shareholders of Novus Properties Ltd

5(c)

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

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

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

Report on Other Legal and Regulatory Requirements

Companies Act 2001

We have no relationship with, or interests in, the Company 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
BDO & CO
Chartered Accountants
Chunsa

Port Louis,
Mauritius.

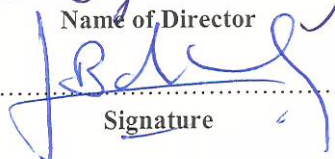
29 SEP 2017

Georges Chung Ming Kan, FCCA
Licensed by FRC

STATEMENTS OF FINANCIAL POSITION - JUNE 30, 2017

	Notes	THE GROUP		THE COMPANY	
		2017 Rs.	2016 Rs.	2017 Rs.	2016 Rs.
ASSETS					
Non-current assets					
Property, plant and equipment	5	2,390,652	2,924,241	93,155	89,148
Investment properties	6	126,300,000	126,300,000	94,500,000	94,500,000
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	-	31,655,045
Deferred tax assets	10	1,192,101	1,409,632	1,192,101	1,409,632
		<u>131,921,394</u>	<u>164,327,559</u>	<u>100,135,256</u>	<u>132,003,825</u>
Current assets					
Trade and other receivables	11	1,158,690	2,296,079	25,713,397	31,371,276
Cash and cash equivalents	12	7,502,383	6,412,324	6,342,081	3,169,036
		<u>8,661,073</u>	<u>8,708,403</u>	<u>32,055,478</u>	<u>34,540,312</u>
Non-current assets classified as held for sale	13	32,540,350	-	32,540,350	-
TOTAL ASSETS		<u>Rs. 173,122,817</u>	<u>173,035,962</u>	<u>164,731,084</u>	<u>166,544,137</u>
EQUITY AND LIABILITIES					
Equity					
Share capital	14	106,042,887	106,042,887	106,042,887	106,042,887
Retained earnings		26,521,422	25,134,906	18,886,532	19,360,282
Total equity		<u>132,564,309</u>	<u>131,177,793</u>	<u>124,929,419</u>	<u>125,403,169</u>
Non-current liabilities					
Deferred tax liabilities	10	13,973	13,372	13,973	13,372
Borrowings	15	35,000,000	35,000,000	35,000,000	35,000,000
		<u>35,013,973</u>	<u>35,013,372</u>	<u>35,013,973</u>	<u>35,013,372</u>
Current liabilities					
Trade and other payables	16	2,437,727	2,828,554	2,031,952	2,407,347
Current tax liabilities	22(b)	351,068	295,994	-	-
Dividends payable	17	2,755,740	3,720,249	2,755,740	3,720,249
		<u>5,544,535</u>	<u>6,844,797</u>	<u>4,787,692</u>	<u>6,127,596</u>
Total liabilities		<u>40,558,508</u>	<u>41,858,169</u>	<u>39,801,665</u>	<u>41,140,968</u>
TOTAL EQUITY AND LIABILITIES		<u>Rs. 173,122,817</u>	<u>173,035,962</u>	<u>164,731,084</u>	<u>166,544,137</u>

These financial statements have been approved for issue by the Board of Directors on 29 SEP 2017

Laurent Borgeault de Corday
Name of Director

Signature

Rida Haver
Name of Director

Signature

The notes on pages 11 to 33 form an integral part of these financial statements.
Auditors' report on pages 5 and 5(c).

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME -
YEAR ENDED JUNE 30, 2017

	Notes	THE GROUP		THE COMPANY	
		2017	2016	2017	2016
		Rs.	Rs.	Rs.	Rs.
REVENUE					
Rental income	2(q)	10,704,029	10,877,443	7,724,819	7,757,728
Investment and other income	18	84,914	1,296,300	204,914	1,416,300
		<u>10,788,943</u>	<u>12,173,743</u>	<u>7,929,733</u>	<u>9,174,028</u>
EXPENSES					
Direct operating expenses relating to investment properties		(506,445)	(1,017,811)	(451,641)	(533,642)
Administrative expenses		(1,338,906)	(1,707,517)	(745,834)	(738,789)
Finance costs	19	(2,637,274)	(2,805,178)	(2,637,274)	(2,805,178)
		<u>(4,482,625)</u>	<u>(5,530,506)</u>	<u>(3,834,749)</u>	<u>(4,077,609)</u>
Gain/(loss) on fair value movements in financial at fair value through profit or loss	20	885,304	(129,557)	885,304	(129,557)
Revaluation gain on investment properties	6	-	6,911,953	-	4,319,153
		<u>-</u>	<u>6,911,953</u>	<u>-</u>	<u>4,319,153</u>
PROFIT BEFORE TAXATION	21	7,191,622	13,425,633	4,980,288	9,286,015
Income tax charge	22(a)	(569,200)	(484,108)	(218,132)	(198,240)
		<u>(569,200)</u>	<u>(484,108)</u>	<u>(218,132)</u>	<u>(198,240)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		Rs. 6,622,422	12,941,525	4,762,156	9,087,775
EARNINGS PER SHARE	23	Rs. 0.48	0.94		

The notes on pages 11 to 33 form an integral part of these financial statements.
Auditors' report on pages 5 and 5(c).

STATEMENT OF CHANGES IN EQUITY - YEAR ENDED JUNE 30, 2017

	<u>Note</u>	<u>Share capital</u> Rs.	<u>Retained earnings</u> Rs.	<u>Total</u> Rs.
<u>THE GROUP</u>				
Balance at July 1, 2016		106,042,887	25,134,906	131,177,793
Profit for the year		-	6,622,422	6,622,422
Dividends - 2017	17	-	(5,235,906)	(5,235,906)
Balance at June 30, 2017	Rs.	<u>106,042,887</u>	<u>26,521,422</u>	<u>132,564,309</u>
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	17	-	(6,062,628)	(6,062,628)
Balance at June 30, 2016	Rs.	<u>106,042,887</u>	<u>25,134,906</u>	<u>131,177,793</u>

The notes on pages 11 to 33 form an integral part of these financial statements.

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

STATEMENT OF CHANGES IN EQUITY - YEAR ENDED JUNE 30, 2017

	<u>Note</u>	<u>Share capital</u> Rs.	<u>Retained earnings</u> Rs.	<u>Total</u> Rs.
<u>THE COMPANY</u>				
Balance at July 1, 2016		<u>106,042,887</u>	<u>19,360,282</u>	<u>125,403,169</u>
Profit for the year		<u>-</u>	<u>4,762,156</u>	<u>4,762,156</u>
Dividends - 2017	17	<u>-</u>	<u>(5,235,906)</u>	<u>(5,235,906)</u>
Balance at June 30, 2017	Rs.	<u>106,042,887</u>	<u>18,886,532</u>	<u>124,929,419</u>
Balance at July 1, 2015		<u>106,042,887</u>	<u>16,335,135</u>	<u>122,378,022</u>
Profit for the year		<u>-</u>	<u>9,087,775</u>	<u>9,087,775</u>
Dividends - 2016	17	<u>-</u>	<u>(6,062,628)</u>	<u>(6,062,628)</u>
Balance at June 30, 2016	Rs.	<u>106,042,887</u>	<u>19,360,282</u>	<u>125,403,169</u>

The notes on pages 11 to 33 form an integral part of these financial statements.
Auditors' report on pages 5 and 5(c).

STATEMENTS OF CASH FLOWS - YEAR ENDED JUNE 30, 2017

	Note	THE GROUP		THE COMPANY	
		2017 Rs.	2016 Rs.	2017 Rs.	2016 Rs.
Cash flows from operating activities					
Profit before taxation		7,191,622	13,425,633	4,980,288	9,286,015
<i>Adjustments for:</i>					
Depreciation on property, plant and equipment		548,504	541,450	10,908	5,978
Interest expense		2,637,274	2,805,178	2,637,274	2,805,178
Dividend income		-	(1,252,382)	-	(1,252,382)
Interest income		(45,169)	(18,231)	(45,169)	(18,231)
(Gain) / loss on fair value movements in financial at fair value through profit or loss		(885,304)	129,557	(885,304)	129,557
Revaluation gain on investment properties		-	(6,911,953)	-	(4,319,153)
<i>Changes in working capital:</i>					
- trade and other payables		(390,827)	(99,680)	(375,395)	(270,130)
- trade and other receivables		(114,994)	624,256	4,405,496	1,070,361
Cash generated from operations		8,941,106	9,243,828	10,728,098	7,437,193
Tax paid		(295,994)	(205,078)	-	(143,045)
Interest paid		(2,637,274)	(2,805,178)	(2,637,274)	(2,805,178)
Interest received		45,169	18,231	45,169	18,231
Net cash generated from operating activities		6,053,007	6,251,803	8,135,993	4,507,201
Cash flows from investing activities					
Purchase of property, plant and equipment		(14,915)	(166,300)	(14,915)	(68,490)
Loans granted to related parties		5,045,000	(1,218,750)	5,045,000	(1,218,750)
Loans repayments received from related parties		(5,045,000)	1,218,750	(5,045,000)	1,218,750
Dividends received		1,252,382	-	1,252,382	-
Net cash from/(used in) investing activities		1,237,467	(166,300)	1,237,467	(68,490)
Cash flows from financing activities					
Dividends paid to Company's shareholders		(6,200,415)	(5,649,267)	(6,200,415)	(5,649,267)
Net cash used in financing activities		(6,200,415)	(5,649,267)	(6,200,415)	(5,649,267)
Net increase/(decrease) in cash and cash equivalents	Rs.	1,090,059	436,236	3,173,045	(1,210,556)
Movement in cash and cash equivalents					
At July 1,		6,412,324	5,976,088	3,169,036	4,379,592
Increase/(decrease)		1,090,059	436,236	3,173,045	(1,210,556)
At June 30,	12 Rs.	7,502,383	6,412,324	6,342,081	3,169,036

The notes on pages 11 to 33 form an integral part of these financial statements.

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

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 6th/7th Floor, Dias Pier Building, Le Caudan Waterfront, Caudan, Port Louis 11307. 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

IFRS 14 Regulatory Deferral Accounts provides relief for first-adopters of IFRS in relation to accounting for certain balances that arise from rate-regulated activities ('regulatory deferral accounts'). IFRS 14 permits these entities to apply their previous accounting policies for the recognition, measurement, impairment and derecognition of regulatory deferral accounts. The standard is not expected to have any impact on the Group's financial statements.

Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11). The amendments clarify the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business. Existing interests in the joint operation are not remeasured on acquisition of an additional interest, provided joint control is maintained. The amendments also apply when a joint operation is formed and an existing business is contributed. The amendment has no impact on the Group's financial statements.

Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38). The amendments clarify that a revenue-based method of depreciation or amortisation is generally not appropriate. Amendments clarify that a revenue-based method should not be used to calculate the depreciation of items of property, plant and equipment. IAS 38 now includes a rebuttable presumption that the amortisation of intangible assets based on revenue is inappropriate. This presumption can be overcome under specific conditions. The amendment has no impact on the Group's financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

Standards, Amendments to published Standards and Interpretations effective in the reporting period (cont'd)

Equity method in separate financial statements (Amendments to IAS 27). The amendments allow entities to use the equity method in their separate financial statements to measure investments in subsidiaries, joint ventures and associates. IAS 27 currently allows entities to measure their investments in subsidiaries, joint ventures and associates either at cost or at fair value in their separate FS. The amendments introduce the equity method as a third option. The election can be made independently for each category of investment (subsidiaries, joint ventures and associates). Entities wishing to change to the equity method must do so retrospectively. The amendment has no impact on the Group's financial statements.

Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41). IAS 41 now distinguishes between bearer plants and other biological asset. Bearer plants must be accounted for as property plant and equipment and measured either at cost or revalued amounts, less accumulated depreciation and impairment losses. *The amendment has no impact on the Group's financial statements.*

Annual Improvements to IFRSs 2012-2014 cycle

- IFRS 5 is amended to clarify that when an asset (or disposal group) is reclassified from 'held for sale' to 'held for distribution' or vice versa, this does not constitute a change to a plan of sale or distribution and does not have to be accounted for as such. The amendment has no impact on the Group's financial statements.
- IFRS 7 amendment provides specific guidance for transferred financial assets to help management determine whether the terms of a servicing arrangement constitute 'continuing involvement' and, therefore, whether the asset qualifies for derecognition. The amendment has no impact on the Group's financial statements.
- IFRS 7 is amended to clarify that the additional disclosures relating to the offsetting of financial assets and financial liabilities only need to be included in interim reports if required by IAS 34. The amendment has no impact on the Group's financial statements.
- IAS 19 amendment clarifies that when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important and not the country where they arise. The amendment has no impact on the Group's financial statements.
- IAS 34 amendment clarifies what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report' and adds a requirement to cross-reference from the interim financial statements to the location of that information. The amendment has no impact on the Group's financial statements.

Disclosure Initiative (Amendments to IAS 1). The amendments to IAS 1 provide clarifications on a number of issues. An entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance. Line items specified in IAS 1 may need to be disaggregated where this is relevant to an understanding of the entity's financial position or performance. There is also new guidance on the use of subtotals. Confirmation that the notes do not need to be presented in a particular order. The share of OCI arising from equity-accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Each group should then be presented as a single line item in the statement of other comprehensive income.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

Standards, Amendments to published Standards and Interpretations effective in the reporting period (cont'd)

Investment entities: Applying the consolidation exception (Amendments to IFRS 10, IFRS 12 and IAS 28). The amendments clarify that the exception from preparing consolidated financial statements is also available to intermediate parent entities which are subsidiaries of investment entities. An investment entity should consolidate a subsidiary which is not an investment entity and whose main purpose and activity is to provide services in support of the investment entity's investment activities. Entities which are not investment entities but have an interest in an associate or joint venture which is an investment entity have a policy choice when applying the equity method of accounting. The fair value measurement applied by the investment entity associate or joint venture can either be retained, or a consolidation may be performed at the level of the associate or joint venture, which would then unwind the fair value measurement. The amendment has no impact on the Group's financial statements.

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 January 1, 2017 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 15 Revenue from Contract with Customers
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)
- 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)
- Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments to IFRS 4)
- Annual Improvements to IFRSs 2014-2016 Cycle
- IFRIC 22 Foreign Currency Transactions and Advance Consideration
- Transfers of Investment Property (Amendments to IAS 40)
- IFRS 17 Insurance Contracts
- IFRIC 23 Uncertainty over Income Tax Treatments

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(f) Financial assets (cont'd)****(A) Categories of financial assets (cont'd)****(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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(h) Current and deferred income tax (cont'd)***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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Borrowings (cont'd)

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).

(o) Foreign currencies

(i) *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.

(ii) *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.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(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.

(s) Non-Current assets held for sale

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through a continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2017

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.
<u>The Group</u>					
<u>At June 30, 2017</u>					
Bank borrowings	-	35,000,000	-	-	35,000,000
Trade and other payables	2,437,727	-	-	-	2,437,727
	Rs. 2,437,727	35,000,000	-	-	37,437,727
 <u>At June 30, 2016</u>					
Bank borrowings	-	-	35,000,000	-	35,000,000
Trade and other payables	2,828,554	-	-	-	2,828,554
	Rs. 2,828,554	-	35,000,000	-	37,828,554
 <u>The Company</u>					
<u>At June 30, 2017</u>					
Bank borrowings	-	35,000,000	-	-	35,000,000
Trade and other payables	2,031,952	-	-	-	2,031,952
	Rs. 2,031,952	35,000,000	-	-	37,031,952
 <u>At June 30, 2016</u>					
Bank borrowings	-	-	35,000,000	-	35,000,000
Trade and other payables	2,407,347	-	-	-	2,407,347
	Rs. 2,407,347	-	35,000,000	-	37,407,347

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2017

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, 2017, 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.35,155 (2016: Rs.35,500) for the Group and by Rs.35,155 (2016: Rs.35,500) 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	
	2017	2016	2017	2016
	Rs.	Rs.	Rs.	Rs.
Cash and cash equivalents	7,502,383	6,412,324	6,342,081	3,169,036
Trade and other receivables	1,158,690	2,296,079	25,713,397	31,371,276
Investment in financial assets at fair value through profit or loss	-	31,655,045	-	31,655,045
Non-current assets classified as held for sale	32,540,350	-	32,540,350	-
Rs.	<u>41,201,423</u>	<u>40,363,448</u>	<u>64,595,828</u>	<u>66,195,357</u>
Financial liabilities				
Trade and other payables	2,437,727	2,828,554	2,031,952	2,407,347
Borrowings	35,000,000	35,000,000	35,000,000	35,000,000
Rs.	<u>37,437,727</u>	<u>37,828,554</u>	<u>37,031,952</u>	<u>37,407,347</u>

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, 2017 and June 30, 2016 were as follows:

	THE GROUP		THE COMPANY	
	2017	2016	2017	2016
	Rs.	Rs.		0
Total debt (Note 15)	35,000,000	35,000,000	35,000,000	35,000,000
Less cash and cash equivalents	(7,502,383)	(6,412,324)	(6,342,081)	(3,169,036)
Net debt	Rs. 27,497,617	28,587,676	28,657,919	31,830,964
Total equity	Rs. 132,564,309	131,177,793	124,929,419	125,403,169
Net debt to equity ratio	21%	22%	23%	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.6.6m for the year ended June 30, 2017 with only Rs.5.2m declared as dividends.

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, 2017

5. PROPERTY, PLANT AND EQUIPMENT

	Office Equipment	Plant & Equipment	Furniture & Fittings	Total
(a) <u>THE GROUP</u>	Rs.	Rs.	Rs.	Rs.
COST				
At July 1, 2016	357,233	3,330,072	101,457	3,788,762
Additions	-	14,915	-	14,915
At June 30, 2017	<u>357,233</u>	<u>3,344,987</u>	<u>101,457</u>	<u>3,803,677</u>
DEPRECIATION				
At July 1, 2016	126,092	692,031	46,398	864,521
Charge for the year	32,478	495,735	20,291	548,504
At June 30, 2017	<u>158,570</u>	<u>1,187,766</u>	<u>66,689</u>	<u>1,413,025</u>
NET BOOK VALUE				
At June 30, 2017	Rs. <u>198,663</u>	<u>2,157,221</u>	<u>34,768</u>	<u>2,390,652</u>
(b) <u>THE GROUP</u>				
	Office Equipment	Plant & Equipment	Furniture & Fittings	Total
	Rs.	Rs.	Rs.	Rs.
COST				
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>
DEPRECIATION				
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>
NET BOOK VALUE				
At June 30, 2016	Rs. <u>231,141</u>	<u>2,638,041</u>	<u>55,059</u>	<u>2,924,241</u>

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2017

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)	Plant & Equipment	
	2017	2016
(c) <u>THE COMPANY</u>	Rs.	Rs.
<u>Cost</u>		
At July 1,	97,893	29,403
Additions	14,915	68,490
At June 30,	112,808	97,893
<u>Depreciation</u>		
At July 1,	8,745	2,767
Charge for the year	10,908	5,978
At June 30,	19,653	8,745
<u>Net Book Value</u>		
At June 30,	Rs. 93,155	89,148

- (d) Depreciation charge of Rs.548,504 (2016: Rs.541,450) for the Group and Rs.10,908 (2016: Rs.5,978) for the Company has been included in administrative expenses.

6. INVESTMENT PROPERTIES	THE GROUP		THE COMPANY	
	2017	2016	2017	2016
	Rs.	Rs.	Rs.	Rs.
At July 1,	126,300,000	119,388,047	94,500,000	90,180,847
Increase in fair value	-	6,911,953	-	4,319,153
At June 30,	126,300,000	126,300,000	94,500,000	94,500,000

- (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 valued every three years by external valuers.

The directors consider the fair value to be not materially different from the valuation carried out in June 2016.

Details of the Group's and the Company's investment properties and information about the fair value hierarchy as at June 30, 2017 are as follows:

	THE GROUP		THE COMPANY	
	Level 2			
	2017	2016	2017	2016
	Rs.	Rs.	Rs.	Rs.
Land	46,607,171	46,607,171	40,207,171	40,207,171
Buildings	79,692,829	79,692,829	54,292,829	54,292,829
Total	126,300,000	126,300,000	94,500,000	94,500,000

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, 2017

7. INTANGIBLE ASSETS	2017 & 2016
	Rs.
<u>THE GROUP</u>	
At July 1, 2016 and June 30, 2017	Rs. <u>2,038,641</u>

Intangible assets represent goodwill arising on acquisition of subsidiary.

8. INVESTMENT IN SUBSIDIARY	2017 & 2016
	Rs.
<u>THE COMPANY</u>	
At July 1, 2016 and June 30, 2017	Rs. <u>4,350,000</u>

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	
				2017	2016
Novus Industrial Properties Ltd (formerly known as 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	
	2017	2016	2017	2016
	Rs.	Rs.	Rs.	Rs.
At July 1,	31,655,045	31,784,602	31,655,045	31,784,602
Fair value gain / (loss)	885,305	(129,557)	885,305	(129,557)
Transfer to non-current assets classified as held for sale (note 13)	(32,540,350)	-	(32,540,350)	-
At June 30,	Rs. -	<u>31,655,045</u>	Rs. -	<u>31,655,045</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).

	<u>2017</u>	<u>2016</u>
	Level 3	Level 3
	Rs.	Rs.
The Group and the Company	Rs. <u>-</u>	<u>31,655,045</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, 2017

10. DEFERRED INCOME TAX

Deferred income tax is calculated on all temporary differences under the liability method at 15% (2016: 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	
	2017	2016	2017	2016
	Rs.	Rs.	Rs.	Rs.
Deferred tax assets	1,192,101	1,409,632	1,192,101	1,409,632
Deferred tax liabilities	(13,973)	(13,372)	(13,973)	(13,372)
Rs.	<u>1,178,128</u>	<u>1,396,260</u>	<u>1,178,128</u>	<u>1,396,260</u>

At the end of the reporting period, the Company had unused tax losses of Rs.7,947,344 (2016: Rs.9,397,547) 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	
	2017	2016	2017	2016
	Rs.	Rs.	Rs.	Rs.
<u>Net deferred tax assets</u>				
At July 1,	1,396,260	1,584,374	1,396,260	1,594,500
Profit or loss charge (note 22(a))	(218,132)	(188,114)	(218,132)	(198,240)
At June 30,	<u>1,178,128</u>	<u>1,396,260</u>	<u>1,178,128</u>	<u>1,396,260</u>

- (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:

<u>Net deferred tax assets</u>	Accelerated capital allowance		
	allowance	Tax losses	Total
	Rs.	Rs.	Rs.
<u>THE GROUP</u>			
At July 1, 2015	(30,208)	1,614,582	1,584,374
Credited/(charged) to statement of profit or loss	16,836	(204,950)	(188,114)
At June 30, 2016	(13,372)	1,409,632	1,396,260
Charged to statement of profit or loss	(601)	(217,531)	(218,132)
At June 30, 2017	Rs. <u>(13,973)</u>	<u>1,192,101</u>	<u>1,178,128</u>
<u>THE COMPANY</u>			
At July 1, 2015	(3,995)	1,598,495	1,594,500
Charged to statement of profit or loss	(9,377)	(188,863)	(198,240)
At June 30, 2016	(13,372)	1,409,632	1,396,260
Charged to statement of profit or loss	(601)	(217,531)	(218,132)
At June 30, 2017	Rs. <u>(13,973)</u>	<u>1,192,101</u>	<u>1,178,128</u>

- (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, 2016)	9,397,547
Tax losses utilised during the year	(1,450,203)
At June 30, 2017	Rs. <u>7,947,344</u>

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2017

11. TRADE AND OTHER RECEIVABLES	THE GROUP		THE COMPANY	
	2017	2016	2017	2016
	Rs.	Rs.	Rs.	Rs.
Trade receivables	643,970	226,069	469,572	50,819
Less provisions for impairment	(174,398)	(174,398)	-	-
Trade debtors - net	469,572	51,671	469,572	50,819
Receivable from subsidiary (Note 24)	-	-	24,713,459	29,375,459
Other receivables	689,118	992,026	530,366	692,616
Dividends receivable	-	1,252,382	-	1,252,382
Rs.	<u>1,158,690</u>	<u>2,296,079</u>	<u>25,713,397</u>	<u>31,371,276</u>

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

As of June 30, 2017, trade receivables of Rs. 174,398 (2016: Rs.174,398) were impaired for the Group and nil (2016: nil) 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	
	2017	2016	2017	2016
	Rs.	Rs.	Rs.	Rs.
3 to 6 months	-	145,332	-	-
Over 6 months	174,398	29,066	-	-
Rs.	<u>174,398</u>	<u>174,398</u>	<u>-</u>	<u>-</u>

As of June 30, 2017, trade receivables of Rs.469,572 (2016: Rs.51,671) for the Group and Rs.469,572 (2016: Rs.50,819) 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	
	2017	2016	2017	2016
	Rs.	Rs.	Rs.	Rs.
3 to 6 months	Rs. 469,572	51,671	469,572	50,819

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	
	2017	2016	2017	2016
	Rs.	Rs.	Rs.	Rs.
Mauritian Rupees	Rs. 1,158,690	2,296,079	25,713,397	31,371,276

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

	THE GROUP		THE COMPANY	
	2017	2016	2017	2016
	Rs.	Rs.	Rs.	Rs.
At July 1,	174,398	29,302	-	29,302
Provision for receivable impairment	-	174,398	-	-
Unused amounts reversed	-	(29,302)	-	(29,302)
At June 30,	Rs. 174,398	174,398	-	-

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2017

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	
	2017	2016	2017	2016
	Rs.	Rs.	Rs.	Rs.
Cash at bank	Rs. 7,502,383	6,412,324	6,342,081	3,169,036

13. NON CURRENT ASSETS CLASSIFIED AS HELD FOR SALE	THE GROUP		THE COMPANY	
	2017	2016	2017	2016
	Rs.	Rs.	Rs.	Rs.
At July 1,	-	-	-	-
Transfer from investment in financial assets at fair value through profit or loss (note 9)	32,540,350	-	32,540,350	-
At June 30,	Rs. 32,540,350	-	32,540,350	-

On June 12, 2017, the Board of Directors approved disposal of its investments in MDA Properties Ltd to ENL Properties Ltd for a consideration of Rs. 32,540,350.

14. SHARE CAPITAL	THE GROUP AND THE COMPANY	
	Number of shares	Amount Rs.
	At July 1, 2016 and June 30, 2017	13,778,700

15. BORROWINGS	THE GROUP		THE COMPANY	
	2017	2016	2017	2016
	Rs.	Rs.	Rs.	Rs.
Non-current bank borrowings	Rs. 35,000,000	35,000,000	35,000,000	35,000,000

(a) The Group's and the Company's borrowings include secured liabilities amounting to Rs.35,000,000 (2016: Rs.35,000,000). The bank borrowings are secured by a floating charge and a fixed charge on the Company's assets comprising of its investment properties (Note 6). The rate of interest on those borrowings is 7.5% per annum (2016: 7.9%).

(b) The exposure of the Group's and the Company's borrowings to interest-rate changes and the contractual repricing dates are as follows:

	1 - 5 years
	Rs.
THE GROUP	
At July 1, 2016 and June 30, 2017	Rs. 35,000,000
THE COMPANY	
At July 1, 2016 and June 30, 2017	Rs. 35,000,000

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2017

15. BORROWINGS (CONT'D)

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

	THE GROUP		THE COMPANY	
	2017	2016	2017	2016
	Rs.	Rs.	Rs.	Rs.
1 - 2 years	35,000,000	-	35,000,000	-
2 - 5 years	-	35,000,000	-	35,000,000
Rs.	<u>35,000,000</u>	<u>35,000,000</u>	<u>35,000,000</u>	<u>35,000,000</u>

(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.

16. TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2017	2016	2017	2016
	Rs.	Rs.	Rs.	Rs.
Deposits on rent	1,546,721	1,536,721	1,311,884	1,301,884
Other payables and accrued expenses	891,006	1,291,833	720,068	1,105,463
Rs.	<u>2,437,727</u>	<u>2,828,554</u>	<u>2,031,952</u>	<u>2,407,347</u>

17. DIVIDENDS

	THE GROUP AND THE COMPANY	
	2017	2016
	Rs.	Rs.
Amounts recognised as distributions to equity holders during the year:		
<u>Unpaid as at June 30.</u>		
Final dividend for the year ended June 30, 2017 of Re.0.20 per share (2016: Re.0.27 per share)	2,755,740	3,720,249
<u>Paid and distributed during the year</u>		
Interim dividend for the year ended June 30, 2017 of Re.0.18 per share (2016: Re.0.17 per share)	2,480,166	2,342,379
Rs.	<u>5,235,906</u>	<u>6,062,628</u>

18. INVESTMENT AND OTHER INCOME

	THE GROUP		THE COMPANY	
	2017	2016	2017	2016
	Rs.	Rs.	Rs.	Rs.
Dividend income	-	1,252,382	-	1,252,382
Interest income	45,169	18,231	45,169	18,231
Other income	39,745	25,687	159,745	145,687
Rs.	<u>84,914</u>	<u>1,296,300</u>	<u>204,914</u>	<u>1,416,300</u>

19. FINANCE COSTS

	THE GROUP		THE COMPANY	
	2017	2016	2017	2016
	Rs.	Rs.	Rs.	Rs.
Interest on bank loans	2,637,274	2,805,178	2,637,274	2,805,178
Rs.	<u>2,637,274</u>	<u>2,805,178</u>	<u>2,637,274</u>	<u>2,805,178</u>

20. GAIN/(LOSS) ON FAIR VALUE MOVEMENTS IN FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	THE GROUP		THE COMPANY	
	2017	2016	2017	2016
	Rs.	Rs.	Rs.	Rs.
Gain/(loss) on fair value movements in financial assets at fair value through profit or loss	885,304	(129,557)	885,304	(129,557)
Rs.	<u>885,304</u>	<u>(129,557)</u>	<u>885,304</u>	<u>(129,557)</u>

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2017

21. PROFIT BEFORE TAXATION	THE GROUP		THE COMPANY	
	2017	2016	2017	2016
Profit before taxation is arrived at after:	Rs.	Rs.	Rs.	Rs.
Crediting:				
Increase in fair value in investment property	-	6,911,953	-	4,319,153
Gain on fair value movements in financial at fair value through profit or loss	885,304	-	885,304	-
and charging :				
Loss on fair value movements in financial at fair value through profit or loss	-	129,557	-	129,557
Depreciation on property, plant and equipment	548,504	541,450	10,908	5,978

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

22. TAXATION	THE GROUP		THE COMPANY	
	2017	2016	2017	2016
	Rs.	Rs.	Rs.	Rs.
(a) Statements of profit or loss and other comprehensive income				
Current tax on the adjusted profit for the year at 15% (2016: 15%)	309,766	261,171	-	-
CSR charge	41,302	34,823	-	-
Deferred tax charge (Note 10(b))	218,132	188,114	218,132	198,240
Tax charge	Rs. 569,200	484,108	218,132	198,240
(b) Statements of financial position				
At July 1,	295,994	205,078	-	143,045
Current tax on the adjusted profit for the year at 15% (2016: 15%)	309,766	261,171	-	-
CSR charge	41,302	34,823	-	-
Tax paid	(295,994)	(205,078)	-	(143,045)
At June 30,	Rs. 351,068	295,994	-	-

(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	
	2017	2016	2017	2016
	Rs.	Rs.	Rs.	Rs.
Profit before taxation	7,191,622	13,425,633	4,980,288	9,286,015
Tax calculated at a rate of 15% (2016: 15%)	1,078,743	2,013,845	747,043	1,392,902
Tax calculated on previous taxable period	-	250,635	-	-
Income not subject to tax	(131,882)	(1,225,736)	(132,796)	(835,730)
Capital allowances	(508,004)	(551,420)	(404,516)	(412,552)
Expenses not deductible for tax purpose	88,439	197,931	7,799	44,243
Utilisation of previously unrecognised tax losses	(217,530)	(424,084)	(217,530)	(188,863)
CSR charge	41,302	34,823	-	-
Deferred tax movement	218,132	188,114	218,132	198,240
Tax charge	Rs. 569,200	484,108	218,132	198,240

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2017

23. EARNINGS PER SHARE

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

	THE GROUP	
	<u>2017</u>	<u>2016</u>
	Rs.	Rs.
Profit attributable to the equity shareholders:	Rs. <u>6,622,422</u>	<u>12,941,525</u>
Number of shares in issue	<u>13,778,700</u>	<u>13,778,700</u>
Earnings per share	Rs. <u>0.48</u>	<u>0.94</u>

24. RELATED PARTY TRANSACTIONS

	<u>Subsidiary</u>
	<u>Rs.</u>
<u>THE COMPANY - 2017</u>	
Amount owed by related party	Rs. <u>24,713,459</u>
<u>THE COMPANY - 2016</u>	
Amount owed by related party	Rs. <u>29,375,459</u>

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

- The amount owed by the related party are unsecured, interest free and settlement occurs in cash.

- There has been no guarantees provided or received for any related party receivables.

- For the year ended June 30, 2017, the company has not recorded any impairment of receivables relating to amounts owed by the related party (2016: Nil). This assessment is undertaken each financial year through the examining the financial position of the related party and the market in which the related party operates.

25. 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	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	Rs.	Rs.	Rs.	Rs.
Net Assets Value	Rs. <u>9.62</u>	<u>9.52</u>	<u>9.07</u>	<u>9.10</u>

26. SEGMENT INFORMATION

The main revenue derived by the Group is from rental of properties. The Board of Directors considers the business as a single reporting segment.

There were no changes in the reportable segment during the year.