Cim group

ANNUAL REPORT

Dear Shareholder,

Your Board of Directors is pleased to present the Annual Report of CIM Financial Services Ltd for the year ended 30 September 2018.

This report was approved by the Board on 26 December 2018.

Colin Taylor
Non-Executive Director and Chairman

Mark van Beuningen
Executive Director and Group Chief Executive Officer

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Helping people **uplift their lives** and **build better futures**

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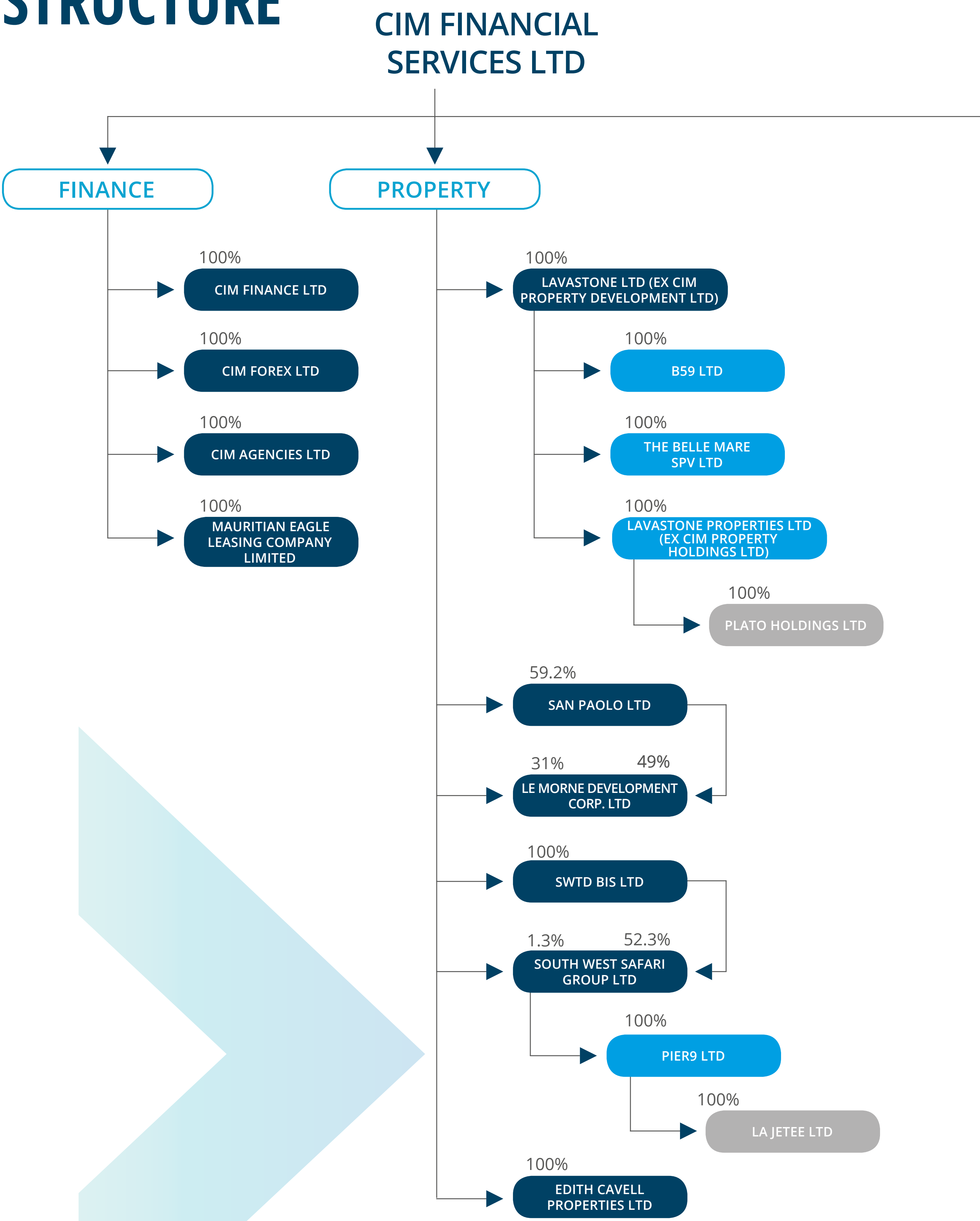
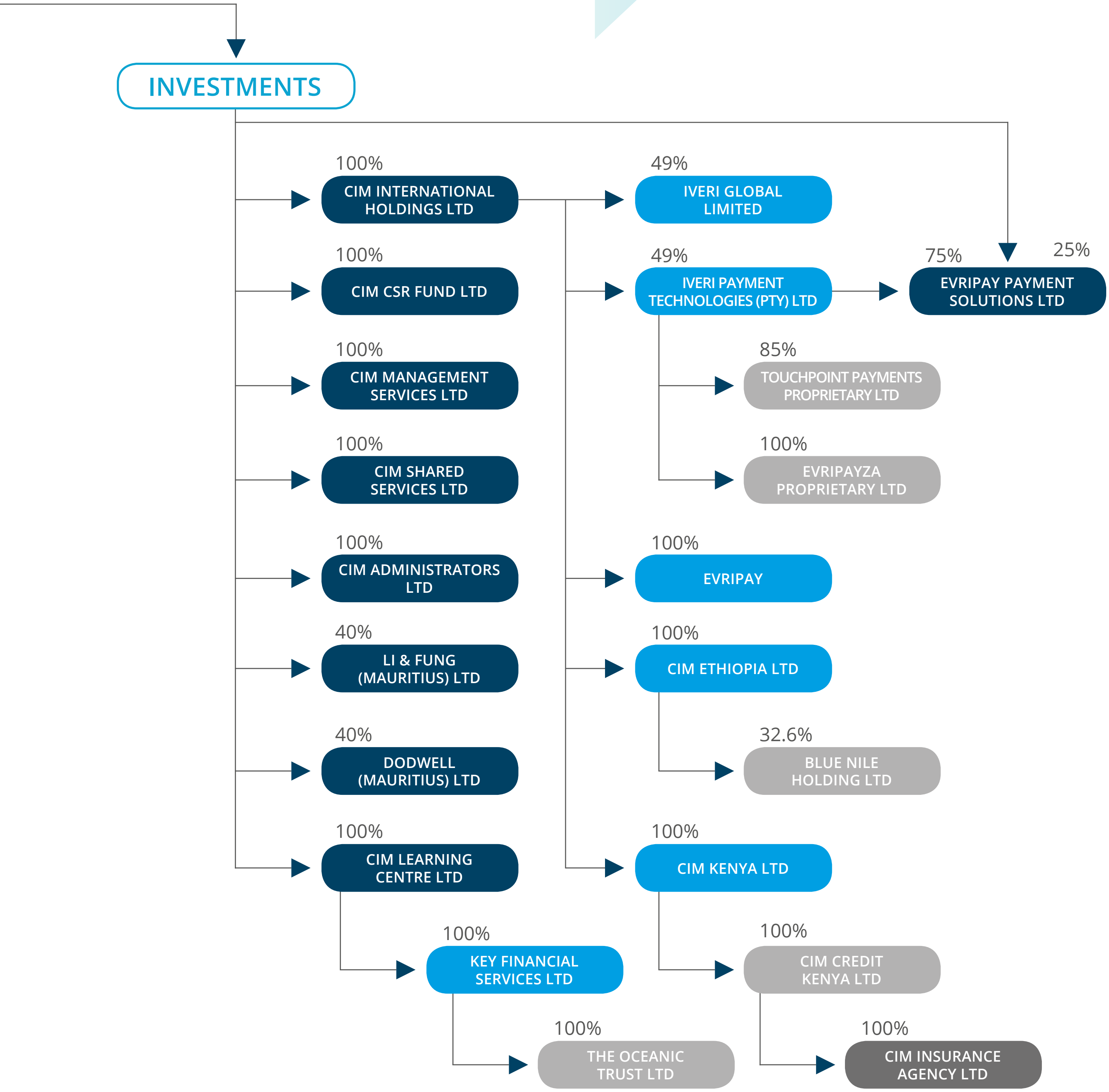
GROUP STRUCTURE



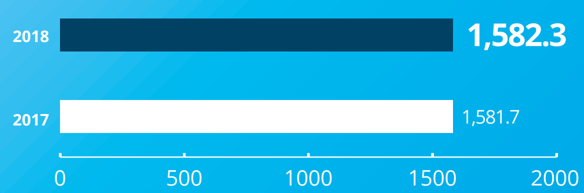

INVESTMENTS
100%
CIM INTERNATIONAL HOLDINGS LTD
100%
CIM CSR FUND LTD
100%
CIM MANAGEMENT SERVICES LTD
100%
CIM SHARED SERVICES LTD
100%
CIM ADMINISTRATORS LTD
40%
LI & FUNG (MAURITIUS) LTD
40%
DODWELL (MAURITIUS) LTD
100%
CIM LEARNING CENTRE LTD
100%
KEY FINANCIAL SERVICES LTD
100%
THE OCEANIC TRUST LTD
49%
IVERI GLOBAL LIMITED
49%
IVERI PAYMENT TECHNOLOGIES (PTY) LTD
75%
25%
EVRIPAY PAYMENT SOLUTIONS LTD
85%
TOUCHPOINT PAYMENTS PROPRIETARY LTD
100%
EVRIPAYZA PROPRIETARY LTD
100%
EVRIPAY
100%
CIM ETHIOPIA LTD
32.6%
BLUE NILE HOLDING LTD
100%
CIM KENYA LTD
100%
CIM CREDIT KENYA LTD
100%
CIM INSURANCE AGENCY LTD

FINANCIAL HIGHLIGHTS

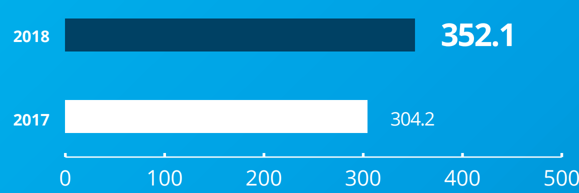
14%
Total Assets

16%
Group PAT before discontinued operations

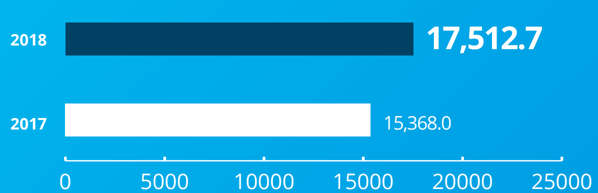
NET OPERATING INCOME (MUR M)



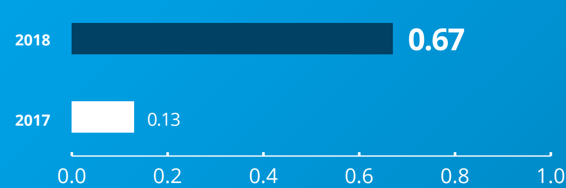
GROUP PROFIT AFTER TAX BEFORE DISCONTINUED OPERATIONS (MUR M)



TOTAL ASSETS (MUR M)



DIVIDEND PER SHARE (MUR)



EPS
MUR **0.52**

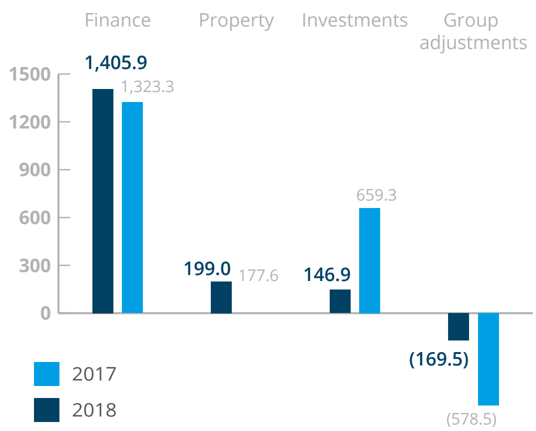
Net asset per share
MUR **9.30**

CONSOLIDATED VALUE ADDED STATEMENT

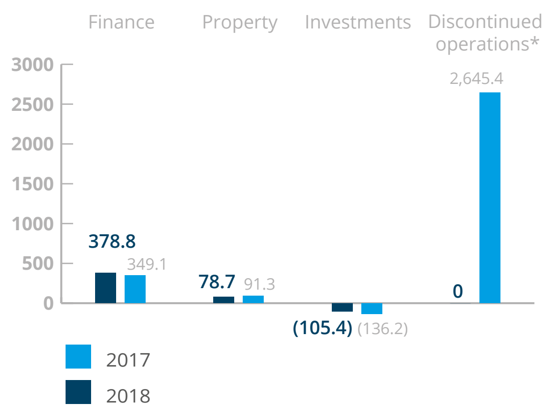
	FY 18 MUR m	%	FY 17 MUR m	%
Income	**1,582**		1,582	
Bought-in materials & services	**(188)**		2,396	
Total Value Added	**1,394**		3,978	
Applied as follows :				
Employees (staff costs)	**485**	**35**	485	12
Government (income tax)	**89**	**6**	107	3
Dividends paid to:				
Shareholders of CIM Financial Services Ltd	**456**	**33**	89	2
Banks & other lenders	**382**	**27**	352	9
Providers of capital	**838**	**60**	441	11
Depreciation	**68**	**5**	68	2
Amortisation	**19**	**1**	16	-
Retained Profit	**(104)**	**(7)**	2,861	72
Reinvested	**(18)**	**(1)**	2,945	74
	1,394	**100**	3,978	100

CONTRIBUTION TO GROUP

NET OPERATING INCOME



PROFIT AFTER TAX



*Discontinued operations

Through our services we have been at the heart of **Mauritian homes for over 30 years.**

CHAIRMAN'S MESSAGE

Dear Shareholder,

I am happy to report that your group has delivered yet another strong performance during the financial year 2017/2018 with a Group PAT of MUR 352.1m before discontinued activities (2017: MUR 304.2m).

COLIN TAYLOR //
Non-Executive Director
and Chairman

Finance Segment

6% Net operating income

9% Profit after tax

Our finance segment registered a growth of 9% and 6% on PAT and net operating income respectively, compared with last year, and the asset book has increased by around 8%. The highlight of the year was the acquisition of Mauritian Eagle Leasing Company Limited from IBL in August 2018. With this acquisition Cim Group is now the number two in the 'Leasing' market, with a book worth approximately MUR 3bn, as compared to MUR 2bn prior to the acquisition.

We have taken steps to strengthen our core consumer finance business and continued to invest in new technology to sustain Cim Finance's growth for the years to come. The Board of Cim Finance Ltd has also welcomed a new Chairman, Mrs Aisha Timol, and two new directors namely Mr Denis Motet and Mr Sebastian Taylor, who together bring with them decades of experience in the banking and financial services sector.

Our property cluster delivered a PAT of MUR 78.7m (2017: MUR 91.3m), a fall of 14% in a year where the cluster was under restructuring. I am pleased to report that we have successfully completed the regrouping of all of the property companies and assets under one roof. At the same time, the property cluster has been rebranded Lavastone Properties, regrouped under the legal entity, Lavastone Ltd (formerly Cim Property Development Ltd). As part of the restructuring, some MUR 778.5m was injected as capital in Lavastone Ltd to strengthen its balance sheet ahead of its ambitious development plans.

The Property team was also busy with several key projects, the most important one being the launch of the '246 Edith Cavell Court' project at Edith Cavell and Chaussée Streets in Port Louis in what promises to be a major milestone for Lavastone Properties. The project, which will be completed by November 2019, will seek to preserve the look and feel of the old buildings while making it a modern attraction inside, giving a new vibe to the neighbourhood.

The listing of Lavastone Ltd on the Development and Enterprise Market ('DEM') was approved on 14 December 2018. Following the dividend in specie declared on the same day, you will hold a share in Lavastone Ltd for each share of CIM Financial Services Ltd that you own with effect as from 17 January 2019.

With our strengthened business and improved capabilities, we are moving more and more towards the digitalisation of our processes. I am pleased to say that we are now operational in Kenya, in a number of shops in Nairobi, under the brand Aspira, using a FinTech model for hire purchase. We are delighted to have appointed David Somen as the Chairman of our Kenyan entity. He has been a member of our Board for some time and he lives in Kenya and is well placed to support us as the business moves forward.

The FinTech proposition we are offering in Kenya is 'people lite' and we would like to roll it out elsewhere, depending on market opportunities.

With regard to our planned activities in Ethiopia, due to the regulatory environment all the shareholders decided that the proposed investment was not viable.

Listing of Lavastone Ltd on the **Development and Enterprise Market**

CHAIRMAN'S MESSAGE

At group level, we have welcomed Mr. Fareed Jaunbocus to the Board, formerly of BDO, who brings a wealth of experience in the consultancy domain in Mauritius and Africa. Last year, we had announced that the Group would be considering whether to apply for a banking licence. I would like to report that after a thorough review, it has been decided not to pursue this avenue as the Board felt the Group could better serve its target market in its current profile.

Looking at the wider backdrop in Mauritius, 50 years on from Independence, I see that there is a 'feel good' factor in the country, with construction booming, road infrastructure being developed, the tourism sector performing well and the economy moving closer to full employment. There are, however, some concerning elements such as the sugar sector, which is important for the socio-economic fabric for the nation, as well as pressure on the textile industry. We will be closely following new innovations in the country, and the National Payment Switch, for example, may offer new opportunities for our cards business.

In terms of the global picture, there are challenges arising from the 'America First' policy being pursued by the current US administration, which may lead other trading blocs such as Asia and Europe to 'work around' this situation. The issues of social unrest and migration are also a concern in several regions of the world.

Looking ahead

In 2019, we are looking forward to relocating our head office to the Manhattan Building in Port Louis and we will continue to focus on our core business of consumer finance, leasing and factoring, and our team will have a strong focus on innovation. We will also look at ways to simplify our group structure to improve efficiency.

When it comes to our regional ambitions, we will be reinforcing our FinTech capabilities in Mauritius and Kenya and increasing our leasing capacity. The way we will deliver our services is to be transformed over the next few years and I am looking forward to the journey.

As regards Lavastone Properties, I am confident that it will chart a new course in its development as a standalone entity following its listing on the DEM supported by an experienced board and management team.

I would like to take this opportunity to pay tribute to Mr Marcel Descroizilles, a fellow director and the chairman of our Risk Management and Audit Committee, who passed away on 28 July 2018. Marcel contributed immensely in these capacities and he is sorely missed.

I would also like to thank you, our shareholders, for the trust that you have placed in us in steering the Group. My thanks also go to our valued customers for their loyalty, to employees for their commitment and to my fellow directors for their support.

COLIN TAYLOR
Chairman

DIRECTORS' AND SENIOR EXECUTIVES' PROFILES

DIRECTORS' PROFILES

COLIN TAYLOR
Non-Executive Director and Chairman

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

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

He is the Honorary Consul of Sweden in Mauritius.

Directorship in other listed companies: none

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

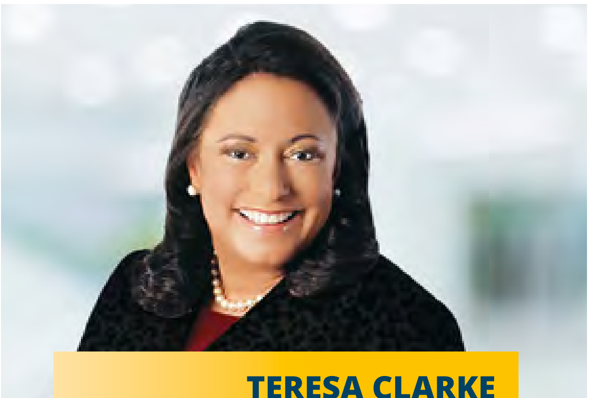
Prior to joining the Cim Group, Mark worked for the Boston Consulting Group (BCG) in Sydney for two years and then in Johannesburg for four years. Before that, he worked at Macquarie Funds Group in Sydney and as Audit Manager for KPMG Financial Services Assurance in Cape Town.

Mark holds a Bachelor of Business Science (Hons) in Finance and Accounts from the University of Cape Town and an MBA from the Australian Graduate School of Management. Mark qualified as a Chartered Financial Analyst in 2007 and as a Chartered Accountant (SA) in 2005.

Mark is also the Acting Managing Director of Cim Finance Ltd and is a member of the Group's Corporate Governance Committee.

Directorship in other listed companies: none.

MARK VAN BEUNINGEN
Executive Director, Group CEO & Acting Managing Director of Cim Finance Ltd



TERESA CLARKE
Independent Director

Teresa Clarke is the Chair and CEO of Africa.com, a digital media holding company that includes a digital ad network, and iAfrica.com, the oldest news portal in South Africa. She earned three degrees from Harvard University: B.A. in economics (cum laude), MBA and JD. She serves on the board of Change Financial (a publicly traded fintech company in Australia).

Her non-profit activities include the West African Board of the Rhodes Scholarship, the Student Sponsorship Programme of South Africa (chair), and Friends of the Legal Resources Centre (chair). She is also a member of the Council on Foreign Relations. Teresa serves on the Group's Corporate Governance Committee.

Directorship in other listed companies: none.

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

He was until December 2014 the Chairperson of Enterprise Mauritius. He is an Honorary Fellow of the Institute of Engineers in Mauritius as well as a Fellow of the Mauritius Institute of Directors. He is a former Member of Parliament in Mauritius, and a former Minister. He also served as Mayor of the town of Curepipe.

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

Amédée is the Chairman of the Group's Risk Management and Audit Committee.

Directorship in other listed companies: Alteo Limited.

LOUIS AMEDEE DARGA
Independent Director

DIRECTORS' PROFILES

FAREED JAUNBOCUS
Independent Director

Fareed is a Chartered Certified Accountant and is currently the CEO of Strategos Ltd, a Mauritian-based Management Consulting firm.

As the Partner heading the Strategic Consulting Services of De Chazal Du Mee/Arthur Andersen/ BDO (Chartered Accountants) where he worked for some thirty years, Fareed has developed a unique breadth of experience in Management and Project Consulting assignments and Capacity Building. He has a recognised track record of high delivery across various sectors and countries. He has carried out assignments in some fifty countries worldwide, from the USA to China, from Europe to South Africa. The nature of the diversity of the projects and assignments undertaken by Fareed results in a pool of highly diversified skills and experiences that allows him to take a value-adding perspective in all assignments and organisations.

Over and above blue chip companies, the private and public sectors, as well as Governments, Fareed is also an accredited services provider to a host of commissioning agencies and international donors including: the African Development Bank, the PTA Bank, the World Bank group, the European Union, the Southern African Development Community (SADC), the Common Market for Eastern and Southern Africa (COMESA), the Indian Ocean Commission (COI), the United States Agency for International Development, the UNDP and other UN agencies.

He has also been and is a Director on several Boards, including the United Nations Advisory Board in New York.

He is also a member of the RMAC of CIM Financial Services Ltd.

Directorship in other listed companies: none.

David Somen holds a Law Degree from Oxford University and an MBA from Harvard Business School. He is the co-founder and Managing Director of Virtual IT Limited, a UK IT managed services provider, and is also the co-founder and Chairman of Eldama Technologies Limited, one of Kenya's leading cloud and IT services providers.

Prior to Eldama and Virtual IT, David was the co-founder and Executive Deputy Chairman of AccessKenya Group, Kenya's leading corporate Internet Services Provider, which was listed on the Nairobi Stock Exchange and later sold to Dimension Data Group, and the co-founder and CEO of the LCR Telecom Group, which was sold to NASDAQ-listed PRIMUS Telecommunications in 2000. He also has several years' work experience in London and Hong Kong for McKinsey & Co. David is currently the Chairman of the Group's Corporate Governance Committee.

Directorship in other listed companies: none.

DAVID SOMEN
Independent Director

PHILIP TAYLOR
Non-Executive Director

Philip Taylor graduated from the University of Surrey in 1989 after reading Hotel Management.

After completing an MBA in England in 1994, Philip moved back with the Rogers Group in Mauritius, and headed the Rogers Group's diversified international development. In 2004, Philip left Rogers to set up his own businesses with a focus on the Indian Ocean Islands and Africa.

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

Philip is the Honorary Consul of Finland in Mauritius. Philip is a member of the Group's Corporate Governance Committee.

Directorship in other listed companies: none.

MATTHEW TAYLOR
Non-Executive Director

Matthew Taylor holds a BSc (Hons) in Retail Management from the University of Surrey.

He joined Rogers in 2000 as a Project Manager in the Planning and Development Department. He was the Executive Director Retail of Scott & Co from 2007 to January 2013 and is currently the firm's CEO.

He is also a member of the RMAC of CIM Financial Services Ltd.

Directorship in other listed companies: none.

TIMOTHY TAYLOR
Non-Executive Director

Timothy Taylor holds a BA (Hons) in Industrial Economics from Nottingham University.

He worked in the United Kingdom until 1972 when he returned to Mauritius and joined Rogers & Co. He became Chief Executive of Rogers in 1999, retiring in December 2006. He was then Non-Executive Chairman of Rogers from 2007 to October 2012.

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

Tim is a member of the Group's Corporate Governance Committee.

Directorship in other listed companies: Vivo Energy Mauritius Ltd

IN MEMORIAM

The Board was saddened to lose one of its directors, Mr Marcel Descroizilles, who passed away on 28 July 2018.

Marcel was a Fellow of the Institute of Chartered Accountants in England and Wales. Between 1976 and 1996, he was Finance Manager of a number of Shell Group companies. From 1996, he was Managing Director of Esso Mauritius, until his retirement in December 2005.

He served as director of CIM Financial Services Ltd since its listing on the Stock Exchange of Mauritius in 2012 and also served as Chairman of the Risk Management and Audit Committee since then. He was a fiercely independent director and a man of the highest integrity who was not shy of making his views heard when he felt it was necessary. His business expertise was highly valued by the Board.

He was one of those who could 'walk with kings' but not 'lose the common touch'.

In him we bid farewell to a towering figure who retained the affection and respect of his many friends. The Board extends its deepest sympathies and sincere condolences to Marcel's family and friends.

SENIOR EXECUTIVES' PROFILES

AUDREY LO FONG
Group Finance Manager

Audrey is a Fellow member of the Association of Chartered Certified Accountants (FCCA). Her membership extends to the Mauritius Institute of Professional Accountants, Mauritius.

She joined the Cim Group in 2012 as Corporate Finance Manager and subsequently became the Cim Group Finance Manager in May 2017.

Prior to joining the Cim Group, Audrey worked for Rogers & Co Ltd for more than 24 years. During that period, she has worked in the Finance department of Rogers Aviation for more than 9 years, after which she moved to the Rogers Corporate office in the Finance department and the Risk and Audit department.

AMBRISH MAHARAHAJE
Head of Corporate Affairs

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

Prior to joining the Cim Group, Ambrish worked at the Mauritius Institute of Directors as Executive Secretary and at Rogers and Company Limited as Corporate Manager, Legal Compliance. Ambrish heads Cim Group's Corporate Affairs function which comprises of Communications & Investor Relations and Company Secretarial services.

NICOLAS VAUDIN
Managing Director, Lavastone Properties Ltd

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

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

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

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

GROUP CEO'S OUTLOOK

Group Review

Cim Group has had a very satisfactory year financially. While the Group operating income was inline with the financial year 2017 at MUR 1.6bn, profit from continuing operations increased by 16% to MUR 352.1m.

This year was a year of consolidation and focus. We undertook a comprehensive strategic review of the Group's businesses and future outlook. The decision to sell Cim Global in 2017 was made with the recognition of the consolidation internationally in the Global Business sector and the decision to focus our development plans on our financial services and property businesses.

At a Group level, we feel that separately listing our financial services and property businesses will create two better focused groups – CIM Financial Services Ltd ("Cim") for financial services and Lavastone Ltd for property investments.

With Lavastone Ltd operating as a fully independent company, it shall also be able to better execute its strategic plan through a more focused management team and its board of directors. This also provides current and future shareholders with an opportunity to benefit from growth prospects in the real estate sector.

At a Group level, we also made the decision not to pursue a banking opportunity. We decided that Cim will focus on the development of its core consumer finance business in Mauritius and the region, as well as strengthening our leasing, credit card and factoring propositions. We feel that Cim Finance Ltd has a unique positioning in the market, in particular in consumer finance where we provide access to finance to more than 250,000 Mauritian clients.

During the course of the year we made the decision, along with our co-investors, to exit the Ethiopian leasing business First Capital Goods Financing (FCGF). Unfortunately, regulatory requirements imposed as licensing conditions meant that the investment was no longer attractive.

We have invested a significant amount of management time and investment into strengthening our core Mauritian business.

We acquired Mauritian Eagle Leasing Company Limited (MELCO) during the year from IBL Group. Cim Finance Ltd is one of the largest leasing companies on the island and we felt that MELCO's leasing portfolio client base and capabilities of the team complemented those of Cim Finance Ltd.

We have also focused some of our investment in technology in Cim Finance Ltd over the last year and will continue to do so going forward.

We have implemented an enterprise data warehouse (EDW) that will enable us to get a 360-degree view of our customers. We have started the journey of driving advanced analytics off the EDW that is enabling us to obtain real-time insights across different areas of our business that will enable management to make better and quicker business decisions.

We have also automated a number of our core lending processes that now enables straight through processing of the loan application and approval process within a few minutes. Cim Finance Ltd processes over 500,000 small ticket size loans each year, therefore optimising the efficiency of our lending processes leads to significant improvements in turnaround time and customer satisfaction.

We have piloted and are looking to launch a digital platform for our retail merchant partners that will enable a more efficient and customer centric process for the over 600 merchants where we do not have a point of sale process. In the new financial year we will also look to roll out an app to our customers, as we have done in Kenya.

We have commenced operations of our fintech hire purchase business in Kenya. We engaged a technology partner to support us in deploying a fintech-enabled business model leveraging upon Kenya's unique mobile digital ecosystem and high consumer awareness of mobile phone app-based lending platforms. We are now partnering with a number of established consumer electronic and furniture retail players in Kenya, as we do in Mauritius, and looking to further expand our retail partner footprint. We have piloted the technology and business model for the second half of FY18 in Kenya and will now look to scale the business up in the new financial year. Though conditions are certainly more challenging in Kenya than Mauritius we are very excited about the opportunity the Kenyan market provides for our consumer finance business.

Looking ahead

Our performance in 2018 has been very encouraging. As highlighted, we are looking to continue investing significantly in our core businesses in Mauritius and potentially to diversify outside of that within the Mauritian market.

We are also looking to diversify regionally into Kenyan businesses where we feel we have core capabilities and strengths, namely in consumer finance for the time being and potentially leasing in the future.

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

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

MARK VAN BEUNINGEN
Executive Director and
Group CEO

Profit from continuing operations

16%

TO MUR
352.1m

MARK VAN BEUNINGEN //
Executive Director and
Group CEO

BUSINESS REVIEW CIM FINANCE

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

Cim Finance and Cim Agencies recorded impressive growth during financial year 2018 (FY18). Revenue grew 7% from MUR 1.25bn in FY17 to MUR 1.34bn in FY18, with profit after tax increasing by 8% from MUR 345m to MUR 372m.

Cim Finance's total loan disbursements for the year grew by 5% to MUR 9.5bn. In total Cim Finance's balance sheet loan portfolio grew by an impressive 11% from MUR 9.4bn to MUR 10.4bn as at end September 2018.

Business unit reviews

Cim Finance Ltd has four main business units: Consumer Finance, Leasing, Cards & Payments and Factoring.

Consumer Finance

Cim Finance Ltd started its Consumer Finance activities with the launch of its hire purchase product in 1987. As highlighted in last year's review, the significantly reduced hire purchase rate to 12% from 19% since 2015 adversely distorted loan pricing at the lower end of the mass market. This rate is significantly below unsecured personal loans as well as credit card borrowing rates. Since 2016 we moved away from offering finance via HP contracts and opted to finance retail point-of-sale (POS) purchases via Credit Finance Agreements (CFA) to enable our clients to finance their purchase of consumer electronic goods and furniture.

Despite the market entry of a new competitor, the Consumer Finance business unit has grown from strength to strength with total loan disbursements growing by 7% from MUR 5.5 billion to MUR 5.9 billion. Cim Finance's CFA loan portfolio remains the largest part of the business, comprising close to 50% of the value of the company's total asset book.

Our unsecured lending product, Cim MoCredit, has now been on the market for three years. Our customers use Cim MoCredit to finance their needs beyond retail financing requirements for life needs such as renovations, weddings and funerals. This is a 4-year loan product vs. the average loan tenure for CFA of 2 years. We have been cautious in not growing the unsecured loan portfolio too quickly given the typically higher risk of unsecured loans and longer duration of the product. The unsecured loan portfolio now represents 20% of the value of the company's total asset book.

Cim Finance's retail point-of-sale model for its Consumer Finance business unit is a key strength from which we originate customer loans and facilitate monthly instalment repayments. In-store counters grew from 84 at the end of FY17 to 85 at the end of FY18 and we also added two standalone branches in Vacoas and Goodlands to our existing four branches to enable better customer service. The number of unique individual clients grew from 233,000 at the end of FY17 to 235,728 at the end of FY18.

Leasing

Cim Finance Ltd was one of the pioneers in the Mauritian leasing market, starting leasing operations in 1996. Cim Finance Ltd has grown its leasing book at a compound annual growth rate over the last 5 years of close to 10% per annum – approximately 50% higher growth than the average for the rest of the market combined. We consider leasing to be one of Cim Finance's core businesses and will look to continue investing into the business.

As mentioned in the Group CEO's report, we acquired Mauritian Eagle Leasing Company Limited (MELCO) during the year. The acquisition of MELCO's leasing book takes Cim Group to second position in terms of market share in Mauritius. Cim Finance Ltd leasing has traditionally been very strong in the second hand and reconditioned car market as well as with SME clients. The acquisition will help us to diversify our portfolio into larger corporates and the new car market, as well as strengthening our position in the operating lease market.

Cards & Payments

Cim Finance Ltd was the first non-bank financial institution (NBFI) in sub-Saharan Africa to receive MasterCard accreditation in 2005 and we started issuing credit cards shortly thereafter. In 2008 we started debit and credit card acquiring activities. In 2010 we received Visa accreditation and started credit and debit card acquiring for Visa, and in 2011 launched Visa credit cards.

Cim Finance Ltd now has a base of 63,291 credit card accounts in issue in Mauritius. Cim Finance Ltd has a market share in Mauritius of approximately 20% for both the number of cards in issue as well as the value of outstanding balances. The majority of Cim Finance cards in issue are to its core mass-market customer base, therefore market share of issuing turnover is lower at approximately 5-10%.

Card issuing is Cim Finance's only revolving credit product and the platform for our highest risk-adjusted margin lending business. We believe that enhancing our payments capabilities and proposition is essential to compete in the Mauritian market going forward, especially with the advent of the National Payment Switch (NPS).

The Cards & Payments team is actively engaging with the Bank of Mauritius on the implications of the National Payments System Act that was passed in Parliament on 21 November 2018 to ensure that as a company Cim Finance Ltd is well positioned to take advantage of the benefits of the NPS and Instant Payment System, that are regulated by the Act.

In order to enhance our cards value proposition to our clients we have decided to outsource the processing of our credit card and POS transactions to MCB Group's subsidiary ICPS. ICPS has supported MCB's card business integration to the National Payment Switch, which will enable Cim Finance's cards business to integrate seamlessly as well.

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

Factoring

Cim Finance Ltd was also a pioneer in Factoring in Mauritius, launching its factoring business in 2004 offering recourse factoring to its domestic customers and launching its non-recourse product in 2006.

We have a new senior sales and operations team in place with a lot of experience in Factoring in the Mauritian market, as well as being certified by Factor Chain International. The Factoring team provides Cim Finance customers with solutions that help to access the working capital needed to support their business growth by: financing of up to 90% of invoice values; complete sales ledger administration and collection; as well as credit insurance cover of debtors.

Cim Finance's credit insurer is Coface, headquartered in Paris. Coface has over 4,000 employees in 100 countries. We work closely with Coface, with Coface helping Cim Finance Ltd to anticipate and evaluate the risks of debtors covered by Coface's credit insurance so that we can make the right business decisions.

We have recently installed a state of the art system from HPD called Aquarius, which is a significant enhancement from the legacy factoring system we were using. In addition to the benefits we get internally from the new system, our customers have full visibility of their factored accounts through a live interface with Aquarius via an app installed onto their mobile phone, tablet or PC.

A big milestone for the team was that Cim Finance was accepted as a member of Factor Chain International (FCI), headquartered in Amsterdam, in August 2018. This will enable Cim Finance Ltd to launch import and export factoring in the near future as well as to leverage FCI's global network of members and affiliates.

There was significant growth of 30% in factoring disbursements in FY18 vs. FY17 and, with all the enhancements we have driven in the factoring business, we are looking forward to continued strong growth in FY19.

Outlook

As discussed in the Group CEO's review, we have invested a lot in: our data infrastructure and analytics; enhancement of our credit scorecards; core process review and automation of select lending processes; and we also initiated a pilot digital project with our merchants.

Over the next financial year, we will continue to invest in our Mauritian core businesses, in particular our consumer finance business. We will aim to continue rolling out advanced analytics off the platform of our new enterprise data warehouse; invest significantly in our core systems; as well as to digitise our customer-facing and back-office operations, leveraging the technology and capabilities we have deployed in Kenya. There is still a lot we can do to enhance the key customer journeys and experience, as well as to ensure that we improve the productivity and efficiency of our operations.

BUSINESS REVIEW
LAVASTONE PROPERTIES

The Property cluster recorded a PAT of MUR 78.7 million (2017: MUR91.3 million).

Gross operating income increased to MUR 214.6m (2017: MUR 193.5m), this includes a fair value gain of MUR 29.6m (2017: MUR 48.2m).

Operationally, continued high levels of occupancy, strong lease covenants and control of operational expenses sustain the quality of the group's cash flows. Staff costs have increased in line with increase in head count to cater for the projected growth of the group. This was partly mitigated by additional income from rental of newly acquired parking lots and rent escalation across the investment property portfolio.

The restructuring of the Property cluster which started in the year under review with the regrouping of all property companies under one roof, to culminate with the listing of Lavastone Ltd (formerly Cim Property Development Ltd) on the Development and Enterprise Market effective on 28 December 2018. In this regard, and, to create a distinctive brand, the name of Cim Property Development Ltd has been changed to Lavastone Ltd and the group will trade under the Lavastone Properties brand. Once the dividend in specie of the shares of Lavastone Ltd as declared by CIM Financial Services Ltd is processed on 17 January 2019, Lavastone Ltd will operate as an entity independent from CIM Financial Services Ltd.

Year under review

As reported last year, Lavastone Properties was engaged in a number of projects with the aim to improve the return on its yielding and non-yielding assets.

We are pleased to report that the redevelopment of the Edith Cavell site in Port Louis was started in July 2018. The project was branded "246 Edith Cavell Court" taking inspiration from the street address of the title deeds forming the property. The property is being marketed as a Grade A office building with a number of high street retail outlets and a courtyard dedicated to Food & Beverage Outlets as well as culture and entertainment. It aims to be the epitome of the 'Work and Play' concept and contribute to the regeneration of Port Louis. 246 Edith Cavell Court is expected to be completed by November 2019. As part of the 246 Edith Cavell Court project, the La Chausée Building was renovated and now host Galaxy since May 2018.

We continue to pay close attention to the needs of our tenants and provide real estate solutions that are aligned to our tenant's business strategies. As such, we initiated upgrading works at the St Georges and Manhattan Buildings in Port Louis in March and August 2018 respectively. The project includes an increase in leased floor area and the upgrading and modernising of the work environment for Cim Finance employees. It also allows the integration of a corporate floor to accommodate the 'Head Office' of the Cim Group as from February 2019. The renovation works at St Georges were completed in July 2018 and the building is fully occupied since then. To cope with the growth in the business of Scott and Co Ltd at Riche Terre, we launched the extension of the warehouse facilities previously leased to Sebna Limited in September 2018 and completed the works in December 2018 allowing the company to generate more revenues from its activities at Riche Terre.

Our projects to develop our unyielding/low yielding assets owned by our subsidiary South West Safari Group Ltd in the south west of the Island have progressed satisfactorily with a first letter of intent for a Morcellement at La Gaulette/Case Noyale. Having secured enough interest from prospective buyers, the company will start the associated infrastructure works for the 11 plots found within this first Morcellement. South West Safari Group is awaiting the Environment Impact Assessment ("EIA") permit to complete its application for two other Morcellements of 84 and 47 lots respectively. The company also sold some 125A of land in Chamarel which generated MUR 19.5 m exceptional profit for the company.

Outlook

With regards to the leasehold land that we hold in Belle Mare, we initiated a hospitality project on the site and have lodged an EIA application in this respect. At the same time, we have entered into a long term agreement with Attitude Hospitality Ltd for the management of the facility.

Having secured good interest from prospective tenants, our mixed-use light industrial building with some 7,100 sqm of leasable space at Riche Terre is set to start in early 2019 subject to obtaining the relevant local authority permits and clearances. The project is expected to be completed in December 2019 and will benefit from the construction of a slip lane that will allow direct access from/to the M2 Motorway.

As from 17 January 2019, Lavastone Ltd will be a standalone entity with its dedicated board and management team. We are confident that this new chapter will bring new opportunities for Lavastone Properties and will provide current and future shareholders with an opportunity to tap into growth prospects in the real estate sector.

The management team will continue to work on the development of the non/low yielding assets of the group and will look at other investment opportunities to sustain the growth of the group.

On the back of the existing projects undertaken by the group and the pipelines of opportunities being considered, Lavastone Properties is expected to deliver a solid performance in 2019.

We see the world through our **customers' eyes**.

CORPORATE GOVERNANCE REPORT

1. COMPLIANCE STATEMENT

CIM Financial Services Ltd ('CFSL' or the 'Company') is classified as a public interest entity under the Financial Reporting Act and is listed on The Stock Exchange of Mauritius. It is required to adopt and report on its corporate governance practices in accordance with the National Code of Corporate Governance (2016) (the 'Code').

2. GOVERNANCE STRUCTURE

2.1. The Board

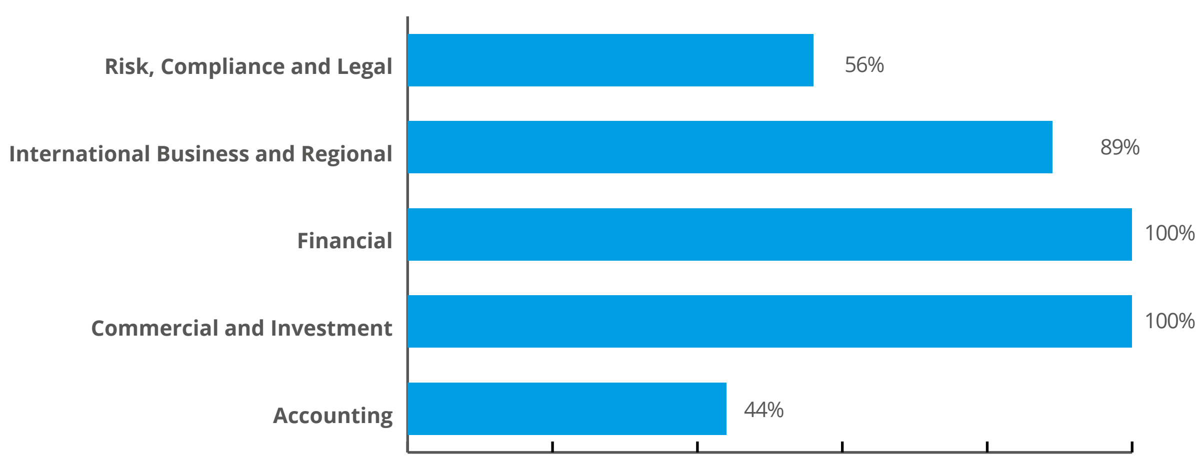
During the year under review, the Company was headed by a unitary Board, comprised of nine members under the chairmanship of Mr. Colin Taylor. The status of each director is set out in the table on page 28.

The Board assumes responsibility for leading and controlling the organisation and meeting all legal and regulatory requirements.

The profiles and the full directorship lists of the members of the Board are set out on pages 12 to 15 of the Annual Report. Except for Mr David Somen and Ms Teresa Clarke, all the directors reside in Mauritius.

After having considered its responsibilities, the Group's committee structure, the level of maturity of the business as well as the need to maintain a manageable group, the Board has determined that its ideal size is at least 5 directors and not more than 12 directors. The Board is also of the view that there is an adequate balance between independent and non-executive directors on the Board and that the Board members have the necessary skills to discharge their respective duties and responsibilities effectively. To further improve Board deliberations, the Board will consider the proposed appointment of an additional executive director. In terms of diversity, and although there is already one female director on the Board, the Board will continue to strive to improve its gender balance with the appointment of further female directors.

The skills set of the members of the Board is set out in the chart below.



The Board has approved the following documents in accordance with requirements of the Code:
- Organisational chart (https://www.cim.mu/governance-cfsl.html)
- Statement of accountabilities (https://www.cim.mu/governance-cfsl.html)
- Position statement of Chairman and Company Secretary (https://www.cim.mu/governance-cfsl.html)
- Code of Ethics: The Board will regularly monitor and evaluate compliance with the Code of Ethics (https://www.cim.mu/governance-cfsl.html)

The Group has also adopted a Whistleblowing policy which provides a channel of effective communication of concerns to encourage the disclosure of whistleblowing matters of which they become aware and to provide protection for those who report allegations. It further outlines the process on how reported concerns will be handled and investigated. The policy is available on the website of Cim Group (https://www.cim.mu/governance-cfsl.html).

With regard to the adoption of a board charter, the Board is of the view that the company's constitution, existing legislative acts, rules and regulations already cover matters usually set out in a board charter and that there is therefore no need to adopt a board charter at this stage.

2.2. Board committees

In line with the Code, the Board has set up a Corporate Governance Committee (CGC), and a Risk Management and Audit Committee (RMAC) to assist it in the discharge of its duties.

The CGC oversees all governance issues relating to the business activities of the Company and all of its subsidiaries. The CGC is composed of two independent directors namely Mr. David Somen (Chairman) and Ms Teresa Clarke, two non-executive directors namely Mr. Tim Taylor and Mr. Philip Taylor and one executive director namely Mr. Mark van Beuningen.

The RMAC oversees the risk and audit-related issues of the Company and its subsidiaries. The RMAC is composed of two independent directors namely Mr. Amédée Darga (Chairman) and Mr. Fareed Jaunbocus and one non-executive director namely Mr. Matthew Taylor. All the members of RMAC are financially literate with Mr. Fareed Jaunbocus being a Chartered Accountant. Due to the specificity of the credit management sectors, and in keeping with regulatory requirements, a dedicated Audit Committee and a Risk Management Committee were constituted at the level of Cim Finance Ltd.

The Board has also set up the Board Investment Committee (BIC) which assists the Board of CFSL in making investment and/or acquisition decisions within the mandate of the Committee. The BIC is composed of two non-executive directors namely Mr. Colin Taylor (Chairman) and Mr. Tim Taylor, one executive director namely Mr. Mark van Beuningen and one independent director namely Mr Amédée Darga.

The terms of reference of these committees, which have been approved by the Board, are available on the website of Cim Group (https://www.cim.mu/governance-cfsl.html). These charters are reviewed on an annual basis by each committee and any proposed amendments are submitted to the Board for approval.

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

CORPORATE GOVERNANCE REPORT

Directors' attendance at Board and committee meetings as well as their remuneration during the financial year ended 30 September 2018 was as follows:

	Status	Attendance				Interests		Remuneration
		Board meetings	CGC	RMAC	BIC	Direct %	Indirect %	MUR
TAYLOR, Colin	Chairman and Non-Executive Director	7/7	n/a	n/a	1/1	0.0416	3.49	1,180,000.00
CLARKE, Teresa Hillary	Independent Director	7/7	7/7	n/a	n/a	nil	nil	680,000.00
DARGA, Amédée[1]	Independent Director	7/7	n/a	5/6	1/1	0.0013	nil	670,000.00
DESCROIZILLES, Marcel[2]	Independent Director	6/6	n/a	5/5	n/a	0.0257	nil	770,000.00
JAUNBOCUS Fareedooddeen[3]	Independent Director	2/2	n/a	1/1	n/a	nil	nil	240,000.00
SOMEN, David	Independent Director	7/7	7/7	n/a	n/a	nil	nil	1,048,900.00
TAYLOR, Matthew	Non-Executive Director	7/7	n/a	6/6	n/a	0.0059	1.19	660,000.00
TAYLOR, Philip	Non-Executive Director	7/7	6/7	n/a	n/a	nil	3.49	670,000.00
TAYLOR, Timothy	Non-Executive Director	7/7	7/7	n/a	1/1	0.4108	9.96	690,000.00
VAN BEUNINGEN, Mark	Executive Director and Group CEO	7/7	7/7	n/a	1/1	nil	nil	16,080,256.00

1 Mr Amédée Darga was appointed as the interim chairman of the RMAC on 01 August 2018

2 Mr Marcel Descroizilles passed away on 28 July 2018

3 Mr Fareedooddeen Jaunbocus (also known as Fareed) was appointed as director and member of the RMAC on 06 April 2018 and 01 August 2018 respectively.

2.3. Appointment

The Board assumes the responsibilities for succession planning and for the appointment of new directors to the Board. The process for the appointment of directors is available on the website of the Company (https://www.cim.mu/governance-cfsl.html).

During the year under review, the Corporate Governance Committee of the Company, acting in its capacity as Nomination Committee, recommended to the Board the appointment of Mr Fareedooddeen Jaunbocus as additional director of the Company.

All directors will stand for re-election at the Annual Meeting of Shareholders of the Company scheduled in February 2019.

2.4. Induction and Orientation

The Board is responsible for the induction of new directors to the Board.

Upon his appointment, Mr Fareed Jaunbocus received an induction pack from the Company Secretary and had a briefing session with the Chief Executive Officer.

2.5. Professional Development

The Board reviews the professional development needs of directors during the Board evaluation process and directors are encouraged to develop their skills and expertise continuously. They also receive regular updates on the latest trends and legislative acts affecting the business from management and/or other industry experts.

2.6. Board access to information and advice

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

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

2.7. Directors' duties, remuneration and performance

The directors are aware of their legal duties and may seek independent professional or legal advice, at the expense of the Company, in respect of any aspect of their duties and responsibilities.

2.8. Interests of directors and conflicts of interest

All directors, including the Chairman, declare their direct and indirect interests in the shares of the Company as well as their interests in any transaction undertaken by the Company which is recorded in an interest register maintained by the Company Secretary. They also follow the Model Code for Securities Transactions as detailed in Appendix 6 of the Stock Exchange of Mauritius Listing Rules whenever they deal in the shares of the Company.

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

Name of directors	Number of shares acquired
Colin Taylor	183,300

The Code of Ethics of the Group also set out instances which could lead to a conflict of interest and the procedure for dealing with such potential conflicts.

2.9. Information, information technology (IT) and information security policy

With the coming into force of the Data Protection Act 2017 in January 2018, the Group is reinforcing the safety and security measures in place to protect the data it collects, stores and processes.

The Group has also adopted the various IT related policies implemented at the level of Cim Finance Ltd (as disclosed on the website https://www.cim.mu/governance-cim-finance-ltd.html) to ensure that IT controls and security as well as data protection are properly managed. The Risk Management Committee of the Group and the Audit Committee and Risk Management Committee of Cim Finance Ltd receive regular updates on the IT related risk and the IT related internal audit assessments are carried out by the internal audit team.

2.10. Board performance review

The Board had resolved that the peer review of the Board directors and a review of the performance of the Board and its committees would be carried out every two years and the next evaluation is due in financial year 2018/19.

2.11. Directors' remuneration

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

CORPORATE GOVERNANCE REPORT

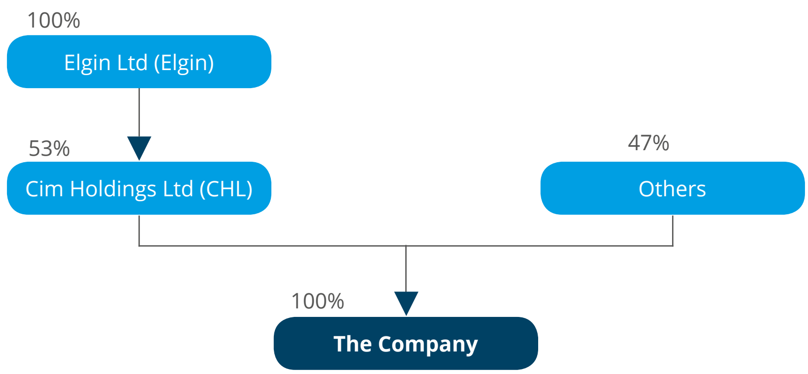
The remuneration of non-executive directors consists of a mix of attendance and retainer fees.

The remuneration of the executive and non-executive directors is reviewed and recommended for approval to the Board on an annual basis by the Corporate Governance Committee. The non-executive directors are not paid any performance bonuses and there are no long term incentive plans in force within the Group.

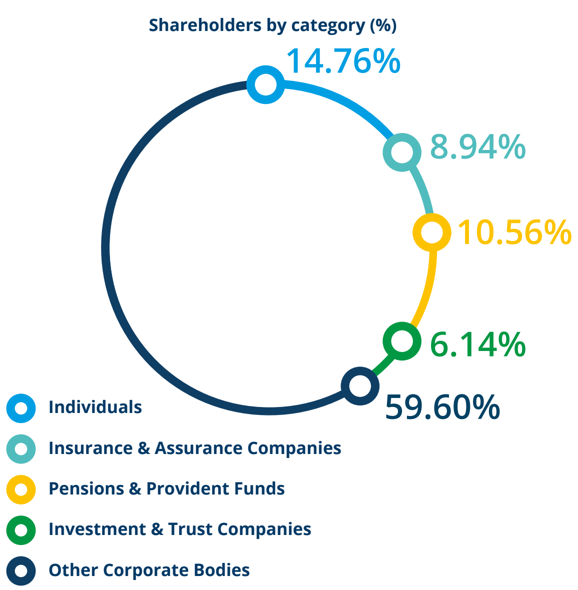
The remuneration paid to executive and non-executive directors and/or committee members is set out in the table on page 28.

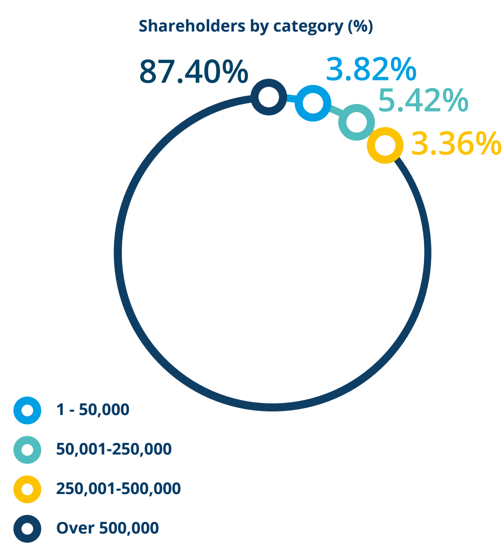
3. RELATIONS WITH SHAREHOLDERS AND OTHER STAKEHOLDERS

The shareholding structure of CFSL as at 30 September 2018 is as follows:



The share ownership analysis per holding percentage and categories of shareholders as at 30 September 2018 is as follows:





To the best of the knowledge of the Company and of its directors, they are not aware of the existence of a shareholders' agreement affecting the governance of the Company by the Board for the year under review.

Communication with shareholders and stakeholders has been mainly through the Annual Report, Investors' Briefings, the published unaudited results, the Annual Meeting of Shareholders, dividends declarations, press communiqués and the website. Twice yearly analyst meetings are also held where half yearly and full year results of the Group are presented to analysts.

The Group interacts with its internal stakeholders, namely its employees, via Workplace, a collaborative platform run by Facebook where employees can communicate via groups and chat with colleagues, and which offers the social network's features in a corporate environment.

The external stakeholders of the Group, namely its customers, suppliers, shareholders, the Government/regulators and the public, are reached via social media platforms such as Facebook and LinkedIn as well as via advertisements. As and when required, focus groups are held with clients to assess their expectations from the Group. Regular channels of communication are also maintained with the regulators and the Government.

In addition, shareholders are invited annually to the Annual Meeting of Shareholders to approve the financial statements and vote on the re-appointment/appointment of directors and external auditors. The next Annual Meeting of Shareholders of the Company is scheduled in February 2019 and shareholders will receive the notice of the AMS at least 14 days prior to the meeting in accordance with the law.

4. INTERNAL CONTROL AND INTERNAL AUDIT

Given that the bulk of the activities of the Group are carried out under Cim Finance Ltd, the Group Internal Audit function has been transferred to become a department of Cim Finance Ltd. The internal audit of other group entities (excluding Lavastone Ltd which has outsourced its internal audit to Smartree Consulting Ltd) has been outsourced to the Internal Audit department of Cim Finance Ltd.

A description of the Internal Audit function of Cim Finance Ltd and its activities is set out on page 41.

5. EXTERNAL AUDIT

The external auditors of the Company and the Group are Ernst & Young ('EY') who were first appointed as external auditors at the Annual Meeting of Shareholders held on 31 March 2017.

The selection and appointment of EY as auditors was carried out following a tender issued by the RMAC in November 2016. Following responses received, three external audit firms were shortlisted and presented their proposals before the RMAC after which EY was recommended for appointment as external auditors.

The RMAC discusses critical policies and external audit issues with EY as and when necessary and meets them at least once a year without management being present.

The RMAC assesses the effectiveness of the external audit process via feedback received from the management team and the chairmen of the other audit committees of the Group. Areas for improvement are thereafter discussed with the external auditor.

The Group has implemented a policy for the provision of non-audit services by the external auditor. The objectives of the policy are:

- To ensure that neither the nature of service nor the level of reliance placed on it by the Group could be perceived to impair the independence and objectivity of the external auditors' opinion on financial statements.
- To establish a straightforward and transparent process and reporting mechanism to enable the RMAC to monitor and control the independence of the external auditors and compliance with this policy.
- To avoid unnecessary restrictions on the purchase of services from the external auditors who are expected to provide a higher quality and a more cost effective service than other providers.

For the year under review, the fees paid to the external auditors for non-audit work are set out on page 44.

CORPORATE GOVERNANCE REPORT

6. RISK MANAGEMENT

Risk management refers to an ongoing process that supports the implementation of the business strategy which allows for an appropriate assessment of the types and significance of risks affecting the business, including its sensitivity to those risks and its ability to mitigate them.

The Board is committed to establishing a sound system of risk oversight and management and internal control to identify, assess, monitor and manage material risks related to the Group's activities.

The Board acknowledges the importance of having an effective risk management system with well-defined risk appetite and overall risk tolerance limits and fully supports initiatives that would enhance risk management capabilities.

The Board's vision of risk management is integrated into the day to day management and operation of its business and forms an integral part of the Group's culture.

Its aim is to:

- Continually improve the management of risk
- Evaluate, Respond and Monitor Top Risks
- Reduce the risks to acceptable levels

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

Risk assessment is performed regularly at management level in line with the defined risk appetite.

A risk register tracks all risks which are relevant to the main business units, namely Cim Finance Ltd, Cim Forex Ltd and Lavastone Properties Ltd (formely Cim Property Holdings Ltd) which are approved and tabled at their relevant Risk Management Committees and Boards. The Group risk register of the principal risks faced by the Group is maintained and tabled at the CIM Financial Services Ltd's RMAC.

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

The major initiatives completed at the level of Cim Finance Ltd in the financial year under review were:

- Implementation of robust application and behavioural credit scorecards with relevant credit policies to mitigate impairment risk in Consumer Finance activities. In parallel, a new collections system was deployed to support the collections strategy.
- Development of expected credit loss models under the IFRS9 framework which became effective as from 1st October 2018
- Setting up of an incident reporting framework to ensure independent end-to-end review of incidents and implementation of controls by business owners.
- Setting up of a Cybersecurity working group with an agreed action plan to enhance internal capabilities and protect against potential threats and vulnerabilities.

A description of the financial risks facing the Group is set out from page 86 to 93.

The priorities for Cim Finance Ltd in the financial year 2018/2019 are:

- Reinforcing the risk team by appointing a Chief Risk Officer and revamping of the Enterprise Risk Management Framework.
- Enhancing client limit management by implementing of a risk-based client limit management framework for the Consumer Finance portfolio.

- Integrate Risk and Control Self-Assessment (RCSA) programs into operational risk initiatives which will generate an enterprise view of the firm's operational risk profile.
- Training and awareness sessions to enhance the risk culture and empower the First line of defence to play their role as part of a full-fledged ERM framework.
- Enterprise wide Policies and Processes review exercise.

7. HUMAN RESOURCES

The HR practices of the Group follow those adopted by Cim Finance Ltd, as described on pages 34 to 36.

8. PROFILES OF SENIOR EXECUTIVE TEAM

The profiles of the Senior Executive Team can be found on page 17.

9. OTHER MATTERS

9.1. Organisational review, external environment, business model, key performance indicators and outlook

Please refer to the Chairman's message, the Group CEO's review and the business reviews for the above information.

9.2. Related party transactions

Please refer to page 132 of the Annual Report.

9.3. Management agreements

The Group has management contracts with Lochiel Property Management Ltd for the management of the Group's immovable properties.

9.4. Donations

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

9.5. Corporate social responsibility (CSR) and environmental issues

Cim CSR Fund Ltd was set up on 12 April 2016 under the laws of Mauritius pursuant to the Companies Act 2001. Cim CSR Fund Ltd receives annual statutory contributions from all entities within the Group for the purposes of corporate social responsibility ("CSR").

The Group's CSR activities which reflect its commitment to creating sustainable value for the social, environmental and economic well-being of society are set out on pages 37 to 40.

Tioumitra Maharahaje
For Cim Administrators Ltd
Company Secretary

26 December 2018

HUMAN RESOURCES

The HR Team of Cim Finance Ltd is structured under three strategic functions namely Learning and Development, Talent Acquisition and Safety and Health.

The HR needs of the head office are managed by an HR Coordinator in collaboration with the HR team of Cim Finance Ltd. The HR processes described below cover mainly Cim Finance's HR functions as the cluster employs the majority of the Group's employees.

2017-2018 witnessed a number of changes in the way businesses operate and the rate and impact of these changes have been quite drastic at Cim Finance Ltd, with HR being at the forefront, having a huge role in leading and shaping the future of the business.

To meet the objectives set under 2017-2018 HR Strategies, HR had to shift from a 'passive and service oriented function' to a new organisational model that highlights the networked nature of today's world of work; innovation-based HR platforms; learning and career programs driven by social and cognitive technologies; and employee experience strategies that put the people at the centre. In the same context, as the role of HR changes to a more all-encompassing function, the HR function needed to be armed with technology and infrastructure that facilitates this evolution.

Learning and development

Cim Finance's Learning and Development model was reinvigorated and transformed in this digital age with the introduction of an E-Learning platform which delivers 4,000 courses across a wide range of topics, video distribution, and mobile use (mobile app). This revolution in learning methods has become a catalyst for radical change, providing continuous learning opportunities and a deeply embedded culture of development and hiring from within, where Managers are made accountable for training and supporting internal candidates in current/new roles. This new system, which also offers the opportunity to customise training courses, is an efficient way to track learning metrics and leverage the data.

Apart from the training needs identified and addressed in 2018, the training needs analysis conducted in mid-2017 revealed an increasing gap between pre-established customer experience standards and customer service competencies at different levels of the organisation. In 2018, the Cim Care Programme was launched through the Hotel School of Mauritius, an organisation which is renowned in Customer Experience. About 300 team members, mostly from the Consumer Finance department, attended this intensive course of 6 hours and benefited from key learnings, namely in Service Excellence, Self-Management and Customer Complaints Handling. The Cim Care programme represents the first phase of Customer Experience learning initiatives which will be followed by other phases to assist the employees to grow and thrive.

Digital HR – Starting with an online performance review system

The redesign and digitalisation of the Performance Review under the people agenda 2017-2018 has been successfully implemented, showing direct improvements in engagement, promoting a more flexible, agile and transparent approach and promoting quality and regular conversations between the reviewees and the reviewers. This innovative online system forms part of the organisation's transformation stages of Talent Management and the next stages in year 2018-2019 are the Competency Framework Design, a reviewed and efficient Succession Planning and a more dynamic Career Development program. All initiatives will be supported by a new HRIS tool which will move HR business partners away from heavy and overly-administrative tasks to ensure that they have more time to engage with team members and stakeholders.

Culture of leadership

Leadership has been at the forefront in 2018 and we continued to focus on building a new leadership mindset that rewards innovation, experimentation, learning and customer-centric design thinking.

The Executive team embarked on an Executive Education Program by ALU Business School, supported by McKinsey Academy; a course designed by Management and Leadership experts, with the objective of helping executives to be hands-on, cutting–edge and interactive. The program encourages the participants to apply their learning directly to their respective professional environments, combining online learning with intensive, in-person simulations and discussions.

The leaders who graduated from this course learned how to apply:

- McKinsey Strategy Method;
- A structured problem-solving approach;
- Best leadership model;
- Effective team capability.

Now more than ever, faced with pressures from the business world and technology, Cim Finance Ltd is committed to giving its leadership team the appropriate tools and knowledge to transform them into great leaders.

Building the skills for the future

Higher education is a prerequisite to a better lifestyle, interesting career prospects and improvements in social life. Since 2017, Cim Finance Ltd has been offering 2 Scholarships per year for the African Leadership College ('ALC') Degree Programme to our loyal customers' children under prescribed conditions. The objective is to express our gratitude to our customers and to continue to serve the community in strengthening the social and economic fabric. In 2017 and 2018 respectively, 2 students have been selected and are currently following their courses at ALC. The sponsorship program in place ensures that the students are guaranteed a career at Cim Finance Ltd further to successfully completing their respective courses, and they also benefit from a paid placement and from a mentoring/coaching program.

Today the rate of unemployed graduates is rising and one of the main reasons for this growing un-employability is the skills mismatch between the tertiary bodies' learning programs and the requirements of the job market. As part of the HR Agenda 2017, Cim Finance Ltd registered as a preferred employer to support the Graduate Training for Employment Scheme (GTES) program under the aegis of the Human Resources Development Council (HRDC). The company recruited 25 unemployed graduates and organised for their training and development, coupled with placement opportunities, for a period of one year, following which period this available pool of talents would be employed by the company. Today out of the 25 individuals, 22 are employed in different departments of the company, which is an efficient way to fill in the organisation's talent gap.

While youth employment remains a global challenge and a top policy concern worldwide, the company has partnered with HRDC, for a number of years now, to provide Millennials with access to productive employment opportunities through the Youth Employment Program (YEP). Cim Finance's longstanding commitment and engagement to identify new talents, and to provide the latter with the appropriate environment to grow, required an integrated strategy, one that combines a multi-pronged and balanced approach which fosters pro-employment growth and decent job creation through on the job training, project-driven assignments, coaching and mentoring, promoting a culture of continuous learning, adaptability, growth and personal development. The 2017-2018 intake has been more than encouraging in producing empowered and transformed individuals ready to embrace a successful career at Cim Finance Ltd.

Talent acquisition

In line with the 2017 Talent Acquisition Strategy, in 2018 the focus was maintained on the objective to build a digital employment brand which would be highly visible, attractive and compelling for candidates to find Cim Finance. Faced with a tremendous pressure impacting on talent sourcing and recruitment due to talent and skill shortages, the TA team expanded the use of social media sites for sourcing and reached into all possible candidate pools and channels, including internal hires. A further shift in the sourcing strategy was made to make the hiring managers accountable for their decisions and we consequently partnered with the latter, leveraging their networks, cultural needs and success criteria. This, coupled with a focus on developing the Candidate Experience, has led the TA team to market Cim as a viable career option for Mauritian career seekers. Partnerships with universities have laid the ground work to promote Cim as young graduates' first choice to "Jump start" their career. These partnerships also proved fruitful in educating young hopefuls on the vast

HUMAN RESOURCES

array of career opportunities available at Cim and in taking steps to change the markets' mindset of what a career looked like at Cim.

The employee experience

Cim continues to show its engagement in strengthening the foundation of culture and engagement to focus on the employee experience holistically in terms of employee satisfaction, engagement, wellness and alignment. Diverse programs related to and in support of employee well-being and work life/balance have been developed and implemented, driven by the WeCare committee, under HR, an employee 'long years of service recognition' get-together, end of year party 2017 and cultural events celebrating diversity.

Occupational safety and health and fitness at work initiatives remained priorities for 2018.

The workplace platform (Facebook in workplace) has been a fantastic collaborative tool, greatly optimised this year, to enable top down communication across all Cim offices, counters, and knowledge sharing in this era of change within the business, specifically regarding HR transformation initiatives, building and maintaining a culture of innovation, sharing, engagement and a sense of purpose.

In 2018 Cim Finance Ltd embarked upon a journey where HR started applying the consumer and digital lens to the HR function, setting the scene to creating employee experience that mirrors the best customer experience. In this context, the revamping of Cimple Life has been a major milestone in achieving this objective. This unique financial wellness benefit was promoted to all employees through a newly branded website, roadshows to reach all counters and offices on the island, with the service available through a mobile app, with the rationale to uplift the lifestyle of each and every one providing assistance, express delivery, discounted deals and saving opportunities.

Gender in the workplace

Cim has always been committed and is still dedicated to promoting a balanced gender distribution in the workplace, promoting women's full development at all levels, for instance at management level.

Selected Cim female leaders and female team members were given the opportunity to attend a workshop by Hawa Charfaray, a renowned International Corporate Trainer and Global Speaker about empowering women, giving them the tools to embody the qualities of leadership in displaying active, creative and integrative efforts in achieving success at all levels, personal, professional and national.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

>> **Launch of a National Drug Prevention Program in secondary schools**

CIM CSR'S FRAMEWORK

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

The Group's subsidiaries channel their individual CSR contributions to the Cim CSR Fund Ltd, a not-for-profit company limited by guarantee created to administer the Group's CSR spend. This entity allows for a more efficient management of Cim CSR's activities and ensures that a proper governance process is followed by having the Board of directors of the company approving the projects. The day-to-day management of CSR activities of the Group is handled by a full-time employee whilst accounting and company secretarial support are provided by the shared services arm of the Group.

FOCUS AREAS

With a view to being more impactful and at the same time helping as many beneficiaries as possible, Cim concentrates its CSR initiatives in the following three "E's "areas:

1. Engagement
2. Education
3. Environment

For the financial year 2017/2018 an amount of MUR 5.5m was spent on social activities through Cim CSR whilst 50% of the Group's CSR funds were remitted to the MRA in accordance with the law.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

ENGAGEMENT

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

For over three years now, the Cim Group has been closely associated with Cité Coeur Immaculé de Marie (Cite Cim) in Riviere Du Rempart, with which we share a common denominator, with the name 'Cim'.

Cim thus supported the upgrading of seven homes for the benefit of families of Cite Cim as well as empowering 20 women of Cite Cim to be trained in entrepreneurship.

A total of MUR 1,156,644m was spent under these initiatives.

>> **Reconstruction of 5 houses at Cité CIM, Rivière du Rempart**

NGOS/ ASSOCIATION	INITIATIVES	OUTCOME	
Cite Cim at Riviere Du Rempart	Renovation/Construction of seven houses in Cite Cim at Riviere Du Rempart	**23**	Family members assisted.
Ti Rayons Soleil	Empowerment of the women in Cite Cim Riviere Du Rempart in terms of building self confidence and entrepreneurship.	**20**	women participated in the program.

EDUCATION

Education is the second most important area that the Group supports. An amount of MUR 2,783,635m was allocated to the projects, reaching over 1432 beneficiaries.

Cim CSR sponsored the creation of an 'After School Club' in Cite Cim, in partnership with NGO Gender Links, to help adolescents in their studies and to provide extracurricular activities such as painting, music and dance to keep them from falling in to the scourge of drugs and alcohol.

During the year under review, the Cim Group participated in the national effort against drugs proliferation in Mauritius led by the Government.

In partnership with the Ministry of Education and Human Resources, Tertiary Education and Scientific Research and United Nations Office on Drugs and Crime (UNODC), Cim launched a Drug Use Prevention Program on 10 May 2018.

>> Drug Prevention Program: Workshops with key stakeholders were held to set the roadmap of the program

The program consisted of a two day workshop to "Train the Trainers" for the implementation of a school-based drug prevention curriculum based on the comprehensive social influence approach.

The main characteristics of the curriculum are as follows:

- The program is based on the Comprehensive Social Influence Model, being interactive, integrating life skills elements and normative beliefs.
- The target groups are adolescents aged 12-14 years, because this is the age when adolescents may start to experiment with drugs (particularly smoking, alcohol or cannabis).
- It is dedicated to reducing drug initiation and/or delaying the transition from experimental to regular drug consumption.
- The program consists of 12 units (including the pre-and post-test evaluations) and is based on recommendations that less than ten units programs had lesser effects than programs averaging fifteen units.

The program was also extended to Rodrigues in September 2018.

NGOS/ ASSOCIATION	INITIATIVES	OUTCOME
Gender Links	Creation of an "After School Club Project" in Cite Cim, Riviere Du Rempart for academic and extra curricular activities including art therapy, music and games.	**24** Primary students and **18** Secondary students attended the programme.
Action for Integral Human Development	Sponsorship of Zippy's Friends program to promote the emotional well-being of children.	**2** Primary schools in Rodrigues supported.
Eli Africa	Christmas party for the children of Cite Kennedy and Bambous where lunch and gifts were given to the children.	Some **57** Children participated.
Noyau Cite La Cure – Teen Hope	Bakery project for youth social entrepreneurship program.	**25** Adolescents participated.
Atelier de Formation Joie De Vivre	"Project – A Lunch A Day" – for a proper balanced meal to help them concentrate on their studies.	**58** Youngsters supported.
Drug Prevention Project	Sensitisation campaign in schools for children aged 12 -14 to foster awareness on the scourge of drugs. The 'Train the Trainers' program targeted social workers in Mauritius and Rodrigues.	**48** Schools in Mauritius and **8** schools in Rodrigues participated. Some **1120** Students will be involved and **50** educational workers from ministries and NGOs have participated.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

ENVIRONMENT

As a responsible corporate citizen, the Group is committed to the preservation of the environment.

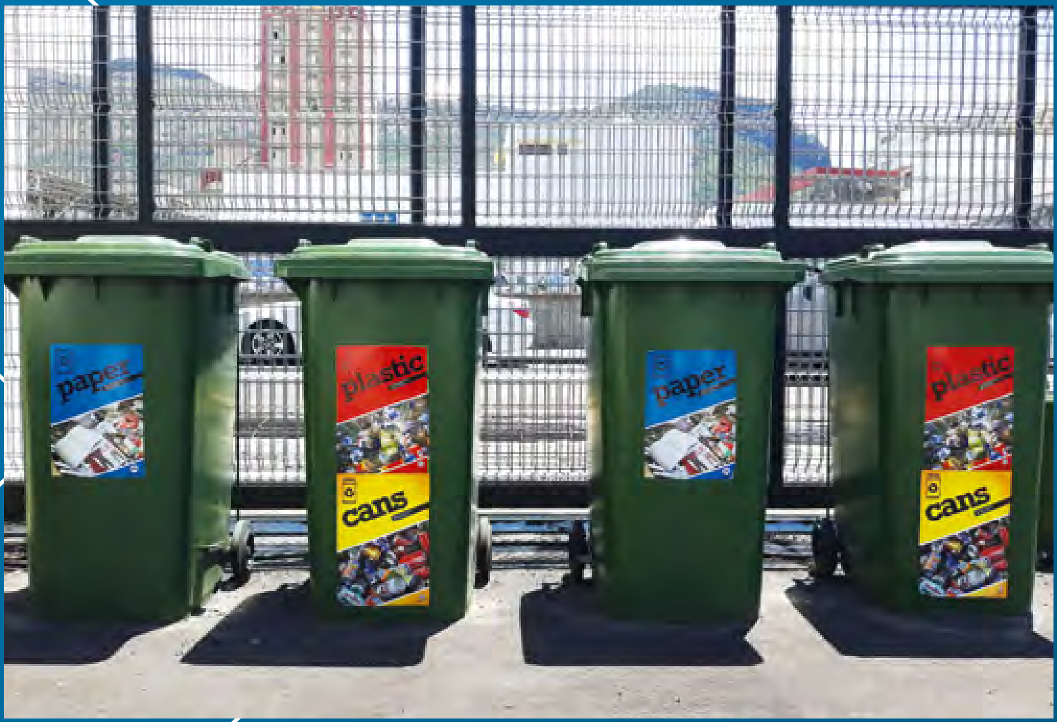
Cim sponsored the project initiated by the Mauritius Wildlife Fund for the conservation of a rare plants program. The main objectives are to find new locations for rare endemic plant species, for the propagation of critically endangered plants, the transfer of propagated species into Field Gene Banks and for the improvement of knowledge of the distribution of rare plants, their ecology and propagation techniques.

The Group also co-sponsored the reprint of the book "Birds – Ile Maurice et Rodrigues" which will help to generate greater interest and awareness in Mauritian and Rodriguan fauna.

Cim also helped NGO Action in the development of Morne Region aiming towards a Green Village of Le Morne.

Furthermore, in an effort to reduce pollution and encourage recycling, recycling bins were installed in the car park in Port Louis and staff were sensitised to the benefits of recycling in partnership with NGO Mission Verte.

A total amount of MUR 721,293m was disbursed for the above initiatives.



>> Recycling bins installed on our premises to encourage employees to recycle at work.

INTERNAL AUDIT FUNCTION

Governance and structure

The Internal Audit Function of Cim Finance Ltd is an independent appraisal and consulting activity that adds value, examines and evaluate activities of the company. A strong internal control system, including an independent and effective Internal Audit Function, is part of sound corporate governance.

The mission of the Internal Audit Function is to provide vital and independent assurance to the Board and management on the quality of the company's internal control system, risk management and governance processes. The objectives are to assist members of the Board and management in the effective discharge of their responsibilities.

In line with good governance principles, Internal Audit functionally reports to the Audit Committee on a quarterly basis. Individual working sessions are also conducted with the Audit Committee without the presence of management. The Audit Committee approves the Internal Audit combined plan and resources and evaluates the effectiveness of the Internal Audit Function.

Internal audit assignments are performed in accordance with the Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors (IIA). Internal audit staff also abide by the Code of Ethics established by the IIA and by Cim Finance Ltd.

In terms of structure, the Internal Audit Function is segregated into two units, namely Risk Based and Consulting units. The Risk Based unit performs assurance engagements in line with the definition of the IIA as well as IT audit engagements. The Consulting unit performs engagements that do not fall within the Risk Based unit scope such as Investigations, Independent reviews, Business Process Mapping, System Development Life Cycle assurance, etc. Both units use a risk based approach when building up the Internal Audit Plan for the year.

Independence and objectivity

The Internal Audit Function confirms that independence and objectivity were maintained throughout the year by ensuring the following:

- There was no interference by any element in the company, including matters of audit selection, scope, procedures, frequency, timing, or report content.
- Internal audit staff have no direct operational responsibility or authority over any of the activities audited and hence do not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair judgment.

Internal audit staff also refrained from reviewing specific operations for which they were previously responsible; made proper disclosures if independence or objectivity was impaired, or if there was any conflict of interest; not accepted anything that may impair or be presumed to impair their professional judgment; and were aware of the threat of over-familiarity.

Internal auditors exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined.

Internal Audit assignments

The internal audit plan is developed based on a prioritization of the audit universe using a risk-based methodology, including the input of senior management and the Audit Committee. The Head of Internal Audit reviews and adjusts the plan, as necessary, in response to changes in the business, risks, operations, programs, systems, and controls. Any significant deviation from the approved internal audit plan is communicated to senior management and the Audit Committee in a timely manner for approval.

Internal Audit carried out 13 internal audit assignments within the Risk Based unit during the year and 4 assignments within the Consulting unit. In addition, follow up audits (review of implementation status of recommendations) were also carried out throughout the year. It is to be noted that the Internal Audit Function, with strict accountability for confidentiality and safeguarding records and information, was authorized full, free and unrestricted access to any and all of Cim Finance's records, physical properties, and personnel pertinent to carrying out the audit engagements.

We are committed to improving **our customers' lifestyle.**


Cim

OTHER STATUTORY DISCLOSURES

Directors' remuneration and benefits

	2018	2017
	MURm	MURm
Directors of CIM Financial Services		
1 Executive (2 in 2017)	16.1	56.8
8 Non Executive (8 in 2017)	5.8	6.2
Directors of Subsidiary companies		
23 Executive (23 in 2017)	72.3	83.6
10 Non Executive (8 in 2017)	3.5	1.5

Donations

	GROUP		COMPANY	
	2018	2017	2018	2017
	MURm	MURm	MURm	MURm
CSR	13.4	13.7	-	-
Donations (charitable)	-	1.0	-	-

Auditors' fees

	GROUP		COMPANY	
	2018	2017	2018	2017
	MURm	MURm	MURm	MURm
Audit fees to:				
EY	2.7	2.4	0.9	0.6
BDO	0.1	0.2	-	-
Fees for other services provided by :				
EY	2.1	0.2	-	-

Detailed description and nature of non audit services

The non-audit fees paid to EY relate mainly to due diligence on acquisition of subsidiary, quarterly review of consolidated figures per quarters and internal control services as per Bank of Mauritius.

DIRECTORS' REPORT

(a) Financial statements

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

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

(i) selected suitable accounting policies and applied them consistently;

(ii) made judgements and estimates that are reasonable and prudent;

(iii) stated whether applicable accounting standards have been followed, subject to any material departures explained in the financial statements;

(iv) kept proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company;

(v) safeguarded the assets of the Company by maintaining internal accounting and administrative control systems and procedures; and

(vi) taken reasonable steps for the prevention and detection of fraud and other irregularities.

(b) Going concern statement

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

(c) Internal control and risk management

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

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

(d) Donations

The Company did not make any political contributions in this financial year. For details on the charitable donations made by the Company, please refer to page 44.

(e) Governance

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

(f) Audited Financial Statements

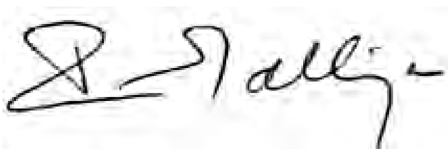
The audited financial statements of the Group and the Company which appear on pages 56 to 139 were approved by the Board on 26 December 2018 and are signed on their behalf by:

Colin Taylor
Chairman

Mark van Beuningen
Executive Director and Group Chief Executive Officer

SECRETARY'S CERTIFICATE

In my capacity as Company Secretary of CIM Financial Services Ltd (the 'Company'), I hereby confirm that, to the best of my knowledge and belief, the Company has filed with the Registrar of Companies, for the financial year ended 30 September 2018, all such returns as are required of the Company under the Companies Act 2001.



Tioumitra Maharahaje
For Cim Administrators Ltd

Company Secretary

26 December 2018

STATEMENT OF COMPLIANCE

(SECTION 75 (3) OF THE FINANCIAL REPORTING ACT)

Name of PIE: CIM Financial Services Ltd

Reporting Period: FINANCIAL YEAR 2017-2018

CIM Financial Services Ltd is a public interest entity and is, as such, required to adopt corporate governance principles in accordance with the National Code of Corporate Governance (2016) (the 'Code').

Throughout the year ended 30 September 2018, to the best of the Board's knowledge, CIM Financial Services Ltd has complied with the Code. It has applied all the principles of the Code and explained how these principles have been applied.

SIGNED BY:

Colin Taylor
Chairman

26 December 2018

Mark van Beuningen
Executive Director and Group Chief Executive Officer

26 December 2018

We are always rethinking our products and services in anticipation of **our customers' needs.**

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CIM FINANCIAL SERVICES LTD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of CIM Financial Services Ltd (the "Company") and its subsidiaries (the "Group") set out on pages 56 to 139 which comprise the Statements of Financial Position as at 30 September 2018, and the Statements of Profit or Loss and Other Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows for the year then ended, and notes to the financial statements, including significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Group and the Company as at 30 September 2018, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001 and the Financial Reporting Act 2004.

Basis for Opinion

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

Key Audit Matters

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

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

Report on the Audit of the Financial Statements (Continued)

Key Audit Matter	How the matter was addressed in the audit
Impairment of loans and advances and investment in leases and other credit agreements The Group has hire purchase and other credit agreements, loans and advances and net finance lease receivables (collectively referred to as "Loans and Advances") portfolio of MUR 10,503.3m as at 30 September 2018. As explained in the accounting policies, these assets are carried at amortised cost, less allowance for credit impairment (MUR 575.5m). This provision is accounted for if, at the reporting date, there is objective evidence, for example the existence of payment arrears, that not all the contractually agreed cash flows will be collected. Failure to promptly recognise objective evidence of the risk of uncollectability and/or errors in the provisioning can result in incorrect valuation of the loan and advances and investment in portfolio in the financial statements. Refer to Note 2 for accounting policies on loans and advances and allowance for credit impairment. Given the relative size of loans and advances (60% of total assets), we identified the valuation of loans and advances as a key audit matter.	We assessed and tested the design and operating effectiveness of the controls over specific and collective impairment calculations including the quality of underlying data and systems. Collective impairment allowances are calculated based on the guidelines imposed by the Bank of Mauritius. Such guidelines require the Group to make portfolio provisions of not less than 1% on unimpaired loans and advances. As this basis represents a departure from IAS39, the Group also determines what the collective impairment would have been under the standard using the incurred loss model and evaluates the impact of the departure. We reviewed the portfolio provisioning under both bases and assessed the impact of the difference on the overall presentation of the financial statements. In respect of the provisioning according to the guidelines of the Bank of Mauritius, we assessed the correctness of the calculation made by management, through re-performance, and the identification of loans to be included within the calculation. For collective impairment under IAS39, we assessed the appropriateness of the model used including the inputs and assumptions and we re-performed calculation of the impairment. For specific impairments, judgement is required to determine when an impairment event has occurred and then to estimate the expected future cash flows discounted at the original effective interest rate of the loans and advances. Where cash flows for large credits include the realisable value of collateral securing the credit, the value of such collateral is based on the opinion of independent and qualified appraisers. We thus evaluated the appropriateness of these valuations in relation to the impairment assessment. We assessed that loans and advances with objective evidence of impairment have been properly identified by management by: • Reviewing the minutes of the Debtors Monitoring Committee; and • Obtaining loans and advances arrears reports and testing that arrears exceeding the internally predefined periods are included in the specific impairment analysis; Identifying loans and advances displaying certain characteristics such as financial difficulties of the borrower, restructured loans, insufficient collaterals and exposures to sectors in decline. For loans and advances showing an indication of impairment, we independently assessed the appropriateness of provisioning methodologies and policies and formed an independent view on the levels of provisions booked based on the detailed loan and counterparty information in the credit files.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CIM FINANCIAL SERVICES LTD

Report on the Audit of the Financial Statements (Continued)

Key Audit Matter	How the matter was addressed in the audit
Fair valuation of properties accounted under investment properties and property, plant and equipment The Group has properties fair valued at MUR 2,276.1m as at 30 September 2018 which are accounted under investment properties or property, plant and equipment depending on whether they are occupied by the group or not. Subsequent to initial recognition, these investments are carried at fair value representing open-market value determined regularly by external valuers. Given the relative size of the properties and the level of judgement involved in determining the fair value, we identified the valuation of properties as a key audit matter.	We have obtained and read the valuation reports for the year ended 30 September 2018 prepared by the independent valuation specialists. We assessed the competency, independence and integrity of the independent valuation specialists engaged by the Group. We held discussions with the independent valuation specialists to understand their approach in determining the fair value of each property. We critically challenged the methodology, key assumptions and critical judgemental areas involved in the valuation. We tested the integrity of data used, including underlying lease and financial information provided to the independent valuation specialists. We reviewed previous periods' information for consistency in respect of the treatment of investment properties and property, plant and equipment. We verified the correctness of accounting for transfers to/from investment properties where a change of use has occurred. We have also assessed the appropriateness of the disclosures relating to the valuation techniques and key inputs applied by the independent valuation specialists.
Acquisition of The Mauritian Eagle Leasing Company Limited (MELCO) The Group acquired MELCO during the year for a consideration of MUR 205.8m. The Group assessed and concluded that the acquisition constituted a business combination. The Group, with the assistance of an external specialist, determined the fair value of identifiable assets acquired and liabilities assumed on the acquisition date. A gain on business combination has been recognised. The determination of the fair value of the identifiable assets and liabilities involves the use of judgements and assumption. The most significant ones are discount rates, recoverability of receivables and the market value of non-financial assets. Due to the significance of the acquisition and the judgement and assumptions involved, this has been considered to be a key audit matter.	We obtained and read the Share Purchase Agreement to understand the key terms and conditions of the transaction. We have assessed management's evaluation of whether the acquisition is a business combination whereby the assets and liabilities acquired constitute a business. We verified the acquisition date was correctly determined in light of the Share Purchase Agreement. We assessed the competency, independence and integrity of the external specialists. We challenged management's and the independent specialists' methodology and key assumptions in the determination of the fair values. We evaluated whether the discount rates used are consistent with market data. We reviewed the calculation of the gain on business combination. We appraised the disclosures made in the financial statements with reference to the relevant standards.

Report on the Audit of the Financial Statements (Continued)

Other Information

The directors are responsible for the other information. The other information comprises the Group Structure, Financial Highlights, the Chairman's Message, the Directors' Profiles, the Senior Executives' Profile, the Group CEO's Outlook, the Business Review – Cim Finance, the Business Review – Lavastone Properties, the Corporate Governance Report, the Human Resources, Corporate Social Responsibility, the Internal Audit Function, the Other Statutory Disclosures, the Directors' report, the Secretary's Certificate as required by the Companies Act 2001, the Statement of Compliance and the Directors of Subsidiary Companies, but does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CIM FINANCIAL SERVICES LTD

Report on the Audit of the Financial Statements (Continued)

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and the Company to express an opinion on the Group and Company financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on the Audit of the Financial Statements (Continued)

Use of our report

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

Report on Other Legal and Regulatory Requirements

Companies Act 2001

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

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

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

Financial Reporting Act 2004

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

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

ERNST & YOUNG
Ebène, Mauritius

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

26 December 2018

STATEMENTS OF PROFIT OR LOSS

30 SEPTEMBER 2018

			GROUP		COMPANY	
			Sep-18	Sep-17	**Sep-18**	Sep-17
Continuing Operations	NOTES		**MUR m**	MUR m	**MUR m**	MUR m
Interest income	5(a)		**1,189.2**	1042.4	**140.1**	126.0
Interest expense	5(b)		**(382.0)**	(352.1)	**(108.7)**	(103.4)
Net interest income			**807.2**	690.3	**31.4**	22.6
Sale of goods			**-**	0.3	**-**	-
Sale of services			**2.8**	3.2	**-**	-
Fee and commission income	6		**539.4**	566.3	**-**	-
Investment income			**-**	-	**65.0**	448.9
Other operating income	7		**232.9**	321.6	**(30.3)**	18.4
			775.1	891.4	**34.7**	467.3
Net operating income			**1,582.3**	1,581.7	**66.1**	489.9
Operating expenses						
Cost of sales of goods and services			**(2.7)**	(0.3)	**-**	-
Employee benefit expense	8		**(484.8)**	(485.2)	**(9.2)**	(8.0)
Depreciation			**(67.7)**	(68.2)	**-**	-
Amortisation			**(18.3)**	(15.6)	**-**	-
Other operating expenses	9		**(358.0)**	(305.1)	**(40.7)**	(19.7)
			(931.5)	(874.4)	**(49.9)**	(27.7)
Operating profit before impairment			**650.8**	707.3	**16.2**	462.2
Allowance for credit impairment	10		**(214.3)**	(186.3)	**-**	-
Impairment of investment	17(a)		**(0.6)**	(0.6)	**(0.6)**	(0.6)
			(214.9)	(186.9)	**(0.6)**	(0.6)
Operating profit			**435.9**	520.4	**15.6**	461.6
Foreign exchange loss			**(9.3)**	(117.0)	**(11.1)**	(120.0)
Share of results of associates	21(a)		**(14.7)**	(5.6)	**-**	-
			411.9	397.8	**4.5**	341.6
Gain on disposal of subsidiaries			**-**	13.7	**-**	2,494.9
Net gain on business combination	34		**29.5**	-	**-**	-
Profit before tax from continuing operations			**441.4**	411.5	**4.5**	2,836.5
Income tax expense	11(a)		**(89.3)**	(107.3)	**-**	0.5
Profit for the year from continuing operations			**352.1**	304.2	**4.5**	2,837.0
Discontinued operations						
Profit after tax for the year from discontinued operations	35		**-**	2,645.4	**-**	-
Profit for the year			**352.1**	2,949.6	**4.5**	2,837.0
Attributable to:						
Equity holders of the parent						
Profit for the year from continuing operations			**351.4**	310.8	**4.5**	2,837.0
Profit for the year from discontinued operations			**-**	2,645.4	**-**	-
			351.4	2,956.2	**4.5**	2,837.0
Non controlling interests						
Profit for the year from continuing operations			**0.7**	(6.6)	**-**	-
Profit for the year from discontinued operations			**-**	-	**-**	-
			0.7	(6.6)	**-**	-
			352.1	2,949.6	**4.5**	2,837.0
Basic/diluted earnings per share from continuing operations	32	MUR.	**0.52**	0.46	**0.01**	4.17
Basic/diluted earnings per share	32	MUR.	**0.52**	4.35	**0.01**	4.17

The notes on pages 62 to 139 form an integral part of these financial statements.

Auditor's report on pages 50 to 55.

STATEMENTS OF COMPREHENSIVE INCOME

30 SEPTEMBER 2018

		GROUP		COMPANY	
		Sep-18	Sep-17	**Sep-18**	Sep-17
	NOTES	**MUR m**	MUR m	**MUR m**	MUR m
Profit for the year		**352.1**	2,949.6	**4.5**	2,837.0
Other comprehensive income	12				
Items that will not be reclassified to profit or loss					
Gain on revaluation of land and buildings, net of tax		**8.0**	70.4	**-**	-
Remeasurement of post employment benefit, net of tax		**(16.3)**	1.4	**(4.5)**	0.7
Items that may be reclassified subsequently to profit or loss					
Exchange difference on translation of foreign entities		**(0.3)**	(14.0)	**-**	-
Movement in reserves of associates	21(a)	**(0.9)**	(1.4)	**-**	-
Other comprehensive income for the year, net of tax		**(9.5)**	56.4	**(4.5)**	0.7
Total comprehensive income for the year, net of tax		**342.6**	3,006.0	**-**	2,837.7
Attributable to:					
Owners of the parent		**338.2**	3,001.6	**-**	2,837.7
Non controlling interests		**4.4**	4.4	**-**	-
		342.6	3,006.0	**-**	2,837.7

The notes on pages 62 to 139 form an integral part of these financial statements.

Auditor’s report on pages 50 to 55.

STATEMENTS OF FINANCIAL POSITION

30 SEPTEMBER 2018

		GROUP		COMPANY	
		Sep-18	Sep-17	Sep-18	Sep-17
	NOTES	MUR m	MUR m	MUR m	MUR m
ASSETS					
Cash and bank balances	13	**526.1**	505.4	**107.9**	113.5
Deposits with banks	14	**1,026.0**	2,738.9	**524.5**	2,256.1
Net investment in leases and other credit agreements	15	**7,637.7**	6,609.7	**-**	-
Loans and advances	16	**2,865.6**	2,367.6	**1,105.5**	2,294.6
Investments in financial assets	17	**1,598.9**	21.8	**1,590.9**	15.1
Other assets	18	**676.1**	546.5	**948.0**	377.9
Inventories	19	**5.6**	8.2	**-**	-
Investments in subsidiaries	20	**-**	-	**1,922.8**	1,786.5
Investments in associates	21(a)	**177.5**	193.1	**16.2**	16.2
Investment properties	22	**1,216.5**	1,039.2	**33.5**	33.5
Property, plant and equipment	23(a)	**1,585.8**	1,199.5	**-**	-
Intangible assets	24(a)	**106.7**	66.1	**0.1**	0.2
Post employment benefit assets	25	**7.2**	6.8	**-**	-
Deferred tax assets	26	**83.0**	65.2	**-**	-
Total assets		**17,512.7**	15,368.0	**6,249.4**	6,893.6
LIABILITIES					
Deposits from customers	27	**3,426.6**	3,134.3	**-**	-
Other borrowed funds	28(a)	**5,949.8**	4,184.2	**1,396.9**	1,620.0
Other liabilities	29	**1,341.4**	1,159.0	**131.1**	97.0
Income tax liabilities	11(b)	**33.0**	28.3	**-**	-
Post employment benefit liabilities	25	**87.6**	77.7	**40.9**	40.2
Deferred tax liabilities	26	**28.4**	25.3	**-**	-
Total liabilities		**10,866.8**	8,608.8	**1,568.9**	1,757.2
EQUITY					
Stated capital	31	**680.5**	680.5	**680.5**	680.5
Retained earnings		**4,999.9**	5,171.6	**4,003.8**	4,455.2
Revaluation and other reserves		**646.1**	592.1	**(3.8)**	0.7
Equity attributable to owners of the parent		**6,326.5**	6,444.2	**4,680.5**	5,136.4
Non controlling interests		**319.4**	315.0	**-**	-
Total equity		**6,645.9**	6,759.2	**4,680.5**	5,136.4
Total equity and liabilities		**17,512.7**	15,368.0	**6,249.4**	6,893.6

These financial statements have been approved for issue by the Board of Directors on 26 December 2018.

Colin Taylor

Non-Executive Director and Chairman

Mark Van Beuningen

Executive Director and Group Chief Executive

The notes on pages 62 to 139 form an integral part of these financial statements.

Auditor’s report on pages 50 to 55.

STATEMENTS OF CHANGES IN EQUITY

30 SEPTEMBER 2018

GROUP

	NOTES	Stated capital	Capital reserves	Revaluation reserves	Other reserves	Retained earnings	Actuarial losses	Attributable to owners of the parent	Non controlling interests	Total equity
		MUR m	MUR m	MUR m	MUR m	MUR m	MUR m	MUR m	MUR m	MUR m
At 1 October 2017		680.5	426.1	168.3	(4.9)	5,171.6	2.6	6,444.2	315.0	6,759.2
Profit for the year		-	-	-	-	351.4	-	351.4	0.7	352.1
Other comprehensive income for the year	12	-	-	4.3	(1.2)	-	(16.3)	(13.2)	3.7	(9.5)
Total comprehensive income for the year		-	-	4.3	(1.2)	351.4	(16.3)	338.2	4.4	342.6
Dividends	30	-	-	-	-	(455.9)	-	(455.9)	-	(455.9)
Transfers		-	68.6	-	(1.4)	(67.2)	-	-	-	-
Total transactions with owners of parent		-	68.6	-	(1.4)	(523.1)	-	(455.9)	-	(455.9)
At 30 September 2018		**680.5**	**494.7**	**172.6**	**(7.5)**	**4,999.9**	**(13.7)**	**6,326.5**	**319.4**	**6,645.9**

	NOTES	Stated capital	Capital reserves	Revaluation reserves	Other reserves	Retained earnings	Actuarial losses	Attributable to owners of the parent	Non controlling interests	Total equity
		MUR m	MUR m	MUR m	MUR m	MUR m	MUR m	MUR m	MUR m	MUR m
At 1 October 2016		680.5	356.6	83.5	10.5	2,395.6	1.2	3,527.9	384.5	3,912.4
Profit/(loss) for the year		-	-	-	-	2,956.2	-	2,956.2	(6.6)	2,949.6
Other comprehensive income for the year	12	-	-	59.4	(15.4)	-	1.4	45.4	11.0	56.4
Total comprehensive income for the year		-	-	59.4	(15.4)	2,956.2	1.4	3,001.6	4.4	3,006.0
Dividends	30	-	-	-	-	(88.5)	-	(88.5)	-	(88.5)
Transfers		-	77.2	-	-	(77.2)	-	-	-	-
Purchase of non controlling interest		-	-	25.4	-	(22.2)	-	3.2	(72.5)	(69.3)
Disposal of subsidiaries		-	(7.7)	-	-	7.7	-	-	(1.4)	(1.4)
Total transactions with owners of parent		-	69.5	25.4	-	(180.2)	-	(85.3)	(73.9)	(159.2)
At 30 September 2017		**680.5**	**426.1**	**168.3**	**(4.9)**	**5,171.6**	**2.6**	**6,444.2**	**315.0**	**6,759.2**

The explanatory notes on pages 62 to 139 form an integral part of these financial statements.

Auditor's report on pages 50 to 55.

STATEMENTS OF CHANGES IN EQUITY

30 SEPTEMBER 2018

	NOTES	Stated capital	Actuarial reserves	Retained earnings	Total equity
		MUR m	MUR m	MUR m	MUR m
COMPANY					
At 1 October 2017		680.5	0.7	4,455.2	5,136.4
Profit for the year		-	-	4.5	4.5
Other comprehensive income	12	-	(4.5)	-	(4.5)
Dividends	30	-	-	(455.9)	(455.9)
At 30 September 2018		**680.5**	**(3.8)**	**4,003.8**	**4,680.5**
At 1 October 2016		680.5	-	1,706.7	2,387.2
Profit for the year		-	-	2,837.0	2,837.0
Other comprehensive income	12	-	0.7	-	0.7
Dividends	30	-	-	(88.5)	(88.5)
At 30 September 2017		**680.5**	**0.7**	**4,455.2**	**5,136.4**

The explanatory notes on pages 62 to 139 form an integral part of these financial statements.

Auditor’s report on pages 50 to 55.

STATEMENTS OF CASH FLOWS

30 SEPTEMBER 2018

	NOTES	GROUP		COMPANY	
		Sep-18	Sep-17	**Sep-18**	Sep-17
		MUR m	MUR m	**MUR m**	MUR m
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash (used in)/generated from operations	33	**(799.2)**	(2,990.0)	**891.0**	(3,018.5)
Income tax paid		**(88.4)**	(112.0)	**-**	-
Net cash flow (used in)/generated from operating activities		**(887.6)**	(3,102.0)	**891.0**	(3,018.5)
CASH FLOWS FROM INVESTING ACTIVITIES					
Dividends received		**-**	1.7	**65.0**	448.9
Payment on share application monies		**-**	-	**(102.5)**	-
Purchase of property, plant and equipment		**(114.5)**	(88.3)	**-**	-
Proceeds from sale of property, plant and equipment		**24.7**	30.3	**-**	-
Purchase of intangible assets		**(58.9)**	(48.5)	**-**	-
Purchase of investment properties		**(187.2)**	(38.1)	**-**	-
Sale of investment properties		**17.2**	1.5	**-**	-
Disposal of subsidiary, net of cash disposed	35	**-**	2,840.2	**-**	3,250.4
Acquisition of subsidiary, net of cash acquired	34	**(51.1)**	-	**-**	-
Investment in subsidiaries	20	**-**	-	**(121.5)**	(519.5)
Acquisition of associates	21	**-**	(118.8)	**-**	-
Net cash flow (used in)/generated from investing activities		**(369.8)**	2,580.0	**(159.0)**	3,179.8
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from other borrowed funds		**12,097.7**	9,097.1	**1,751.9**	148.0
Repayment of other borrowed funds		**(10,440.5)**	(8,459.7)	**(1,975.0)**	(218.9)
Acquisition of non controlling interests	34	**-**	(69.3)	**-**	-
Dividends paid to shareholders of Company		**(455.9)**	(238.1)	**(455.9)**	(238.2)
Net cash flow generated from/(used in) financing activities		**1,201.3**	330.0	**(679.0)**	(309.1)
Net (decrease)/increase in cash and cash equivalents		**(56.1)**	(192.0)	**53.0**	(147.8)
Effect of exchange rate changes on cash and cash equivalents		**(0.3)**	(5.3)	**(11.1)**	(3.8)
Cash and cash equivalents - opening		**379.1**	576.4	**227.0**	378.6
Cash and cash equivalents - closing	13	**322.7**	379.1	**268.9**	227.0

The explanatory notes on pages 62 to 139 form an integral part of these financial statements.

Auditor’s report on pages 50 to 55.

EXPLANATORY NOTES

30 SEPTEMBER 2018

1. GENERAL INFORMATION

CIM Financial Services Ltd is a public company limited by shares, incorporated on 15 July 2005 and domiciled in Mauritius. The principal activity of the Company is the holding of investments. As at 30 September 2018, its holding company is Cim Holdings Ltd and its registered address is Taylor Smith House, Old Quay D Road, Port Louis. The Company's place of business is at 33, Edith Cavell Street, Port-Louis. These financial statements have been prepared for the year ended 30 September 2018.

2. ACCOUNTING POLICIES

2.1 Basis of preparation

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

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

- Land and buildings are carried at revalued amounts;
- Investment properties are stated at fair value;
- Available for sale financial assets and financial assets at fair value through profit or loss including derivatives are stated at fair value;
- Consumable biological assets are stated at fair value.

The Company presents its statement of financial position in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non–current) is presented in note 42 of the financial statements.

2.2 Statement of compliance

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

2.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of CIM Financial Services Ltd and its subsidiaries as at 30 September 2018. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

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

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

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

EXPLANATORY NOTES

30 SEPTEMBER 2018

2. ACCOUNTING POLICIES (CONT'D)

2.3 Basis of consolidation (cont'd)

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

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

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

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

2.4 Changes in accounting policies and disclosures

The Group applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 October 2017. The Company has not yet early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The nature and the effect of these changes are disclosed below. Although these new standards and amendments applied for the first time in the year ended 30 September 2018, they did not have a material impact on the financial statements of the Group. The nature and the impact of each new standard or amendment is described below.

Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative

The amendments require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). The company has provided the information for the current year in Note 28.

Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of deductible temporary difference related to unrealised losses. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. The amendments did not have any impact on the Group's financial statements.

Amendments to IFRS 12 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in IFRS 12

The amendments clarify that the disclosure requirements in IFRS 12, other than those in paragraphs B10–B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale. There has been no effect on the Group's financial statements.

EXPLANATORY NOTES

30 SEPTEMBER 2018

2. ACCOUNTING POLICIES (CONT'D)

2.5 New or revised standards and interpretations

New or revised standards	Effective for accounting period beginning on or after
IFRS 9 Financial Instruments	1 January 2018
IFRS 15 Revenue from Contracts with Customers	1 January 2018
IFRS 16 Leases	1 January 2019
IFRS 17 Insurance contracts	1 January 2022
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Effective date deferred indefinitely
IFRS 2 Classification and Measurement of Share·based Payment Transactions · Amendments to IFRS 2	1 January 2018
Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - Amendments to IFRS 4	1 January 2018
Transfers of Investment Property (Amendments to IAS 40)	1 January 2018
IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
IFRS 1 First-time Adoption of International Financial Reporting Standards - Deletion of short-term exemptions for first-time adopters	1 January 2018
IAS 28 Investments in Associates and Joint Ventures - Clarification that measuring investees at fair value through profit or loss is an investment - by - investment choice	1 January 2018
IFRIC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
Prepayment Features with Negative Compensation - Amendments to IFRS 9	1 January 2019
Long-term Interests in Associates and Joint Ventures - Amendments to IAS 28	1 January 2019
Plan Amendment, Curtailment or Settlement - Amendments to IAS 19	1 January 2019
AIP IFRS 3 Business Combinations - Previously held Interests in a joint operation	1 January 2019
AIP IFRS 11 Joint Arrangements - Previously held Interests in a joint operation	1 January 2019
AIP IAS 12 Income Taxes - Income tax consequences of payments on financial instruments classified as equity	1 January 2019
AIP IAS 23 Borrowing Costs - Borrowing costs eligible for capitalisation	1 January 2019

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

(i) IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The new standard includes revised guidance on the classification and measurement of financial assets, including impairment and supplements the new hedge accounting principles published in 2013.

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

EXPLANATORY NOTES

30 SEPTEMBER 2018

2. ACCOUNTING POLICIES (CONT'D)

2.5 New or revised standards and interpretations (Cont'd)

(i) IFRS 9 Financial Instruments (Cont'd)

Classification and measurement

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

The Group has reviewed its financial assets and liabilities and made an assessment of the impact from the adoption of the new standard on 1 October 2018:

- Loans and advances, deposits with banks, government bond, and trade and other receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under IFRS 9. Therefore, reclassification for these instruments is not required. Net finance lease receivables, hire purchase and other credit agreements are not impacted as they are not in the scope of the recognition and measurement under IFRS 9.
- Financial assets currently held at financial assets at fair value through profit or loss, including derivatives will continue to be measured as such.
- Available for sale investments consisting of equity shares will be reclassified to financial assets at fair value through profit or loss. There will be no impact on the reserves and the fair value losses were considered to be impairment and recognised in profit or loss.

Accordingly, the Group shall use the modified retrospective approach and does not expect the new guidance to significantly affect the classification and measurement of these financial assets.

The derecognition rules have been transferred from IAS 39 *Financial Instruments*: *Recognition and Measurement* and have not been changed.

Impairment

The incurred loss model for provisioning under IAS 39 is replaced by an expected credit loss model for provisioning under IFRS 9. In the case of the Group, the new impairment requirements are applied to debt instruments accounted for at amortized cost or at FVOCI; most loan commitments; and lease receivables under IAS 17 Leases. Under IFRS 9, impairment is measured as either 12 month expected credit loss (ECL) (stage 1) or Life time ECL (stage 2/stage 3). Financial assets in stage 1 can be shifted to stage 2 in case of significant increase in credit risk since initial recognition (or when the commitment or guarantee was entered into).

EXPLANATORY NOTES

30 SEPTEMBER 2018

2. ACCOUNTING POLICIES (CONT'D)

2.5 New or revised standards and interpretations (Cont'd)

(i) IFRS 9 Financial Instruments (Cont'd)

Impairment (Cont'd)

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

The Group shall make use of the general approach to record ECL, except the trade and other receivables which will be based on the simplified approach.The Group is currently finalising the impact of the adoption of ECL on its financial assets at 30 September 2018. The Group shall use the modified retrospective approach for recognising the adjustment to the 30 September 2018 figures.

Hedge accounting

IFRS 9 includes a new general hedge accounting model, which aligns hedge accounting more closely with risk management. The new model does not fundamentally change the types of hedging relationships or the requirement to measure and recognize ineffectiveness under IAS 39; however, under the new model more hedging strategies that are used for risk management may qualify for hedge accounting. No hedging is undertaken by the Group and hence there is no impact.

(ii) IFRS 15 Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers, effective for periods beginning on 1 January 2018 with early adoption permitted. IFRS 15 defines principles for recognising revenue and will be applicable to all contracts with customers. However, interest and fee income integral to financial instruments and leases will continue to fall outside the scope of IFRS 15 and will be regulated by the other applicable standards (e.g., IFRS 9, and IFRS 16). The five steps in the model prescribed by IFRS 15 consists of identifying the contract with the customer; identifying the performance obligations in the contract; determining the transaction price; allocating the transaction price to the performance obligations in the contracts; and recognising revenue when (or as) the entity satisfies a performance obligation. Guidance is provided on topics such as the point in which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters.

The standard also specifies a comprehensive set of disclosure requirements regarding the nature, extent and timing as well as any uncertainty of revenue and corresponding cash flows with customers.

The Group will adopt the modified retrospective method on transition to the new standard from 1 October 2018 and the comparatives will not be restated. Based on an initial assessment, management has considered the effects of applying the new standard on the Group's financial statements.

During the financial year 2018, the Group performed an analysis of its revenue streams and concluded that IFRS 15 will not have a significant impact on the opening balance of retained earnings.

(iii) IFRS 16 Leases

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

EXPLANATORY NOTES

30 SEPTEMBER 2018

2. ACCOUNTING POLICIES (CONT'D)

2.6 Significant accounting policies

(a) Business combinations and goodwill

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

Acquisition-related costs are expensed as incurred.

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

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date.

Contingent consideration is classified as an asset or liability that is a financial instrument and within the scope of IAS 39.

Financial Instruments: Recognition and Measurement is measured at fair value with the changes in fair value recognised in profit or loss. Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

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

(b) Investments in subsidiaries

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

Separate financial statements of the investor

In the separate financial statements of the Company, investments in subsidiaries are carried at cost, net of any impairment.

Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is recognised in profit or loss. Upon disposal of the investment, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

EXPLANATORY NOTES

30 SEPTEMBER 2018

2. ACCOUNTING POLICIES (CONT'D)

2.6 Significant accounting policies (Cont'd)

(c) Investments in associates

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

Separate financial statements of the investor

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

Consolidated financial statements

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

The statement of profit or loss reflects the Group's share of the results of operations of the associates.

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

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

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

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

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

EXPLANATORY NOTES

30 SEPTEMBER 2018

2. ACCOUNTING POLICIES (CONT'D)

2.6 Significant accounting policies (Cont'd)

(d) Revenue recognition

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

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

Interest and similar income

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

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

Commissions or discounts received from merchants on financing of credit agreements are initially recognised and presented in other liabilities in the Statement of Financial Position. The release to profit or loss is recognised in fee and commission income in the Statement of Profit or Loss.

Rental income

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

Dividend income

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

Rendering of services

Revenue from rendering of services is recognised in the accounting period in which services are rendered. Management fees are recognised as the services are provided.

Sale of goods

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

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

EXPLANATORY NOTES

30 SEPTEMBER 2018

2. ACCOUNTING POLICIES (CONT'D)

2.6 Significant accounting policies (Cont'd)

(e) Foreign currencies

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

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

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

(iii) Group companies

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

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the reporting date;
- income and expenses for each statement representing profit or loss and other comprehensive income are translated at average exchange rates;
- all resulting exchange differences are recognised in other comprehensive income;
- goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate;
- on disposal of foreign entities, such translation differences are recognised in the profit or loss as part of the gain or loss.

EXPLANATORY NOTES

30 SEPTEMBER 2018

2. ACCOUNTING POLICIES (CONT'D)

2.6 Significant accounting policies (Cont'd)

(f) Inventories

Inventories consisting of consumable card and stamps are valued at lower of cost and net realisable value.

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

(g) Leases

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset.

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

(i) Finance leases - lessor

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

(ii) Operating leases - lessor

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

(iii) Finance leases - lessee

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

(iv) Operating leases - lessee

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

(h) Investment properties

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

EXPLANATORY NOTES

30 SEPTEMBER 2018

2. ACCOUNTING POLICIES (CONT'D)

2.6 Significant accounting policies (Cont'd)

(h) Investment properties (Cont'd)

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

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

(i) Property, plant and equipment

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

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

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

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

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

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

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

	Annual percentage (%)
Buildings	2 – 4
Improvement to buildings	15 – 100
Plant & equipment	15 – 25
Vehicles	15 – 25

EXPLANATORY NOTES

30 SEPTEMBER 2018

2. ACCOUNTING POLICIES (CONT'D)

2.6 Significant accounting policies (Cont'd)

(i) Property, plant and equipment (Cont'd)

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

Land is not depreciated.

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

(j) Intangible assets

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

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

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

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

Goodwill

The excess of the consideration transferred and amount of any non-controlling interest in the acquired entity over the fair value of the net identifiable assets is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised directly in profit or loss as a bargain purchase. Goodwill on acquisition of subsidiaries is recognised as intangible assets. Gain on business combination represents the excess of the Group's interest in the net fair value of the acquiree's net identifiable asset over cost of acquisition and is recognised in profit or loss. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. On disposal of a subsidiary or associate, the attributable amount of goodwill is included in the determination of the gains and losses on disposal. Goodwill is allocated to cash-generating units for the purpose of impairment testing and is tested annually for impairment.

EXPLANATORY NOTES

30 SEPTEMBER 2018

2. ACCOUNTING POLICIES (CONT'D)

2.6 Significant accounting policies (Cont'd)

(k) Current and deferred income tax

(i) Current Income Tax

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

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

(ii) Deferred Income Tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it becomes probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax asset and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current and deferred taxes are recognised as income tax benefits or expenses in profit or loss except for tax related to items recognised in equity or other comprehensive income which are recognised in correlation to the underlying transaction.

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

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

EXPLANATORY NOTES

30 SEPTEMBER 2018

2. ACCOUNTING POLICIES (CONT'D)

2.6 Significant accounting policies (Cont'd)

(k) Current and deferred income tax (Cont'd)

(iii) Corporate Social Responsibility (CSR) Tax

Entities in the Group are required to set up a Corporate Social Responsibility (CSR) Fund of 2% of its taxable profit of the preceding year. If the amount spent on CSR activities is less than the amount provided under the Fund, the difference is payable to the tax authorities as a tax ("CSR tax"). The CSR tax is included in income tax expense and the net amount of CSR fund payable to the taxation authority is included in current tax liabilities in the Statements of Financial Position.

(iv) Value Added Tax

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

- Where the value added tax incurred on a purchase of an asset or service is not recoverable from the taxation authority, in which case, the value added tax is recognized as part of the cost of acquisition of the asset as part of the expense item as applicable.
- Receivables and payables that are stated with the amount of value added tax included.
- The net amount of value added taxes recoverable from or payable to the taxation authority is included as part of receivable or payables in the Statement of Financial Position.

(l) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

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

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

EXPLANATORY NOTES

30 SEPTEMBER 2018

2. ACCOUNTING POLICIES (CONT'D)

2.6 Significant accounting policies (Cont'd)

(m) Post employment benefit

(i) State plan and defined contribution pension plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Contributions to the National Pension Scheme and the Group's defined contribution pension plan are expensed to profit or loss in the period in which they fall due.

(ii) Defined benefit pension plans and other retirement benefits

The following pension benefits are also in place:

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

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

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

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

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

EXPLANATORY NOTES

30 SEPTEMBER 2018

2. ACCOUNTING POLICIES (CONT'D)

2.6 Significant accounting policies (Cont'd)

(m) Post employment benefits (Cont'd)

(ii) Defined benefit pension plans and other retirement benefits (Cont'd)

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

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

Gratuity on retirement

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

(n) Financial instruments - Initial recognition and subsequent measurement

(i) Initial recognition

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

Deposits from customers and other borrowed funds are recognised when funds are transferred to the Group's account by the counterparty.

(ii) Initial measurement of financial instruments

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

(iii) Day 1 Profit or loss

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

(iv) Effective interest rate

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

EXPLANATORY NOTES

30 SEPTEMBER 2018

2. ACCOUNTING POLICIES (CONT'D)

2.6 Significant accounting policies (Cont'd)

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

(v) Due from banks, loans and advances and receivables.

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

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

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

(vi) Deposit from customers and other borrowed funds

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

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

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(vii) Available for sale investments

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

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

(viii) Financial assets at fair value through profit or loss.

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by IAS 39. Financial assets at fair value through profit or loss are carried in the Statement of Financial Position at fair value with net changes in fair value presented at other operating income in the Statement of Profit or Loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

EXPLANATORY NOTES

30 SEPTEMBER 2018

2. ACCOUNTING POLICIES (CONT'D)

2.6 Significant accounting policies (Cont'd)

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

(ix) Reclassification of financial assets

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

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

(o) Derecognition of financial assets and financial liabilities

(i) Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the asset have expired. The Group also derecognises the assets if it has both transferred the asset, and the transfer qualifies for derecognition. The Group has transferred the asset if, and only if, either it has transferred its contractual rights to receive cash flows from the asset or it retains the rights to the cash flow. It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass–through' arrangement.

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

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

A transfer only qualifies for derecognition if:

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

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

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

EXPLANATORY NOTES

30 SEPTEMBER 2018

2. ACCOUNTING POLICIES (CONT'D)

2.6 Significant accounting policies (Cont'd)

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

(i) Financial assets (Cont'd)

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

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

(ii) Financial Liabilities

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

(p) Determination of fair value

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

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

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

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

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's management determines the policies and procedures for both recurring fair value measurement, such as investment properties, unquoted available for sale financial assets and derivatives, and for non-recurring measurement, such as assets acquired and liabilities assumed in a business combination.

External valuers are involved for valuation of significant assets, such as properties. Involvement of external valuers is determined annually by the management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed according to the Group's accounting policies. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. Management, in conjunction with the Group's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

EXPLANATORY NOTES

30 SEPTEMBER 2018

2. ACCOUNTING POLICIES (CONT'D)

2.6 Significant accounting policies (Cont'd)

(q) Impairment of financial assets

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

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

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

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

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

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

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

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

(ii) Available for sale investments

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

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

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

EXPLANATORY NOTES

30 SEPTEMBER 2018

2. ACCOUNTING POLICIES (CONT'D)

2.6 Significant accounting policies (Cont'd)

(r) Offsetting of financial instruments

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

(s) Cash and cash equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalents include cash in hand and at bank, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, bank overdrafts and loans at call. Cash and cash equivalents are classified as loans and receivables in accordance with IAS 39.

Bank overdrafts are shown within borrowings in the Statement of Financial Position and loans at call are included in other assets when receivable and in other liabilities when payable.

(t) Stated capital

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

(u) Segment reporting

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

(v) Dividend distribution

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

(w) Biological assets

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

(x) Non current assets and disposal group held for sale or distribution and discontinued operations

The Group classifies non current assets and disposal groups as held for sale or distribution if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use or the Group is committed to distribute the assets of the disposal group to the shareholders. Non current assets and disposal groups classified as held for sale or distribution are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. In order to be classified at held for distribution, the asset or disposal group must be available for immediate distribution in its present condition and the distribution must be highly probable. Actions required to complete the sale or distribution should indicate that it is unlikely that significant changes to the sale or distribution will be made or that the decision to sell or distribute will be withdrawn. Management must be committed to the plan to sell or distribute the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the Statement of Financial Position.

EXPLANATORY NOTES

30 SEPTEMBER 2018

2. ACCOUNTING POLICIES (CONT'D)

2.6 Significant accounting policies (Cont'd)

(x) Non current assets held for sale and discontinued operations (Cont'd)

The Group classifies non-current assets and disposal groups as held for sale or distribution if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use or the Group is committed to distribute the assets of the disposal group to the shareholders. Non-current assets and disposal groups classified as held for sale or distribution are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. In order to be classified at held for distribution, the asset or disposal group must be available for immediate distribution in its present condition and the distribution must be highly probable. Actions required to complete the sale or distribution should indicate that it is unlikely that significant changes to the sale or distribution will be made or that the decision to sell or distribute will be withdrawn. Management must be committed to the plan to sell or distribute the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

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

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

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

In the process of applying the Group's accounting policies, management has made the following judgements and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Existing circumstances and assumptions about future developments may change due to circumstances beyond the Group's control and are reflected in the assumptions if and when they occur.

Items with the most significant effect on the amounts recognised in the financial statements with substantial management judgement and/or estimates are collated below:

Going concern

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

EXPLANATORY NOTES

30 SEPTEMBER 2018

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

Fair value estimation

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

Impairment of non financial assets

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

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

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

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

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

Valuation of properties

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

The key assumptions used to determine the fair value are further explained in Notes 22 and 23.

Pension Benefits

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

EXPLANATORY NOTES

30 SEPTEMBER 2018

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

Deferred tax assets

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

The investment properties consisting of land and buildings are held within a business model where the objective is to consume substantially all of the economic benefits embodied in the building over time through rental, rather than through sale. The presumption that the Group will recover the carrying amount of the investment properties entirely through sale is rebutted for the buildings which are depreciable. Accordingly deferred tax has been provided for on the fair value gain arising on the building. However, since the land is not depreciable, the recovery through sale would not be rebutted for the land. No deferred tax has been recognised on the land as there is no capital gains tax imposed on sale of land.

Asset lives and residual values

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

Disposal group held for distribution and discontinued operation

A disposal group is classified as held for distribution to shareholders when the company is committed to distribute the disposal group to the shareholders. A number of conditions are required including the fact that the assets must be available for immediate distribution in their present condition and the distribution must be highly probable. The directors made an assessment on whether the decision to spin off the property segment constitutes a disposal group held for distribution at the reporting date taking into consideration the relevant factors and circumstances.

In order for the distribution to proceed, the Group needs to restructure the property segment under a single holding company which requires the approval of the authorities. The directors evaluated that the approval from the authorities is critical and could alter their plan or delay the transaction. In addition, the approval was not yet obtained at 30 September 2018 and therefore the distribution is not available in its present condition.

Based on the above, the directors concluded that the property segment did not meet the requirement to be classified as a disposal group held for distribution and discontinued operation.

EXPLANATORY NOTES

30 SEPTEMBER 2018

4. FINANCIAL RISK MANAGEMENT

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

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

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

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

4.1 Financial risk factors

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

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

(a) Foreign exchange risk

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

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

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

EXPLANATORY NOTES

30 SEPTEMBER 2018

4 FINANCIAL RISK MANAGEMENT (CONT'D)

4.1 Financial risk factors (cont'd)

(a) Foreign exchange risk (Cont'd)

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

	Equivalent in MUR m				Equivalent in MUR m			
	Group				Company			
	EURO	USD	MUR & others	Total	EURO	USD	MUR & others	Total
30 September 2018								
Financial assets								
Cash and bank balances	7.5	140.6	378.0	526.1	-	104.8	3.1	107.9
Deposits with banks	32.0	524.5	469.5	1,026.0	-	524.5	-	524.5
Net investment in leases and other credit agreements	35.2	8.9	7,593.6	7,637.7	-	-	-	-
Loans and advances	-	2.0	2,863.6	2,865.6	-	-	1,105.5	1,105.5
Investments in financial assets	-	1,589.7	9.2	1,598.9	-	1,589.6	1.2	1,590.8
Other assets	-	167.9	437.6	605.5	-	-	373.0	373.0
	74.7	2,433.6	11,751.5	14,259.8	-	2,218.9	1,482.8	3,701.7
Financial liabilties								
Deposits from customers	-	-	3,426.6	3,426.6	-	-	-	-
Other borrowed funds	30.2	9.5	5,910.1	5,949.8	-	-	1,396.9	1,396.9
Other liabilities	54.0	50.1	1,237.3	1,341.4	-	20.0	111.1	131.1
	84.2	59.6	10,574.0	10,717.8	-	20.0	1,508.0	1,528.0
Net exposure	**(9.5)**	**2,374.0**	**1,177.5**	**3,542.0**	**-**	**2,198.9**	**(25.2)**	**2,173.7**
30 September 2017								
Financial assets								
Cash and bank balances	9.1	189.0	307.3	505.4	-	73.6	39.9	113.5
Deposits with banks	-	2,256.1	482.8	2,738.9	-	2,256.1	-	2,256.1
Net investment in leases and other credit agreements	67.8	19.1	6,522.8	6,609.7	-	-	-	-
Loans and advances	-	3.1	2,364.5	2,367.6	-	4.2	2,290.4	2,294.6
Investments in financial assets	-	-	21.8	21.8	-	-	15.1	15.1
Other assets	-	169.9	315.9	485.8	-	169.9	198.5	368.4
	76.9	2,637.2	10,015.1	12,729.2	-	2,503.8	2,543.9	5,047.7
Financial liabilties								
Deposits from customers	-	-	3,134.3	3,134.3	-	-	-	-
Other borrowed funds	66.9	24.3	4,093.0	4,184.2	-	-	1,620.0	1,620.0
Other liabilities	85.7	82.2	991.1	1,159.0	-	-	97.0	97.0
	152.6	106.5	8,218.4	8,477.5	-	-	1,717.0	1,717.0
Net exposure	**(75.7)**	**2,530.7**	**1,796.7**	**4,251.7**	**-**	**2,503.8**	**826.9**	**3,330.7**

Other assets and other liabilities includes foreign currency derivatives

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4. FINANCIAL RISK MANAGEMENT (CONT'D)

4.1 Financial risk factors (cont'd)

(a) Foreign exchange risk (cont'd)

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

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

	GROUP		COMPANY	
	Sep-18	Sep-17	Sep-18	Sep-17
	MUR m	MUR m	MUR m	MUR m
Effect on profit before tax	70.9	75.9	66.0	75.1

(b) Interest rate risk

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

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

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

The sensitivity of the profit before tax to a reasonably possible change in interest rate of + or - 50 basis points (2017: +/- 50 basis points), with all other variables held constant is shown below. The sensitivity has been based on the net exposure of financial assets and liabilities at the reporting date. These changes are considered to be reasonably possible based on observations of current market conditions.

	GROUP		COMPANY	
	Sep-18	Sep-17	Sep-18	Sep-17
	MUR m	MUR m	MUR m	MUR m
Effect on profit before tax and equity	14.7	12.4	5.8	8.0

(c) Equity price risk

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

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4. FINANCIAL RISK MANAGEMENT (CONT'D)

4.1 Financial risk factors (cont'd)

(d) Credit risk

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

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

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

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

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

GROUP	Neither past due nor impaired	Past due but not impaired	Individually impaired	Total
30 September 2018	**MUR m**	**MUR m**	**MUR m**	**MUR m**
Bank balances and cash	**526.1**	**-**	**-**	**526.1**
Deposits with banks	**1,026.0**	**-**	**-**	**1,026.0**
Net investment in leases and other credit agreements	**5,786.0**	**1,887.0**	**383.6**	**8,056.6**
Loans and advances	**2,176.0**	**703.5**	**142.7**	**3,022.2**
Investments in financial assets	**1,597.7**	**-**	**-**	**1,597.7**
Other assets	**604.9**	**0.6**	**-**	**605.5**
	11,716.7	**2,591.1**	**526.3**	**14,834.1**

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

The net investment in leases and other credit agreements, and loans and advances that are neither past due nor impaired, are spread over a large number of customers. These balances, along with the balances past due but not impaired, are subject to portfolio provision on credit impairment according to the history of credit quality of the portfolio of customers of the Group.

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4. FINANCIAL RISK MANAGEMENT (CONT'D)

4.1 Financial risk factors (cont'd)

(d) Credit risk (Cont'd)

The ageing analysis of financial assets past due but not impaired is as follows:

GROUP	Less than 30 days	31 to 60 days	61 to 90 days	More than 90 days	Total
30 September 2018	**MUR m**	**MUR m**	**MUR m**	**MUR m**	**MUR m**
Net investment in leases and other credit agreements	1,104.8	353.3	134.2	294.7	1,887.0
Loans and advances	366.5	98.5	97.0	141.4	703.4
Other assets	-	-	-	0.6	0.6
	1,471.3	451.8	231.2	436.7	2,591.0

GROUP	Less than 30 days	31 to 60 days	61 to 90 days	More than 90 days	Total
30 September 2017	**MUR m**	**MUR m**	**MUR m**	**MUR m**	**MUR m**
Net investment in leases and other credit agreements	846.1	311.3	145.9	353.3	1,656.6
Loans and advances	258.4	120.7	48.3	157.1	584.5
Other assets	1.4	-	-	-	1.4
	1,105.9	432.0	194.2	510.4	2,242.5

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

	Group		Company	
	Sep-18	Sep-17	**Sep-18**	Sep-17
	MUR m	MUR m	**MUR m**	MUR m
Bank balances and cash	**526.1**	505.4	**107.9**	113.5
Deposits with banks	**1,026.0**	2,727.2	**524.5**	2,244.4
Net investment in leases and other credit agreements	**7,637.7**	6,609.7	**-**	-
Loans and advances	**2,865.6**	2,367.6	**1,105.5**	2,272.8
Investments in financial assets	**1,597.7**	8.0	**1,597.7**	-
Other assets	**605.5**	497.5	**373.0**	368.4
	14,258.6	12,715.4	**3,708.6**	4,999.1

The Group held collaterals on finance lease which include heavy equipments, vehicles and other equipments. The fair value of collaterals of impaired lease facilities is estimated at MUR 159m (2017: MUR 108m). The fair value of the collaterals received in respect of the corporate loans, consisting principally of properties were MUR 382.6m (2017: MUR 277.6m).

The Group may recover amounts not settled by the debtors from the customers for factoring facilities with recourse while the non-recourse factoring facilities are insured. Other credit agreements and loans with exposure of MUR 6,641m (2017: MUR 5,563m) are mitigated by insurance covers. The exposure in respect of credit cards is not backed by collaterals.

(e) Liquidity risk

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

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4. FINANCIAL RISK MANAGEMENT (CONT'D)

4.1 Financial risk factors (cont'd)

(e) Liquidity risk (Cont'd)

Contractual maturities of undiscounted cash flows of financial assets and liabilities

Group

30 September 2018	Up to 1 year MUR m	1 to 5 years MUR m	Over 5 years MUR m	Total MUR m
Assets				
Cash and bank balances	526.1	-	-	526.1
Deposits with banks	548.4	489.1	57.3	1,094.8
Net investment in leases and other credit agreements	4,875.3	4,104.3	85.1	9,064.7
Loans and advances	1,790.2	1,748.0	42.0	3,580.2
Investments in financial assets	1,598.2	-	1.2	1,599.4
Other assets	605.5	-	-	605.5
Total assets	9,943.7	6,341.4	185.6	16,470.7
Liabilities				
Deposits from customers	1,308.8	2,750.5	-	4,059.3
Other borrowed funds	5,052.8	999.7	-	6,052.5
Other liabilities	1,224.5	-	-	1,224.5
Total liabilities	7,586.1	3,750.2	-	11,336.3
Net liquidity gap	2,357.6	2,591.2	185.6	5,134.4

Group

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

EXPLANATORY NOTES

30 SEPTEMBER 2018

4. FINANCIAL RISK MANAGEMENT (CONT'D)

4.1 Financial risk factors (cont'd)

(e) Liquidity risk (Cont'd)

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

Company

	Up to 1 year	1 to 5 years	Over 5 years	Total
30 September 2018	MUR m	MUR m	MUR m	MUR m
Assets				
Cash and bank balances	107.9	-	-	107.9
Deposits with banks	527.9	-	-	527.9
Loans and advances	1,046.7	96.7	-	1,143.4
Investments in financial assets	1,589.7	-	1.2	1,590.9
Other assets	373.0	-	-	373.0
Total assets	3,645.2	96.7	1.2	3,743.1
Liabilities				
Other borrowed funds	1,407.6	-	-	1,407.6
Other liabilities	131.1	-	-	131.1
Total liabilities	1,538.7	-	-	1,538.7
Net liquidity gap	2,106.5	96.7	1.2	2,204.4

Company

	Up to 1 year	1 to 5 years	Over 5 years	Total
30 September 2017	MUR m	MUR m	MUR m	MUR m
Assets				
Cash and bank balances	113.5	-	-	113.5
Deposits with banks	2,273.2	-	-	2,273.2
Loans and advances	1,687.4	733.6	-	2,421.0
Investments in financial assets	13.3	-	1.8	15.1
Other assets	368.4	-	-	368.4
Total assets	4,455.8	733.6	1.8	5,191.2
Liabilities				
Other borrowed funds	735.5	940.5	-	1,676.0
Other liabilities	97.0	-	-	97.0
Total liabilities	832.5	940.5	-	1,773.0
Net liquidity gap	3,623.3	(206.9)	1.8	3,418.2

EXPLANATORY NOTES

30 SEPTEMBER 2018

4. FINANCIAL RISK MANAGEMENT (CONT'D)

4.2 Capital management

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

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

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

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

	GROUP		COMPANY	
	Sep-18	Sep-17	**Sep-18**	Sep-17
	MUR m	MUR m	**MUR m**	MUR m
Debt (note 27 and 28)	**9,376.4**	7,318.5	**1,396.9**	1,620.0
Less: Bank balances & cash (note 13)	**(526.1)**	(505.4)	**(107.9)**	(113.5)
	8,850.3	6,813.1	**1,289.0**	1,506.5
Equity	**6,326.5**	6,444.2	**4,680.5**	5,136.4
Net debt/equity ratio	**1.4**	1.1	**0.3**	0.3

One of the Group's subsidiaries has to comply with the capital requirements set by the Bank of Mauritius, which include maintaining a minimum capital requirement of MUR 200m and minimum capital adequacy ratio of 10%.

EXPLANATORY NOTES

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5. NET INTEREST INCOME

(a) Interest income

	GROUP		COMPANY	
	Sep-18	Sep-17	**Sep-18**	Sep-17
	MUR m	MUR m	**MUR m**	MUR m
Earned income on leases and other credit agreements	**942.5**	871.4	**-**	-
Interest income	**246.7**	171.0	**140.1**	126.0
	1,189.2	1,042.4	**140.1**	126.0

(b) Interest expense

	GROUP		COMPANY	
	Sep-18	Sep-17	**Sep-18**	Sep-17
	MUR m	MUR m	**MUR m**	MUR m
Bank overdrafts	**1.8**	1.1	**-**	0.1
Bank loans and other loans repayable by instalments	**146.4**	124.2	**16.3**	19.6
Bank loans and other loans not repayable by instalments	**209.0**	210.6	**67.6**	67.5
Other finance costs	**24.8**	16.2	**24.8**	16.2
	382.0	352.1	**108.7**	103.4
Net interest income	**807.2**	690.3	**31.4**	22.6

6. FEE AND COMMISSION INCOME

	GROUP		COMPANY	
	Sep-18	Sep-17	**Sep-18**	Sep-17
	MUR m	MUR m	**MUR m**	MUR m
Commission*	**401.0**	400.3	**-**	-
Fee income	**138.4**	166.0	**-**	-
	539.4	566.3	**-**	-

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

7. OTHER OPERATING INCOME

	GROUP		COMPANY	
	Sep-18	Sep-17	**Sep-18**	Sep-17
	MUR m	MUR m	**MUR m**	MUR m
Rental income	**99.4**	75.2	**-**	-
Other income *	**79.1**	141.9	**-**	2.4
Operating lease income	**35.9**	36.9	**-**	-
Profit on disposal of land	**-**	6.8	**-**	-
Profit on disposal of property, plant and equipment	**17.9**	0.6	**-**	-
Change in fair value of foreign currency forward contracts	**(32.0)**	12.0	**(33.3)**	13.3
Change in fair value of debt instruments	**3.0**	-	**3.0**	-
Fair value gain on valuation of investment properties	**29.6**	48.2	**-**	2.7
	232.9	321.6	**(30.3)**	18.4

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

8. EMPLOYEE BENEFIT EXPENSE

	GROUP		COMPANY	
	Sep-18	Sep-17	**Sep-18**	Sep-17
	MUR m	MUR m	**MUR m**	MUR m
Wages, salaries and related expenses	**441.2**	445.6	**6.8**	7.1
Pension and other retirement benefit costs	**43.6**	39.6	**2.4**	0.9
	484.8	485.2	**9.2**	8.0

9. OTHER OPERATING EXPENSE

	GROUP		COMPANY	
	Sep-18	Sep-17	**Sep-18**	Sep-17
	MUR m	MUR m	**MUR m**	MUR m
Administration	**249.5**	217.3	**13.3**	2.6
Professional fees	**87.6**	71.1	**27.4**	17.1
Advertising and marketing	**20.9**	16.7	**-**	-
	358.0	305.1	**40.7**	19.7

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10. ALLOWANCE FOR CREDIT IMPAIRMENT

	GROUP		COMPANY	
	Sep-18	Sep-17	**Sep-18**	Sep-17
	MUR m	MUR m	**MUR m**	MUR m
Net provision for credit impairment				
- Leases	**(1.5)**	17.8	**-**	-
- Other credit agreements	**153.5**	126.4	**-**	-
- Loans and advances	**67.0**	49.4	**-**	-
Bad debts written off for which no provision was made				
- Leases	**-**	0.7	**-**	-
Bad debts recovered				
- Leases	**(0.2)**	(0.8)	**-**	-
- Other credit agreements	**(3.0)**	(3.5)	**-**	-
- Loans and advances	**(1.5)**	(3.7)	**-**	-
	214.3	186.3	**-**	-

11. TAXATION

	GROUP		COMPANY	
	Sep-18	Sep-17	**Sep-18**	Sep-17
(a) Income tax expense/(credit)	**MUR m**	MUR m	**MUR m**	MUR m
Current income tax at 15% (2017:15%)	**91.3**	83.5	**-**	-
Corporate social responsibility tax at 2% (2017 : 2%)	**13.5**	19.6	**-**	-
(Under)/over provision in previous year	**1.6**	(0.5)	**-**	-
Deferred tax (credit)/expense	**(17.1)**	4.7	**-**	(0.5)
Income tax expense/(credit)	**89.3**	107.3	**-**	(0.5)

The tax charge shown in profit or loss differs from the tax charge that would apply if all profits had been charged at the Company's statutory rate. A reconciliation between the tax expense and the accounting profit at 17% is as follows:

	GROUP		COMPANY	
	Sep-18	Sep-17	**Sep-18**	Sep-17
	MUR m	MUR m	**MUR m**	MUR m
Accounting profit before tax	**441.4**	411.5	**4.5**	2,836.5
Statutory income tax rate of 15% (2017: 15%)	**66.1**	61.7	**0.7**	425.5
Corporate social responsibility tax at 2% (2017: 2%)	**13.5**	19.6	**-**	-
Tax losses utilised	**1.1**	(3.1)	**-**	(2.1)
Deferred tax not recognised	**6.7**	12.3	**0.5**	-
Deferred tax rate differential arising on Corporate social responsibility tax	**(1.4)**	(2.3)	**-**	-
Under provision in previous years	**1.6**	-	**-**	-
Income not subject to tax	**(9.3)**	(3.3)	**(9.8)**	(445.9)
Non–deductible expenses	**11.0**	22.4	**8.6**	22.0
Income tax expense/(credit)	**89.3**	107.3	**-**	(0.5)

Main items of non deductible expense include unrealized exchange losses, fair value loss on financial asset and expense attributable to exempt income.

Income not subject to tax includes fair value gain on land classified as investment properties, dividend income and net gain on business combination.

(b) Income tax liabilities

	GROUP		COMPANY	
	Sep-18	Sep-17	**Sep-18**	Sep-17
	MUR m	MUR m	**MUR m**	MUR m
At 1 October,	**28.3**	45.5	**-**	-
Paid during the year	**(88.4)**	(112.0)	**-**	-
Charge for the year	**91.3**	106.6	**-**	-
Over/(under) provision in previous year	**1.6**	(0.5)	**-**	-
Disposal of subsidiaries	**-**	(11.3)	**-**	-
Acquisition of subsidiaries	**0.2**	-	**-**	-
	33.0	28.3	**-**	-

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12. OTHER COMPREHENSIVE INCOME

	Translation Reserve	Revaluation Reserve	Actuarial Reserve	Total
	MUR m	MUR m	MUR m	MUR m
GROUP				
Year ended 30 September 2018				
Items that will not be reclassified to profit or loss				
Gain on revaluation of land and buildings	-	8.0	-	8.0
Remeasurement of post employment benefit (note 25)	-	-	(13.2)	(13.2)
Deferred tax on remeasurement of post employment benefit	-	-	(3.1)	(3.1)
	-	8.0	(16.3)	(8.3)
Items that may be reclassified subsequently to profit or loss				
Exchange difference on translation of foreign entities	(0.3)	-	-	(0.3)
Movement in reserves of associates	(0.9)	-	-	(0.9)
	(1.2)	-	-	(1.2)
Other comprehensive income for the year, net of tax	**(1.2)**	**8.0**	**(16.3)**	**(9.5)**

	Translation Reserve	Revaluation Reserve	Actuarial Reserve	Total
	MUR m	MUR m	MUR m	MUR m
GROUP				
Year ended 30 September 2017				
Items that will not be reclassified to profit or loss				
Gain on revaluation of land and buildings	-	72.6	-	72.6
Deferred tax on gain on revaluation of land and buildings	-	(2.2)	-	(2.2)
Remeasurement of post employment benefit (note 25)	-	-	1.8	1.8
Deferred tax on remeasurement of post employment benefit	-	-	(0.4)	(0.4)
	-	70.4	1.4	71.8
Items that may be reclassified subsequently to profit or loss				
Exchange difference on translation of foreign entities	(14.0)	-	-	(14.0)
Movement in reserves of associates	(1.4)	-	-	(1.4)
	(15.4)	-	-	(15.4)
Other comprehensive income for the year, net of tax	**(15.4)**	**70.4**	**1.4**	**56.4**

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12. OTHER COMPREHENSIVE INCOME (CONT'D)

	Actuarial Reserve
COMPANY	MUR m
Year ended 30 September 2018	
Items that will not be reclassified to profit or loss	
Remeasurement of post employment benefit (note 25)	(4.5)
	(4.5)
Year ended 30 September 2017	
Items that may be reclassified subsequently to profit or loss	
Remeasurement of post employment benefit (note 25)	0.7
	0.7

Translation reserve

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

Actuarial reserve

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

13. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	Sep-18	Sep-17	Sep-18	Sep-17
	MUR m	MUR m	MUR m	MUR m
Cash and bank balances	**526.1**	505.4	**107.9**	113.5
Loans at call receivable (note 18)	**-**	-	**161.0**	113.5
Bank overdrafts (note 28)	**(203.4)**	(126.3)	**-**	-
Cash and cash equivalents	**322.7**	379.1	**268.9**	227.0

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

The rate of interest varies between 5.05% and 6.95% (2017: 5.05% and 8.25%).

14. DEPOSITS WITH BANKS

	GROUP		COMPANY	
	Sep-18	Sep-17	Sep-18	Sep-17
	MUR m	MUR m	MUR m	MUR m
Deposit with banks	**1,026.0**	2,738.9	**524.5**	2,256.1
The deposit with banks are analysed as follows:				
Current	**530.0**	2,391.8	**524.5**	2,256.1
Non current	**496.0**	347.1	**-**	-
	1,026.0	2,738.9	**524.5**	2,256.1

The above deposits carry interest rates ranging between 2.30% and 5.70% and have maturity dates ranging from January 2019 to June 2023.

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15. NET INVESTMENT IN LEASES AND OTHER CREDIT AGREEMENTS

GROUP

	Finance leases	Other credit agreements	Total
	MUR m	MUR m	MUR m
30 September 2018			
Gross investment			
Within one year	1,296.0	3,579.3	4,875.3
After one year and before five years	2,207.7	1,896.6	4,104.3
After five years	85.1	-	85.1
	3,588.8	5,475.9	9,064.7
Unearned future finance income	(433.9)	(574.2)	(1,008.1)
	3,154.9	4,901.7	8,056.6
Less allowance for credit impairment			
Portfolio provision	(29.6)	(80.8)	(110.4)
Specific provision	(82.3)	(226.2)	(308.5)
	3,043.0	**4,594.7**	**7,637.7**
Present value of minimum lease payments analysed as follows			
Within one year	1,108.4	3,179.3	4,287.7
After one year and before five years	1,965.8	1,722.4	3,688.2
After five years	80.7	-	80.7
	3,154.9	**4,901.7**	**8,056.6**
Allowance for credit impairment			
Portfolio provision			
At 1 October 2017	23.7	80.3	104.0
Net provision for credit impairment	-	0.5	0.5
Acquisition of subsidiary	5.9	-	5.9
At 30 September 2018	**29.6**	**80.8**	**110.4**
Specific Provision			
At 1 October 2017	26.2	157.4	183.6
Opening balance on acquisition	61.8	-	61.8
Net provision for credit impairment	(2.5)	152.9	150.4
Amounts written off	(3.2)	(84.1)	(87.3)
At 30 September 2018	**82.3**	**226.2**	**308.5**

EXPLANATORY NOTES

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

GROUP

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

16. LOANS AND ADVANCES

	GROUP		COMPANY	
	Sep-18	Sep-17	Sep-18	Sep-17
	MUR m	MUR m	MUR m	MUR m
Credit facilities (a)	**2,086.6**	1,543.8	**-**	-
Corporate loans (b)	**269.5**	267.5	**1,105.5**	2,294.6
Factoring receivables	**240.3**	222.1	**-**	-
Card receivables	**425.8**	453.8	**-**	-
	3,022.2	2,487.2	**1,105.5**	2,294.6
Less allowance for credit impairment (c)	**(156.6)**	(119.6)	**-**	-
	2,865.6	2,367.6	**1,105.5**	2,294.6

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16. LOANS AND ADVANCES (CONT'D)

	GROUP		COMPANY	
	Sep-18	Sep-17	Sep-18	Sep-17
	MUR m	MUR m	MUR m	MUR m
(a) Credit facilities receivables breakdown:				
Within one year	**762.4**	502.6	**-**	-
After one year and before five years	**1,324.1**	1,041.2	**-**	-
After five years	**0.1**	-	**-**	-
	2,086.6	1,543.8	**-**	-
(b) Corporate loans receivables breakdown:				
Within one year	**85.1**	55.5	**1,036.4**	1,626.5
After one year and before five years	**147.0**	173.6	**69.1**	668.1
After five years	**37.4**	38.4	**-**	-
	269.5	267.5	**1,105.5**	2,294.6

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

GROUP	Credit facilities	Corporate loans	Factoring receivables	Card receivables	Total
At 1 October 2017	49.5	2.7	20.8	46.5	119.5
Charge for the year	52.2	-	-	15.9	68.1
Amounts written off	(3.3)	-	(0.2)	(27.5)	(31.0)
At 30 September 2018	98.4	2.7	20.6	34.9	156.6
Made up of:					
Specific provision	71.4	-	18.4	24.7	114.5
Portfolio provision	27.0	2.7	2.2	10.2	42.1
	98.4	2.7	20.6	34.9	156.6
At 1 October 2016	30.3	11.5	14.9	49.7	106.4
Charge for the year	19.3	(4.0)	16.5	17.6	49.4
Amounts written off	-	(4.8)	(10.6)	(20.8)	(36.2)
At 30 September 2017	49.6	2.7	20.8	46.5	119.6
Made up of:					
Specific provision	15.6	9.9	13.7	37.6	76.8
Portfolio provision	34.0	(7.2)	7.1	8.9	42.8
	49.6	2.7	20.8	46.5	119.6

EXPLANATORY NOTES

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17. INVESTMENT IN FINANCIAL ASSETS

	GROUP		COMPANY	
	Sep-18	Sep-17	**Sep-18**	Sep-17
	MUR m	MUR m	**MUR m**	MUR m
Available for sale investments (a)	**1.2**	1.8	**1.2**	1.8
Government bonds	**8.0**	8.0	**-**	-
Foreign currency derivatives	**-**	12.0	**-**	13.3
Debt instruments at fair value through profit or loss	**1,589.7**	-	**1,589.7**	-
	1,598.9	21.8	**1,590.9**	15.1

	GROUP		COMPANY	
	Sep-18	Sep-17	**Sep-18**	Sep-17
	MUR m	MUR m	**MUR m**	MUR m
(a) Available for sale investments	**Level 3**	Level 3	**Level 3**	Level 3
Non current				
Available for sale investments				
At 1 October	**1.8**	2.4	**1.8**	2.4
Impairment charge	**(0.6)**	(0.6)	**(0.6)**	(0.6)
At 30 September	**1.2**	1.8	**1.2**	1.8

The Company has an available for sale investment in a company based in India. Each year a fair value assessment of the investment is done using the Net Assets Approach.

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

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

(b) Foreign currency derivatives

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

	GROUP	
	Sep-18	Sep-17
	MUR m	MUR m
Forward foreign exchange contracts		
The notional principal amounts of the outstanding forward foreign exchange contracts are as follows:		
Forward foreign exchange contracts purchased	**659.0**	1,183.5
Forward foreign exchange contracts sold	**660.0**	159.3

	GROUP / COMPANY	
	Sep-18	Sep-17
	MUR m	MUR m
(c) Debt instruments at fair value through profit or loss	**Level 1**	Level 1
At 1 October	**-**	-
Additions	**1,591.2**	-
Disposals	**(18.2)**	-
Fair value gain	**3.0**	-
Interest accrued	**13.7**	-
At 30 September	**1,589.7**	-

The debt instruments, consisting of quoted bonds and notes, have been designated as financial assets at fair value through profit or loss as they are managed and their performance evaluated on a fair value basis in accordance with the Group's documented risk management or investment strategy.

The fair values of the quoted bond and notes have been based in price quotations at the reporting date and are classified under level 1 of the fair value hierarchy.

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18. OTHER ASSETS

	GROUP		COMPANY	
	Sep-18	Sep-17	**Sep-18**	Sep-17
	MUR m	MUR m	**MUR m**	MUR m
Trade receivables (a)	**1.9**	2.4	**-**	-
Less impairment (b)	**-**	-	**-**	-
	1.9	2.4	**-**	-
Prepayments	**67.4**	58.7	**-**	9.5
Share application monies	**-**	-	**575.0**	-
Other receivables	**603.6**	483.4	**167.2**	169.8
Consumer biological assets (c)	**3.2**	2.0	**-**	-
	676.1	546.5	**742.2**	179.3
Receivable from subsidiaries	**-**	-	**44.8**	85.1
Loan at call to subsidiaries	**-**	-	**161.0**	113.5
	-	-	**205.8**	198.6
	676.1	546.5	**948.0**	377.9

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

Receivables from subsidiary and related companies are unsecured and carry an interest rate ranging from 4.3% to 8.5%.

The share application monies relate to contribution towards equity shares in subsidiaries which were not yet issued by the subsidiaries at the reporting date. The share application monies include MUR 102.5m of cash injection during the year and MUR 472.5m transferred from loans and advances.

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

(a) Ageing of trade receivables

GROUP

	Less than 3 months	3 to 6 months	More than 6 months	Total
2018	**MUR m**	**MUR m**	**MUR m**	**MUR m**
Trade receivables	**1.3**	**-**	**0.6**	**1.9**
Less impairment	**-**	**-**	**-**	**-**
	1.3	**-**	**0.6**	**1.9**
2017	**MUR m**	**MUR m**	**MUR m**	**MUR m**
Trade receivables	**1.0**	**1.1**	**0.3**	**2.4**
Less impairment	**-**	**-**	**-**	**-**
	1.0	**1.1**	**0.3**	**2.4**

(b) Impairment of trade receivables

GROUP

	Sep-18	Sep-17
	MUR m	MUR m
At 1 October	**-**	15.7
Disposal of subsidiaries	**-**	(15.7)
At 30 September	**-**	-

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18. OTHER ASSETS (CONT'D)

(c) Consumable biological assets

	Sep-18	Sep-17
GROUP	**MUR m**	MUR m
Livestock		
At 1 October	**2.0**	2.0
Additions	**1.8**	-
Cost of sales	**(1.1)**	(1.0)
Gain arising from changes in fair value	**0.5**	1.0
At 30 September	**3.2**	2.0

19. INVENTORIES

	Sep-18	Sep-17
GROUP	**MUR m**	MUR m
Cost		
Consumables	**5.6**	8.2
	5.6	8.2

The cost of inventories recognised as expense and included in cost of sales amounted to MUR 12m (2017: MUR 17m). The inventories have been provided as security for borrowings taken by the Group.

20. INVESTMENT IN SUBSIDIARIES

	Sep-18	Sep-17
COMPANY	**MUR m**	MUR m
At 1 October	**1,786.5**	2,022.5
Additions	**205.8**	519.5
Share buyback	**(69.5)**	-
Disposal	**-**	(755.5)
At 30 September	**1,922.8**	1,786.5

The subsidiary Lavastone Ltd redeemed part of its shares issued to the company for non-cash consideration, through offsetting of the amount due by the company to the subsidiary.

The additions during the year include MUR 84.3m which had not yet been settled at the reporting date.

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20. INVESTMENT IN SUBSIDIARIES

(a) Details pertaining to the subsidiaries

Name of subsidiaries	Principal activity	Proportion of direct ownership (%)		Proportion of indirect ownership (%)		Proportion ownership by non controlling interest (%)	
		Sep-18	Sep-17	**Sep-18**	Sep-17	**Sep-18**	**Sep-17**
Finance							
Cim Finance Ltd	Credit card business, factoring, consumer finance, leasing & deposit taking	100.0	100.0	-	-	-	-
Cim Forex Ltd	Forex dealer	100.0	100.0	-	-	-	-
Cim Agencies Ltd	Insurance agent	100.0	100.0	-	-	-	-
Cim Credit Kenya Ltd (note(iv))	Provide hire purchase services in Kenya	-	-	100.0	-	-	-
Cim Insurance Agency Ltd (note(iv))	Insurance agent	-	-	100.0	-	-	-
Mauritian Eagle Leasing Company Ltd (note (i))	Leasing & deposit taking	100.0	-	-	-	-	-
Investments						-	-
Cim International Holdings Ltd	Investment holding	100.0	100.0	-	-	-	-
Cim Administrators Ltd	Secretarial services	100.0	100.0	-	-	-	-
Cim Ethiopia Ltd	Investment holding	-	-	100.0	100.0	-	-
Key Financial Services Ltd	Investment holding	-	-	100.0	100.0	-	-
The Oceanic Trust Co. Ltd	Corporate trustee	-	-	100.0	100.0	-	-
Property							
Lavastone Ltd ((note v))	Property	100.0	100.0	-	-	-	-
Lavastone Properties Ltd ((note vi))	Property	-	-	100.0	100.0	-	-
South West Safari Group Ltd ((noteii))	Property	1.3	1.3	52.3	52.3	46.4	46.4
Le Morne Development Corp Ltd	Property	31.0	31.0	29.0	29.0	20.0	20.0
San Paolo Ltd	Property	59.2	59.2	-	-	40.8	40.8
SWTD Bis Ltd	Property	100.0	100.0	-	-	-	-
Plato Holdings Ltd	Property	-	-	100.0	100.0	-	-
Edith Cavell Properties Ltd	Property	100.0	100.0	-	-	-	-
La Jetee Ltd	Property	-	-	53.6	53.6	-	-
Pier9 Ltd	Property	-	-	53.6	53.6	-	-
B59 Ltd	Property	-	-	100.0	100.0	-	-
The Belle Mare SPV Ltd (note(iii))	Dormant	-	-	100.0	100.0	-	-

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20. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) Details pertaining to the subsidiaries

		Proportion of direct ownership (%)		Proportion of indirect ownership (%)		Proportion ownership by non controlling interest (%)	
Name of subsidiaries	**Principal activity**	**Sep-18**	Sep-17	**Sep-18**	Sep-17	**Sep-18**	Sep-17
Others							
Cim Learning Centre Ltd	Investment holding	100.0	100.0	-	-	-	-
Cim Management Services Ltd	Management services	100.0	100.0	-	-	-	-
Cim Shared Services Ltd	Support activities	100.0	100.0	-	-	-	-
Cim Kenya Ltd (note(iv))	Holding company	100.0	-	-	-	-	-

The above subsidiaries are incorporated in Mauritius except for Cim Credit Kenya Ltd and Cim Insurance Agency Ltd which are is incorporated in Kenya.

Note (i) - Subsidiary acquired during the year (refer to note 34)

Note (ii) - South West Safari Group Ltd and CSBO2 Ltd were amalgamated during the year with South West Safari Group Ltd as the surviving entity

Note (iii) - New Fashion Style and Design Ltd changed its name to The Belle Mare SPV Ltd during the year

Note (iv) - New companies incorporated during the year

Note (v) - Lavastone Ltd was previously known as Cim Property Development Ltd

Note (vi) - Lavastone Properties Ltd was previously known as Cim Property Holdings Ltd

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20. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

	South West Safari Group Ltd	Le Morne Development Corp Ltd	San Paolo Ltd
	MUR m	MUR m	MUR m
2018			
Current assets	**28.3**	**13.2**	**-**
Non current assets	**532.0**	**315.2**	**0.6**
Current liabilities	**22.7**	**5.1**	**0.1**
Non current liabilities	**97.8**	**35.6**	**-**
Revenue	**2.6**	**1.0**	**-**
Profit/(loss)	**3.9**	**(2.6)**	**(0.1)**
Other comprehensive income	**7.9**	**-**	**-**
Total comprehensive income	**11.8**	**(2.6)**	**(0.1)**
Cash flow from operating activities	**19.6**	**0.3**	**-**
Cash flow used in investing activities	**(22.8)**	**-**	**-**
Cash flow from financing activities	**5.1**	**-**	**-**
Net increase in cash and cash equivalents	**1.9**	**0.3**	**-**
Profit/(loss) allocated to non controlling interests	**1.8**	**(1.1)**	**-**
Carrying amounts of non controlling interests	**204.1**	**115.1**	**0.2**

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

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21. INVESTMENT IN ASSOCIATES

(a) **Movement in investment in associates**

	GROUP		COMPANY	
	Sep-18	Sep-17	Sep-18	Sep-17
	MUR m	MUR m	MUR m	MUR m
At 1 October	**193.1**	77.4	**16.2**	16.2
Additions	**-**	124.4	**-**	-
Share of results:				
Share of loss of associates	**(8.3)**	(5.6)	**-**	-
Impairment	**(6.4)**	-	**-**	-
Movement in other reserves	**(0.9)**	(1.4)	**-**	-
Dividends	**-**	(1.7)	**-**	-
At 30 September	**177.5**	193.1	**16.2**	16.2

(b) **Details of the associates**

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

Name				Proportion of direct ownership (%)		Proportion of indirect ownership (%)	
Unquoted	**Principal activity**	**Principal place of business**	**Country of incorporation**	**Sep-18**	Sep-17	**Sep-18**	Sep-17
2018							
Li & Fung (Mauritius) Ltd	Buying agent	Mauritius	Mauritius	**40.0**	40.0	**-**	-
Dodwell (Mauritius) Ltd	Buying agent	Mauritius	Hong Kong	**40.0**	40.0	**-**	-
iVeri Payment Technologies Proprietary Ltd (ii)	Payment solutions provider	South Africa	South Africa	**-**	-	**49.0**	49.0
Touchpoint Payment Proprietary Limited (ii)	Payment solutions provider	South Africa	South Africa	**-**	-	**41.7**	41.7
evriPay (ii)*	Payment solutions provider	South Africa	Mauritius			**-**	61.8
evriPay ZA (Proprietary) Ltd (iii)*	Payment service provider	South Africa	South Africa	**-**	-	**49.0**	61.8
evriPay KE Limited (iii)*	Payment solutions provider	South Africa	South Africa			**-**	61.8
iVeri Global Limited	Software solutions provider	Mauritius	Mauritius	**-**	-	**49.0**	49.0
Blue Nile Holding Ltd	Investment holding	Mauritius	Mauritius	**-**	-	**32.6**	32.6
First Capital Leasing Share Company (iii)	Leasing company	Ethiopia	Ethiopia	**-**	-	**29.3**	29.3

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

(ii) During the year iVeri Payment Technology Proprietary Ltd acquired 99% of the equity shares of evriPay ZA (Proprietary) Ltd and it also holds 85% of equity shares of Touchpoint Payment Proprietary Limited.

(iii) First Capital Leasing Share Company and evriPay ZA (Proprietary) Ltd are under liquidation.

*At 30 September 2017 the Group held 61.8% indirect ownership in these entities through more than one structure, none of which the Group controlled.

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21. INVESTMENT IN ASSOCIATES (CONT'D)

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

2018	**Li & Fung (Mauritius) Ltd - Group ****	**iVeri Payment Technologies Proprietary Ltd**	**Touchpoint Payment Proprietary Limited**	**iVeri Global Limited**	**Blue Nile Holding Ltd**
	MUR m	**MUR m**	**MUR m**	**MUR m**	**MUR m**
Current assets	56.7	25.9	0.4	-	323.3
Non current assets	-	10.0	22.0	13.6	-
Current liabilities	(2.9)	(12.6)	(2.4)	(2.7)	(0.2)
Non current liabilities	-	-	-	-	-
Net assets	53.8	23.3	20.0	10.9	323.1
Ownership interest	40%	49%	42%	49%	33%
Share of net assets	21.5	11.4	8.3	5.3	105.3
Goodwill	(19.5)	47.4	(2.3)	-	-
Carrying value of associates	2.0	58.8	6.0	5.3	105.3
Revenue	3.7	-	-	7.2	-
Profit/(loss) for the year	1.2	(5.6)	4.8	(3.6)	(19.3)
Other comprehensive income for the year	(1.2)	(0.7)	(0.1)	-	-
Total comprehensive income for the year	-	(6.3)	4.7	(3.6)	(19.3)
Group's share of profit/(loss) for the year	0.5	(2.7)	2.0	(1.8)	(6.3)
Group's share of total comprehensive income for the year	-	(3.1)	2.0	(1.8)	(6.3)
Dividend received during the year	-	-	-	-	-

** Figures include Li & Fung Ltd and Dodwell Ltd

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21. INVESTMENT IN ASSOCIATES (CONT'D)

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

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

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

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22. INVESTMENT PROPERTIES

	GROUP		COMPANY	
	Sep-18	Sep-17	**Sep-18**	Sep-17
	MUR m	MUR m	**MUR m**	MUR m
At 1 October	**1,039.2**	733.7	**33.5**	30.8
Additions	**187.2**	38.1	**-**	-
Fair value gain (note 7)	**29.6**	48.2	**-**	2.7
Disposal	**(17.2)**	(1.5)	**-**	-
Transfer (note 23)	**(22.3)**	220.7	**-**	-
At 30 September	**1,216.5**	1,039.2	**33.5**	33.5

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

The different valuation methods used are:

(i) Direct Market Comparison Approach or Sales Comparison Approach

(ii) Depreciated Replacement Cost Approach.

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

	GROUP		COMPANY	
	Sep-18	Sep-17	**Sep-18**	Sep-17
	MUR m	MUR m	**MUR m**	MUR m
Land	**782.3**	596.2	**-**	-
Buildings	**434.2**	443.0	**33.5**	33.5
	1,216.5	1,039.2	**33.5**	33.5

Significant unobservable valuation input:	**Range**
Land - Price per Square Metre	2,000 - 55,000
Buildings - Price per Square Metre	8,000 - 85,000

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

The following have been recognised in profit or loss:

	GROUP		COMPANY	
	Sep-18	Sep-17	**Sep-18**	Sep-17
	MUR m	MUR m	**MUR m**	MUR m
Rental income	**99.4**	75.2	**-**	-
Direct operating expenses arising from investment properties that generate rental income	**22.7**	19.7	**-**	-
Direct operating expenses that did not generate rental income	**9.3**	9.5	**-**	-

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23. PROPERTY, PLANT AND EQUIPMENT

(a) GROUP

	Land and Buildings	Plant and Equipment	Vehicles	Total
Cost or Valuation	MUR m	MUR m	MUR m	MUR m
At 1 October 2016	1,149.3	401.4	191.4	1,742.1
Additions	-	31.2	57.1	88.3
Revaluation adjustment	72.6	-	-	72.6
Disposal of subsidaries (note 35)	-	(117.3)	(5.6)	(122.9)
Scrapped assets	-	(15.3)	(1.3)	(16.6)
Transfer (note 22)	(225.0)	4.3	-	(220.7)
Disposals	(6.9)	(9.2)	(52.5)	(68.6)
At 30 September 2017	990.0	295.1	189.1	1,474.2
Additions	51.4	38.2	24.9	114.5
Revaluation adjustment	8.0	-	-	8.0
Acquisition through business combination (note 34)	-	8.7	325.2	333.9
Scrapped assets	-	(0.4)	-	(0.4)
Transfer (note 22)	30.9	(24.1)	-	6.8
Disposals	(9.9)	(11.9)	(45.9)	(67.7)
At 30 September 2018	**1,070.4**	**305.6**	**493.3**	**1,869.3**

	Land and Buildings	Plant and Equipment	Vehicles	Total
Depreciation and impairment	MUR m	MUR m	MUR m	MUR m
At 1 October 2016	7.2	236.4	99.4	343.0
Charge for the year	2.0	49.7	27.8	79.5
Eliminated on disposal of subsidiaries (note 35)	-	(82.0)	(3.0)	(85.0)
Scrapped assets	-	(15.3)	(1.3)	(16.6)
Disposal adjustment	-	(6.3)	(39.9)	(46.2)
At 30 September 2017	9.2	182.5	83.0	274.7
Charge for the year	2.3	37.7	27.7	67.7
Transfer (note 22)	(0.7)	(14.8)	-	(15.5)
Disposal adjustment	-	(10.5)	(32.9)	(43.4)
At 30 September 2018	**10.8**	**194.9**	**77.8**	**283.5**
Carrying value				
At 30 September 2018	**1,059.6**	**110.7**	**415.5**	**1,585.8**
At 30 September 2017	980.8	112.6	106.1	1,199.5

EXPLANATORY NOTES

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

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

The different valuation methods used are:
(i) Direct Market Comparison Approach or Sales Comparison Approach
(ii) Depreciated Replacement Cost Approach.

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

	Sep-18	Sep-17
	MUR m	MUR m
	Level 3	Level 3
Land	980.7	915.2
Buildings	78.9	65.6
	1,059.6	980.8

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

Significant unobservable valuation input:	Range
Land - Price per Square Metre	MUR 30 - MUR 55,000
Buildings - Price per Square Metre	MUR 8,000 - MUR 70,000

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

(c) Land & Buildings

	Sep-18	Sep-17
	MUR m	MUR m
Freehold land & buildings	1,059.6	980.8
On the cost basis, these properties would have been as follows:		
Cost	840.5	748.2
Accumulated Depreciation	(11.5)	(9.2)
Net book value	829.0	739.0

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

	Motor vehicles	
	MUR m	MUR m
	Sep-18	Sep-17
Cost	-	5.2
Accumulated depreciation	-	(3.6)
Carrying value	-	1.6

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24. INTANGIBLE ASSETS

(a) **GROUP**

	Goodwill on acquisition	Leasehold Rights	Software	Total
	MUR m	MUR m	MUR m	MUR m
Cost				
At 1 October 2016	1,099.4	-	167.5	1,266.9
Additions	-	45.8	2.7	48.5
Disposal of subsidiary (note 35)	(1,099.4)	-	(17.4)	(1,116.8)
At 30 September 2017	**-**	**45.8**	**152.8**	**198.6**
Additions	-	-	58.9	58.9
At 30 September 2018	**-**	**45.8**	**211.7**	**257.5**
Amortisation/Impairment				
At 1 October 2016	500.7	-	133.2	633.9
Charge for the year	-	-	15.5	15.5
Disposal of subsidiary (note 35)	(500.7)	-	(16.2)	(516.9)
At 30 September 2017	**-**	**-**	**132.5**	**132.5**
Charge for the year	-	0.4	17.9	18.3
At 30 September 2018	**-**	**0.4**	**150.4**	**150.8**
Carrying value				
At 30 September 2018	**-**	**45.4**	**61.3**	**106.7**
At 30 September 2017	-	45.8	20.3	66.1

During the year ended 30 September 2017, the Group disposed of its global business segment on which goodwill on acquisition with carrying value amounting to MUR 598.7m were previously recognised. Hence as at 30 September 2017 and 30 September 2018, the Group does not have any goodwill on acquisition.

(b) **COMPANY**

	Sep-18	Sep-17
	MUR m	MUR m
Cost		
At 1 October	**0.3**	0.3
Additions	**-**	-
At 30 September	**0.3**	0.3
Amortisation		
At 1 October	**0.1**	0.1
Charge for the year	**0.1**	-
At 30 September	**0.2**	0.1
Carrying value		
At 30 September	**0.1**	0.2

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25. POST EMPLOYMENT BENEFIT ASSETS/LIABILITIES

	GROUP		COMPANY	
	Sep-18	Sep-17	Sep-18	Sep-17
	MUR m	MUR m	MUR m	MUR m
Amounts recognised in the Statements of Financial Position:				
Pension benefits (a)	(7.2)	(6.8)	-	-
Unfunded pension schemes (b)	40.9	40.2	40.9	40.2
Other retirement benefits (c)	46.7	37.5	-	-
	80.4	70.9	40.9	40.2
Analysed as follows:				
Non current assets	7.2	6.8	-	-
Non current liabilities	(87.6)	(77.7)	(40.9)	(40.2)
	(80.4)	(70.9)	(40.9)	(40.2)
Amounts charged to profit or loss:				
Pension benefits (a)	(0.4)	0.7	-	-
Unfunded pension schemes (b)	2.4	2.9	2.4	2.9
Other retirement benefits (c)	7.0	4.8	-	-
Total included in employee benefit expense	9.0	8.4	2.4	2.9
Amounts charged to/(credited) other comprehensive income:				
Pension benefits (a)	7.2	(0.5)	-	-
Unfunded pension schemes (b)	4.5	(0.7)	4.5	(0.7)
Other retirement benefits (c)	1.5	(0.6)	-	-
	13.2	(1.8)	4.5	(0.7)

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25. POST EMPLOYMENT BENEFIT ASSETS/LIABILITIES (CONT'D)

(a) Pension benefits

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

		GROUP	
		Sep-18	Sep-17
		MUR m	MUR m
(i)	**Amounts recognised in the Statements of Financial Position are as follows:**		
	Present value of funded obligations	**34.4**	25.5
	Fair value of plan assets	**(41.6)**	(32.3)
	Assets in the Statements of Financial Position	**(7.2)**	(6.8)
	The reconciliation of the opening balances to the closing balances for the net defined benefit liability is as follows:		
	At 1 October	**(6.8)**	(9.9)
	Credited to profit or loss	**(0.4)**	0.7
	(Credited)/charged to other comprehensive income	**7.2**	(0.5)
	Contributions paid	**(7.2)**	(0.4)
	Disposal of subsidiaries (note 35)	**-**	3.3
	At 30 September	**(7.2)**	(6.8)
(ii)	**Amounts recognised in profit or loss and other comprehensive income are as follows:**		
	Service cost:		
	Current service cost	**1.2**	1.0
	Past service cost	**(1.2)**	-
	Net interest on net defined benefit asset	**(0.4)**	(0.3)
	Components of amount recognised in profit or loss	**(0.4)**	0.7
	Return on plan assets above interest cost	**(2.1)**	(2.0)
	Liability experience loss	**6.8**	1.8
	Liability loss/(gain) due to change in financial assumptions	**2.5**	(0.3)
	Components of amount recognised in other comprehensive income	**7.2**	(0.5)

EXPLANATORY NOTES

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25. POST EMPLOYMENT BENEFIT ASSETS/LIABILITIES(CONT'D)

		GROUP	
		Sep-18	Sep-17
		MUR m	MUR m
(a)	**Pension benefits (cont'd)**		
(iii)	**Movements in the defined benefit obligations over the year is as follows:**		
	At 1 October	**25.5**	27.1
	Current service cost	**1.2**	1.0
	Past service cost	**(1.2)**	-
	Interest expense	**1.6**	1.7
	Benefits paid on settlement	**1.0**	-
	Other benefits paid	**(3.0)**	-
	Liability experience loss	**6.8**	1.8
	Liability loss/(gain) due to change in financial assumptions	**2.5**	(0.3)
	Disposal of subsidiaries (note 35)	**-**	(5.8)
	At 30 September	**34.4**	25.5
(iv)	**Movements in the fair value of plan assets over the year is as follows:**		
	At 1 October	**32.3**	37.0
	Interest income	**2.0**	2.0
	Employer contribution	**7.2**	0.4
	Benefits paid	**(2.0)**	-
	Return on plan assets excluding interest income	**2.1**	2.0
	Disposal of subsidiaries (note 35)	**-**	(9.1)
	At 30 September	**41.6**	32.3
(v)	**Sensitivity analysis on defined benefit obligation at end of year**		
	Increase due to 1% decrease in discount rate	**17.2**	15.5
	Decrease due to 1% increase in discount rate	**13.7**	12.2

EXPLANATORY NOTES

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25. POST EMPLOYMENT BENEFIT ASSETS/LIABILITIES (CONT'D)

(a) Pension benefits (cont'd)

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

The above sensitivity analysis has been carried out by recalculating the present value of obligation at the end of the period after increasing or decreasing the discount rate while leaving all other assumptions unchanged. The results are particularly sensitive to a change in the discount rate due to the nature of the liabilities being the difference between a minimum defined benefit liability and the projected defined contribution liabilities, the latter being MUR 46.7m as at 30 September 2018. Any similar variation in the other assumptions would have shown smaller variations in the defined benefit obligation.

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

	GROUP	
	Sep-18	Sep-17
	%	%
(vi) **Allocation of plan assets at end of year:**		
Equity - local quoted	**26**	38
Equity - overseas quoted	**37**	29
Debt - local unquoted	**2**	23
Debt - overseas quoted	**27**	-
Property - local	**3**	2
Cash and other	**5**	8
	100	100

(vii) **Future cashflows**

- The funding policy is to pay contributions to an external legal entity at the rate recommended by the entity's actuaries.

- Expected employer contributions to post-employment benefit plans for the year ending 30 September 2019 are MUR 1.7m.

- The average duration of the defined benefit obligations ranges between 5 years and 13 years.

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25. POST EMPLOYMENT BENEFIT ASSETS/LIABILITIES (CONT'D)

	GROUP	
(a) Pension Benefits (cont'd)	**Sep-18**	Sep-17
(viii) Principal actuarial assumptions at end of year:		
Discount rate	**6.2%**	6.0%
Future salary increases	**4.7%**	5.0%
Future pension increases	**0.5%**	0.5%
Average retirement age (ARA)	**60**	60
Average life expectancy for:		
- Male at ARA	**19.5 years**	19.5 years
- Female at ARA	**24.2 years**	24.2 years

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

- Investment risk

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

- Interest risk

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

- Longevity risk

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

- Salary risk

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

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

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25. POST EMPLOYMENT BENEFIT ASSETS/LIABILITIES (CONT'D)

(b) Unfunded pension schemes

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

		GROUP		COMPANY	
		Sep-18	Sep-17	**Sep-18**	Sep-17
		MUR m	MUR m	**MUR m**	MUR m
(i)	**Amounts recognised in the Statements of Financial Position are as follows:**				
	Present value of unfunded obligation	**40.9**	40.2	**40.9**	40.2
	Liability in the Statements of Financial Position	**40.9**	40.2	**40.9**	40.2
(ii)	**Amounts recognised in profit or loss and other comprehensive income are as follows:**				
	Net interest on net defined benefit liability	**2.4**	2.9	**2.4**	2.9
	Components of amount recognised in profit or loss	**2.4**	2.9	**2.4**	2.9
	Liability experience loss/(gain)	**3.9**	(1.8)	**3.9**	(1.8)
	Liability loss due to change in financial assumptions	**0.6**	1.1	**0.6**	1.1
	Components of amount recognised in other comprehensive income	**4.5**	(0.7)	**4.5**	(0.7)
(iii)	**Movements in liability recognised in Statements of Financial Position:**				
	At 1 October	**40.2**	43.7	**40.2**	-
	Interest expense	**2.4**	2.9	**2.4**	2.9
	Past service cost transferred	**-**	-	**-**	43.7
	Other benefits paid	**(6.2)**	(5.7)	**(6.2)**	(5.7)
	Liability experience loss/(gain)	**3.9**	(1.8)	**3.9**	(1.8)
	Liability loss due to change in financial assumptions	**0.6**	1.1	**0.6**	1.1
	At 30 September	**40.9**	40.2	**40.9**	40.2
(iv)	**Sensitivity Analysis on defined benefit obligation at end of period**				
	Increase due to 1% decrease in discount rate	**2.3**	2.4	**2.3**	2.4
	Decrease due to 1% increase in discount rate	**2.1**	2.1	**2.1**	2.1

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

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

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25. POST EMPLOYMENT BENEFIT ASSETS/LIABILITIES (CONT'D)

(b) Unfunded pension schemes (cont'd)

(v) **Future cash flows**

- The funding policy is to pay benefits out of the Group's cashflow as and when due.

- Expected employer contributions to post-employment benefit plans for the year ending 30 September 2019 are MUR 6.0m.

- The weighted average duration of the defined benefit obligations is 5 years.

		Sep-18	Sep-17
		MUR m	MUR m
(vi)	**Principal actuarial assumptions at end of year:**		
	Discount rate	**6.2%**	6.5%
	Future pension increases	**2.0%**	2.5%
	Average retirement age (ARA)	**60**	60
	Average life expectancy for:		
	- Male at ARA	**19.5 years**	19.5 years
	- Female at ARA	**24.2 years**	24.2 years

(c) Other retirement benefits

Other retirement benefits comprise full and residual retirement gratuities.

		GROUP	
		Sep-18	Sep-17
		MUR m	MUR m
(i)	**Amounts recognised in the Statements of Financial Position are as follows:**		
	Present value of unfunded obligation	**46.7**	37.5
	Liability in the Statements of Financial Position	**46.7**	37.5
(ii)	**Amounts recognised in profit or loss and other comprehensive income are as follows:**		
	Service cost:		
	Current service cost	**4.6**	3.5
	Past service cost	**-**	(1.0)
	Net interest on net defined benefit liability	**2.4**	2.3
	Components of amount recognised in profit or loss	**7.0**	4.8
	Liability experience loss/(gain)	**0.4**	(0.5)
	Liability loss due to change in demographic assumptions	**-**	(0.1)
	Liability loss due to change in financial assumptions	**1.1**	-
	Components of amount recognised in other comprehensive income	**1.5**	(0.6)

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25. POST EMPLOYMENT BENEFIT ASSETS/LIABILITIES (CONT'D)

		GROUP	
		Sep-18	Sep-17
		MUR m	MUR m
(c)	**Other retirement benefits (cont'd)**		
(iii)	**Movements in liability recognised in Statements of Financial Position:**		
	At 1 October	**37.5**	45.1
	Current service cost	**4.6**	3.5
	Past service cost	**-**	(1.0)
	Interest expense	**2.4**	2.3
	Other benefits paid	**-**	(0.8)
	Liability experience loss/(gains)	**0.4**	(0.4)
	Liability loss due to change in financial assumptions	**1.1**	(0.1)
	Acquisition of subsidiary (note 34)	**0.7**	-
	Disposal of subsidiaries (note 35)	**-**	(11.1)
	At 30 September	**46.7**	37.5
(iv)	**Sensitivity Analysis on defined benefit obligation at end of period**		
	Increase due to 1% decrease in discount rate	**9.6**	8.0
	Decrease due to 1% increase in discount rate	**7.9**	2.1

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

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

In relation to the residual retirement gratuities, the results are particularly sensitive to a change in the discount rate due to the nature of liabilities being the difference between the pure retirement gratuities under the Employment Rights Act 2008 and the deductions allowable, being five times the annual pension provided and half the lump sum received by the member at retirement from the pension fund with reference to the Company's share of contributions. The latter's amount is MUR 78.4m as at 30 September 2018.

(v) **Future cashflows**

- The funding policy is to pay benefits out of the Group's cashflow as and when due.

- Expected employer contributions to post-employment benefit plans for the year ending 30 September 2019 are MUR 0.8m.

- The weighted average duration of the defined benefit obligations ranges between 11 years and 29 years.

		GROUP	
		Sep-18	Sep-17
(vi)	**Principal actuarial assumptions at end of year:**	**MUR m**	MUR m
	Discount rate	**6.20%-6.60%**	6.5%
	Future salary increases	**4.00%-4.70%**	5.0%-6.0%
	Future pension increases	**0.50%**	2.0%
	Average retirement age (ARA)	**60**	60
	Average life expectancy for:		
	- Male at ARA	**19.5 years**	19.5 years
	- Female at ARA	**24.2 years**	24.2 years

(d) Contribution to the defined contribution plans amounted to MUR 15.5 m (2017: MUR 24.5m).

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26. DEFERRED TAXATION

Deferred income tax is calculated on all temporary differences under the liability method at 17% (2017: 17%).

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

	GROUP		COMPANY	
	Sep-18	Sep-17	**Sep-18**	Sep-17
	MUR m	MUR m	**MUR m**	MUR m
Deferred tax assets	**83.0**	65.2	**-**	-
Deferred tax liabilities	**(28.4)**	(25.3)	**-**	-
	54.6	39.9	**-**	-

At the end of the reporting period, the Group and the Company had unused tax losses of MUR 72.4m (2017: MUR 37.8m) and MUR 19.3m (2017: MUR (3.9)m) respectively available for offset against future profit. The expiry of the Group's tax losses are MUR 5.2m in 2019, MUR 16.5m in 2020, MUR 7.4m in 2021, MUR 16.9m in 2022, and MUR 26.4m in 2023. The expiry of the Company's tax losses are MUR 1.8m in 2019, MUR 10.1m in 2020 and MUR 7.4m in 2023. No deferred tax asset has been recognised due to unpredictability of taxable future profit streams.

Deferred tax assets/(liabilities)

GROUP

	Impairment allowance	Post employment benefit	Fair Value Gains and Others	Accelerated tax depreciation	Total
At 1 October 2016	65.3	5.7	(2.8)	(18.8)	49.4
Credit/(charge) to profit or loss	7.4	(7.2)	(7.5)	2.6	(4.7)
Charge to other comprehensive income	-	(0.4)	(3.0)	-	(3.4)
Disposal of subsidiaries	(3.5)	0.6	-	1.5	(1.4)
At 30 September 2017	69.2	(1.3)	(13.3)	(14.7)	39.9
Credit/(charge) to profit or loss	17.2	7.2	(5.6)	(1.7)	17.1
Charge to comprehensive income	-	(3.1)	-	-	(3.1)
Acquisition of subsidiary	-	-	-	0.7	0.7
At 30 September 2018	86.4	2.8	(18.9)	(15.7)	54.6

Deferred tax assets/(liabilities)

COMPANY

	Impairment allowance	Post employment benefit	Fair Value Gains and Others	Accelerated tax depreciation	Total
At 1 October 2016	-	-	(0.5)	-	(0.5)
Credit to profit or loss	-	-	0.5	-	0.5
At 30 September 2017	-	-	-	-	-
Credit to profit or loss	-	-	-	-	-
At 30 September 2018	-	-	-	-	-

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27. DEPOSITS FROM CUSTOMERS

GROUP	Sep-18 MUR m	Sep-17 MUR m
Time deposits with remaining term to maturity		
Retail customers		
Within 3 months	**75.0**	72.6
Over 3 up to 6 months	**140.5**	167.9
Over 6 up to 12 months	**287.8**	253.5
Over 1 up to 5 years	**1,007.7**	741.9
	1,511.0	1,235.9
Corporate customers		
Within 3 months	**20.4**	107.7
Over 3 up to 6 months	**214.1**	79.9
Over 6 up to 12 months	**261.3**	457.9
Over 1 up to 5 years	**1,281.3**	1,138.8
	1,777.1	1,784.3
Deposits - capital element	**3,288.1**	3,020.2
Interest payable	**138.5**	114.1
	3,426.6	3,134.3

The above consists of deposits bearing annual effective interest at the rates ranging from 2.00% to 8.00% per annum.

Deposits are denominated in Mauritian Rupees.

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28. OTHER BORROWED FUNDS

	GROUP		COMPANY	
	Sep-18	Sep-17	Sep-18	Sep-17
	MUR m	MUR m	MUR m	MUR m
(a) Non current				
Bank and other borrowings - Secured (e)	**924.6**	200.0	**-**	180.0
Bank and other borrowings - Unsecured	**21.1**	1,097.0	**-**	-
	945.7	1,297.0	**-**	180.0
Current				
Bank overdrafts (note 13)	**203.4**	126.3	**-**	-
Bank and other borrowings - Secured (e)	**3,638.2**	1,313.0	**225.7**	91.3
Bank and other borrowings - Unsecured	**1,162.5**	683.9	**1,171.2**	584.7
Medium term loan (d)	**-**	764.0	**-**	764.0
	5,004.1	2,887.2	**1,396.9**	1,440.0
Total	**5,949.8**	4,184.2	**1,396.9**	1,620.0

	GROUP		COMPANY	
	Sep-18	Sep-17	Sep-18	Sep-17
(b) Non current borrowings analysed as follows:	MUR m	MUR m	MUR m	MUR m
Repayable otherwise than by instalments:				
After one year and before two years				
Others	**16.2**	353.1	**-**	-
After two years and before three years				
Others	**531.0**	343.7	**-**	-
After three years and before five years				
Others	**360.9**	301.3	**-**	-
After five years	**27.3**	118.9	**-**	-
Repayable by instalments:				
After one year and before two years	**4.6**	90.0	**-**	90.0
After two years and before three years	**2.5**	90.0	**-**	90.0
After three years and before five years	**3.2**	-	**-**	-
After five years	**-**	-	**-**	-
	945.7	1,297.0	**-**	180.0

	GROUP		COMPANY	
	Sep-18	Sep-17	Sep-18	Sep-17
	%	%	%	%
(c) The effective interest rates at the end of the reporting period were as follows:				
Bank overdrafts	**5.05- 6.95**	5.05 - 8.25	**-**	-
Bank and other borrowings - Secured	**3.20 - 6.75**	3.60 - 5.85	**5.55 - 5.85**	5.55 - 5.85
Bank and other borrowings - Unsecured	**0.75 - 4.25**	0.75 - 4.20	**3.55 - 4.20**	3.55 - 4.20

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28. OTHER BORROWED FUNDS (CONT'D)

(d) In June 2013, the Company issued its first tranche notes with a nominal amount of MUR 750m under its Medium Term Note Programme. The notes carried a fixed interest rate of 5.55%, payable semi-annually, and has been fully repaid during the year.

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

(e) The secured bank and other borrowings are secured by floating charges over the respective assets of the Group companies.

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

	GROUP		COMPANY	
	Sep-18	Sep-17	**Sep-18**	Sep-17
	MUR m	MUR m	**MUR m**	MUR m
MUR and others	**5,906.2**	4,075.1	**1,396.9**	1,603.0
EURO	**30.1**	67.8	**-**	-
USD	**9.5**	24.3	**-**	-
	5,945.8	4,167.2	**1,396.9**	1,603.0

Changes in liabilities arising from financing activities

	GROUP	COMPANY
	Sep-18	**Sep-18**
	MUR m	**MUR m**
At 1 October	**4,057.9**	**1,620.0**
Proceeds	**12,097.7**	**1,751.9**
Repayments	**(10,440.5)**	**(1,975.0)**
Acquisition of subsidiary	**33.3**	**-**
Forex adjustment	**2.0**	**-**
At 30 September	**5,750.4**	**1,396.9**

29. OTHER LIABILITIES

	GROUP		COMPANY	
	Sep-18	Sep-17	**Sep-18**	Sep-17
	MUR m	MUR m	**MUR m**	MUR m
Trade payables	**525.2**	444.4	**-**	-
Accruals	**69.7**	111.5	**2.9**	12.5
Other payables	**605.7**	603.1	**84.4**	0.2
Deferred income	**120.8**	-	**-**	-
Foreign currency derivatives	**20.0**	-	**20.0**	-
	1,341.4	1,159.0	**107.3**	12.7
Amount payable to subsidiaries	**-**	-	**23.8**	84.3
	1,341.4	1,159.0	**131.1**	97.0

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

Trade payable and other payable are secured, interest free and payable within 3 months. Included in other payables are deferred income pertaining to merchant discount which is recognised and released to profit or loss in accordance to note 2.6(d).

Foreign currency derivatives consisting of collar options on currency were fair valued at the reporting date. The fair value has been determined using mid-market inputs and classified under level 2 of the fair value hierarchy.

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30. DIVIDENDS

	COMPANY	
	Sep-18	Sep-17
	MUR m	MUR m
Amounts recognised as distributions to equity holders in the year:		
Dividends of MUR 0.60 per share (2017: Nil)	408.3	-
Dividends of MUR 0.07 per share (2017: MUR 0.13 per share)	47.6	88.5
	455.9	88.5

On 7 December 2018 the Board of Directors of CIM Financial Services Ltd (the 'Company') has declared a final dividend of MUR 0.15 per share payable for the year ended 30 September 2018, in respect of all the ordinary shares of the Company. As the dividend was declared subsequent to the reporting date, it has not been recognised in the Statement of Financial Position at 30 September 2018.

31. EQUITY

Stated Capital

	COMPANY	
	2018 & 2017	
	No of shares	Ordinary shares
	Million	MUR m
No par value shares	680.5	680.5

The company has issued 680,522,310 shares of no par value issued at the reporting date. All shares are fully paid and carry equal voting rights. The ordinary shares are classified as equity.

Capital Reserves

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

Actuarial Losses

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

Retained Earnings

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

Other Reserves

Reserves not dealt in above are accounted as other reserves.

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32. EARNINGS PER SHARE

		GROUP		COMPANY	
		Sep-18	Sep-17	Sep-18	Sep-17
		MUR m	MUR m	MUR m	MUR m
Profit for the year from continuing operations		**351.4**	310.8	**4.5**	2,837.0
Profit for the year from discontinued operations		**-**	2,645.4	**-**	-
Profit attributable to owners of the parent		**351.4**	2,956.2	**4.5**	2,837.0
Number of shares used in calculation		**680,522,310**	680,522,310	**680,522,310**	680,522,310
Basic/diluted earnings per share from continuing activities	MUR	**0.52**	0.46	**0.01**	4.17
Basic/diluted earnings per share from discontinued activities	MUR	**-**	3.89	**-**	-
Basic/diluted earnings per share	MUR	**0.52**	4.35	**0.01**	4.17

33. NOTES TO THE STATEMENTS OF CASH FLOWS

		GROUP		COMPANY	
		Sep-18	Sep-17	Sep-18	Sep-17
		MUR m	MUR m	MUR m	MUR m
(a)	**Cash generated from operations**				
	Profit before taxation from continuing operations	**441.4**	411.5	**4.5**	2,836.5
	Profit before taxation from discontinuing operations	**-**	2,676.0	**-**	-
	Depreciation	**67.7**	79.5	**-**	-
	Amortisation	**18.3**	15.6	**0.1**	-
	Impairment of investment	**0.6**	0.6	**0.6**	0.6
	Profit on disposal of subsidiary	**-**	(2,477.8)	**-**	(2,494.9)
	Fair value change on investment properties	**(29.6)**	(48.2)	**-**	(2.7)
	Net gain on business combination	**(29.5)**	-	**-**	-
	Net provision for credit impairment	**214.3**	193.7	**-**	-
	Profit on disposal of property, plant and equipment	**-**	(7.4)	**-**	-
	Investment income	**-**	-	**(65.0)**	(448.9)
	Foreign exchange (profit)/loss	**(2.0)**	(4.8)	**11.1**	77.4
	Fair value movement on financial assets	**12.0**	(12.0)	**33.3**	(13.3)
	Fair value movement on debt instruments	**(3.0)**	-	**(3.0)**	0.0
	Share of results of associates	**14.7**	5.6	**-**	-
	Post employment benefit	**(4.4)**	0.6	**(3.8)**	(2.8)
		700.5	832.9	**(22.2)**	(48.1)
	Changes in working capital				
	Deposit from customers	**(496.5)**	339.0	**-**	0.0
	Deposit with banks	**1,764.3**	(2,251.6)	**1,731.6**	(2,323.5)
	Inventories	**2.6**	(3.5)	**-**	0.0
	Net investment in finance leases and other credit agreements	**(537.0)**	(1,086.6)	**-**	0.0
	Loan and advances	**(563.5)**	(754.2)	**716.6**	(474.2)
	Investment in financial assets	**(1,586.7)**	-	**(1,586.7)**	0.0
	Other assets	**(124.4)**	161.1	**52.4**	(186.2)
	Other liabilities	**41.5**	(227.1)	**(0.7)**	13.5
	Cash (used in)/generated from operations	**(799.2)**	(2,990.0)	**891.0**	(3,018.5)
(b)	**Operational cash flows from interest**				
	Interest income received during the year	**159.4**	159.4	**140.1**	125.9
	Interest expense paid during the year	**(354.3)**	(354.3)	**(108.7)**	(103.4)

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34. BUSINESS COMBINATION AND ACQUISITION OF NON CONTROLLING INTERESTS

Acquisition of subsidiary

In August 2018, the Group acquired 100% of the share capital and voting rights of Mauritian Eagle Leasing Company Limited ('MELCO') in view of the expansion of the Group's operation.

MELCO is an unlisted company based in Mauritius and operating in the leasing and deposit taking business.

The following table summarises the purchase consideration and the fair value of the identifiable amounts of the assets acquired and liabilities assumed at the acquisition date:

	MUR m
Consideration	
Cash Consideration	121.5
Payable	84.3
Total consideration	205.8
Fair value of net assets acquired	(235.3)
Net gain on business combination	(29.5)
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	70.4
Net investment in lease	639.8
Property, plant and equipment	333.9
Deposits with bank	51.4
Deferred tax asset	0.7
Other assets	5.2
Deposits from customers	(788.8)
Long term loans	(33.3)
Other liabilities	(43.1)
Current tax liabilities	(0.2)
Post employment benefit	(0.7)
	235.3
Net cash outflow on acquisition of subsidiary	
Consideration paid in cash	121.5
Cash and cash equivalent balances acquired with the subsidiary	(70.4)
	51.1

The fair value of the net investment in lease amounted to MUR 639.8m; the gross amount was MUR 771.1m, out of which MUR 55.8m is not expected to be collected.

The net gain on business combination resulted from a higher fair value of the identifiable assets acquired and liabilities assumed compared to the acquisition costs. The net gain on business combination is presented separately on the statement of profit or loss.

The transaction included a contingent element for equal risk sharing between the seller and the Group relating to the recovery of certain non performing leases over the recovery period agreed by both parties.

The Group estimated that no settlement would be required at the end of the recovery period and therefore the fair value has been determined to be nil.

From the date of the acquisition, MELCO contributed MUR 12.2m of revenue and MUR 2.2m of profit before tax from continuing operations.

Had the acquired subsidiary been consolidated from 1 October 2017, the revenue from continuing operation of the Group would have been MUR 1,338.6m and the profit after tax from continuing operations would have been MUR 336.4m.

Acquisition related costs of MUR 4.4m were recognised in operating expenses.

Year ended 30 September 2017

Acquisition of non controlling interests in SWTD BIS LTD

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

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

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35. DISCONTINUED OPERATIONS AND DISPOSAL OF SUBSIDIARIES

On 31st May 2017, the board of CIM Financial Services Ltd approved the disposal of the whole of its interest in the Global Business segment to SGG Ltd, for a consideration of MUR 3.2bn. The Global Business segment was thus considered as discontinued operations.

The results of the segment disposed are as follows:

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

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

The net cash flows arising on the discontinued operations are as follows:

	Sep-17
	MUR m
Operating	213.4
Investing	(108.5)
Financing	(0.1)
Net cash inflow	104.8

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

Disposal of subsidiaries

Year ended 30 September 2017	Group	Company
Gain on disposal of subsidiaries	**MUR**	**MUR**
Cim Global Reinsurance Company Ltd and Cim Captive Reinsurance Company PCC (i))	13.7	(2.2)
Cybernaptics Ltd (ii)	-	3.0
Subsidiaries under Global Business segment (iii)	-	2,494.1
	13.7	2,494.9

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

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

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

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

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36. COMMITMENTS

	GROUP	
	Sep-18	Sep-17
	MUR m	MUR m
Operating lease - where the Group is the lessor		
The Group has entered into Operating leases for motor vehicle, equipment and investment properties consisting of buildings for rental. These leases have terms ranging from 1 to 10 years.		
The future minimum lease receivable under operating leases are as follows:		
Within one year	**220.8**	115.8
After one year and before five years	**482.4**	235.2
Later than 5 years	**114.8**	4.9
	818.0	355.9

37. EVENTS AFTER THE REPORTING DATE

(a) In May 2018, the Board of CIM Financial Services Ltd deliberated and resolved the spinning off of the property segment of the Group to the shareholders of the Company with the eventual listing on the Development and and Enterprise Market (DEM) of the Stock Exchange of Mauritius subject to the approval obtained from the authority. In view of that, the Group embarked on the project of restructuring all the entities of the property segment under a single holding company which is Lavastone Ltd (previously known as CIM Property Development Ltd). The implementation of the restructuring plan was dependent upon the approval of the relevant authority which was not yet obtained at the reporting date.

Further to the approval received from the relevant authority on 15 October 2018, the Group proceeded with the restructuring of the property segment in view of the eventual distribution and listing of the shares of Lavastone Ltd. All the entities under the property segment, as disclosed in Note 20, have been restructured under Lavastone Ltd and shares were issued by Lavastone Ltd for the share application monies of MUR 575.0m (Note 18) held at the reporting date. In addition, further investments of MUR 203.5m were made by the Company in Lavastone Ltd.

On 14 December 2018, the approval of the listing by the Executive Committee of the Stock Exchange of Mauritius was received for the listing of Lavastone Ltd and the Admission Document of Lavastone Ltd on the Development and Enterprise Market of the Stock Exchange of Mauritius was released. On that date, CIM Financial Services Ltd declared a dividend in specie of all the shares it held as investment in Lavastone Ltd. The carrying amount of the investment in Lavastone Ltd at the date of distribution amounted to MUR 1,721.1m.

(b) On 7 December 2018, the Board of Directors of CIM Financial Services Ltd (the 'Company') has declared a final dividend of MUR 0.15 per share payable for the year ended 30 September 2018, in respect of all the ordinary shares of the Company. As the dividend was declared subsequent to the reporting date, it has not been recognised in the Statement of Financial Position at 30 September 2018.

38. CONTINGENT LIABILITIES

	GROUP & COMPANY	
	Sep-18	Sep-17
	MUR m	MUR m
Corporate guarantees on behalf of subsidiary	**20.0**	20.0
	20.0	20.0

At 30 September 2018, the Company had contingent liabilities in respect of guarantees from which it is anticipated that no material liabilities would arise. The Company has given corporate guarantees amounting to MUR 20m (2017: MUR 20m) on behalf of one subsidiary company.

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39. RELATED PARTY TRANSACTIONS

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

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

	GROUP		COMPANY	
	Sep-18	Sep-17	Sep-18	Sep-17
	MUR m	MUR m	MUR m	MUR m
Sales of goods & services to				
Companies with common shareholders	44.3	3.6	-	-
Purchase of goods & services from				
Companies with common shareholders	18.00	0.5	0.1	-
Dividend income, interest income and other income				
Subsidiaries	-	-	142.7	574.9
Associates	-	1.7	-	1.7
Financial charges				
Subsidiaries	-	-	3.3	-
Loans payable to				
Subsidiaries	-	-	107.0	-
Loans and leases receivable from				
Companies with common shareholders	111.5	126.0	-	-
Subsidiaries	-	-	1,105.5	2,272.8
Amount owed by				
Companies with common shareholders	0.6	0.8	-	-
Subsidiaries	-	-	780.8	176.7
Amount owed to				
Companies with common shareholders	-	1.1	-	-
Subsidiaries	-	-	23.8	84.3
Remuneration of key management personnel				
Short term employee benefit	121.7	174.9	6.8	7.1
Long term employee benefit	7.0	5.6	-	-
Post employment benefit	15.8	5.7	-	-

(b) The above transactions have been made on commercial terms and in the normal course of business.

(c) Except for lease receivable where the facilities are effectively secured by the underlying assets, outstanding balances at the year end are unsecured with interest varying from 3.6% to 8.7% (2017: 4.3% to 8.5%) and settlement occurs in cash and/or through current account. The Group has not recorded any impairment of receivable relating to amounts owed by the related parties (2017: nil). There has been no guarantee provided or recorded for any related party receivable or payable.

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40. BUSINESS SEGMENTS

	Finance	Property	Investments	Group elimination	Total
	MUR m	MUR m	MUR m	MUR m	MUR m
Year ended 30 September 2018					
Gross operating income	1,757.0	214.6	258.5	(265.8)	1,964.3
Interest expense	(351.1)	(15.6)	(111.6)	96.3	(382.0)
Net operating income	1,405.9	199.0	146.9	(169.5)	1,582.3
Operating expenses	(737.9)	(103.6)	(259.5)	169.5	(931.5)
Operating profit before impairment	668.0	95.4	(112.6)	-	650.8
Net impairment of financial assets	(213.3)	-	(1.6)	-	(214.9)
Operating profit	454.7	95.4	(114.2)	-	435.9
Foreign exchange gain/(loss)	0.4	-	(9.7)	-	(9.3)
Net gain on business combination	-	-	29.5	-	29.5
Share of loss of associates	-	-	(14.7)	-	(14.7)
Profit/(loss) before tax	455.1	95.4	(109.1)	-	441.4
Income tax (expense)/credit	(76.3)	(16.7)	3.7	-	(89.3)
Profit for the year	378.8	78.7	(105.4)	-	352.1
Assets	12,633.0	2,930.5	4,573.6	(2,624.4)	17,512.7
Liabilities	10,720.0	1,037.9	1,733.3	(2,624.4)	10,866.8
Capital expenditure	97.3	52.4	22.8	-	172.5
Investments in associates	-	-	177.5	-	177.5
Depreciation & amortisation	71.5	6.9	8.2	-	86.6

EXPLANATORY NOTES

30 SEPTEMBER 2018

40. BUSINESS SEGMENTS (CONT'D)

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

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

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

Property - Property management and rentals

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

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

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

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

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

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

41. IMMEDIATE AND ULTIMATE HOLDING COMPANY

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

EXPLANATORY NOTES

30 SEPTEMBER 2018

42. MATURITY ANALYSIS OF ASSET AND LIABILITIES

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

GROUP

	2018			2017		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
	MUR m	MUR m	MUR m	MUR m	MUR m	MUR m
ASSETS						
Cash and bank balances	526.1	-	526.1	505.4	-	505.4
Deposits with banks	530.0	496.0	1,026.0	2,391.8	347.1	2,738.9
Net investment in leases and other credit agreements	3,979.2	3,658.5	7,637.7	3,641.7	2,968.0	6,609.7
Loans and advances	1,386.7	1,478.9	2,865.6	1,114.4	1,253.2	2,367.6
Investments in financial assets	1,597.7	1.2	1,598.9	21.8	-	21.8
Other assets	676.1	-	676.1	546.5	-	546.5
Inventories	5.6	-	5.6	8.2	-	8.2
Investments in associates	-	177.5	177.5	-	193.1	193.1
Investment properties	-	1,216.5	1,216.5	-	1,039.2	1,039.2
Property, plant and equipment	-	1,585.8	1,585.8	-	1,199.5	1,199.5
Intangible assets	-	106.7	106.7	-	66.1	66.1
Post employment benefit assets	-	7.2	7.2	-	6.8	6.8
Deferred tax assets	-	83.0	83.0	-	65.2	65.2
Total assets	8,701.4	8,811.3	17,512.7	8,229.8	7,138.2	15,368.0
LIABILITIES						
Deposits from customers	1,137.6	2,289.0	3,426.6	1,253.7	1,880.6	3,134.3
Other borrowed funds	5,004.1	945.7	5,949.8	2,887.2	1,297.0	4,184.2
Other liabilities	1,341.4	-	1,341.4	1,159.0	-	1,159.0
Income tax liabilities	33.0	-	33.0	28.3	-	28.3
Post employment benefit liabilities	-	87.6	87.6	-	77.7	77.7
Deferred tax liabilities	-	28.4	28.4	-	25.3	25.3
Total liabilities	7,516.1	3,350.7	10,866.8	5,328.2	3,280.6	8,608.8

EXPLANATORY NOTES

30 SEPTEMBER 2018

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

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

COMPANY

	2018			2017		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
	MUR m	MUR m	MUR m	MUR m	MUR m	MUR m
ASSETS						
Cash and bank balances	107.9	-	107.9	113.5	-	113.5
Deposits with banks	524.5	-	524.5	2,256.1	-	2,256.1
Loans and advances	1,036.4	69.1	1,105.5	1,626.5	668.1	2,294.6
Investments in financial assets	1,589.7	1.2	1,590.9	13.3	1.8	15.1
Other assets	948.0	-	948.0	377.9	-	377.9
Investments in subsidiaries	-	1,922.8	1,922.8	-	1,786.5	1,786.5
Investments in associates	-	16.2	16.2	-	16.2	16.2
Investment properties	-	33.5	33.5	-	33.5	33.5
Intangible assets	-	0.1	0.1	-	0.2	0.2
Total assets	4,206.5	2,042.9	6,249.4	4,387.3	2,506.3	6,893.6
LIABILITIES						
Other borrowed funds	1,396.9	-	1,396.9	1,440.0	180.0	1,620.0
Other liabilities	131.1	-	131.1	97.0	-	97.0
Post employment benefit liabilities	-	40.9	40.9	-	40.2	40.2
Total liabilities	1,528.0	40.9	1,568.9	1,537.0	220.2	1,757.2

EXPLANATORY NOTES

30 SEPTEMBER 2018

43. FAIR VALUE OF FINANCIAL INSTRUMENTS

Except for the available for sale investment and financial assets and liabilities at fair value through profit or loss, the Group does measure its financial assets and financial liabilities at fair value. The table below shows, by class of financial instruments, the comparison of their carrying amounts with their fair values. These fair values are calculated for disclosure purposes only. The table excludes those financial assets and financial liabilities for which their carrying amounts approximate their fair values.

30 September 2018	Carrying amounts	Fair value Level 1	Level 2	Level 3	Total
	MUR m	MUR m	MUR m	MUR m	MUR m
Financial assets measured at fair value					
Available for sale investment	1.2	-	-	1.2	1.2
Debt instruments at fair value through profit and loss	1,589.7	1,589.7			1,589.7
Financial assets not measured at fair value					
Net investment in leases and other credit agreements	7,637.7	-	-	7,663.4	7,663.4
Loans and advances	2,865.6	-	-	2,879.8	2,879.8
Government bonds	8.0	-	8.0	-	8.0
	12,102.2	1,589.7	8.0	10,544.4	12,142.1
Financial liabilities measured at fair value					
Foreign currency derivatives	20.0	-	20.0	-	20.0
Financial liabilities not measured at fair value					
Deposits from customers	3,426.6	-	-	3,561.6	3,561.6
Other borrowed funds	5,949.8	-	-	5,919.1	5,919.1
	9,404.7	1,159.0	-	9,480.7	10,639.7

30 September 2017	Carrying amounts	Fair value Level 1	Level 2	Level 3	Total
	MUR m	MUR m	MUR m	MUR m	MUR m
Financial assets measured at fair value					
Available for sale investment	1.8	-	-	1.8	1.8
Foreign currency derivatives	12	-	12.0	-	12.0
Financial assets not measured at fair value					
Net investment in leases and other credit agreements	5,661.0	-	-	6,078.7	6,078.7
Loans and advances	2,367.6	-	-	2,317.2	2,317.2
Investments in financial assets	8.0	-	8.0	-	8.0
	8,050.4	-	20.0	8,397.7	8,417.7
Financial liabilities not measured at fair value					
Deposits from customers	3,134.3	-	-	3,182.7	3,182.7
Other borrowed funds	4,184.2	-	-	4,167.2	4,167.2
	7,318.5	-	-	7,349.9	7,349.9

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

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

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

EXPLANATORY NOTES

30 SEPTEMBER 2018

44. CLASSIFICATION OF FINANCIAL INSTRUMENTS

CATEGORIES OF FINANCIAL INSTRUMENTS

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

30 September 2018 — Categories under IAS 39

Financial assets	Group: Assets at fair value through profit or loss	Group: Available for sale	Group: Loans and receivables	Group: Total	Company: Assets at fair value through profit or loss	Company: Available for sale	Company: Loans and receivables	Company: Total
	MUR m	MUR m	MUR m	MUR m	MUR m	MUR m	MUR m	MUR m
Cash and bank balances	-	-	526.1	526.1	-	-	107.9	107.9
Deposits with banks	-	-	1,026.0	1,026.0	-	-	524.5	524.5
Loans and advances	-	-	2,865.6	2,865.6	-	-	1,105.5	1,105.5
Investments in financial assets	1,589.7	1.2	8	1,598.9	1,589.7	1.2	-	1,590.9
Other assets	-	-	605.5	605.5	-	-	-	-
	1,589.7	1.2	5,031.2	6,622.1	1,589.7	1.2	1,737.9	3,328.8

Financial liabilties	Group: Liabilities at fair value through profit or loss	Group: Liabilities at amortised cost	Group: Total	Company: Liabilities at fair value through profit or loss	Company: Liabilities at amortised cost	Company: Total
	MUR m	MUR m	MUR m	MUR m	MUR m	MUR m
Deposits from customers	-	3,426.6	3,426.6	-	-	-
Other borrowed funds	-	5,950	5,950	-	1,396.9	1,396.9
Other liabilities	20.0	1,200.6	1,220.6	20.0	111.1	111.1
	20.0	10,577.2	10,597.2	20.0	1,508.0	1,508.0

30 September 2017 — Categories under IAS 39

Financial assets	Group: Assets at fair value through profit or loss	Group: Available for sale	Group: Loans and receivables	Group: Total	Company: Assets at fair value through profit or loss	Company: Available for sale	Company: Loans and receivables	Company: Total
	MUR m	MUR m	MUR m	MUR m	MUR m	MUR m	MUR m	MUR m
Cash and bank balances	-	-	505.4	505.4	-	-	113.5	113.5
Deposits with banks	-	-	2,738.9	2,738.9	-	-	2,256.1	2,256.1
Loans and advances	-	-	2,367.6	2,367.6	-	-	2,294.6	2,294.6
Investments in financial assets	12	1.8	8.0	21.8	13.3	1.8	-	15.1
Other assets	-	-	485.8	485.8	-	-	368.4	368.4
	12	1.8	6,105.7	6,119.5	13.3	1.8	5,032.6	5,047.7

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

EXPLANATORY NOTES

30 SEPTEMBER 2018

45. FINANCIAL SUMMARY

GROUP		Sep-18	Sep-17	Sep-16
		MUR m	MUR m	MUR m
Statements of Profit or Loss and Other Comprehensive Income from continuing operations				
Interest income		**1,189.2**	1,042.4	833.2
Interest expense		**(382.0)**	(352.1)	(303.5)
Net interest income/(expense)		**807.2**	690.3	529.7
Fee and commission income		**539.4**	566.3	513.7
Other income		**235.7**	325.1	365.9
Net operating income		**1,582.3**	1,581.7	1,409.3
Operating expenses		**(931.5)**	(874.4)	(866.0)
Operating profit before impairment		**650.8**	707.3	543.3
Allowance for impairment		**(214.9)**	(186.9)	(147.1)
Gain on revaluation of investment properties		**-**	-	-
Share of results of associates		**(14.7)**	(5.6)	15.4
Foreign exchange loss		**(9.3)**	(117.0)	(7.3)
Share of result of joint venture		**-**		0.7
Profit before non-recurring items		**411.9**	397.8	405.0
Non-recurring items:				
Gain on disposal of subsidiary company		**-**	13.7	47.0
Net gain on business combination		**29.5**	-	21.3
Profit before taxation		**441.4**	411.5	473.3
Income tax expense		**(89.3)**	(107.3)	(70.1)
Profit for the year from continuing operations		**352.1**	304.2	403.2
Other comprehensive income for the year, net of tax		**(9.5)**	56.4	23.6
Total comprehensive income from continuing for the year		**342.6**	360.6	426.8
Profit for the year from discontinued operations		**-**	2,645.4	253.1
Profit for the year		**342.6**	3,006.0	679.9
Profit attributable to:				
Owners of the parent		**351.4**	2,956.2	664.4
Non controlling interests		**0.7**	(6.6)	(8.1)
		352.1	2,949.6	656.3
Total comprehensive income attributable to:				
Owners of the parent		**338.2**	3,001.6	688.0
Non controlling interests		**4.4**	4.4	(8.1)
		342.6	3,006.0	679.9
Earnings per share		**0.52**	4.35	0.98
Earnings per share from continuing operations		**0.52**	0.46	0.60
Statements of Financial Position				
Assets		**17,512.7**	15,368.0	11,743.6
Stated capital		**680.5**	680.5	680.5
Retained earnings		**4,999.9**	5,171.6	2,395.6
Other reserves		**646.1**	592.1	451.8
Non controlling interests		**319.4**	315.0	384.5
Liabilities		**10,866.8**	8,608.8	7,831.2
		17,512.7	15,368.0	11,743.6
Stated Capital				
Number of ordinary shares - issued and fully paid	**Units**	**680,522,310**	680,522,310	680,522,310

DIRECTORS OF SUBSIDIARY COMPANIES

	Alfs Susanne	Boland Christopher Francis	Clarke Teresa	Coetzee Barend	Darga Louis Amedee	Descroizilles Marcel Vivian	Elferink Roland	Espitalier-Noël M.M.Hector	Chuckowree Ounishka	Chung William	Espitalier-Noël M. H. Philippe	Haile Yoeal	Hart de Keating Christopher	Jaunbocus Fareedooddeen	Koowaroo Nemraj	Lim Tat Voon Liong Kee	Lo Fong Audrey
B59 Ltd																	
Blue Nile Holding Ltd					A												
Cim Administrators Ltd																	
Cim Agencies Ltd																	
Cim CSR Fund Ltd																	
Cim Ethiopia Ltd																	
Cim Finance Ltd	X	X															
CIM Financial Services Ltd			X		X	D								A			
Cim Forex Ltd															X	X	
Cim Kenya Ltd																	
Cim Credit Kenya Ltd												A					
Cim Insurance Agency Limited												A					
Cim International Holdings Ltd																	
Cim Learning Centre Ltd																	X
Cim Management Services Ltd																	
Lavastone Ltd (Formely Cim Property Development Ltd)																	
Lavastone Properties Ltd (Formely Cim Property Holdings Ltd)																	
Cim Shared Services Ltd																	
Edith Cavell Properties Ltd																	
evriPay				R			X										
evriPay Payment Solutions Ltd				X			X										
evriPay ZA Proprietary Limited				X	X												
Key Financial Services Ltd																	
Iveri Payment Technologies (Pty) Ltd				X	X												
Iveri Global Limited				X			X										
La Jetee Ltd																	
Le Morne Development Corporation Ltd.								X			X						
The Belle Mare SPV Ltd																	
Pier9 Ltd																	
Plato Holdings Ltd																	
Touchpoint Payments Proprietary Ltd				X	X												
San Paolo Ltd.																	
South West Safari Group Limited						D							A				
SWTD Bis Ltd																	
Mauritian Eagle Leasing Company Limited									X	X							
The Oceanic Trust Co. Ltd																	

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

Low Kwan Sang Soo Him	Maharahaje Panday Woogra Tioumitra	Marion Jacques Edwin	Motet Denis	Parianen Soopaya	Ramtoola Ashraf	Pilot Jacques Christian Jerome	Sathan Davina	Sceales Anthony Patrick Niven	Sin Fai Lam Donald	Somen David	Stephen Luc Clement	Stern Jeffrey	Tapesar Raj	Taylor Colin Geoffrey	Taylor Alexander Matthew	Taylor Philip Simon	Taylor Sebastian Callum	Taylor Timothy	Timol Aisha	Vaghjee Manoj	Van Beuningen Mark	Vaudin Nicolas	Victoire Gianella	Wiehe L. H. Georges	Yen Bernand
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