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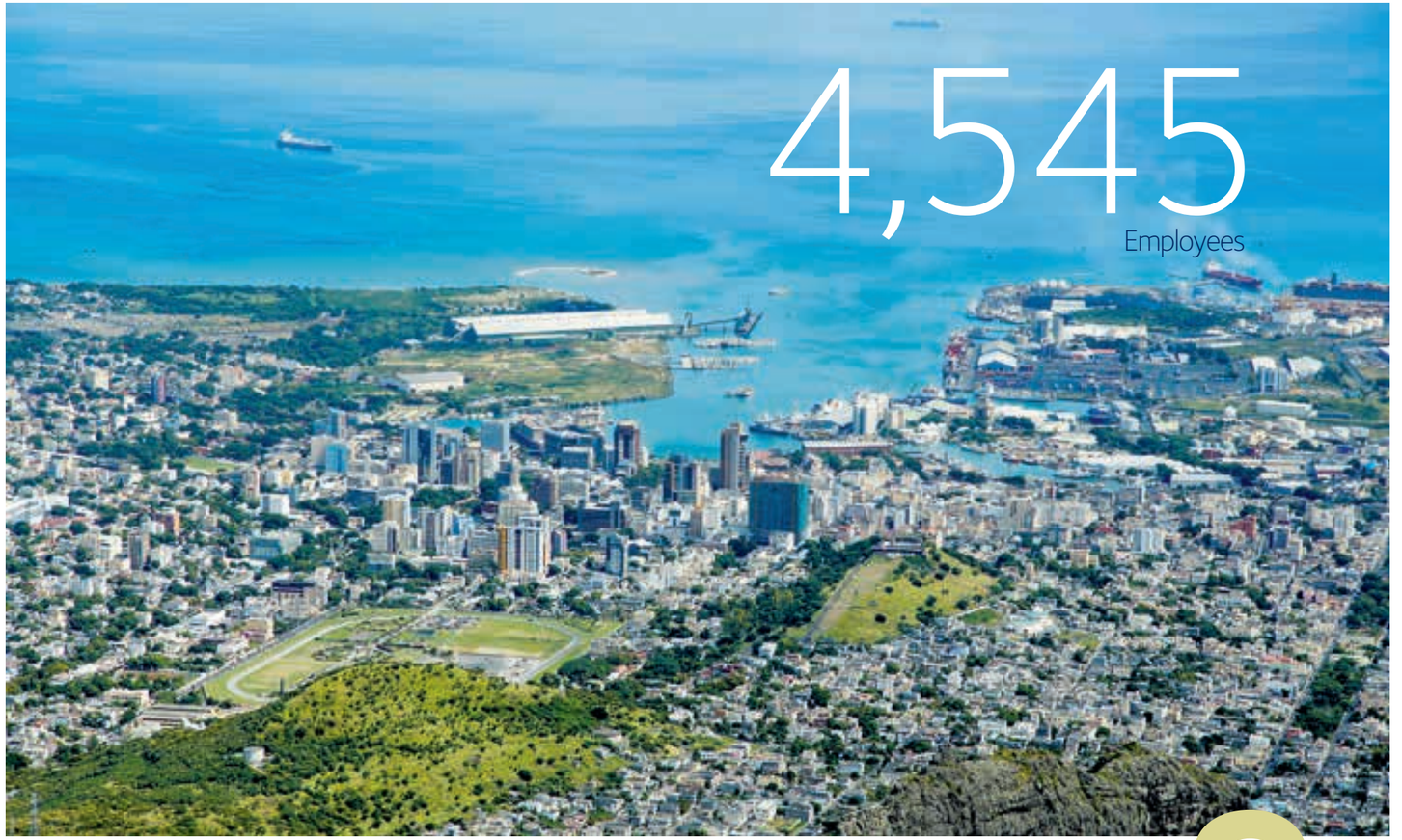
# Energy drives everything.

More than a century ago, the vision of our predecessors laid the groundwork for turning us into key players in the present Mauritian economy. Today, we are over 4,500 people sharing the same vision and zeal. In every action we take, **we strive for higher levels of performance**. From being instrumental in the creation of the country's hospitality industry to leading the establishment of our national carrier, Air Mauritius, whilst pursuing our swift expansion across the globe, **it is that same focused energy that drives us forward**.

# Rogers at a Glance

53

Offices in
13 countries




## Corporate Profile

Rogers and Company Limited is a listed international services and investment company with specialist expertise within 4 markets: FinTech, Hospitality, Logistics and Property. Our operations within each served market are organised into sectors with 53 offices across 13 different countries.

Since our establishment in 1899, we have shown entrepreneurial zeal which is at the heart of the economic development of Mauritius. Our Company played a notable role in the creation in 1962 of the leading hotel group on the island, Beachcomber Hotels, and in 1967 of the national carrier, Air Mauritius.

Rogers has also spearheaded the inception of the logistics sector in 1975, the Global Business sector development in 1992 and the business process outsourcing industry since 1999.

In 2004, the Domaine de Bel Ombre inaugurated two Heritage luxury hotels and a championship golf course in unique surroundings. The Domaine has since developed further with nature tourism activities and Villas Valriche, a luxury residential estate counting among the largest IRS schemes on the island.

Our commercial property arm, Ascencia was listed in 2008. The following year, the logistics businesses were grouped under a single organisation and brand, Velogic.

Our equity base was restructured in 2012 in a material transaction that saw ENL Land acquire a majority stake in the Company while spinning off Cim Group.

Our Company upholds the importance of responsible, sustainable and transparent practices in promoting growth of the business and its role in the region. We firmly believe that our long-term success rests on our corporate values of Leadership, Agility and Dynamism, which are driven by a skilled and diverse workforce of over 4,500 direct employees. The Group's investments contribute to providing employment to more than 10,000 people.

Total revenue

Rs m **8,167**

## Regional Force

Rogers continues to expand by serving clients at an international level and ensuring that the expected benchmarks and productivity are delivered. Opportunities to further develop our services in our four served markets are real.

# Group Structure

*Rogers*

| | FINTECH | HOSPITALITY | LOGISTICS | PROPERTY |
|---|---|---|---|---|
| **Sectors** | **Financial Services**<br>**Technology Services** | **Hotels**<br>**Travel[1]**<br>**Leisure** | **Logistics Solutions** | **Property Investments[2]**<br>**Property Development & Agribusiness[3]** |
| **Activities** | Rogers Capital<br>Kross Border<br>Enterprise Information Solutions (EIS) | Veranda Leisure & Hospitality (VLH)<br>Rogers Aviation<br>Compagnie Sucrière de Bel Ombre (CSBO) - Leisure<br>Case Noyale Leisure | Velogic | Ascencia<br>Compagnie Sucrière de Bel Ombre (CSBO) - Les Villas de Bel Ombre |
| **Key Investments** | Swan General<br>Swan Financial Solutions<br>AXA Customer Services Ltd. | New Mauritius Hotels<br>Air Mauritius<br>Mautourco<br>White Sand Tours<br>BlueConnect | | Mall of Mauritius at Bagatelle Ltd.<br>Le Morne Development Corporation (LMDC) |

Note 1: Travel was reported as Aviation up to 30 June 2016.

Note 2: Property Investments was reported as Property up to 30 June 2016.
Note 3: Property Development & Agribusiness was reported as Real Estate & Agribusiness up to 30 June 2016.

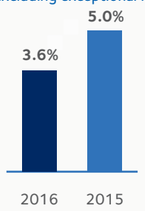
# Group Financial Highlights - 30 June 2016

**+14.2%** **Revenue (Rs m)**
**2016:** 8,167 2015: 7,151

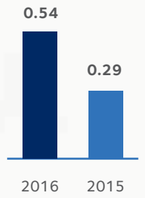
**+7.1%** **EBITDA (Rs m)**
Excluding exceptional items
**2016:** 1,782 2015: 1,664

**-19.1%** **Profit after Tax (Rs m)**
Excluding exceptional items
**2016:** 787 2015 : 973

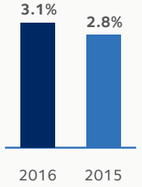
**Return on Equity**
Excluding exceptional items




**Debt/Equity**



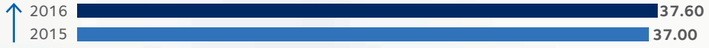

**Cash Dividend Yield**




**Price/Earnings**

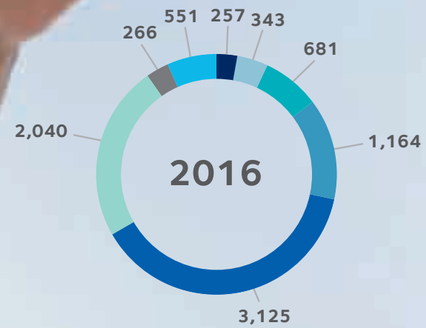
**EPS (Rs)**
Excluding exceptional items

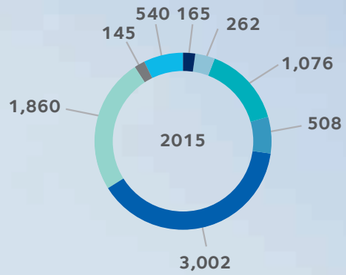
**NAV per Share (Rs)**




**Cash Dividend per Share (Rs)**

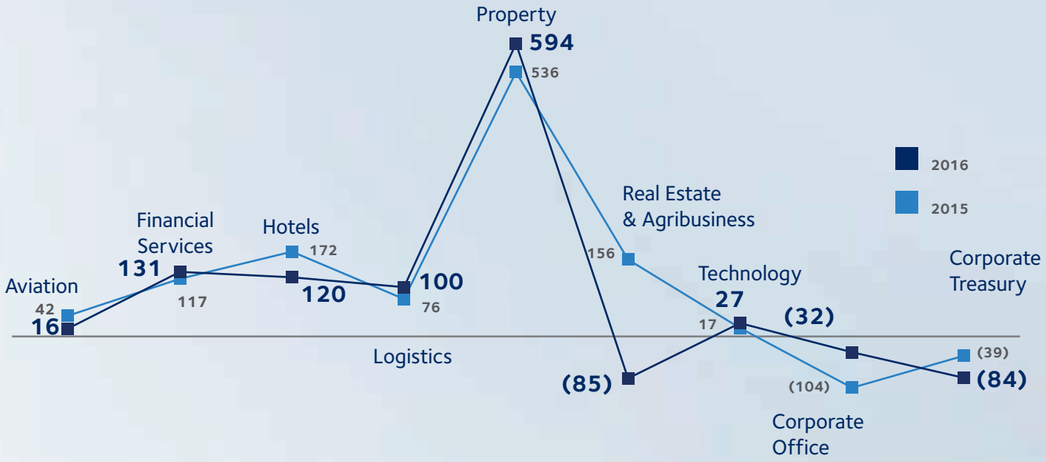
**Revenue by Segment**
Exclusive of consolidation adjustment of Rs 260m (2015: Rs 407m)




Hotels · Aviation · Technology · Property
Financial Services · Corporate Office · Real Estate & Agribusiness · Logistics

**Profit after Tax by Segment (Rs m)**
Excluding exceptional items



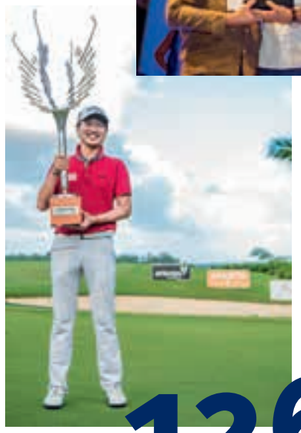
# Events & Achievements 2015-2016

## Tapping into the East African logistics market

Velogic continues to grow organically beyond the borders of Mauritius. The Logistics business sector of Rogers has acquired a significant stake in General Cargo Services Ltd and Gencargo Transport Ltd in April 2016, two Kenya-based companies providing customs brokerage and road transportation services respectively. Velogic is intent on capitalizing on its broad array of supply chain expertise and network to diversify their service lines and ultimately continue to expand into bordering East African countries.

## Amazing golf experiences

Following a highly successful first in 2015 at the multi-award winning Heritage Golf Club, a field of 126 golf pros from the European, Asian and Sunshine Tours were back in Mauritius this year for the second edition of the AfrAsia Bank Mauritius Open. Hosted from 12 to 15 May 2016 by the Four Seasons Golf Club Mauritius at Anahita, this international competition saw the young South Korean, Jeunghun Wang making European Tour history as the youngest player to win in consecutive weeks. The Heritage Golf Club, which will welcome this tri-sanctioned tournament again in November 2017, also played host to the inaugural Rogers Invitational on 30 April 2016.



**126**
Golf pros

**400**
Participants from the global academic, scientific and business communities

## Partnership with Women's Forum

Rogers was a proud Platinum Partner of the Women's Forum Mauritius, which was held on 20 and 21 June 2016 under the aegis of the President of the Republic, Mrs Ameenah Gurib-Fakim. The Women's Forum for the Economy and Society is the world's leading platform featuring women's views and voices on major social and economic issues. A first in the African region, the event brought together some 400 participants from the academic, scientific and business communities from 41 different countries to discuss the theme "Meeting the Climate Challenge for SIDS and Africa." It was also an opportunity for Rogers to showcase the Group's strategic management plan for the sustainable development of the Domaine de Bel Ombre, including the establishment of an Interactive Land & Marine Resource Centre.

## Committing to society and the environment

The Rogers Foundation continues its efforts on the social and environmental front in line with the corporate social responsibility commitment of the Group. The OLEA Living Together social programme, which was completed in October 2015, has given hope for a better life and the motivation to move out of absolute poverty to some 40 underprivileged families in the Vuillemin-Alma region in the centre of the island. The Foundation has also provided funding in early 2016 to a study on the state of the lagoon of Bel Ombre, which has subsequently led to the development of a Lagoon Management Plan for a more sustainable use of this precious natural resource.

## Strengthened financial services capacity

Rogers Capital continues adding muscle to its financial services business line. Following the acquisition in 2015 of a controlling interest in Consilex and Kross Border, the operations of the two Global Business Management Companies were consolidated under a single roof in January 2016. In June, the acquisition of another company, River Court Administrators has further enhanced the capabilities and expertise of Kross Border.

## Taking to the cloud

Enterprise Information Solutions has recently implemented the HP Helion platform to provide clients wishing to embrace the cloud with the flexibility and agility to unleash the innovation required to grow their business. This leading information technology-enabled solutions and outsourcing services provider in Mauritius and the Indian Ocean region, draws on the extensive skills and expertise of its team of specialists to offer managed private cloud infrastructure services that are tailored to the specific requirements of each customer.

## Holidays by BlueSky

A total solutions provider for the aviation and travel sector, Rogers Aviation has revamped its operational model to better meet the changing demands of its partners and clientele in Mauritius and the Indian Ocean region. Since mid-2016, the Head Office has also been relocated from Rogers House to Gardens of Bagatelle and a new lounge concept has been designed to replace traditional airline counters.

**450,000**
Locals and tourists took to the streets of Port Louis over three days

## Port Louis under a new light

The Porlwi by Light Festival of Contemporary Culture, which took place between 4 and 6 December 2015, has been an overwhelming success. The 450,000 locals and tourists who took to the streets over the three days have had the opportunity to experience the historic and cultural heritage of the capital city of Mauritius under a new light. Rogers partnered with the event through sponsoring the projection of images of the iconic dodo on the façade of the Natural History Museum. "People" is the central theme chosen by the organisers, Move for Art, for the second edition this year.

Energy drives dynamism.

# Profiles of Chief Executive Officers

**EYNAUD, FRANÇOIS**
Chief Executive Officer – Hotels

**FAYD'HERBE DE MAUDAVE, ALEXANDRE**
Chief Executive Officer – Travel and Aviation

**KOENIG, RICHARD**
Chief Executive Officer – Real Estate and Agribusiness

**NUNKOO, VISHAL**
Chief Executive Officer – Logistics

## EYNAUD, FRANÇOIS
Chief Executive Officer – Hotels

Born in 1961, François holds a "Diplôme d'École de Commerce". He started his career with Sagem (France) as Export Director and was subsequently appointed successively Country Manager of Sagem in the Caribbean Islands and in England. He returned to Mauritius in 1991 to join Ciel Textile as Marketing Director and was promoted Executive Director of Tropic Knits in 2000. He took on the position of Managing Director of Veranda Resorts in August 2008 and became Chief Executive Officer of Veranda Leisure & Hospitality in October 2010.

**Other directorships in listed companies:** None

## KOENIG, RICHARD
Chief Executive Officer – Real Estate and Agribusiness

Born in 1964, Richard holds a BSc Electronic Engineering and an MBA. He started his career as Management Information Consultant with Andersen Consulting in South Africa and moved to Mauritius in 1993. He joined the ENL Group in 1994 as a Corporate Executive and was subsequently appointed Chief Executive Officer of South West Tourism Development in July 2009.

**Other directorships in listed companies:** None

## FAYD'HERBE DE MAUDAVE, ALEXANDRE
Chief Executive Officer – Travel and Aviation

Born in 1967, Alexandre holds a BCom (Hons) and is a qualified Chartered Accountant from the South African Institute of Chartered Accountants. He worked in South Africa for a period of 7 years with Arthur Andersen prior to joining Rogers Aviation in 2001 as General Manager – Finance & Administration. He was appointed Managing Director of Rogers Aviation in October 2006 and Chief Executive Officer in October 2010.

**Other directorships in listed companies:** None

## NUNKOO, VISHAL
Chief Executive Officer – Logistics

Born in 1969, Vishal holds an MSc in Engineering from the Odessa Technological Institute of Food Industry (ex-USSR) and a Master's degree in Business Administration from the University of Mauritius. He also followed Executive Training Programmes at the London Business School. He joined Rogers in 1993 and has since worked as Project Manager, Deputy General Manager of RIDS Madagascar, General Manager of Enterprise Information Solutions Ltd and Corporate Manager – Strategic Planning. He was appointed Chief Executive Officer of Velogic Ltd in July 2011.

**Other directorships in listed companies:** None

# Profiles of Chief Executive Officers

**LENETTE, DIDIER**
Head of Global Business

**RUHEE, ASHLEY COOMAR**
Chief Executive Officer - Technology

**TYACK, FRÉDÉRIC**
Chief Executive Officer – Ascencia

## LENETTE, DIDIER
Head of Global Business

Born in 1976, Didier holds a Bachelor of Commerce (Economics and Finance) from the University of Western Sydney (Australia) and a Master in International Taxation from the University of New South Wales (Australia). He is also a Fellow of the Institute of Chartered Accountants in England and Wales and a Member of the Mauritius Institute of Directors. Didier is a Chartered Accountant and Tax Professional with a strong background in audit, risk, compliance and international taxation. He has acquired extensive experience both in Mauritius and internationally in senior roles with PwC (Mauritius, Australia) and Ernst & Young (UK, Australia) among others, including his leadership position as Senior Tax Specialist with Arrow Energy (a Shell Petrochemicals Oil & Gas Venture) in Brisbane, Australia. Didier joined Rogers as Head of Internal Audit and Risk Management in 2014 and is currently Head of Global Business.

**Other directorships in listed companies:** None

## TYACK, FRÉDÉRIC
Chief Executive Officer – Ascencia

Born in 1969, Frédéric is member of the Institute of Chartered Accountants in England and Wales and holds a BSc (Hons) degree in Accounting and Finance from the London School of Economics. He worked with the Rogers Group from 1997 to 2004 as Managing Director of the Logistic sub-cluster. He joined Plastinax Austral Ltd in 2004 as General Manager before moving to ENL Property Ltd in 2008. He was appointed in 2011 as Managing Director of EnAtt, the Asset and Property Management Company of ENL Group. He is currently a director of ENL Property Ltd and the Chief Executive Officer of Ascencia since July 2015.

**Other directorship in listed companies:** Ascencia Ltd

## RUHEE, ASHLEY COOMAR
Chief Executive Officer - Technology

Born in 1977, Ashley Coomar holds a first degree in Mathematics and Physics from the Faculté des Sciences de Luminy, Marseilles and an M.Eng in Automatic Control, Electronics and Computer Engineering with specialisation in Real Time Computing and Systems from the Institut National des Sciences Appliquées, Toulouse. He also completed Executive Education Programmes at the London Business School and at INSEAD. He worked from 2000 to 2004 for Capgemini Telecom, Media and Entertainment - Central and Southern Europe as a Technology Consultant in Paris. In 2005, he joined DCDM Consulting, a company managed by Accenture, as a manager in their business consulting service line.

He joined Rogers in 2007 and held the position of Chief Information and Planning Executive of Cim Group since 2008. He was also appointed Managing Director of Enterprise Information Solutions Ltd in 2009. He is the Chief Executive Officer of the Rogers Technology sector since 2012 and was concurrently appointed Managing Director of AXA Customer Services Ltd, a joint venture company of AXA Assistance and Rogers. He was selected by the Institut Choiseul for International Politics and Geoeconomics as one of the 200 young African Economic Leaders of tomorrow for two consecutive years.

**Other directorships in listed companies:** None

# Profiles of Function Executives

**BUNDHUN, MANISH**
Chief Human Resources Executive

**CHITAMUN, RIAZ**
Head of Internal Audit and Risk Management

**CURÉ, KARINE**
Chief Marketing and Communication Executive

**MAMET, DAMIEN**
Chief Projects and Development Executive

## BUNDHUN, MANISH
Chief Human Resources Executive

Born in 1979, Manish holds a Master's degree in Business Administration and a BSc (Hons) Management. He started his career in the field of Human Resources and has had a varied exposure in the telecommunications, ICT and aviation industries. He joined the Group's Logistics sector in January 2006 as Division Manager – Human Resources and was subsequently appointed Chief Human Resources Executive of Rogers in September 2008. He holds a Certified Masters in NLP (Neurolinguistic Programming) and in Neuro-Semantics and is a certified Agility Coach and Trainer. Manish is also a Co-active Coach from the Coach Training Institute (CTI). He acts as an Executive Coach and delivers executive leadership and team coaching workshops. He also practises as adjunct professor in Human Resources Management and Organisation Development at postgraduate level.

**Other directorships in listed companies:** None

## CURÉ, KARINE[2]
Chief Marketing and Communication Executive

Born in 1978, Karine holds an Executive Master (MSc) in Marketing (Hons) from the University of Paris-Dauphine (France) and a BSc. She started her career in the field of communication in Paris and has worked in Mauritius in the tourism, leisure and hotel sectors. Karine joined the Group's Hotels sector in February 2008 as Marketing and Communication Manager and was subsequently appointed Corporate Manager at Rogers in October 2015 and Chief Marketing and Communication Executive in July 2016.

**Other directorships in listed companies:** None

1. Richard Le Boutet held the position of Head of Audit and Risk Management up to 31 March 2016. Riaz Chitamun took over the function of Head of Internal Audit and Risk Management as from 1 May 2016.

2. Kaushall Ramlackhan held the position of Chief Communication Executive up to 31 December 2015. Karine Curé took over the function of Chief Marketing and Communication Executive as from 1 July 2016.

## CHITAMUN, RIAZ[1]
Head of Internal Audit and Risk Management

Born in 1978, Riaz is a fellow member of the Association of Chartered Certified Accountants (ACCA) and a member of the Institute of Certified Forensic Accountants. He started his career with BDO De Chazal du Mée in 1999 before moving to Africa in 2004. He worked as Finance and Administration Manager over a period of ten years both in East and West Africa. In 2014, he joined AXA Customer Services Limited as Chief Finance Officer and was appointed Head of Internal Audit and Risk Management of Rogers in May 2016.

**Other directorships in listed companies:** None

## MAMET, DAMIEN
Chief Projects and Development Executive

Born in 1977, Damien is a member of the Institute of Chartered Accountants in England and Wales (ICAEW). He started his career with Ernst & Young in London in 1999 and moved to BDO De Chazal du Mée in Mauritius in 2003. He took on the position of Manager of Corporate Finance with PricewaterhouseCoopers in 2006. He joined Rogers in 2009 as Managing Director of Foresite Fund Management and was appointed Chief Projects & Development Executive of Rogers in October 2014.

**Other directorships in listed companies:** Ascencia Ltd

Energy drives agility.

# Board of Directors' Report

Dear Shareholders,

It gives us great pleasure to present you with our Annual Report for the financial year ended 30 June 2016. This year was characterised by a continuation of our efforts to consolidate the foundation for performance and profitable growth.

In the year under review, the global economy continued to experience moderate growth. While aggregate demand improved in advanced economies, developing and emerging economies continued to experience the impact of reduced revenue from lower commodity prices. The referendum vote in June 2016 in favour of the withdrawal of the United Kingdom from the European Union has caused a deterioration in market sentiment, which was reflected by the plummeting by 11% of GBP against USD over the last week of the same month.

The domestic market, for its part, recorded economic growth of 3.5% in 2015, mainly driven by financial services and tourism. The hospitality sector namely has benefited from an 11% increase in tourist arrivals over the year. However, the construction sector continued to slow down and the local currency depreciated by 2% against EUR and USD over the financial year while appreciating by 13% against GBP due to the impact of the Brexit vote. Earlier this calendar year, the Global Business sector has also dealt a blow with the renegotiation of the India-Mauritius tax treaty.

Over the year, a 14% improvement in Group revenue stemmed from all sectors, except Real Estate and Agribusiness. The increase in revenue was primarily driven by the first time inclusion of full-year results from recently acquired Global Business companies and the consolidation of a now controlling stake in Bagaprop Limited.

Profit after Tax (PAT) excluding exceptional items amounted to Rs 787 million against Rs 973 million in 2015. This reduction is mainly due to an exceptional gain from the sale of land and significant fair value gains booked in FY2015. However, PAT for the year excluding the contribution from the Real Estate and Agribusiness sector shows a respectable 7% increase.

Earnings per share excluding exceptional items went down to Rs 1.35 against Rs 1.86 in 2015. The Group's Net Asset Value as at 30 June 2016 stood at Rs 37.60, representing an improvement from Rs 37.00 last year. The dividend per share was Rs 0.88 against Rs 0.84 in the 2015 financial year, equating to a dividend yield of 3.1% based on the share price of Rs 28.00 as at 30 June 2016.

There have been significant developments in the Financial Services sector during the financial year with the merging of Consilex into Kross Border, whose capabilities and expertise were further consolidated through the acquisition of another Management Company, River Court Administrators Ltd in June 2016. Our Technology sector has also recently implemented the HP Helion platform to provide clients with made-to-measure private cloud infrastructure services through Cloud 24.

On the Hotels front, PAT of VLH more than doubled to Rs 177million over the year. The key growth drivers were an increase in tourist arrivals, improved air access, better occupancy rates and better positioning of our brands. Overall PAT for the Hotels sector was however pulled down due to a negative contribution of our associate, New Mauritius Hotels Ltd.

Pursuing its regional expansion strategy, the Logistics sector has partnered with The Kibo Fund to secure a controlling stake in two companies in Kenya with operations in customs clearance and transport respectively. Their combined business represent a turnover of USD 8.5 million and a workforce of 200 people.

In the Property sector, Ascencia has consolidated its portfolio through raising its shareholding in Bagatelle Mall of Mauritius to 85% and acquiring 100% share capital of The Gardens of Bagatelle. These operations were funded from the proceeds of a successful fundraising of more than Rs1 billion on the market. In addition, our fully-owned subsidiary, Foresite Property Holding Ltd has acquired a 25% stake in Mall of Mauritius at Bagatelle Ltd.

On the outlook side, the overall situation of the world economy remains challenging for the calendar year 2016 with the International Monetary Fund notching down its growth forecast by 0.1% to 3.1%, the slowest growth rate since the financial crisis. The Brexit vote is also expected to further impact the global outlook.

Growth in the domestic economy is expected to be around 3.8% in 2016 and 4.2% in 2017. The recent national budget has set the base for further development of Mauritius as an International Financial Centre through incentives to further promote and create substance as a Global Business jurisdiction. This could help offset potential setbacks from the renegotiation of the India-Mauritius tax treaty. The setting up of an international derivatives and commodities exchange is also under consideration. The prospects for the tourism sector are very optimistic with arrivals forecasted to grow by around 8% in 2016.

Our Group is now positioned as an International Services and Investment Company focusing on serving four main markets, which are FinTech, Hospitality, Logistics and Property. A new image campaign has also been launched recently with Energy as the main theme. All of this bodes well for the future.

We would like to pay tribute to Gilles Kaba, Velogic's ex-Regional Manager – Europe, who passed away during the financial year. He will be remembered for his long and effective contribution to the development of our Logistics business in France and beyond.

We thank our shareholders for their continued trust and support, and we extend our thanks to our Chief Executive Officer, Philippe Espitalier-Noël, his management team and the entire Rogers personnel for their energy, hard work and dedication.

Sincerely yours,

The Board of Directors

# Interview with the CEO Philippe Espitalier-Noël

The CEO of Rogers reviews the financial year that has gone by and outlines the Group's performance, strategy and key priorities going forward.

## How would you reflect on the year that just passed?

During the financial year 2015-2016, we continued to see modest and uneven growth in the global economy. At a national level, the hospitality sector at large has benefited from the spillover effects of growth in tourist arrivals. However, the renegotiation and signing of a protocol amending the 33-year-old India-Mauritius tax treaty will have a non-negligible impact on our position as a preferred jurisdiction to invest in the Indian market and on our past model for the Global Business sector.

Revenue has improved by

**14%**

The international scene was largely dominated by the decision of the United Kingdom to leave the European Union. Although the full picture of the post-Brexit landscape is yet to emerge, we are already experiencing the impact of a weakening GBP in our hotels and sugar packing activities.

In spite of the macroeconomic context, the overall performance of the Group has been in line with expectations. Revenue has improved by 14% to Rs 8,167 million during the past year and profit levels for most of our operations have witnessed satisfactory growth. Group Profit after Tax (PAT) from operations, excluding the contribution from our listed associates and the Real Estate and Agribusiness sector, improved by 30%. Additionally, the performance of our associate investment, New Mauritius Hotels Ltd (NMH) was impacted by one-off charges and reorganisation costs incurred over the period ended 30 June 2016. The operational results of the hotel group remain solid and we are confident that NMH will deliver much improved results in the coming years. Over the financial year, we participated in the issue of preference shares of NMH and further consolidated our equity stake from 17.6% to 19.3%. The results for Real Estate & Agribusiness sector in FY 2015 included significant fair value gains as well as an exceptional income from sale of land. Overall PAT for the year amounted to Rs 787 million.

From a strategic perspective, we continued to advance our growth strategy and develop our leadership talent to ensure Rogers is well-positioned for long-term success. We have, amongst others, acquired a 51% stake in a logistics operator in Kenya

to anchor our expansion into East Africa, and our Aviation sector is revamping its business model to better adapt to evolving market trends. Our Global Business activity has also built additional muscle through the amalgamation of existing services as well as the launch of Rogers Capital. On the Property side, Ascencia has acquired an additional 34.9% stake in Bagaprop Ltd to increase its holding stake to 85%, and has also acquired the full stake of Gardens of Bagatelle. Following these developments, Ascencia has now become the second largest capitalisation on the secondary stock market.

## What were the Group's major operational highlights?

We saw better performance from most of our sectors this year and our hotels have particularly benefited from the combined effect of a strong upturn in the tourism industry and the considerable efforts expended in the leaner years. All key indicators are pointing in the right direction and VLH has produced one of the best performances in the industry in 2015-2016 with a more than twofold increase in PAT, which proves us right in continuing to believe in the potential of the sector when prospects were bleak.

Additionally, Ascencia has this year again made a significant contribution to our profits. Our shopping malls have recorded an average monthly foot count in excess of 1.5 million and were close to full occupancy. Ascencia also managed to raise funding in excess of Rs 1 billion despite subdued local capital market conditions.

Our Financial Services and Technology sectors have developed significantly, especially since the expiration of our non-compete agreement with Cim Group. We have been working in recent months on shaping up a new brand identity for Rogers Capital, which will combine the strengths and capabilities of the two sectors and add new layers of services to make us a major player with a unique service proposition in the FinTech industry in Mauritius and beyond.

## Major developments have been announced recently for the Domaine de Bel Ombre. Could you tell us more about this?

A quantum shift has been under way since the turn of the millennium to transform the Domaine from a traditional sugarcane-growing region into a preserved high-end tourism, leisure and cultural destination. Some Rs 12 billion have already been invested to date and we are rolling out a compelling vision and an ambitious three-year plan towards 2020. The roadmap for achieving a balanced and sustainable economic, environmental, social and cultural development through an integrated string of concrete actions is being implemented.

This comprehensive programme will provide an integrated approach to the planning, management and promotion of the land and marine environment of Domaine de Bel Ombre to balance the conservation of natural resources with the impact of human activities. An Interactive Land and Marine Resource Centre will be deployed in conjunction with new experiences for visitors while ensuring sustainable use and conservation of the rich biodiversity of the area.

A lagoon management plan will also serve as a blueprint in managing and restoring the marine environment in consultation and cooperation with the surrounding community, marine biologists, hoteliers and other stakeholders. This will be coupled with land biodiversity conservation efforts encompassing such initiatives as the development of several nature trails, a biodiversity corridor along the course and estuary of Citronniers River, a native tree arboretum, the removal of invasive species to make way for native riverine ecosystems as well as the enhancement of existing mangrove areas.

This is a wide-scale project with a real estate component and includes the development of a second golf course that will be complementary to our award-winning Heritage Golf Club. To fulfil the vision to create unique experiences and distinctive values for Domaine de Bel Ombre, we highly value meaningful stakeholder dialogue and concerted action.

## How is corporate responsibility and sustainability relevant to the future strategy of the Group?

I must say that to date, our CSR approach and programmes have met the targets that were set for the benefit of all our stakeholders. We have decided to focus our efforts on one specific cause at a time – the fight against HIV/Aids from 2007 to 2013 and currently the protection of our coastal and marine ecosystems – to increase our chances of bringing about meaningful change.

In so doing, we feel that we have provided valuable support to public authorities and other relevant parties including NGOs and our own people within the Group in addressing these issues; we have in the process gone beyond the mandatory 2% CSR spend whenever possible and where it made sense. Our initiatives involve a long-term commitment to make a difference. We regret the recent changes announced to the CSR framework and are concerned that this could stall the progress made and could prevent us from achieving our targeted impacts.

## The Group has also rolled out a new communication campaign – 'Focused Energy, Every Day'...

'Energy drives Everything' is not just another slogan. This new campaign is a reaffirmation of the identity of our Group and our brand's DNA, embodying our values, our financial strength and vision for the future.

It is the Energy deployed by our people that is making the difference. Rogers is now an international investment and services company whose strength stems from the energy of a unified, competent and well-balanced team. This campaign is commensurate with our ambitions and projects a clear image of our dynamic brand both internally and with our partners, clients, investors and the public at large through expressing the energy that has been driving us for more than a century.

## To conclude, what are your key priorities and expectations going forward?

We are working diligently on pursuing our strategic vision, which is centred on consolidating our position in our four served markets, which are FinTech, Hospitality, Logistics and Property. We are committed to building on the strength of our valuable experience and established competence within these markets, and we will put in the necessary resources to grow the depth and size of each of our sectors. The rationale of this is to provide the adequate level of managerial attention and the required means to our activities in each of our served markets in order to achieve a balanced development.

We have well-developed entrepreneurial capabilities in each of these markets and have become more nimble and agile. We are backed in our endeavour by the support of our parent company, the ENL Group, which also provides us with the flexibility required to achieve our long-term goals. Our capability for swift decision-making is helping us greatly in consolidating our businesses.

The development of Rogers continues to be focused on achieving balanced revenue generation from domestic and international clients. Our philosophy is to improve our productivity and performance against international benchmarks. We have significant development plans in the short term for each of our sectors and are creating additional capacity to support our ambitions for 2020.

I am confident that we can deliver even greater success in the future.

# Strategy for Profitable Growth

Throughout its 117 years of existence, Rogers has developed a solid reputation and broadened its service offering to become a leading business entity in Mauritius. The Group has been an active contributor to economic development through its participation in various sectors and involvement in sustainable development initiatives for the country and its citizens.

Rogers pursues a strategy to position itself as an International Services and Investment Company. The Group continues to leverage its strong leadership and entrepreneurship capabilities to consolidate its existing business lines in the ever-changing economic environment while at the same time expanding into new markets both locally and overseas.

The value creation strategy of Rogers remains focused on three main drivers which are Turnaround, Predictability and Growth. The Group has enhanced the resilience of its business and anticipates more predictability and growth over its plans to 2020. The Group understands the importance of sustainability in its everyday activities and shall endeavour to the best of its ability to carry business in a responsible manner without compromising the ability of future generations to meet their own needs. The ultimate goal is to create value for all its stakeholders.

| TURNAROUND | PREDICTABILITY | GROWTH |
|---|---|---|
| • Cost control<br>• Pricing<br>• Throughput<br>• Productivity | • Maintaining Leadership<br>• Integration<br>• Capability<br>• Sustainability | • Organic<br>• Acquisitions<br>• Channels<br>• Geographies<br>• Diversification |

**Financing Models**

**Image & Values**

**Group Leverage**

## Key Business Elements

| SERVED MARKET | SECTORS | ACHIEVEMENTS IN FINANCIAL YEAR 2016 | TARGETS FOR THE NEW FINANCIAL YEAR 2017 |
|---|---|---|---|
| **FINTECH** | Financial Services | • Acquisition of a management company, River Court Administrators Ltd in Global Business;<br>• Consolidation of Global Business through the merger of its entities. | • Opening of representative offices in France, India, Southern Africa and the UK;<br>• Consolidation of River Court Administrators Ltd with Kross Border Corporate Services Ltd;<br>• Setting up of Global Business operation in the Seychelles;<br>• Development of wealth management services. |
| | Technology Services | • Launch of our proprietary Cloud Platform (Cloud 24);<br>• New Point of Presence (POP) in Mombasa, Kenya. | • New technology offerings;<br>• ISO 27001 certification;<br>• Foray into the FinTech space. |
| **HOSPITALITY** | Hotels | • Renovation and upgrade of Veranda Pointe aux Biches to a 4-star resort;<br>• Finalisation of the revised rental pool agreement and C Beach Club access with homeowners at Villas Valriche;<br>• Identification of acquisition opportunities for VLH in Mauritius and in the region;<br>• Enhanced operational PAT. | • Le Telfair will be renovated from June to August 2017 to enhance its positioning in the 5-star segment;<br>• Acquisition of a new hotel for Veranda;<br>• Veranda Paul & Virginie will also be refurbished in 2017, reinforcing its romantic/Adults Only concept (June to August 2017);<br>• The Domaine de Bel Ombre experiences will also be significantly upgraded;<br>• Works on a second 18 hole signature golf course will start in 2017. |
| | Travel[1] | • Reorganisation of our Corporate Structure into 4 sectors;<br>• Reduce loss-making activities;<br>• Expansion of our airlines portfolio with new representations in Mauritius, South Africa and Mozambique;<br>• Strengthened our Digital team through hiring new competencies. | • Launch of Holidays by BlueSky in Mauritius;<br>• New operating model in some countries;<br>• Consolidation of the online tour operating business;<br>• Strengthening of our expertise in Corporate Travel;<br>• Instilling a leisure-oriented mindset;<br>• Consolidating and improving our OTO business. |
| **LOGISTICS** | Logistics Solutions | • Turnaround of our freight forwarding operations in France;<br>• Diversification of our customer base in Madagascar, India and Reunion to enhance growth;<br>• Acquisition of shareholding interests in a transportation and freight forwarding business in Kenya. | • Improvement of our road transportation business performance;<br>• Enhancing systems, processes and broadening of service offering in Kenya. |
| **PROPERTY** | Property[2] Investments | Foresite Property Holding:<br>• Acquisition of 25% of Mall of Mauritius at Bagatelle Ltd.;<br>• Participation in the private placement of Ascencia.<br>Ascencia:<br>• Fundraising of Rs 1 bn and acquisition of 34.9% in Bagaprop and 100% of Gardens of Bagatelle;<br>• Development of Bagatelle Deco City;<br>• A new management structure;<br>• Identification of future property development. | Ascencia:<br>• So'Flo opening in September 2017;<br>• Start of construction of second office park building at Bagatelle;<br>• New commercial project in the South;<br>• Rebranding exercise;<br>• Sale of non-core assets;<br>• Debt restructuring;<br>• Completion of construction works at Centre Commercial Phoenix. |
| | Property Development & Agribusiness[3] | • Renovation of the Le Chamarel Restaurant;<br>• "Ensemble project", the creation of a unified/ shared vision and development plan for the Domaine de Bel Ombre.<br>• Development of Bel Ombre Master Plan. | • Development of a coffee hub at Seven Coloured Earth;<br>• Construction of a 2nd golf course;<br>• Development of Real Estate residential projects;<br>• Place du Moulin and Chateau de Bel Ombre precinct enhancement;<br>• Contribution to the creation of a leisure service sector within the Group;<br>• Setting up of an interactive Land and Marine Resource Centre. |
| | Corporate Office | • Overhead recovery through growth with a new management fees formula;<br>• Subscription to the rights issue (Preference shares) of NMH;<br>• Increase of our stake in NMH from 17.6% to 19.3%. | • Fundraising;<br>• Reporting of consolidated financials with respect to the 4 served markets;<br>• Implementation of a Business Intelligence reporting tool. |

Note 1: Travel was reported as Aviation up to 30 June 2016

Note 2: Property Investments was reported as Property up to 30 June 2016.
Note 3: Property Development & Agribusiness was reported as Real Estate & Agribusiness up to 30 June 2016.

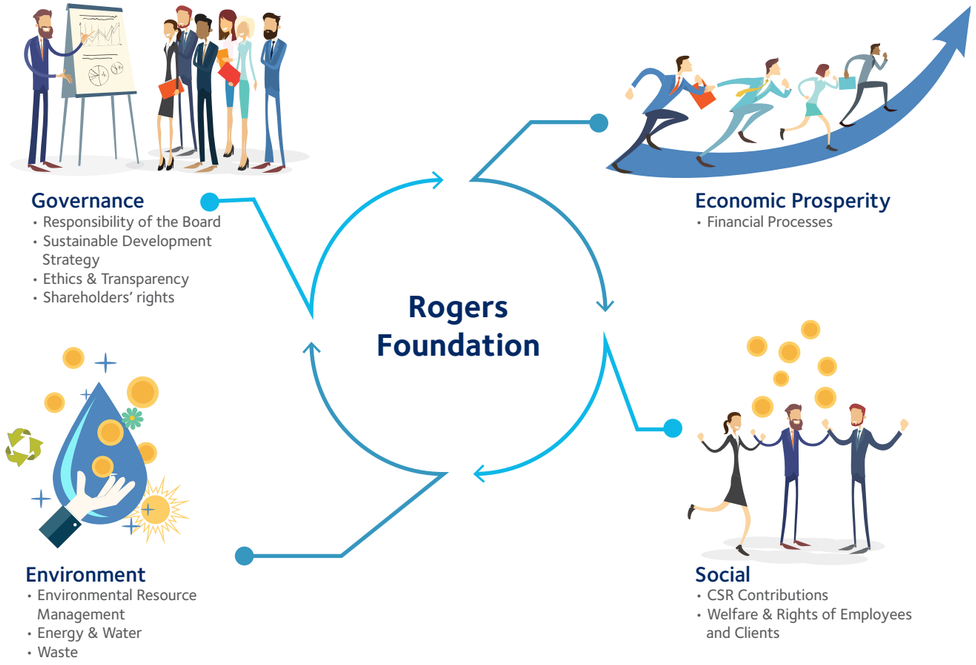
Energy drives sustainability.

# Corporate Social Responsibility

## Sustainable Development

### Our Strategy

During the year under review, the companies within the Rogers Group have scaled up their social and environmental responsibility efforts through an increased number of projects and programmes. Where the Corporate Social Responsibility (CSR) funds derived from the 2% comprehensive income proved insufficient, additional resources were budgeted or alternative means were used to support environmental and social causes. Moreover, Rogers focused its attention on developing and planning sustainable projects that will demonstrate our strategy to do business differently: by walking the talk in order to strike a balance between economy, environment and society.




### Programme for the Protection of the Coastal Areas of Mauritius

The Rogers Group continued its involvement in projects geared towards promoting Awareness, Education and Support in order to reduce the negative human impact on the environment of coastal areas:

**Mobile Marine Education Unit – Third Year of the 'Bis Lamer' Project with Reef Conservation**

The NGO, Reef Conservation remains our main partner in the Protect our Coast strategy with its team of professional marine biologists, project coordinators and educators.

'Bis Lamer' is a class on wheels equipped with interactive tools and laboratory equipment. To date, the project has exceeded its target in terms of education about marine and environmental issues, having reached 10,768 students and 4,346 adults. Some 125 schools and 70 public areas such as community centres, shopping malls and beaches were visited. Moreover, 52% of Rogers' staff have received training courses on marine and lagoon life.

**Domaine de Bel Ombre Lagoon and Land Survey**

Sustainable development and environmental stewardship come with the responsibility of carefully studying and assessing the ecosystems of a region such as Bel Ombre before moving on with rehabilitation projects. Reef Conservation's biologists, Diospyros' ecologists and the Mauritian Wildlife Foundation's conservationists were contracted to evaluate the land and marine fauna and flora and propose appropriate protective and restorative measures. The main upcoming projects are a lagoon management plan, a biodiversity corridor and an interactive research centre on coastal ecosystems.

**Community Involvement & Permaculture**

The sustainable development plan for Bel Ombre necessarily contains a significant social component. Consultations were organised with all the stakeholders in the region and environmental consultants specialized in permaculture and community involvement were also contracted to take on board the input of the inhabitants of Bel Ombre. This enriching exercise has allowed to bring out the dreams of the villagers for their region and the idea to recreate a typical Mauritian village to showcase local savoir-faire.

**National Museum & Porlwi by Light**

Various media are required to effectively spread the message about protecting our coasts among the population. The movie dedicated to the history of our extinct national bird, the dodo benefited from the crowd-pulling effect of Porlwi by Light, which additionally contributed to rekindle visitor interest in our Natural History Museum and the Blue Water exhibition. The Lagoon Dos and Don'ts panels on the museum's ornate gates were also viewed by hundreds.

**Protection of Marine Turtles in Mauritius**

The national network for the protection of endangered sea turtles on the Mauritian shores, composed of NGOs, private sector and relevant authorities, has worked tirelessly to educate coastal populations while tightening the enforcement net against poachers. A child education leaflet has already been finalized and released in schools.

**Beach Clean-Up Series**

Educating beach users about proper litter disposal is part of the necessary efforts to protect the lagoon and its marine life. Youth United for Environment with the support of Rogers, Heritage Resorts and CSBO staff organised a beach clean-up event at Le Batelage, Bel Ombre. This trash collection initiative had an educational aimed and served to support 'Stop Polisyon', a song in Mauritian Kreol launched at Rogers House in April by the Vice President of the Republic. The clip is regularly shown on national TV and can be viewed on YouTube at **https://youtu.be/qVbsRdtFD8s**

**Global Women's Forum**

The Women's Forum Mauritius was a tremendous opportunity for mobilising support for driving a game-changing agenda for the sustainable economic, environmental and social development of the Domaine de Bel Ombre. This region is facing environmental threats such as climate change, which is inextricably linked to coastal and marine resilience. The serious deterioration of our island's coastal ecosystems and the challenges posed by sea-level rise and coastal erosion have prompted us to seek support for our planned projects to set up a biodiversity corridor along Citronniers River's course, create an Interactive Land and Marine Resource Centre and implement a lagoon management plan.

**Sponsorship of Cité Sainte Catherine in Collaboration with ENL and FAIL Foundation**

Following the completion of the OLEA project, which provided support to 50 impoverished families in the Moka region, a new poverty alleviation programme has been launched at Cité Sainte Catherine, Saint Pierre. Building on the experience acquired from OLEA, Rogers has teamed up with ENL and FAIL Foundation to design and support a 3-year Integrated Community Development Programme involving 250 families within this poverty-stricken region.

## CSR in our Sectors

### Other Initiatives carried out by our Business Units

**Aviation**

The Aviation Sector has supported ongoing efforts for the prevention of coastal and marine pollution in Mauritius and has provided training to its employees on this important issue.

**Hotels**

Heritage Resorts has worked with children supported by the NGO, Caritas in the South: 154 kids received value education sessions combined with an introduction to golf or foot-golf. Outings to Casela and Curious Corner of Chamarel were organised and support was given to a dance academy. Clothes and bed/bath linen were also donated before and after a flooding event in Bel Ombre. Similarly, Veranda Leisure & Hospitality has supported the elderly under the care of the Human Service Trust in the North through the donation of clothing and linen and has provided vulnerable children with an after-school teacher and a football trainer. To improve the environment, the Grand Gaube beach was cleaned up and efforts were made in conjunction with the NGO, PAWS to encourage the sterilization of stray dogs and cats.

**Logistics**

Velogic has improved existing procedures for the management of industrial waste and risks linked to the business sector's activities. The staff were trained in waste sorting by Mission Verte and guided in implementing a comprehensive waste management system. Contributions to the community were also made in the fields of arts, sports and vocational training of disadvantaged youth through the following NGOs: Atelier Mo'zar, Faucon Flacq Sporting Club, Foundation for Excellence in Sports and Educational and Vocational Foundation.

**Property**

Ascencia has continued its support to the seabird translocation project of the Mauritian Wildlife Foundation (MWF). The restoration of a lost seabird community on Ile aux Aigrettes is a long-term commitment that aims to ensure the survival of threatened seabird species. The MWF's scientists are improving the knowledge on this challenging reproductive method and on the species visiting our islands.

**Real Estate and Agribusiness**

Compagnie Sucrière de Bel Ombre is a signatory to an agreement for the establishment of a Protected Area Network covering its reserves at Frederica, Case Noyale and Seven Coloured Earth. An additional 2.8 hectares of endemic flora was restored during the period under review; to further educate its staff on the importance of such rehabilitation works, a team building activity was organised wherein invasive 'vanille marron' plants were removed. Moreover, opening these unique, preserved forest grounds for trail running and cycling events is a way to share its value and beauty with the general public. Other initiatives supported were the upgrading of a sheltered activity area at Saint Jacques RCA in Chamarel, an Adolescent Life Skills Education Programme and other projects targeting vulnerable groups.

**Technology**

The efforts at EIS are focused on reducing their resource use by replacing all light bulbs with energy-saving models and going paperless for meetings and newsletters. In addition, they have invested in employee well-being and career development through providing additional study leaves, offering the services of an in-house doctor as well as organising recreational activities.

# Consolidated Value Added Statement

June 2016

| | GROUP | | | |
|---|---|---|---|---|
| | 2016 | | 2015 | |
| | Rs m | % | Rs m | % |
| Revenue | 8,167 | | 7,151 | |
| Bought-in materials & services | (4,996) | | (4,326) | |
| Total value added | 3,171 | | 2,825 | |
| Applied as follows : | | | | |
| **EMPLOYEES** | | | | |
| Wages, salaries, bonuses, pensions & other benefits | 1,577 | 50 | 1,476 | 52 |
| **GOVERNMENT** | | | | |
| Income Tax | 129 | 4 | 109 | 4 |
| **PROVIDERS OF CAPITAL** | | | | |
| Dividends paid to: | | | | |
| Shareholders of Rogers & Co. Ltd | 222 | 7 | 212 | 8 |
| Outside shareholders of Subsidiary Companies | 194 | 6 | 112 | 4 |
| Banks & other lenders | 541 | 17 | 287 | 10 |
| | 957 | 30 | 611 | 22 |
| **REINVESTED** | | | | |
| Depreciation & amortisation | 325 | 10 | 296 | 10 |
| Retained profit | 183 | 6 | 333 | 12 |
| | 508 | 16 | 629 | 22 |
| | 3,171 | 100 | 2,825 | 100 |

Note: The above statement excludes any amount of Value Added Tax paid or collected.

# Share Price Information

Rogers shares are traded on the Official Market of the Stock Exchange of Mauritius

## SHARE PERFORMANCE

BASE 100: 01 July 2015

NUMBER OF SHARES

**252,045,300**

## Market Capitalisation

Rs 7.1 billion at 30 June 2016

## Average Daily Trading Volume

23,673 shares from 01 July 2015 to 30 June 2016

| RCL SHARE PRICE | 01 Jul 2015 - 30 Sep 2015 | 01 Oct 2015 - 31 Dec 2015 | 01 Jan 2016 - 31 Mar 2016 | 01 Apr 2016 - 30 June 2016 |
|---|---|---|---|---|
| High (Rs) | 32.5 | 30.5 | 28.6 | 28.0 |
| Low (Rs) | 29.0 | 26.9 | 27.5 | 26.0 |
| Close, end of period (Rs) | 29.0 | 27.5 | 27.8 | 28.0 |
| Change in RCL share price over the period | 3.8% | -5.2% | 0.9% | 0.9% |
| Change in the Semdex over the period | 3.3% | -5.4% | -0.5% | -2.4% |

Energy drives performance.

## FINTECH

Rs m
**609**
Revenue

Rs m
**158**
PAT

**Sectors**
Financial Services
Technology Services

**Activities**
Rogers Capital
EIS
Kross Border

**Key Investments**
Swan General
Swan Financial Solutions
AXA Customer Services Ltd

"Delivering global products from a sophisticated jurisdiction."

# FINTECH SERVED MARKET

## Delivering global products from a sophisticated jurisdiction

Mauritius is a well-established jurisdiction that serves as a portal for investment across Africa, Asia and Europe. Rogers is a key player in the non-banking financial services sector with the provision of global business and investment services. Together with complementary technology-enabled services and business process outsourcing, it offers a comprehensive range of services that provide global clients with a comprehensive platform for business model innovation.

Rogers & Co. Ltd also holds a significant 28.8% equity stake in Swan General Ltd, a leading general and life insurer in Mauritius and a direct 20% participation in the capital of Swan's fund management and brokerage subsidiary, Swan Financial Solutions Ltd.

Operating activities grouped under the FinTech served market have been rebranded Rogers Capital to reflect client calls for linkages between financial services and technology solutions.

**Financial Services Sector**

Financial services are delivered by a team of highly experienced professionals with in-depth product and market knowledge in the following areas:

- Global Business Services to service the offshore sector
- Asset Management
- Wealth Management, which is an emerging business

**Technology Sector**

The entity formerly known as Enterprise Information Solutions ("EIS") has been rebranded Rogers Capital Technology Services. It is a leading provider of information technology-enabled services and outsourcing solutions with a geographical footprint expanding beyond the domestic and regional market to mainland Africa, France and the Middle East.

The company has implemented various large-scale and multi-industry systems integration and infrastructure deployment projects:

> Business Solutions
  - ERP, CRM, BI, DMS integration services;
  - Custom-developed applications; and
  - Business process re-engineering.
> Infrastructure & Mobile Solutions
  - Enterprise servers, storage and networks (HP Tier 1 Partner);
  - Supply chain inventory tracking solutions (Intermec Platinum Partner);
  - Virtualisation;
  - Multi-platform portability; and
  - Systems architecture & optimization.

> Cloud, Connectivity & Security
> Cloud Services (proprietary Cloud24 brand) offering SaaS & IaaS
> Managed Infrastructure & Hosting services
> Business Continuity & Disaster Recovery Services
> Remote Infrastructure Management Services
> Nationwide Data Connectivity Provider with 50+ PoPs in Mauritius & 3 in Africa (Madagascar, South Africa, Kenya)
> MPLS/IPLCs
> Business Process Outsourcing
> Payroll Outsourcing
> Contact Centre Services – AXA Customer Services
  - Telesales;
  - Customer relationship management & customer care;
  - Back office processing; and
  - Assistance.

Contact centre services are provided to companies and individuals through AXA Customer Services, a long-standing joint venture with AXA Assistance, an AXA Group subsidiary.



# SECTOR PERFORMANCE: FINANCIAL SERVICES

## Overview

Rogers has confirmed its re-emergence in the Global Business sector in the financial year 2015-2016 with the acquisition of River Court Administrators Limited, a Management Company operating in Mauritius for more than 5 years. This acquisition falls in line with the Group's strategy to expand further in the Financial Services sector through building additional capacity and expertise in specific areas of corporate and fiduciary services, amongst others. This financial year also saw the amalgamation of Consilex into Kross Border and the restructuring of our human resources with renewed dynamism promoting efficiency, state-of-the-art operations and integrated services. The company has also seen an expansion of its workforce.

The Global Business sector continues to evolve, with emerging opportunities and challenges such as those arising from the revised India-Mauritius Double Taxation Agreement (DTA). As we move forward, our strategy has shifted from a product-centric organisation to one where customers are at the centre of our operations. A combination of smart people, approaches and technology has resulted in moderate yet sustainable growth both in terms of financial performance and relational quality, which are key ingredients of our business success. A socially responsible company, Kross Border has also collaborated with recognized NGOs in the field of child care and education.

On the asset management side, the main revenue driver for Rogers Asset Management Ltd ("RAML") continues to be the Foreign Institutional Investor ("FII") segment. The existing clients are gradually converting their licences to Foreign Portfolio Investor ("FPI") and by October 2016, all investments via the FII route will be converted to FPI. Nevertheless, a few clients have still retained the investment compliance services. RAML has over the last two years anticipated the potential negative impact of the regulatory change and has taken steps to diversify away from reliance on the FII business alone. Despite the anticipated drop in revenue from the FPI segment going forward, our performance metrics show an increase in funds under administration from Rs 20 bn in June 2015 to Rs 27 bn at the end of June 2016.

## Performance Review

The financial results point to a successful transition period following the acquisition of Kross Border and Consilex and the ensuing merger from 1 January 2016. In spite of losing key competitive advantages, the India-Mauritius DTA now provides certainty as to the treatment of shares acquired prior to 1 April 2017 and offers a competitive platform for debt investments into India. Notwithstanding the challenges facing the industry, the softness of the global economy and significant time and effort spent integrating our new acquisitions; the Group's Global Business sector delivered a PAT of Rs 56m, driven by moderate growth in revenue. Operational costs remained stable and under control while there was an increase in training, business and development expenditure.

In spite of a drop in revenue, RAML has improved its performance relative to last year. Market activity has remained fairly buoyant for the financial year 2015-2016 as investors engaged in robust trading despite the fluctuations of world stock markets, including India. Costs have been well contained during the year, allowing us to break even at PAT level while recording a slight increase in EBITDA as we continue driving new initiatives for the asset and investment management business.

The Rogers share of results of the associates, Swan General Ltd and Swan Financial Solutions Ltd, showed an improvement in PAT to Rs 94m.

"Our commitment to our served market remains strong as we move forward as a unified entity."

| | REVENUE | | PAT | |
|---|---|---|---|---|
| **Rs m** | 2016 | 2015 | 2016 | 2015 |
| Global Business | 253 | 133 | 56 | 43 |
| Rogers Asset Management | 11 | 12 | - | (1) |
| Rogers Capital | 2 | - | (19) | (12) |
| Swan General | - | - | 69 | 58 |
| Swan Financial Solutions | - | - | 25 | 29 |
| **Total** | **266** | **145** | **131** | **117** |

## Outlook

Kross Border will continue to consolidate its position, gearing up for the forthcoming expansion of Rogers Capital. The company will be operating under the brand name of Rogers Capital, a new umbrella of joint services including Corporate Services, Financial Services and Technology. This rebranding process is the stepping stone to harnessing the power of the three sectors, creating a harmonized synergy and ensuring optimum service to customers.

The Global Business team will look at optimizing its international exposure with the potential setting up of overseas representative offices envisaged in France, India, Southern Africa and the UK. In an effort to continue diversifying our client portfolio, our Payroll and Accounting Outsourcing Services will be developed further. Following an increase in Business & Development expenditure and marketing initiatives, we anticipate a strong growth in revenue for existing and new lines of service, as well as better margins as we optimize synergies and efficiency.

RAML is looking to take advantage of its expansive knowledge of the markets and financial product offerings. In particular, a continual focus will be maintained on developing new asset management products in line with the requirements of institutional and individual clients in addition to developing the business organically. To that end, the team has already undertaken business development initiatives in Africa and will continue to push deeper into that territory in the foreseeable future. We continue to witness ample opportunities on the continent and will position ourselves strategically to capture the presently unmet demand. Our new and sometimes complex initiatives will be deployed while remaining committed to providing our investors with the highest level of service in the asset management arena.

PAT of

**Rs 131 m**

for the Sector

"Our expertise in the Global Business sector, our dedicated staff and our focus on clients' needs will be the pillars of our future growth."



# SECTOR PERFORMANCE: TECHNOLOGY SERVICES

## Overview

The Technology Sector reported solid results for the year under review. The sluggish private sector demand for ICT products and services that prevailed throughout the financial year was mitigated to some extent by public sector investments in the domestic market. Moreover, fierce competition on a reduced number of initiatives adversely impacted our margins.

Despite subpar market conditions, Enterprise Information Solutions ("EIS") posted strong results on account of the sale of high revenue projects in the public sector, the positive and full year contribution of our recently acquired telecommunications capability and effective cost containment initiatives.

The Company has set up a second telecom point of presence in mainland Africa via the LION2 submarine cable and launched Cloud24, one of the very first hybrid cloud platforms in Mauritius. It also pursued its diversification strategy through the introduction of new service lines, namely in the business solutions space.

AXA Customer Services ("AXA CS") reported equally good results on account of a growing book of business and a better management of foreign exchange translation mechanisms. Significant investments are currently being made in terms of relocating the business to new premises that are more conducive to growth, upgrading our telephony system towards a state-of-the-art infrastructure and compliance towards international standards, e.g. PCI DSS.

Despite increasing demand at international level, growth prospects in the outsourcing field remain subdued due to scarcity of experienced personnel domestically, notwithstanding inadequate labour laws to service sophisticated and mature jurisdictions.

Sector booked a Record PAT of

**Rs 27 m**

for the year

"A new telecommunications point of presence has been set up in Mombasa, Kenya."

## Performance Review

EIS reported significantly improved financial results for the period under review with EBITDA of Rs 33m and PAT of Rs 19m, a 37% and 36 % year-on-year increase respectively.

Despite severe price disruptions in the market, our new telecommunications service line was a major contributor to the overall profitability of the company. This upward trend was driven by the completion of major local and regional projects. EIS completed the setting up of a new Point of Presence (PoP) in Mombasa, Kenya to extend our existing international connectivity after South Africa and Madagascar. This new PoP enables our organisation to deliver direct international connectivity solutions to enterprises with a local presence in the East African region as well as providing service diversity to our existing customers.

Cloud services are seeing an accelerated adoption worldwide and Mauritius is expected to follow this trend. EIS now positions itself as a key player in the cloud space with the launch of its proprietary Cloud24 platform. Based on the powerful and world-leading HPE Helion platform, the company now offers both Software-as-a-Service (SaaS) and Infrastructure-as-a-Service (IaaS) to its customers. Such services are gaining significant traction on the domestic market especially at the level of international players requiring multisite geographical presence.

The restructuring of our portfolio of business solutions yielded positive results with an increased number of projects won and successfully delivered. Our ongoing diversification strategy and the introduction of new business productivity tools and digital solutions have significantly contributed to the performance of the service line. EIS proposes both "on-premise" and "in the cloud" services allowing it to capture market share irrespective of customers' preferred operating model.

Significant effort has also been mobilised in terms of Information Security Management. EIS has embarked onto an ISO/IEC 27001 compliance framework and the Company is expected to achieve ISO 27001 certification early in the next financial year.

AXA CS produced significantly better results compared to the previous year. EBITDA increased by 63 % and Profit after Tax rose to Rs 8m. This was driven by a 16 % growth in revenue and close monitoring of foreign currency (EUR) translation mechanisms.

| | REVENUE | | PAT | |
|---|---|---|---|---|
| **Rs m** | 2016 | 2015 | 2016 | 2015 |
| AXA CS (Share of JV) | - | - | 8 | 3 |
| EIS | 343 | 262 | 19 | 14 |
| **Total** | **343** | **262** | **27** | **17** |

## Outlook

Leveraging Cloud24 and extended connectivity capabilities, EIS is uniquely positioned to tap into the growing demand for cloud solutions and services. The company is expecting to on-board a number of local and international customers.

Significant investments have been earmarked for a number of strategic initiatives including the setting up of a new data centre, the structuring of a research and innovation centre, the recruitment of specialized competencies as well as the introduction of a new offering.

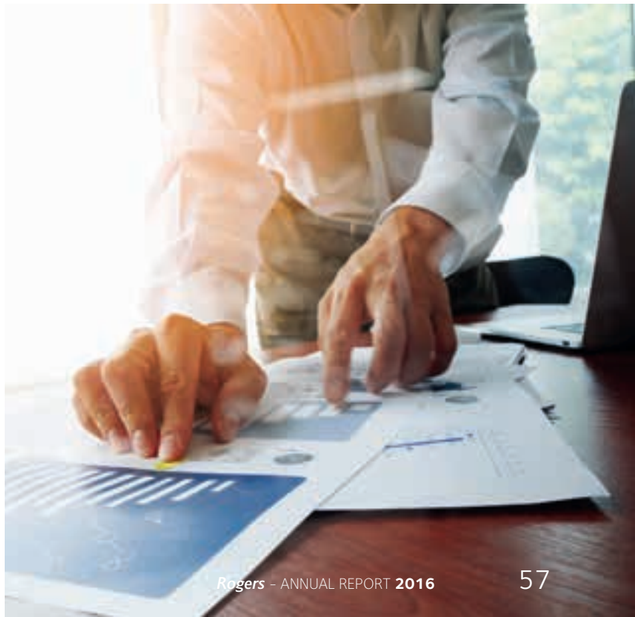
EIS will also position itself in the ubiquitous field of the Internet of Things (IoT); strategic partnerships with leading global players in this market are currently being assessed.

Additionally, the Board of Directors of AXA CS has concurred with management's recommendation to further invest in the transformation of the company. Investments exceeding Rs 120m have already been committed to:

- relocating to new premises;
- upgrading our telephony system;
- further developing our human capital;
- complying with international standards, e.g. PCI DSS; and
- promoting the AXA brand on the Mauritian job market.

The integration of a number of complementary business activities, i.e. financial services, corporate solutions, information technology and telecommunications and business process outsourcing under Rogers Capital shall undoubtedly open up avenues that are conducive to development and unlock considerable value for the wider Rogers Group.

"Enterprise cloud services were successfully launched under the Cloud24 brand."



Rs m

# 2,591

Revenue

## HOSPITALITY

### Sectors

Hotels

Travel[1]

Leisure

### Activities

VLH

Rogers Aviation

CSBO Leisure

Case Noyale Leisure

### Key Investments

New Mauritius Hotels

Air Mauritius

Mautourco

White Sand Tours

BlueConnect

Rs m

# 358

EBITDA

Note 1: Travel was reported as Aviation up to 30 June 2016.

Rs m

# 136

PAT

"A comprehensive travel and tourism platform."

# HOSPITALITY SERVED MARKET

## A comprehensive travel and tourism platform

Rogers has a long-standing history of embracing and implementing innovation across the entire travel and tourism value chain in Mauritius and beyond. It has developed into a driving force in the country's hospitality sector with a significant 20% investment in the total room capacity and a gamut of leisure opportunities to complement its hotel services. It is also an established total travel solutions provider in the region both to airlines and their customers.

**Hotels Sector**

Hospitality is the main business line of VLH (Veranda Leisure & Hospitality). Its portfolio includes two hotel brands, Veranda Resorts and Heritage Resorts, with seven properties totalling 686 hotel rooms in the three-to five-star range and a rental management pool of 47 luxury villas at Villas Valriche.

Heritage Resorts includes:

- Heritage Le Telfair Golf & Spa Resort, 158 rooms/5*+
- Heritage Awali Golf & Spa Resort, 161 rooms/5*
- Heritage The Villas (47 luxury rental villas)

Veranda Resorts consists of four charming hotels:

- Veranda Grand Baie Hotel & Spa, 94 rooms/3*+
- Veranda Paul & Virginie Hotel & Spa, 81 rooms/3*+
- Veranda Pointe aux Biches Hotel, 115 rooms/4*
- Veranda Palmar Beach Hotel, 77 rooms/3*

Rogers holds a 19.3% stake in New Mauritius Hotels, which operates under the brand Beachcomber and is listed on the Stock Exchange of Mauritius.

**Travel Sector**

Rogers Aviation has been an industry pioneer in Mauritius for more than 70 years and has established itself as a one-stop centre in the region for travel-related solutions with operations in Mauritius, Madagascar, South Africa, Reunion Island, Comoros, Mayotte and Mozambique with expertise in the following areas:

- Ground handling including warehousing in Mauritius (PATS), Madagascar (ACS Madagascar) and Mozambique (MAHS)
- Airline representation for passenger and cargo services (GSA), GDS representation (Sabre), Visa services
- Corporate Travel management
- Leisure service with travel agencies (BlueSky), off- and online tour operating and destination management.

Rogers Aviation holds stakes in the destination management companies, Mautourco and White Sand Tours as well as the BlueConnect contact centre, a partnership with a subsidiary of Air France-KLM Group.

Rogers & Co. also holds a 13.5% effective stake in the national airline, Air Mauritius.

**Leisure Sector**

The Group will consolidate all current leisure activities to provide a comprehensive range of leisure and recreational pursuits and activities. Facilities and services available already include the following:

- Croisières Australes
- Yacht Management
- Seven Coloured Earth
- Frédérica Nature Reserve and Lodge
- Le Chamarel Restaurant

For this year's Annual Report, the leisure activities have been included in their current respective sector performances.



# SECTOR PERFORMANCE: HOTELS

## Overview

The Mauritian tourism industry has enjoyed a strong upturn in the 2015-2016 financial year with 11% growth in tourist arrivals. Airline seat capacity has also increased by 7.4% in 2015 and is estimated to rise by 8% in 2016. This has resulted in an improvement in the national hotel occupancy level to an estimated 73% for 2016 (2015: 70%).

The national recovery, along with initiatives deployed to innovate, enhance quality standards and customer experiences and strengthen marketing efforts have resulted in Veranda Leisure & Hospitality (VLH) achieving an impressive progress both in revenue and occupancy.

Revenue posted by VLH grew by 17% while average occupancy for the year increased by 6 percentage points to reach a staggering 84%. Direct and online bookings have also grown significantly.

During the year, Veranda Pointe aux Biches Hotel was successfully renovated and upgraded to 4-star standard. Since reopening in September 2015, the hotel has achieved significant increases both in occupancy and average room rates. Other initiatives to boost our guests' experiences include a new custom-branded catamaran at Veranda Paul et Virginie Hotel and a new pleasure craft at Heritage Le Telfair Golf & Spa Resort.

This year also saw Heritage Events organise the second AfrAsia Bank Mauritius Open, which again was a huge success, achieving excellent TV coverage across 4 continents.

"VLH aims to grow its inventory in the 3 to 4-star market with more Veranda Resorts in Mauritius and the Indian Ocean."

VLH recorded a PAT of

Rs m **177**

| | REVENUE | | PAT | |
|---|---|---|---|---|
| **Rs m** | 2016 | 2015 | 2016 | 2015 |
| Veranda Resorts | 634 | 564 | 68 | 75 |
| Heritage Resorts | 1,320 | 1,105 | 120 | 49 |
| Spa | 3 | 3 | 3 | 3 |
| Corporate Services* | 83 | 77 | (14) | (52) |
| **Total Hotels excluding NMH** | **2,040** | **1,749** | **177** | **75** |
| Investments (NMH) | - | - | (57) | 97 |
| **Total** | **2,040** | **1,749** | **120** | **172** |

*The reported figure for 2015 has been amended to reflect non-sector revenue.

## Performance Review

For the year ended 30 June 2016, VLH benefited both from initiatives undertaken and the rebound of the country's tourism sector. Turnover for the year increased to Rs 2,040m, representing 17% growth compared to last year. This translated in a 50% improvement in EBITDA to Rs 368m (2015: Rs 246m) and PAT reaching Rs 177m (2015: Rs 75m). Finance costs were reduced to Rs 61m (2015: Rs 75m). These improved financial results were achieved in conjunction with further progress in Customer Satisfaction Indices for all hotels.

The market evolution over the year reveals that VLH has maintained its strong positions in Europe, South Africa and Reunion. There was a slight drop in the French market, which was compensated by a rise in the UK market and Germany recorded the most notable progress. Targeted sales and marketing efforts have also delivered an almost twofold increase in the number of room nights obtained via online distribution channels for the year.

The Veranda Resorts hotels increased their occupancy to 87% (2015: 82%) and total revenue per available room by 14% over the previous year. Veranda Pointe aux Biches Hotel experienced a 15% drop in profit before interest and tax (PBIT) due to closure in July and August 2015 for renovation. The three other Veranda hotels achieved a 6% PBIT increase.

The performance of the Heritage Resorts has been impressive with a 19% rise in revenue, well-controlled expenses and a doubling of profitability over the year. Heritage Awali Golf & Spa Resort achieved a 17% revenue increase and PBIT was up by 69%. Heritage Le Telfair Golf & Spa Resort witnessed growth in occupancy and a 24% revenue gain while PBIT was up by Rs 49m. The overall PBIT of Heritage Hotels reached Rs 137m (2015: Rs 47m).

Heritage Villas, which manages a rental pool of 47 villas, the Chateau de Bel Ombre and the C Beach Club, has generated revenue of Rs 203m (2015: Rs 164m). Losses have been cut from Rs 40m in 2015 to Rs 8m following the agreement of new operating contracts with the villa promoter and villa owners. We expect this business unit to continue improving its performance next year.

Heritage Golf Club further improved its number of rounds by 18% and maintained its number one position in Mauritius. Turnover reached Rs 97m compared to Rs 90m last year and PAT was Rs 10m (2015: Rs 14m).

Seven Colours Spa achieved a similar revenue of Rs 3m and generated a PAT of Rs 3m in line with expectations.

At the level of New Mauritius Hotels Ltd (NMH), the contribution to our results for the year was impacted by one-off items. However, for its nine month ended 30 June 2016 the hotel group reported an increase of 8% in revenue and a growth in EBITDA of 15%.

## Outlook

Official forecasts indicate an 8% growth in tourist arrivals for 2016. In spite of international uncertainties, these projections are likely to materialize thanks partly to the continued improvement of air access to Mauritius. The only negative note is the weakening of GBP following the Brexit vote.

On the back of strong demand, VLH has significantly increased its rates. Forward bookings and revenue are encouraging. Despite the temporary closure of two hotels from June next year for renovation, sustained profitability is expected in 2016-2017.

VLH has developed a four-year strategic plan (2016-2020) containing several exciting projects. Le Telfair will be renovated in 2017 to enhance its positioning at the top end of the 5-star segment. Veranda Paul & Virginie will also be refurbished next year to reinforce its romantic/Adults Only concept. VLH is in the process of acquiring a hotel in Mauritius and is actively exploring opportunities to expand its inventory both locally and regionally. The Domaine de Bel Ombre experiences will also be significantly upgraded with several projects in the pipeline including a second 18-hole signature golf course.

VLH will continue to put much emphasis on technology, innovation, human resources and training to further strengthen the company's service uplifting culture and customer experiences.

Going forward, we expect to benefit from a better contribution from NMH on the back of a series of initiatives. The rebranding exercise launched in September 2016 is expected to contribute favourably to a new business impetus, whilst other initiatives to further reduce the debt will certainly help to improve both profits and cash flows.

"VLH has fully benefited from the recovery of the national tourism industry with revenue up by 17%."

# SECTOR PERFORMANCE: TRAVEL

## Overview

Consumers worldwide have this year seen a substantial increase in the value they derive as a result of lower air transport fares on the back of falling oil prices, increase in new destinations served and frequencies operated. Global spending on air transport totalled $ 740 billion, accounting for 1% of world GDP. Changes in the industry structure and behaviour are leading to an overall improvement in airline performance.

Our combined regional markets consist of 2 million outbound passenger trips and 78,000 tons of export cargo annually. While this market is sizeable, the growth rate remains moderate. Persistent political instability in some countries and a drop in commodity prices have led to a contraction in FDI, foreign currency shortages and depreciation of the respective local currencies. This has limited the potential for growth in the region, where our main markets remain Mauritius and Madagascar.

Our strategic focus during the year was firstly to consolidate our core businesses and regional presence and secondly to develop our e-commerce competencies and the digitalization of our service offering. The main initiatives undertaken to implement our strategy were as follows:

- The reorganisation of our Corporate Structure into 4 sectors to ensure focus and energy from our teams.
- The expansion of our airlines portfolio with new representations in Mauritius, South Africa and Mozambique.
- The strengthening of our Digital team through hiring new competencies.

## Performance Review

Overall the Sector delivered a higher revenue of Rs 551m, however the Profit after Tax (PAT) is significantly below the levels posted last year as one of our associates in the leisure segment incurred significant non-recurrent adjustments of Rs 26m during the year under review.

The performance in the Airlines & Systems segment improved mainly on account of strong growth in Madagascar driven by gains in market share and our planned exit from Kenya where a loss was incurred last year. Our activities in Comoros also achieved better profitability. However, the good results were mitigated by the underperformance in South Africa following the unexpected suspension of flights operated by one of our airline partners. Furthermore, the turnaround of our Reunion operations remains challenging and is not progressing as expected.

The Ground Handling activity has remained on course and delivered operational results in line with the previous year. However, PAT decreased by 12% due primarily to a part-payment of severance allowance to former employees following the discontinuation of a line of business in Mauritius. The recently acquired cargo handling activity in Madagascar has broken even ahead of plan. The disappointing performance of our ground handling associate in Mozambique is explained by a sharp 40% devaluation of the local currency and the company's plan to expand into two new underserved domestic airports.

Revenue of

Rs **551** m

generated for the year

The Corporate Travel business achieved better overall results. Our exit from the Kenyan market and the turnaround of operations in Mayotte were the main contributors. In Mauritius, despite a 2% drop in industry sales level we have maintained our leadership position by gaining new clients. On the other hand, the performance in Mozambique was disrupted by an economic downturn following a significant fall in world commodity prices leading to major mining companies scaling down their activities including travel spending. Our associate BlueConnect is operating at full capacity and continues to yield satisfactory results.

The Leisure Services segment reported a significant reversal of performance which however relates to our share of non-recurring material losses from an associate in the Destination Management segment. In fact, our travel agency and boating activities generated a 56% improvement in PAT. These strong results were mainly driven by the successful turnaround of Yacht Management, which is now performing according to plan with good sales levels in respect of new and second-hand boats. Similarly, the relocation of catamarans around the island has contributed positively both in terms of occupancy rates and revenue per customer. As for travel agencies, despite the challenging political situation in Madagascar, Transcontinents sustained its profitability whereas focused energy is still required in order to turnaround BlueSky in Reunion.

Furthermore, the Leisure Services segment was impacted by the performance of our online tour operating start-up which remains negative in line with its business plan. However, very positive signs have been noted for the OTO as the trend in SEO, conversion ratios and bookings has significantly grown during the year, leading to a 43% increase in revenue. We have continued to invest materially in technology and human capital to gear up for the future and break even in 2018.

| | REVENUE | | PAT | |
|---|---|---|---|---|
| **Rs m** | 2016 | 2015 | 2016 | 2015 |
| Airlines & Systems | 253 | 270 | 20 | 17 |
| Ground Handling | 53 | 49 | 8 | 9 |
| Corporate Travel | 104 | 101 | 7 | 5 |
| Leisure | 141 | 120 | (19) | 11 |
| **Total** | **551** | **540** | **16** | **42** |

"Changing consumer habits and new distribution models will continue to transform the way we do business."

## Outlook

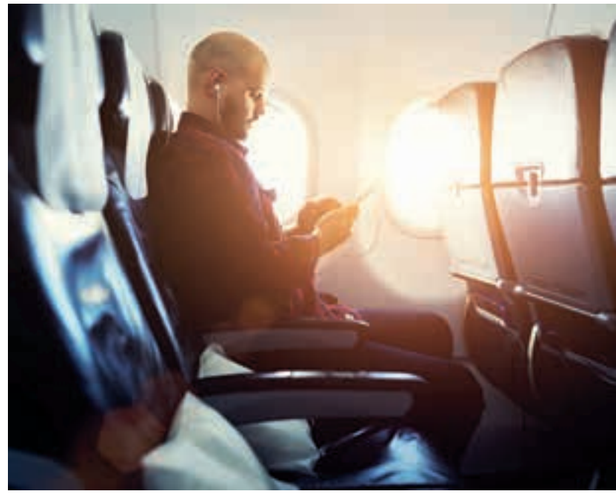
Changing consumer habits and new distribution models will continue to transform the way we do business. The current mobile Internet penetration rate in sub-Saharan Africa is 23% and should reach 37% by 2020. Customers are looking for 'smarter' ways to travel, whereas airlines want new skill sets from their partners.

The Airline & System segment is expected to report increased PAT in 2016-2017 through the reorganisation of our activities in Mauritius, Mozambique and South Africa. In line with our strategy to expand into new business, we shall actively pursue opportunities to diversify into airline-related ancillary services. The positive contribution will however be dampened by the recent decision of one of our historic airline partners in Madagascar to run its own office there as from October 2016.

On the Ground Handling side, we aim to play a stronger role in the cargo environment in Mauritius. We will adjust our core business model through adding new capabilities and taking advantage of new technologies such as the implementation of a state-of-the-art cargo warehousing software. Our cargo handling activity in Madagascar is expected to continue growing.

The focus for Leisure activities will be on developing the market with a modernized customer experience, new product offerings and the development of an online sales and web-to-store strategy with our relocation to Bagatelle Mall of Mauritius. The online tour operating activity will continue to record a loss in 2016-2017 in line with its business plan. However, turnover is expected to grow by 100% and a turnaround is expected within 3 years with the setting up of third party sales management agreements and the expansion of the business into English-speaking markets.

"Our combined regional markets consist of 2 million outbound passenger trips and 78,000 tons of export cargo annually."



# LOGISTICS

Rs m
**3,125**
Revenue

Rs m
**253**
EBITDA

Rs m
**100**
PAT

**Sector**
Logistics Solutions

**Activities**
Velogic

"An integrated international logistics platform."

# LOGISTICS SERVED MARKET

"The overall revenue growth was spearheaded by overseas operations, which benefited from our East Africa development strategy with the acquisition of two Kenyan companies that operate customs brokerage and transportation business."

## An integrated international logistics platform

Rogers has over 40 years of international presence and in-depth expertise in the logistics business. The Group offers a complete line of international logistics services under a single international brand, Velogic, created in 2009. Headquartered in Mauritius, the company operates 27 offices across major cities in France, India, Madagascar, Mozambique, Reunion Island, Bangladesh, Singapore and Kenya. This total supply chain solutions provider makes complex international trade easy through its ability to combine best-in-class logistics solutions. Amethis Finance Africa, a private equity Africa-focused fund, took a 33% stake in Velogic in 2013.

Velogic uses its industry expertise and experience to provide an extensive range of services including:

- Freight forwarding
- Customs clearing
- Domestic transport
- Warehousing
- Container services
- Air cargo GSA
- Exhibitions (Freeport Operations Mauritius Ltd)
- Parcel & courier services

Velogic has acquired a majority stake in a transport and warehousing operation in Kenya in 2016 in a venture that will expand into an East Africa logistics platform offering a full set of services.

Velogic is also involved in the following services:

- Shipping and stevedoring operations through Rogers Shipping and Southern Marine in Mauritius as well as its subsidiary in Singapore, Rogers Shipping Pte Ltd (Singapore).
- Sugar packaging activities operating under the Sukpak brand.

EBITDA for the year increased from

Rs **193** m

to

Rs **253** m



# SECTOR PERFORMANCE: LOGISTICS

## Overview

The Logistics sector showed a laudable improvement in results compared to the previous financial year, despite a challenging economic backdrop and fiercely competitive market conditions across all activities and geographies. Economic conditions within the euro zone continued to be sluggish, impacting our operations in France. In addition, trading activities with the UK were further affected following the Brexit vote. However, some windfall gains were booked from the appreciation of USD against MUR.

The overall revenue growth was spearheaded by overseas operations, which benefited from the East Africa development strategy with the acquisition of shareholding interests in two Kenyan companies that operate customs brokerage and transportation business. Organic expansion achieved by our freight forwarding platforms in France, India, Reunion and Madagascar was another contributor. The revenue increase was partly offset by the closure of the loss-making courier franchise in Mozambique.

The Mauritius Freeport business was boosted by income from the rental of a substantial part of its facilities to an international conglomerate for the setting up of a plant manufacturing products for Southern and Eastern African markets.

The results were however negatively impacted by the performance of the Mauritian transport business. Additionally, the effects on the sugar packing activity of GBP depreciation towards the end of the financial year were partly mitigated through appropriate hedging arrangements.

Margins for the ship chartering business were hit by falling contractual rates with its customers as charter buying rates plunged to a 20-year low due to excess market capacity.

# Performance Review

Profit after Tax (PAT) for the Logistics sector in the financial year under review was Rs 100m compared to Rs 76m in the previous year. EBITDA for the year increased from Rs 193m to Rs 253m.

Port Services' profitability decreased significantly, mainly due to increased costs incurred by the transport activity on repair of older equipment and higher depreciation and finance charges following the replacement of fully-depreciated trucks. The late start of the harvest at a sugar mill and the longer-than-expected closure of the coal power plants for maintenance was another reason for the downside. Remedial actions have already been initiated to turnaround the financial performance of the transport activity though some effects will still be felt in the next financial year.

The profit for Container Depot & Repair activities was in line with last year as volumes were maintained. Freeport activities delivered positive results in the wake of income from the rental of a significant portion of warehousing capacity to a large international manufacturer. The warehousing business continued to improve with better turnarounds and new client acquisitions during the year. Nevertheless, profitability for the exhibition segment continued to decline due to the continuation of government restrictions limiting the number of months during which fairs can be organised during the year.

Results for the Sugar Packing operation were positively impacted by higher volumes ordered which helped mitigate the effects of an unstable GBP especially towards the end of the financial year.

The PAT of Shipping operations decreased mainly due to lower margins for the bulk activity resulting from new contractual agreements taking into account the sinking ship charter prices. This decline was partly offset by low bunkering prices. The performance for the local Ship Agency business was flat for the year under review compared to last year.

A notable improvement in the performance of the Freight Forwarding activity was attributable to overseas entities. The significant turnaround witnessed by the France platform due to increased volumes and cost reduction measures was partly offset by continuing losses in warehousing with occupancy levels still below expectations and continuing low prices in a competitive market. In Mozambique, the loss-making courier representation was closed at the beginning of the financial year and liquidation costs have already been accounted for. The cargo agency business performed better than the previous year despite the difficult economic conditions in Mozambique. The freight forwarding business also benefited from the inclusion of the Kenyan operation following its acquisition during the year. There were notable upsides in India, Madagascar and Reunion with the continuing effort to diversify the customer base and increased volumes from existing customers.

| | REVENUE | | PAT | |
|---|---|---|---|---|
| **Rs m** | 2016 | 2015 | 2016 | 2015 |
| Port Services | 686 | 655 | 24 | 52 |
| Sugar Packing | 98 | 72 | 16 | 14 |
| Shipping | 52 | 50 | 24 | 29 |
| Freight Forwarding Services | 2,289 | 2,180 | 39 | (12) |
| Corporate Services | - | 45 | (3) | (7) |
| **Total** | **3,125** | **3,002** | **100** | **76** |

# Outlook

Despite a forecast of difficult and uncertain economic conditions in 2016-2017, the Logistics sector expects to further improve its performance. Energy will be focused on the turnaround of the transport business through ensuring that the cost saving initiatives implemented in the second quarter of 2016-2017 deliver the targeted upsides and that new revenue streams are developed to mitigate potential shortfalls from key activities.

The ongoing efforts to rationalize the systems and processes in the newly-acquired Kenyan operations will continue in the first half of the next financial year before introducing new services. This will allow for a significant improvement of overall performance as the Sector will benefit from a full year of operation and also synergies with other branch offices such as the one in India.

Countries with favourable growth potential in addition to Kenya are India, Reunion and Madagascar where further opportunities for customer base diversification are expected. In Mauritius, performance in freight forwarding will remain stable in a crowded and intensely competitive marketplace.

The ongoing port development plan scheduled to be completed in 2017 should benefit the Logistics business. These benefits are likely to spill over into the Freeport business. The sugar packing activity is expected to suffer if the current depreciation of GBP against MUR is maintained or worsens after the effects of the Brexit become clearer. The bulk shipping activity will continue to operate at low margins in the foreseeable future as charter prices are likely to remain low. The freight forwarding activity in France is expected to return flat results compared to this year as economic fundamentals in Europe show no signs of recovery.

"Energy will be focused on the turnaround of the transport business."

# PROPERTY

Rs m
**1,845**
Revenue

Rs m
**910**
EBITDA

"A quoted property portfolio and extensive development assets."

**Sectors**

Property Investments[1]

Property Development & Agribusiness[2]

**Activities**

Ascencia

CSBO – Les Villas de Bel Ombre

**Key investments**

Mall of Mauritius at Bagatelle Ltd

LMDC

Note 1: Property Investments was reported as Property up to 30 June 2016.
Note 2: Property Development & Agribusiness was reported as Real Estate & Agribusiness up to 30 June 2016.

# PROPERTY SERVED MARKET

## A quoted property portfolio and extensive development assets

Rogers is a major market player in Mauritius with property value in excess of Rs 14 billion. Its extensive property investment portfolio is focused on high-quality, high-yield retail and office developments in prime locations through its quoted subsidiary, Ascencia.

In addition, Rogers develops its premium hotel, residential property, and leisure activities in Domaine de Bel Ombre and Case Noyale, in the south-west region, which also plays host to a small legacy agribusiness activity.

**Property Investments Sector**

Ascencia is the largest dedicated property investment company listed since 2008 on the Stock Exchange of Mauritius and is recognised both locally and internationally for the quality of its assets. The principal activity of Ascencia is to acquire, invest and manage investments in commercial and office real estate primarily located in Mauritius.

Ascencia actively manages a portfolio of investment properties through regular acquisition, development and disposal to optimise shareholder returns. It holds the majority share of three of the largest shopping malls in Mauritius and a developing office park with an executive golf course.

Rogers & Co. Ltd also owns 25% of Mall of Mauritius at Bagatelle Ltd, one of the largest ready-to-develop land banks at Bagatelle in the centre of Mauritius, which is set to become an office park to complement the largest shopping centre on the island situated nearby.

**Property Development and Agribusiness Sector**

Rogers holds a controlling interest in South West Tourism Development, which has two estates, Compagnie Sucrière de Bel Ombre Ltd (CSBO) and Case Noyale Ltd.

CSBO is the owner of a 2,258-hectare site in the unspoilt south-west of Mauritius, i.e. the Domaine de Bel Ombre. The company has largely contributed to the development of the region for more than a century through luxury hotels, villas, a golf club and other leisure activities operated by Heritage Resorts. It also maintains a small legacy sugar plantation.

CSBO is the promoter of the award-winning Villas Valriche Integrated Resort Scheme, Heritage Golf Club, and Federica Nature Reserve and Lodge.

Case Noyale Ltd. owns 1,137 hectares of land situated at Case Noyale and Chamarel. A small remaining agricultural activity at Case Noyale includes Café de Chamarel, a 100% local brand of coffee. This estate also boasts the tourist attractions, Seven Coloured Earth and Le Chamarel Restaurant.

# SECTOR PERFORMANCE: PROPERTY INVESTMENTS

## Overview

The macroeconomic environment continued to be challenging for the year with a stagnant forecasted consumer spending growth of 2.9% (December 2015: 2.7%), wage index of 0.6% (March 2015: 2.4%) and a 31.8% unemployment rate among the young economically active adults. However, the inflation rate stood at 0.9% (June 2015: 1.7%) and the MCB prime lending rate continued to decrease and is currently at 6.25%.

The operating environment is not expected to change considerably over the next 12 months. Hence, the need to continue to consolidate the group's its dominant market position and be ready to seize opportunities as they occur, both locally and internationally.

During the financial year 2015-2016, the Property Sector adopted an expansionary approach with several initiatives to improve earnings and profitability during the year and beyond. The main property company Ascencia recorded an average monthly foot count in excess of 1,600,000 and an overall occupancy rate of 95%. This year again, Ascencia has been the main PAT contributor to Rogers Group.

**19m**

shoppers visited Ascencia's malls during the year.

"Ascencia's total investment property portfolio was valued at Rs 10.3bn by the international and independent valuer Jones Lang LaSalle."

# Performance Review

With effect from 1 July 2015, Ascencia has acquired an additional 34.9% stake in Bagaprop Limited, thereby increasing to 85% its shareholding in the holding entity of Bagatelle Mall of Mauritius. The company now also owns 100% of The Gardens of Bagatelle Ltd, the holding entity of Bagatelle Office Park. These acquisitions have been financed by way of a private placement to sophisticated investors. The entity has successfully raised a total of Rs 1.1bn of cash out of its target of Rs 1.4bn amid current challenging conditions in the capital market. Through this fundraising, Ascencia issued new shares and other financial instruments and these were listed on the Development & Enterprise Market (DEM) of the Stock Exchange of Mauritius. The Home & Leisure node at Bagatelle Mall of Mauritius opened as per plans in December 2015. The renovation of Centre Commercial Phoenix started in February 2016 and is expected to be completed for reopening by the year-end festive season. All these strategic expansion initiatives have required a total investment in excess of Rs 1.8bn for Ascencia.

Gross revenue for the Property Sector totalled Rs 1,164m over the 2015-2016 financial year compared to Rs 508m in the previous year driven mainly by the consolidation of Bagaprop Limited.

Ascencia delivered a solid set of results against the backdrop of a challenging economic environment. The significant increase noted in net operating income across most properties demonstrates the solidity of the property asset portfolio. These results were achieved through the combination of increases in revenue and cost containment measures initiated this year. Furthermore, the management successfully dealt with the demise of one of the largest tenants – Fashion Style Ltd – after the receivership of Courts (Mauritius) Ltd last year.

Ascencia's total investment property portfolio was valued at Rs 10.3bn (2015: Rs 3.7bn) by the international and independent commercial property valuer, Jones Lang LaSalle (JLL). Total market capitalisation stood at Rs 5.2bn at 30 June 2016, representing the 2nd largest capitalisation on the Development & Enterprise Market of the Stock Exchange of Mauritius Ltd at that date.

The opening of So'Flo Boutique Mall in Floreal has been postponed from November 2016 to September 2017. After having experienced a serious setback this year with a loss of Rs 56m, the project is now firmly back on track and we have every confidence that it will bring to this region of the island a much needed retail offering.

The revenue generated by properties not falling under Ascencia Ltd has been in line with last year. However, the PAT has been impacted by one-off finance costs on the acquisition of 25% of Mall of Mauritius at Bagatelle Ltd by Foresite Property Holding Ltd (FPHL). During the financial year, FPHL booked the sales of its 50% stake in Edith Cavell Properties Ltd and the security business of Reliance Security Services Ltd. The profit attributable to Rogers through its 21.32% stake in EnAtt Ltd improved significantly to Rs 10.7 m (2015: Rs 5.9 m).

"2016 has been marked by investments of Rs 1.8bn and revenue hitting Rs 1.2bn."

| | REVENUE | | PAT | |
|---|---|---|---|---|
| | 2016 | 2015 | 2016 | 2015 |
| **Rs m** | 12 months | 12 months | 12 months | 12 months |
| Ascencia | 1,081 | 415 | 654 | 528 |
| Other Properties | 83 | 93 | (16) | 1 |
| Investments (Associated Companies) | - | - | (44) | 7 |
| **Total** | **1,164** | **508** | **594** | **536** |

# Outlook

The prospects for the forthcoming year will be exciting and dynamic. Net operating income is expected to increase by more than the 5% contractual rental escalation on the back of reduced forecasted vacancies, new revenue opportunities and the reopening of Centre Commercial Phoenix in November 2016.

Moreover, Ascencia is working on major initiatives including the sale of non-core assets such as lots in Orchard Centre, Queen Property and Manhattan Building as well as the launch of So'Flo Boutique Mall in September 2017. The company is also planning to develop a second office building of some 6,000 sqm at Bagatelle Office Park and launch a new development project in the South of the island.

The refinancing of Ascencia's debt should contribute to release additional cash flow. A rebranding exercise is also on the cards and social Wi-Fi will be introduced in all our Malls.

# SECTOR PERFORMANCE: PROPERTY DEVELOPMENT & AGRIBUSINESS

"The coming year will remain challenging for the Real Estate Cluster."

## Overview

The performance of the Real Estate and Agribusiness Sector for the financial year 2015-2016 has been impacted by the results of the real estate cluster. The year has been very testing for Villas Valriche IRS with a number of delays in sales and construction milestones. The marketplace remains very competitive due to the availability of alternative products both internationally (mainly Portugal, Spain and Seychelles) and locally.

The business environment for the cane cultivation and livestock activities remained testing with difficult market conditions. However, the Agribusiness cluster will maintain its initiatives to reduce operational losses through enhanced marketing initiatives and cost control.

The leisure activities, driven by Le Chamarel Restaurant, the activities offered by Frederica Nature Reserve and Seven Coloured Earth have been the main contributors in terms of PAT. Le Chamarel is currently under renovation and will reopen in September 2016 with an increased capacity whilst a number of new initiatives are also planned for Seven Coloured Earth.

## Performance Review

Revenue for the year ended June 2016 amounted to Rs 681m (2015: Rs 1,076m). A loss of Rs 85m was recorded against a PAT of Rs 156m in 2014-2015.

The financial performance of Les Villas de Bel Ombre for the year has been impacted by delays in construction and sales milestones. As a consequence, the company reported a loss of Rs 60m (2015: PAT of Rs 169m) for the year. On the other end, the extensive progress made in the development of infrastructure on the west side of the estate will bring to market very attractive properties in the coming financial year.

The performance of the agricultural activities has been impacted by a lower sugar extraction (2015-2016: 9.10% vs 2014-2015: 10.24%) and lower revenue from hunting parties for tourists. However, encouraging revenue growth of 27% has been recorded for the Café de Chamarel coffee production activity. The development of the coffee business is showing promising opportunities as confirmed by the quality recognition obtained during the year from the internationally recognized Specialty Coffee Association of America (SCAA).

The leisure activities have achieved an exciting level of performance with higher occupancy at Le Chamarel Restaurant for the period during which it was open in the first semester and the number of visitors at Seven Coloured Earth exceeding 350,000 for the year. In addition, Frederica Nature Reserve activities have also contributed positively with higher revenue from quad bike and buggy tours. Revenue for the segment grew by 14% to Rs 97m (2015: Rs 85m), whilst PAT for the year went down to Rs 16m (2015: Rs 22m) attributable to higher depreciation charges and finance costs.

The investment portfolio posted a much better result with a PAT of Rs 22m against Rs 9m in 2015, mainly attributable to the very good performance of Biofarms/Bioculture and Heritage Golf Club. Following the merger between Biofarms and Bioculture in January 2016, Compagnie Sucrière de Bel Ombre exchanged its 49% stake in Biofarms for a 14% shareholding in Bioculture.

| | REVENUE | | PAT | |
|---|---|---|---|---|
| **Rs m** | 2016 | 2015 | 2016 | 2015 |
| Real Estate | 401 | 822 | (64) | 165 |
| Agriculture | 183 | 169 | (59) | (40) |
| Leisure | 97 | 85 | 16 | 22 |
| Investments | - | - | 22 | 9 |
| **Total** | **681** | **1,076** | **(85)** | **156** |

## Outlook

The coming year will remain challenging for the Real Estate cluster as no major improvement in the market conditions is foreseen. However, we expect positive results from strategic initiatives geared towards improvement of the product offering, penetration of new markets and partnerships, and enhanced marketing and communication.

The performance of the Agribusiness cluster is anticipated to show a marked improvement next year. Investments made in the enhancement of our Leisure product portfolio are expected to generate further growth in revenue whilst the contribution from the agricultural and livestock activities is likely to improve as a result of continued operational efficiencies and marketing thrust.

The strategic intent of positioning the Domaine de Bel Ombre as a premium leisure, hospitality and real estate destination will be further strengthened through implementing a number of projects over the next three years. The planned start of construction of a second golf course next year will contribute to positioning the Domaine as a premium golfing destination in Mauritius.

"Investments made in the enhancement of our Leisure product portfolio is expected to generate further growth in revenue."

The number of visitors at Seven Coloured Earth exceeded

**350,000**

for the year

Energy drives people.

# Corporate Office

The Rogers Corporate Office covers a range of functions such as Marketing & Communication, Finance and Investment, Human Resources, Legal, Projects and Development as well as Internal Audit and Risk Management. All these functions are essential to growing each sector and reinforcing our competitive strategy through portfolio initiatives, executive influence and specific shared services.

## MARKETING & COMMUNICATION

The Marketing & Communication Department develops and executes the internal and external communication and marketing strategies of Rogers. The department is responsible for events planning and management as well as applying the relevant traditional offline and online tactics to maintain an appropriate level of engagement with stakeholders including business and trade journalists, industry and financial analysts, investors, shareholders, customers, employees, and the community at large.

## FINANCE AND INVESTMENT

The Finance and Investment Department ensures that the Group's financial reporting and compliance meet the requirements of International Financial Reporting Standards (IFRS) and all relevant legislation. In addition, it provides support both to the Corporate Office and to the Group's sectors in accounting, taxation, treasury management, investment appraisal, project finance and strategic initiatives.

## HUMAN RESOURCES

Rogers employs 4,545 people across 53 offices in 13 countries. Having a skilled and engaged workforce is key to successfully driving our business strategy. The Corporate Human Resources (HR) Department provides human capital solutions to the business sectors, including overseeing effective recruitment and onboarding of talented individuals, developing critical skills, sustaining engagement at work and facilitating change initiatives within the Group. The Corporate HR team also delivers external human capital consulting services ranging from learning and development solutions to engagement surveys, and organisation development interventions.

## LEGAL

Rogers Legal acts as the backbone of the Group with regards to legal, regulatory and compliance matters. It assists the Group on all strategic projects including advising on investments and disinvestments, drafting and vetting of contractual documents and registration and renewal of brands. In concert with external lawyers, it ensures that the legal interests of the Group are safeguarded.

## RISK AND AUDIT

The Risk & Audit Department provides assurance to the Board that adequate controls are in place to safeguard the Group's income and assets. In addition, it ensures that risks are identified, assessed and mitigated so as to enable operational and financial success. A risk-based internal auditing approach is used to determine the most efficient use of the department's resources and to ensure that the most significant residual risks are addressed as a matter of priority. In addition, the department acts as a business advisor and assists Management where possible in achieving its strategic goals.

# Our People

## HR Demographics

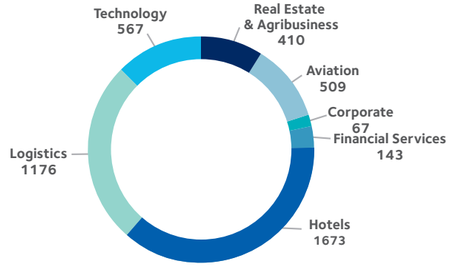
**4,545**
Employees
13 Countries
4 Served Markets

**90%**
of our workforce is based in Mauritius

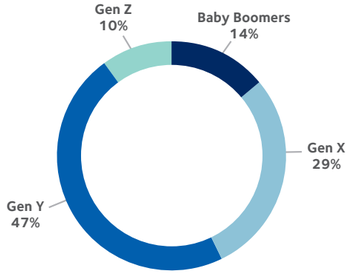
**60%**
of our employees are below 35 years

Rogers expanded its employee base by **3%** in the past year

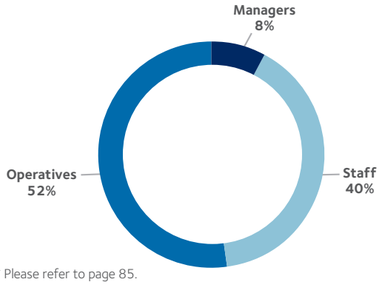
### Headcount by Sector




### Headcount by Generations*



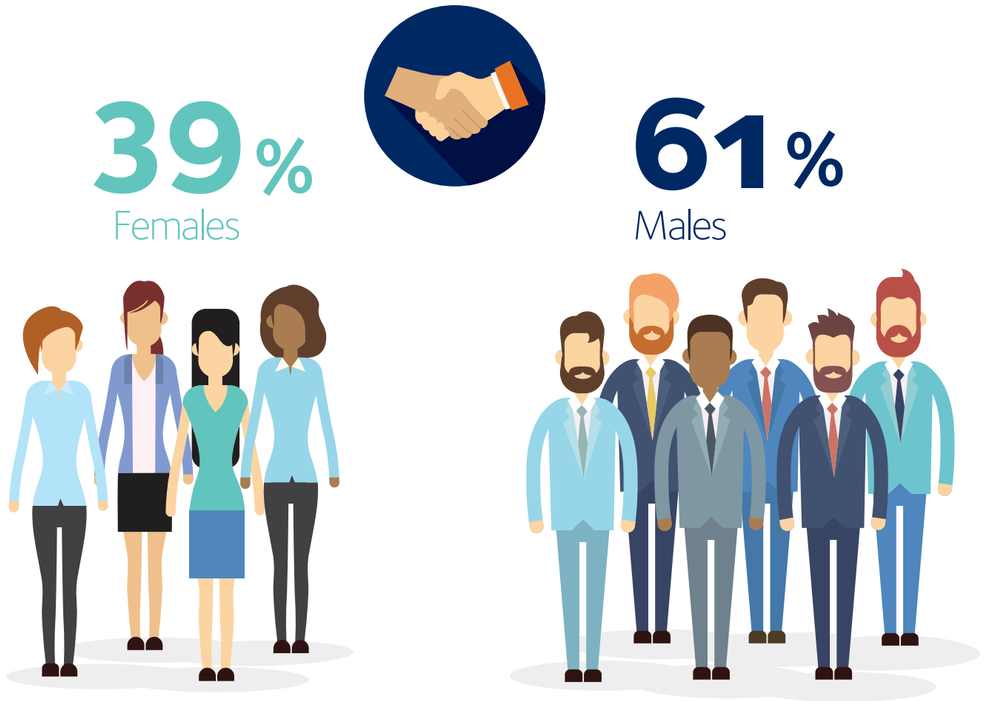

### By Employee Category



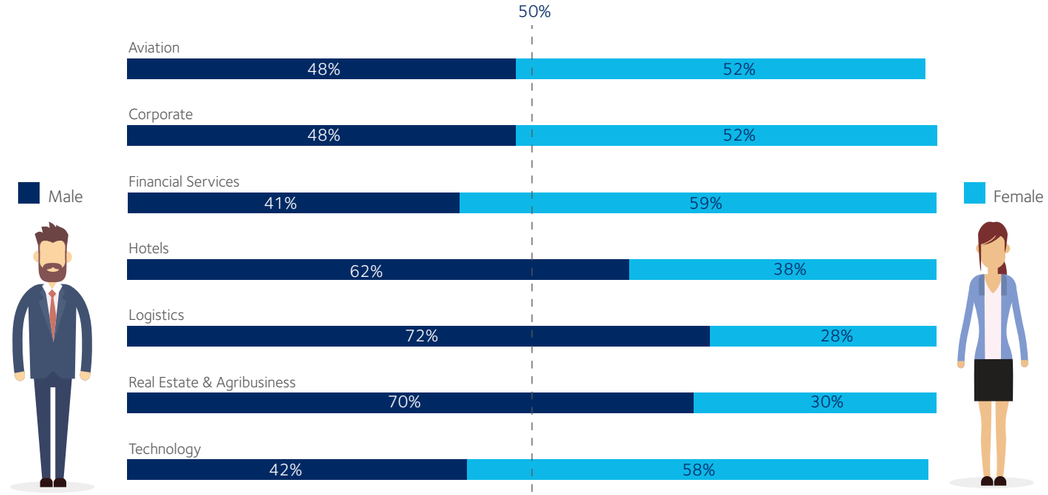

* Please refer to page 85.

# Our People

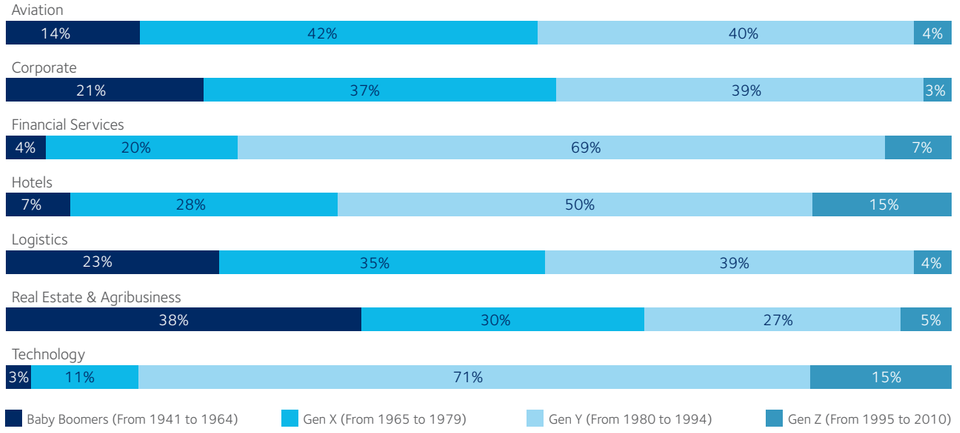
**Gender Distribution**




**Gender by Sector**




**Generations by Sector**



# Our People

## HR Development

**2,500**

Employees trained for
a total of 43,500 man-hours

Rs **22**m

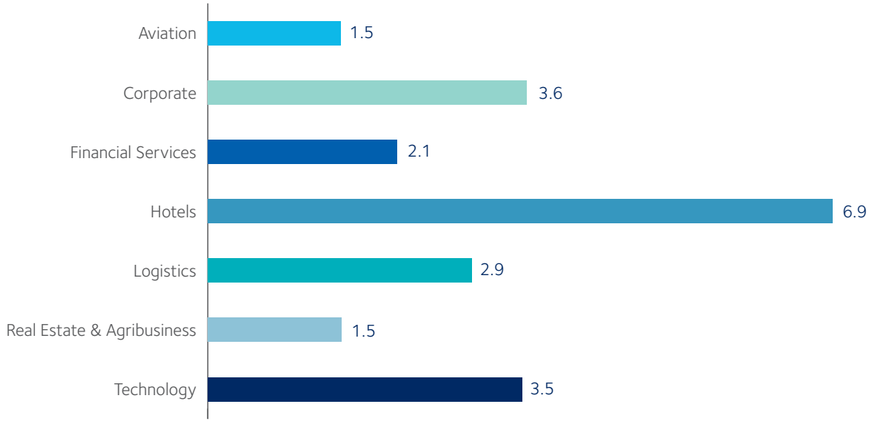
Invested in Training
& Development across
the Group

Our investments
in training covered

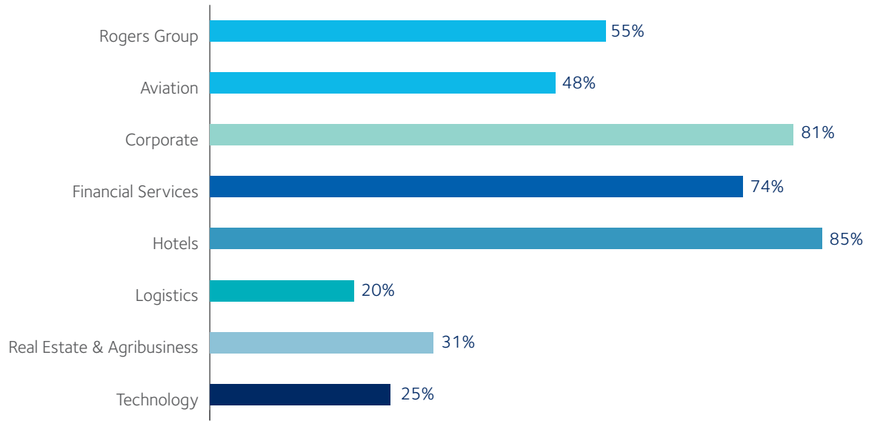
**55%**

of our employee base

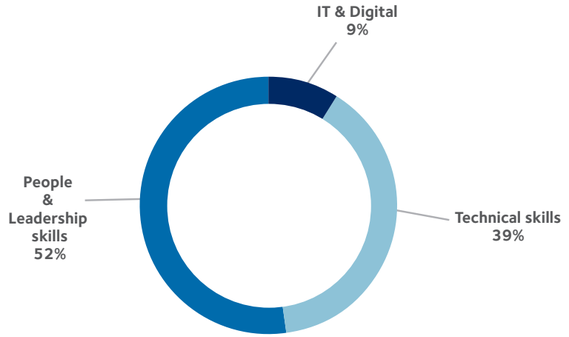
**Training Investment by Sector (Rs m)**




**% Employees Trained by Sector**




**Training Investment by Focus Area**



# Statement of Compliance

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

**Name of PIE:** **ROGERS AND COMPANY LIMITED**

**Reporting Period:** **1 July 2015-30 June 2016**

We, the Directors of Rogers and Company Limited, confirm that to the best of our knowledge, the PIE has complied with all of its obligations and requirements under the Code of Corporate Governance.

SIGNED BY:

Jean-Pierre Montocchio
Chairman

Philippe Espitalier-Noël
Director & CEO

8 September 2016

# Corporate Governance Report

## 1. COMPLIANCE STATEMENT

For the year under review, Rogers and Company Limited ("Rogers" or the "Company") has complied with the provisions of the Code of Corporate Governance for Mauritius (the "Code").

## 2. GOVERNANCE STRUCTURE

The governance framework and committee structure set up by the Board of Rogers to help it fulfil its obligations are as follows:

**Rogers and Company Limited**
**Board of Directors**

**Corporate Governance Committee (CGC)**

**Delegated authorities:**
**Recommends to the board:**

- Corporate governance provisions to be adopted
- Executive remuneration and individual directors' remuneration
- Board and senior management appointments

**Risk Management and Audit Committee (RMAC)**

**Delegated authorities:**

- Assists the Board in its duties relating to risk management, safeguarding of assets, the operation of adequate systems, control processes and the preparation of accurate financial reports and statements in compliance with legal requirements and accounting standards.

With a view to improving the decision-making process and accountability within the Group, Rogers has adopted the following governance framework with regards to its subsidiaries:

a) separate sub-holding Boards have been set up at sectorial level;

b) separate Corporate Governance and Risk Management and Audit Committees have also been set up at the level of Ascencia Limited due to the nature, size and specificity of its business; and

c) the governance, risk and audit issues relating to the business activities of the subsidiaries of Rogers operating in the hotels, logistics, property (excluding Ascencia Limited), and Fintech sectors are overseen by the CGC and the RMAC.

## 3. SHAREHOLDERS

### 3.1 Holding Structure and Common Directors

As at 30 June 2016, the substantial shareholders of Rogers were Rogers Consolidated Shareholding Limited ("RCSL"), ENL Land Ltd ("ENLL") and the National Pension Fund, which respectively held 53.00%, 6.73%, and 5.49% of the issued share capital of the Company. RCSL is wholly owned by ENLL, which is itself a subsidiary of ENL Ltd.

The ultimate holding entity of ENL Ltd is Société Caredas, a "société civile" registered in Mauritius.

The common Directors at each level are set out in Table 1.

**Table 1: Common Directors at each level**

| Directors | Société Caredas | ENL Ltd | ENLL | RCSL |
|---|---|---|---|---|
| Eric Espitalier-Noël | ✓ | ✓ | ✓ | ✓ |
| Gilbert Espitalier-Noël | ✓ | ✓ | ✓ | - |
| Hector Espitalier-Noël | ✓ | ✓ | ✓ | ✓ |
| Philippe Espitalier-Noël | ✓ | ✓ | - | ✓ |
| Jean-Pierre Montocchio | - | - | ✓ | - |

### 3.2 Share Ownership

As at 30 June 2016, the Company had 2,613 shareholders.

A breakdown of the categories of shareholders and the share ownership as at 30 June 2016 are set out in Tables 2 and 3 respectively.

**Table 2: Breakdown of shareholders by category**

| Category | Number of shareholders | Number of shares owned | % of total issued shares |
|---|---|---|---|
| Individuals | 2,238 | 35,706,390 | 14.17 |
| Insurance and assurance companies | 20 | 15,863,432 | 6.29 |
| Pensions and provident funds | 54 | 27,708,704 | 10.99 |
| Investment and trust companies | 40 | 21,319,271 | 8.46 |
| Other corporate bodies | 202 | 151,447,503 | 60.09 |
| | 2,554* | 252,045,300 | 100.00 |

**Table 3: Share Ownership**

| Number of shares | Number of shareholders | Number of shares owned | % of total issued shares |
|---|---|---|---|
| 1 - 500 | 582 | 117,481 | 0.05 |
| 501 – 1,000 | 235 | 205,918 | 0.08 |
| 1,001 - 5,000 | 691 | 1,833,518 | 0.73 |
| 5,001 - 10,000 | 317 | 2,409,037 | 0.96 |
| 10,001 - 50,000 | 529 | 11,123,886 | 4.41 |
| 50,001 - 100,000 | 81 | 5,830,413 | 2.31 |
| 100,001 - 250,000 | 64 | 9,812,379 | 3.89 |
| 250,001 - 500,000 | 20 | 7,140,225 | 2.83 |
| over 500,000 | 35 | 213,572,443 | 84.74 |
| TOTAL | 2,554* | 252,045,300 | 100.00 |

* The above number of shareholders is indicative, due to consolidation of multi-portfolios for reporting purposes. The total number of active shareholders as at 30 June 2016 was 2,613.

### 3.3 Ownership Restrictions

The constitution of Rogers provides that no shareholder, other than those existing before its adoption, shall hold more than 10% of the issued share capital of the Company without the prior authorisation of the Board.

### 3.4 Shareholder Communication and Events

Rogers communicates with its shareholders through its Annual Report, Investors' News, published unaudited quarterly results, dividend declarations and Annual Meeting of Shareholders. The Executive Team of Rogers meets the investor community twice yearly to brief them on the Company's strategy, financial performance, investments and disinvestments.

For the year under review, the key events and shareholder communication of Rogers are set out in Table 4.

**Table 4: Key events and shareholder communication**

| Month | Event | Month | Event |
|---|---|---|---|
| October 2015 | Annual Meeting of Shareholders | February 2016 | 2nd quarter results<br>Investors' Briefing |
| November 2015 | 1st quarter results | May 2016 | 3rd quarter results |
| December 2015 | Interim dividend (declaration) | June 2016 | Final dividend (declaration) |
| January 2016 | Interim dividend (payment) | July 2016 | Final dividend (payment) |
| | | September 2016 | Preliminary results |

## 3.5 Dividend Policy

Rogers has no formal dividend policy. Payment of dividends is subject to the profitability of Rogers, its foreseeable investment, capital expenditure and working capital requirements.

For the year under review, the Company declared an interim dividend of Re 0.32 per share and a final dividend of Re 0.56 per share (as compared to Re 0.30 and Re 0.54 respectively for the previous year).

## 3.6 Share Price Information

For more information on the share price of Rogers, please refer to page 47.

# 4 BOARD

## 4.1 Composition of the Board

Rogers was headed by a unitary Board comprising twelve Directors, under the chairmanship of Mr Jean-Pierre Montocchio, who had no executive responsibilities. At 30 June 2016, there were three Executive Directors and nine Non-Executive Directors, six of whom satisfied the requirements of the Code for "Independent" directors. Mr Herbert Couacaud resigned as director of the Company on 1 July 2015. In September 2015, the Corporate Governance Committee, acting in its capacity as Nomination Committee, reviewed the composition of the Board and upon its recommendation, the board of directors appointed a) Mr Vivian Masson as Director of the Company to fill up the casual vacancy arising out of Mr Couacaud's resignation, and b) Mr Philippe Forget as thirteenth Director of the Company. Both Messrs Masson and Forget held office as Directors of the Company until the Annual Meeting of Shareholders which took place on 23 October 2015, at which meeting they were elected. Mr Naderasen Pillay Veerasamy did not submit himself for re-election at the said Annual Meeting of Shareholders.

The Chairman of the Board is elected by his fellow Directors and is responsible for leading the Board and its effectiveness. The functions and responsibilities of the Chairman and Chief Executive are separate. The Chief Executive is contractually responsible for:

a) developing and recommending the long-term vision and strategy of the Group;

b) generating shareholder value;

c) maintaining positive, reciprocal relations with relevant stakeholders;

d) creating the appropriate human resources framework to identify the right resources, train them, drive them to higher performance and maintain a conducive team spirit;

e) formulating and monitoring budgets and financials of the Group; and

f) establishing the optimum internal control and risk management framework to safeguard the assets of the Group.

The Board has a broad range of skills, expertise and experience ranging from accounting, banking and commercial to tourism, logistics, financial and legal matters.

In line with the Code, all Directors stand for re-election on a yearly basis. The names of all current Directors, their profiles and categories as well as their directorships in other listed companies are set out from pages 16 to 21.

## 4.2 Role of the Board

The Board is accountable and responsible for the performance and affairs of the Group. Its role includes the determination, review and monitoring of the Group's strategic plan, monitoring of the Group's financial performance against budget, approval of key acquisitions/disposals and capital expenditure. The Board is also responsible for the Group's risk management and internal control processes.

The Board promotes, encourages and expects open and frank discussions at meetings. Board meetings provide a forum for challenging and constructive debate. Directors are expected to attend each Board Meeting and each meeting of the Committees of which they are members, unless there are exceptional circumstances that prevent them from so doing. The Chairman and the Chief Executive, in collaboration with the Company Secretary, agree the meeting agendas to ensure adequate coverage of key issues during the year.

For the year under review, the main Board deliberations are set out in Table 5.

**Table 5: Main Board Deliberations**

| | | |
|---|---|---|
| Sep-15 | | Appointed (a) Vivian Masson to fill up the casual vacancy arising out of the resignation of Herbert Couacaud, and (b) Philippe Forget as thirteenth director of the Company. Both Messrs Masson and Forget were appointed to hold office as Directors of the Company until the Annual Meeting of Shareholders of 23 October 2015, at which they were elected. |
| | | Approved the following acquisitions by its subsidiary, Ascencia Limited: |
| | | • 34.9% stake in Bagaprop Limited; and |
| | | • 100% stake in Gardens of Bagatelle Ltd. |
| | | Approved the acquisition of a 25.0% stake in Mall of Mauritius at Bagatelle Ltd by its subsidiary, Foresite Property Holding Ltd. |
| | | Approved the acquisition of General Cargo Services and General Cargo Transport in Kenya by VK Logistics Ltd in a joint venture partnership with KIBO Fund II. |
| | | Approved the audited abridged financial statements and Rogers Annual Report 2015. |
| | | Received the reports of the Chairmen of the RMAC and CGC. |
| Nov-15 | | Approved the 1st quarter results of the Group. |
| | | Reviewed the performance of Rogers and its Sectors against budget. |
| | | Approved the refurbishment works at Centre Commercial Phoenix. |
| | | Approved the restructuring of its investment, Biofarms Limited with Bioculture (Mauritius) Ltd ("BCM"), following which Rogers will acquire 11% from the shareholders of BCM. |
| | | Approved the participation of Ascencia Limited in ENL Property Ltd's mixed-use building project comprising retail and office facilities at Floreal for an amount of Rs 120m. |
| | | Received the report of the Chairman of the RMAC. |
| Dec-15 | | Reviewed the performance of Rogers and its Sectors against budget. |
| | | Approved the payment of interim dividend. |
| | | Reviewed the composition of the RMAC. |

| | | |
|---|---|---|
| Feb-16 | | Approved the 2nd quarter results of the Group. |
| | | Reviewed the performance of Rogers and its Sectors against budget. |
| | | Approved the sale of Reliance businesses to Brinks. |
| | | Received the report of the Chairman of the RMAC. |
| May-16 | | Approved the 3rd quarter results of the Group. |
| | | Reviewed the performance of Rogers and its Sectors against budget. |
| | | Received the report of the Chairman of the RMAC. |

Strategy Governance Financial and Risk Management Business

## 4.3 Board Charter

The Board is of the view that the current legislation, rules, guidelines and Code already defines the responsibilities of the Directors and there is no need to adopt a Board Charter which will be a repetition of these duties and responsibilities.

## 4.4 Director Induction and Board Access to Information and Advice

On appointment to the Board and/or its Committees, Directors receive a comprehensive induction pack from the Company Secretary and an induction programme is organised to introduce the newly elected Directors to the Group's businesses and Senior Executives.

All Directors have access to the Company Secretary and to the Senior Executives 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, the Directors have access to the records of the Company and they have the right to request independent professional advice at the expense of the Company. The Board and its Committees also have the authority to secure the attendance at meetings of third parties with relevant experience and expertise as and when required.

## 4.5 Board Performance Review

A Board evaluation exercise was carried out in June 2016 in the form of a questionnaire covering such aspects as the performance of the Board, its procedures, practices and administration. The outcome of the exercise was considered by the Corporate Governance Committee in August 2016 and thereafter by the Board in September 2016. Whilst the evaluation has underlined the Board's areas of strengths, this exercise has also helped identify areas for improvement, the implementation of which has been planned for the second quarter of the financial year ending 30 June 2017. Overall, the Directors were of the opinion that the Board functioned well.

## 4.6 Interests of Directors

All Directors, including the Chairman, declare their direct and indirect interests in the shares of Rogers. They moreover 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.

Directors' dealings in the shares of the Company for the year under review are set out in Table 6.

**Table 6: Dealings in the Shares of Rogers by Directors**

| Names | No. of shares acquired | No. of shares disposed of |
|---|---|---|
| Guy Adam | 285,000 | - |
| Vivian Masson | 33,200 | - |
| Philippe Forget | 1,000 | - |

As at 30 June 2016, the direct and indirect interests of the Directors in the shares of the Company were as set out in Table 7.

**Table 7: Interests of Directors in the Shares of Rogers**

| DIRECTORS | SHARES | |
|---|---|---|
| | DIRECT INTEREST %* | INDIRECT INTEREST %* |
| Guy Adam | 0.9998 | Nil |
| Ziyad Bundhun | 0.0159 | Nil |
| Aruna Radhakeesoon Collendavelloo | 0.0214 | 0.0189 |
| Patrick de Labauve d'Arifat | Nil | Nil |
| Eric Espitalier-Noël | Nil | 3.7300 |
| Hector Espitalier-Noël | Nil | 3.9830 |
| Gilbert Espitalier-Noël | 0.0073 | 3.6529 |
| Philippe Espitalier-Noël | 0.0094 | 3.8597 |
| Philippe Forget | 0.0004 | Nil |
| Vivian Masson | 0.0140 | Nil |
| Jean-Pierre Montocchio | 0.0209 | 0.0351 |
| Alain Rey | Nil | Nil |

* Figures rounded up to 4 decimal places

NB: Number of issued shares as at 30 June 2016 is 252,045,300

## 4.7 Indemnities and Insurance

A directors' and officers' liability insurance policy has been subscribed to and renewed by Rogers. The policy provides cover for the risks arising out of the acts or omissions of the Directors and Officers of Rogers Group. The cover does not provide insurance against fraudulent, malicious or wilful acts or omissions.

## 4.8 Share Option Scheme

There is no employee share option scheme at the level of the Company.

# 5 BOARD COMMITTEES

The Board has set up a Corporate Governance Committee and a Risk Management and Audit Committee to assist in the discharge of its duties.

The functions and responsibilities of each committee are outlined in the committee's written terms of reference which have been approved by the Board. These terms of reference meet the requirements of the Code and are reviewed each year. They are available on the Rogers' website.

The Chairmen of both committees report orally on the proceedings of their respective committees at the Board meetings of Rogers. The minutes of the meetings of the RMAC are included in the Board pack distributed to Board members in advance of Board meetings.

A summary of the key responsibilities of these committees as well as their composition are set out in Table 8.

**Table 8: Key Responsibilities of Committees and their Composition**

| Committee | Key Responsibilities |
|---|---|
| **Corporate Governance Committee (also serves as Remuneration and Nomination Committees)** | (a) Make recommendations to the Board on all corporate governance provisions to be adopted so that the Board remains effective and complies with prevailing corporate principles and practices.<br>(b) Ensure that the disclosure requirements with regard to corporate governance, whether in the Annual Report or other reports on an ongoing basis, are in accordance with the principles of the applicable Code of Corporate Governance.<br>(c) Make recommendations to the Board on all new Board appointments.<br>(d) Review through a formal process the balance and effectiveness of the Board.<br>(e) Develop a policy on executive remuneration and for fixing the remuneration and benefit packages of individual Directors, within agreed terms of reference, to avoid potential conflicts of interest.<br>(f) In relation to the remuneration of non-executives, make recommendations to the full Board. |
| **Members:** | Up to 30 June 2016: Jean Pierre Montocchio (Chairman), Dr Guy Adam, Eric Espitalier-Noël and Philippe Espitalier-Noël |
| **Risk Management and Audit Committee** | (a) Ensure that:<br>• All risks are reviewed and managed to an acceptable level in the business.<br>• All internal accounting, administrative and risk control procedures are designed to provide ongoing assurance that assets are safeguarded.<br>• Transactions are executed and recorded in accordance with the Company's policy.<br>(b) Review:<br>• Important accounting issues.<br>• Changes in legislation that will give rise to changes in practice.<br>• Compliance with regard to specific disclosures in the financial statements.<br>• Quarterly, preliminary and annual reports as well as any other financial reports. |
| **Members:** | Gilbert Espitalier Noel resigned as member of the RMAC on 7 July 2015. The composition of the Committee was reviewed by the Board in December 2015 and at 30 June 2016, members of the RMAC were: Alain Rey (Chairman), Patrick de Labauve d'Arifat, Philippe Forget and Vivian Masson. During the financial year under review, Mr Naderasen Pillay Veerasamy and Dr Guy Adam were co-opted for the RMAC meeting of 3 September 2015 and Mr Ziyad Bundhun was co-opted for the RMAC meeting of 5 November 2015 due to a lack of quorum at the said two meetings. |
| **Attendee:** | Richard Le Boutet, Head of Internal Audit & Risk Management (up to March 2016)<br>Riaz Chitamun, Head of Internal Audit & Risk Management (as from 1 May 2016) |

# 6 STATEMENT OF REMUNERATION PHILOSOPHY

## 6.1 Non-Executive Directors' Remuneration

The fees paid to Non-Executive Directors have been recommended to the Board by the CGC (acting as the Remuneration Committee) based on a survey carried out by an independent consultant in 2004. Such fees have since been reviewed in 2007 and anew in December 2012.

The fees are calculated in the following manner: (a) a basic monthly fee; and (b) an attendance fee. Committee members are paid a monthly fee only. The Chairman of the Board and the Chairmen of the Board Committees are paid a higher monthly fee.

## 6.2 Executive Directors' Remuneration

The Executive Directors are not remunerated for serving on the Board and its Committees. Their remuneration package as employees of the Company, including their performance bonus, which are aligned to market rates, are disclosed in Table 9.

The performance bonuses which are payable are subject to the performance of the Company as well as the job holder and could go up to 50% of the annual basic salary.

The fees paid to the Directors of the Company for the year under review are set out in Table 9.

Table 9: Attendance at Board and Committee Meetings and Annual Meeting of Shareholders and Directors' Remuneration

| Directors | Board | Board Corporate Governance Committee | Board Risk Management & Audit Committee | Annual Meeting of Shareholders | Remuneration and benefits (Rs) |
|---|---|---|---|---|---|
| Dr Guy Adam | 7/7 | 2/2 | 1/4 | 1/1 | 530,000 |
| Ziyad Bundhun | 7/7 | n/a | 1/4 | 1/1 | 8,963,665 |
| Aruna Radhakeesoon Collendavelloo | 6/7 | n/a | n/a | 1/1 | 7,321,170 |
| Herbert Maingard Couacaud > | 0/7 | n/a | n/a | 0/1 | - |
| Patrick de Labauve d'Arifat | 6/7 | n/a | 3/4 | 1/1 | 490,000 |
| Eric Espitalier-Noël | 7/7 | 2/2 | n/a | 1/1 | 500,000 |
| Gilbert Espitalier-Noël | 5/7 | n/a | 0/4 ¬ | 1/1 | 341,364 |
| Hector Espitalier-Noël | 5/7 | n/a | n/a | 0/1 | 340,000 |
| Philippe Espitalier-Noël | 7/7 | 2/2 | n/a | 1/1 | 18,078,102 |
| Philippe Forget | 6/7 | n/a | 2/4 ° | 1/1 | 398,629 |
| Vivian Masson | 5/7 | n/a | 2/4 ° | 0/1 | 358,629 |
| Jean-Pierre Montocchio* | 7/7 | 2/2 | n/a | 1/1 | 880,000 |
| Alain Rey** | 7/7 | n/a | 4/4 | 0/1 | 700,000 |
| Naderasen Pillay Veerasamy*** | 1/7 | n/a | 1/4 | 1/1 | 126,591 |

> Resigned on 1 July 2015
* Chairman of the Board and Corporate Governance Committee
** Chairman of the Risk Management and Audit Committee
*** Ceased to be a Director on 23 October 2015
¬ Ceased to be a member of the RMAC as of 9 July 2015
° Appointed as members of the RMAC in December 2015

## 6.3 Employee Remuneration

Salaries are generally determined by a combination of internal equity, external competitiveness and performance of the employee. Every two years, remuneration surveys are carried out so as to benchmark with practices in the relevant industries. This is used to review and update internal salary scales and benefits bands across the Group.

# 7. INTERNAL CONTROL, INTERNAL AUDIT AND RISK MANAGEMENT

The internal control systems of Rogers, the activities of the Risk & Audit department and the risk management process of the Group are explained from pages 105 to 116.

# 8. OTHER GOVERNANCE MATTERS

## 8.1 Profiles of Senior Executives

For the profiles of Senior Executives, please refer to pages 24 to 29.

## 8.2 Statement of Interests of Senior Officers (excluding Executive Directors)

Table 10 sets out the direct and indirect interests of senior officers (excluding Executive Directors) as at 30 June 2016 as required by the Securities Act 2005.

Table 10: Statement of Interests of Senior Officers (excluding Executive Directors)

| SURNAME | OTHER NAMES | Direct Interest (%) | Indirect Interest (%) |
|---|---|---|---|
| BUNDHUN | Manish | - | - |
| CHITAMUN | Riaz | - | - |
| CURÉ | Karine | - | - |
| EYNAUD | François | 0.0009 | - |
| FAYD'HERBE DE MAUDAVE | Alexandre | - | - |
| KOENIG | Richard | - | - |
| LE BOUTET** | Richard | - | - |
| LENETTE | Didier | - | - |
| MAMET | Damien | - | - |
| NUNKOO | Nayendranath | - | - |
| RAMLACKHAN* | Kaushall | - | - |
| RUHEE | Ashley Coomar | 0.0008 | - |
| TYACK | Frédéric | - | - |

* Until 31 December 2015
** Until 31 March 2016

## 8.3 Code of Ethics

Rogers has adopted a Code of Ethics which spells out the general obligations and business etiquette employees are encouraged to abide by. A Malpractice Reporting Policy was also adopted in 2010 and an Equal Opportunities Policy has been adopted by the Group. No breach of ethics or malpractice was reported for the year under review.

## 8.4 Health and Safety Policy

The ANSI/AIHA Z10-2012 safety management system (SMS) is being used currently across the Group. As there are demands demands for more internationally recognised SMS from partners abroad, the Company is evaluating the impact and relevancy of switching to ISO 450000 standard.

## 8.5 Related Party Transactions

For details on related party transactions, please refer to page 206.

## 8.6 Management Agreements

There are no management agreements between third parties (where such third party is a director of Rogers, or a Company owned or controlled by a director of Rogers) and Rogers.

## 8.7 Donations

For political and charitable donations, please refer to page 118.

Kareen Ng
Company Secretary
8 September 2016



# Risk Management and Audit Committee Report

"The Group is characterised by a high risk awareness culture and the RMAC continues to play a key oversight role for the Board."

Dear Shareholder,

On behalf of the Risk Management and Audit Committee (RMAC), I am pleased to present the report for this financial year 2016. This report details the roles and responsibilities of the Committee and the work carried out during the year. I trust that it will be valuable to shareholders and stakeholders in their appreciation of the accomplishment of the Committee's objectives.

The Group is characterised by a high risk awareness culture, established by strong processes and efficient decision-making, which aims at assisting in the identification and management of risks. The RMAC has continued to play a key oversight role for the Board by placing significant emphasis on sustaining the standard of the financial reporting process, as well as assessing Management's judgement on major accounting treatments and the work carried out by third parties.

We have considered a number of challenges from the Group's businesses by placing significant focus on safeguarding the effectiveness and independence of the internal and external audit processes. Special consideration was given to improving the Group's internal control, governance and risk management systems.

A high-level review of strategic risks was undertaken this year whereby sectors have updated their risk registers to reach the 'Top 5' risks. The impact on our risk landscape is closely being scrutinised and monitored by Management and its aim is to provide an update on the identification and mitigation strategies of risks. Through the Group's Business Risk Registers, we reviewed Management's plans and mitigating actions to ensure that all key risks are appropriately and systematically prioritised, resourced and treated. RMAC members use their experience gained in other businesses to challenge and advise Management and in this way, key risks are constantly monitored whilst mitigating actions are taken with the collaboration of Management and our internal audit team.

The RMAC continues to review closely any control failures identified in internal audit reports or otherwise and monitors the progress on Management's implementation of recommendations and action plans. Where required, sectorial Chief Executive Officers are welcome to give an insight on challenges faced and the strategies used to manage those risks. The detection of a fraud of Rs. 9.5 m (P&L impact) at one of the Group companies during the year was satisfactorily and promptly dealt with by management. This isolated breakdown in one of the internal controls in place highlights the need for Management to remain vigilant at all times.

The progress made towards the achievement of the Group's strategic plan is also measured. In its work, the RMAC has sought to balance independent oversight of the business with the support and guidance of Management.

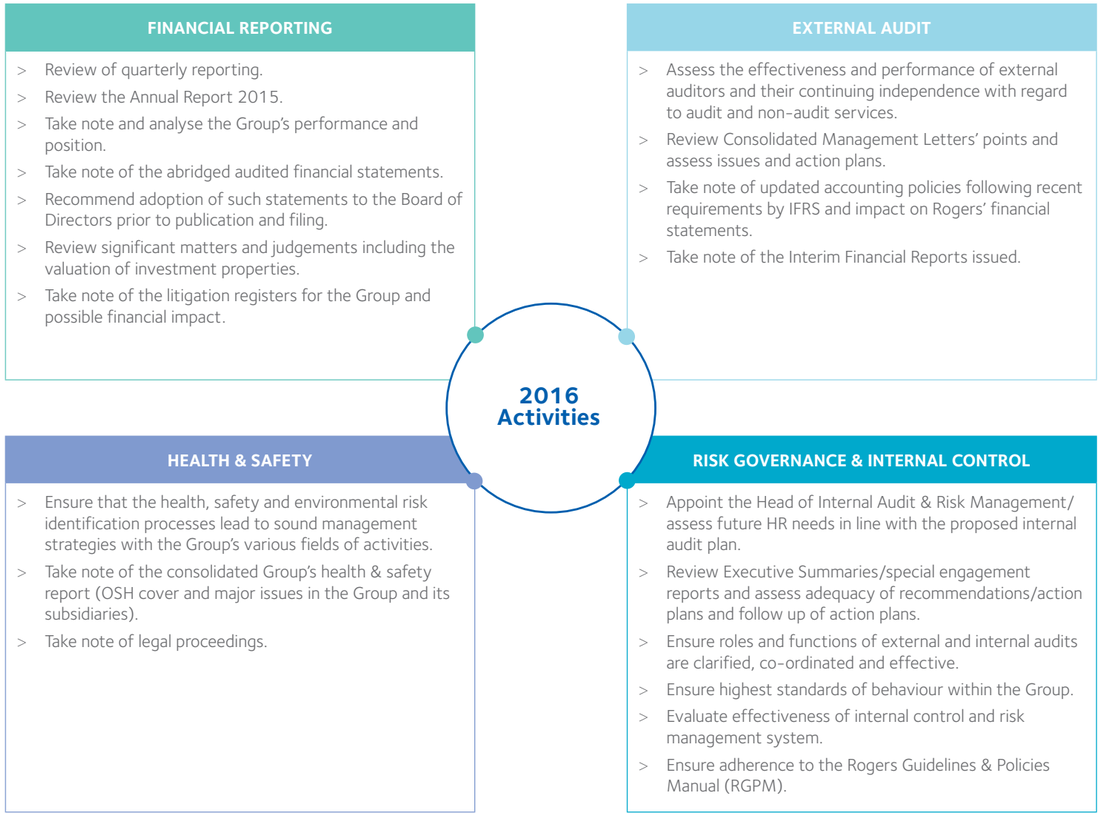
The progress from last year shifted towards creating a greater awareness on financial controls so as to improve the internal control environment. Events occurring during the year that are below the risk threshold are dealt with by Management and if needed, a management presentation is made to the members of the RMAC for their understanding and to provide assurance that such risks have been remedied and will not occur again.

We have taken cognizance of the new Code of Corporate Governance for Mauritius (2016) which encourages high-quality corporate governance with greater flexibility coupled with the methodology "apply and explain". The first time application of the Code for Rogers will fully be implemented during the financial year 2017 and we are planning to update the RMAC charter accordingly.

## 2016 in overview

The RMAC carried out its duties as required by Section 3 of the charter of the RMAC and in accordance with its annual plan adopted to manage the discharge of its responsibilities. The schedule of business covers the key areas within the Committee's remit and ensures that members have the information they need to give proper consideration to all matters brought before them.

Set out below are some highlights for the financial year 2016.




## Outlook & Conclusion

Based on the activities carried out in 2016, the RMAC believes that there were no material shortcomings in the design and effectiveness of internal controls, governance and risk management during the year. The RMAC discharged its responsibilities according to its mandate. Looking ahead, the RMAC will remain focused on the audit, assurance and risk processes across the Group and maintain its oversight of financial, environmental and other regulatory requirements. The takeaways for the financial year 2017 will be anchored on:

- Monitoring the mutual relationship with the internal audit function by providing oversight of internal audit;
- Supporting independence and developing a highly competent internal audit function aligned with the needs of corporate governance and mutually determine important risks and objectives;
- Supporting the risk management work achieved so far and the progress in maturity;
- Setting risk tolerance and risk appetite measures and targets for the Group;
- Establishing a risk reporting and escalating protocol for most critical and lowest risks;
- Evaluating the effectiveness of the RMAC; and
- Setting the foundation for an integrated reporting framework.

On behalf of the RMAC and in my personal name, I wish to thank the CEO and the Management of all the Group's businesses, our external auditors, BDO & Co., the internal audit team and the RMAC members for their contributions which have enabled the Committee to discharge its duties and responsibilities to the best of its abilities.

On behalf of the RMAC,

**Alain Rey**

Chairman, Risk Management and Audit Committee

31 August 2016

## RMAC structure and effectiveness

The RMAC aims at enhancing the diversity of its members' area of expertise. It operates within a formal charter: It is chaired by an Independent Non-Executive Director along with other members who are also Independent Non-Executive Directors. They are chosen on the basis of their corporate leadership skills, experience and expertise which they acquired by holding senior office in businesses. They discharge their duties to the best interest of the Group as a whole.

### RMAC

**Permanent Members**

- Alain Rey
- Philippe Forget
- Vivian Masson
- Patrick de Labauve d'Arifat

**In Attendance**

- Chief Finance & Investment Executive
- Head of Internal Audit & Risk Management
- External auditors
- Sectors' Chief Executives
- Sectors' Chief Finance Officers
- Health & Safety Manager

**Right balance of skills, experience and expertise to make a meaningful contribution to the Rogers Group**

| EXPERIENCE |
|---|
| Financial |
| Regulatory |
| Capital markets |
| Legal & Regulatory |
| Mergers & Acquisitions |
| Agriculture & Agro-Industry |

| SKILLS |
|---|
| Risk Management |
| Wide base of Non-Executive Director experience |
| Strategy |
| Financial acumen |
| Governance |
| Statistical science |
| Research & Development |
| International business |

Attendance

| ATTENDANCE | Q1 | Q2 | Q3 | Q4 | Member since |
|---|---|---|---|---|---|
| Alain Rey | ● | ● | ● | ● | 07-Dec-12 |
| Philippe Forget | ○ | ○ | ● | ● | 10-Dec-15 |
| Vivian Masson | ○ | ○ | ● | ● | 10-Dec-15 |
| Patrick de Labauve d'Arifat | ○ | ● | ● | ● | 23-Jan-13 |
| Gilbert Espitalier-Noël | ○ | ○ | ○ | ○ | Resigned (9-Jul-15) |
| Guy Adam | ● | ○ | ○ | ○ | Co-opted |
| Ziyad Bundhun | ○ | ● | ○ | ○ | Co-opted |
| Naderasen Pillay Veerasamy | ● | ○ | ○ | ○ | Co-opted |

# Risk Governance & Internal Control
# Risk Management

"At Rogers, we believe that **effective risk management** is critical to the achievement of our strategic objectives and the long-term sustainable growth of our business".

Philippe Espitalier-Noël, CEO

This step defines the external and internal environment in which the Group operates.

Self-assessment workshops are carried out within the various sectors. The purpose is to develop a consistent and sustainable approach aimed at identifying events which could impact the Group's ability to achieve its strategic objectives.

Risks identified are assessed in terms of impact and probability during the voting session.

Based on the outcome of the risk analysis, the risks are rated in terms of inherent risks, residual risks (current), residual risks (desired) and residual risk gap.

Identification of risk mitigation strategies and controls to reduce the residual risk gaps.

Reporting is done at sectorial level and at the RMAC.

Management monitoring of the framework's operation and ongoing review of the risk landscape by Risk champions.

### RISK MANAGEMENT FRAMEWORK

At Rogers, risk management is embedded in our day-to-day activities and plays a fundamental role on how we work across the Group. Our risk management framework is a key component of our business model and is designed primarily to protect our shareholders, people, assets, reputation and clients' interests.

Given our diversified activities, geographical locations and legal framework in which we operate, risk awareness and risk management are essential to all our actions.

In order to ensure that our risk management framework meets our business needs, the Board, together with Management ensure that our approach to risk management remains proactive, methodical and integrated. Our risk management process aims at identifying new and emerging risks at an early stage.

Overall accountability for risk management lies with the Board which articulates the risks that the Group is willing to take in pursuit of its strategies through the Group's risk appetite. Risk appetite is a vital, forward-looking perspective since it guides Management in assessing the level of acceptable risks while developing its strategies. The risk appetite also sets shareholders' expectations with regard to the level of risk that Rogers is willing to take.

Major risks faced by the Group, together with the identified mitigating measures are regularly assessed to ensure that the Group's risk profile is as expected. These risks are depicted on page 108.

# Risk Governance & Internal Control

## Our Lines of Defence

Risks are changing constantly in our rapidly moving times. It is therefore essential for risk management to be implemented quickly and in an effective way without subsequent operating costs. For this to be achieved, an agile framework has been integrated throughout the Group. The framework is based on a four lines of defence approach to risk management and designates the various roles, responsibilities and accountabilities for risk management, risk reporting and risk escalation across the Group. It incorporates the oversight, management and assurance of risk management, essentially giving four independent views of risks in the organisation. The risk management process has been instilled in the culture of the Group and its implementation is a major contributor to its effectiveness and this is ensured by the Board and senior Management. The Board of Directors is also responsible for providing an oversight of the Group's risk management activities. Our 4 lines of defence are illustrated as follows:

| | | |
|---|---|---|
| **PEOPLE, PROCESSES & TECHNOLOGY** | **1st line** | • The processes that are put in place and the systems and controls employed to manage risks and exploit opportunities. These controls are operated by frontline employees. |
| **MANAGEMENT & OVERSIGHT** | **2nd line** | • Committees and functions that oversee the effective operations of Rogers' internal controls framework, including the control activities performed in the first line of defence.<br>• The second line of defence includes the established risk management activities and compliance functions. |
| **INTERNAL AUDIT** | **3rd line** | • Internal audit provides independent, objective assurance and is designed to add value and improve Rogers' operations.<br>• It provides an independent view of how well risks are mitigated and controls are operating (actual residual risks). |
| **EXTERNAL ASSURANCE** | **4th line** | • Increases the level of trust in the conclusions reached by engaging an independent third party. |

This model adapted to Rogers' needs is both a bottom-up and top-down approach endorsing an effective communication flow amongst the different players. The Board of Directors acts as a 'watchdog' of the four lines of defence. It sets the tone by approving the risk management strategy and is accountable for Rogers' internal control system. Changes in our risk profile are highlighted to the Board which regularly reviews and challenges whether the Group's identified principal risks are being managed while ensuring that other potential risks, their impacts and the opportunities they may give rise to are an explicit part of its discussions.

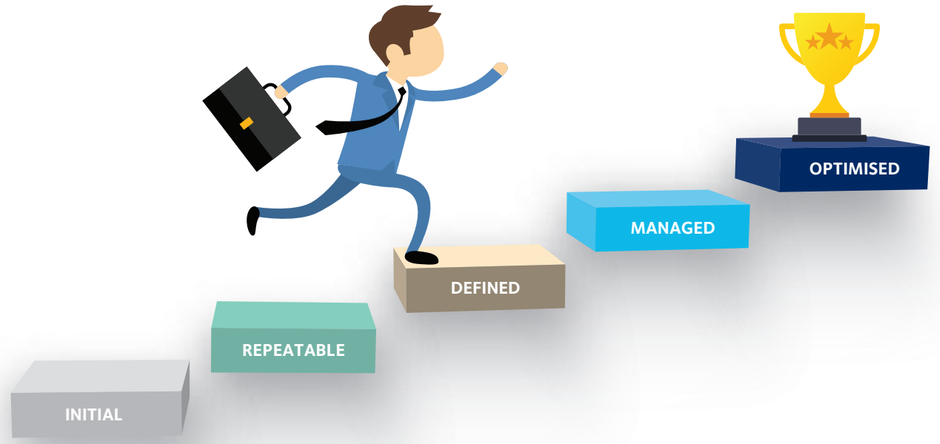


# Risk Governance & Internal Control

## Risk Maturity Level

As compared to last year ("repeatable"), Rogers has positioned itself to the 'defined' risk maturity level. In order to assess and oversee the risk management process at business and executive levels, a formalised governance structure has been implemented. Thus this governance structure aims at assessing the risks associated with the evolution and implementation of any new policy, programme or service.

The Group will achieve its strategic objectives through the collaboration and implementation of its framework and associated risk profiles and action plans by putting in place a culture of constancy and precision in risk planning and subsequent action plans. Our aim is to continuously climb the ladder and we believe that Rogers has not yet reached an optimum risk maturity level. Embedding risk management 'in everything we do' is a long-term process and requires constant monitoring and fine-tuning of the framework.



## Inherent and Residual Risks

The principal strategic risks (inherent) that Rogers are exposed to in absolute terms, i.e. in the absence of any Management actions are tabled below. Such risks have been identified during the risk identification phase. These are potential risks that could occur in the event of a lack of controls in place. The inclusion of a risk does not mean that it has materialised or that it is not being managed – it means that Management has identified this risk as an area of priority to ensure that controls are put in place to mitigate the risks.

| Inherent (principal strategic) risks | 2015 | 2016 |
|---|---|---|
| • Ability to adapt to changes | ● | ● |
| • Concentration | ● | ● |
| • Contracting | ● | ● |
| • Forex | ● | ● |
| • Fundraising | ● | ● |
| • Health & Safety | ● | ● |
| • ICT infrastructure/IT infrastructure | ● | ● |
| • Innovation | ● | ● |
| • Legal and regulatory compliance | ● | ● |
| • Liquidity | ● | ● |
| • Market intelligence | ● | ● |
| • Projects, strategic partnerships and acquisitions (domestic and international) | ● | ● |
| • Skills attraction, performance and retention | ● | ● |
| • Stakeholder engagement | ● | ● |
| • Theft, fraud and corruption | ● | ● |
| • **Cyberthreats** | - | **NEW** |
| • **Development risk** | - | **NEW** |
| • **Financial reporting** | - | **NEW** |

Each sector of the Group maintains its own business risk registers which are reviewed and updated regularly. After adequate controls have been put in place, namely the Group's top residual risks are identified as follows:

1. Skills, attraction, performance and retention
2. Market Intelligence
3. Innovation
4. Liquidity
5. Legal and regulatory compliance





## Managing our Top 5 Risks

The top 5 strategic risks for the Group are based on the residual risk gap (difference between the current level of risk and the desired level of residual risk). The following tables describe the top 5 risks facing the Group and the means that are adopted to mitigate them. We have also included a comparative from last year, in order to see how such risks have evolved over time.

| 1. SKILLS ATTRACTION, PERFORMANCE AND RETENTION RISK | | RISK AS AT JUNE 2016 ← |
|---|---|---|
| High key staff turnover and shortage of skilled/ qualified employees are essential issues which affect the Group's performance, success and ability to match international benchmarks. | **ROOT CAUSE:**<br>• Industries' attractiveness<br>• Poaching of staff<br>• Inability to retain qualified employees | **COMMENTARY:**<br>There are measures which have been introduced, such as:<br>• Talent acquisition and retention<br>• Career growth<br>• Training and talent development<br>• Transparent Performance Management System |
| **IMPACT:**<br>• Quality of service is affected<br>• Reputational damage<br>• Low client satisfaction<br>• Business failure<br>**CONCERNED SECTORS:**<br>The Group | **MITIGATION:**<br>Adequate rewards and recognition as well as provision of appropriate training and development opportunities to employees on a continuous basis. | |

| 2. MARKET INTELLIGENCE RISK | | RISK AS AT JUNE 2016 ↑ |
|---|---|---|
| The Group's lack of relevant and/or reliable information on competitors may result in prices or rates that customers are indisposed to pay. | **ROOT CAUSE:**<br>The endless new entrants on the market and the lack of benchmarking exercise. | **COMMENTARY:**<br>There is a need to evaluate the targeted markets thoroughly. SWOT analysis and risk assessment exercises to be conducted accordingly. Greater use of experts under co-sourcing arrangements when required. |
| **IMPACT:**<br>• Erosion of customer base<br>• Loss of competitive advantage<br>• Financial loss<br>• Wrong strategic decisions taken<br>**CONCERNED SECTORS:**<br>The Group | **MITIGATION:**<br>Benchmarking exercise and market surveillance are essential but most importantly are the new developments of projects to increase Rogers' competitiveness. | |

| 3. INNOVATION RISK | | RISK AS AT JUNE 2016 ↑ |
|---|---|---|
| Rogers is not leveraging innovation in its business model to achieve or sustain competitive advantage. | **ROOT CAUSE:**<br>Change in customer behaviour and buying patterns as well as the arrival of new international players impact the Group's capacity and capability of exploiting the innovation space | **COMMENTARY:**<br>There is a need to innovate and evolve, but it should be done in a cautious and systematic way. Not innovating and not evolving is a greater set back and poses even higher risks. |
| **IMPACT:**<br>• Erosion of customer base<br>• Financial loss<br>• Lost opportunities<br>• Reputational damage<br>**CONCERNED SECTORS:**<br>• Aviation<br>• Technology<br>• Real Estate & Agribusiness<br>• Corporate | **MITIGATION:**<br>Regular clients surveys and investment in new system/technologies as well as the implementation of a quality management system. | |

| 4. LIQUIDITY RISK | | RISK AS AT JUNE 2016 ↑ |
|---|---|---|
| Rogers' Group is exposed to insufficient means of cash flow to meet its financial obligations. | **ROOT CAUSE:**<br>• Inexistence/non-adherence to the credit vetting exercise.<br>• Delay in receiving money due to economic recession and late payment interest not being charged have accentuated the problem. | **COMMENTARY:**<br>Regular review of the Group strategic plan should enable better cash flow planning. At the same time, this will help us identify opportunities. |
| **IMPACT:**<br>• Inability to continue as a going concern<br>• Financial loss<br>• Reputational damage<br>• Opportunity loss<br>**CONCERNED SECTORS:**<br>The Group | **MITIGATION:**<br>Assessing customer creditworthiness through bank guarantees. The application of a credit vetting process by a committee, with frequent checks being performed on credit limits awarded to clients. Capital injection from shareholders. | |



Risk Governance & Internal Control

| 5 . LEGAL AND REGULATORY COMPLIANCE RISK | | RISK AS AT JUNE 2016 ↑ |
|---|---|---|
| Internal and external compliance procedures not being adhered to by relevant parties. This attitude exposes the Group to continuity interruptions. | **ROOT CAUSE:**<br>• Lack of enforcement/communication of policies and procedures.<br>• Rigid set of rules | **COMMENTARY:**<br>There is a need for non-financial reviews and audits. Compliance with International Standards and regulatory requirements of the different jurisdictions in which we operate. Work closely with the process owners. |
| **IMPACT:**<br>• Reputational damage<br>• Litigation exposure<br>• Fines and penalties<br>• Financial losses<br>**CONCERNED SECTORS:**<br>The Group | **MITIGATION:**<br>Ensure compliance with regulations, compliance manual and sound operational processes. Litigation register is in place and is being monitored and reported at Corporate level and RMAC. | |

**Note:**

← Horizontal movement indicates no change in the risk gap

↑ Upward vertical movement indicates an increase in the risk gap

↓ Downward vertical movement indicates a decrease in the risk gap

# Risk Governance & Internal Control

## Emerging Risks

"Change is the law of life. Those who look only to the past or present are certain to miss the future."

John F. Kennedy

Anticipating and forecasting risks is becoming more difficult and more complex with sudden changes in the environment and globalisation. At Rogers, we believe that we must always prepare ourselves for the unexpected. We recognize complex risks are increasingly interconnected, with the potential to accelerate as they grow and we consider that it is time to turn the risk 'telescope' around. Emerging risks are difficult to quantify and as a result of lack of data, the consequences and implications can be unclear. Through the updating of the risk registers, more particularly in the risk identification phase, Management does provide insight of possible emerging risks affecting their businesses and these are rated in terms of severity and likelihood. A more comprehensive 'watch list' of those emerging risks will be developed to include a sensitivity analysis/'what-if' scenarios. Core global emerging risk categories are depicted as follows:

| RISK CATEGORIES | RISK DESCRIPTION |
|---|---|
| GEOPOLITICAL | • Adverse regulation<br>• Governance deficiency<br>• Trade/tariff war |
| SOCIETAL | • Social instability<br>• Terrorist attack<br>• Armed conflict |
| ECONOMIC | • Fiscal crisis<br>• Asset bubble<br>• Financial system breakdown |
| TECHNOLOGICAL | • Infrastructure failure<br>• Transformational innovation<br>• Large-scale cyberattack |
| ENVIRONMENTAL | • Sustained resource shortage<br>• Natural catastrophe<br>• Disease outbreak |

**COMMENTS:**

**Sectors to analyse global market trends, evaluate possible impacts and review key business drivers and strategies.**

**An example could be the Brexit which might have an impact on the Mauritian economy and on sectors such as Hotels, Aviation and Logistics due to the fact that the UK represents one of our major trading partners (in terms of export destination and tourism market, etc.).**



# Risk Governance & Internal Control

## Internal Control

Internal control and risk management are the backbone of good corporate governance. The Board provides the vision and sets out the strategic direction of the Group. It also provides effective leadership and control of the Group, whilst meeting the appropriate interests of its shareholders and stakeholders. It assumes the ultimate responsibility for the effective management of risks across the Group, determining its risk appetite and tolerance as well as ensuring that each business area implements appropriate internal controls. The Board exercises this control by effectively delegating its risk management and systems of assurance regarding financial reporting and internal controls to the RMAC.

In line with the Mauritian Code of Corporate Governance, Rogers has set up a Risk Management and Audit Committee in 2002 whose main objectives are to ensure the existence and efficiency of a system of internal control which reflects the size of the Group as well as its diversity. The Group's risk management systems aim at managing the risk of failure in the pursuit of business objectives rather than to eliminate that risk. The risk management systems, however, cannot provide 100% assurance against material misstatement or loss.

## Internal Audit

The internal audit function is carried out by the Risk & Audit Department, an independent in-house business unit operating within a framework aligned with the various policies in existence within the Group. Our internal audit plan is prepared using a risk-based approach. All the elements in our risk landscape are taken into account while preparing the audit plan including changes in risk profiles and emergence of new risks.

### OUR RISK BASED AUDIT METHODOLOGY

TESTING & ANALYSIS

| SCOPE, ENGAGEMENT & ACCEPTANCE | PLANNING | PRELIMINARY FIELDWORK | FIELDWORK | REPORT ISSUANCE | FOLLOW-UP |
|---|---|---|---|---|---|
| Risk analysis<br>Determine needs<br>Mutually agreed upon timeline | Identify new developments<br>Assess risks – Business Risk Register<br>Develop approach | Understand internal controls<br>Identify and address issues | Update on controls and issues<br>Audit testing | Deliver findings<br>Issue opinion<br>Meetings with those charged of Governance<br>Discuss the path forward | Issue Progress Implementation Reports<br>Table findings / recommendations to the RMAC |

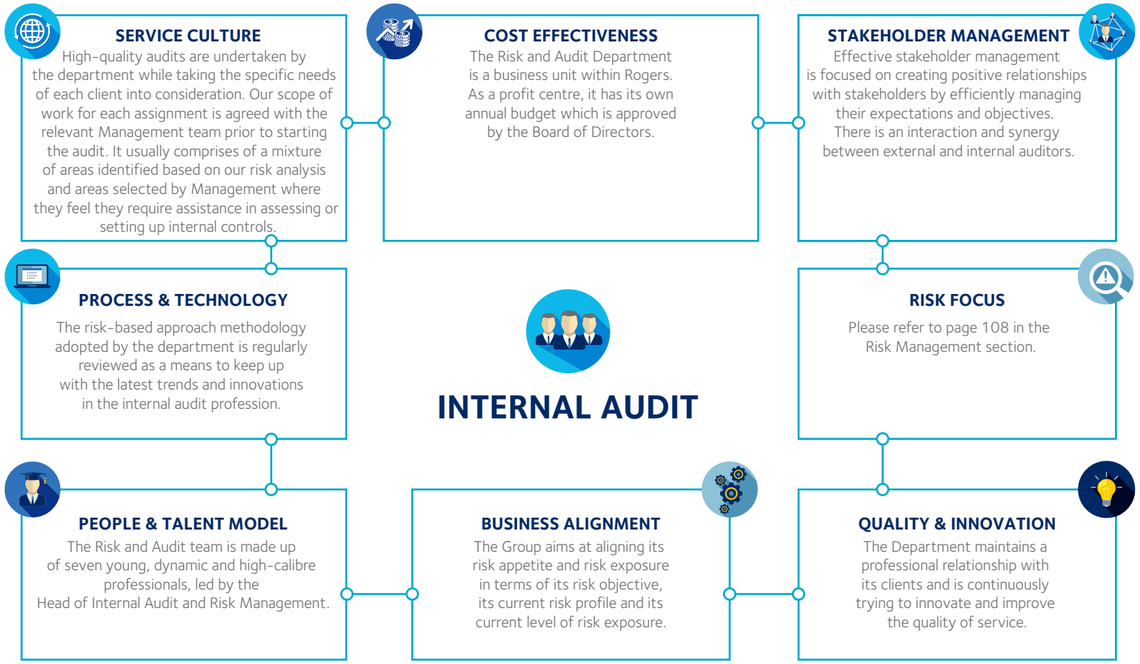
**INDUSTRY-SPECIFIC EXPERIENCE AND WORK PROGRAMME**

**TECHNOLOGY USED THROUGHOUT**

The Risk and Audit Department's main objective is to provide independent and objective assurance as to the effectiveness of the risk management approach and of internal controls within the Group. Amidst these broad objectives, the department also aims at providing Management with reliable information, facilitate interactions with them and provide advice with a view to maintaining a balance between risks and controls throughout the Group. The adequacy and relevance of internal controls is supported by the Rogers Guidelines & Policies Manual (RGPM).

# Risk Governance & Internal Control

The Board of Directors, Management and other personnel have put in place processes commonly known as internal controls to provide reasonable assurance on the achievement of the objectives related to operations, financial reporting and compliance with laws and regulations. Internal audit directly examines internal controls and provides assurance in respect of the implementation, operation and effectiveness of risk management and governance. Given the diversity across the Group, internal control is achieved mainly through the application of best practices which together constitute the RGPM; these best practices ensure that consistent and uniform policies and procedures are applied across the Group. The internal audit process is constantly subject to changes given the need to keep pace with international trends and standards. A study conducted by PricewaterhouseCoopers in the United States identifies some fundamental internal audit features as contributing significant value to companies. The study identifies eight foundational attributes of internal audit and is said to be the basis of providing an effective internal audit function.

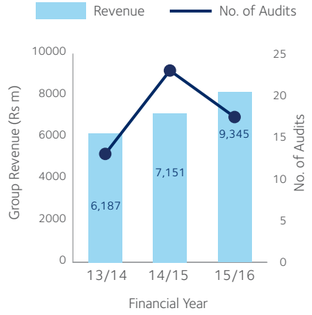


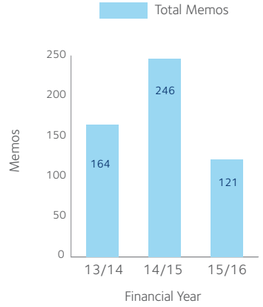



# Risk Governance & Internal Control

## MONITORING PROGRESS

The number of audits performed by the department has increased from year to year, mainly owing to the rapid expansion of the Group and the acquisition of new businesses. During the forthcoming year, greater emphasis will be placed on financial services audits and emerging risks given the Group's level of activities. The department continuously aims at providing even more recommendations for more efficiency and productivity, and to help the Group as a whole achieve its strategic objectives.




We are pleased to provide a feedback on how effective we were at achieving the risk management and internal audit initiatives that the Group set last year.

| Category | Status |
|---|---|
| Risk appetite | Ongoing |
| Creating an organisation – wide risk-aware culture | Ongoing |
| Embedding risk management function within each sector | Ongoing |
| Occupational Health & Safety (OH&S) | Completed |
| Business continuity | Ongoing |
| Malpractice reporting procedures | Ongoing |
| Internal audit and risk management | Completed |
| Dealing with emerging risks and opportunities (refer to page 112 for more details) | Ongoing |

Completed

Ongoing

# Risk Governance & Internal Control

## FUTURE ORIENTATION

We believe that it is important to consider future opportunities, prepare ourselves accordingly so that we can seize them. As a result of changes happening in the regulatory, legislative and compliance frameworks, the growing complexity of businesses, environmental changes and globalisation, business leaders are expected to think 'bigger'.

**Future Orientation – our challenges:**

- Embark on the risk governance reforms (new code of corporate governance)
- Add new richness to business insights
- Remain a proactive and reliable business partner
- Develop and maintain the requisite skills
- Develop talents with deep business expertise
- Enhance on-the-job learning and development
- Align our risk management framework with our lines of defence
- Proficient use of data analytics and IT

At Rogers, the Internal Audit and Risk Management team adheres to the standards and norms of the profession. We have taken cognizance of the new Code of Corporate Governance and we ensure that its elements will be factored into the approach, methodology and reporting dimensions of our work, applicable as from the financial year 2017.

With the foreseeable future, the role of internal audit is evolving from an assurance provider to that of a proactive, valued business partner who is involved in pushing forward the companies' strategic initiatives. In this role, we treat each entity of the Group as our 'client' and we aim at delivering value in every assignment completed. We aim at accompanying Senior Management in terms of services such as advisory and due diligence, whilst strictly preserving our independence.

Our challenge is to maintain the 'energy' and 'agility' to cope with continuous businesses changes. The Head of Internal Audit and the Corporate Managers are committed to the development of the human capital of the Group. Through the ACA/ACCA training scheme, our engagement is not only to provide the Group with top-notch accountants but also to develop the managers, executives and leaders of tomorrow. A great emphasis is laid on the mentoring and coaching of our Audit Assistants and we provide all the support they need for their academic achievements. As part of the scheme, the Audit Assistants are seconded to the Finance and Accounts teams and on the other hand, the clients' portfolio of the Corporate Managers is rotated on a regular basis so as to gain more experience and knowledge of the business. As mentioned earlier, risks will evolve continuously and so must we. We are constantly training and documenting ourselves so as to be on top of our game and to prepare for the challenges coming ahead.

Other challenges for the years to come will be:

- Management of big data and use of data analytics tools;
- Reviewing of the audit delivery model;
- Use of technologies to enhance, automate and continuously improving our audit methodology, process and risk management processes; and
- Having a pool of certified internal auditors.

We are setting industry standards and we have received the PWC Corporate Reporting Award in 2015. Our aim is to improve further. This demonstrates the seriousness, dedication and professionalism which we attach to this critical function.



# Secretary's Certificate

In my capacity as Company Secretary of Rogers and Company Limited (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 June 2016, all such returns as are required of the Company under the Companies Act 2001.

Kareen Ng
Company Secretary
8 September 2016

# Other Statutory Disclosures

## (pursuant to Section 221 of the Companies Act 2001)

### DIRECTORS

A list of directors of the subsidiary companies of Rogers is given on pages 119 to 125.

### CONTRACT OF SIGNIFICANCE

During the year under review, there was no contract of significance to which Rogers, or one of its subsidiaries, was a party and in which a director of Rogers was materially interested either directly or indirectly.

### DIRECTORS' SERVICE CONTRACTS

None of the directors of the Company and of the subsidiaries have service contracts that need to be disclosed under Section 221 of the Companies Act 2001.

| In Rs million | 30 June 2016 | 30 June 2015 |
|---|---|---|
| **DIRECTORS' REMUNERATION & BENEFITS** | | |
| Remuneration and benefits paid by the Company and subsidiary companies to : | | |
| Directors of Rogers & Company Limited | | |
| Executive - full time | 34.4 | 31.4 |
| Non-executive | 4.0 | 5.6 |
| Directors of subsidiary companies | | |
| 33 executive - full time (29 in 2015) | 147.8 | 100.2 |
| 81 non-executive ( 79 in 2015 ) | 1.8 | 7.2 |

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| In Rs million | 30 June 2016 | 30 June 2015 | 30 June 2016 | 30 June 2015 |
| **DONATIONS** | | | | |
| Donations made during the year | | | | |
| Political | 0.7 | 7.0 | 0.7 | 7.0 |
| Corporate Social Responsibility | | | | |
| Statutory | 6.7 | 4.0 | - | - |
| Voluntary | 1.0 | 1.6 | 1.0 | 1.0 |
| Number of institutions | 24 | 25 | 14 | 6 |
| **AUDITORS' REMUNERATION** | | | | |
| Audit fees paid to : | | | | |
| BDO & Co | 10.1 | 8.5 | 0.7 | 0.7 |
| Other firms | 7.4 | 4.5 | - | - |
| Fees paid for other services provided by : | | | | |
| BDO & Co | 2.5 | 1.3 | 0.2 | - |
| Other firms | 8.5 | 5.9 | - | 0.1 |

Fees paid for other services to BDO & Co are in respect taxation and consultancy services.



# Directors of Subsidiary Companies

## HOTELS

| | Berman Laurence Marie | Bundhun Ziyad Abdool Raouf | Baudot Jean Marie Francois | Dodds Ryan Matthew | Dupont Danielle Christine | Charles Jacques Jean Francois | Espitalier-Noël M.A. Eric | Espitalier-Noël M. H. Philippe | Eynaud François Paul Philippe | Fayd'herbe de Maudave Alexandre | Hugnin Guy | Hugnin De Loppinot Brigitte | Koenig J. H. V. Richard Roger | Mamet Jeremy Alan | Menteath Jonathan Lawrence | Montocchio François Thierry | Motet Joseph Jacques | Stedman Richard Sohrab |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Heritage Golf Club Ltd | | | X | | X | A | | | C | | | | X | A | | X | | |
| Heritage Events Company Ltd | | | | R | | | | | C | | | | | | A | X | | |
| VLH Ltd | X | X | | | | | X | X | X | X | X | X | | | | X | A | X |
| Seven Colours Spa Ltd | | | | | | | X | | X | | X | X | | | | | | |
| VLH Training Ltd | | | | | | | X | | C | | X | X | | | | | | |
| Adnarev Ltd | | | | | | | X | | C | | X | X | | | | | | |
| VLH Holding Ltd | X | X | | | | | X | C | X | X | X | X | | | | X | A | X |

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

# Directors of Subsidiary Companies

## LOGISTICS

| | Abraham Bertrand Denis | Arrowsmith Sarah Carmen | Avrillon Francis Vincent | Bathfield P R Sydney | Bhatt Mehul Hitesh Kumar | Bosch Josep Oriol | Bundhun Ziyad Abdool Raouf | Cayeux Joseph Maxime Bruno | De Comarmond Marie Maurice André | Driver H. W. Anthony | Elysée David | Elysée Louis Jacquelin | Espitalier-Noël M.E. Gilbert | Espitalier-Noël M. H. Philippe | Galea Marie Henri Dominique | Giraud Sylvain | Gobindram Shah Nawaz | Harel Antoine Louis | Hugnin Thierry | Hung Han Yun Denis | Kaba Gilles | Kone-Dicoh Khady-Lika | Lagesse Raymond | Lallchand Jawaharlall | Merrick Raymond | Merven Jean Didier | Noël C. J. Raoul | Nunkoo Nayendranath | Olivier Vivian | Piat Jean Evenor | Rigouzzo Luc Andre Emmanuel | Rivalland Louis Joseph Michel | Ronoowah Rishi Kapoor | Sangeelee Naveen | Yue Chi Ming Tony |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Cargo Express Madagascar S.A.R.L. | | | | | | | | | X | | | | | | | | | | | X | | | | | | | X | | | | | | | | X |
| F.O.M Warehouses Ltd | X | | X | | | | | | X | | | | | | | | | | | X | | | | | | | X | | | | | | | | |
| Freeport Operations (Mauritius) Ltd | X | | | | | | | | X | | | | | | | | | | | X | | | | | | | X | | | | | | | X | |
| Logistics Solutions Ltd | | | | | | | X | | | | | | X | C | | | | | | | | | | | | R | X | | | | | | | |
| Velogic Ltd | | | | | | | X | | X | | | | X | C | | | | | | | | | | | | R | X | | | | | | X | |
| Velogic Holding Company Ltd | | | | | | | X | | | | | | X | C | | | | | | | | X | | | | R | X | | | X | | | | |
| P.A.P.O.L.C.S. Ltd. | | | | | | | | | | X | | X | | | | | | | | | | | A | | | | C | X | | | | X | X | |
| Papol Holding Ltd | | | | | | | | | | X | X | X | | | | | | | | | | | | | | | X | | | | | | X | |
| Velogic Depot & Warehouse Ltd | | | | | | | | | X | | | | | | | | | | | | | | | | | | X | | | | | | | |
| Rogers IDS (France) SA | | | | | | | | | | | | | | | | A | | | | R | | | | | | | | | | | | | | |
| Rogers IDS Madagascar SA | | | | | | | | | X | | | | | | | | | | | | | | | | | | | | | | | | | X |
| Rogers IDS Limitada Mozambique | | | | | | | | | X | | | | | | | | | | | | | | | | | | X | | | | | | | |
| VSR | | | | | | | | | X | | | | | | | | | | | R | | | | | | | X | | | | | | A | |
| Velogic India Private Limited | | | | | | | | | R | | | | | | | A | | | | | | | | | | | X | | | | | | X | |
| VK Logistics Ltd | | | | | X | X | | | | | | | | | | | | X | | | | | | | | | X | | | | | | X | |
| Rogers Logistics International Ltd | | | | | | | | | | | | | | X | | | | | | | | | | | | | X | | | | | | X | |
| Rogers Logistics Services Company Ltd | X | | | | | | | | X | | | | | | | | | | | X | | | | | | | X | | | | | | X | |
| Rogers Shipping Ltd | | | | | | | | | | | | | | | | | | | | | | | | | | R | X | X | | | | | X | |
| Southern Marine & Co Ltd | | | | | | | | | | | | | | | | | | | | | | | | | | | X | | | | | | X | |
| Sukpak Ltd | | X | | | | | | | | | | | | C | | | | | | | | | | X | | | X | | | | | | X | |
| Transworld International Ltd. | | | | | | | | | X | | | | | | | | | | | | | | | | | | X | | | | | | | |
| Thermoil Company Limited | | | X | | | | | | | | | | | | | | | | | | | | | | | | | X | | | | | | |
| Societe Du Port | | | | X | | | | | | | | | | C | X | | | X | | | | | | | X | | | | X | | X | | | |
| Velogic Haulage Services Ltd | X | | | | | | | X | X | | | | | | | | | | | | | | | | | | X | | | | | | X | |
| Velogic Garage Services Ltd | X | | | | | | | X | X | | | | | | | | | | X | | | | | | | | X | | | | | | X | |
| MTL Logistics & Distribution Co. Ltd | | | | | | | | | | | | | | | | | | | | | | X | | | | | | | | | | | X | |
| Associated Container Services Limited | X | | | | | | | | X | | | | | | | | | | X | | | | | | | | C | | | | | | X | |

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

## AVIATION

| | Almeida James | Artur Magalhaes | Bhoyroo Mohammad Yashinn | Breiner Marc Francois Stephane | Bouic Joseph Guillaume Karl | Bundhun Ziyad Abdool Raouf | Cassam Rafiq | Collendavelloo Aruna Lata Vidia | Corroy Marie Sybil Anick | De Laubier Tanguy Hubert Joachim | Espitalier-Noël Philippe | Eynaud Francois Paul Philippe | Faydherbe de Maudave Alexandre | Giraud Paul France | Granger Gilles | Hardy Emmanuel Michel Laurent | Hardy Jean Marie Bertrand | Lauiloo Mohammad Faiz Hafiz | Leal Stephane G P | Lorent Francoise Jeanne Marie | Masrani Hasu | Omarjee Zakaria | Papet Mathias | Patel Kiran | Poonisami Jean Yan Cedric | Ramchurn - Oogarah Soorya Devi | Rivalland Robert | Ruhee Ashley Coomar | Schaub Dimitri | Tchamo Jeremias | Tyack Frederic Gerard | Yon Germain Joseph |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Rogers Aviation Comores S.A.R.L | | | | | | | | | | | | | X | | | | | | | | | | | | | | | | | | |
| Ario Seychelles Ltd | | | | | | | | | | | | | | | | | | | | | | | | | | X | | X | | | |
| Rogers Aviation France S.A.R.L | | | | | | | | | | | | | X | | | | | | | | | | | | | | | | | | |
| Rogers Aviation Reunion SARL | | | | | | | | | | | | | X | | | | | | | | X | | | | | | | | | | |
| Rogers Aviation Kenya Ltd | | | | | | | X | | | | | | X | | | | | X | | | | | | | | | | | | | |
| Beavia Kenya Limited | | | | | | | | | X | | | | X | | | | | | | X | | | X | | X | | | | | | |
| Rogers Aviation International Ltd (ex Ario Ltd) | | | | | | X | | | X | | | | X | | | | | X | | | | | | A | A | | | | | | |
| Rogers Aviation Madagascar S.A.R.L | | | X | | | | | | | | | | X | | | | | R | | | X | | | A | | | | | | | |
| Rogers Aviation Mayotte SARL | | | | | | | | | | | | | X | | | | | | | | X | | | | | | | | | | |
| Rogers Aviation Mozambique LDA. | | | | | | | | | X | | | | X | | | | | R | | | | | | A | X | | | | | | |
| Rogers Aviation (Mauritius) Ltd | | | | | | X | | | R | | | | C | | | | | R | | | | | | A | X | | | | | | |
| Blue Connect Ltd | | | | X | | | | | | C | | | X | | | | | R | | R | | | | A | | | | | | | |
| BlueAlizé Ltd | | | | | X | | | | R | | | | C | | | | X | R | | | | | | A | | | | | | | A |
| BS Travel Management Ltd | | | R | | | | | | X | | | | X | | | | | X | | | | | | A | X | | | | | | A |
| BS REUNION (Run Tourisme) | | | | | | | | | | | | | X | | | | | | | | X | | | | | | | | | | |
| BS Travel Management Limitada | | | | | | | | | X | | | | X | | | | | R | | | | | | A | X | | | | | | |
| Bluesky Mayotte SARL | | | | | | | | | | | | | X | | | | | | | | | | | | | | | | | | |
| Croisières Australes Ltée | | | | | | | | | R | | | | X | | | | X | R | X | | | | | A | | | | | | | A |
| GS Africa Airline Services Ltd | | | | | | | | | | | | | X | | | | | X | | | | | | | | | | | | | |
| Mozambique Airport Handling Services Lta(MAHS) | X | X | | | | | | | | | | | X | | | | | | | | | | | | | | | | X | | |
| Plaisance Air Transport Services Ltd. | | | | | | | | | R | | | | C | | | | | X | | | | | | A | R | | | | | | A |
| Rogers Aviation South Africa (Proprietary) Limited | | | | | | | | | | | | | X | | | | | | | | | | | | X | | | | | | |
| Rogers Aviation Holding Co Ltd | | | | | | X | | X | R | | C | X | X | | | | | R | | | | | | A | R | | | | | A | |
| Transcontinent S.A.R.L. | | | | | | | | | | | | | X | X | | | | | | | | | | | | | | | | | |
| Travelia | | | | | | | | | | | | | A | | | | | | | | | | | | | | | | | | |
| Resaplanet Ltd | | | | | | | | | | | A | | A | | A | | | R | | | | | A | A | | | A | | | | A |
| Yacht Management Ltd | | | | | | | | | R | | | | X | | | X | X | R | | | | | | A | | | | | | | A |

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

# Directors of Subsidiary Companies

## PROPERTY

| | Ah Ching Cheong Shaow Woo | Bhoyroo Mohammad Yashinn | Bundhun Manish | Bundhun Ziyad Abdool Raouf | Collendavelloo Aruna Lata Vidia | Espitalier Noël M. M. Hector | Espitalier Noël M. E. Gilbert | Espitalier Noël M.H. Philippe | Galea Marie Henri Dominique | Hardin Ravi Prakash | Louw Lucille Helen | Mamet J. E. Damien | Melt Hannam | Pather Soopramanien Kandasamy | Ragen Swaminathan | Rey Alfred Joseph Gerard Robert Alain | Tyack Frederic Gerard | Van Der Watt Louis Lukas Stephanus | Veerasamy Naderasen Pillay | Wilken Morne Cornelius | Wong Leung Pak Vacher Belinda |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| FPHL Infra Ltd | | | | | | | | | | | | X | | | | | | | | | |
| Foresite Property Holding Ltd | | | | | X | | | C | | | | X | | | | | | | | | |
| Ascencia Limited | X | | | X | | X | R | C | X | | | X | | A | R | R | X | | X | | A |
| Motor Traders Ltd. | | A | | | | | | | | | | | | | | | | | | | |
| Reliance Facilities Ltd | | | X | | | | R | C | | X | | | | | | | | | | | |
| Reliance Security Services Ltd | | | X | | | | R | C | | X | | | | | | | | | | | |
| Reliance Systems Ltd | | | X | | | | R | | | X | | | | | | | | | | | |
| The Gardens of Bagatelle Ltd | | | | | | X | | | | | | A | | | | | X | | | | A |
| Bagaprop Ltd | | | | | | | R | X | | | X | X | R | | | | X | A | | R | |

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

## REAL ESTATE & AGRIBUSINESS

| | Antelme G.Robert | Bacon Peter Douglas St John | Bundhun Ziyad A.R. | Caine Russell Glenn | Couacaud Maingard Herbert | Davison Barry Erskine | De Waal Anton | Descroizilles Marcel Vivian | D'Hotman De Villiers Audrey | Doger De Spéville Robert | Dupont Jacques Désiré Dominic | Espitalier-Noël M.A. Eric | Espitalier-Noël M.E. Gilbert | Espitalier-Noël M.M.Hector | Espitalier-Noël M. H. Philippe | Koenig J. H. V. R. Richard | Lenoir Gustave E. Jean Pierre | Masson Denys Marcel | Mc Nally Kevin Garth | Pattenden Peter Ralph | Pearson - Taylor, Justin | Scholten Femke | Tribolet Paul | Tyack Frédéric G. | Wiehe L. H. Georges |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| South West Tourism Development Company Limited | | | | | R | | | | | X | | X | | X | X | | | R | | | | | | | |
| Le Marché Du Moulin Ltd | | | | X | | | R | | | | | | | | | | | | | | R | | | | |
| Bel Ombre Foundation For Empowerment | | | | | | | | | R | | | | | | | C | | | | | | | | | |
| Case Noyale Limitée | | | X | | R | | | X | | X | | X | | C | X | X | X | R | | | | | | | X |
| Code Limitée | | | | | | | | | | | | | | | | X | | | | | | | | | |
| Compagnie Sucrière De Bel Ombre Limited | | | X | | R | | | X | | X | | X | | C | X | X | X | R | | | | | | | X |
| Les Villas De Bel Ombre Ltée | X | | | | R | | | | | A | | X | R | X | X | | | R | | | | | | R | X |
| Villas Valriche Resort Ltd | | R | | | | R | X | | | | A | | | | | R | | | A | R | R | R | A | | |

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

## FINANCIAL SERVICES

| | Bhoyroo Mohammad Yashinn | Boullé Fabrice Francois | Bundhun Ziyad Abdool Raouf | Calisse Louis Michael Kirsley | Chung Tick Kan Georges | Cornelllet Virginie Anne | Espitalier-Noël M.M. Hector | Espitalier-Noël M.H.Philippe | Jingree Jayachund | Jingree Yaneesh Yuvraj | Jingree Yasheel Kevin | Li Ting Chung Richard | Lenette Louis Jean Vincent Didier | Mamet Damien | Nuckchedee Kaviraj Gossagne | Quek Hung Guan | Randera Taher Mowlooda Ismael | Ruhee Ashley Coomar | Shah Sharmil Dhanraj | Ujoodha Dhanun |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Acorn International Ltd | | | | | | | | | R | | R | | A | | | | A | A | R | X |
| City Executives Ltd | | | | | | | | | R | | R | | A | | | | A | A | R | X |
| Denning Ltd | | | X | | | | | | | | | | X | | | | | | | |
| KBFS Nominee Ltd | | | | | | | | | | R | R | | A | | | | A | A | R | A |
| Kross Border Accounting Services Ltd | | | | | | | | | | | | | A | | | | A | | | A |
| Kross Border Business Services Ltd | | | | | | | | | | | | | A | | | | A | | | A |
| Kross Border Corporate Services Ltd | | | X | | X | A | R | C | X | | | | X | | | | | X | | |
| Kross Border Corporate Services (Singapore) Pte Limited | | | | | R | | | | R | | R | A | A | | | X | | A | | |
| Kross Border Specialist Services Ltd | | | | | | | | | | R | R | X | A | | | | | A | | |
| Kross Border Insurance Services Ltd | | | | | | | | | | R | | X | A | | | | | A | R | A |
| Kross Border Financial Services Ltd | | | | | X | | | | X | | R | | A | | | | A | A | | A |
| Kross Border Holdings Ltd | | | | | | | | | R | | R | | A | | | | A | A | R | X |
| Rogers Asset Management Ltd | | | X | | | A | A | C | | | | | | R | | | | A | | |
| Rogers Capital Ltd | | X | X | | | X | X | C | | | | | | | | | | X | | |
| Rogers Wealth Management Ltd | | | X | | | | | | | | | | | X | | | | | | |
| Rogers Treasury Services Ltd | A | | A | | | | | | | | | | | | | | | | | |
| River Court Administrators Limited | | | | A | | | | | | | | | A | | | | | | | A |
| River Court Nominees Limited | | | | A | | | | | | | | | A | | | | | | | A |
| River Court Trustees Limited | | | | | | | | | A | | | | | | A | | | | A | |

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



# Directors of Subsidiary Companies

## TECHNOLOGY

| | Andre Emmanuel Rene | Allagapen Gary Deva | Assouline Annie | Bundhun Ziyad Abdool Raouf | Bundhun Manish | Collendavelloo Aruna Lata Vidia | Creutzer Corinne Guillemin | Depierre Yvan | Espitalier-Noël M.H.Philippe | Lenette Didier | Morelli Serge Henri René | Nunkoo Nayendranath | Ruhee Ashley Coomar |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| AXA Customer Services Ltd | | | R | | | X | X | | C | | X | | X |
| EIS-Outsourcing Ltd | | X | | | | | | | C | | | | X |
| Enterprise Information Solutions Ltd | A | | | X | R | | | A | C | A | | X | X |

## OTHER INVESTMENTS

| | Bhoyroo Mohammad Yashinn | Chummun Dipak | Collendavelloo, Aruna Lata Vidia | D'Hotman De Villiers Marie Joseph Bernard | D'Hotman De Villiers Audrey | De Comarmond Louis Marie Maurice Andre | Espitalier-Noël M.M. Hector | Espitalier-Noël M.H.Philippe | Gunness Lilladhur | Kanhama Denise Do N. Cornelio | Koenig J. H. V. Richard | Leclézio J. M. René | Mamet Jean Evenor Damien | Martins Edmilson De Jesus | Rogers Francois Michel | Wilain Jean-Luc Vincent Marie |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Rogers Foundation Ltd | | | | | X | A | | C | | | X | | A | | X | |
| Mauritian Coal & Allied Services Co. Ltd | | X | X | | | | | X | X | | | X | | | | C |
| Fleet Investment Supply and Husbandry Ltd | X | | | | | | | | | | | | | | | |
| Rogers Corporate Services Ltd | X | | | | | | | | | | | | | | | |
| Jacotet Bay Limited | | | | X | | | X | | | X | X | | | X | | |

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

Energy drives performance.

# FINANCIAL
# PERFORMANCE – CONTENTS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# CHIEF FINANCE AND INVESTMENT EXECUTIVE'S REPORT

"The Group maintained its strategic investment momentum towards sustainable growth in shareholder value."

BUNDHUN, Ziyad

Chief Finance and Investment Executive
Executive Director since 2012

## Overview

Rogers delivered satisfactory results for the financial year 2016. The Group maintained its strategic investment momentum towards sustainable growth in shareholder value. In that respect, acquisitions were carried out in the Financial Services, Logistics and Property sectors namely :

- the acquisition of 100% holding in River Court Administrators Ltd,
- in two Kenyan-based entities, namely in Gencargo Services Ltd and 80% holding in Gencargo (Transport) Ltd,
- an additional 34.9% stake in Bagaprop Ltd, a 100% stake in Gardens of Bagatelle Ltd, and a 25% stake in Mall of Mauritius at Bagatelle Ltd.

Total assets of the Group grew by 30% to reach Rs29.5bn and financial ratios were within set targets.

This year's presentation of the financial statements of the Group has been reworked to provide greater clarity and explanation in the notes to the financial statements. More specifically, accounting policy notes have been adjoined to the relevant accounting items.

## Financial Performance

During the year 2016, total revenue increased by 14%. All sectors witnessed increases except for Real Estate and Agribusiness where a one-off sale of land in 2015 boosted revenue in that sector. Profit from the direct operations of the Group excluding the results from listed associates and Real Estate and Agribusiness sector improved by 30%. Associate earnings from New Mauritius Hotels were impacted by non-recurring rebranding and reorganisation costs. The drop was also compounded by the setback of the property development currently undertaken at Floreal Commercial Centre. Profit for the year ended 30 June 2016 was Rs890m, a drop of 15% against last year's earnings.

Group EBITDA for the year increased by 7% led by the Property sector and the consolidation of Bagaprop Ltd as a subsidiary company. Excluding results from associates and fair value gains, EBITDA from directly-managed operations increased by 38% led to a large extent by Hotels, Logistics and the Property sectors.

## Sector Performance

| | REVENUE | | EBITDA* | | PAT* | |
|---|---|---|---|---|---|---|
| | 2016 12 months | 2015 12 months | 2016 12 months | 2015 12 months | 2016 12 months | 2015 12 months |
| Aviation | 551 | 540 | 47 | 73 | 16 | 42 |
| Financial Services | 266 | 145 | 154 | 132 | 131 | 117 |
| Hotels | 2,040 | 1,860 | 311 | 343 | 120 | 172 |
| Logistics | 3,125 | 3,002 | 253 | 193 | 100 | 76 |
| Property | 1,164 | 508 | 952 | 666 | 594 | 536 |
| Real Estate & Agribusiness | 681 | 1,076 | (42) | 271 | (85) | 156 |
| Technology | 343 | 262 | 47 | 35 | 27 | 17 |
| Corporate Office | 257 | 165 | (21) | (95) | (32) | (104) |
| Corporate Treasury | - | - | 81 | 46 | (84) | (39) |
| Group Elimination | (260) | (407) | - | - | - | - |
| **Total** | **8,167** | **7,151** | **1,782** | **1,664** | **787** | **973** |

* excluding exceptional items

## Cash Generation and Utilisation

Cash generated from operation increased by 26% to Rs1.3bn. The Group pursued its planned investment strategies and Rs2.6bn cash were applied as follows :

- Rs1.7bn towards the Property sector for the acquisition of 34.9% of Bagaprop Ltd, 100% of Gardens of Bagatelle Ltd and the extension of two commercial centres, namely Bagatelle and Phoenix Commercial Centre
- Rs169m for the acquisition of a logistic company in Kenya
- Rs55m for the acquisition of a global business company
- Rs565m for ordinary and preference shares of New Mauritius Hotels Ltd
- Renovation of Veranda Pointe aux Biches hotel at a cost of Rs80m

The investment programme was financed by capital raising comprising of equity and debentures for Rs1.1bn undertaken by Ascencia Ltd. and bank borrowings.

The cash and cash equivalents remain at a stable level of Rs600m.

## Financial Risk Management

Risk factors such as equity market, foreign currency exchange rates, interest rates and debt prices will subsist. The Group embarked on a new approach to risk management, whereby risk prioritising and risk mitigation will prevail. Currency exchange rates remain the most important risk element. At 30 June 2016 net exposure stands at Rs212m, with the impact of adverse currency conversion in some sectors mitigated by same denominating currency loans. Foreign exchange gains of Rs71m were realised during the year on the back of prudent forward currency transactions. Net trade receivables increased from Rs1.5bn to Rs1.9bn with the acquisition of new subsidiaries in a context of highly competitive market. The Group closely monitors policies in place for credit facilities and credit assessment.

## Group Treasury

From a debt management perspective, the Group's debt increased from Rs4.3bn to Rs8.8bn. This increase arises principally through the first–time consolidation of Bagaprop Ltd. and Gardens of Bagatelle Ltd. which together brought a debt of Rs 2.3bn upon consolidation. Further, the Group engaged new bank borrowings of Rs 3.7bn in 2016 with Rs 1.5bn being repaid in that year. This has had the impact of a net current liability position of Rs 0.9bn at 30 June 2016. The issue is being addressed as part of debt restructuring options currently being considered. As a result, the debt to equity ratio increased from 0.29 to 0.54. This year's Group interest cover is 2.68 compared to 4.76 in the previous year, and has been impacted by the one-off non-operational charges of the associated companies. The Corporate office, for its part, has taken advantage of market opportunities towards lowering its effective cost of debt from 6.48% last year to 5.93% for this financial year.

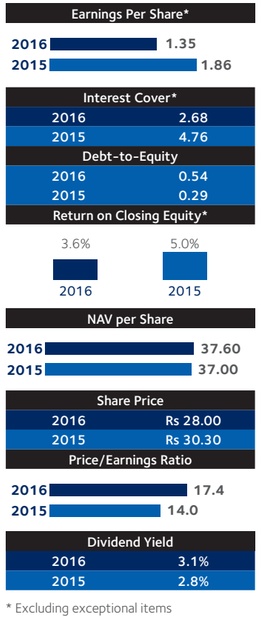
## Enhancing Shareholder Returns

Group profit attributable to shareholders for the year ended 30 June 2016 amounted to Rs405m (2015 : Rs544m). Earnings per share was Rs1.61 (2015 : Rs2.16) yielding to a Price Earnings Ratio of 17.42x (2015 : 14.03x).

The NAV per share improved by 1.6% to Rs37.60, with the discount to NAV per share increasing from 18% to 26%.

Over the year ended 30 June 2016, our share price went down by 7% whilst the all-share index of the Stock Exchange of Mauritius, SEMDEX, fell by 11%.

Cash dividend for the year improved by 5% to Rs0.88 (2015 : Rs0.84) which represents a dividend yield of 3.1%.




* Excluding exceptional items

## Outlook for Financial Year 2017

The Group completed its four year strategic plan exercise and is well set for its expansion plan. Short term plans will entail allocation of resources to the 4 served markets. In the context of the prevailing favourable financial market conditions, the Group will explore its capital and debt restructuring options as a priority.

In closing, I wish to thank my Finance team colleagues at head-office and the sectors for their dedication, continuous support and commitment in achieving this year's objectives.

# DIRECTORS' REPORT

## FINANCIAL STATEMENTS

The Directors of Rogers 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.

## GOING CONCERN STATEMENT

On the basis of current projections, we are confident that the Group and the Company have 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.

## 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 continuously maintain 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.

## DONATIONS

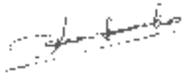
For details on political and charitable donations made by the Company, please refer to page 118.

## GOVERNANCE

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

## AUDITED FINANCIAL STATEMENTS

The audited financial statements of the Group and the Company which appear on pages 135 to 217 were approved by the Board on 08 September 2016 and are signed on their behalf by:



Jean-Pierre Montocchio
Chairman

Philippe Espitalier-Noël
Director and CEO

# INDEPENDENT AUDITORS' REPORT

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

### *Report on the Financial Statements*

We have audited the financial statements of Rogers and Company Limited and its subsidiaries (the "Group") and the Company's separate financial statements on pages 135 to 217 which comprise the statements of financial position at June 30, 2016, and statements of profit or loss, statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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

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

### *Auditors' Responsibility*

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

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

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

### *Opinion*

In our opinion, the financial statements on pages 135 to 217 give a true and fair view of the financial position of the Group and of the Company at June 30, 2016, and 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.

## INDEPENDENT AUDITORS' REPORT (CONTD)

***Report on Other Legal and Regulatory Requirements***

***Companies Act 2001***

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

We have obtained all information and explanations we have required.

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

***Financial Reporting Act 2004***

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

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

**BDO & Co.**

Chartered Accountants

Port Louis,

Mauritius

08 September 2016

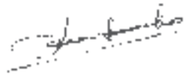
**Ameenah Ramdin FCCA, ACA**

Licensed by FRC



## FINANCIAL STATEMENTS

These financial statements have been approved for issue by the Board of Directors on 08 September 2016.



**Jean-Pierre Montocchio**

Chairman

**Philippe Espitalier-Noël**

Director & CEO

# PRIMARY STATEMENTS

## STATEMENTS OF PROFIT OR LOSS

Year ended 30 June 2016

| In Rs million | NOTES | GROUP 2016 | GROUP 2015 | COMPANY 2016 | COMPANY 2015 |
|---|---|---|---|---|---|
| **Revenue** | 3 | 8,167.4 | 7,151.0 | 597.5 | 392.6 |
| Profit from operations before finance costs | 4 | 1,033.6 | 577.8 | 294.0 | 65.0 |
| Finance costs | 5 | (541.4) | (287.4) | (173.6) | (93.1) |
| Fair value gain on investment properties | 11 | 385.2 | 170.2 | - | - |
| Share of results of jointly controlled entities | 14 | (49.7) | 383.3 | - | - |
| Share of results of associated companies | 14 | 88.0 | 238.0 | - | - |
| **Profit (loss) before exceptional items** | | 915.7 | 1,081.9 | 120.4 | (28.1) |
| Exceptional items | | | | | |
| Excess of fair value of net assets over consideration price | 6 | 100.5 | - | - | - |
| (Loss) profit on disposal of financial assets | 6 | (3.5) | 100.0 | (3.4) | 70.1 |
| Profit on sale of properties | 6 | 6.2 | 5.8 | - | - |
| Reorganisation costs | 6 | - | (29.4) | - | - |
| **Profit before taxation** | | 1,018.9 | 1,158.3 | 117.0 | 42.0 |
| Taxation | 7 | (129.2) | (108.8) | - | - |
| **Profit for the year** | | 889.7 | 1,049.5 | 117.0 | 42.0 |
| | | | | | |
| Attributable to | | | | | |
| Owners of the parent | | 405.1 | 544.1 | | |
| Non-controlling interests | | 484.6 | 505.4 | | |
| **Profit for the year** | | 889.7 | 1,049.5 | | |
| | | | | | |
| **Earnings per share** | 8 | Rs1.61 | Rs2.16 | | |

The explanatory notes on pages 141 to 217 form an integral part of these financial statements.
Auditors' report on pages 133 and 134.

## STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 30 June 2016

| In Rs million | NOTES | GROUP 2016 | GROUP 2015 | COMPANY 2016 | COMPANY 2015 |
|---|---|---|---|---|---|
| **Profit for the year** | | 889.7 | 1,049.5 | 117.0 | 42.0 |
| Other comprehensive income | | | | | |
| Remeasurements of post employment benefit obligations | 9 | 6.2 | 3.2 | (21.8) | 1.5 |
| Share of other comprehensive income of associated companies | 9 | (21.1) | 21.8 | - | - |
| **Items that will not be reclassified to profit or loss** | | (14.9) | 25.0 | (21.8) | 1.5 |
| | | | | | |
| Exchange differences on translating foreign entities | 9 | (18.5) | 87.7 | - | - |
| Gains (losses) arising on fair value of available-for-sale financial assets | 9 | 50.7 | (72.4) | 51.4 | (71.9) |
| Share of other comprehensive income of jointly controlled entities | 9 | (0.6) | 3.7 | - | - |
| Share of other comprehensive income of associated companies | 9 | (11.8) | (66.0) | - | - |
| **Items that may be reclassified subsequently to profit or loss** | | 19.8 | (47.0) | 51.4 | (71.9) |
| **Other comprehensive income for the year** | | 4.9 | (22.0) | 29.6 | (70.4) |
| **Total comprehensive income for the year** | | 894.6 | 1,027.5 | 146.6 | (28.4) |
| | | | | | |
| Attributable to | | | | | |
| Owners of the parent | | 397.4 | 446.0 | | |
| Non-controlling interests | | 497.2 | 581.5 | | |
| **Total comprehensive income for the year** | | 894.6 | 1,027.5 | | |

The explanatory notes on pages 141 to 217 form an integral part of these financial statements.
Auditors' report on pages 133 and 134.

# STATEMENTS OF FINANCIAL POSITION

30 June 2016

| In Rs million | NOTES | GROUP 2016 | GROUP 2015 | COMPANY 2016 | COMPANY 2015 |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| Non current assets | | | | | |
| Property, plant and equipment | 10 | 7,771.6 | 7,550.2 | 22.6 | 21.0 |
| Investment properties | 11 | 10,617.9 | 4,051.1 | - | - |
| Intangible assets | 12 | 796.8 | 744.4 | 5.2 | 7.1 |
| Investment in subsidiary companies | 13 | - | - | 3,308.3 | 3,253.5 |
| Investment in jointly controlled entities | 14 | 135.5 | 1,818.4 | 33.2 | 101.8 |
| Investment in associated companies | 14 | 4,817.4 | 4,352.1 | 3,131.2 | 2,838.0 |
| Investment in financial assets | 15 | 627.0 | 242.6 | 613.2 | 228.7 |
| Bearer biological assets | 16 | 18.8 | 18.6 | - | - |
| Non-current receivable | 17 | 84.7 | 137.5 | 1,015.3 | 1,086.8 |
| Deferred expenditure | 18 | 150.2 | 97.0 | - | - |
| **Total non current assets** | | 25,019.9 | 19,011.9 | 8,129.0 | 7,536.9 |
| Current assets | | | | | |
| Consumable biological assets | 16 | 90.7 | 96.5 | - | - |
| Inventories | 19 | 288.9 | 212.0 | - | - |
| Trade and other receivables | 20 | 3,106.4 | 2,297.2 | 123.1 | 16.1 |
| Amounts receivable from group companies | 21 | - | - | 395.9 | 636.4 |
| Investment in financial assets | 15 | - | 200.0 | - | 200.0 |
| Bank balances and cash | 32 | 944.1 | 817.0 | 18.1 | 27.3 |
| **Total current assets** | | 4,430.1 | 3,622.7 | 537.1 | 879.8 |
| **Total assets** | | 29,450.0 | 22,634.6 | 8,666.1 | 8,416.7 |
| **EQUITY AND LIABILITIES** | | | | | |
| Capital and reserves | | | | | |
| Share capital | 22 | 1,260.2 | 1,260.2 | 1,260.2 | 1,260.2 |
| Reserves | | 8,216.9 | 8,066.7 | 3,945.3 | 4,020.5 |
| Equity attributable to owners of the parent | | 9,477.1 | 9,326.9 | 5,205.5 | 5,280.7 |
| Non-controlling interests | 23 | 6,942.8 | 5,723.0 | - | - |
| **Total equity** | | 16,419.9 | 15,049.9 | 5,205.5 | 5,280.7 |
| Non current liabilities | | | | | |
| Borrowings | 26 | 7,208.1 | 3,482.9 | 1,868.9 | 1,889.4 |
| Deferred tax liabilities | 27 | 368.9 | 240.2 | - | - |
| Retirement benefit obligations | 28 | 180.9 | 166.7 | 25.1 | 4.6 |
| **Total non current liabilities** | | 7,757.9 | 3,889.8 | 1,894.0 | 1,894.0 |
| Current liabilities | | | | | |
| Borrowings | 26 | 1,594.6 | 836.2 | 1,073.6 | 627.5 |
| Trade and other payables | 29 | 3,496.9 | 2,635.1 | 237.7 | 154.5 |
| Amounts payable to group companies | 31 | - | - | 114.2 | 288.4 |
| Income tax liabilities | | 32.2 | 44.6 | - | - |
| Provisions | 30 | 7.4 | 42.9 | - | 35.5 |
| Dividends payable | 25 | 141.1 | 136.1 | 141.1 | 136.1 |
| **Total current liabilities** | | 5,272.2 | 3,694.9 | 1,566.6 | 1,242.0 |
| **Total liabilities** | | 13,030.1 | 7,584.7 | 3,460.6 | 3,136.0 |
| **Total equity and liabilities** | | 29,450.0 | 22,634.6 | 8,666.1 | 8,416.7 |

The explanatory notes on pages 141 to 217 form an integral part of these financial statements.
Auditors' report on pages 133 and 134.

# STATEMENTS OF CHANGES IN EQUITY

Year ended 30 June 2016

**GROUP**

| In Rs million | NOTES | Share capital | Capital reserves | Revaluation reserves | Translation reserves | Retained earnings | Attributable to owners of the parent | Non-Controlling Interests | Total |
|---|---|---|---|---|---|---|---|---|---|
| At 1 July 2014 | | 252.0 | 62.5 | 2,778.2 | (24.6) | 5,947.9 | 9,016.0 | 5,345.5 | 14,361.5 |
| Issue of bonus shares | | 1,008.2 | (21.4) | - | - | (986.8) | - | - | - |
| Dividends | 25 | - | - | - | - | (211.7) | (211.7) | (111.9) | (323.6) |
| Profit for the year | | - | - | - | - | 544.1 | 544.1 | 505.4 | 1,049.5 |
| Other comprehensive income for the year | 9 | - | - | 62.4 | (73.3) | (87.2) | (98.1) | 76.1 | (22.0) |
| Movement in reserves | | - | 104.3 | - | - | - | 104.3 | - | 104.3 |
| Transfers | | - | - | (29.7) | - | 29.7 | - | - | - |
| Changes in ownership interests in subsidiaries that do not result in a loss of control | | - | - | - | - | (6.5) | (6.5) | 10.1 | 3.6 |
| Acquisition and deconsolidation of group companies | | - | (0.7) | 5.6 | 0.3 | (26.4) | (21.2) | (102.2) | (123.4) |
| **At 30 June 2015** | | 1,260.2 | 144.7 | 2,816.5 | (97.6) | 5,203.1 | 9,326.9 | 5,723.0 | 15,049.9 |
| At 1 July 2015 | | 1,260.2 | 144.7 | 2,816.5 | (97.6) | 5,203.1 | 9,326.9 | 5,723.0 | 15,049.9 |
| Effect on issue of shares | | - | - | - | - | - | - | 548.8 | 548.8 |
| Dividends | 25 | - | - | - | - | (221.8) | (221.8) | (193.9) | (415.7) |
| Profit for the year | | - | - | - | - | 405.1 | 405.1 | 484.6 | 889.7 |
| Other comprehensive income for the year | 9 | - | - | 51.2 | 29.7 | (88.6) | (7.7) | 12.6 | 4.9 |
| Transfers | | - | 64.6 | (24.8) | - | (39.8) | - | - | - |
| Changes in ownership interests in subsidiaries that do not result in a loss of control | | - | - | - | - | 6.3 | 6.3 | 10.9 | 17.2 |
| Acquisition and deconsolidation of group companies | | - | 1.5 | (6.3) | 1.7 | (28.6) | (31.7) | 356.8 | 325.1 |
| **At 30 June 2016** | | 1,260.2 | 210.8 | 2,836.6 | (66.2) | 5,235.7 | 9,477.1 | 6,942.8 | 16,419.9 |

**COMPANY**

| In Rs million | NOTES | Share capital | Capital reserves | Revaluation reserves | Retained earnings | Total |
|---|---|---|---|---|---|---|
| At 1 July 2014 | | 252.0 | 21.4 | 197.8 | 5,049.6 | 5,520.8 |
| Issue of bonus shares | | 1,008.2 | (21.4) | - | (986.8) | - |
| Dividends | 25 | - | - | - | (211.7) | (211.7) |
| Profit for the year | | - | - | - | 42.0 | 42.0 |
| Other comprehensive income for the year | 9 | - | - | (71.9) | 1.5 | (70.4) |
| **At 30 June 2015** | | 1,260.2 | - | 125.9 | 3,894.6 | 5,280.7 |
| At 1 July 2015 | | 1,260.2 | - | 125.9 | 3,894.6 | 5,280.7 |
| Dividends | 25 | - | - | - | (221.8) | (221.8) |
| Profit for the year | | - | - | - | 117.0 | 117.0 |
| Other comprehensive income for the year | 9 | - | - | 51.4 | (21.8) | 29.6 |
| Transfers | | - | - | (15.3) | 15.3 | - |
| **At 30 June 2016** | | 1,260.2 | - | 162.0 | 3,783.3 | 5,205.5 |

The explanatory notes on pages 141 to 217 form an integral part of these financial statements.
Auditors' report on pages 133 and 134.

## STATEMENTS OF CASH FLOWS

Year ended 30 June 2016

| In Rs million | NOTES | GROUP 2016 | GROUP 2015 | COMPANY 2016 | COMPANY 2015 |
|---|---|---|---|---|---|
| **OPERATING ACTIVITIES** | | | | | |
| Cash generated from (absorbed by) operations | 33 | 1,256.4 | 995.7 | (255.0) | (95.9) |
| Income tax paid | | (40.7) | (82.1) | - | - |
| **Net cash flow from (used in) operating activities** | | 1,215.7 | 913.6 | (255.0) | (95.9) |
| **INVESTING ACTIVITIES** | | | | | |
| Dividends received | | 129.2 | 96.1 | 213.7 | 185.3 |
| Purchase of financial assets | | (957.0) | (68.1) | (618.0) | (6.2) |
| Proceeds from sale of financial assets | | 74.2 | 62.2 | 69.5 | 30.4 |
| Interest received | | 21.8 | 14.6 | 81.6 | 35.1 |
| Difference in exchange | | 4.8 | 3.9 | - | - |
| Purchase of investment property and property, plant and equipment | | (835.4) | (280.2) | (13.4) | (12.1) |
| Proceeds from sale of investment property and property, plant and equipment | | 36.5 | 134.9 | 1.2 | 0.1 |
| Purchase of intangible assets | | (8.8) | (62.2) | (0.2) | (0.3) |
| Loans granted | | (114.9) | (245.8) | (527.2) | (1,531.4) |
| Loans recovered | | 273.8 | 117.2 | 912.7 | 247.3 |
| Acquisition of subsidiaries net of cash | 34 | (1,497.8) | (412.3) | - | - |
| Acquisition related costs | | (52.6) | - | - | - |
| Disposal of subsidiaries net of cash | | - | 47.3 | - | - |
| **Net cash flow (used in) from investing activities** | | (2,926.2) | (592.4) | 119.9 | (1,051.8) |
| **FINANCING ACTIVITIES** | | | | | |
| Proceeds from borrowings | | 3,729.9 | 2,288.7 | 1,131.8 | 1,894.7 |
| Repayment of borrowings | | (1,546.1) | (1,756.0) | (600.3) | (415.3) |
| Interest paid | | (558.6) | (287.3) | (150.2) | (65.8) |
| Dividends paid to shareholders of Rogers and Company Limited | | (216.8) | (201.6) | (216.8) | (201.6) |
| Dividends paid to outside shareholders of subsidiary companies | | (145.9) | (48.4) | - | - |
| Proceeeds from issue of shares by subsidiary companies to non-controlling interests | | 486.6 | 11.5 | - | - |
| **Net cash flow from financing activities** | | 1,749.1 | 6.9 | 164.5 | 1,212.0 |
| Net increase in cash and cash equivalents | | 38.6 | 328.1 | 29.4 | 64.3 |
| Cash and cash equivalents - opening | | 590.6 | 274.3 | (29.4) | (93.7) |
| Effects of exchange rate on cash and cash equivalents | | (12.7) | (11.8) | - | - |
| **Cash and cash equivalents - closing** | 32 | 616.5 | 590.6 | - | (29.4) |

The explanatory notes on pages 141 to 217 form an integral part of these financial statements.
Auditors' report on pages 133 and 134.



# BASIS OF PREPARATION

## EXPLANATORY NOTES

30 June 2016

### 1. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted are as follows:

### (a) Basis of preparation

The financial statements comply with the Companies Act 2001 and have been prepared in accordance with International Financial Reporting Standards (IFRS). These policies have been consistently applied to all the periods presented, unless otherwise stated and where necessary, comparative figures have been amended. 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 nearest million (Rs million), except when otherwise indicated.

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

- land and buildings are carried at revalued amounts
- investment properties are stated at fair value
- investments held-for-trading and available-for-sale financial assets are stated at fair value
- held-to-maturity financial assets are carried at amortised cost
- consumable biological assets are valued at fair value

Note 1 sets out the Group's accounting policies that relate to the financial statements as a whole. Where an accounting policy is specific to one note the policy is described in the note to which it relates.

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

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

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

Certain standards, amendments to published standards and interpretations issued are effective for accounting periods beginning on or after 1 July 2016, but which the Group has not early adopted.

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

IFRS 9 Financial Instruments

IFRS 14 Regulatory Deferral Accounts

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

# EXPLANATORY NOTES

30 June 2016

## 1. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

### (a) Basis of preparation (cont'd)

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

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

IFRS 15 Revenue from Contract with Customers

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

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

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

Annual Improvements to IFRSs 2012-2014 Cycle

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

Disclosure Initiative (Amendments to IAS 1)

IFRS 16 Leases

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

Amendments to IAS 7 Statement of Cash Flows

Clarifications to IFRS 15 Revenue from Contracts with Customers

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

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

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

*Classification and measurement*

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



## 1. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

### (a) Basis of preparation (cont'd)

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

*Impairment*

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

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

The assessment of credit risk, and the estimation of ECL, are required to be unbiased and probability-weighted, and should incorporate all available information which is relevant to the assessment including information about past events, current conditions and reasonable and supportable forecasts of future events and economic conditions at the reporting date. In addition, the estimation of ECL should take into account the time value of money. As a result, the recognition and measurement of impairment is intended to be more forward-looking than under IAS 39 and the resulting impairment charge will tend to be more volatile. It will also tend to result in an increase in the total level of impairment allowances, since all financial assets will be assessed for at least 12-month ECL and the population of financial assets to which lifetime ECL applies is likely to be larger than the population for which there is objective evidence of impairment in accordance with IAS 39.

*Hedge accounting*

The general hedge accounting requirements aim to simplify hedge accounting, creating a stronger link between it and risk management strategy and permitting the former to be applied to a greater variety of hedging instruments and risks. The standard does not explicitly address macro hedge accounting strategies, which are being considered in a separate project. To remove the risk of any conflict between existing macro hedge accounting practice and the new general hedge accounting requirements, IFRS 9 includes an accounting policy choice to remain with IAS 39 hedge accounting.

*Transition*

The classification and measurement and impairment requirements are applied retrospectively by adjusting the opening balance sheet at the date of initial application, with no requirement to restate comparative periods.

The mandatory application date for the standard as a whole is 01 January 2018, but it is possible to apply the revised presentation for certain liabilities measured at fair value from an earlier date.

# EXPLANATORY NOTES

30 June 2016

## 1. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

### (b) Principles of consolidation

The consolidated financial statements include the company, its subsidiaries, jointly controlled entities and associated companies. The results of subsidiaries, jointly controlled entities and associated companies acquired or disposed of during the year are included in the consolidated Statement of Profit or Loss and Statement of Profit or Loss and Other Comprehensive Income from the date of their acquisition or up to the date of their disposal. The consolidated financial statements have been prepared in accordance with the acquisition method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred. Acquisition-related costs are expensed as incurred. The excess of the cost of acquisition over the fair value of the net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets acquired, the difference is recognised in the Statement of Profit or Loss of the current year. The consideration for the acquisition includes contingent consideration arrangement. Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value, with the resulting gain or loss recognised in Statement of Profit or Loss. Amounts previously recognised in Other Comprehensive Income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed. Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non controlling interests are adjusted and the fair value of the consideration paid or received is recognised in equity attributable to owners of the company. When the Group disposes or loses control of a subsidiary, the profit or loss is calculated as the difference between the consideration received, grossed up for any non controlling interest, and the fair value of assets (including goodwill) and liabilities. Amounts previously recognised in Other Comprehensive Income are reclassified to profit or loss.

In preparing consolidated financial statements, the Group combines the financial statements of the parent and its subsidiaries on a line by line by adding together like items of assets, liabilities, equity, income and expenses. Intragroup balances and transactions, including income, expenses and dividends are eliminated in full.

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

### (c) Impairment of non-financial assets

If the recoverable amount of an asset is estimated to be less than the carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount in which case the impairment loss is treated as a revaluation decrease to the extent of the corresponding revaluation surplus. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, provided that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

### (d) Foreign currency translation

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Mauritian Rupees, which is the Group's functional and presentation currency. 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 the Statement of Profit or Loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in Other Comprehensive Income.



## 1. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

### (d) Foreign currency translation (cont'd)

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 of Profit or Loss are translated at average exchange rates.

All resulting exchange differences are recognised in Other Comprehensive Income.

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

### (e) Non-current assets classified as held for sale

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only, when the sale is highly probable and the asset is available for immediate sale in its present condition. When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

### (f) Comparatives

Where necessary, comparative figures have been amended to conform with changes in presentation or in accounting policies in the current year.

### (g) Significant accounting judgements and estimates

The preparation of the financial statements requires that management make estimates, judgements and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

Revisions to accounting estimates are recognised in the period in which the estimates are incorporated and in any future periods affected.

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are outlined in the relevant note.

# EXPLANATORY NOTES

30 June 2016

## 2. FINANCIAL RISK MANAGEMENT

### Financial risk factors

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

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group covers to the extent possible exposures through certain hedging operations. Written principles have been established 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.

The Group operates internationally and is exposed to foreign exchange risk arising from various major currencies. Group's entities use forward contracts, whenever possible, to hedge their exposure to foreign currency risk. Each subsidiary is responsible for hedging the net position in each currency by using currency borrowings.

Exposure in major currencies are as follows:

| | GROUP | | | | | COMPANY |
|---|---|---|---|---|---|---|
| In million | EURO | USD | GBP | Rs & others | Total | Rs & others |
| **30 June 2015** | | | | | | |
| Non current financial assets | 1.3 | 52.8 | - | 326.0 | 380.1 | 1,315.5 |
| Non current financial liabilities | (42.4) | (3.5) | - | (3,603.7) | (3,649.6) | (1,894.0) |
| Long term exposure | (41.1) | 49.3 | - | (3,277.7) | (3,269.5) | (578.5) |
| Current financial assets | 1,015.5 | 282.3 | 12.9 | 1,911.3 | 3,222.0 | 877.8 |
| Current financial liabilities | (882.0) | (365.5) | - | (2,359.9) | (3,607.4) | (1,206.5) |
| Short term exposure | 133.5 | (83.2) | 12.9 | (448.6) | (385.4) | (328.7) |
| **Total exposure** | 92.4 | (33.9) | 12.9 | (3,726.3) | (3,654.9) | (907.2) |
| **30 June 2016** | | | | | | |
| Non current financial assets | - | 53.9 | - | 657.8 | 711.7 | 1,628.5 |
| Non current financial liabilities | (179.7) | (261.4) | - | (6,947.9) | (7,389.0) | (1,894.0) |
| Long term exposure | (179.7) | (207.5) | - | (6,290.1) | (6,677.3) | (265.5) |
| Current financial assets | 967.9 | 296.9 | 6.6 | 2,658.3 | 3,929.7 | 535.6 |
| Current financial liabilities | (757.7) | (338.5) | - | (4,135.9) | (5,232.1) | (1,566.6) |
| Short term exposure | 210.2 | (41.6) | 6.6 | (1,477.6) | (1,302.4) | (1,031.0) |
| **Total exposure** | 30.5 | (249.1) | 6.6 | (7,767.7) | (7,979.7) | (1,296.5) |

The sensitivity of the net result for the year and equity with regards to the Group's financial assets and liabilities and the EURO to Rupee, USD to Rupee and GBP to Rupee exchange rate is shown in note 2(a).

### (a) Foreign exchange risk

If Rupee had strengthened / weakened by 1% against EURO, USD and GBP the financial impact will be as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| In Rs million | 2016 | 2015 | 2016 | 2015 |
| Net result for the year ( + / - ) | 2.1 | 0.7 | - | - |
| Equity ( + / - ) | 2.1 | 0.7 | - | - |

## 2. FINANCIAL RISK MANAGEMENT (CONTD)

### (b) Interest rate risk

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

The sensitivity of the net result for the year and equity to a possible change in interest rates of + or - 0.25 %, with effect from the beginning of the year is shown below.

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| In Rs million | 2016 | 2015 | 2016 | 2015 |
| Net result for the year ( + / - ) | 22.0 | 10.8 | 7.0 | 7.0 |
| Equity ( + / - ) | 22.0 | 10.8 | 7.0 | 7.0 |

### (c) Credit risk

The Group has policies in place to ensure that credit sales of products and services are made to customers after a credit assessment has been carried out and credit terms agreed (Refer to notes 20 and 21). The Group has no significant concentration of credit risk, with exposure spread over a large number of local and overseas customers.

Credit facilities to customers are monitored and the Group has policies in place to identify defaults and recover amounts due. The maximum exposure to credit risk at the reporting date is the fair value of the receivables. Specific provision and portfolio provision are made accordingly.

### (d) Liquidity risk

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

### (e) Derivative financial instruments

The Group has no commitment in material derivative instruments.

### (f) Capital risk management

The Group and the Company aim at distributing an adequate dividend whilst ensuring that sufficient resources are maintained to continue as a going concern and for expansion. The ratio of debt to equity is used to manage capital risk and is kept below 0.75.

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| In Rs million | 2016 | 2015 | 2016 | 2015 |
| Debt | 8,802.7 | 4,319.1 | 2,942.5 | 2,516.9 |
| Equity | 16,419.9 | 15,049.9 | 5,205.5 | 5,280.7 |
| Debt / equity ratio | 0.54 | 0.29 | 0.57 | 0.48 |

### (g) Sensitivity analysis - equity price risk

The Group / Company is exposed to equity-price risk mainly because of its strategic investments in equity listed companies on the Stock Exchange of Mauritius. The investments are held for medium term and are exposed to fluctuations in the equity market. A 5% increase (decrease) in the relevant equity prices will increase (decrease) equity by Rs 25.8m (2015 Rs 7.1m).

Our process as regards to the risk associated with these investments is a monitoring of the entities' annual financial performance and the analysis of their return on investment.

## EXPLANATORY NOTES

30 June 2016

### 3. REVENUE

**Accounting policy**

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value added tax, returns, rebates and discounts after eliminating sales within the Group.

The Group recognises revenue when it can reliably be measured, it is probable that future economic benefits will flow to the entity and when specific criteria described below are met.

Sales of goods are recognised on the transfer to the customer of the significant risks and rewards of ownership of the goods which generally coincides with delivery date.

Sales of services are recognised when the services have been performed and title have passed.

Management fees are recognised as the services are provided.

Interest income is accrued on a time proportion basis using the effective interest method.

Dividend income accrues when the shareholders' right to receive payment is established.

Rental income is recognised in accordance with the substance of the relevant agreement.

Revenue from sale of villas is recognised using the percentage of completion method as construction progresses.

Sale of villas is net of rebates and discounts and is acccounted for as follows:

- 30% on signature of sales deed;
- 5% on completion of foundation stage;
- 35% on completion of building envelope;
- 25% on completion of testing of mechanical and electrical works; and
- 5% on submission of key.

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| In Rs million | 2016 | 2015 | 2016 | 2015 |
| Revenue is made up of | | | | |
| Sales of goods | 900.5 | 1,216.3 | - | - |
| Sales of services | 6,683.2 | 5,339.4 | - | - |
| **Total sales** | 7,583.7 | 6,555.7 | - | - |
| Commission | 301.2 | 267.3 | - | - |
| Other income | 207.9 | 264.0 | 202.5 | 144.0 |
| Rent | 31.5 | 33.7 | 37.7 | 37.2 |
| Investment income - Quoted | - | - | 77.0 | 29.4 |
| - Unquoted | 24.1 | 12.8 | 196.8 | 133.2 |
| Interest income | 19.0 | 17.5 | 83.5 | 48.8 |
| **Total revenue** | 8,167.4 | 7,151.0 | 597.5 | 392.6 |

### 4. PROFIT FROM OPERATIONS BEFORE FINANCE COSTS

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| In Rs million | 2016 | 2015 | 2016 | 2015 |
| Revenue (note 3) | 8,167.4 | 7,151.0 | 597.5 | 392.6 |
| Sundry income | 9.7 | 9.5 | 0.1 | 0.1 |
| **Total income** | 8,177.1 | 7,160.5 | 597.6 | 392.7 |
| Changes in inventories of finished goods and work in progress | 76.9 | 5.0 | - | - |
| Cost of raw materials, consumables and outsourced services | (3,773.1) | (3,586.5) | - | - |
| Employee benefits expense: | | | | |
| Wages, salaries and related expense | (1,472.5) | (1,367.3) | (155.0) | (132.5) |
| Pension plans and other retirement benefit costs | (104.5) | (109.2) | (14.9) | (16.1) |
| Depreciation and amortisation | (324.7) | (296.2) | (12.2) | (13.2) |
| Foreign exchange differences | 71.3 | 65.5 | - | - |
| Other expenses and services including professional services | (1,616.9) | (1,294.0) | (121.5) | (165.9) |
| **Profit from operations before finance costs** | 1,033.6 | 577.8 | 294.0 | 65.0 |

### 5. FINANCE COSTS

**Accounting policy**

Finance costs comprise of interest on borrowings using the effective interest method or the contractual rate and accrue to the period end.

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| In Rs million | 2016 | 2015 | 2016 | 2015 |
| The finance cost is on | | | | |
| Bank overdrafts | 22.6 | 22.2 | 4.0 | 3.8 |
| Bank loans & other loans repayable by instalments | | | | |
| Within one year | 177.4 | 23.3 | - | - |
| After one year and before two years | - | 1.5 | - | - |
| After two years and before five years | 4.7 | 5.6 | 4.1 | 5.6 |
| After five years | 102.0 | 110.0 | - | - |
| Bank loans & other loans not repayable by instalments | | | | |
| Within one year | 117.0 | 69.1 | 70.2 | 36.3 |
| After one year and before two years | - | 18.6 | - | 18.6 |
| After two years and before five years | 40.3 | - | 29.2 | - |
| After five years | 66.0 | 28.6 | 66.0 | 28.6 |
| Finance lease obligations | 11.4 | 8.5 | 0.1 | 0.2 |
| **Total finance costs** | 541.4 | 287.4 | 173.6 | 93.1 |

# EXPLANATORY NOTES

30 June 2016

## 6. EXCEPTIONAL ITEMS

### Accounting policy

Exceptional items are material items of income or expense that have been disclosed separately in the Statement of Profit or Loss to clarify understanding of financial performance.

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| In Rs million | 2016 | 2015 | 2016 | 2015 |
| Excess of fair value of share of net assets over consideration price (see (a)) | 100.5 | - | - | - |
| (Loss) profit on disposal of financial assets (see (b)) | (3.5) | 100.0 | (3.4) | 70.1 |
| Profit on sale of properties (see (c)) | 6.2 | 5.8 | - | - |
| Reorganisation costs | - | (29.4) | - | - |
| **Total exceptional items** | 103.2 | 76.4 | (3.4) | 70.1 |

Profit (losses) in 2016 arose mainly from:

(a) (i) the acquisition by Ascencia Limited of an additional holding of 34.9% in Bagaprop Limited, resulting in a change in holding from 50.1% to 85% and reported as a subsidiary instead of a jointly controlled entity.

(ii) the acquisition by Foresite Property Holding Ltd of a 25% holding in Mall of Mauritius at Bagatelle Ltd.

The above transactions were impacted by acquisition related costs of Rs 65.4m.

(b) the disposal of Edith Cavell Properties Ltd by the Company, the disposal of R'Frigo Ltd and deconsolidation of Rids Correio Ltd by the Group.

(c) the disposal of properties by Cie Sucrière de Bel Ombre Ltd, a subsidiary company.

## 7. TAXATION

### Accounting policy

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

Current tax

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

Deferred tax

Deferred income tax is recognised on temporary differences arising between the expected tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction which affects neither the accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets have been recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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

## 7. TAXATION (CONTD)

### Significant accounting judgements and estimates

In determining the amount of current and deferred tax the Group relies on estimates and assumptions and may involve a series of judgements about future events. Assumptions are made about the application of income tax legislation.These assumptions are subject to risk and uncertainty and there is a possibility that changes in circumstances will alter expectations which may impact the amount of deferred tax assets, liabilities and provision for income taxes recorded in the statement of financial position. In these circumstances the carrying amount of deferred tax assets, liabilities and provision for income taxes may change impacting the profit or loss of the Group.

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| In Rs million | 2016 | 2015 | 2016 | 2015 |
| Provision for the year | | | | |
| (15% - 35%) - (2015: 15% - 35%) | 69.5 | 87.5 | - | - |
| (Over) underprovision in previous years | (5.1) | 2.3 | - | - |
| Movement in deferred taxation (note 27) | 64.8 | 19.0 | - | - |
| **Taxation for the year** | 129.2 | 108.8 | - | - |

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

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2016 | 2015 | 2016 | 2015 |
| | % | % | % | % |
| Reconciliation of effective tax rate is as follows | | | | |
| Tax rate applicable | 15.0 | 15.0 | 15.0 | 15.0 |
| Allowable and non-allowable tax items | (11.1) | (2.0) | (0.4) | (52.2) |
| Recognised tax losses | (5.4) | (6.0) | (14.6) | - |
| Unrecognised tax losses | 7.2 | 10.8 | - | 37.2 |
| Difference between local tax rate and other rates | 1.7 | 1.7 | - | - |
| Deferred tax impact | 7.4 | 4.1 | - | - |
| **Effective tax rate** | 14.8 | 23.6 | - | - |

# EXPLANATORY NOTES

30 June 2016

## 8. EARNINGS PER SHARE

### Accounting policy

Basic earnings per share (EPS) is calculated by dividing the profit or loss attributable to ordinary shareholder of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

| GROUP<br>In Rs million | 2016 | 2015 |
|---|---|---|
| Profit attributable to owners of the parent | 405.1 | 544.1 |
| Adjustments for exceptional items | (64.2) | (74.5) |
| **Profit attributable to the owners of the parent before exceptional items** | 340.9 | 469.6 |
| Number of shares in issue | 252,045,300 | 252,045,300 |
| **Earnings per share (in Rs)** | 1.61 | 2.16 |
| **Earnings per share (excluding exceptional items) (in Rs)** | 1.35 | 1.86 |

## 9. OTHER COMPREHENSIVE INCOME

| GROUP<br>In Rs million | Revaluation reserves | Translation reserves | Retained Earnings | Attributable to owners of the parent | Non-controlling Interests | Total |
|---|---|---|---|---|---|---|
| **30 June 2016** | | | | | | |
| Gains arising during the year (note 28) | - | - | 2.7 | 2.7 | 6.3 | 9.0 |
| Income tax | - | - | (1.9) | (1.9) | (0.9) | (2.8) |
| **Remeasurement of defined benefit pension plans** | - | - | 0.8 | 0.8 | 5.4 | 6.2 |
| Share of Other Comprehensive Income of associated companies | 56.0 | - | (77.1) | (21.1) | - | (21.1) |
| **Other Comprehensive income that will not be reclassified to profit or loss** | 56.0 | - | (76.3) | (20.3) | 5.4 | (14.9) |
| Exchange differences on translating foreign entities | - | (25.4) | - | (25.4) | 6.9 | (18.5) |
| Gains (losses) arising on fair value of available-for-sale financial assets | 50.9 | - | - | 50.9 | (0.2) | 50.7 |
| Share of Other Comprehensive Income of jointly controlled entities | (0.7) | (0.2) | - | (0.9) | 0.3 | (0.6) |
| Share of Other Comprehensive Income of associated companies | (55.0) | 55.3 | (12.3) | (12.0) | 0.2 | (11.8) |
| **Other Comprehensive income that may be reclassified subsequently to profit or loss** | (4.8) | 29.7 | (12.3) | 12.6 | 7.2 | 19.8 |
| **Other Comprehensive Income for the year ended 30 June 2016** | 51.2 | 29.7 | (88.6) | (7.7) | 12.6 | 4.9 |
| 30 June 2015 | | | | | | |
| Remeasurement of defined benefit pension plans | - | - | 4.3 | 4.3 | (1.1) | 3.2 |
| Share of Other Comprehensive Income of associated companies | 106.7 | - | (84.9) | 21.8 | - | 21.8 |
| **Other Comprehensive income that will not be reclassified to profit or loss** | 106.7 | - | (80.6) | 26.1 | (1.1) | 25.0 |
| Exchange differences on translating foreign entities | - | 13.8 | - | 13.8 | 73.9 | 87.7 |
| Losses arising during the year (note 15) | (87.6) | - | - | (87.6) | (0.2) | (87.8) |
| Reclassification adjustments in Statements of Profit or Loss | 15.4 | - | - | 15.4 | - | 15.4 |
| **Losses arising on fair value of available-for-sale financial assets** | (72.2) | - | - | (72.2) | (0.2) | (72.4) |
| Share of Other Comprehensive Income of jointly controlled entities | - | 0.4 | - | 0.4 | 3.3 | 3.7 |
| Share of Other Comprehensive Income of associated companies | 27.9 | (87.5) | (6.6) | (66.2) | 0.2 | (66.0) |
| **Other Comprehensive income that may be reclassified subsequently to profit or loss** | (44.3) | (73.3) | (6.6) | (124.2) | 77.2 | (47.0) |
| **Other Comprehensive Income for the year ended 30 June 2015** | 62.4 | (73.3) | (87.2) | (98.1) | 76.1 | (22.0) |

# EXPLANATORY NOTES

30 June 2016

## 9. OTHER COMPREHENSIVE INCOME (CONTD)

| COMPANY<br>In Rs million | Revaluation reserves | Retained Earnings | Total |
|---|---|---|---|
| **30 June 2016** | | | |
| Losses arising on remeasurement of defined benefit pension plans | - | (21.8) | (21.8) |
| **Other Comprehensive income that will not be reclassified to profit or loss** | - | (21.8) | (21.8) |
| Gains arising on fair value of available-for-sale financial assets | 51.4 | - | 51.4 |
| **Other Comprehensive income that may be reclassified subsequently to profit or loss** | 51.4 | - | 51.4 |
| **Other comprehensive income for the year ended 30 June 2016** | 51.4 | (21.8) | 29.6 |
| 30 June 2015 | | | |
| Remeasurement of defined benefit pension plans | - | 1.5 | 1.5 |
| **Other Comprehensive income that will not be reclassified to profit or loss** | - | 1.5 | 1.5 |
| Losses arising on fair value of available-for-sale financial assets | (87.3) | - | (87.3) |
| Reclassification adjustments in Statements of Profit or Loss | 15.4 | - | 15.4 |
| **Gains arising on fair value of available-for-sale financial assets** | (71.9) | - | (71.9) |
| **Other Comprehensive income that may be reclassified subsequently to profit or loss** | (71.9) | - | (71.9) |
| **Other comprehensive income for the year ended 30 June 2015** | (71.9) | 1.5 | (70.4) |



# ASSETS

EXPLANATORY NOTES

30 June 2016

## 10. PROPERTY, PLANT AND EQUIPMENT

### Accounting policy

Property, plant and equipment is stated at cost, except for land and buildings, 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 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 plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the Statement of 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 the Statement of profit or loss when the asset is derecognised.

Land and buildings held for use in the production or supply of goods or services or for administrative purposes, are stated in the Statement of Financial Position at fair value based on valuation performed normally every three years.

The Group accounts for land and buildings at fair value carried out by qualified independent valuers in June 2015. All fair valuations are categorised in 'level 3' as per IFRS 13 definition.

The fair value of land and buildings is arrived at as follows :

- Hotels and logistics divisions - 'Sales comparison approach' with consideration for location, wear and tear and frequency of renovation
- Property and Real Estate - 'Discounted cashflow' for tenanted premises and 'sales comparison approach' for others
- Land under cultivation and bare land - 'sales comparison approach' or 'replacement costs'

Increases in the carrying amount arising on revaluation of land and buildings are credited to Other Comprehensive Income and shown as revaluation surplus in shareholders' equity. Decreases that offset previous increases of the same asset are charged in Other Comprehensive Income and debited against revaluation reserves directly 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 the Statement of profit or loss.

When revalued assets are sold, the corresponding amounts included in revaluation reserves are transferred to retained earnings.

Depreciation

Freehold land is not depreciated. Depreciation on property, plant and equipment is calculated on the straight line method to write off the cost or revalued amounts of the assets to their residual values as follows:

| | % |
|---|---|
| Buildings | 2 - 4 |
| Plant & equipment | 15 - 100 |
| Vehicles | 15 - 25 |
| Hotel buildings | 3 - 4 |

The asset's residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting year.

# EXPLANATORY NOTES

30 June 2016

## 10. PROPERTY, PLANT AND EQUIPMENT (CONTD)

### Accounting policy (contd)

Borrowing costs

Interest costs on borrowings to finance the construction of property, plant and equipment are capitalised during the period of time that is required to complete and prepare the asset for its intended use, as part of the cost of the asset.

All other borrowing costs are expensed in the year they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

### Significant accounting judgements and estimates

Revaluation exercises are normally carried out every three years by independent qualified valuers. Their assumptions are based on potential market conditions. In the absence of proper property market data, valuation may vary from different valuers.

The techniques used are as follows:

- Land is valued on the basis of recently transacted properties in that specific region.
- For the developed sites, the depreciated replacement cost methodology has been used and consists of the depreciated replacement cost of the building, plus the market value of the land.
- For the unimproved sites, the basis of valuation is the market value, which is the value for which such asset could be exchanged between knowledgeable willing parties in an arm's length transaction.

Estimate of useful lives and residual value

The depreciation and amortisation charge calculation require an estimate of the economic useful lives of the respective assets. The Group uses historical experience and comparable market available data to determine useful lives.

## 10. PROPERTY, PLANT AND EQUIPMENT (CONTD)

| GROUP<br>In Rs million | Land and Buildings | Plant and Equipment | Vehicles | Total |
|---|---|---|---|---|
| **Cost or valuation** | | | | |
| At 1 July 2014 | 7,222.6 | 2,045.9 | 305.4 | 9,573.9 |
| Additions | 75.5 | 135.7 | 60.0 | 271.2 |
| Disposals | - | (167.3) | (44.8) | (212.1) |
| Exchange differences | 7.5 | (4.0) | (0.7) | 2.8 |
| Transfers | 2.6 | - | - | 2.6 |
| Acquisition of subsidiaries | - | 284.0 | 20.5 | 304.5 |
| Deconsolidation of subsidiaries | - | (20.4) | (23.9) | (44.3) |
| **At 30 June 2015** | 7,308.2 | 2,273.9 | 316.5 | 9,898.6 |
| Additions | 120.5 | 266.6 | 45.1 | 432.2 |
| Disposals | - | (60.5) | (27.9) | (88.4) |
| Exchange differences | - | (5.9) | (2.3) | (8.2) |
| Acquisition of subsidiaries | 23.3 | 124.5 | 6.4 | 154.2 |
| **At 30 June 2016** | 7,452.0 | 2,598.6 | 337.8 | 10,388.4 |
| **Depreciation and impairment** | | | | |
| At 1 July 2014 | 242.2 | 1,678.8 | 202.5 | 2,123.5 |
| Charge for the year | 96.0 | 136.4 | 42.3 | 274.7 |
| Disposal adjustment | - | (153.9) | (41.8) | (195.7) |
| Exchange differences | - | (3.3) | (0.9) | (4.2) |
| Acquisition of subsidiaries | - | 167.4 | 11.8 | 179.2 |
| Deconsolidation of subdiaries | - | (17.3) | (11.8) | (29.1) |
| **At 30 June 2015** | 338.2 | 1,808.1 | 202.1 | 2,348.4 |
| Charge for the year | 88.7 | 180.6 | 37.3 | 306.6 |
| Disposal adjustment | - | (58.5) | (23.1) | (81.6) |
| Exchange differences | 0.2 | (3.6) | (2.0) | (5.4) |
| Acquisition of subsidiaries | - | 45.1 | 3.7 | 48.8 |
| **At 30 June 2016** | 427.1 | 1,971.7 | 218.0 | 2,616.8 |
| **Carrying value** | | | | |
| **At 30 June 2016** | 7,024.9 | 626.9 | 119.8 | 7,771.6 |
| **At 30 June 2015** | 6,970.0 | 465.8 | 114.4 | 7,550.2 |
| **Carrying value of assets pledged** | | | | |
| **At 30 June 2016** | 6,969.4 | 590.1 | 124.6 | 7,684.1 |
| **At 30 June 2015** | 6,742.6 | 417.6 | 111.0 | 7,271.2 |

# EXPLANATORY NOTES

30 June 2016

## 10. PROPERTY, PLANT AND EQUIPMENT (CONTD)

No valuation was carried out this year. A 5% deviation from observable parameters will change the valuation by Rs 22.7m. The 'sales comparison approach' is impacted by the demand and property management in the vicinity. There were no transfers between levels (as defined by IFRS 13) during the year.

Additions include Rs 52.1m (2015 - Rs 39.4m) of assets held under finance leases.

| COMPANY<br>In Rs million | Land and Buildings | Plant and Equipment | Vehicles | Total |
|---|---|---|---|---|
| **Cost or valuation** | | | | |
| At 1 July 2014 | 3.7 | 170.1 | 33.9 | 207.7 |
| Additions | - | 2.9 | 9.1 | 12.0 |
| Disposals | - | (0.1) | (3.0) | (3.1) |
| **At 30 June 2015** | 3.7 | 172.9 | 40.0 | 216.6 |
| Additions | - | 2.7 | 10.4 | 13.1 |
| Disposals | - | (3.0) | (7.8) | (10.8) |
| **At 30 June 2016** | 3.7 | 172.6 | 42.6 | 218.9 |
| **Depreciation and impairment** | | | | |
| At 1 July 2014 | 1.6 | 163.4 | 23.1 | 188.1 |
| Charge for the year | 0.2 | 5.7 | 4.7 | 10.6 |
| Disposal adjustment | - | (0.1) | (3.0) | (3.1) |
| **At 30 June 2015** | 1.8 | 169.0 | 24.8 | 195.6 |
| Charge for the year | 0.1 | 3.3 | 6.7 | 10.1 |
| Disposal adjustment | - | (3.0) | (6.4) | (9.4) |
| **At 30 June 2016** | 1.9 | 169.3 | 25.1 | 196.3 |
| **Carrying value** | | | | |
| **At 30 June 2016** | 1.8 | 3.3 | 17.5 | 22.6 |
| **At 30 June 2015** | 1.9 | 3.9 | 15.2 | 21.0 |
| **Carrying value of assets pledged** | | | | |
| **At 30 June 2016** | 1.8 | 3.3 | 17.5 | 22.6 |
| **At 30 June 2015** | 1.9 | 3.9 | 15.2 | 21.0 |



## 10. PROPERTY, PLANT AND EQUIPMENT (CONTD)

| | In Rs million | GROUP 2016 | GROUP 2015 | COMPANY 2016 | COMPANY 2015 |
|---|---|---|---|---|---|
| (i) | Land and buildings represent | | | | |
| | Freehold land and buildings | 6,947.8 | 6,810.5 | 1.8 | 1.9 |
| | Buildings standing on leasehold land | 504.2 | 497.7 | - | - |
| | **Land and buildings** | 7,452.0 | 7,308.2 | 1.8 | 1.9 |
| | On the Cost basis, these properties would have been as follows: | | | | |
| | Cost | 2,439.9 | 2,319.4 | 3.7 | 3.7 |
| | Accumulated depreciation | (775.3) | (686.6) | (1.9) | (1.8) |
| | **Carrying value** | 1,664.6 | 1,632.8 | 1.8 | 1.9 |
| (ii) | Leased assets | | | | |
| | Plant and equipment | 115.6 | 85.1 | - | - |
| | Motor vehicles | 153.0 | 138.1 | 4.0 | 4.0 |
| | **Cost** | 268.6 | 223.2 | 4.0 | 4.0 |
| | Plant and equipment | 61.2 | 59.6 | - | - |
| | Motor vehicles | 82.9 | 71.3 | 3.7 | 3.1 |
| | **Accumulated depreciation** | 144.1 | 130.9 | 3.7 | 3.1 |
| | Plant and equipment | 54.4 | 25.5 | - | - |
| | Motor vehicles | 70.1 | 66.8 | 0.3 | 0.9 |
| | **Carrying value** | 124.5 | 92.3 | 0.3 | 0.9 |

# EXPLANATORY NOTES

30 June 2016

## 11. INVESTMENT PROPERTIES

### Accounting policy

Investment properties which are held for rental outside the Group, capital appreciation or both are stated at fair value at the end of each reporting year. The Group accounts for land and buildings at fair valuation, based on revaluation exercises carried out by qualified independent valuers. Gains or losses arising from changes in fair value are included in Statement of profit or loss in the year in which they arise. Properties that are being constructed or developed for future use as investment properties are treated as investment properties.

Investment properties are derecognised when they are disposed of or when the investment property is 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 the Statement of profit or loss in the year of derecognition.

### Significant accounting judgements and estimates

*Commercial properties*

(a) The investment properties were valued at year end by Messrs Jones Lang Lasalle as independent valuers, except for land at Kendra and Domaine Sam with a carrying amount of Rs.122.7m and Rs.28.3m respectively. The Directors estimate that the carrying amount of Land at Kendra and Domaine Sam reflect the fair value.

(b) The investment properties are classified as level 3 on the fair value hierarchy.

The basis of valuation is 'Market Value' and this is defined by the Royal Institute of Chartered Surveyor, South African Institute of Valuers and International Valuation Standards Committee.

The fair value of the properties have been computed using the discounted cash flow method. The expected future net income for 5 years has been discounted at an appropriate discount rate and added to the estimated reversionary value. The reversionary value has been computed by capitalising the net income prevailing at the end of the cash flow projections and discounting at an appropriate rate.

The DCF valuation is also the approach by which private, institutional, local and overseas investors analyse property for investment purposes to estimate the market value. This methodology also takes into account the time value of money between the valuation date and the date when the income stream theoretically reverts to market levels.

Main input used in the valuation of commercial properties is as follows:

| | |
|---|---|
| Capitalisation rate | 7.5% - 9.5% |
| Reversionary rate | 7.5%-10.25% |
| Discount rate | 12.5%-14.7% |
| Market Rental Growth | 5% |
| Expense Growth | 5% |
| Net operating income from properties | Rs 2m - Rs 419m |

*Real estate properties*

The investment property is valued at fair value on an open-market basis and the fair value is classified as level 2.

## 11. INVESTMENT PROPERTIES (CONTD)

| GROUP<br>In Rs million | Level 2 | Level 3 | 2016 | 2015 |
|---|---|---|---|---|
| At 1 July | 415.9 | 3,635.2 | 4,051.1 | 3,891.6 |
| Additions | - | 380.9 | 380.9 | 12.1 |
| Disposals | - | (20.5) | (20.5) | (15.5) |
| Gains from fair value adjustment | 5.6 | 379.6 | 385.2 | 170.2 |
| Exchange differences | 2.3 | - | 2.3 | 62.0 |
| Transfer | (75.2) | - | (75.2) | (43.1) |
| Acquisition of subsidiaries | - | 5,894.1 | 5,894.1 | - |
| Deconsolidation of subsidiaries | - | - | - | (26.2) |
| **At 30 June** | 348.6 | 10,269.3 | 10,617.9 | 4,051.1 |
| **Value of assets pledged** | | | 3,753.0 | 1,089.0 |
| **Rental income** | | | 723.6 | 302.0 |
| **Direct operating expenses arising from investment properties that generate rental income** | | | 291.9 | 107.4 |
| **Direct operating expenses that did not generate rental income** | | | 26.6 | 10.1 |

# EXPLANATORY NOTES

30 June 2016

## 12. INTANGIBLE ASSETS

### Accounting policy

Goodwill

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non controlling interest in the acquiree and the fair value of previously held equity interest in the acquiree over the amounts of identifiable assets acquired and liabilities assumed. If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree the excess is recognised immediately in the Statement of Profit or Loss. Differences from non-controlling interests acquired after control has been obtained, are set-off against equity. Goodwill is carried at cost less accumulated impairment losses.

Annual impairment tests applied to goodwill are carried out using discounted cash flow methods. This is done on the basis of expected future cash flows from the latest management planning, which are extrapolated on the basis of long-term revenue growth rates and assumptions with regard to margin development, and discounted for the capital costs of the business unit. Tests are performed at the cash generating unit (CGU) level. This test is applicable to all goodwill, except for one investment where fair value less cost to sell is used.

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

Other purchased goodwill consists mainly of premium paid by certain subsidiaries for acquiring agencies. This goodwill is either tested for impairment or amortised over a finite period of time to determine its carrying amount at the end of the year.

Computer software

Costs that are directly associated with identifiable software which will generate economic benefits beyond one year are recognised as intangible assets and are amortised over their estimated useful lives using straight line method.

Amortisation rates: 12 % - 50%

### Significant accounting judgements and estimates

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. For acquired goodwill the value of the investment is based on a five year discounted cash flow method. The discount rate is estimated by management using a risk free rate of 6.98% based on the currently available interest rate and an estimated risk premium of 5.94%. This test is applicable to all goodwill, except for one investment where fair value less cost to sell is used.

At the end of the reporting year, the Group assessed the recoverable amount of goodwill and determined that there is no impairment to goodwill.

## 12. INTANGIBLE ASSETS (CONTD)

| GROUP<br>In Rs million | Goodwill on Acquisition | Software | Others | Total |
|---|---|---|---|---|
| **Cost** | | | | |
| At 1 July 2014 | 105.3 | 169.9 | 101.4 | 376.6 |
| Additions | - | 8.3 | 57.2 | 65.5 |
| Disposals | - | (0.4) | - | (0.4) |
| Exchange differences | - | (0.3) | 5.6 | 5.3 |
| Acquisition of subsidiaries | 214.0 | 8.2 | - | 222.2 |
| Deconsolidation of subsidiaries | (10.5) | (0.9) | - | (11.4) |
| **At 30 June 2015** | 308.8 | 184.8 | 164.2 | 657.8 |
| Additions | 56.6 | 10.7 | - | 67.3 |
| Disposals | - | (5.1) | - | (5.1) |
| Excess of fair value of net assets over consideration price | (119.1) | - | - | (119.1) |
| Impairment | - | (2.3) | - | (2.3) |
| Exchange differences | - | 0.1 | 0.3 | 0.4 |
| Deconsolidation of subsidiaries | (1.7) | - | (2.0) | (3.7) |
| **At 30 June 2016** | 244.6 | 188.2 | 162.5 | 595.3 |
| **Amortisation** | | | | |
| At 1 July 2014 | (247.7) | 142.4 | 6.2 | (99.1) |
| Charge for the year | - | 14.1 | 3.1 | 17.2 |
| Disposal adjustment | - | (0.3) | - | (0.3) |
| Acquisition of subsidiaries | - | 7.0 | - | 7.0 |
| Deconsolidation of subsidiaries | (10.5) | (0.9) | - | (11.4) |
| **At 30 June 2015** | (258.2) | 162.3 | 9.3 | (86.6) |
| Charge for the year | - | 10.7 | 1.2 | 11.9 |
| Disposal adjustment | - | (3.4) | - | (3.4) |
| Excess of fair value of net assets over consideration price | (119.1) | - | - | (119.1) |
| Impairment | - | (1.8) | - | (1.8) |
| Exchange differences | - | - | (0.5) | (0.5) |
| Deconsolidation of subsidiaries | - | - | (2.0) | (2.0) |
| **At 30 June 2016** | (377.3) | 167.8 | 8.0 | (201.5) |
| **Carrying value** | | | | |
| **At 30 June 2016** | 621.9 | 20.4 | 154.5 | 796.8 |
| **At 30 June 2015** | 567.0 | 22.5 | 154.9 | 744.4 |

# EXPLANATORY NOTES

30 June 2016

## 12. INTANGIBLE ASSETS (CONTD)

| COMPANY<br>In Rs million | Software | Others | Total |
|---|---|---|---|
| **Cost** | | | |
| At 1 July 2014 | 23.5 | 3.7 | 27.2 |
| Additions | 0.3 | - | 0.3 |
| **At 30 June 2015** | 23.8 | 3.7 | 27.5 |
| Additions | 0.2 | - | 0.2 |
| **At 30 June 2016** | 24.0 | 3.7 | 27.7 |
| **Amortisation** | | | |
| At 1 July 2014 | 17.8 | - | 17.8 |
| Charge for the year | 2.6 | - | 2.6 |
| **At 30 June 2015** | 20.4 | - | 20.4 |
| Charge for the year | 2.1 | - | 2.1 |
| **At 30 June 2016** | 22.5 | - | 22.5 |
| **Carrying value** | | | |
| **At 30 June 2016** | 1.5 | 3.7 | 5.2 |
| **At 30 June 2015** | 3.4 | 3.7 | 7.1 |

## 13. INVESTMENT IN SUBSIDIARY COMPANIES

### Accounting policy

In the separate financial statements of the Company, investments in subsidiary companies, jointly controlled entities and associated companies are carried at cost. The carrying amount is reduced to recognise any impairment in the value of individual investments.

| | COMPANY<br>In Rs million | 2016 | 2015 |
|---|---|---|---|
| (a) | At 1 July | 3,253.5 | 3,287.8 |
| | Additions | 58.5 | 1.7 |
| | Disposals | - | (0.6) |
| | Impairment | (3.7) | (35.4) |
| | **At 30 June** | 3,308.3 | 3,253.5 |

## 13. INVESTMENT IN SUBSIDIARY COMPANIES (CONTD)

(b) The financial statements of the following subsidiaries have been included in the consolidated financial statements.

| | Issued Capital Rs 000 | Proportion of ownership interests Direct % | Proportion of ownership interests Indirect % | Proportion of effective ownership interests held by Non-controlling interests % | Principal activity |
|---|---|---|---|---|---|
| **AVIATION** | | | | | |
| Ario (Seychelles) Ltd | 47 | - | 100.0 | - | GSA of airlines |
| BS Travel Management Ltd | 25,000 | - | 100.0 | - | Travel Agency |
| BS Travel Management Limitada | 216 | - | 100.0 | - | GSA of airlines |
| BS Travel Mayotte | 325 | - | 100.0 | - | Travel Agency |
| BEAVIA Kenya Limited | 36 | - | 70.0 | 30.0 | Travel Agency |
| Blue Alize Ltd | - | - | 60.5 | 29.5 | Catamaran sightseeing |
| Blue Sky Réunion SAS | 2,813 | - | 100.0 | - | Travel Agency |
| Croisières Australes Ltée | 3,225 | - | 75.7 | 24.3 | Catamaran sightseeing |
| GSAfrica Airline Services (Pty) Ltd. | 6,509 | - | 100.0 | - | GSA of airlines |
| Plaisance Air Transport Services Ltd | 1,500 | - | 100.0 | - | Warehousing |
| Resaplanet Ltd | 789 | - | 80.5 | 19.5 | Online tour operating |
| Rogers Aviation Comores S.A.R.L. | 824 | - | 100.0 | - | GSA of airlines |
| Rogers Aviation France S.A.R.L. | 20,760 | - | 100.0 | - | Investment |
| Rogers Aviation Holding Company Ltd | 115,410 | 100.0 | - | - | Investment |
| Rogers Aviation International Ltd. | 51,390 | - | 100.0 | - | GSA of airlines |
| Rogers Aviation Kenya Ltd | 396 | - | 100.0 | - | GSA of airlines |
| Rogers Aviation Madagascar S.A.R.L. | 1,910 | - | 100.0 | - | GSA of airlines |
| Rogers Aviation (Mauritius) Ltd | 2,525 | - | 100.0 | - | GSA of airlines |
| Rogers Aviation Mayotte S.A.R.L. | 490 | - | 100.0 | - | GSA of airlines |
| Rogers Aviation Mozambique Limitada | 54 | - | 100.0 | - | GSA of airlines |
| Rogers Aviation Reunion | 20,001 | - | 100.0 | - | GSA of airlines |
| Rogers Aviation Senegal S.A.R.L. | - | - | 100.0 | - | GSA of airlines / Travel / Tour operator |
| Rogers Aviation South Africa (Pty) Ltd | 524 | - | 100.0 | - | GSA of airlines |
| Transcontinent S.A.R.L. | 617 | - | 66.6 | 33.4 | Travel Agency |
| Travelia S.A.R.L | 473 | - | 80.5 | 19.5 | Online tour operating |
| Yacht Management Ltd | 10 | - | 51.1 | 61.4 | Boat cruises |
| **FINANCIAL SERVICES** | | | | | |
| Acorn International Limited | - | - | 100.0 | 57.4 | Global business |
| City Executives Limited | 50 | - | 100.0 | 57.4 | Global business |
| Denning Ltd | - | - | 100.0 | 57.4 | Global business |
| * Kross Border Accounting Services Ltd | - | - | 100.0 | 58.0 | Global business |
| * Kross Border Business Services Ltd | - | - | 100.0 | 58.0 | Global business |
| Kross Border Corporate Services Ltd | 782 | - | 70.0 | 57.4 | Global business |
| Kross Border Corporate Services (Singapore) Pte Ltd | 238 | - | 70.0 | 58.0 | Global business |

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## 13. INVESTMENT IN SUBSIDIARY COMPANIES (CONTD)

(b) The financial statements of the following subsidiaries have been included in the consolidated financial statements (contd).

| | Issued Capital | Proportion of ownership interests | | Proportion of effective ownership interests held by Non-controlling interests | Principal activity |
|---|---|---|---|---|---|
| | Rs 000 | Direct % | Indirect % | % | |
| **FINANCIAL SERVICES (CONTD)** | | | | | |
| Kross Border Financial Services Ltd | 527 | - | 100.0 | 57.4 | Global business |
| Kross Border Financial Services - Nominee Ltd | - | - | 100.0 | 57.4 | Global business |
| Kross Border Holdings Limited | - | - | 100.0 | 57.4 | Global business |
| Kross Border Insurance Services Ltd | 2,215 | - | 100.0 | 58.0 | Global business |
| Kross Border Specialist Services Ltd | 100 | - | 70.0 | 58.0 | Global business |
| * River Court Administrators Limited | 600 | - | 100.0 | 57.4 | Global business |
| * River Court Nominees Limited | 100 | - | 100.0 | 57.4 | Global business |
| * River Court Trustees Limited | 1,400 | - | 100.0 | 57.4 | Global business |
| Rogers Asset Management Ltd | 8,000 | - | 100.0 | 40.0 | Asset Management |
| Rogers Capital Ltd | 140,707 | 60.0 | - | 40.0 | Investment |
| Rogers Wealth Management Ltd | 601 | - | 100.0 | 40.0 | Investment |
| Tabla Ltd | - | - | 100.0 | 57.4 | Global business |
| **HOTELS** | | | | | |
| Adnarev Ltd | 76,464 | - | 100.0 | 24.0 | Hotel |
| Heritage Golf Club Ltd | 310,350 | - | 100.0 | 36.9 | Golf Course |
| Heritage Events Company Ltd | 100 | - | 100.0 | 24.0 | Investment |
| Seven Colours Spa Ltd | 20,025 | - | 100.0 | 24.0 | Management Services |
| Société Dow Jones | 3,617 | - | 100.0 | 24.0 | Property |
| Société Zone Finance | 14,000 | - | 100.0 | 24.0 | Property |
| VLH Holding Ltd | 437,265 | 76.0 | - | 24.0 | Property |
| VLH Ltd | 555,276 | - | 100.0 | 24.0 | Hotel |
| VLH Training Ltd | 1,015 | - | 100.0 | 24.0 | Management Services |
| **LOGISTICS** | | | | | |
| Associated Container Services Ltd | 18,301 | - | 100.0 | 33.3 | Port Related Services |
| Cargo Express Madagascar S.A.R.L. | 168 | - | 100.0 | 33.8 | Freight Forwarding |
| Velogic Haulage Services Ltd | 975 | - | 80.0 | 46.6 | Transport Services |
| FOM Warehouse Ltd | 100 | 45.7 | 54.3 | 17.0 | Port Related Services |
| Freeport Operations (Mtius) Ltd | 133,447 | - | 100.0 | 34.7 | Port Related Services |
| * General Cargo Services Limited | 889 | - | 100.0 | 66.2 | Port Related Services |
| * Gencargo (Transport) Limited | 1,422 | - | 80.0 | 73.0 | Transport Services |
| Logistics Solutions Ltd | 360,483 | 1.4 | 98.6 | 33.3 | Investment |
| MTL Logistics and Distribution Co Ltd | 1,688 | - | 100.0 | 33.8 | Transport Company |
| P.A.P.O.L.C.S. Ltd | 100 | - | 80.0 | 68.2 | Stevedoring |
| Papol Holding Limited | 100 | - | 60.0 | 60.3 | Investment |



13. INVESTMENT IN SUBSIDIARY COMPANIES (CONTD)

(b) The financial statements of the following subsidiaries have been included in the consolidated financial statements (contd).

| | Issued Capital | Proportion of ownership interests | | Proportion of effective ownership interests held by Non-controlling interests | Principal activity |
|---|---|---|---|---|---|
| | Rs 000 | Direct % | Indirect % | % | |
| **LOGISTICS (CONTD)** | | | | | |
| Rogers International Distribution Services Limitada | 63 | - | 100.0 | 33.8 | Freight Forwarding |
| Rogers International Distribution Services S.A. | 7,678 | - | 100.0 | 33.8 | Freight Forwarding |
| Rogers International Distribution Services S.A.R.L. | 8 | - | 100.0 | 33.8 | Freight Forwarding |
| Rogers Logistics International Ltd | 2,358 | - | 100.0 | 33.8 | Freight Forwarding |
| Rogers Logistics Services Company Ltd | 100 | - | 100.0 | 33.8 | Freight Forwarding |
| Rogers Shipping Ltd | 721 | - | 100.0 | 54.5 | Freight Forwarding |
| Rogers Shipping Pte Ltd | 3 | - | 51.0 | 66.2 | Shippping Agency |
| Société du Port | 207,223 | 96.1 | 3.9 | - | Investment |
| Southern Marine & Co Ltd | 500 | - | 100.0 | 54.5 | Shipping Services |
| Sukpak Ltd | 1,200 | - | 70.0 | 53.6 | Packing of special sugars |
| Thermoil Company Ltd | 100 | 80.0 | - | 20.0 | Bitumen Agency |
| Transworld International Ltd | 25 | - | 100.0 | 33.8 | Dormant |
| Velogic Depot and Warehouse Ltd | 300 | - | 100.0 | 33.8 | Dormant |
| Velogic Garage Services Ltd | 50 | - | 100.0 | 46.6 | Transport Company |
| Velogic India Private Ltd | 11,156 | - | 100.0 | 33.8 | Freight Forwarding |
| Velogic Holding Company Ltd | 1,019,294 | 66.2 | - | 33.8 | Investment |
| Velogic Sea Frigo R'Frigo S.A. | 4,085 | - | 100.0 | 33.8 | Freight Forwarding |
| Velogic Ltd | 83,985 | - | 100.0 | 33.8 | Management Services |
| * VK Logistics Ltd | 163,814 | - | 51.0 | 66.2 | Investment |
| **PROPERTY** | | | | | |
| Ascencia Limited | 3,602,171 | - | 40.5 | 59.5 | Property |
| * Bagaprop Limited | 1,252,101 | - | 85.0 | 65.6 | Property |
| Foresite Property Holding Ltd | 1,028,269 | 100.0 | - | - | Property |
| * Gardens of Bagatelle Ltd | 245,446 | - | 100.0 | 59.5 | Property |
| Motor Traders Ltd | 500 | 100.0 | - | - | Property |
| Société de la Crécerelle | 1 | 100.0 | - | - | Property |
| Société du Bengali | 1 | 100.0 | - | - | Property |
| Société du Katover | 1 | 100.0 | - | - | Property |
| **REAL ESTATE AND AGRIBUSINESS** | | | | | |
| Case Noyale Ltée | 7 | 1.3 | 52.3 | 62.7 | Investment |
| Cie. Sucrière de Bel Ombre Ltd | 33,300 | 1.2 | 52.3 | 62.7 | Agriculture and Investment |
| Le Marché du Moulin Ltd | 1 | - | 100.0 | 77.6 | Retail |
| Les Villas de Bel Ombre Ltée | 291,135 | - | 60.0 | 77.6 | Construction and Sales of Villa |
| South West Tourism Development Co. Ltd | 4,950 | 68.9 | 2.0 | 31.1 | Investment |
| Villas Valriche Resorts Ltd | 1 | - | 100.0 | 77.6 | Rental Pool Managemnet Company |

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## 13. INVESTMENT IN SUBSIDIARY COMPANIES (CONTD)

(b) The financial statements of the following subsidiaries have been included in the consolidated financial statements (contd).

| | Issued Capital | Proportion of ownership interests | | Proportion of effective ownership interests held by Non-controlling interests | Principal activity |
|---|---|---|---|---|---|
| | Rs 000 | Direct % | Indirect % | % | |
| **TECHNOLOGY** | | | | | |
| Enterprise Information Solutions Ltd | 15,977 | 100.0 | - | - | IT Services |
| Enterprise Information Systems Ltd (Kenya) | - | - | 100.0 | - | IT Services |
| EIS Outsourcing Ltd | 15,000 | - | 100.0 | - | IT Services |
| **CORPORATE OFFICE** | | | | | |
| Fleet Investment Supply and Husbandry Ltd | - | - | 100.0 | - | Dormant |
| Rogers Corporate Services Ltd | 1,201 | 100.0 | - | - | Dormant |

Note: Ordinary shares are issued for the above subsidiaries and the statutory reporting date is 30.06.2016 for the companies.

* Not Consolidated in 2015

## 13. INVESTMENT IN SUBSIDIARY COMPANIES (CONTD)

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

| | Country of incorporation / place of business |
|---|---|
| Ario (Seychelles) Ltd | Republic of Seychelles |
| BS Travel Management Limitada | Republic of Mozambique |
| BS Travel Mayotte | Mayotte |
| BEAVIA Kenya Limited | Republic of Kenya |
| Blue Sky Réunion SAS | Réunion Island |
| Cargo Express Madagascar S.A.R.L. | Republic of Malagasy |
| Enterprise Information Systems Ltd (Kenya) | Republic of Kenya |
| Gencargo (Transport) Limited | Republic of Kenya |
| General Cargo Services Limited | Republic of Kenya |
| GSAfrica Airline Services (Pty) Ltd | Republic of South Africa |
| Kross Border Corporate Services (Singapore) Pte Ltd | Republic of Singapore |
| Rogers Aviation Comores S.A.R.L. | Republic of Comores |
| Rogers Aviation France S.A.R.L. | Réunion Island |
| Rogers Aviation Kenya Ltd | Republic of Kenya |
| Rogers Aviation Madagascar S.A.R.L. | Republic of Malagasy |
| Rogers Aviation Mayotte S.A.R.L. | Mayotte |
| Rogers Aviation Mozambique Limitada | Republic of Mozambique |
| Rogers Aviation Senegal S.A.R.L. | Republic of Senegal |
| Rogers Aviation South Africa (Pty) Ltd | Republic of South Africa |
| Rogers International Distribution Services Limitada | Republic of Mozambique |
| Rogers International Distribution Services S.A. | French Republic |
| Rogers International Distribution Services S.A.R.L. | Republic of Malagasy |
| Rogers Shipping Pte Ltd | Republic of Singapore |
| Sabre South Africa Ltd | Republic of South Africa |
| Transcontinent S.A.R.L. | Republic of Malagasy |
| Travelia S.A.R.L | Réunion Island |
| Velogic India Private Ltd | Republic of India |
| Velogic Sea Frigo R'Frigo SA | Réunion Island |

(d) The financial statements of Ascencia Ltd have been consolidated at 40.45% equity interests:

Foresite Property Holding Ltd, a subsidiary of Rogers and Company Ltd ('Rogers') and ENL Property Ltd ('EPL') have respectively an effective holding of 40.45% and 28.61% in the share capital of Ascencia Ltd;

ENL Ltd is the majority shareholder of both Rogers and EPL;

Both ENL Ltd and EPL hereby confirm that the Board of Ascencia Ltd will systematically have a minimum of half of its Board members nominated by Rogers which shall also have the chairmanship and a casting vote;

Futhermore, for all shareholder matters concerning Ascencia Ltd, EPL shall vote in the same manner as Rogers.

# EXPLANATORY NOTES

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## 14. INVESTMENT IN JOINTLY CONTROLLED ENTITIES AND ASSOCIATED COMPANIES

### Accounting policy

Jointly controlled entities are joint arrangements whereby the parties that have joint control of the arrangement have rights to the net assets and obligations for the liabilities of the joint arrangement. It is the contractually agreed sharing of control of an arrangement which exists only when decisions about relevant activities require unanimous consent of the parties sharing control.

Associated companies are entities over which the Group has significant influence but not control, or joint control, generally accompanying a shareholding between 20% and 50% of the voting rights.

Investments in jointly controlled entities and associated companies are accounted for using the equity method. Under this method, the investment is initially recognised at cost and the carrying amount is increased or decreased to recognise the Group's share of the profit or loss of the jointly controlled entity and associate after the date of acquisition. The Group's share of its jointly controlled entity and associate's post acquisition profits or losses is recognised in the Statement of Profit or Loss and its share of post acquisition movements in reserves in Other Comprehensive Income.

Goodwill arising on the acquisition of a jointly controlled entity or an associate is included with the carrying amount of the jointly controlled entity or associate and tested annually for impairment. When the Group's share of losses exceeds the carrying amount of the investment, the latter is reported at nil value. Recognition of the Group's share of losses is discontinued except to the extent of the Group's legal and constructive obligations contracted on behalf of the jointly controlled entity or associate. If the jointly controlled entity or associate subsequently reports profits, the Group resumes recognising its share of those profits after accounting for its share of unrecognised past losses. Unrealised profits and losses are eliminated to the extent of the Group's interest in the jointly controlled entity or associate.

If the ownership interest in an associated company is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate. Dilution of gains and losses arising in investments in associates are recognised in profit or loss.

The Group discontinues the use of the equity method from the date when it ceases to have significant influence and the investment will then be measured at fair value. The Group recognises in the Statement of Profit or Loss the difference between the fair value of retained investment including any proceeds from disposal and the carrying amount of the investment at the date when significant influence is lost.

In the separate financial statements of the Company, investments in jointly controlled entities and associated companies are carried at cost. The carrying amount is reduced to recognise any impairment in the value of individual investments.

### Significant accounting judgements and estimates

Significant judgements and assumptions are made in determining whether an entity has joint control or significant influence over another entity and the type of joint arrangement. In considering the classification management considers whether control exists, the nature and structure of the relationship and other facts and circumstances.

## 14. INVESTMENT IN JOINTLY CONTROLLED ENTITIES AND ASSOCIATED COMPANIES (CONTD)

| | GROUP<br>In Rs million | 2016 | 2015 |
|---|---|---|---|
| | **Investment in jointly controlled entities** | | |
| (a) | Cost of investment in jointly controlled entities | 193.9 | 1,195.6 |
| | Share of reserves | (58.4) | 622.8 |
| | **Carrying amount of the Group's interests in jointly controlled entities** | 135.5 | 1,818.4 |
| (b) | Movement of share of net assets: | | |
| | At 01 July | 1,818.4 | 1,397.5 |
| | Additions | 120.8 | 34.3 |
| | Transfer to investment in subsidiary companies | (1,676.6) | - |
| | Disposal | (71.6) | (0.4) |
| | Share of profit for the year: | | |
| | Attributable to increase in fair value of investment property | - | 324.0 |
| | Net operating (loss) profit | (49.7) | 59.3 |
| | Share of other comprehensive income for the year | (0.6) | 3.7 |
| | Dividends | (5.2) | - |
| | **At 30 June** | 135.5 | 1,818.4 |

# EXPLANATORY NOTES

30 June 2016

## 14. INVESTMENT IN JOINTLY CONTROLLED ENTITIES AND ASSOCIATED COMPANIES (CONTD)

(c) At 30 June 2015, the Group held 50.1% in Bagaprop Limited. In July 2015, the Group acquired an additional holding of 34.9%, increasing the Group's holding in Bagaprop Limited to 85%. Bagaprop Limited is hence consolidated as a subsidiary company.

Summarised financial information for Bagaprop Limited, a major jointly controlled entity, is set out below:

| GROUP<br>In Rs million | 2016 | 2015 |
|---|---|---|
| Statement of Profit or Loss and Other Comprehensive Income | | |
| **Revenue** | - | 521.8 |
| Profit for the year | - | 758.5 |
| Other Comprehensive Income for the year | - | (0.8) |
| **Total comprehensive income for the year** | - | 757.7 |
| Share of profit | - | 380.0 |
| Share of other comprehensive income | - | (0.4) |
| **Share of total comprehensive income** | - | 379.6 |
| The above profit for the year include the following: | | |
| **Depreciation** | - | 1.7 |
| **Interest income** | - | 4.3 |
| **Interest expense** | - | 161.6 |
| **Income tax expense** | - | 22.3 |
| Reconciliation of the above summarised financial information to the carrying amount of the interest in the jointly controlled entity recognised in the financial statements: | | |
| Cost of investment | - | 1,051.4 |
| Share of reserves | - | 582.4 |
| | - | 1,633.8 |
| Excess of fair value of the share of net assets over value of shares issued | - | 42.6 |
| **Carrying amount of the Group's interest in the jointly controlled entity** | - | 1,676.4 |
| Statement of Financial Position | | |
| Non current assets | - | 5,469.6 |
| Current assets | - | 127.0 |
| **Total assets** | - | 5,596.6 |
| Capital and reserves | - | 3,346.9 |
| Non-current liabilities | - | 2,077.9 |
| Current liabilities | - | 171.8 |
| **Total equity and liabilities** | - | 5,596.6 |
| The above amounts of assets and liabilities include the following: | | |
| **Cash and cash equivalents** | - | 61.6 |
| **Current financial liabilities (excluding trade and other payables and provisions)** | - | 76.1 |
| **Non-current financial liabilities (excluding trade and other payables and provisions)** | - | 2,031.3 |



## 14. INVESTMENT IN JOINTLY CONTROLLED ENTITIES AND ASSOCIATED COMPANIES (CONTD)

(d) Summarised financial information for other jointly controlled entities is set out below:

| GROUP<br>In Rs million | 2016 | 2015 |
|---|---|---|
| (Loss) profit for the year | (99.8) | 6.5 |
| Other Comprehensive Income for the year | 2.2 | 8.2 |
| **Total comprehensive income for the year** | (97.6) | 14.7 |
| Share of (loss) profit for the year | (49.7) | 3.3 |
| Share of other Comprehensive Income for the year | (0.6) | 4.1 |
| **Share of total comprehensive income for the year** | (50.3) | 7.4 |
| **Carrying amount of the Group's interest in the other jointly controlled entities** | 135.5 | 142.0 |

(e)

| GROUP<br>In Rs million | Country of Incorporation / place of business | Statutory reporting year | % Direct Holding 2016 | % Direct Holding 2015 | Principal Activity |
|---|---|---|---|---|---|
| Axa Customer Services Ltd | Mauritius | 31.12.15 | 50.0 | 50.0 | Business process outsourcing |
| Floreal Commercial Centre Ltd | Mauritius | 30.09.15 | 50.0 | - | Property |
| Jacotet Bay Ltd | Mauritius | 30.06.16 | 50.0 | 50.0 | Property |

The above jointly controlled entities are private companies and there is no quoted market price available for their shares.

For the associated companies having different reporting date, management accounts have been prepared at 30 June 2016.

(f) In October 2015 and December 2015, the Group disposed of the 50% interest in R'Frigo Ltd and 50% interest in Edith Cavell Properties Ltd respectively. This transaction has resulted in the recognition of a gain in profit or loss, calculated as follows:

| GROUP<br>In Rs million | 2016 | 2015 |
|---|---|---|
| Proceeds of disposal | 74.4 | - |
| Less carrying value of investment on the date of loss on significant influence | (72.4) | - |
| **Gains recognised in the Statement of Profit or Loss** | 2.0 | - |

(g)

| COMPANY<br>In Rs million | 2016 | 2015 |
|---|---|---|
| At 1 July | 101.8 | 96.2 |
| Disposals | (69.5) | - |
| Reversal | 0.9 | 5.6 |
| **At 30 June** | 33.2 | 101.8 |

# EXPLANATORY NOTES

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## 14. INVESTMENT IN JOINTLY CONTROLLED ENTITIES AND ASSOCIATED COMPANIES (CONTD)

| | GROUP<br>In Rs million | 2016 | 2015 |
|---|---|---|---|
| | **Investment in associated companies** | | |
| (h) | Cost of investment in associated companies | 3,507.9 | 2,953.0 |
| | Share of reserves | 1,309.5 | 1,399.1 |
| | **Carrying amount of the Group's interest in associated companies** | 4,817.4 | 4,352.1 |
| (i) | Movement of share of net assets: | | |
| | At 01 July | 4,352.1 | 4,088.1 |
| | Additions | 554.8 | 63.2 |
| | Share of profit for the year | 88.0 | 238.0 |
| | Share of other comprehensive income for the year | (32.9) | (44.2) |
| | Dividends | (107.5) | (88.3) |
| | Excess of fair value of share of net assets over quoted price | 50.2 | - |
| | Movement in reserves (see note) | - | 104.3 |
| | Deconsolidation adjustments | (87.3) | (9.0) |
| | **At 30 June** | 4,817.4 | 4,352.1 |

Note : The amount in 2015 relates to the surplus on revaluation of its life policy fund by Swan Life Ltd and transferred to the Proprietor's Fund as a non-distributable reserves.

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

| GROUP<br>In Rs million | Year ended 30 June 2016<br>NMH | <br>Swan |
|---|---|---|
| Statement of Profit or Loss and Other Comprehensive Income | | |
| Revenue | 9,810.6 | 6,251.5 |
| (Loss) profit for the year | (45.3) | 238.2 |
| Other Comprehensive Income for the year | 40.1 | (168.9) |
| **Total Comprehensive Income for the year** | (5.2) | 69.3 |
| Share of (loss) profit | (56.7) | 69.5 |
| Share of other comprehensive income | 54.2 | (74.9) |
| **Share of total comprehensive income** | (2.5) | (5.4) |
| Statement of Financial Position | | |
| Non current assets | 28.0 | 35.0 |
| Current assets | 8.9 | 3.0 |
| **Total assets** | 36.9 | 38.0 |
| Capital and reserves | 13.7 | 2.7 |
| Non-current liabilities | 14.9 | 34.9 |
| Current liabilities | 8.3 | 0.4 |
| **Total equity and liabilities** | 36.9 | 38.0 |
| **Carrying amount of the Group's interest in the associated companies** | 2,637.9 | 1,346.6 |



## 14. INVESTMENT IN JOINTLY CONTROLLED ENTITIES AND ASSOCIATED COMPANIES (CONTD)

| GROUP<br>In Rs million | Year ended 30 June 2015<br>NMH | <br>Swan |
|---|---|---|
| Statement of Profit or Loss and Other Comprehensive Income | | |
| Revenue | 9,578.7 | 4,884.2 |
| Profit for the year | 508.7 | 260.4 |
| Other Comprehensive Income for the year | (196.0) | 238.0 |
| **Total Comprehensive Income for the year** | 312.7 | 498.4 |
| Share of profit | 96.8 | 52.3 |
| Share of Other Comprehensive Income | (78.9) | 48.7 |
| **Share of Total Comprehensive Income** | 17.9 | 101.0 |
| Statement of Financial Position | | |
| Non current assets | 28,367.2 | 34,202.3 |
| Current assets | 8,099.7 | 2,846.9 |
| **Total assets** | 36,466.9 | 37,049.2 |
| Capital and reserves | 13,948.4 | 2,814.6 |
| Non-current liabilities | 10,550.2 | 33,821.8 |
| Current liabilities | 11,968.3 | 412.8 |
| **Total equity and liabilities** | 36,466.9 | 37,049.2 |
| **Carrying amount of the Group's interest in the associated companies** | 2,442.5 | 1,376.8 |

(k) Summarised financial information for immaterial associated companies is set out below:

| GROUP<br>In Rs million | 2016 | 2015 |
|---|---|---|
| Profit for the year | 280.3 | 166.3 |
| Other Comprehensive Income for the year | (44.3) | (53.1) |
| **Total comprehensive income for the year** | 236.0 | 113.2 |
| **Carrying amount of the Group's interest in the immaterial associated companies** | 832.9 | 532.8 |

(l)

| COMPANY<br>In Rs million | 2016 | 2015 |
|---|---|---|
| At 1 July | 2,838.0 | 2,776.6 |
| Additions | 293.2 | 61.5 |
| Disposals | - | (0.1) |
| At 30 June | 3,131.2 | 2,838.0 |

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## 14. INVESTMENT IN JOINTLY CONTROLLED ENTITIES AND ASSOCIATED COMPANIES (CONTD)

The following associated companies have been included in the consolidated financial statements:

| | Country of Incorporation / Place of business | Statutory reporting year | % of effective holding 2016 | % of effective holding 2015 | Principal activity |
|---|---|---|---|---|---|
| ** Air Cargo Service Madagascar Ltd | Madagascar | 31.12.15 | 50.0 | - | Ground handling services |
| **Bioculture (Mauritius) Ltd | Mauritius | 30.06.16 | 16.4 | - | Breeding and export of primates |
| Blue Connect Ltd | Mauritius | 30.09.15 | 30.0 | 30.0 | Business process outsourcing |
| Blue Frog Limited | Mauritius | 30.06.16 | 27.3 | 27.3 | Procurement Management |
| Enatt Ltd | Mauritius | 30.06.16 | 21.3 | 21.3 | Property Management company |
| *ESP Landscapers | Mauritius | 30.06.16 | 7.5 | 7.5 | Landscaping services |
| *Espral Co Ltd | Mauritius | 30.06.16 | 7.5 | 7.5 | Property development |
| FPHL Infra Ltd | Mauritius | 30.06.16 | 49.0 | 49.0 | Investment |
| Lagoona Cruise Ltd | Mauritius | 30.06.16 | 33.3 | 33.3 | Boat Cruises activities |
| Island Bulk Carriers Pte Ltd | Singapore | 31.12.15 | 11.9 | 11.9 | Shipping activities |
| **Mall of Mauritius at Bagatelle Ltd | Mauritius | 30.06.16 | 25.0 | - | Property |
| Le Morne Development Corporation Ltd | Mauritius | 30.09.15 | 20.0 | 20.0 | Property |
| Mauritian Coal and Allied Services Company Ltd | Mauritius | 30.09.15 | 25.6 | 25.6 | Coal supplier |
| Mautourco Ltd | Mauritius | 30.09.15 | 49.0 | 49.0 | Vehicle rental and tours |
| Mozambique Airport Handling Services Limitada | Mozambique | 30.09.15 | 29.0 | 29.0 | Ground handling services |
| New Mauritius Hotels Limited | Mauritius | 30.09.15 | 19.3 | 17.7 | Hotels |
| Reliance Facilities Ltd | Mauritius | 30.06.16 | 49.0 | 49.0 | Security services |
| Reliance Security Services Ltd | Mauritius | 30.06.16 | 49.0 | 49.0 | Security services |
| Reliance Systems Ltd | Mauritius | 30.06.16 | 49.0 | 49.0 | Security services |
| *Sainte Marie Crushing Plant Ltd | Mauritius | 30.06.16 | 8.8 | 8.8 | Manufacture and Sale of Building materials |
| Société Grande Castagnole | Mauritius | 30.09.15 | 49.0 | 49.0 | Investment |
| Société Pur Blanca | Mauritius | 30.09.15 | 49.0 | 49.0 | Investment |
| Swan Financial Solutions Ltd | Mauritius | 31.12.15 | 20.0 | 20.0 | Insurance |
| Swan General Ltd | Mauritius | 31.12.15 | 28.8 | 28.8 | Insurance |
| White Palm Ltd | Mauritius | 30.09.15 | 49.0 | 49.0 | Vehicle rental and tours |

All the above associates are accounted for using the equity method.

Rogers and Company Ltd holds directly 19.3% interests in NMH and its parent company owns directly 10.6%. Both companies exercise significant influence over the affairs of NMH. As a consequence, RCL reports its 19.3% interest as an associate despite the fact that the Group's ownership is less than 20%.

As at 30 June 2016, the fair value of the Group interest in New Mauritius Hotel Limited and Swan General Ltd which are listed on the Stock Exchange of Mauritius were Rs 1,884.2m and Rs 723.1m respectively (2015 Rs 1,751.7m and Rs 859.2m respectively) based on the quoted market price available, which is a level 1 input in terms of IFRS 13.

*Significant influence obtained through subsidiaries

**Associate consolidated in 2016

## 15. INVESTMENT IN FINANCIAL ASSETS

### Accounting policy

#### Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables originated by the enterprises and the classification depends on the purpose of the financial asset.

- Available-for-sale investments

Available-for-sale assets are non-derivative investments and other assets that are either designated in this category or not classified in any of the other categories. Available-for-sale assets are included in non-current assets unless management intends to dispose of them within 12 months of the period-end date.

- Loans and receivables originated by the enterprise

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months after the period-end date where these are classified as non-current assets.

#### Recognition and measurement

Purchases and sales of financial assets are recognised on their trade date, which is the date when the Group contracts with the purchaser or seller. Financial assets are initially recognised at cost. Transaction costs are included for all financial instruments not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash have expired or have been transferred and the Group has transferred substantially all risks and rewards.

Financial assets classified as available-for-sale are subsequently carried at fair value. Unrealised gains and losses arising from changes in the fair value are recognised in other comprehensive income. When available-for-sale assets are sold or impaired, the accumulated fair value adjustments are included in the statement of profit or loss as gains and losses from investments.

Financial instruments classified as loans and receivables and amortised cost are subsequently measured using the effective interest method.

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

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

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

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

# EXPLANATORY NOTES

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## 15. INVESTMENT IN FINANCIAL ASSETS (CONTD)

(a)

| GROUP<br>In Rs million | Level 1 | Level 3 | 2016<br>Total | 2015<br>Total |
|---|---|---|---|---|
| **Non-current** | | | | |
| Available-for-sale investments | | | | |
| At 1 July | 61.8 | 180.8 | 242.6 | 345.9 |
| Additions | 333.2 | - | 333.2 | 15.2 |
| Disposals | - | (1.2) | (1.2) | (30.7) |
| Change in fair value | 23.6 | 28.8 | 52.4 | (87.8) |
| **At 30 June** | 418.6 | 208.4 | 627.0 | 242.6 |
| **Current** | | | | |
| Loans and receivables originated by the enterprise | | | | |
| At 1 July | - | 200.0 | 200.0 | 67.2 |
| Loans granted | - | - | - | 200.0 |
| Loans repaid | - | (200.0) | (200.0) | (67.2) |
| **At 30 June** | - | - | - | 200.0 |
| **Total investment in financial assets** | 418.6 | 208.4 | 627.0 | 442.6 |

(b)

| COMPANY<br>In Rs million | Level 1 | Level 3 | 2016<br>Total | 2015<br>Total |
|---|---|---|---|---|
| **Non-current** | | | | |
| Available for sale investments | | | | |
| At 1 July | 58.5 | 170.2 | 228.7 | 314.5 |
| Additions | 333.1 | - | 333.1 | 1.5 |
| Change in fair value | 22.6 | 28.8 | 51.4 | (87.3) |
| **At 30 June** | 414.2 | 199.0 | 613.2 | 228.7 |
| **Current** | | | | |
| Loans and receivables originated by the enterprise | | | | |
| At 1 July | - | 200.0 | 200.0 | 67.2 |
| Loans granted | - | - | - | 200.0 |
| Loans repaid | - | (200.0) | (200.0) | (67.2) |
| **At 30 June** | - | - | - | 200.0 |
| **Total investment in financial assets** | 414.2 | 199.0 | 613.2 | 428.7 |

## 16. BIOLOGICAL ASSETS

### Accounting policy

Bearer biological assets comprise of cane replantation costs and anthurium plants. Cane replantation costs are capitalised and amortised over a period of seven years, one year after the expenses have been incurred. Anthurium plants are valued at cost less amortisation.

Consumable biological assets are stated at their fair values less costs to sell and relate to the value of standing crop, deer farming and palm trees.

### Significant accounting judgements and estimates

Bearer biological assets have been estimated based on the cost of land preparation and planting costs of bearer canes and anthurium plants.

Consumable biological assets are stated at their fair values less costs to sell and relate to the value of standing crop, deer farming and palm trees. The fair value of consumable biological assets has been arrived at by discounting the present value of expected net cash flows from standing canes at the relevant market determined pre-tax rate.

The expected cash flows have been computed by estimating the expected crop and the sugar extraction rate and the forecasts of sugar prices which will prevail in the coming year. The harvesting costs and other direct expenses are based on the yearly budgets.

The fair value measurements for standing canes have been categorised as Level 3 fair values based on the inputs to the valuation techniques used.

| GROUP<br>In Rs million | 2016 | 2015 |
|---|---|---|
| Bearer Biological Assets | | |
| **Cost** | | |
| At 1 July | 80.0 | 83.7 |
| Expenditure during the year | 2.9 | 4.9 |
| Disposals | - | (8.6) |
| **At 30 June** | 82.9 | 80.0 |
| **Amortisation** | | |
| At 1 July | 61.4 | 66.6 |
| Charge for the year | 2.7 | 3.4 |
| Disposal adjustments | - | (8.6) |
| **At 30 June** | 64.1 | 61.4 |
| **Carrying value** | | |
| **At 30 June** | 18.8 | 18.6 |
| **Consumable Biological Assets** | 90.7 | 96.5 |

At 30 June 2016, standing canes comprised approximately 601 hectares of cane plantations (2015: 541 hectares).

During the year, the Group harvested approximately 44,350 tonnes of canes (2015: 45,236 tonnes of canes).

# EXPLANATORY NOTES

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## 17. NON-CURRENT RECEIVABLE

### Accounting policy

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

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| In Rs million | 2016 | 2015 | 2016 | 2015 |
| Loan receivable from subsidiary companies | - | - | 987.1 | 1,005.2 |
| Loan receivable from other companies | 84.7 | 137.5 | 28.2 | 81.6 |
| **Total non-current receivable** | 84.7 | 137.5 | 1,015.3 | 1,086.8 |

The carrying amount of long term loans receivable approximate their fair values, are unsecured and are repayable by instalments after more than one year.

## 18. DEFERRED EXPENDITURE

### Accounting policy

Voluntary Retirement Scheme (VRS)

VRS costs (net of receipts from Sugar Reform Trust), together with the costs of land and provision for infrastructure costs have been capitalised and amortised over a maximum period of five years. Any profit realised on sale of land under VRS is credited to the deferred expenditure account up to the total standing on this account. Any surplus is credited to the Statement of Profit or Loss.

Premium on Leasehold Land

Premium paid on leasehold land is accounted for as deferred expenditure and is debited to the Statement of Profit or Loss over the number of years remaining on those leases.

Others

In order to match cost and revenue of providing services over the period of the contract, certain expenditure related thereto is deferred. Professional fees are included in other deferred expenditure and will be released over the contract period.

| GROUP<br>In Rs million | Sugar Industry Voluntary Retirement Scheme | Premium on leasehold land | Others | Total |
|---|---|---|---|---|
| **Cost** | | | | |
| At 1 July 2015 | 50.4 | 29.9 | 190.3 | 270.6 |
| Exchange differences | - | - | 2.1 | 2.1 |
| Transfers | - | - | 58.9 | 58.9 |
| **At 30 June 2016** | 50.4 | 29.9 | 251.3 | 331.6 |
| **Amortisation** | | | | |
| At 1 July 2015 | 50.4 | 9.8 | 113.4 | 173.6 |
| Charge for the year | - | 0.2 | - | 0.2 |
| Exchange differences | - | - | 0.7 | 0.7 |
| Transfers | - | 0.8 | 6.1 | 6.9 |
| **At 30 June 2016** | 50.4 | 10.8 | 120.2 | 181.4 |
| **Carrying value** | | | | |
| **At 30 June 2016** | - | 19.1 | 131.1 | 150.2 |
| **At 30 June 2015** | - | 20.1 | 76.9 | 97.0 |

# EXPLANATORY NOTES

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## 19. INVENTORIES

### Accounting policy

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

Cost is determined at the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads, but excludes interest expenses.

Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

| GROUP<br>In Rs million | 2016 | 2015 |
|---|---|---|
| Raw Materials and consumables | 86.5 | 49.0 |
| Goods for resale | 194.3 | 135.5 |
| Work in progress | 8.1 | 27.5 |
| **Total inventories** | 288.9 | 212.0 |
| **Carrying value of inventories pledged** | 288.9 | 212.0 |
| Value of inventories at cost | 288.9 | 212.0 |

Work in progress relates mainly to costs incurred to date on the construction of villas in Les Villas de Bel Ombre Ltée.

## 20. TRADE AND OTHER RECEIVABLES

### Accounting policy

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment.

The Group has an established credit policy under which new customers are analysed individually for credit worthiness for each business activity before the Group's standard payment, delivery terms and conditions are offered. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group upon lodging of a Bank Guarantee as a security document or on a strictly pre-paid (cleared funds) only basis.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written-off. An impairment provision for receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivable. The amount of the provision is recognised in profit or loss.

Other debtors are reviewed on an ongoing basis and are written down to their recoverable amount when this amount is in excess of their carrying value.

## 20. TRADE AND OTHER RECEIVABLES (CONTD)

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| In Rs million | 2016 | 2015 | 2016 | 2015 |
| Trade receivables | 1,878.1 | 1,515.5 | 7.5 | 4.2 |
| Less impairment | (197.1) | (109.0) | (3.6) | (3.8) |
| **Carrying value of trade receivables** | 1,681.0 | 1,406.5 | 3.9 | 0.4 |
| Prepayments | 120.8 | 92.2 | 1.5 | 2.0 |
| Receivable from associated companies | 19.5 | 22.4 | 3.8 | 2.1 |
| Other receivables | 1,285.1 | 776.1 | 113.9 | 11.6 |
| **Total trade and other receivables** | 3,106.4 | 2,297.2 | 123.1 | 16.1 |
| The carrying amount of the receivables is considered as a reasonable approximation of fair value. | | | | |
| Ageing of trade receivables | | | | |
| Less than 3 months | 1,559.8 | 1,283.3 | 3.9 | - |
| Impairment | - | - | - | - |
| **Carrying value of trade receivables less than 3 months** | 1,559.8 | 1,283.3 | 3.9 | - |
| More than 3 months | 85.1 | 66.8 | - | 0.4 |
| Impairment | (5.1) | - | - | - |
| **Carrying value of trade receivables more than 3 months** | 80.0 | 66.8 | - | 0.4 |
| More than 6 months | 233.2 | 165.4 | 3.6 | 3.8 |
| Impairment | (192.0) | (109.0) | (3.6) | (3.8) |
| **Carrying value of trade receivables more than 6 months** | 41.2 | 56.4 | - | - |
| **Carrying value of trade receivables** | 1,681.0 | 1,406.5 | 3.9 | 0.4 |
| Impairment of trade receivables | | | | |
| At 1 July | (109.0) | (108.3) | (3.8) | (3.8) |
| Provision made during the year | (42.5) | (6.6) | - | - |
| Written off during the year | (32.0) | - | - | - |
| Release of provision | 26.9 | - | 0.2 | - |
| Acquisition of subsidiaries | (40.5) | - | - | - |
| Deconsolidation of group companies | - | 5.9 | - | - |
| **At 30 June** | (197.1) | (109.0) | (3.6) | (3.8) |

## 21. AMOUNTS RECEIVABLE FROM GROUP COMPANIES

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| In Rs million | 2016 | 2015 | 2016 | 2015 |
| **Subsidiary companies** | - | - | 395.9 | 636.4 |

# EXPLANATORY NOTES

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## 22. SHARE CAPITAL AND RESERVES

### Accounting policy

Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as deduction, net of tax, 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.

Capital reserves

The capital reserves include movement in reserves resulting from statutory obligations

Revaluation reserves

The revaluation reserves comprise the cumulative net change in the fair value of available-for-sale financial assets until the assets are derecognised or impaired and the gains / losses arising on revaluation of properties.

Translation reserves

The foreign currency translation reserves record the foreign currency differences arising from the translation of the financial statements of foreign operations. The effective portion of the cumulative net change in fair value of hedging instruments related to cash flow hedged transactions that have not yet occurred are recorded in translation reserves.

| COMPANY | Issued and Fully Paid | |
|---|---|---|
| In Rs million | 2016 | 2015 |
| Authorised | | |
| **At 30 June** | 1,260.2 | 1,260.2 |
| Issued and fully paid | | |
| At 1 July | 1,260.2 | 252.0 |
| Issue of bonus shares (201,636,240 ordinary shares of no par value) | - | 1,008.2 |
| **At 30 June** | 1,260.2 | 1,260.2 |

At a special meeting of the Company held on 01 December 2014, the shareholders approved that:

(a) each ordinary share be split into two;

(b) a sum of Rs 1,008,181,200 representing the capital reserves and part of the retained earnings of the Company, be capitalised and used for the distribution, by way of a bonus issue of 201, 636, 240 ordinary shares, free of charge and ranking pari passu with the existing shares of the Company;

(c) the Bonus shares be allotted and distributed in the proportion of four new ordinary shares for every one ordinary share;

(d) following the Share Split and the Bonus Issue, the share capital of the Company shall amount to Rs 1,260,226,500 made up of 252,045,300 ordinary shares.

## 23. NON-CONTROLLING INTERESTS

### Accounting policy

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

The Group accounts for transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share of the carrying value of the net assets of the subsidiary acquired is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(a) Substantial Non-Controlling Interests (NCI) are in:

| GROUP | | 2016 | 2015 |
|---|---|---|---|
| Name of entity | Segment | NCI % holding | |
| Rogers Capital Ltd (RC) | Financial Services | 40.00% | 40.00% |
| VLH Holding Ltd (VLH) | Hotels | 23.99% | 23.99% |
| Logistics Holding Co Ltd (LHL) | Logistics | 33.77% | 33.33% |
| Ascencia Ltd (Ascencia) | Property | 59.55% | 57.73% |
| Cie Sucrière de Bel Ombre Ltd (CSBO) | Real Estate & Agribusiness | 62.74% | 62.74% |

# EXPLANATORY NOTES

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## 23. NON-CONTROLLING INTERESTS (CONTD)

(b) Summarised financial information before intra-group elimination:

| GROUP<br>In Rs million | RC | VLH | LHL | Ascencia | CSBO |
|---|---|---|---|---|---|
| **30 June 2016** | | | | | |
| Statements of Profit or Loss and Other Comprehensive Income | | | | | |
| **Revenue** | 354.2 | 2,240.4 | 3,824.4 | 1,174.8 | 724.0 |
| Profit (loss) for the year | 36.5 | 177.2 | 99.9 | 713.5 | (79.3) |
| Other comprehensive income for the year | 0.5 | 9.4 | (3.3) | - | 13.3 |
| **Total comprehensive income for the year** | 37.0 | 186.6 | 96.6 | 713.5 | (66.0) |
| Profit (loss) attributable to NCI | 25.1 | 45.0 | 50.5 | 417.8 | (57.6) |
| Other comprehensive income attributable to NCI | 0.3 | 2.3 | (0.9) | - | 10.3 |
| **Total comprehensive income attributable to NCI** | 25.4 | 47.3 | 49.6 | 417.8 | (47.3) |
| **Dividends paid to NCI** | 27.0 | 18.5 | 27.9 | 82.4 | 35.6 |
| Non current assets | 385.0 | 5,489.7 | 3,252.7 | 12,777.0 | 5,092.7 |
| Current assets | 188.0 | 3,518.8 | 1,971.9 | 593.0 | 615.4 |
| Non current liabilities | 158.4 | 988.0 | 1,125.6 | 4,401.6 | 409.7 |
| Current liabilities | 231.6 | 3,598.1 | 1,517.8 | 667.7 | 675.7 |
| **Accumulated NCI** | (78.9) | 660.9 | 365.7 | 1,168.5 | 2,173.2 |
| Statements of Cash Flows | | | | | |
| Net cash flow from (used in) operating activities | 100.8 | 368.0 | 50.1 | 363.8 | (80.8) |
| Net cash flow used in investing activities | (2.3) | (312.3) | (472.7) | (1,867.8) | (25.8) |
| Net cash flow (used in) from financing activities | (69.8) | (66.3) | 509.9 | 1,647.0 | (65.3) |
| **Net increase (decrease) in cash and cash equivalents** | 28.7 | (10.6) | 87.3 | 143.0 | (171.9) |

## 23. NON-CONTROLLING INTERESTS (CONTD)

(b) Summarised financial information before intra-group elimination (contd):

| GROUP<br>In Rs million | RC | VLH | LHL | Ascencia | CSBO |
|---|---|---|---|---|---|
| **30 June 2015** | | | | | |
| Statements of Profit or Loss and Other Comprehensive Income | | | | | |
| **Revenue** | 156.5 | 1,860.0 | 3,406.2 | 417.6 | 1,124.6 |
| Profit for the year | 29.9 | 75.6 | 70.0 | 528.4 | 161.7 |
| Other comprehensive income for the year | - | 0.8 | 4.7 | - | 88.0 |
| **Total comprehensive income for the year** | 29.9 | 76.4 | 74.7 | 528.4 | 249.7 |
| Profit attributable to NCI | 19.5 | 19.7 | 35.0 | 300.3 | 130.5 |
| Other comprehensive income attributable to NCI | - | 0.2 | 3.2 | - | 69.6 |
| **Total comprehensive income attributable to NCI** | 19.5 | 19.9 | 38.2 | 300.3 | 200.1 |
| **Dividends paid to NCI** | 4.6 | 4.0 | 23.0 | 43.9 | 36.5 |
| Statements of Financial Position | | | | | |
| Non current assets | 327.6 | 5,487.5 | 2,712.2 | 4,730.2 | 5,030.4 |
| Current assets | 140.2 | 3,297.1 | 1,612.5 | 199.8 | 643.8 |
| Non current liabilities | 7.9 | 1,254.8 | 747.4 | 1,040.1 | 359.8 |
| Current liabilities | 373.1 | 3,222.0 | 1,342.1 | 267.9 | 556.0 |
| **Accumulated NCI** | (80.8) | 632.1 | 315.4 | 2,091.0 | 2,173.2 |
| Statements of Cash Flows | | | | | |
| Net cash flow from operating activities | 41.6 | 231.1 | 113.2 | 10.3 | 171.8 |
| Net cash flow (used in) from investing activities | (260.3) | (1,204.4) | (207.8) | (12.3) | 2.2 |
| Net cash flow from (used in) financing activities | 254.2 | 965.5 | (2.8) | 3.5 | 38.1 |
| **Net increase (decrease) in cash and cash equivalents** | 35.5 | (7.8) | (97.4) | 1.5 | 212.1 |

# EXPLANATORY NOTES

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## 24. CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES THAT DO NOT RESULT IN A LOSS OF CONTROL

During the year the Group effected the following changes in proportion of effective ownership interests in subsidiaries that do not result in a loss of control. The net impact of these changes in shareholding resulted in an increase of Rs 6m in retained earnings and an increase of Rs 11m in non-controlling interests.

| Name of entity | From % | To % |
|---|---|---|
| **AVIATION** | | |
| Resaplanet Ltd | 90.0 | 80.5 |
| Travelia S.A.R.L | 90.0 | 80.5 |
| **FINANCIAL SERVICES** | | |
| Acorn International Limited | 42.0 | 42.6 |
| City Executives Limited | 42.0 | 42.6 |
| Denning Ltd | 45.6 | 42.6 |
| Kross Border Corporate Services Ltd | 42.0 | 42.6 |
| Kross Border Financial Services Ltd | 42.0 | 42.6 |
| Kross Border Financial Services - Nominee Ltd | 42.0 | 42.6 |
| Kross Border Holdings Limited | 42.0 | 42.6 |
| Tabla Ltd | 45.6 | 42.6 |
| **LOGISTICS** | | |
| Associated Container Services Ltd | 65.7 | 66.7 |
| Cargo Express Madagascar S.A.R.L. | 66.7 | 66.2 |
| Velogic Haulage Services Ltd | 52.6 | 53.4 |
| FOM Warehouse Ltd | 49.7 | 83.0 |
| Freeport Operations (Mtius) Ltd | 65.7 | 65.3 |
| Logistics Solution Ltd | 65.7 | 66.7 |
| MTL Logistics and Distribution Co Ltd | 65.7 | 66.7 |
| P.A.P.O.L.C.S. Ltd | 32.0 | 31.8 |
| Papol Holding Limited | 40.0 | 39.7 |
| Rogers International Distribution Services Limitada | 66.7 | 66.2 |
| Rogers International Distribution Services S.A. | 66.7 | 66.2 |
| Rogers International Distribution Services S.A.R.L. | 66.7 | 66.2 |
| Rogers Logistics International Ltd | 66.7 | 66.2 |
| Rogers Logistics Services Company Ltd | 66.7 | 66.2 |
| Rogers Shipping Ltd | 45.8 | 45.5 |
| Rogers Shipping Pte Ltd | 34.0 | 33.8 |
| Société du Port | 48.4 | 100.0 |
| Southern Marine & Co Ltd | 45.8 | 45.5 |
| Sukpak Ltd | 46.7 | 46.4 |
| Transworld International Ltd | 66.7 | 66.2 |
| Velogic Depot and Warehouse Ltd | 66.7 | 66.2 |
| Velogic Garage Services Ltd | 52.6 | 53.4 |
| Velogic India Private Ltd | 66.7 | 66.2 |
| Velogic Holding Company Ltd | 66.7 | 66.2 |
| Velogic Sea Frigo R'Frigo S.A. | 66.7 | 66.2 |
| Velogic Ltd | 66.7 | 66.2 |
| **PROPERTY** | | |
| Ascencia Limited | 42.3 | 40.5 |
| Bagaprop Limited | 34.6 | 34.4 |
| Gardens of Bagatelle Ltd | 40.8 | 40.5 |

## 25. DIVIDENDS

| **COMPANY**<br>In Rs million | 2016 | 2015 |
|---|---|---|
| Declared and paid | | |
| Interim dividend of Rs 0.32 per ordinary share (2015: Rs 0.30) | 80.7 | 75.6 |
| Declared and payable | | |
| Final dividend of Rs 0.56 per ordinary share (2015: Rs 0.54) | 141.1 | 136.1 |
| **Total dividends** | 221.8 | 211.7 |

A final dividend of Rs 0.56 per share was declared on 21 June 2016 and paid on 29 July 2016. An amount of Rs 141.1m has been included in current liabilities at 30 June 2016.

## EXPLANATORY NOTES

30 June 2016

### 26. BORROWINGS

**Accounting policy**

Borrowings are recognised initially at fair value and subsequently measured at amortised cost. Transaction costs incurred are included for those not held at fair value through profit or loss. Transaction costs are incremental costs that are directly attributable to the initiation of the borrowings. Borrowings are subsequently stated at amortised cost, with any difference between the proceeds (net of transaction costs) and the redemption value recognised in the statement of profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the period-end date.

Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the Statement of Profit or Loss unless they are attributable to qualifying assets in which case, they are capitalised in accordance with the policy of borrowing costs.

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| In Rs million | 2016 | 2015 | 2016 | 2015 |
| (a) Non-current | | | | |
| Bank borrowings - Secured (note b) | 4,639.1 | 1,580.3 | 50.0 | 70.0 |
| - Unsecured | 338.4 | 13.3 | - | - |
| Secured floating rate notes (note d) | 1,500.0 | 1,500.0 | 1,500.0 | 1,500.0 |
| Convertible preference shares (note e) | 183.9 | - | - | - |
| Debentures (note f) | 154.8 | - | - | - |
| Loans from subsidiary companies | - | - | 14.0 | 14.0 |
| Loans from other companies | 304.1 | 304.1 | 304.1 | 304.1 |
| Finance lease obligations (note g) | 87.8 | 85.2 | 0.8 | 1.3 |
| **Total non-current borrowings** | 7,208.1 | 3,482.9 | 1,868.9 | 1,889.4 |
| Current | | | | |
| Bank overdrafts | 327.6 | 226.4 | 0.2 | 105.4 |
| Bank borrowings (note b) | 1,149.8 | 518.8 | 960.0 | 445.0 |
| Loans from subsidiary companies | - | - | 39.0 | 19.5 |
| Loans from other companies | 73.8 | 57.1 | 73.9 | 57.1 |
| Finance lease obligations (note g) | 43.4 | 33.9 | 0.5 | 0.5 |
| Total current borrowings | 1,594.6 | 836.2 | 1,073.6 | 627.5 |
| **Total borrowings** | 8,802.7 | 4,319.1 | 2,942.5 | 2,516.9 |

(b) These loans are secured by fixed and floating charges on the assets of the borrowing companies. The carrying amount of long term loans approximate their fair values and the rates of interest vary between 3.0 % and 8.0 %. (2015: 2.0% and 9.0%).

The carrying amounts of borrowings are not materially different from their fair values, which are based on cash flows discounted using the borrowings rate and are within level 2 of the fair value hierarchy.

### 26. BORROWINGS (CONTD)

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| In Rs million | 2016 | 2015 | 2016 | 2015 |
| (c) Repayable otherwise than by instalments | | | | |
| After one year and before two years | 306.0 | - | 300.0 | - |
| After two years and before five years | 4.1 | 304.1 | 18.1 | 318.1 |
| Secured floating rate notes | 500.0 | - | 500.0 | - |
| After five years | | | | |
| Secured floating rate notes | 1,000.0 | 1,500.0 | 1,000.0 | 1,500.0 |
| Repayable by instalments | | | | |
| After one year and before two years | 593.5 | 203.7 | - | - |
| After two years and before five years | 1,339.5 | 632.9 | 50.0 | 70.0 |
| After five years | 3,191.3 | 757.0 | - | - |
| **Total non-current borrowings net of finance lease obligations** | 6,934.4 | 3,397.7 | 1,868.1 | 1,888.1 |

(d) Secured floating rate notes

On 16 March 2015, the Company issued 30,000 secured floating rate notes on private placement as follows:

| Note description | Maturity | Interest rate |
|---|---|---|
| Tranche A (10,000 notes at Rs50,000 per note) | 16 March 2021 | Reference Bank of Mauritius repo rate + 1.35% p.a |
| Tranche B (10,000 notes at Rs50,000 per note) | 16 March 2023 | Reference Bank of Mauritius repo rate + 1.85% p.a |
| Tranche C (10,000 notes at Rs50,000 per note) | 16 March 2025 | Reference Bank of Mauritius repo rate + 2.35% p.a |

These notes are secured by a floating charge over all the assets of the Company and the subsidiaries being financed.

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30 June 2016

## 26. BORROWINGS (CONTD)

(e) Convertible preference shares to non-group entities

Ascencia Ltd, a subsidiary company issued 13,934,489 convertible non-voting preference shares at an issue price of Rs 13.20 each, totalling Rs 183.9m. The main purpose of this issue was to raise funds to :

(i) acquire additional holding of 34.90% in Bagaprop Ltd, the holding entity of Bagatelle Mall of Mauritius.

(ii) acquire a 100% holding in Gardens of Bagatelle, the holding entity of Bagatelle Office Park.

(iii) settle transaction costs associated with the above acquisitions and private placement.

On 30 June 2016, preference shares have been converted to Class A ordinary shares for an amount of Rs 71.5m.

Sailent features of the convertible preference shares are as follows:

Preference shares shall be converted mandatorily on the 30th June of every financial year over 5 consecutive years into Class A ordinary shares of the subsidiary company without paying any additional fee.

The preference shares yield a dividend of 6.0% per financial year over 5 consecutive years, payable out of the profits of the subsidiary company and in priority to dividends payable to Class A ordinary shareholders and Class B ordinary shareholders. Dividend distribution shall be paid in June of each financial year.

Preference shareholders will not have the right to receive notice of, or attend, or vote on a poll at the shareholders' meetings of the subsidiary company.

The right to an equal share in the distribution of surplus assets among non-convertible preference shareholders on winding up, payable in priority to the holders of ordinary shares.

The convertible non-voting preference shares shall constitute unsecured and subordinated obligations of the subsidiary company and shall accordingly rank junior to all secured and unsubordinated creditors of the subsidiary company but ahead of Class A ordinary shares and Class B ordinary shares.

(f) Debentures to non group entities

During the year under review, Ascencia Ltd, a subsidiary company issued 12,902,306 redeemable bonds at an issue price of Rs 12.00 each, totalling Rs 154.8m.

Sailent features of the debentures are as follows:

A coupon rate of 6.0% per annum in respect of each financial year over 10 consecutive years, will be paid to Bondholders out of the profits of the Company. This will be paid in priority to dividends payable to Class A ordinary shareholders, Class B ordinary shareholders and preference shareholders. Coupon payment shall be paid in June of each financial year.

Bondholders will not have the right to receive notice of, or attend, or vote on a poll at the shareholders' meetings of the Company.

Bonds shall be redeemed automatically on the 30th June of every financial year over 5 consecutive years starting 30 June 2021, without paying any additional fee.

## 26. BORROWINGS (CONTD)

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| In Rs million | 2016 | 2015 | 2016 | 2015 |
| (g) Finance lease obligations | | | | |
| Within one year | 42.3 | 41.2 | 0.5 | 0.5 |
| After one year and before two years | 41.3 | 34.1 | 0.8 | 0.5 |
| After two years and before five years | 54.7 | 46.5 | - | 0.8 |
| After five years | 6.0 | 5.9 | - | - |
| Finance lease liabilities - minimum lease payments | 144.3 | 127.7 | 1.3 | 1.8 |
| Future finance charges | (13.1) | (8.6) | - | - |
| **Present value of finance lease obligations** | 131.2 | 119.1 | 1.3 | 1.8 |
| Within one year | 43.4 | 33.9 | 0.5 | 0.5 |
| After one year and before two years | 38.0 | 36.1 | 0.8 | 0.5 |
| After two years and before five years | 43.9 | 44.1 | - | 0.8 |
| After five years | 5.9 | 5.0 | - | - |
| **Present value of finance lease obligations** | 131.2 | 119.1 | 1.3 | 1.8 |

Finance lease arrangement includes contract for the leasing of motor vehicles and equipment. At the expiry of the lease period, the lessee may purchase the equipment upon payment of the residual value. The lessor will have recourse to repossession of the asset upon default. No other restriction is stipulated.

# EXPLANATORY NOTES

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## 27. DEFERRED TAX LIABILITIES

### Accounting policy

Deferred tax

Deferred tax liabilities are provided in respect of taxable temporary differences, using tax rates that have been enacted or substantively enacted at the reporting date and are expected to apply in the year when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax assets arising from unused tax losses are recognised only to the extent that realisation of the related tax benefit is probable.

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

### Significant accounting judgements and estimates

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

| GROUP<br>In Rs million | | 2016 | 2015 |
|---|---|---|---|
| (a) | At 1 July | 240.2 | 215.4 |
| | Charged to Statement of Profit or Loss | 64.8 | 19.0 |
| | Acquisition of group companies | 63.9 | 5.8 |
| | **At 30 June** | 368.9 | 240.2 |

(b) The movement in deferred tax liabilities during the year is as follows:

| GROUP<br>In Rs million | Accelerated Capital Allowance | Retirement Benefit Obligation | Impairment Loss / Fair Value | Total |
|---|---|---|---|---|
| At 1 July 2014 | 186.6 | (0.4) | 29.2 | 215.4 |
| (Released) charged to Statement of Profit or Loss | (65.1) | (5.6) | 89.7 | 19.0 |
| Acquisition of group companies | 5.8 | - | - | 5.8 |
| **At 30 June 2015** | 127.3 | (6.0) | 118.9 | 240.2 |
| Charged to Statement of Profit or Loss | 14.5 | 1.8 | 48.5 | 64.8 |
| Acquisition of group companies | 13.1 | - | 50.8 | 63.9 |
| **At 30 June 2016** | 154.9 | (4.2) | 218.2 | 368.9 |

## 28. RETIREMENT BENEFIT OBLIGATIONS

### Accounting policy

Defined benefit pension plans and other retirement benefits

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, year of service and compensation.

The present value of retirement benefit obligations is recognised in the Statement of Financial Position as a non-current liability after adjusting for the fair value of plan assets. The assessment of these obligations is carried out annually by an independent firm of consulting actuaries, using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using rates on government bonds.

Remeasurement of the net defined benefit liability, which comprise 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 the Statement of Profit or Loss and Other Comprehensive Income in the year in which they occur. Remeasurements recognised in the Statement of Profit or Loss and Other Comprehensive Income shall not be reclassified to the Statement of Profit or Loss in subsequent year.

The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the year by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual year to the net defined benefit liability (asset), taking into account any changes in the net defined liability (asset) during the year as a result of contributions and benefits payments. Net interest expense (income) is recognised in the Statement of Profit or Loss.

Service costs comprising current service cost, past service cost as well as gains and losses on curtailments and settlements are recognised immediately in the Statement of Profit or Loss.

State plan and defined contribution pension plans

Contributions to the National Pension Scheme and the Group's defined contribution pension plan are expensed to the Statement of Profit or Loss in the year in which they fall due.

*Gratuity on retirement*

For employees who are not covered (or who are insufficiently covered by the above pensions plans), the net present value of gratuity on retirement payable under the Employment Rights Act 2008 is calculated by a qualified actuary and provided for. The obligations arising under this item are not funded.

### Significant accounting judgements and estimates

The present value of retirement benefit obligations is recognised in the Statement of Financial Position as a non-current liability after adjusting for the fair value of plan assets, any unrecognised actuarial gains and losses and any unrecognised past service cost. The assessment of these obligations is carried out annually by an independent firm of consulting actuaries. The actuarial valuation involves making assumptions on discount rates, future pension increases, mortality rates, salary increases and expected rates of return on plan assets.

# EXPLANATORY NOTES

30 June 2016

## 28. RETIREMENT BENEFIT OBLIGATIONS (CONTD)

| In Rs million | GROUP 2016 | GROUP 2015 | COMPANY 2016 | COMPANY 2015 |
|---|---|---|---|---|
| Amounts recognised in the Statements of Financial Position | | | | |
| Pension plan (note a) | 18.4 | (9.1) | (28.5) | (51.6) |
| Other retirement benefits (note b) | 162.5 | 175.8 | 53.6 | 56.2 |
| **Total retirement benefit obligations** | 180.9 | 166.7 | 25.1 | 4.6 |

(a) Pension plan

The Group runs a defined contribution plan, the Rogers Money Purchase Retirement Fund (RMPRF), to which have been transferred the pension benefits of all employees who were members of a self-administered defined benefit superannuation fund (DBSF). These employees, subject to them contributing regularly to the RMPRF, have been given the guarantee by their respective employers that their benefits at the age of sixty, under the RMPRF would not be less than the benefits provided under the ex DBSF. The potential liability under the above guarantee is funded by additional employers' contributions and has been included in the provision made for retirement benefit obligations.

In addition to the above, three companies have defined benefit plans which are funded and where the plan assets are held by The Swan Life Ltd and The Sugar Industry Pension Fund.

| In Rs million | GROUP 2016 | GROUP 2015 | COMPANY 2016 | COMPANY 2015 |
|---|---|---|---|---|
| Amounts recognised in the Statement of Financial Position | | | | |
| Present value of funded obligations | 1,353.5 | 1,574.6 | 1,170.3 | 1,386.7 |
| Fair value of plan assets | (1,444.2) | (1,583.7) | (1,293.3) | (1,438.3) |
| Excess of fair value of planned assets over present value of funded obligations | (90.7) | (9.1) | (123.0) | (51.6) |
| Impact of minimum funding requirement / asset ceiling | 109.1 | - | 94.5 | - |
| **Liability (assets) in the Statements of Financial Position** | 18.4 | (9.1) | (28.5) | (51.6) |
| Reconciliation of net defined benefit liability/(asset) | | | | |
| At 1 July | (9.1) | (19.2) | (51.6) | (51.9) |
| Amount recognised in Profit or Loss | 11.0 | 9.1 | 0.1 | 1.1 |
| Amount recognised in Other Comprehensive Income | 39.1 | 5.2 | 23.2 | (0.5) |
| Less employer contributions | (9.0) | (8.1) | (0.2) | (0.3) |
| Acquisition of subsidiaries | - | 3.9 | - | - |
| **At 30 June** | 32.0 | (9.1) | (28.5) | (51.6) |
| Reconciliation of fair value of plan assets | | | | |
| At 1 July | 1,583.7 | 1,439.6 | 1,438.3 | 1,377.9 |
| Interest income | 112.8 | 114.2 | 94.8 | 103.5 |
| Employer contributions | 9.0 | 8.1 | 0.2 | 0.3 |
| Employee contributions | 0.9 | 0.6 | - | - |
| Benefits paid | (186.3) | (121.0) | (172.1) | (171.4) |
| Return on plan assets excluding interest income | (75.9) | 123.6 | (67.9) | 128.0 |
| Acquisition of subsidiaries | - | 18.6 | - | - |
| **At 30 June** | 1,444.2 | 1,583.7 | 1,293.3 | 1,438.3 |



## 28. RETIREMENT BENEFIT OBLIGATIONS (CONTD)

| In Rs million | GROUP 2016 | GROUP 2015 | COMPANY 2016 | COMPANY 2015 |
|---|---|---|---|---|
| Reconciliation of present value of defined benefit obligation | | | | |
| At 1 July | 1,574.6 | 1,420.4 | 1,386.7 | 1,326.0 |
| Current service cost | 12.0 | 10.7 | 3.7 | 5.2 |
| Employee contributions | 0.9 | 0.6 | - | - |
| Interest expense | 98.2 | 112.6 | 91.2 | 99.4 |
| (Other benefits paid) | (186.3) | (121.0) | (172.1) | (171.4) |
| Liability experience (gain) loss | (130.8) | 77.5 | (128.8) | 82.7 |
| Liability (gain) loss due to change in demographic assumptions | (0.9) | 1.1 | - | - |
| Liability (gain) loss due to change in financial assumptions | (14.2) | 50.2 | (10.4) | 44.8 |
| Acquisition of subsidiaries | - | 22.5 | - | - |
| **At 30 June** | 1,353.5 | 1,574.6 | 1,170.3 | 1,386.7 |
| Reconciliation of the effect of the asset ceiling | | | | |
| At 1 July | - | - | - | - |
| Amount recognised in Other Comprehensive Income | 109.1 | - | 94.5 | - |
| **At 30 June** | 109.1 | - | 94.5 | - |
| Components of amount recognised in Profit and Loss | | | | |
| Current service cost | 12.0 | 10.7 | 3.7 | 5.2 |
| Net interest on net defined benefit liability (asset) | (1.0) | (1.6) | (3.6) | (4.1) |
| **Amounts recognised in Profit or Loss** | 11.0 | 9.1 | 0.1 | 1.1 |
| Components of amount recognised in Other Comprehensive Income | | | | |
| Return on plan assets excluding interest income | 75.9 | (123.6) | 67.9 | (128.0) |
| Liability experience (gain) loss | (130.8) | 77.5 | (128.8) | 82.7 |
| Liability (gain) loss due to change in demographic assumptions | (0.9) | 1.1 | - | - |
| Liability (gain) loss due to change in financial assumptions | (14.2) | 50.2 | (10.4) | 44.8 |
| Change in effect of asset ceiling | 109.1 | - | 94.5 | - |
| **Amounts recognised in Other Comprehensive Income** | 39.1 | 5.2 | 23.2 | (0.5) |

# EXPLANATORY NOTES

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## 28. RETIREMENT BENEFIT OBLIGATIONS (CONTD)

| In Rs million | GROUP 2016 | GROUP 2015 | COMPANY 2016 | COMPANY 2015 |
|---|---|---|---|---|
| Allocation of Plan assets at End of Year (%) | | | | |
| Equity - Overseas quoted | 18 - 29 | 18 - 29 | 29 | 29 |
| Equity - Overseas unquoted | 0 - 2 | 0 - 2 | - | - |
| Equity - Local quoted | 29 - 39 | 29 - 36 | 39 | 36 |
| Debt - Overseas quoted | 0 - 7 | 1 - 7 | - | 1 |
| Debt - Local unquoted | 21 - 24 | 21 - 27 | 24 | 27 |
| Property - Overseas | 0 - 2 | 0 - 2 | - | - |
| Property - Local | 2 - 21 | 2 - 21 | 2 | 2 |
| Cash and other | 0 - 6 | 0 - 5 | 6 | 5 |
| Allocation of Plan Assets at End of Period | | | | |
| - Reporting entitly's own transferable financial instruments | 0 - 2 | 0 - 2 | 2 | 2 |
| - Property occupided by reporting entity | - | - | - | - |
| - Other assets used by reporting entity | - | - | - | - |
| Principal Assumptions used at End of Period | | | | |
| Discount rate | 7.5% | 7.0% | 7.5% | 7.0% |
| Rate of salary increases | 5.0 - 6.5% | 5.5 - 6.0% | 6.0% | 6.0% |
| Rate of Pension increases | 1.5% | 1.0% | 1.5% | 1.0% |
| Rate of medical cost increases | | | | |
| Average retirement age (ARA) | 60 years | 60 years | 60 years | 60 years |
| Average life expectancy for: | | | | |
| - Male | 19.5 years | 19.5 years | 19.5 years | 19.5 years |
| - Female | 24.2 years | 24.2 years | 24.2 years | 24.2 years |
| Sensitivity Analysis on Defined Benefit Obligation at End of Period | | | | |
| Increase due to 1% decrease in discount rate | 140.6 | 141.7 | 125.5 | 124.9 |
| Decrease due to 1% increase in discount rate | 113.7 | 115.0 | 102.4 | 102.3 |
| Expected employer contribution for the next year | 10.5 | 8.6 | 0.2 | 0.3 |
| Weighted average duration of the defined benefit obligation | 9 - 12 years | 8 - 12 years | 10 years | 9 years |

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

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

The defined contribution pension plan exposes the Group to actual risks, such as longevity risk, currency risk, interest rate risk and market investment risk.

Future cashflows

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

## 28. RETIREMENT BENEFIT OBLIGATIONS (CONTD)

| In Rs million | GROUP 2016 | GROUP 2015 | COMPANY 2016 | COMPANY 2015 |
|---|---|---|---|---|
| Defined contribution plan | | | | |
| **Contributions to Rogers Money Purchase Retirement Fund** | 59.2 | 41.3 | 8.7 | 7.8 |
| (b) Other retirement benefits | | | | |
| Other retirement benefits comprise of retirement gratuity and unfunded pensions paid to ex-employees of the Group. | | | | |
| At 1 July | 175.8 | 172.3 | 56.2 | 57.1 |
| Amount recognised in Profit or Loss | 30.7 | 20.5 | 4.8 | 6.0 |
| Amount recognised in Other Comprehensive Income | (32.9) | (8.4) | (1.4) | (1.0) |
| Less Employer contributions | (11.1) | (8.6) | (6.0) | (5.9) |
| Acquistion of subsidiaries | - | 6.4 | - | - |
| Disposal of subsidiaries | - | (6.4) | - | - |
| **At 30 June** | 162.5 | 175.8 | 53.6 | 56.2 |
| Reconciliation of present value of defined benefit obligation | | | | |
| At 1 July | 175.8 | 172.3 | 56.2 | 57.1 |
| Current service cost | 16.7 | 9.7 | 1.1 | 1.1 |
| Interest expense | 12.2 | 13.5 | 3.7 | 4.3 |
| Past service cost | 1.8 | (2.7) | - | 0.6 |
| Benefits paid on settlement | (11.1) | (8.6) | (6.0) | (5.9) |
| Liability experience (gain) loss | (6.0) | (6.8) | 1.8 | 1.0 |
| Liability gain due to change in demographic assumptions | 18.8 | - | (1.8) | - |
| Liability gain due to change in financial assumptions | (8.1) | (1.6) | (1.4) | (2.0) |
| Acquistion of subsidiaries | - | 6.4 | - | - |
| Disposal of subsidiaries | - | (6.4) | - | - |
| **At 30 June** | 162.5 | 175.8 | 53.6 | 56.2 |

# EXPLANATORY NOTES

30 June 2016

## 28. RETIREMENT BENEFIT OBLIGATIONS (CONTD)

| In Rs million | GROUP 2016 | GROUP 2015 | COMPANY 2016 | COMPANY 2015 |
|---|---|---|---|---|
| Components of amount recognised in Profit or Loss | | | | |
| Current service cost | 16.7 | 9.7 | 1.1 | 1.1 |
| Past service cost | 1.8 | (2.7) | - | 0.6 |
| **Service cost** | 18.5 | 7.0 | 1.1 | 1.7 |
| Net interest on net defined benefit liability | 12.2 | 13.5 | 3.7 | 4.3 |
| **Amounts recognised in Profit or Loss** | 30.7 | 20.5 | 4.8 | 6.0 |
| Components of amount recognised in Other Comprehensive Income | | | | |
| Return on plan assets excluding interest income | | | | |
| Liability experience (gain) loss | (6.0) | (6.8) | 1.8 | 1.0 |
| Liability gain due to change in demographic assumptions | (18.8) | - | (1.8) | - |
| Liability gain due to change in financial assumptions | (8.1) | (1.6) | (1.4) | (2.0) |
| **Amounts recognised in Other Comprehensive Income** | (32.9) | (8.4) | (1.4) | (1.0) |
| Principal Assumptions used at End of Period | | | | |
| Discount rate | 7.0% | 7.0% | 8.0% | 7.0% |
| Rate of salary increases | 5.5 - 6.0% | 5.5 - 6.0% | 6.0% | 6.0% |
| Rate of Pension increases | 0 - 5.0% | 1.0 - 5.0% | 2.0% | 1.0% |
| Average retirement age (ARA) | 60 years | 60 years | 60 years | 60 years |
| Average life expectancy for: | | | | |
| - Male at ARA | 19.5 years | 19.5 years | 19.5 years | 19.5 years |
| - Female at ARA | 24.2 years | 24.2 years | 24.2 years | 24.2 years |
| Sensitivity Analysis on Defined Benefit Obligation at End of Period | | | | |
| - Increase due to 1% decrease in discount rate | 25.2 | 41.2 | 4.3 | 5.1 |
| - Decrease due to 1% increase in discount rate | 19.8 | 31.4 | 3.7 | 4.4 |
| The above sensitivity analysis has been carried out by recalculating the present value of obligation at end of period after increasing or decreasing the discount rate while leaving all other assumptions unchanged. Any similar variation in the other assumptions would have shown smaller variations in the defined benefit obligation. | | | | |
| Future cashflows | | | | |
| - Expected employer contribution for the next year | 16.0 | 16.4 | 0.7 | 0.7 |
| - Weighted average duration of the defined benefit obligation | 6 - 13 years | 6 - 18 years | 13 years | 15 years |
| Retirement benefit obligations have been based on the report dated June 2016 submitted by Aon Hewitt Limited. | | | | |
| (c) State pension plan | | | | |
| National Pension Scheme contributions expensed | 29.8 | 27.0 | 0.8 | 0.6 |

## 29. TRADE AND OTHER PAYABLES

### Accounting policy

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost.

| In Rs million | GROUP 2016 | GROUP 2015 | COMPANY 2016 | COMPANY 2015 |
|---|---|---|---|---|
| Trade payables | 949.2 | 966.0 | 12.4 | 13.1 |
| Payable to associated companies | 1.9 | 1.9 | - | - |
| Accruals | 755.8 | 526.8 | 71.4 | 56.2 |
| Other payables | 1,790.0 | 1,140.4 | 153.9 | 85.2 |
| **Total trade and other payables** | 3,496.9 | 2,635.1 | 237.7 | 154.5 |

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

## 30. PROVISIONS

### Accounting policy

Provisions are recognised when the Group has a present or constructive obligation as a result of past events and when it is probable that this obligation will result in an outflow of economic benefits that can be reasonably estimated. Provisions for restructuring costs are recognised when the Group has a detailed formal plan for the restructuring which has been notified to affected parties and comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

| In Rs million | GROUP 2016 | GROUP 2015 | COMPANY 2016 | COMPANY 2015 |
|---|---|---|---|---|
| At 1 July | 42.9 | 43.7 | 35.5 | 35.5 |
| Amounts used | (35.5) | (0.8) | (35.5) | - |
| **At 30 June** | 7.4 | 42.9 | - | 35.5 |

The above relates to reorganisation costs in respect of planned restructuring in certain subsidiaries.

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

## 31. AMOUNTS PAYABLE TO GROUP COMPANIES

| COMPANY<br>In Rs million | 2016 | 2015 |
|---|---|---|
| Subsidiary companies | 114.2 | 288.4 |

# EXPLANATORY NOTES

30 June 2016

## 32. CASH AND CASH EQUIVALENTS

### Accounting policy

Cash and cash equivalents comprise cash in hand, amounts repayable on demand from banks and financial instituitions and short-term highly liquid investments which were within three months of maturity when acquired, less bank overdrafts.

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| In Rs million | 2016 | 2015 | 2016 | 2015 |
| Bank balances and cash | 944.1 | 817.0 | 18.1 | 27.3 |
| Short term loans receivable and deposits | - | - | 95.0 | 162.1 |
| Short term loans payable | - | - | (112.9) | (113.4) |
| Bank overdrafts | (327.6) | (226.4) | (0.2) | (105.4) |
| **Total cash and cash equivalents** | 616.5 | 590.6 | - | (29.4) |
| The bank overdrafts are secured by floating charges on the assets of the borrowing companies. The rate of interest varies between 6.25% and 19.75%, inclusive of foreign denominated overdrafts. | | | | |
| Non cash transactions | 21.0 | 39.4 | - | - |

Non cash transactions relate to the purchase of equipment and motor vehicles by means of finance leases.

## 33. CASH GENERATED FROM (ABSORBED BY) OPERATIONS

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| In Rs million | 2016 | 2015 | 2016 | 2015 |
| Profit before taxation | 1,018.9 | 1,158.3 | 117.0 | 42.0 |
| Share of results of jointly controlled entities | 49.7 | (383.3) | - | - |
| Share of results of associated companies | (88.0) | (238.0) | - | - |
| Exceptional items | (103.2) | (76.4) | 3.4 | (70.1) |
| **Profit from operations** | 877.4 | 460.6 | 120.4 | (28.1) |
| Depreciation | 306.6 | 274.7 | 10.1 | 10.6 |
| Amortisation | 18.0 | 21.5 | 2.1 | 2.6 |
| Fair value adjustment | (392.5) | (152.1) | - | - |
| Profit on sale of property, plant and equipment and investment properties | (9.6) | (9.4) | - | (0.1) |
| Profit on sale of intangibles | - | (0.1) | - | - |
| Profit on disposal of financial assets | (0.1) | - | - | - |
| Investment income | (24.2) | (12.8) | (273.8) | (162.6) |
| Interest expense | 543.5 | 287.7 | 173.6 | 93.1 |
| Interest income | (21.1) | (17.5) | (83.5) | (48.8) |
| Retirement benefit obligations | 7.4 | 12.9 | - | (0.3) |
| **Cash generated from (used in) operations before working capital charges** | 1,305.4 | 865.5 | (51.1) | (133.6) |
| Changes in working capital (excluding the effects of acquisition and disposal of subsidiaries) | | | | |
| Inventories | (40.1) | 30.8 | - | - |
| Trade and other receivables | 39.9 | (806.1) | (3.1) | 4.4 |
| Trade and other payables | (48.8) | 905.5 | (200.8) | 33.3 |
| **Cash generated from (absorbed by) operations** | 1,256.4 | 995.7 | (255.0) | (95.9) |

## EXPLANATORY NOTES

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### 34. ACQUISITION OF SUBSIDIARIES

(a) During the year, the Group made the following acquisitions:

(i) Kross Border Corporate Services Ltd, a subsidiary company acquired a 100% holding in River Court Administrators Limited and its subsidiaries namely River Court Nominees Ltd and River Court Trustees Ltd.

(ii) VK Logistics Ltd, a newly incorporated subsidiary, acquired 100% holding in General Cargo Services Limited and 80% holding in Gencargo (Transport) Limited.

(iii) At 30 June 2015, Ascencia Limited, a subsidiary company, held 50.1% in Bagaprop Limited. On 01 July 2015, it acquired an additional holding of 34.9% in Bagaprop Limited to increase the Group's holding to 85%, thus obtaining control.

(iv) Ascencia Limited, a subsidiary company, also acquired 100% holding in Gardens of Bagatelle Ltd.

| GROUP | % Holding | Proportion of effective ownership interests | Principal activity |
|---|---|---|---|
| Financial Services | | | |
| River Court Administrators Limited and subsidiaries | 100.0 | 42.6 | Global business |
| Logistics | | | |
| General Cargo Services Limited | 100.0 | 33.8 | Global business |
| Gencargo (Transport) Limited | 80.0 | 27.0 | Global business |
| Property | | | |
| Bagaprop Limited | 85.0 | 34.4 | Property |
| Gardens of Bagatelle Ltd | 100.0 | 40.5 | Property |

The fair value of assets acquired and liabilities assumed were as follows:

| In Rs million | |
|---|---|
| Property, plant and equipment | 105.4 |
| Investment property | 5,894.1 |
| Trade and other receivables | 228.8 |
| Cash and cash equivalents | 56.1 |
| Borrowings | (2,294.5) |
| Trade and other payables | (223.1) |
| Deferred tax liability | (63.9) |
| | 3,702.9 |
| Excess of fair value of net assets over shares issued | (62.5) |
| Excess of fair value of net assets over consideration price | (117.7) |
| | 3,522.7 |
| Fair value of equity interest before the business combination | (1,510.7) |
| Non-controlling interests not acquired | (458.1) |
| | 1,553.9 |
| Cash and cash equivalents acquired | (56.1) |
| **Cash outflow on acquisition net of cash and cash equivalents** | 1,497.8 |
| Satisfied by: | |
| Cash | 1,553.9 |

The revenue and losses consolidated in the Group's Statement of Profit or Loss for the year ended 30 June 2016 amounted to Rs 905m and Rs 467m respectively.

## EXPLANATORY NOTES

30 June 2016

### 35. COMMITMENTS

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| In Rs million | 2016 | 2015 | 2016 | 2015 |
| Capital commitments | | | | |
| Authorised by the Board of Directors | | | | |
| **(i) but not contracted for** | 811.3 | 258.6 | 122.3 | - |
| **(ii) contracted for but not provided in the financial statements** | 30.2 | 382.8 | - | 313.3 |

### 36. CONTINGENT LIABILITIES

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| In Rs million | 2016 | 2015 | 2016 | 2015 |
| Pending legal matters | 69.8 | 62.4 | 5.2 | - |
| Guarantees given | 1,424.4 | 1,033.0 | 413.5 | 351.9 |
| **Total contingent liabilities** | 1,494.2 | 1,095.4 | 418.7 | 351.9 |

Pending legal matters relate to a court case against two subsidiary companies, the outcome of which is unknown.

### 37. EVENTS AFTER THE REPORTING DATE

On 29 July 2016, Rogers Capital Ltd approved the issue of 18,349,000 ordinary shares of No Par Value to Rogers and Company Limited for the acquisition of all shares held by the latter company in Enterprise Information Solutions Ltd and AXA Customer Services Ltd, subject to the approvals of the regulatory authorities.

The approval of Information & Communication Technologies Authority was obtained by way of a letter dated 08 August 2016 whereas the approval of the Financial Services Commission was obtained by way of a letter dated 22 August 2016. The issue of the above shares will take effect as from 22 August 2016.

# EXPLANATORY NOTES

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## 38. ULTIMATE HOLDING ENTITY

The ultimate holding entity is Société Caredas, a "société civile" registered in Mauritius.

## 39. RELATED PARTIES TRANSACTIONS

### Accounting policy

Parties are considered to be related to the Group if they have the ability to, directly and indirectly, control the Group or exercise significant influence over the Group's financial and operating decisions, or vice versa, or if they and the Group are subject to common control. Goods and services are sold at market related prices in force and terms that would be available to third parties.

(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 | |
|---|---|---|---|---|
| In Rs million | 2016 | 2015 | 2016 | 2015 |
| Sales of goods & services to | | | | |
| Subsidiaries | - | - | - | - |
| Associates | 131.2 | 79.8 | - | - |
| Jointly controlled entities | - | 15.5 | - | - |
| Other related parties | 83.7 | 61.4 | - | - |
| Dividend and other income from | | | | |
| Subsidiaries | - | - | 404.2 | 266.8 |
| Associates | - | - | 88.0 | 47.0 |
| Jointly controlled entities | - | - | 6.6 | 0.6 |
| Purchase of goods & services from | | | | |
| Subsidiaries | - | - | 11.5 | 17.9 |
| Associates | 94.4 | 53.2 | 14.8 | 6.9 |
| Jointly controlled entities | - | 0.5 | - | 0.7 |
| Other related parties | 68.0 | 142.3 | 5.4 | 10.2 |
| Loans payable to | | | | |
| Subsidiaries | - | - | 53.0 | 33.5 |
| Associates (See note b below) | 140.4 | 19.5 | 11.4 | 8.4 |
| Jointly controlled entities (See note b below) | - | - | 35.0 | 13.5 |
| Other related parties | - | 8.0 | - | - |

## 39. RELATED PARTIES TRANSACTIONS (CONTD)

(a) During the year, the Group transacted with related parties. Transactions which are not dealt with elsewhere in the financial statements are as follows (contd):

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| In Rs million | 2016 | 2015 | 2016 | 2015 |
| Loans receivable from | | | | |
| Subsidiaries | - | - | 1,256.4 | 1,388.3 |
| Associates (See note (b) below) | 19.9 | - | - | - |
| Amount owed by | | | | |
| Subsidiaries | - | - | 126.6 | 250.6 |
| Associates | 34.3 | 19.5 | 0.7 | 5.1 |
| Jointly controlled entities | - | - | 0.2 | - |
| Other related parties | 20.4 | 8.0 | - | - |
| Amount owed to | | | | |
| Subsidiaries | - | - | 114.2 | 288.3 |
| Associates | 14.5 | 15.2 | 10.0 | 12.8 |
| Jointly controlled entities | - | - | - | 13.6 |
| Other related parties | 11.0 | 18.1 | - | 0.1 |
| Remuneration of key management personnel | | | | |
| Short term employee benefit | 80.6 | 70.6 | 45.9 | 47.0 |
| Post employment benefits | 5.8 | 5.1 | 3.4 | 0.3 |
| Termination benefits | 5.6 | - | 5.6 | - |

(b) These represent deposits made to associates and joint ventures for which there is no fixed repayment terms, security or guarantee. All other transactions have been made on commercial terms and in the normal course of business.

(c) There has been no guarantees provided or received for any related party receivables or payables.

(d) For the year ended 30 June 2016, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2015: Nil).

# EXPLANATORY NOTES

30 June 2016

## 40. BUSINESS SEGMENTS

### Accounting policy

Operating segments are components of the Group about which separate financial information is available. They are reported in a manner consistent with the internal reporting provided to the Chief Executive Officers, for both performance measuring and resource allocation.

Operating segments that do not meet any of the quantitative thresholds of 10 percent reported revenue or profit or assets are included if management believes that information about these segments would be useful to users to better appraise financial information.

Year ended 30 June 2016

| In Rs million | Aviation | Financial Services | Hotels | Logistics | Property | Real Estate and Agribusiness | Technology | Corporate Office | Corporate Treasury | Group Elimination | TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Revenue** | 551 | 266 | 2,040 | 3,125 | 1,164 | 681 | 343 | 257 | - | (260) | 8,167 |
| Segment profit (loss) from operations before finance costs | 45 | 54 | 221 | 149 | 610 | (101) | 23 | (48) | 81 | - | 1,034 |
| Finance costs | (5) | (6) | (19) | (27) | (297) | (21) | (1) | - | (165) | - | (541) |
| Fair value gain on investment properties | - | - | - | - | 379 | 6 | - | - | - | - | 385 |
| Share of results of associated companies | (11) | 94 | (57) | 13 | (44) | 19 | 8 | 16 | - | - | 38 |
| **Profit (loss) before exceptional items** | 29 | 142 | 145 | 135 | 648 | (97) | 30 | (32) | (84) | - | 916 |
| Exceptional Items | - | - | - | (1) | 101 | 6 | - | (3) | - | - | 103 |
| **Profit (loss) before taxation** | 29 | 142 | 145 | 134 | 749 | (91) | 30 | (35) | (84) | - | 1,019 |
| Taxation | (13) | (11) | (25) | (35) | (54) | 12 | (3) | - | - | | (129) |
| **Profit (loss) for the year** | 16 | 131 | 120 | 99 | 695 | (79) | 27 | (35) | (84) | - | 890 |
| Assets | 1,165 | 1,885 | 7,542 | 2,867 | 11,398 | 4,483 | 188 | 2,356 | - | (2,434) | 29,450 |
| Liabilities | 833 | 360 | 2,334 | 1,608 | 5,632 | 1,077 | 117 | 3,503 | - | (2,434) | 13,030 |
| Capital expenditure | (16) | (5) | (144) | (140) | (410) | (76) | (32) | (12) | - | - | (835) |
| Depreciation & amortisation | (14) | (7) | (147) | (91) | (8) | (33) | (15) | (10) | - | - | (325) |

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

(b) Product description of above segments:

Aviation - GSA of airlines, travel agency and catamaran tours.

Financial Services - Asset Management investment in Swan General Ltd.

Hotels - Hotel and Spa services, golf course and investment in New Mauritius Hotels Ltd.

Logistics - Freight forwarding, warehousing, courrier services, packing of special sugars, shipping agency and port related services.

Property - Property management and rentals.

Real Estate and Agribusiness - construction and sale of villas and agriculture.

Technology - Information Solution providers and business process outsourcing.

Corporate Services - strategy monitoring, support to SBUs, performance monitoring and statutory reporting.

Corporate Treasury - Net financing costs.

# EXPLANATORY NOTES

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## 40. BUSINESS SEGMENTS (CONTD)

Year ended 30 June 2015

| In Rs million | Aviation | Financial Services | Hotels | Logistics | Property | Real Estate and Agribusiness | Technology | Corporate Office | Corporate Treasury | Group Elimination | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Revenue** | 540 | 145 | 1,860 | 3,002 | 508 | 1,076 | 262 | 165 | - | (407) | 7,151 |
| Segment profit (loss) from operations before finance costs | 36 | 48 | 109 | 90 | 230 | 105 | 18 | (105) | 47 | - | 578 |
| Finance costs | (4) | - | (59) | (24) | (93) | (20) | (1) | - | (86) | - | (287) |
| Fair value gain on investment properties | - | - | - | - | 42 | 128 | - | - | - | - | 170 |
| Share of results of associated and jointly controlled entities | 21 | 81 | 97 | 26 | 386 | 6 | 3 | 1 | - | - | 621 |
| **Profit (loss) before exceptional items** | 53 | 129 | 147 | 92 | 565 | 219 | 20 | (104) | (39) | - | 1,082 |
| Exceptional Items | - | - | - | (6) | 9 | 6 | - | 68 | - | - | 77 |
| **Profit (loss) before taxation** | 53 | 129 | 147 | 86 | 574 | 225 | 20 | (36) | (39) | - | 1,159 |
| Taxation | (11) | (12) | 25 | (16) | (29) | (63) | (3) | - | - | - | (109) |
| **Profit (loss) for the year** | 42 | 117 | 172 | 70 | 545 | 162 | 17 | (36) | (39) | - | 1,050 |
| Assets | 1,432 | 1,840 | 6,830 | 2,353 | 5,886 | 4,510 | 165 | 2,376 | - | (2,757) | 22,635 |
| Liabilities | 1,081 | 356 | 1,934 | 1,180 | 1,596 | 906 | 116 | 3,173 | - | (2,757) | 7,585 |
| Capital expenditure | (13) | (3) | (86) | (106) | (13) | (28) | (19) | (11) | - | - | (279) |
| Depreciation & amortisation | (15) | (4) | (137) | (77) | (8) | (32) | (14) | (9) | - | - | (296) |

# EXPLANATORY NOTES

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## 41. FINANCIAL ASSETS / LIABILITIES BY CATEGORY

### Accounting policy

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

The Group's accounting policies in respect of the financial instruments are as follows:

Investment in financial assets

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

Held-to-maturity financial assets

Financial assets that the Group intends to hold to maturity are measured at amortised cost, less impairment loss recognised to reflect irrecoverable amounts.

Held-for-trading financial assets

Financial assets held-for-trading are measured at fair value. Unrealised gains and losses are recognised in the Statement of profit or loss. On disposal the profit or loss recognised in the Statement of profit or loss is the difference between the proceeds and the carrying amount of the asset.

Available-for-sale financial assets

Available-for-sale financial assets are those financial assets that are not held-for-trading or held-to-maturity.

They are carried at fair value. Unrealised gains and losses arising from change in fair value are recognised in Other Comprehensive Income. On disposal of available-for-sale financial assets, the gain or loss arising from the difference between the sale proceeds and the previous carrying amount adjusted for any prior adjustment that had been reported in Other Comprehensive Income to reflect the fair value of that asset, is recognised in the Statement of profit or loss.

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

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

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

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

Non-current receivables

Non-current receivables are measured at amortised cost using the effective interest rate method, less provision for impairment. The amount of loss is recognised in the Statement of profit or loss.

Trade and other receivables

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

The amount of provision is recognised in the Statement of profit or loss.

Cash and cash equivalents

Cash and cash equivalents include cash at bank, cash in hand, deposits with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Statements of Financial Position.

## 41. FINANCIAL ASSETS / LIABILITIES BY CATEGORY (CONTD)

Bank borrowings

Interest bearing bank loans and overdrafts are recorded at the proceeds received. Finance charges are accounted for on an accrual basis.

Trade and other payables

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

### Significant accounting judgements and estimates

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

Level 1 : Quoted prices in active market for identical items (unadjusted).

Level 2 : Observable inputs other than level 1.

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

In assessing the fair value of financial instruments in level 3, the Group uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting date. The carrying value less any estimated credit adjustments for financial assets and financial liabilities with a maturity of less than one year are assumed to approximate their fair values. The fair values of those assets and liabilities not presented in the Group's and the Company's Statements of Financial Position at their fair values are not materially different from their carrying amounts. The fair value of securities not quoted in active market is determined by using valuation techniques including third party transaction values, earnings, net asset value or discounted cash flows, whichever is appropriate.

(a) Financial assets by category

| GROUP<br>In Rs million | Available-for-sale | Loans and receivables | Other financial assets | Total |
|---|---|---|---|---|
| Per Statement of Financial Position | | | | |
| At 30 June 2015 | | | | |
| Investment in financial assets (note 15) | 242.6 | 200.0 | - | 442.6 |
| Non-current receivables (note 17) | - | 137.5 | - | 137.5 |
| Trade and other receivables (note 20) | - | 2,205.0 | - | 2,205.0 |
| Cash and cash equivalents (note 32) | - | - | 817.0 | 817.0 |
| **Total financial assets** | 242.6 | 2,542.5 | 817.0 | 3,602.1 |
| At 30 June 2016 | | | | |
| Investment in financial assets (note 15) | 627.0 | - | - | 627.0 |
| Non-current receivables (note 17) | - | 84.7 | - | 84.7 |
| Trade and other receivables (note 20) | - | 2,985.6 | - | 2,985.6 |
| Cash and cash equivalents (note 32) | - | - | 944.1 | 944.1 |
| **Total financial assets** | 627.0 | 3,070.3 | 944.1 | 4,641.4 |

# EXPLANATORY NOTES

30 June 2016

## 41. FINANCIAL ASSETS / LIABILITIES BY CATEGORY (CONTD)

(a) Financial assets by category (contd)

| COMPANY<br>In Rs million | Available for sale | Loans and receivables | Other financial assets | Total |
|---|---|---|---|---|
| Per Statement of Financial Position | | | | |
| At 30 June 2015 | | | | |
| Investment in financial assets (note 15) | 228.7 | 200.0 | - | 428.7 |
| Non-current receivable (note 17) | - | 1,086.8 | - | 1,086.8 |
| Trade and other receivables (note 20) | - | 14.1 | - | 14.1 |
| Amounts receivable from group companies (note 21) | - | 636.4 | - | 636.4 |
| Bank balances and cash (note 32) | - | - | 27.3 | 27.3 |
| **Total financial assets** | 228.7 | 1,937.3 | 27.3 | 2,193.3 |
| At 30 June 2016 | | | | |
| Investment in financial assets (note 15) | 613.2 | - | - | 613.2 |
| Non-current receivable (note 17) | - | 1,015.3 | - | 1,015.3 |
| Trade and other receivables (note 20) | - | 121.6 | - | 121.6 |
| Amounts receivable from group companies (note 21) | - | 395.9 | - | 395.9 |
| Bank balances and cash (note 32) | - | - | 18.1 | 18.1 |
| **Total financial assets** | 613.2 | 1,532.8 | 18.1 | 2,164.1 |

(b) Financial liabilities by category

| GROUP<br>In Rs million | Financial liabilities at amortised costs |
|---|---|
| Per Statement of Financial Position | |
| At 30 June 2015 | |
| Borrowings (note 26) | 4,319.1 |
| Retirement benefit obligations (note 28) | 166.7 |
| Trade and other payables (note 29) | 2,635.1 |
| Dividend payable (note 25) | 136.1 |
| **Total financial liabilities** | 7,257.0 |
| At 30 June 2016 | |
| Borrowings (note 26) | 8,802.7 |
| Retirement benefit obligations (note 28) | 180.9 |
| Trade and other payables (note 29) | 3,496.9 |
| Dividend payable (note 25) | 141.1 |
| **Total financial liabilities** | 12,621.6 |

## 41. FINANCIAL ASSETS / LIABILITIES BY CATEGORY (CONTD)

(b) Financial liabilities by category (contd)

| COMPANY<br>In Rs million | Financial liabilities at amortised costs |
|---|---|
| Per Statement of Financial Position | |
| At 30 June 2015 | |
| Borrowings (note 26) | 2,516.9 |
| Retirement benefit obligations (note 28) | 4.6 |
| Trade and other payables (note 29) | 154.5 |
| Amounts payable to group companies (note 31) | 288.4 |
| Dividend payable (note 25) | 136.1 |
| **Total financial liabilities** | 3,100.5 |
| At 30 June 2016 | |
| Borrowings (note 26) | 2,942.5 |
| Retirement benefit obligations (note 28) | 25.1 |
| Trade and other payables (note 29) | 237.7 |
| Amounts payable to group companies (note 31) | 114.2 |
| Dividend payable (note 25) | 141.1 |
| **Total financial liabilities** | 3,460.6 |

# EXPLANATORY NOTES

30 June 2016

## 42. FINANCIAL SUMMARY

| In Rs million | | 2016 | 2015 | 2014 |
|---|---|---|---|---|
| Statement of Profit or Loss and Other Comprehensive Income | | | | |
| **Revenue** | | 8,167.4 | 7,151.0 | 6,187.0 |
| Profit from operations before finance costs | | 1,033.6 | 577.8 | 404.6 |
| Finance costs | | (541.4) | (287.4) | (271.3) |
| Fair value gain on investment properties | | 385.2 | 170.2 | 170.5 |
| Share of results of jointly controlled entities | | (49.7) | 383.3 | 203.8 |
| Share of results of associated companies | | 88.0 | 238.0 | 228.8 |
| **Profit before exceptional items** | | 915.7 | 1,081.9 | 736.4 |
| Exceptional items | | 103.2 | 76.4 | 70.9 |
| **Profit before taxation** | | 1,018.9 | 1,158.3 | 807.3 |
| Taxation | | (129.2) | (108.8) | (36.9) |
| **Profit for the year** | | 889.7 | 1,049.5 | 770.4 |
| Attributable to | | | | |
| Owners of the parent | | 405.1 | 544.1 | 467.5 |
| Non-controlling interests | | 484.6 | 505.4 | 302.9 |
| **Profit for the year** | | 889.7 | 1,049.5 | 770.4 |
| Number of shares in issue | | 252,045,300 | 252,045,300 | 252,045,300 |
| **Earnings per ordinary share (EPS)** | Rs | 1.61 | 2.16 | 1.85 |
| Profit attributable to owners of the parent from operations (excluding exceptional items) | Rs | 340.9 | 469.6 | 445.3 |
| Number of shares in issue | | 252,045,300 | 252,045,300 | 252,045,300 |
| **EPS (excluding exceptional items)** | Rs | 1.35 | 1.86 | 1.77 |
| **Other comprehensive income for the year** | | 4.9 | (22.0) | 513.1 |
| **Cash dividends per ordinary share** | Rs | 0.84 | 0.84 | 0.80 |

## 42. FINANCIAL SUMMARY (CONTD)

| In Rs million | 2016 | 2015 | 2014 |
|---|---|---|---|
| Assets and Liabilities | | | |
| Non current assets | 25,019.9 | 19,011.9 | 17,918.3 |
| Current assets | 4,430.1 | 3,622.7 | 3,121.1 |
| Non-current asset classified as held for sale | - | - | 90.7 |
| **Total assets** | 29,450.0 | 22,634.6 | 21,130.1 |
| Share capital | 1,260.2 | 1,260.2 | 252.0 |
| Reserves | 8,216.9 | 8,066.7 | 8,764.0 |
| Non-controlling interests | 6,942.8 | 5,723.0 | 5,345.5 |
| Non current liabilities | 7,757.9 | 3,889.8 | 3,284.2 |
| Current liabilities | 5,272.2 | 3,694.9 | 3,484.4 |
| **Total equity and liabilities** | 29,450.0 | 22,634.6 | 21,130.1 |
| Share Capital | | | |
| Authorised | | | |
| Number of ordinary shares | 252,045,300 | 252,045,300 | 50,000,000 |
| Ordinary shares (Rs m) | 1,260.0 | 1,260.0 | 500.0 |
| Issued and fully paid | | | |
| Number of ordinary shares | 252,045,300 | 252,045,300 | 252,045,300 |
| Ordinary shares (Rs m) | 1,260.0 | 1,260.0 | 25.2 |

# FREQUENTLY ASKED QUESTIONS

**1. What is an Annual Meeting of Shareholders (AMS)?**

An AMS is a meeting of the shareholders of a company. The law provides that it should be held not more than once in each calendar year and not later than 6 months after the balance sheet date of a company.

**2. Who may attend the AMS?**

In compliance with S120(3) of the Companies Act, the Board has resolved that only the shareholders of the Company registered in the share register of the Company as at 30 September 2016 are entitled to attend the AMS.

**3. Why should a shareholder attend the AMS?**

Shareholders are encouraged to attend the AMS as it:

- provides them with a direct contact with the Board and Management of the Company;
- enables them to have more insight in the operations, strategy and performance of the Company;
- provides them with reasonable opportunity to discuss and comment on the management of the Company; and
- allows them to participate in the election of the directors of the Company.

**4. What matters are discussed at the AMS?**

Usually, the following business is transacted at the AMS:

- the approval of the audited accounts of the Company;
- the receiving of the auditor's report;
- the consideration of the annual report; and
- the appointment of directors.

**5. What if a shareholder cannot attend the AMS?**

An individual shareholder who cannot attend the meeting may appoint a proxy. A corporate shareholder may, on the other hand, appoint a representative to attend the AMS and to act on its behalf.

**6. What is a proxy?**

A proxy is the person appointed by an individual shareholder to represent him/her at the AMS. Such person, who need not necessarily be a shareholder of the Company, may be heard at the meeting as if he/she were the shareholder.

**7. How does a shareholder appoint a proxy/representative?**

Individual shareholders are requested to fill in the Proxy Form sent to them with the notice convening the meeting. Corporate shareholders are requested to fill in the Corporate Resolution form to appoint their representative. Should a shareholder wish his/her proxy/representative to vote at the meeting in a particular manner, he/she is requested to fill in the resolution boxes featuring on the appropriate forms. The appropriate forms should reach the Company Secretary no later than 24 hours before the start of the meeting.

**8. Once a proxy/representative has been appointed, can another proxy/representative be appointed?**

A shareholder can change the proxy/representative appointed by him/her, provided such amended Proxy Form/ Corporate Resolution reaches the Company Secretary no later than 24 hours before the start of the meeting. Shareholders are advised to attach an explanatory note to such amended Proxy Form/Corporate Resolution to explain the purpose of the amended document and expressly revoke the Proxy Form/Corporate Resolution previously signed by them.

**9. After appointing a proxy, can a shareholder still attend the AMS?**

Yes, but he/she is requested to make himself/herself known to the Company Secretary as soon as he/she attends the meeting. The proxy will consequently have no right to be heard and to vote at the meeting.

**10. How many votes does a shareholder have?**

Every shareholder, present in person or by proxy/representative, shall have one vote on a show of hands. Where a poll is taken, each shareholder shall have the number of votes that corresponds to the number of shares held by him/ her in the Company.

**11. What is the voting procedure?**

Voting at the AMS is generally by show of hands. However, if a poll is demanded for a particular resolution, then ballot papers shall be distributed and shareholders will be requested to cast their votes thereon.

**12. How are the votes counted?**

On a show of hands, the Chairman shall count the votes. However, if a poll is demanded, the counting will be done by management under the supervision of the auditor of the company who will be acting as scrutineer.

**13. How to obtain a copy of the minutes of proceedings of the last AMS of the Company?**

A shareholder may make such a request to the Company Secretary prior to the AMS.

**14. How to put questions to the Board and/or Management at the AMS?**

Before each resolution is put to the vote, the Chairman may invite shareholders to put questions on that particular resolution. When all the items on the Agenda of the AMS have been tackled, there will be a question time when the Chairman shall invite shareholders to put questions to the Board and/or to Management if they so wish.

**15. What should a shareholder do if he/she would like to propose a candidate for appointment to the board of directors of the Company?**

Shareholders are encouraged to forward their request in writing to the Chairman of the Rogers Board Nomination Committee via the Company Secretary as early as the first week of June.

## NOTES