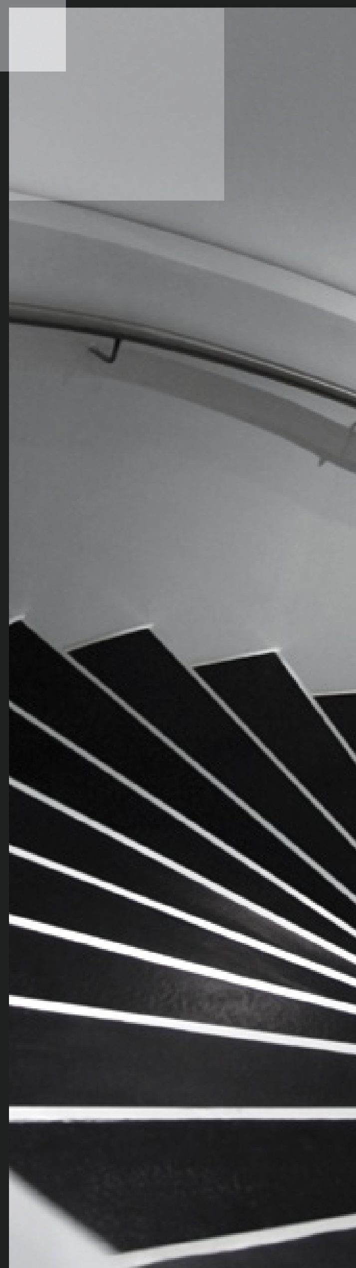
# EVACO

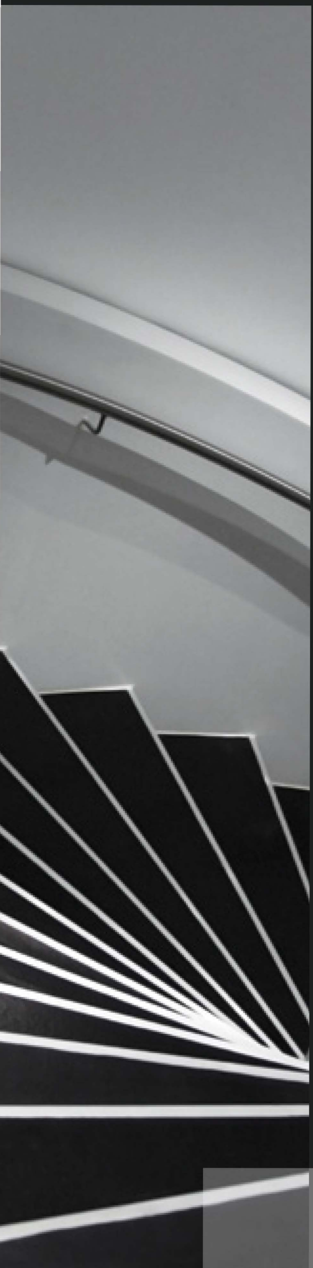
GROUP

Annual Report **2017**

# CONTENTS







# EVACO

GROUP

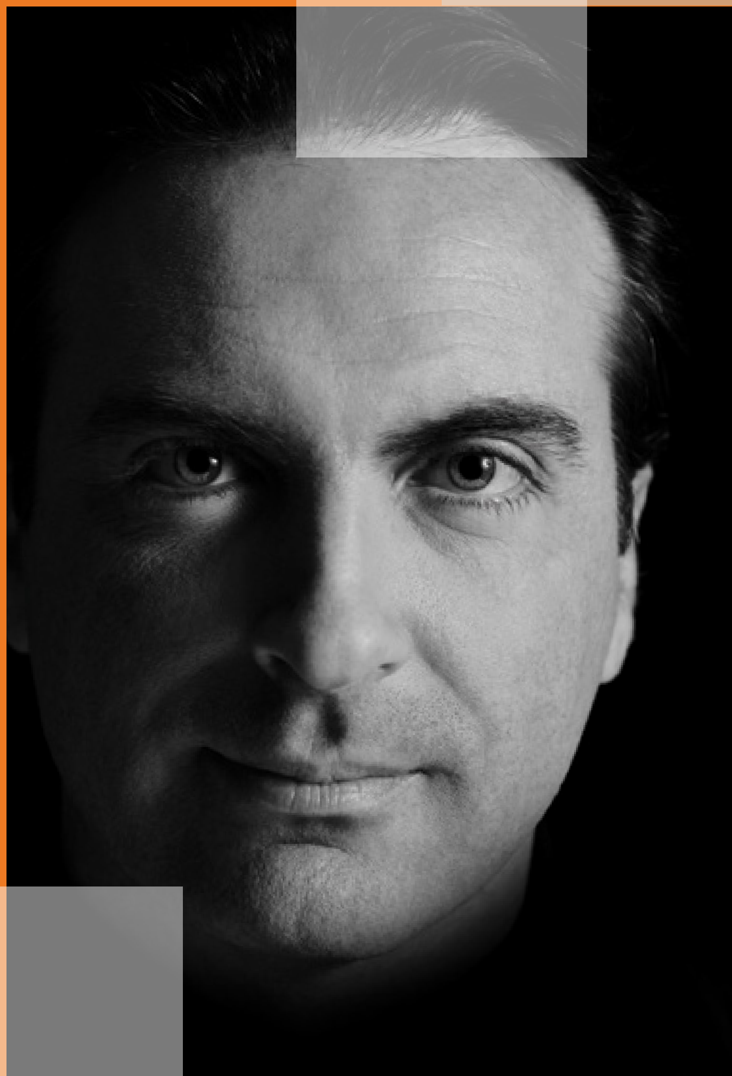
# Our Vision

“Owing to our forward-thinking approach, today we are designing the living spaces of tomorrow. Our rapid expansion highlights our aim of becoming an internationally recognized leader in the property and hospitality industries”

Arnaud Mayer

# CEO's Review

"Following the implementation of an ambitious investment and integration program, 2016-2017 was a year of consolidation with the group posting solid results while delivering on technical innovations which will serve as a platform for accelerated expansion"



The past financial year was a year of stable performance, which comes on the back of large investments in our group's development and integration plans. We are swiftly delivering on the various phases of ongoing projects while actively preparing for the major developments initiated in Mauritius and overseas which are expected to considerably enhance the group's turnover and results in future years.

Group Revenue for the year ended 30 June 2017 amounted to Rs 661.3 M, which represents an increase of 6% when compared to the prior year ended 30 June 2016 (Rs 624.5 M). The Company achieved a profit after tax of Rs 75.6 M compared to Rs 87.4 M for the previous year. Our results have been slightly affected by unexpected delays in the launch of The Hills project and in the construction of Le Clos du Littoral Phase 2, which is now well under way.

Our property sales have performed consistently well on the Le Clos du Littoral phase 2 project with some 59 villas sold by end of June 2017: Phase 2A was well under way towards delivery for end of year 2017 and 77% of Phase 2B was already sold while we reached 90% pre-sales for phase 2C. The bulk of the revenue generated by phases 2B and 2C will be recognized in our accounts for the next financial year while Phase 2D is being launched. On the other hand The Hills development is taking more time than expected to start in spite of a number of marketing events organized to stimulate the sales on the local market.

Our professional approach has allowed us to further strengthen our market share in the foreign sales segment and confirm our leadership as a leading developer in Mauritius. The group will be launching two brand new developments in Mauritius during the first quarter of 2018. These two highly innovative concepts will contribute in disrupting the property market over the coming years.

Our hospitality cluster has performed well for the year under review with a 20% increase in revenues and a 37% increase in profits from the previous financial year, while our unit occupancy rates have increased by 15%. It is also worth noting the very good performance of our beach club "La Plage" which posted an increase in net profits of 158%.

We anticipate this trend to be confirmed and consolidated in 2018 with the increasing number of tourists visiting Mauritius and the addition of newly developed villas to the inventory of Evaco Holiday Resorts Ltd.

Our construction and production cluster slightly suffered from a lack of availability of labour, which caused some delays on construction sites. The employment of about 200 new workers has since increased significantly our performance on sites. At the same time our team has quickly been accumulating valuable technical know-how and experience with the new construction technology developed by our engineers, which is gradually resulting in very high efficiency improvements.

We are now working on the expansion of our construction and production businesses overseas with two aluminum-opening factory projects currently under consideration by Evaco Construction Ltd.

On 12th December 2016, the stated capital of the Company was increased from Rs 100,000 to Rs 100,000,000 by issuing 99,900 ordinary shares of no par value for a fully paid consideration of Rs 99,900,000 to the ordinary shareholder of the company.

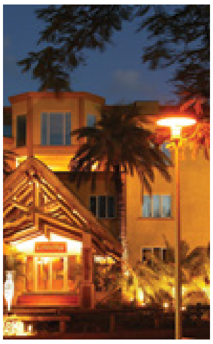
The Group also successfully launched a notes program with 169,050 five-year redeemable secured floating rate notes of principal value Rs 1,000 each, representing a total amount of Rs169.05 Million issued by the Company and listed on the Stock Exchange of Mauritius on 01 July 2016. An additional 51,150 five-year redeemable secured floating rate notes, representing an additional amount of Rs51.15 Million, were later issued and listed on the Stock Exchange of Mauritius on 2 June 2017. These initiatives further consolidate the financial resources and stability of the Group for the interest of all stakeholders.

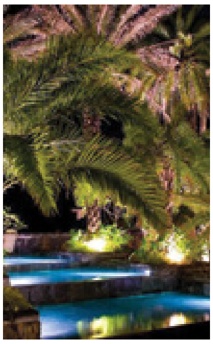
I wish to thank my executive management team and fellow directors for their dedicated support during the year as well as all employees of the Group for their hard work and passion in contributing to these results and to the success of Evaco.

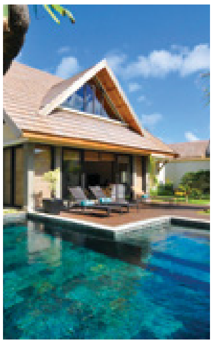
**Arnaud Mayer**
Chief Executive Officer

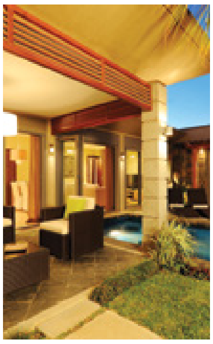
# Our History

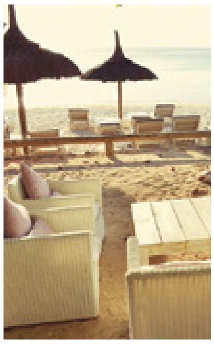
Since its establishment by Arnaud Mayer in 2001, Evaco has consistently been a forward-thinking property developer. Owing to its vision and innovative concepts, it only took a few years for the company to make its mark as a leader in luxury properties. The company has carved out a solid reputation for itself, becoming, over the years, a leading player in the property market in Mauritius.











**2001**
**Arnaud Mayer**
founded Evaco

**2003**
Construction of Grand Baie Business Park 1st business centre in Grand Baie

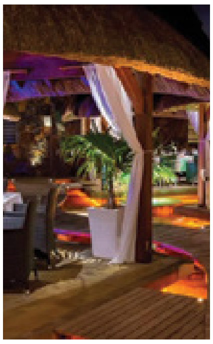
**2004**
Opening of the 1st private residential complex, Oasis Villas

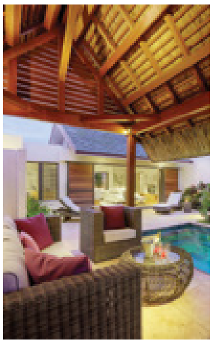
**2008**
Launching of the second phase, Oasis Villas II

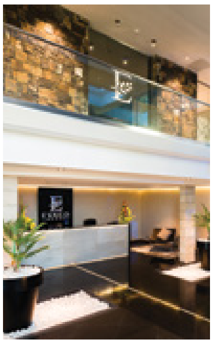
**2010**
Launching of Athenas Villas, 1st RES project in Mauritius

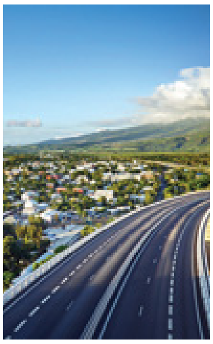
**2011**
Development of a luxury Beach Club at Trou aux Biches

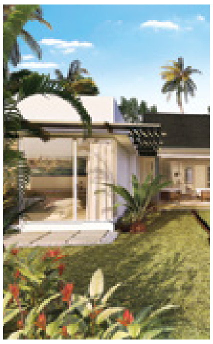
Bolstered by its sustained expansion, the Group's business activities have been centered on three priorities: construction thanks to the implementation of new technologies, property development through ground-breaking projects, and finally hospitality, including hotel, rental and restaurant management and their related services.

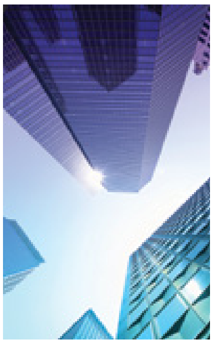












**2013**
Opening of Le Domaine des Alizées, 1st hotel residence of the island

**2014**
Opening of Le Clos du Littoral, comprising of 63 high standard villas in Grand Baie

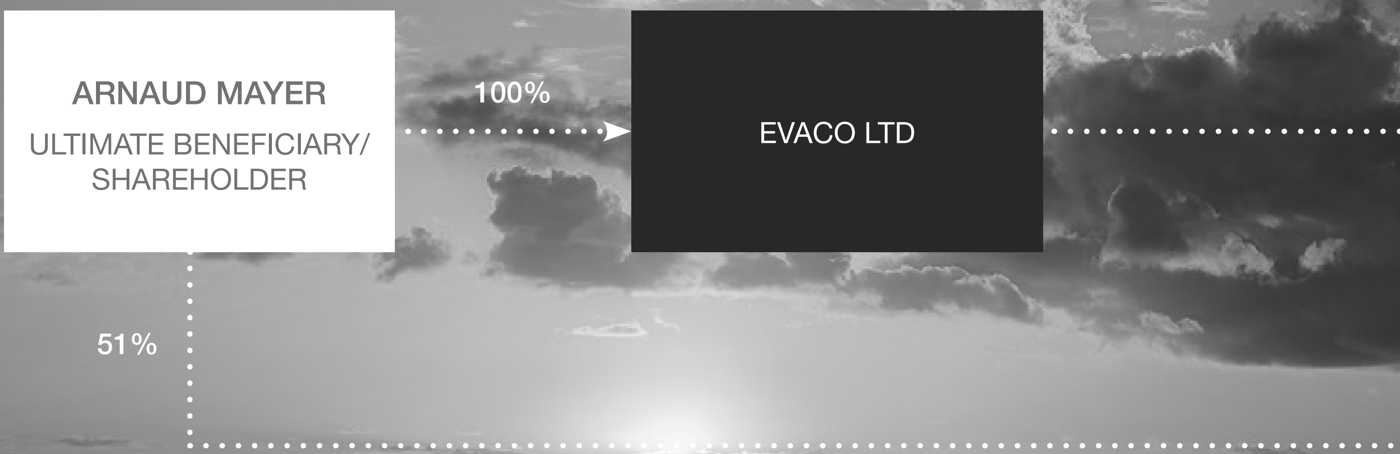
**2016**
Launching of Our Head Office at Arsenal

**2016**
Opening of Our Office at Reunion Island

**2017**
Completion of Phase A of Le Clos du Littoral II

**2017**
International expansion of the group

# Group Structure




* The Board of Directors of Evaco Limited has effective control of Evaco Holiday Resorts Ltd. held by a subsidiary

10%
ALLSKIN LTD
100%
LE CLOS DU LITTORAL LTÉE
Property Development – Real Estate Scheme
LE CLOS DU LITTORAL PHASE II LTÉE
Property Development – Real Estate Scheme
LE CLOS DU LITTORAL PHASE III LTÉE
Property Development
LE DOMAINE DES ALIZÉES LTÉE
Property Development – Real Estate Scheme
LES VILLAS ATHENA LTÉE
Property Development – Real Estate Scheme
CREATIVE PROPERTIES LTD
Property Development
EVASIO SAS
Incorporated in Reunion Island
Property Development & Hospitality Activity
CAPE ROCK MARINA LTD
Dormant
AQUAMARINE WATERSPORT LTD
Dormant
SUNRISE CAPE MARINA LTD
Dormant
EVAJET LTD
Business Aircraft Operations
WATERSAVR INDIAN OCEAN LTD
Import & Export
HIGHLANDS HILLS PROPERTIES LTD
Property Development
INNOVATIVE DESIGN ENGINEERING AND ARCHITECTURE LTD
Design and architecture
LE SPA DU DOMAINE LTD
100%
EVACO CONSTRUCTION LTD
Construction
49%*
EVACO HOLIDAY RESORTS LTD
Hospitality and Leisure
100%
ARCHIPEL DES SAVEURS LTD
Restaurant
100%
EVACO BEACH CLUB LTD
Restaurant

EVACO CONSTRUCTION

## AT THE CUTTING EDGE OF TOMORROW

The Evaco group has made significant investment in its Construction subsidiary, equipping it with the latest technologies, unparalleled in Mauritius. The equipment used for construction and interior design enable us to design and implement the Group's future property developments in-house.

# Board of Directors, Committees and Administration

**Board of Directors – EVACO LTD**

**Chairman and Chief Executive Officer**
Mr Arnaud MAYER

**Executive Directors**
Mr Guillaume DURANT
Mr Mouez RAYABI
Ms Karen F ANGUS

**Non - Executive Director**
Mr Philippe HARDY

**Independent Directors**
Mrs Brigitte TOMI
Mr Jean Marc LAGESSE

**Audit and Risk Committee – constituted on 25 April 2016**
Mrs Brigitte TOMI – Chairman
Mr Philippe HARDY
Mr Jean Marc LAGESSE

**Corporate Governance Committee – constituted on 25 April 2016**
Mr Jean Marc LAGESSE
Mr Arnaud MAYER
Mr Philippe HARDY
Mrs Brigitte TOMI

# Administration

**Registered Office**
Rivière Citron,
20101 Arsenal

**Company Secretary**
Box Office Ltd
2nd Floor, Palm Square,
90906 La Mivoie,
Tamarin

**Registry and Transfer Office (ordinary shares) Box Office Ltd**
2nd Floor, Palm Square,
90906 La Mivoie,
Tamarin

**For Noteholders**

**Registrar, Calculation, Transfer and Paying Agent**
**SBM Fund Services Ltd**
SBM Tower,
1, Queen Elizabeth II Avenue,
Port-Louis

**Sponsoring Broker**
Swan Securities Ltd
Swan Centre,
10, Intendance Street,
Port-Louis

**Security Agent**
SBM Fund Services Ltd
SBM Tower,
1, Queen Elizabeth II Avenue,
Port-Louis

**Noteholders' representatives**
SBM Fund Services Ltd
SBM Tower,
1, Queen Elizabeth II Avenue,
Port-Louis

**Licensed auditors**
Cays Associates,
5th Floor, GM Tower,
7 Maupin Street,
Port-Louis

**Bankers**
The Mauritius Commercial Bank Ltd
SBM Bank (Mauritius) Ltd
AfrAsia Bank Ltd

# Directors' Profiles

## MR. P P. ARNAUD MAYER

**Executive Director and Chairman**

Born in 1974 in Mauritius, Mr. Arnaud MAYER holds a diploma in business management from University Paul Sabatier in France. He is the sole founder-owner and Chief Executive Officer of the EVACO Group. In 2008 he was recognized as one of the best entrepreneurs of the year. He is also the President of the Mauritius Real Estate Association (REAM).

## MR. GUILLAUME C. P. DURANT

**Executive Director**

Born in 1983 in France, Mr. Guillaume DURANT holds a Masters' Degree from ENSAM (Ecole Nationale Supérieure d'Arts et Métiers), Paris, France. He has performed most of his career with international exposure, working for large French industrial and engineering conglomerate (AREVA, ALSTOM) before joining EVACO Construction Ltd as Managing Director in 2015. He held several positions throughout his career as Projects Manager, Projects Director and Branch Office Manager, successfully managing complex projects and organizations worldwide.

## MR. MOUEZ RAYABI

**Executive Director**

Born in 1974 in France, Mr. Mouez RAYABI joined EVACO Group in February 2015 as the Managing Director of 3 companies: EVACO HOLIDAY RESORTS LTD, ARCHIPEL DES SAVEURS LTD and EVACO BEACH CLUB LTD. He has been working in the Tourism and Hotel Industry for the past 20 years, first in the Accor Group and in several Club Med hotels around the world. He is experienced and skilled with expertise in hotel management, food and beverage operations, profit and loss management, strategy and marketing.

## MRS. KAREN F. ANGUS

**Executive Director**

Born in 1981 in France, Mrs. Karen ANGUS joined EVACO Group in 2008 as Group Sales and Marketing Director. She holds a Masters' degree from an International Business School (IGS group) in Commerce and Marketing. With thirteen years in sales, she has a solid experience in planning all the sales activities and increasing the revenue for each project. She has a strong built-up relation with customers and succeeds to target her sales goals, coming-up with strategies to generate quality new business.

## MR. C PHILIPPE D B HARDY

**Non Executive Director**

Born in 1972 in UK, Mr. Philippe HARDY is a founding member of PSG Wealth Ltd. He has a very diversified exposure to finance having held various roles spanning investment management, business development, corporate planning and transaction advisory. He is the leading partner of PSG's corporate finance advisory services in Mauritius, having coordinated and advised on several capital structuring as well as M&A transactions across many industries in the past 13 years, with a particular expertise in dealing with family held enterprises and owner managed businesses of all sizes.

Philippe holds an Honours degree in Mathematics and Financial Management and is an Associate of the Royal College of Science of London through the Imperial College of Science, Technology & Medicine. He acts as Director on several public and private companies, chairing audit committees in various instances.

## MRS. BRIGITTE M. T. D. C. TOMI

**Independent Director**

Born in 1958, Mrs. Brigitte TOMI has been involved in the Construction Industry for over 27 years. In 1997, she joined as Chief Executive Officer the "Société de Concassage et de Préfabrication de la Réunion" (SCPR), a subsidiary of a recognized group in Réunion Island with expertise in construction known as Group Tomi founded in 1961. The group has developed and industrialised the concept of pre-fabricated house in Reunion Island. SCPR, during Mrs. Brigitte Tomi's tenure, was generating annual turnover of more than EUR 35,000,000 with a headcount of 200 employees. After several successful years, the company was finally sold to the COLAS consortium in 2005.

## MR. JEAN-MARC D. LAGESSE

**Independent Director**

Born in 1960, Mr. Jean-Marc LAGESSE holds a Bachelor in Hospitality Management from GLION Institute of Higher Education of Switzerland. He started his career in the Tourism and Hospitality Industry and has worked for 30 years at New Mauritius Hotels Ltd as the Hotel Director of two 5 star hotels namely; Paradis Hotel & Golf Club and Dinarobin Hotel Golf & Spa. Moreover, he has been a member of NMH Board of Directors & President of the Association of Hotels & Restaurants of Mauritius. In 2014, he was appointed General Manager of Ephélia Resorts in Seychelles. Mr. Jean-Marc LAGESSE is also the founder and Director of "Lakaz Chamarel" boutique hotel and of "Pro-Resort Consulting Ltd", a firm specialised in hotel management consulting. Over the years, he has acquired significant experience and has shown outstanding interpersonal, management and leadership skills.

# Statement of Directors' Responsibilities

in respect of the financial statements

The Board of Directors of the Company is responsible for the preparation and fair presentation of the financial statements, comprising the statement of financial position at 30 June 2017, the statement of comprehensive income, the statement of changes in equity, and statement of cash flows, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act 2001.

The Director's responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The director has made an assessment of Company's ability to continue as a going concern and has no reason to believe the business will not be a going concern in the year ahead.

Approved by the Board of Directors on 14 September 2017 and signed on its behalf by:

**Arnaud MAYER**
*Chairperson*

**Philippe HARDY**
*Director*

14 September 2017

# Corporate Governance Report

# CORPORATE GOVERNANCE REPORT
for the year ended 30 June 2017

## GOVERNANCE STRUCTURE

The Directors of EVACO LTD (the “Company” or “EVACO”) have pleasure in presenting the Company’s annual report and the audited financial statements for the year ended 30 June 2017.

EVACO LTD is a public company incorporated on 3 April 2002 and domiciled in the Republic of Mauritius. EVACO LTD is also a public interest entity under the Financial Reporting Act and is required to adopt good governance practices in keeping with The Report on Corporate Governance for Mauritius issued in October 2003 (the “Code”).

The Company listed on the official market of the Stock Exchange of Mauritius Ltd 169,050 five year redeemable secured floating rates notes on 1 July 2016 and a further 51,150 similar notes on 2 June 2017.

The main activity of EVACO LTD is to hold shares in other companies that are involved in the property development, construction and tourism sector. EVACO Group successfully brought to completion several large-scale commercial and residential projects.

The Company is headed by an effective Board and ensures that the principles of good Corporate Governance, as applicable in Mauritius, are fully adhered to and form an integral part of the Company’s business practices. It is also committed to fair financial disclosure to its shareholder and all the stakeholders at large and for leading and controlling the Company and meeting all legal and regulatory requirements.

### Compliance with the Code

The Company has not complied with the following sections of the Code:

- 2.2.6 Annual re-election of Directors;
- 2.5 Role and function of the Chairperson;
- 2.6.1 Separation of the title, function and role of the Chief Executive Officer and that of the Chairperson;
- 2.10 Board appraisal.

Regarding areas of non-compliance with the Code, reasons and alternate practices adopted have been disclosed.

Given that the Directors have been recently appointed on the Board of the Company, no self-appraisal or training was carried during the year.

### Constitution of the Company

The Company has adopted a Constitution on 16 May 2016. The constitution is in conformity with the Companies Act 2001.

### Board Charter

The Board has not yet approved a Board charter and intends to do so in the future.

### Code of Ethics

The Company does not have a Code of Ethics but is mindful of its interest for other stakeholders such as suppliers, clients and the public at large when running its operations. The Company is committed to the highest standards of compliance with laws and regulations, integrity and ethics in dealing with all its stakeholders.

## THE STRUCTURE OF THE BOARD AND ITS COMMITTEES

### Board of Directors

The Company has a unitary Board composed of seven Directors, with a suitable mix of executive, non- executive and independent Directors. The functions and responsibilities of the Chairperson and the Executive Directors are not separate. As founder and Sole Ordinary Shareholder Mr. P. P. Arnaud MAYER is the Chief Executive Officer and also acts as Chairman of the Company.

A quorum for a Board meeting shall be the majority of Directors.

The Non-Executive Directors are encouraged to meet with the Company's Executive Directors and Senior Officers to benefit from a better insight into the operations of the Company and its subsidiaries.

The Constitution of the Company does not provide for annual re-election and/or re appointment of Directors. The names of all present Directors, their profile and categories as well as their directorships in other listed companies are set out on pages 14 & 15.

## Board and Committees composition

The Board and Committees compositions can be viewed on page 12.

## Election and reelection of Directors

The Company's constitution does not provide for annual re-election of Directors. Directors are appointed until they resign or are removed from office by ordinary resolution of Shareholders. Directors are appointed on the Board based on their different skills and expertise and are expected to allocate sufficient time and focus to the Company and the Group to ensure that their responsibilities are effectively discharged.

## Evaluation

The Directors having been appointed recently, no board evaluation is scheduled during the next financial year end.

## Board activity during the year

The Board met four times during the financial year ended 30 June 2017. Other decisions were approved by unanimous written resolutions signed in lieu of holding Board meetings. Individual attendance by Directors is detailed on page 21.

## Board Committees

In line with the Code, and in order to facilitate effective management, the Board has constituted two sub committees namely the Audit and Risk Committee and the Corporate Governance (Nomination and Remuneration) Committee. The Committees are chaired by Independent Directors and the Chairperson of each committee report to the Board and, on behalf of the committees, regularly recommend actions to the Board.

## Corporate Governance (Nomination and Remuneration) Committee

The Corporate Governance (Nomination and Remuneration) Committee met on 19 September 2016 and 07 September 2017.

The objectives of the Corporate Governance (Nomination and Remuneration) Committee are, amongst others, as follows:

<u>Corporate Governance</u>

- To assist the Board in the implementation of the Code of Corporate Governance;
- To ensure that the Company's Annual Report complies with the provisions of the Code of Corporate Governance.

<u>Nomination</u>

- To ascertain whether potential new Directors are fit and proper and are not disqualified from being Directors;
- To ensure that potential new Directors are fully cognisant of what is expected from a Director;
- To ensure that the right balance of skills, expertise and independence is maintained on the Board;
- To ensure that potential new Directors are free from material conflict of interests and not likely to simply act in the interests of a shareholder, substantial creditor or significant supplier of the Company.

<u>Remuneration</u>

To recommend to the Board the appropriate level of Directors' fees.

## Audit and Risk Committee

The Audit and Risk Committee met four times during the year under review.

The duties of the Audit and Risk Committee are to assist the Board, among other things, in overseeing:

- The quality and integrity of group financial statements and public announcements related thereto;
- The Company's compliance with legal and regulatory requirements;
- The scope and effectiveness of the external audit function as well as the qualifications, experience and independence of the external auditors;
- The effectiveness of the Company's systems of internal control and practices; The adequacy of the insurance cover subscribed to by the Company and its subsidiaries.

Please refer to page 31 for disclosures in respect of internal control and risk management.

## Dealing in shares of the Company and Interests of Directors

On 12 December 2016, 99,900 Ordinary Shares of No Par Value were issued to Mr. P. P. Arnaud MAYER and the stated capital of the Company following the said issue stands at Rs 100,000,000. The sole Director holding Ordinary Shares in the Company is Mr. P. P. Arnaud MAYER. As at 30 June 2017, Mr. P. P. Arnaud MAYER held directly Ordinary Shares of the Company as follows:

| Director | Direct % |
|---|---|
| Mr. P. P. Arnaud MAYER | 100 |

The Ordinary Shares are not listed; only the five-year redeemable secured floating rate notes are listed on the official list of the Stock Exchange of Mauritius Ltd.

The Directors endeavour to follow the principles of the Model Code for Securities Transactions by Directors of Listed Companies as detailed in Appendix 6 of the Mauritius Stock Exchange Listing Rules 2000. Any Director purporting to deal in the shares of the Company should inform the Chairperson accordingly.

In terms of the Companies Act 2001 and the Securities Act 2005, the Company keeps an updated Interests Register and Insiders Register respectively. These registers are regularly updated with the information submitted by the Directors and/or other Insiders as applicable.

## STATEMENT OF REMUNERATION POLICY

Total remuneration paid to Directors for the year under review amounted to Rs 21,071,823 (2016: Rs 10,532,522). The remuneration of Executive Directors has not been disclosed on an individual basis as the directors consider this information as very sensitive in their working environment.

The remuneration structure with regards to Directors' attendance fees is as follows:

| | Per attended Board Meeting Rs. | Per attended Committee Meeting Rs. |
|---|---|---|
| Independent Director | 65,000 | 12,000 |

## Directors' emoluments

Remuneration and benefits (including bonuses and commissions) received and receivable from the Company were as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **Year ended 30 June 2017 Rs.** | Year ended 30 June 2016 Rs. | **Year ended 30 June 2017 Rs.** | Year ended 30 June 2016 Rs. |
| Executive Directors | **21,071,823** | 10,532,522 | **12,351,358** | 9,652,126 |
| Non-executive | | - | | - |
| Independent Directors | **471,410** | 130,000 | **471,410** | 130,000 |

## Attendance at Board meetings

The table below sets out the details of attendance of Directors at the meetings of the Board and Committees held during the year under review.

| Name of Director | Board | Audit and Risk Committee | Corporate Governance (Nomination and Remuneration) Committee |
|---|---|---|---|
| Mr. P. P. Arnaud MAYER | 4 out of 4 | | 1 out of 1 |
| Mr. Jean-Marc D. LAGESSE | 4 out of 4 | 4 out of 4 | 1 out of 1 |
| Mr. Guillaume C. P. DURANT | 4 out of 4 | | |
| Mr. Mouez RAYABI | 4 out of 4 | | |
| Mrs. Karen F. ANGUS | 4 out of 4 | | |
| Mr. C. Philippe D. B. HARDY | 3 out of 4 | 4 out of 4 | 1 out of 1 |
| Mrs. Brigitte M. T. D. C. TOMI | 3 out of 4 | 3 out of 4 | 0 out of 1 |
| Mrs. Rubeena DINA* | 2 out of 2 | | |

**Mrs. Rubeena DINA was appointed Director on 22 August 2016 and resigned as Director on 22 November 2016.*

## Employees

EVACO Group currently employs, on a full time basis, 370 persons who are involved in the daily operations of the Company.

## Profiles of Senior Officers

Please refer to page 26 of the report.

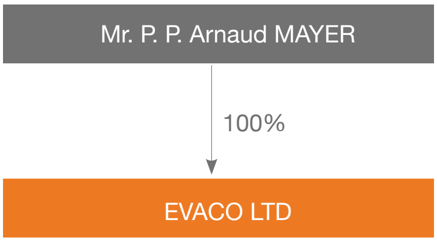
## Interests of Senior Officers – excluding Directors

The Senior Officers do not hold any interests in the shares of the Company whether directly or indirectly.

## SHAREHOLDING AND SUBSIDIARIES

At 30 June 2017, the Company's share capital amounted to Rs100,000,000 divided into 100,000 Ordinary Shares of No Par Value. The sole Shareholder of the Company is Mr. P. P. Arnaud MAYER.

EVACO's shareholding structure is therefore as follows:




### Information on major shareholders as at 30 June 2017

| Major shareholders | Holding (%) |
|---|---|
| Mr. P. P. Arnaud MAYER | 100 |

Except for the above, no other entity or individual owns 5% or more in the ordinary share capital of the Company.

The activities and percentage ownership of the different subsidiaries comprising EVACO Group and held by the Company are as follows:

| Company name | Activity | Percentage held |
|---|---|---|
| EVACO Construction Ltd | Construction | 100 |
| EVACO Holiday Resorts Ltd | Hospitality and Leisure | 49* |
| Les Villas Athena Ltée | Property Development – Real Estate Scheme | 100 |
| Le Domaine des Alizées Ltée | Property Development – Real Estate Scheme | 100 |
| Le Clos du Littoral Ltée | Property Development – Real Estate Scheme | 100 |
| Le Clos du Littoral Phase II Ltd | Property Development – Real Estate Scheme | 100 |
| Le Clos du Littoral Phase III Ltd | Property Development | 100 |
| Le Spa du Domaine Ltée | Spa | 100 |
| EVAJET Ltd | Business Aircraft Operations | 100 |
| Creative Properties Ltd | Property Development | 100 |
| Aquamarine Watersport Ltd | Import and Export | 100 |
| Cape Rock Marina Ltd | Dormant | 75 |
| Sunrise Cape Marina Ltd | Dormant | |
| Evasio SAS *Incorporated in Reunion Island* | Property Development and Hospitality Activity | 100 |
| Watersavr Indian Ocean Ltd | Import & Export | 100 |
| Allskin Ltd | Beauty Parlour | 10 |
| Highlands Hills Properties Ltd | Property Development | 100 |
| Innovative Design Engineering and Architecture Ltd | Design and architecture | 100 |

*The Board of Directors of EVACO has effective control over this company

| Company name | Activity | Percentage held |
|---|---|---|
| **Held by subsidiary** | | |
| Archipel des Saveurs Ltd | Restaurant | 100 |
| EVACO Beach Club Ltd | Restaurant | 100 |

## SHARE PRICE INFORMATION

The shares are not listed and there are no indications on the share price other that the issue price of Rs 100,000,000 for 100,000 shares.

## DIVIDEND POLICY

The Company has no formal dividend policy. The payment of dividends is subject to the performance of the Company, its cash flow and its capital expenditure requirements. For the year ended 30 June 2017 the Directors have not declared any dividend.

## SHAREHOLDERS' AGREEMENT

With only one shareholder, the Company does not have a Shareholders' Agreement.

## SUSTAINABILITY REPORTING

The Company endeavours to adopt environmentally, socially and ethically sound business behaviour and understands that sustainability reporting is not an increased burden but a tool towards making better resource allocation decisions.

The Group cares about the sustainable development for a better environment and, in its CSR program, is working in a lasting partnership with the Mauritius Wildlife Foundation, committed to the protection of endangered endemic species and the rehabilitation of their natural habitat.

## REPORTING WITH INTEGRITY

### Carbon Reduction Commitment

The Company, because of its activity, has little impact on the environment but is conscious that each effort counts and firmly intends to reduce its carbon footprint over time.

### Health and safety

The Company is committed to providing a safe and healthy working environment to all employees and creates an environment that would perform at their best. The Human Resources Department works in partnership with the management team to follow up on Health and Safety working conditions prevailing in the Company.

# CORPORATE GOVERNANCE REPORT
for the year ended 30 June 2017

## Social issues

Remuneration policy

The Company practices fair policies, based on merit, in recruitment and promotion of its team members.

Employee Share Option Plan

There is no share option plan for the employees of the Company.

## CORPORATE SOCIAL RESPONSIBILITY

The group's vision: 'Together, translating our corporate responsibility into economic, social and environmental development throughout Mauritius'

Evaco Group's contribution to the CSR at 30 June 2017 amounted to Rs3,391,641 (2016: Rs 5,428,000)

## DONATIONS

The Company has made no political donations for the year under review (2016: Rs 500,000.)

## MANAGEMENT AGREEMENT

The Company does not have a Management Agreement.

## RELATED PARTY TRANSACTIONS

Please refer to Note 34 to the Financial Statements.

## RISK GOVERNANCE AND INTERNAL CONTROL

### Internal Auditor

Due to the costs involved, the Directors have resolved not to appoint an internal auditor for the time being. The Audit Committee, which also includes the Risk committee, works closely with the Management and external auditors to ensure that the Company's system of control effectively enables the Company to mitigate the risks inherent to its activity.

### Risk Management

The Board is responsible for the overall management of risks and will delegate to the Audit and Risk Committee the responsibility of implementing a structure and process to help identify, assess and manage risks. Risk reviews are regularly conducted and mitigating measures implemented accordingly.

## SHAREHOLDERS COMMUNICATION AND EVENTS

The Company sole shareholder is Mr. P. P. Arnaud MAYER, also a Director and the Company's Chief Executive Officer. Information to the investment community and other stakeholders is via press releases, publication of quarterly results and the Annual Report which is also available on the Company's website www.evacogroup.com.

The key events and shareholder communications of the Company are set out below:

| Month | Event |
|---|---|
| September | Abridged audited end of year results |
| December | Annual Report and Annual meeting of Shareholder |
| February, May, November | Publication of quarterly financial reports |

**Arnaud MAYER**
*Chairperson*

**Philippe HARDY**
*Director*

14 September 2017

## SENIOR MANAGERS PROFILES

### Mr. Xavier CLEMENT – Group Procurement Manager

Mr. Xavier CLEMENT joined Evaco Group in February 2013 as the Group Procurement Manager. He has been working in Investment Banking Sector for 18 years in Europe and ran his own company of sourcing in Mauritius for 10 years in Freeport sector. He has a strong knowledge of sourcing and suppliers network in a large panel of sectors activity.

### Mrs. Lauriane PALLANY – Group Human Resource Manager

Mrs. Lauriane PALLANY joined Evaco Group in April 2016. With more than 10 years of hands-on experience in the field of Human Resources Management, Mrs. Lauriane PALLANY is a holder of a BSc in Management with specialisation in Human Resources. Her strength and ability to manage the HR department with the related processes lie in the fact that she has been exposed to various levels of responsibilities and jobs throughout her career, thus enabling her to get a realistic view of people's backgrounds, skills, problems and coming forward with relevant solutions to promote a good work environment.

### Mr. Thomas EMPEIGNE – Group Development Officer

Mr. Thomas EMPEIGNE joined Evaco Group in March 2016. He holds a Master Degree in International Business from the "Institut Superieur Européen de Gestion" (ISEG) and a Master in Business Administration from the Saint John's University. With several international experiences, rigor, and deep sense of analysis, he will have to actively develop the group activities at a local and abroad level.

### Mrs. Antoinette PERRINE – Group Financial Controller

Mrs. Antoinette PERRINE joined the Evaco Group in December 2016. A seasoned professional with 15 years of experience as financial controller and finance director, she has acquired a solid knowledge on accounting, finance and business practices as a strategic thinker and an effective leader.

# Statement of Compliance

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

Name of PIE: EVACO LTD

Reporting Period: Financial year ended 30 June 2017

The Directors of EVACO LTD confirm that to the best of their knowledge the PIE has not complied with the following Sections of the Code of Corporate Governance:

| | |
|---|---|
| • 2.2.6 | Annual re-election of Directors; |
| • 2.5 | Role and function of the Chairperson; |
| • 2.6.1 | Separation of the title, function and role of the Chief Executive Officer and that of the Chairperson; and |
| • 2.10 | Board appraisal. |

Reasons for non-compliance are contained in the Corporate Governance Report.

**Arnaud MAYER**
*Chairperson*

**Philippe HARDY**
*Director*

This 14 September 2017

EVACO PROPERTY

## INNOVATIVE CONCEPTS

Property development remains the Group's core business activity. From the design to the marketing of property developments, the Evaco Property team draws on unique experience and expertise gained over the years, thus ensuring the delivery of exceptional projects.

# Secretary's Certificate

for the Year ended 30 June 2017

EVACO LTD

Under Section 166(d) of the Companies Act 2001

We certify that, to the best of our knowledge and belief, the Company as filed with the Registrar of Companies, all such returns as are required of the Company under the Companies Act 2001, in terms of section 166(d).

**Sophie GELLÉ, ACIS**
For Box Office Ltd
*Company Secretary*

Port Louis
Republic of Mauritius.

14 September 2017

# Other Statutory Disclosures

(other than already disclosed in the Corporate Governance report)

## Contract of Significance

During the year under review, there was no contract of significance to which the Company was a party and in which a Director of the Company was materially interested either directly or indirectly.

## Directors

A list of Directors of the Company is given on pages 14 & 15.

## Directors' Service Contracts

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

## Indemnity Insurance

There are no indemnity insurance currently availed for Directors.

## Directors' Share Interest

The interests of the Directors in the securities of the Company as at 30 June 2017 are disclosed at pages 22 & 23.

## Auditors' Remuneration

The fees paid to the Auditors, for audit and other services were:

| | **2017 Rs'000** | 2016 Rs'000 |
|---|---|---|
| Audit fees | **1,356** | 1,742 |
| Tax services fees | **82** | 78 |

**Arnaud MAYER**
*Chairperson*

**Philippe HARDY**
*Director*

14 September 2017

EVACO HOLIDAYS

## HOSPITALITY

As both operator and administrator, Evaco Holidays has in-depth expertise of the tourism industry. Its teams' skills in operational and sales management boosts the Group's exposure to the holiday accommodation sector. We offer tailor-made solutions based on the client's needs and requirements, with a diversified offering and personalised service.

# Report of the Independent Auditors to the Shareholders of Evaco Ltd

## Report on the audit of the financial statements

*Opinion*

We have audited the financial statements of Evaco Ltd, which are made up of the consolidated financial statements (the Group) and of its separate financial statements (the Company) and which comprise the Statements of Financial Position as at 30 June 2017 and the Statements of Profit or Loss & Other Comprehensive Income, Statements of Changes of Equity and Statements of Cash Flows for the year then ended and a summary of significant accounting policies and other notes.

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

*Basis of our opinion*

- We conducted our audit in accordance with International Standards on Auditing (ISAs). Refer to paragraph entitled 'Auditors' responsibilities for the audit of the financial statements' below.
- We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements (in accordance with International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code)).
- We have fulfilled our other ethical responsibilities in accordance with these requirements
- We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Responsibilities of the directors of the Company*

The directors of the Company are responsible:

- for the preparation and fair presentation of the financial statements in accordance with IFRSs and 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.
- for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, having no realistic alternative but to do so.

*Responsibilities of the auditors for the audit of the financial statements*

Our objectives are:

- to obtain reasonable assurance whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and
- to issue a report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Refer to our website at: www.caysassociates.com. for further details of our responsibilities forming part of this report.

# REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF EVACO LTD

## Report on other legal and regulatory requirements

*Companies Act 2001*

- We have no relationship with, or interest in, the Company, other than in our capacity as auditors and tax advisors and dealings in the ordinary course of business.
- We have obtained all the information and explanations we have required.
- In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

**Cays Associates**
*Public Accountants*

**C. Ah Yuk Shing FCCA**
*Licensed by FRC*

14 September 2017

# Financial Statements

| | Note | Group 2017 Rs'000 | Group 2016 Rs'000 | Company 2017 Rs'000 | Company 2016 Rs'000 |
|---|---|---|---|---|---|
| **Non current assets** | | | | | |
| Property, plant & equipment | 7 | **304,820** | 296,084 | **47,986** | 63,179 |
| Intangible assets | 8 | **5,750** | 6,431 | **225** | 1,191 |
| Interests in subsidiaries | 9 | **-** | - | **651,984** | 602,452 |
| Investment in equity securities | 10 | **70** | 70 | **70** | 70 |
| | | **310,640** | 302,585 | **700,265** | 666,892 |
| **Current assets** | | | | | |
| Inventory property held for development | 11 | **327,435** | 294,464 | **-** | - |
| Inventory property held for sale & in progress | 12 | **219,150** | 271,187 | **-** | - |
| Inventories | 13 | **39,083** | 27,994 | | |
| Trade & other receivables | 14 | **235,246** | 116,609 | **188,466** | 22,088 |
| Tax receivable | 19 | **-** | - | **524** | 524 |
| Cash at bank & in hand | | **17,876** | 30,347 | **1,578** | 12,258 |
| | | **838,790** | 740,601 | **190,568** | 34,870 |
| **Current liabilities** | | | | | |
| Bank overdrafts | 15 | **68,002** | 64,174 | **1,464** | 257 |
| Loans payable | 22 | **34,614** | 32,134 | **-** | - |
| Finance lease liabilities | 23 | **14,429** | 12,335 | **4,196** | 3,758 |
| Trade & other payables | 16 | **161,131** | 149,545 | **7,359** | 7,150 |
| Provision | 17 | **-** | 1,540 | **-** | - |
| Deposits from customers | 18 | **-** | 9,310 | **-** | - |
| Tax payable | 19 | **13,016** | 11,486 | **-** | - |
| | | **291,192** | 280,524 | **13,019** | 11,165 |
| Net current assets | | **547,598** | 460,077 | **177,549** | 23,705 |
| | | **858,238** | 762,662 | **877,814** | 690,597 |
| **Capital & reserves** | | | | | |
| Stated capital | | **100,000** | 100 | **100,000** | 100 |
| Retained earnings | | **463,049** | 494,363 | **494,026** | 448,958 |
| Attributable to owners of the Company | | **563,049** | 494,463 | **594,026** | 449,058 |
| Non controlling interests | | **(14,099)** | (21,058) | **-** | - |
| | Page 6 | **548,950** | 473,405 | **594,026** | 449,058 |
| **Non-current liabilities** | | | | | |
| Loans from ultimate shareholder | 20 | **-** | 34,216 | **-** | - |
| Redeemable secured notes | 21 | **220,200** | 169,050 | **220,200** | 169,050 |
| Loans payable | 22 | **67,144** | 52,609 | **55,073** | 60,418 |
| Finance lease liabilities | 23 | **15,993** | 27,431 | **4,207** | 7,764 |
| Retirement benefit liabilities | 24 | **5,951** | 5,951 | **4,307** | 4,307 |
| | | **309,288** | 289,257 | **283,787** | 241,539 |
| | | **858,238** | 762,662 | **877,814** | 690,597 |

These financial statements were approved & authorised for issue by the Board of Directors on 14 September 2017.

**Arnaud MAYER**
*Chairperson*

**Philippe HARDY**
*Director*

# STATEMENTS OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2017

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | **2017** | 2016 | **2017** | 2016 |
| | | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Revenue | 25 | **661,306** | 624,465 | **47,486** | 12,719 |
| Cost of sales | 26 | **(372,783)** | (370,793) | **(3,447)** | - |
| Gross profit | | **288,523** | 253,672 | **44,039** | 12,719 |
| Dividend income | 27 | **-** | - | **170,000** | 180,000 |
| Other income & gains | 28 | **9,859** | 15,467 | **4,658** | 11,844 |
| (Loss) on foreign exchange | 29 | **(86)** | (364) | **(86)** | 21 |
| Administrative & selling expenses | 30 | **(169,148)** | (142,538) | **(52,357)** | (16,785) |
| Other expenses & losses | 31 | **-** | - | **(19,778)** | (17,873) |
| Finance costs (net) | 32 | **(30,783)** | (18,658) | **(1,507)** | (3,588) |
| | | **98,365** | 107,579 | **144,969** | 166,338 |
| Non recurring items | 33 | **(1,543)** | - | **-** | - |
| Profit before tax | | **96,822** | 107,579 | **144,969** | 166,338 |
| Tax expense | 19 | **(21,611)** | (20,156) | **-** | - |
| Profit for the year | Page 7 | **75,211** | 87,423 | **144,969** | 166,338 |
| Other comprehensive income | | | | | |
| Items that may be reclassified to profit or loss | | | | | |
| Exchange differences on translating of financial statements of foreign subsidiary | | **334** | (11) | **-** | - |
| Comprehensive income/(loss) for the year | | **334** | (11) | **-** | - |
| Comprehensive income for the year | | **75,545** | 87,412 | **144,969** | 166,338 |
| Profit for the year attributable to | | | | | |
| Owners of the Company | Page 7 | **73,954** | 87,301 | | |
| Non-controlling interests | Page 7 | **1,257** | 122 | | |
| | | **75,211** | 87,423 | | |
| Conprehensive income for the year attributable to | | | | | |
| Owners of the Company | Page 7 | **74,288** | 87,290 | | |
| Non controlling interests | Page 7 | **1,257** | 122 | | |
| | | **75,545** | 87,412 | | |

# STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2016

## Group

| | Attributable to owners of the Company | | | | | |
|---|---|---|---|---|---|---|
| | **Stated capital* Rs'000** | **Surplus on revaluation of property** Rs'000** | **Retained earnings Rs'000** | **Total Rs'000** | **Non-controlling interests Rs'000** | **Total equity Rs'000** |
| a) **2016** | | | | | | |
| At 01 July 2015 | 100 | 17,079 | 383,609 | 400,788 | (14,795) | 385,993 |
| Profit for the year (page 42) | - | - | 86,858 | 86,858 | 565 | 87,423 |
| Other comprehensive income (page 42) | - | - | (11) | (11) | - | (11) |
| Comprehensive income for the year (page 42) | - | - | 86,847 | 86,847 | 565 | 87,412 |
| Transfer of revaluation surplus | - | (17,079) | 17,079 | - | - | - |
| Change in % holding in non controlling interest in subsidiaries | - | - | 6,828 | 6,828 | (6,828) | - |
| At 30 June 2016 | 100 | - | 494,363 | 494,463 | (21,058) | 473,405 |
| b) **2017** | | | | | | |
| At 01 July 2016 | 100 | - | 494,363 | 494,463 | (21,058) | 473,405 |
| Bonus issue of shares | 99,900 | - | (99,900) | - | - | - |
| | 100,000 | - | 394,463 | 494,463 | (21,058) | 473,405 |
| Profit for the year (page 42) | - | - | 73,954 | 73,954 | 1,257 | 75,211 |
| Other comprehensive income (page 42) | - | - | 334 | 334 | - | 334 |
| Comprehensive income for the year (page 42) | - | - | 74,288 | 74,288 | 1,257 | 75,545 |
| Transfer of revaluation surplus | - | - | - | - | - | |
| Reclassification | - | - | (5,702) | (5,702) | 5,702 | - |
| At 30 June 2017 | 100,000 | - | 463,049 | 563,049 | (14,099) | 548,950 |

## Company

| | Attributable to owners of the Company | | | |
|---|---|---|---|---|
| | **Stated capital* Rs'000** | **Surplus on revaluation of property** Rs'000** | **Retained earnings Rs'000** | **Total Rs'000** |
| a) **2016** | | | | |
| At 01 July 2015 | 100 | 17,079 | 265,540 | 282,719 |
| Profit for the year (page 42) | - | - | 166,339 | 166,339 |
| Other comprehensive income (page 42) | - | - | - | - |
| Comprehensive income for the year (page 42) | - | - | 166,339 | 166,339 |
| Transfer of revaluation surplus | - | (17,079) | 17,079 | |
| At 30 June 2016 | 100 | - | 448,958 | 449,058 |
| b) **2017** | | | | |
| At 01 July 2016 | 100 | - | 448,958 | 449,058 |
| Issue of shares | 99,900 | - | (99,900) | - |
| | 100,000 | - | 349,058 | 449,058 |
| Profit for the year (page 42) | - | - | 144,969 | 144,969 |
| Other comprehensive income (page 42) | - | - | - | - |
| Comprehensive income for the year (page 42) | - | - | 144,969 | 144,969 |
| Transfer of revaluation surplus | - | - | - | - |
| At 30 June 2017 | 100,000 | - | 494,027 | 594,027 |

## Group & Company

| | **2017 Rs'000** | 2016 Rs'000 |
|---|---|---|
| * Stated capital | | |
| Issued & fully paid | | |
| 100 ordinary shares of Rs 1,000 each | | |
| At 01 July | **100** | 100 |
| Issue of shares during the year | **99,900** | - |
| At 30 June | **100,000** | 100 |

** Reserves

The surplus on revaluation of property arose on the revaluation of the property situated at Grand Bay sold in the year ended 30 June 2016 and transferred in retained earnings.

# STATEMENTS OF CASH FLOWS

for the year ended 30 June 2017

| | Note | Group 2017 Rs'000 | Group 2016 Rs'000 | Company 2017 Rs'000 | Company 2016 Rs'000 |
|---|---|---|---|---|---|
| Operating activities | | | | | |
| Profit before tax | Page 42 | **96,822** | 107,579 | **144,969** | 166,338 |
| Adjustment for: | | | | | |
| Depreciation | 7 | **31,901** | 19,006 | **10,822** | 9,755 |
| Amortisation | 8 | **573** | 984 | **18** | 596 |
| Allowance for credit losses | 14 | **-** | 306 | **-** | - |
| Gain on disposal of property, plant & equipment | 28 | **(1,919)** | (11,853) | **(1,919)** | (11,788) |
| Adjustment PPE & intangible assets | | **172** | - | **1,068** | - |
| Allowance for credit loss - amount receivable from subsidiary | 31 | **-** | - | **19,778** | 17,873 |
| Dividend income | 27 | **-** | - | **(170,000)** | (180,000) |
| Interest income | 32 | **(108)** | (262) | **(165)** | (5) |
| Interest expenses | 32 | **34,036** | 19,674 | **4,817** | 3,593 |
| Change in working capital: | | | | | |
| Inventory property held for development | | **(32,971)** | (235,464) | **-** | - |
| Inventory property held for sale & in progress | | **52,037** | 120,895 | **-** | - |
| Inventories | | **(11,089)** | 3,547 | **-** | - |
| Trade & other receivables | | **(118,637)** | (44,186) | **3,622** | (5,995) |
| Trade & other payables | | **11,263** | (351) | **209** | 3,159 |
| Provision | | **(1,540)** | (12,792) | **-** | - |
| Deposits from customers | | **(9,310)** | (16,456) | **-** | - |
| | | **51,230** | (49,373) | **13,219** | 3,526 |
| Interest received | 32 | **108** | 262 | **165** | 5 |
| Interest paid | 32 | **(34,036)** | (19,674) | **(4,817)** | (3,593) |
| Dividends received | | **-** | - | **-** | 180,000 |
| Tax paid | 19 | **(20,081)** | (71,985) | **-** | (524) |
| Net cash from/(used in) operating activities | | **(2,779)** | (140,770) | **8,567** | 179,414 |
| Investing activities | | | | | |
| Acquisition of property, plant & equipment | | **(43,118)** | (96,585) | **(883)** | (5,413) |
| Disposal proceeds of property, plant & equipment | | **8,632** | 45,874 | **7,853** | 44,739 |
| Acquisition of intangible assets | 8 | **(120)** | - | **(120)** | - |
| Loan recouped | | **-** | 12,000 | **-** | - |
| Net cash (used in)/from investing activities | | **(34,606)** | (38,711) | **6,850** | 39,326 |
| Financing activities | | | | | |
| Acquisition of investments in subsidiaries | 19 | **-** | - | **(42,996)** | - |
| Acquisition of investment in securities | | **-** | (70) | **-** | (70) |
| Financing of subsidiaries | 9 | **-** | - | **(26,314)** | (330,696) |
| Redeemable secured notes received | | **51,150** | 181,937 | **51,150** | 169,050 |
| Loans repaid (net) | | **(17,201)** | (26,880) | **(5,345)** | (42,743) |
| Finance lease capital repayment | | **(12,863)** | (10,412) | **(3,798)** | (3,857) |
| Net cash from/(used in) financing activities | | **21,086** | 144,575 | **(27,303)** | (208,316) |
| Increase/(decrease) in cash & cash equivalent | | **(16,299)** | (34,906) | **(11,886)** | 10,423 |
| Cash & cash equivalents at 1 July | | **(33,827)** | 1,079 | **12,001** | 1,578 |
| Cash & cash equivalents at 30 June | | **(50,126)** | (33,827) | **115** | 12,001 |
| Cash at bank & in hand | | **17,876** | 30,347 | **1,578** | 12,258 |
| Bank overdrafts | | **(68,002)** | (64,174) | **(1,464)** | (257) |
| | | **(50,126)** | (33,827) | **114** | 12,001 |

## 1 GENERAL INFORMATION

Evaco Ltd is a limited liability company incorporated and domiciled in the Republic of Mauritius. Its registered address is at Riviere Citron, 20101 Arsenal, Republic of Mauritius.

Its main business activities of the Group are:

- Property & real estate development,
- Construction & manufacturing,
- Hospitality & leisure,
- Operation of restaurant.

## 2 BASIS OF PREPARATION

These financial statements comply with the Companies Act 2001 and have been prepared in accordance with International Financial Reporting Standards (IFRS) and under the historical cost convention as modified by the revaluation of office property.

## 3 FUNCTIONAL & PRESENTATION CURRENCY

The financial statements are presented in rupees (the Company's functional currency), rounded to nearest thousand (Rs'000) unless otherwise stated. Comparative figures have been amended, where necessary, to conform to change in presentation in the current year.

## 4 CRITICAL ACCOUNTING ESTIMATES & JUDGEMENTS

In preparing these financial statements, management makes estimates and assumptions based on historical experience and expectations of future events that are considered reasonable under the appropriate circumstances. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Critical estimates and assumptions made during the year that might have a significant risk of causing material adjustment to the carrying amounts of the Company's assets and liabilities are as follows:

- Depreciation of property, plant & equipment

  Estimated useful lives of property, plant & equipment are determined based on management's historical experience and comparable market available data.

- Employee benefit liabilities

  The present value of retirement benefit obligations depends on a number of factors that are assessed annually by an independent firm of consulting actuaries. The actuarial valuation which is carried out every 3 years involves making assumptions on discount rates, future pension increases, mortality rates, salary increases and expected rates of return on plan assets (note 24).

## 5 APPLICATION OF NEW IFRS & INTERPRETATIONS

New IFRS & interpretations to existing standards – effective for the reporting period

Certain standards & interpretations to existing standards (effective for the reporting period) are not specifically relevant to the Company's operations and have no impact on the financial statements of the Company in terms of results, presentation or disclosure.

New IFRS & interpretations to existing standards – not yet effective

The Company is still evaluating the applicability & relevance of certain new standards & interpretations to existing standards (which are not yet effective) on the Company's operations and its impact on the financial statements of the Company in terms of results, presentation or disclosure. Those that may be relevant to the Company are set out below;

- IFRS 16 'Leases', (effective for period beginning on or after 01 January 2019), introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. A lessee measures right-of-use assets similarly to other non- financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. Consequently, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows.

  It contains expanded disclosure requirements. A lessee will need to apply judgement in deciding upon the information to disclose to meet the objective of providing a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the lessee.

- IFRS 9 'Financial Instruments' (effective for period beginning on or after 01 January 2018) addresses the classification, measurement and recognition of financial assets and liabilities.

## 6 ACCOUNTING POLICIES

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

The accounting policies set out below are, as far as possible, presented in the same chronological order, as the items/headings in the statement of financial position & statement of profit or loss. Accounting policies in respect of financial instruments are described under the relevant financial assets and liabilities.

### 6.1 Property, plant & equipment

All property, plant & equipment are initially recognised at cost, except for land and are subsequently measured at cost less accumulated depreciation and any impairment losses.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the company.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual value using the straight-line method over their estimated useful lives and is recognised in profit or loss, unless it is required to be capitalised to another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the company will obtain ownership by the end of the lease term.

Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:-

| | |
|---|---|
| • Buildings | 50 years |
| • Plant, furniture & equipment | 3-5 years |
| • Motor vehicles | 5 years |
| • Aircraft | 10 years |

## 6 ACCOUNTING POLICIES (continued)

### 6.1 Property, plant & equipment (continued)

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Property, plant & equipment are derecognised when these are disposed of or permanently withdrawn from use. Any gain or loss arising on the disposal or retirement of an item of property, plant & equipment is determined as the difference between the sales proceeds and the carrying amount of that item and is recognised in profit or loss at the date of disposal or retirement.

### 6.2 Intangible assets

Computer software

Intangible assets that consist of purchased computer software are initially recognised at cost and are subsequently measured at cost less accumulated amortisation and any impairment losses.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation of intangible assets is calculated, using the straight line method, so as to allocate their cost less their residual values over their estimated useful lives of 3 years and is recognised in profit or loss.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

### 6.3 Investments in subsidiaries

<u>In the Financial Statements of the Group</u>

Control of a subsidiary

- The results of any subsidiary acquired or disposed of during the year are included in the Group's profit or loss from the date on which control is transferred to the Group or up to the date that control ceases.
- The purchase consideration of an acquisition of subsidiary is allocated to the assets and liabilities based on fair value at the respective date of acquisition. Any excess of the purchase consideration over the fair value of the net assets acquired is recognised as goodwill on consolidation under intangible assets. (para 6.2).
- If the fair value of the net assets acquired is less than the purchase consideration the difference is recognised directly in profit or loss as a bargain purchase.

Loss of control of a subsidiary

- Investments in subsidiaries are derecognised when the Group disposes or ceases to have control on a subsidiary.
- The gain or loss on disposal of a subsidiary is determined as the difference between the sales proceeds and the carrying value of the net assets including any goodwill of that subsidiary and is recognised in profit or loss.

Consolidation procedures

- Like items of assets, liabilities, equity, income, expenses & cash flows of the parent & its subsidiaries are combined.
- The carrying amount of the parent investment in each subsidiary & the parent's portion of equity of each subsidiary are eliminated resulting in goodwill on consolidation.
- Intra-group balances & transactions (including unrealised gains or losses thereon) are eliminated.
- Uniform accounting policies are applied for like transactions.
- Any non-controlling interest in a subsidiary is recognised at its proportionate share of the net assets of that subsidiary.

## 6 ACCOUNTING POLICIES (continued)

### 6.3 Investments in subsidiaries

In the Financial Statements of the Company (continued)

- Investments in subsidiaries are initially recognised at cost and subsequently measured at cost less any impairment losses.
- Investments in subsidiaries are derecognised when these are disposed of and or the Company ceases to control. Any gain or loss on disposal of a subsidiary is determined as the difference between the sales proceeds and the carrying amount of the investment in the subsidiary and is recognised in profit or loss at the date of disposal.

### 6.4 Investments in equity securities

Acquisition and disposal of investments in equity securities are recognized on the trade-date and are initially measured at fair value plus transaction costs.

The investments in equity securities is classified between available-for-sale investments and held-for-trading investments. Available-for-sale investments are those investments that are not held-for-trading or held-to-maturity.

They are subsequently measured at fair value. Any gain or loss in fair value is recognised in other comprehensive income.

Available-for-sale investments are derecognised when these are disposed of. Any gain or loss arising on the disposal of available-for-sale investment is determined as the difference between the sale proceeds and the carrying amount is recognised in profit or loss.

### 6.5 Loans receivable

Funds disbursed to a subsidiary which are used as equity financing of the Company, are initially recognised as loan receivable at cost and subsequently measured at cost less any impairment losses and are classified as non-current assets under ‘Interests in subsidiaries’

These loans are derecognised when the receivables have been collected or the rights to receive the cash flows have expired. These are classified as current assets except for maturities greater than 12 months after the reporting date. These are then classified as non-current assets.

### 6.6 Inventory property held for development, for sale and in progress

Land acquired for development are initially recognised at cost as ‘Inventory Property held for development’ and are subsequently measured at the lower of cost and net realisable value.

‘Inventory property held for sale and in progress’ comprise of cost of land and construction costs of real estates for sale.

Cost includes:

- Acquisition costs of freehold land & related property taxes on acquisition.
- Construction costs and costs for land preparation, design costs, professional fees for legal and other services and other related costs.
- Borrowing costs directly attributable to this asset are recognised as part of its cost until such time that it is substantially ready for its intended sale.
- Borrowing costs directly attributable to this asset are recognised as part of its cost until such time that it is substantially ready for its intended sale.

Net realizable value is the estimated selling price in the ordinary course of business, based on market prices at the reporting date less the estimated cost to sell.

Units of real estates completed are recognised at cost as ‘Inventory property held for sale’ and are subsequently measured at the lower of cost and net realisable value. The cost of units sold recognized as cost of sales in profit or loss is determined with reference to the specific costs of the unit of real estate sold and an allocation of non-specific costs based on the unit sold over the total saleable units.

Net realizable value is the estimated selling price in the ordinary course of business, based on market prices at the reporting date less the estimated cost to sell.

## 6 ACCOUNTING POLICIES (continued)

### 6.7 Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is calculated using the weighted average/first in first out method.

In the case of manufactured inventories and work in progress cost includes an appropriate share of production overheads based on normal operating capacity.

When inventories are sold, the carrying amount of those inventories are recognised as cost of sales in the period in which the related revenue is recognised.

### 6.8 Trade & other receivables

Trade & other receivables are initially recognised at fair value when the Company becomes a party to the contract with the customer for sales of goods or services and are subsequently measured at amortised cost net of any allowance for credit losses, estimated by management based on prior experience and the economic environment.

Trade & other receivables are classified as current assets as they are short term in nature.

Trade & other receivables are derecognised when the receivables have been collected and/or the contractual rights to receive the cash flows have expired.

### 6.9 Impairment of 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 in profit or loss immediately.

### 6.10 Cash & cash equivalents

Cash and cash equivalents consist of cash in hand and at bank less bank overdrafts.

### 6.11 Redeemable secured notes, loans payable & overdrafts

Redeemable secured notes, loans payable & overdrafts are initially recognised at fair value, net of transaction costs when the Company becomes a party to the contractual provisions of the contract and are subsequently measured at amortised cost using the effective interest method. These liabilities are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. These are then classified as non-current liabilities.

The liabilities are derecognised when, and only when, the company's obligations have been discharged, cancelled or expired.

### 6.12 Leases

Leased assets

Leases that transfer to the company substantially all the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to the relevant asset.

Leased payments

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term to produce a constant periodic rate of interest on the remaining balance of the liability.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease .

## 6 ACCOUNTING POLICIES (continued)

### 6.13 Trade & other payables

Trade & other payables are initially recognised at fair value, which is normally the invoiced price, by the suppliers when the company becomes a party to the contract with the suppliers for purchase of goods or services and are subsequently measured at amortised cost.

Trade & other payables are classified as current liabilities as they are short term in nature.

Trade & other payables are derecognised when and only when the obligations have been discharged, cancelled or have expired.

### 6.14 Provisions

Provisions are recognised when there 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 are determined by discounting the expected future cash flows at pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

### 6.15 Income tax

Tax expenses

Tax expense comprises current & deferred tax and is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income. The tax expenses are calculated using tax rates enacted or substantively enacted at the reporting date.

Tax payable/receivable

Tax payable or receivable for the current and prior periods is measured at the amount expected to be paid or recoverable to/from the tax authorities

Deferred tax liabilities or assets

Deferred tax liabilities or assets for tax payable or recoverable in future periods are recognised on all temporary differences arising between the tax bases of the liabilities and assets and their carrying values for financial reporting purposes.

Deferred tax assets are recognised for unused tax losses and deductible temporary differences to the extent that it is probable that future taxable profits will be available, against which they can be used. 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; such reductions are reversed when the probability of future taxable profits improves

### 6.16 Stated capital

Stated capital is classified as equity.

### 6.17 Employee benefits

Short-term employee benefits

Short-term employee benefits are recognised as an expense in profit or loss as the related service is provided. A liability (accrued expense) is recognised for any amount not yet paid during the reporting period for which the Company has a legal or constructive obligation to pay as a result of past service provided by the employees and the amount can be estimated reliably.

Other post-retirement benefits

The net present value of gratuity on retirement payable under the Employment Rights Act for employees who are not covered (or who are insufficiently covered by the above pension plan) is calculated by a qualified actuary every three years and recognised as a non-current liability. The obligations arising under this item are not funded.

State plan

Contributions to the National Pension Scheme are recognised as short-term employee benefits in profit or loss in the period in which these fall due.

## 6 ACCOUNTING POLICIES (continued)

### 6.18 Foreign currency translation

In the Financial Statements of the Group

The financial position, results and cash flows of an entity whose functional currency is different from the presentation currency (Mauritian rupees) are translated into Mauritian rupees as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at that reporting date.
- Income and expenses for each item of profit or loss and other comprehensive income are translated at an average exchange rate for the period.
- All resulting exchange differences are recognised in other comprehensive income and cumulated in the translation reserve, except to the extent that the translation difference is allocated to the non-controlling interests.
- Cash flows are translated at an average exchange rate.

In the Financial Statements of the Company

Transactions in foreign currencies are translated to Mauritian rupees at the exchange rates prevailing at the date of the transactions. Difference in exchange resulting from the settlement of such transactions is recognised as gain or loss on foreign exchange in profit or loss.

Monetary assets and liabilities denominated in foreign currencies are subsequently retranslated to Mauritian rupees at the exchange rates ruling at the end of the reporting date. Difference in exchange thereon is recognized as gain or loss on foreign exchange in profit or loss.

### 6.19 Revenue recognition

Real estate completed

Revenue from the sale of real estate completed is recognized when the significant risks and returns have been transferred to the buyer, which is normally on unconditional exchange of contracts in the presence of a public notary.

Real estates in construction over time

Revenue for the construction of real estate for customers over time is recognised in profit or loss when/or as a performance obligation out of the overall contract is satisfied and is the amount of the transaction price that is allocated to that performance obligation. The method of allocation of the transaction price for a performance obligation is based as follows:

| | |
|---|---|
| 15% | on reservation; |
| 15% | on signature of contract; |
| 5% | on completion of foundation; |
| 35% | on completion of building structure; |
| 10% | on interior finishing |
| 10% | on exterior finishing |
| 5% | on completion of works |
| 5% | on submission of key |

Sale of goods

Revenue from the sale of goods produced or purchased for resale is recognised in profit or loss when the Group sells the goods (i.e. on the transfer of control of the goods) based on the consideration to which the Group is entitled to receive net of value added tax on the transfer of control of the promised goods to the customer.

Provision of services at a point in time

Revenue for the provision of services at a point in time is recognised in profit or loss based on the consideration to which the Company is entitled to receive net of value added tax in the accounting period in which the services are provided.

## 6 ACCOUNTING POLICIES (continued)

### 6.19 Revenue recognition

Rental income

Rental income is recognised on an accrual basis in accordance with the substance of the relevant agreement.

Commission income

Commission income is recognised as revenue when the company acts as agent (rather than as the principal) in the performance of the obligation.

### 6.20 Dividend income

Dividend from investments in subsidiaries are recognised in profit or loss only when the company's right to receive payment of the dividends is established.

### 6.21 Finance cost

Finance costs on borrowings directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period to get ready for their intended use or sale, are recognised as part of the cost of the assets until such time that the assets are substantially ready for their intended use or sale. Otherwise, finance costs are recognised in profit or loss in the period in which these are incurred.

Interest income is recognised using the effective interest method and is deducted from interest expenses shown as finance costs (net).

### 6.22 Dividends payable

Dividends payable to the Company's shareholders are recognised as a current liability in the period in which the dividends are declared.

### 6.23 Non-recurrent items

Material items of income or expense due to the significance of their nature and amount are disclosed separately in profit or loss where it is necessary to provide further understanding of the financial performance.

## 7 PROPERTY, PLANT & EQUIPMENT

| | | Group | | | | | |
|---|---|---|---|---|---|---|---|
| | | Freehold land & buildings Rs'000 | Aircraft Rs'000 | Plant, furniture & equipment Rs'000 | Motor vehicles Rs'000 | Building in progress Rs'000 | Total Rs'000 |
| a | **2017** | | | | | | |
| | Cost | | | | | | |
| | At 01 July 2016 | 192,644 | 55,160 | 57,372 | 38,774 | - | 343,950 |
| | Acquisitions | 4,832 | 1,020 | 38,377 | 3,409 | - | 47,638 |
| | Disposals | (5,858) | - | - | (1,016) | - | (6,874) |
| | impairment | (168) | - | (120) | - | | (288) |
| | At 30 June 2017 | 191,450 | 56,180 | 95,629 | 41,167 | - | 384,426 |
| | Accumulated depreciation & impairment | | | | | | |
| | At 01 July 2016 | 2,570 | 13,182 | 18,302 | 13,812 | - | 47,866 |
| | Depreciation charge | 4,111 | 5,916 | 14,410 | 7,464 | - | 31,901 |
| | Disposals adjustment | 257 | - | (418) | - | - | (161) |
| | At 30 June 2017 | 6,938 | 19,098 | 32,294 | 21,276 | - | 79,606 |
| | Carrying amount | | | | | | |
| | At 30 June 2017 | 184,512 | 37,082 | 63,335 | 19,891 | - | 304,820 |
| b | **2016** | | | | | | |
| | Cost | | | | | | |
| | At 01 July 2015 | 52,490 | 50,133 | 37,528 | 26,992 | 101,927 | 269,070 |
| | Reclassification | 101,927 | - | - | - | (101,927) | - |
| | Acquisitions | 69,377 | 5,027 | 21,445 | 14,371 | - | 110,220 |
| | Disposals | (36,716) | - | (1,601) | (2,589) | - | (40,906) |
| | property held for sale | 5,566 | - | - | - | - | 5,566 |
| | At 30 June 2016 | 192,644 | 55,160 | 57,372 | 38,774 | - | 343,950 |
| | Accumulated depreciation & impairment | | | | | | |
| | At 01 July 2015 | 4,435 | 8,085 | 12,476 | 10,749 | - | 35,745 |
| | Depreciation charge | 1,330 | 5,097 | 7,371 | 5,208 | - | 19,006 |
| | Disposals adjustment | (3,195) | - | (1,545) | (2,145) | - | (6,885) |
| | At 30 June 2016 | 2,570 | 13,182 | 18,302 | 13,812 | - | 47,866 |
| | Carrying amount | | | | | | |
| | At 30 June 2016 | 190,074 | 41,978 | 39,070 | 24,962 | - | 296,084 |
| c | Carrying amount of leased assets: | | | | | | |
| | At 30 June 2017 | - | - | 16,944 | 19,088 | - | 36,032 |
| d | At 30 June 2016 | 8,114 | - | 14,289 | 24,473 | - | 46,876 |

e Refer to notes 15 & 21 for assets pledged as securities for borrowing facilities granted to the Group.

## 7 PROPERTY, PLANT & EQUIPMENT (continued)

| | | Company | | | | |
|---|---|---|---|---|---|---|
| | | Office Building Rs'000 | Aircraft Rs'000 | Furniture & Equipment Rs'000 | Motor vehicle Rs'000 | Total Rs'000 |
| a | **2017** | | | | | |
| | Cost | | | | | |
| | At 01 July 2016 | 9,450 | 55,160 | 2,917 | 23,349 | 90,876 |
| | Acquisitions | - | 1,020 | 22 | 520 | 1,562 |
| | Disposals | (5,858) | - | - | - | (5,858) |
| | At 30 June 2017 | 3,592 | 56,180 | 2,939 | 23,869 | 86,580 |
| | Accumulated depreciation & impairment | | | | | |
| | At 01 July 2016 | 979 | 13,182 | 2,299 | 11,237 | 27,697 |
| | Depreciation charge | - | 5,916 | 519 | 4,387 | 10,822 |
| | Disposal adjustment | 75 | - | - | - | 75 |
| | At 30 June 2017 | 1,054 | 19,098 | 2,818 | 15,624 | 38,594 |
| | Carrying amount | | | | | |
| | At 30 June 2017 | 2,538 | 37,082 | 121 | 8,245 | 47,986 |
| b | **2016** | | | | | |
| | Cost | | | | | |
| | At 01 July 2015 | 45,380 | 50,133 | 4,131 | 22,146 | 121,790 |
| | Acquisitions | - | 5,027 | 387 | 2,570 | 7,984 |
| | Disposals | (35,930) | - | (1,601) | (1,367) | (38,898) |
| | At 30 June 2016 | 9,450 | 55,160 | 2,917 | 23,349 | 90,876 |
| | Accumulated depreciation & impairment | | | | | |
| | At 01 July 2015 | 4,155 | 8,085 | 3,446 | 8,204 | 23,890 |
| | Depreciation charge | 19 | 5,097 | 398 | 4,241 | 9,755 |
| | Disposals adjustment | (3,195) | - | (1,545) | (1,208) | (5,948) |
| | At 30 June 2016 | 979 | 13,182 | 2,299 | 11,237 | 27,697 |
| | Carrying amount | | | | | |
| | At 30 June 2016 | 8,471 | 41,978 | 618 | 12,112 | 63,179 |
| | Carrying amount of leased assets: | | | | | |
| c | At 30 June 2017 | - | - | - | 8,245 | 8,245 |
| d | At 30 June 2016 | - | - | - | 12,113 | 12,113 |

e Refer to notes 15 & 21 for assets pledged as securities for borrowing facilities granted to the Company.

## 8 INTANGIBLE ASSETS

| | | Group | | | Company |
|---|---|---|---|---|---|
| | | Goodwill on consolidation Rs'000 | Computer software Rs'000 | Total Rs'000 | Computer software Rs'000 |
| a | **2017** | | | | |
| | At 01 July 2016 | 4,898 | 3,282 | 8,180 | 1,787 |
| | Transfers | - | (1,682) | (1,682) | (1,682) |
| | Acquisitions | - | 957 | 957 | 120 |
| | At 30 June 2017 | 4,898 | 2,557 | 7,455 | 225 |
| | Accumulated amortisation & impairment | | | | |
| | At 01 July 2016 | - | 1,749 | 1,749 | 596 |
| | Transfers | - | (617) | (617) | (614) |
| | Amortisation charge | - | 573 | 573 | 18 |
| | At 30 June 2017 | - | 1,705 | 1,705 | - |
| | Carrying amount | | | | |
| | At 30 June 2017 | 4,898 | 852 | 5,750 | 225 |
| b | **2016** | | | | |
| | Cost | | | | |
| | At 01 July 2015 | 4,898 | 3,282 | 8,180 | 1,787 |
| | Acquisitions | - | - | - | - |
| | At 30 June 2016 | 4,898 | 3,282 | 8,180 | 1,787 |
| | Accumulated amortisation & impairment | | | | |
| | At 01 July 2015 | - | 765 | 765 | - |
| | Amortisation charge | - | 984 | 984 | 596 |
| | At 30 June 2016 | - | 1,749 | 1,749 | 596 |
| | Carrying amount | | | | |
| | At 30 June 2016 | 4,898 | 1,533 | 6,431 | 1,191 |

## 9 INTERESTS IN SUBSIDIARIES

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | **2017** **Rs'000** | 2016 Rs'000 | **2017** **Rs'000** | 2016 Rs'000 |
| a | Investments in subsidiaries | | | | |
| | Cost | | | | |
| | At 1 July | **-** | - | **38,412** | 38,412 |
| | Acquisitions | **-** | - | **42,996** | - |
| | At 30 June | **-** | - | **81,408** | 38,412 |
| b | Loan receivable from subsidiaries | | | | |
| | At 01 July | **-** | - | **589,258** | 258,562 |
| | Fund advanced during the year | **-** | - | **26,314** | 330,696 |
| | At 30 June | **-** | - | **615,572** | 589,258 |
| | Allowance for impairment | | | | |
| | At 01 July | **-** | - | **25,218** | 7,345 |
| | Impairment charge (note 31) | **-** | - | **19,778** | 17,873 |
| | At 30 June | **-** | - | **44,996** | 25,218 |
| | | **-** | - | **570,576** | 564,040 |
| c | Interests in subsidiaries (a) + (b) | **-** | - | **651,984** | 602,452 |

The subsidiaries, incorporated in the Republic of Mauritius, are as follows:

| | **Principal activity held directly by the Company** | **% holding** | |
|---|---|---|---|
| • Aquamarine Watersports Ltd | Dormant | 100 | 100 |
| • Cape Rock Marina Ltd | Dormant | 75 | 75 |
| • Creative Properties Ltd | Property Development | 100 | 100 |
| • Evaco Construction Ltd | Construction | 100 | 100 |
| • Evaco Holiday Resorts Ltd | Hospitality and Leisure | 49 * | 49 * |
| • Evajet Ltd | Operations | 100 | 100 |
| • Evasio SAS(incorporated in Reunion) | Property Development and Hospitality Activity | 100 | 100 |
| • Le Clos du Littoral Ltée | Property Development - Real Estate Scheme | 100 | 100 |
| • Le Clos du Littoral Phase II Ltée | Property Development - Real Estate Scheme | 100 | 100 |
| • Le Spa du Domaine Ltée | Spa | 100 | - |
| • Le Clos du Littoral Phase III Ltee | Property Development | 100 | 100 |
| • Le Domaine des Alizées Ltée | Property Development - Real Estate Scheme Property Development - | 100 | 100 |
| • Les Villas Athenas Ltée | Real Estate Scheme | 100 | 100 |
| • Sunrise Cape Marina Ltd | Dormant | 100 | 100 |
| • WaterSavr Indian Ocean Ltd | Import & Export | 100 | - |
| • Allskin Ltd | Beauty Parlour | 10 | - |
| • Highlands Hills Properties Ltd | Property Development | 100 | - |
| • Innovative Design Engineering and Architecture Ltd | Design and architecture | 100 | - |

* The Board of Directors of Evaco Limited has effective control of Evaco Holiday Resorts Ltd.

<u>held by a subsidiary</u>

| | | | |
|---|---|---|---|
| • Archipel des Saveurs Ltd | Operation of a restaurant | 100 | 100 |
| • Evaco Beach Club Ltd | Operation of a restaurant | 100 | 100 |

## 10 INVESTMENT IN EQUITY SECURITIES

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | **2017 Rs'000** | 2016 Rs'000 | **2017 Rs'000** | 2016 Rs'000 |
| a | Cost | **70** | - | **70** | - |
| | Acquisition | **-** | 70 | **-** | 70 |
| | At 30 June | **70** | 70 | **70** | 70 |

b The directors consider that the investments as available-for-sale and that the cost of the investment approximates its fair value.

## 11 INVENTORY PROPERTY HELD FOR DEVELOPMENT

Property acquired for development are stated at cost & are shown as Inventory property held for development under current assets.

| | Group | | Company | |
|---|---|---|---|---|
| | **2017 Rs'000** | 2016 Rs'000 | **2017 Rs'000** | 2016 Rs'000 |
| | **327,435** | 294,464 | **-** | - |

## 12 INVENTORY PROPERTY HELD FOR SALE & IN PROGRESS

Land acquired and construction costs of real estates completed & in progress are shown as inventory

| | Group | | Company | |
|---|---|---|---|---|
| | **2017 Rs'000** | 2016 Rs'000 | **2017 Rs'000** | 2016 Rs'000 |
| property for sale or in progress under current assets. | **219,150** | 271,187 | **-** | - |

## 13 INVENTORIES

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | **2017 Rs'000** | 2016 Rs'000 | **2017 Rs'000** | 2016 Rs'000 |
| a | Goods held for sale | **2,721** | 3,512 | - | - |
| | Goods in transit | **12,223** | 3,654 | - | - |
| | Works in progress | **12,281** | 3,897 | - | - |
| | Raw materials & consumables | **11,858** | 16,931 | - | - |
| | | **39,083** | 27,994 | - | - |

b The inventories are pledged as securities for banking facilities granted to the Group.

## 14 TRADE & OTHER RECEIVABLES

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | **2017** | 2016 | **2017** | 2016 |
| | | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| a | Trade receivables | **160,806** | 56,298 | **186** | 160 |
| | Less: Accumulated allowance for credit losses | **(345)** | (345) | **-** | - |
| | Net trade receivables | **160,461** | 55,953 | **186** | 160 |
| | Prepayments & other receivables | **25,445** | 21,931 | **4,346** | 5,364 |
| | Amount receivable from subsidiaries | **-** | - | **3,921** | 10,953 |
| | Dividends receivable from subsidiaries | **-** | - | **170,000** | - |
| | Amount receivable from ultimate shareholder | **4,705** | 2,015 | **1,707** | 2,015 |
| | Amount receivable from related parties | **44,635** | 36,710 | **8,306** | 3,596 |
| | | **235,246** | 116,609 | **188,466** | 22,088 |
| b | Accumulated allowances for credit losses | | | | |
| | At 01 July | **345** | 39 | **-** | - |
| | Allowance for credit losses | **-** | 306 | **-** | - |
| | At 30 June | **345** | 345 | **-** | - |
| c | Ageing of net trade receivables not impaired | | | | |
| | Not later than 4 months | **127,630** | 32,162 | **-** | - |
| | Later than 4 months | **32,831** | 23,791 | **-** | - |
| | | **160,461** | 55,953 | **-** | - |

d The trade receivables arise from credit facilities offered by the Group in the normal course of business for which the Company does not hold any collateral as securities. Taking into consideration the credit quality of the trade receivables, the Group considers that an allowance for credit losses of Rs 345k is necessary on trade receivables. No additional allowance for credit losses is necessary on trade receivable of later than 4 months (not due or past due).

## 15 BANK OVERDRAFTS

The bank overdrafts are secured on floating charges on the property, plant & equipment (other than those on finance lease) and inventories of the Group.

Average interest rate is 7.4% per annum.

Bank overdrafts facilities are generally for a period of one year subject to renewal after negociations between each borrowing company and its bankers.

## 16 TRADE & OTHER PAYABLES

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | **2017** | 2016 | **2017** | 2016 |
| | | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| a | Trade payables | **93,967** | 91,501 | **1,462** | 2,954 |
| | Accruals & other payables | **62,587** | 44,055 | **4,880** | 3,050 |
| | Amount payable to subsidiaries | - | - | **1,017** | 1,146 |
| | Amount payable to other related parties | **2,797** | 9,031 | **-** | - |
| | Corporate social responsibility | **1,780** | 4,958 | **-** | - |
| | | **161,131** | 149,545 | **7,359** | 7,150 |

b Trade payables are non-interest bearing and are generally on 30 to 90 days' term.

## 17 PROVISION

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | **2017** | 2016 | **2017** | 2016 |
| | | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| a | Provision for warranty | | | | |
| | At 01 July | **1,540** | 14,332 | **-** | - |
| | Warranty cost for the year | **-** | 1,540 | **-** | - |
| | Warranty provision reversed | **(1,540)** | (14,332) | **-** | - |
| | At 30 June | **-** | 1,540 | **-** | - |

## 18 DEPOSITS FROM CUSTOMERS

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | **2017** | 2016 | **2017** | 2016 |
| | | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| a | Funds collected from customers in respect of the sale of real estates not yet completed at the end of the year | **-** | 9,310 | **-** | - |

b The deposits received from customers are in respect of the sales of real estates not yet completed at year end. These deposits are set off against the sales proceeds recognised on the date of the signature of the unconditional exchange of contracts in the presence of the notary.

## 19 INCOME TAX

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | **2017** | 2016 | **2017** | 2016 |
| | | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| a | Tax expense | | | | |
| | Tax on the adjusted profit for the year | **18,512** | 19,627 | **-** | - |
| | Deferred tax expenses for the year | **-** | 529 | **-** | |
| | Adjustment for previous period | **3,099** | - | **-** | - |
| | | **21,611** | 20,156 | **-** | - |
| b | Tax payable/(receivable) | | | | |
| | At 01 July | **11,486** | 63,844 | **(524)** | - |
| | Tax on the adjusted profit for the year | **18,512** | 19,627 | **-** | - |
| | Adjustment for previous period | **3,099** | - | **-** | - |
| | Less: paid during the year | **(20,081)** | (71,985) | **-** | (524) |
| | At 30 June | **13,016** | 11,486 | **(524)** | (524) |

## 19 INCOME TAX (continued)

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | **2017** | 2016 | **2017** | 2016 |
| | | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| c | Reconciliation of tax expense & tax on accounting profit | **15%** | 15% | **15%** | 15% |
| | Profit before tax | **96,822** | 107,579 | **144,969** | 166,338 |
| | Difference - capital allowance & depreciation | **(9,884)** | (13,807) | **(110)** | 401 |
| | Expenses not deductible for income tax purposes | **29,531** | 20,342 | **23,788** | 20,712 |
| | Expenses relating to exempt income | **1,737** | (5,081) | **-** | 6,707 |
| | Income not subject to tax | **-** | (10,560) | **(170,000)** | (191,788) |
| | Tax losses of previous year | **(134,562)** | (102,188) | **(25,871)** | (28,242) |
| | Tax losses for future use | **139,947** | 134,562 | **27,225** | 25,871 |
| | Adjusted chargeable profit for the year | **123,591** | 130,847 | **-** | - |
| | Tax on the adjusted profit for the year | **18,512** | 19,627 | | |
| | Average effective tax rate | **19%** | 18% | | |
| d | Deferred tax assets | | | | |
| | At 01 July | **-** | 529 | **-** | - |
| | Deferred tax expense for the year | **-** | (529) | **-** | - |
| | At 30 June | - | - | - | - |

The MRA has made an assessment of Rs 5,244k for the assessment years 2012 & 2013. This claim has been contested in full and the ruling of the ARC is awaited in November 2017. No provision has, consequently, been made in these financial statements.

## 20 LOANS FROM ULTIMATE SHAREHOLDER

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | **2017** | 2016 | **2017** | 2016 |
| | | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| a | Interest bearing loans from ultimate shareholder with no predetermined repayment terms | **-** | 34,216 | **-** | - |

## 21 REDEEMABLE SECURED NOTES

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | **2017** | 2016 | **2017** | 2016 |
| | | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| a | 169,050 five-year redeemable secured notes of Rs 1,000 each | **220,200** | 169,050 | **220,200** | 169,050 |

b Security:

- The mortgaged land of an extent of 14,570m$^2$ and buildings of an extent of 7.910 m$^2$ situated at Riviere Citron, Solitude, and belonging to Evaco Construction Ltd, a wholly owned subsidiary.
- The pledged shares of Creatives Properties Ltd, a wholly owned subsidiary, which owns an extent of land at Anse La Raie, Cap Malheureux.

## 21 REDEEMABLE SECURED NOTES (continued)

c Interest: Repo rate +3.00%

d Maturity date: 16 June 2021

## 22 LOANS PAYABLE

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | **2017 Rs'000** | 2016 Rs'000 | **2017 Rs'000** | 2016 Rs'000 |
| a | Other loans | | | | |
| | Bank loans - secured | **34,614** | 48,200 | **-** | - |
| | Loans from related parties | **67,144** | 36,543 | **37,018** | 36,543 |
| | Loan from subsidiaries | **-** | - | **18,055** | 23,875 |
| | | **101,758** | 84,743 | **55,073** | 60,418 |
| b | Current loan payable | | | | |
| | Not later than 1 year Bank loans - secured | **34,614** | 32,134 | **-** | - |
| c | Non current loan payable | | | | |
| | Later than 5 years | | | | |
| | Bank loans - secured | **-** | 16,067 | **-** | - |
| | Loans from related parties | **67,144** | 36,542 | **37,018** | 36,543 |
| | Loan from subsidiaries | **-** | - | **18,055** | 23,875 |
| | | **67,144** | 52,609 | **55,073** | 60,418 |

d The bank loans are secured on floating charge on all assets of the Company.

e The average interest rate is 7.5% per annum.

## 23 FINANCE LEASE LIABILITIES

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | **2017 Rs'000** | 2016 Rs'000 | **2017 Rs'000** | 2016 Rs'000 |
| a | Minimum lease payments | | | | |
| | Not later than 1 year | **16,575** | 15,337 | **4,772** | 4,636 |
| | Later than 1 year & not later than 5 years | **17,342** | 30,314 | **4,526** | 8,558 |
| | | **33,917** | 45,651 | **9,298** | 13,194 |
| | Finance charges for future periods | **(3,495)** | (5,885) | **(895)** | (1,672) |
| | Present value of finance lease liabilities | **30,422** | 39,766 | **8,403** | 11,522 |
| b | Present value of finance lease liabilities | | | | |
| | Current | | | | |
| | Not later than 1 year | **14,429** | 12,335 | **4,196** | 3,758 |
| | Non current | | | | |
| | Later than 1 year & not later than 5 years | **15,993** | 27,431 | **4,207** | 7,764 |
| | | **30,422** | 39,766 | **8,403** | 11,522 |

## 23 FINANCE LEASE LIABILITIES (continued)

c Lease arrangements

The Group has the option to purchase the assets concerned for a nominal amount at the conclusion of the lease arrangements. Lease liabilities are effectively secured as the rights of the leased assets revert to the lessor in the event of default.

## 24 RETIREMENT BENEFIT LIABILITIES

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | **2017 Rs'000** | 2016 Rs'000 | **2017 Rs'000** | 2016 Rs'000 |
| | Other retirement benefits (a) | **5,951** | 5,951 | **4,307** | 4,307 |
| a.1 | Amount recognised in the statement of profit or loss: | | | | |
| | Current service cost | **-** | - | **-** | - |
| | Net interest cost | **-** | - | **-** | - |
| | | **-** | - | **-** | - |
| a.2 | Reconciliation of the present value of obligations | | | | |
| | At 1 July | **5,951** | 5,951 | **4,307** | 4,307 |
| | Expenses as above (a.1) | **-** | - | **-** | - |
| | Actuarial gains | **-** | - | **-** | - |
| | At 30 June | **5,951** | 5,951 | **4,307** | 4,307 |

a.3 The principal assumption used for the purpose of computing the present value of the unfunded retirement benefit obligations:

| | | | | |
|---|---|---|---|---|
| Discount rate | **6.75%** | 6.75% | **6.75%** | 6.75% |
| Future long term salary increase | **4.25%** | 4.25% | **4.25%** | 4.25% |

b The retirement benefit liabilities are determined by an actuary every 3 years and any gain or loss thereon are then recognised in the financial statemts. The last actuarial valuation report was as at 30 June 2015.

## 25 REVENUE

a The Group generates revenue from the

- sales of real estates
- sales of goods
- provision of services
- rental of apartments for third parties

b *Timing of satisfaction of performance obligation & significant payment terms*

*Real estate completed*

Revenue from the sale of real estate completed is recognized when the significant risks and returns have transferred to the buyer, which is normally on unconditional exchange of contracts in the presence of a public notary.

## 25 REVENUE (continued)

c *Timing of satisfaction of performance obligation & significant payment terms* (continued)

*Real estates in construction over time*

Revenue for the construction of real estate for customers over time is recognised in profit or loss when/or as a performance obligation out of the overall contract is satisfied and is the amount of the transaction price that is allocated to that performance obligation. The method of allocation of the transaction price for a performance obligation per Note 6.19.

*Sale of goods*

Revenue from the sale of goods produced or purchased for resale is recognised in profit or loss when the Group sells the goods (i.e. on the transfer of control of the goods) based on the consideration to which the Group is entitled to receive net of value added tax on the transfer of control of the promised goods to the customer.

*Provision of services at a point in time*

Revenue for the provision of services at a point in time is recognized in profit or loss based on the consideration to which the Company is entitled to receive net of value added tax in the accounting period in which the services are provided.

*Rental income*

Rental income is recognised on an accrual basis in accordance with the substance of the relevant agreement.

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | **2017** | 2016 | **2017** | 2016 |
| | | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| d | Revenue | | | | |
| | Sales of real estates | **510,126** | 467,088 | **-** | - |
| | Sales of goods | **39,204** | 55,202 | **-** | - |
| | Provision of services | **10,988** | 20,728 | **47,486** | 12,719 |
| | Rental of apartments | **100,988** | 81,447 | **-** | - |
| | | **661,306** | 624,465 | **47,486** | 12,719 |

## 26 COST OF SALES

| | Group | | Company | |
|---|---|---|---|---|
| | **2017** | 2016 | **2017** | 2016 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Cost of real estate sold | **158,110** | 197,858 | **-** | - |
| Land transfer tax | **18,093** | 51,524 | **-** | - |
| Commission paid to real estate agents | **21,970** | 11,150 | **-** | - |
| Cost of goods sold | **65,966** | 23,129 | **-** | - |
| Cost of services rendered | **8,960** | 8,653 | **3,447** | - |
| Cost of rental apartments | **66,581** | 49,769 | **-** | - |
| Cost of manufacturing | **10,713** | 18,421 | **-** | - |
| Depreciation | **11,750** | 5,185 | **-** | - |
| Operating cost of aircraft | **10,640** | 5,104 | **-** | - |
| | **372,783** | 370,793 | **3,447** | - |

## 27 DIVIDEND INCOME

| | Group | | Company | |
|---|---|---|---|---|
| | **2017** | 2016 | **2017** | 2016 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Dividend income from subsidiaries | **-** | - | **170,000** | 180,000 |

## 28 OTHER INCOME & GAINS

| | Group | | Company | |
|---|---|---|---|---|
| | **2017** | 2016 | **2017** | 2016 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Commission & other income | **1,194** | 3,614 | **1,194** | 56 |
| Creditors written back | **5,445** | - | **1,545** | - |
| Gain on disposal of property, plant & equipment | **1,919** | 11,853 | **1,919** | 11,788 |
| Others | **1,301** | - | **-** | - |
| | **9,859** | 15,467 | **4,658** | 11,844 |

## 29 FOREIGN EXCHANGE

(Loss) on foreign exchange

Gain/(loss) on foreign exchange arises on the settlement of transactions in foreign currencies and on the transactions of monetary assets and liabilities denominated in foreign currencies.

## 30 ADMINISTRATIVE & SELLING EXPENSES

| | Group | | Company | |
|---|---|---|---|---|
| | **2017** | 2016 | **2017** | 2016 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Short term employee benefits | **87,370** | 77,110 | **18,917** | 8,836 |
| Overseas travelling | **744** | 8,691 | **744** | - |
| General administrative & selling expenses | **58,426** | 39,355 | **32,254** | 16,521 |
| Depreciation | **20,150** | 13,821 | **10,822** | 9,755 |
| Amortisation | **575** | 981 | **18** | 596 |
| Corporate social responsibility | **1,883** | 2,580 | **596** | - |
| Less: refund of overheads from subsidiaries | **-** | - | **(10,993)** | (18,923) |
| | **169,148** | 142,538 | **52,357** | 16,785 |

## 31 OTHER EXPENSES & LOSSES

| | Group | | Company | |
|---|---|---|---|---|
| | **2017** | 2016 | **2017** | 2016 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Allowance for credit loss - amount receivable from subsid | **-** | - | **19,778** | 17,873 |

## 32 FINANCE COSTS (NET)

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | **2017** | 2016 | **2017** | 2016 |
| | | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| a | Interest expenses | | | | |
| | Bank overdrafts | **6,857** | 8,148 | **-** | 3 |
| | Finance lease liabilities | **3,378** | 3,678 | **1,128** | 1,037 |
| | Loans from ultimate shareholder | **6,367** | 5,456 | **3,424** | 2,553 |
| | Redeemable secured notes | **12,274** | - | **12,274** | - |
| | Loans payable | **5,094** | 2,392 | **-** | - |
| | Late payment on income tax | **66** | - | **-** | - |
| | Less: Recharge of finance costs to subsidiaries | **-** | - | **(12,009)** | - |
| | | **34,036** | 19,674 | **4,817** | 3,593 |
| b | Interest income | | | | |
| | Deposits with notary | **3,145** | 754 | **3,145** | - |
| | Bank deposits | **108** | 262 | **165** | 5 |
| | | **3,253** | 1,016 | **3,310** | 5 |
| | Finance costs (net) | **30,783** | 18,658 | **1,507** | 3,588 |

## 33 NON RECURRING ITEMS

| | Group | | Company | |
|---|---|---|---|---|
| | **2017** | 2016 | **2017** | 2016 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Loss on fraud | **1,543** | - | - | - |

## 34 RELATED PARTIES

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | **2017** | 2016 | **2017** | 2016 |
| | | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| a | Transactions with related parties Sales of goods & services to<br>- subsidiaries | **-** | - | **47,486** | 12,179 |
| | Recharge of goods & services to<br>- subsidiaries | **-** | - | **10,993** | 18,923 |

b Outstanding balances with related parties

Outstanding balances with related parties are disclosed in the respective note of the appropriate assets or liabilities.

Amount receivable from related parties arise in the normal course of business and are to be collected within the normal operating business cycle of the business.

There are no impaired trade receivables nor allowance for credit losses from related parties.

Amount payable to related parties arise in the normal course of business and are payable within the normal operating business cycle of the business.

## 34 RELATED PARTIES (continued)

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | **2017** | 2016 | **2017** | 2016 |
| | | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| c | Compensation of key management personnel of the Company Short term employee benefits incurred by the Company/subsidiaries | **44,790** | 29,654 | **22,825** | 13,584 |

## 35 FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to financial risks: Credit risk;

Liquidity risk.

Market risk (foreign exchange risk; interest rate risk)

a Credit risk

The Group has policies in place to ensure that credit sales are made to customers after a credit assessment has been carried out. There is no significant concentration of credit risk. The Group's credit risk is primarily attributable to its receivables. the amounts presented in the Statement of Financial Position are net for allowance for credit losses, estimated by management based on prior experience and the economic environment.

Refer to note 22 (trade & other receivables) for aged analysis of trade receivables.

b Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of credit facilities. The Group aims at maintaining flexibility in funding by keeping reliable credit lines available.

Contractual maturities of outflows in respect of financial liabilities are disclosed in the respective note of the appropriate liability.

c Market risk (foreign exchange risk; interest rate risk)

c.1 Foreign exchange risk

The Group is exposed to foreign exchange risk on certain transactions denominated in foreign currencies.

c.2 Currency risk analysis

The financial instruments exposed to foreign currency changes are summarised as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | **2017** | 2016 | **2017** | 2016 |
| | (in respective currency) | | | |
| Financial assets | | | | |
| € ('000) | **232** | 241 | **10** | 2 |
| Us$ ('000) | **24** | - | **-** | - |
| Financial liabilities | | | | |
| € ('000) | **182** | 517 | **-** | - |
| Us$ ('000) | **222** | 60 | **-** | - |

## 35 FINANCIAL RISK MANAGEMENT (CONT'D)

c.3 Sensitivity analysis on foreign currency risk

| | Group | | Company | |
|---|---|---|---|---|
| | **2017** | 2016 | **2017** | 2016 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Assuming a 1% change + (-) in the foreign currency rate on the above financial assets & liabilities, the result would have been impacted by | **51** | 80 | **4** | 1 |

c.4 The Group's income and operating cash flow are exposed to interest rate risk as it sometimes borrows at variable rates. The Group uses a proper mix of fixed and variable rate borrowings, whenever possible, to manage the interest rate risk.

Sensitivity analysis on interest rate risk

| | Group | | Company | |
|---|---|---|---|---|
| | **2017** | 2016 | **2017** | 2016 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Assuming a 25 basis points change + (-) in the interest rate on all variable interest bearing borrowings, the result would have been impacted by | **750** | 412 | **551** | 81 |

Capital risk management

d The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or raise shareholders loan or sell assets to reduce debt. The Company monitors capital on the basis of the gearing ratio calculated as net borrowing divided by total equity of the Company.

e Gearing ratio

| | Group | | Company | |
|---|---|---|---|---|
| | **2017** | 2016 | **2017** | 2016 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Interest bearing borrowings | | | | |
| Bank overdrafts | **68,002** | 64,174 | **1,464** | 257 |
| Redeemable secured notes | **220,200** | 169,050 | **220,200** | 169,050 |
| Loans payable | **101,758** | 84,743 | **55,073** | 60,418 |
| Finance lease liabilities | **30,422** | 39,766 | **8,403** | 11,522 |
| | **420,382** | 357,733 | **285,140** | 241,247 |
| Less: Cash & cash equivalents | **(17,876)** | (30,347) | **(1,578)** | (12,258) |
| Net debts | **402,506** | 327,386 | **283,562** | 228,989 |
| Shareholders equity | **548,950** | 473,405 | **594,026** | 449,058 |
| Total capital employed | **951,456** | 800,791 | **877,589** | 678,047 |
| Gearing ratio | **42** | 41 | **32** | 34 |

## 36 CONTINGENT LIABILITIES

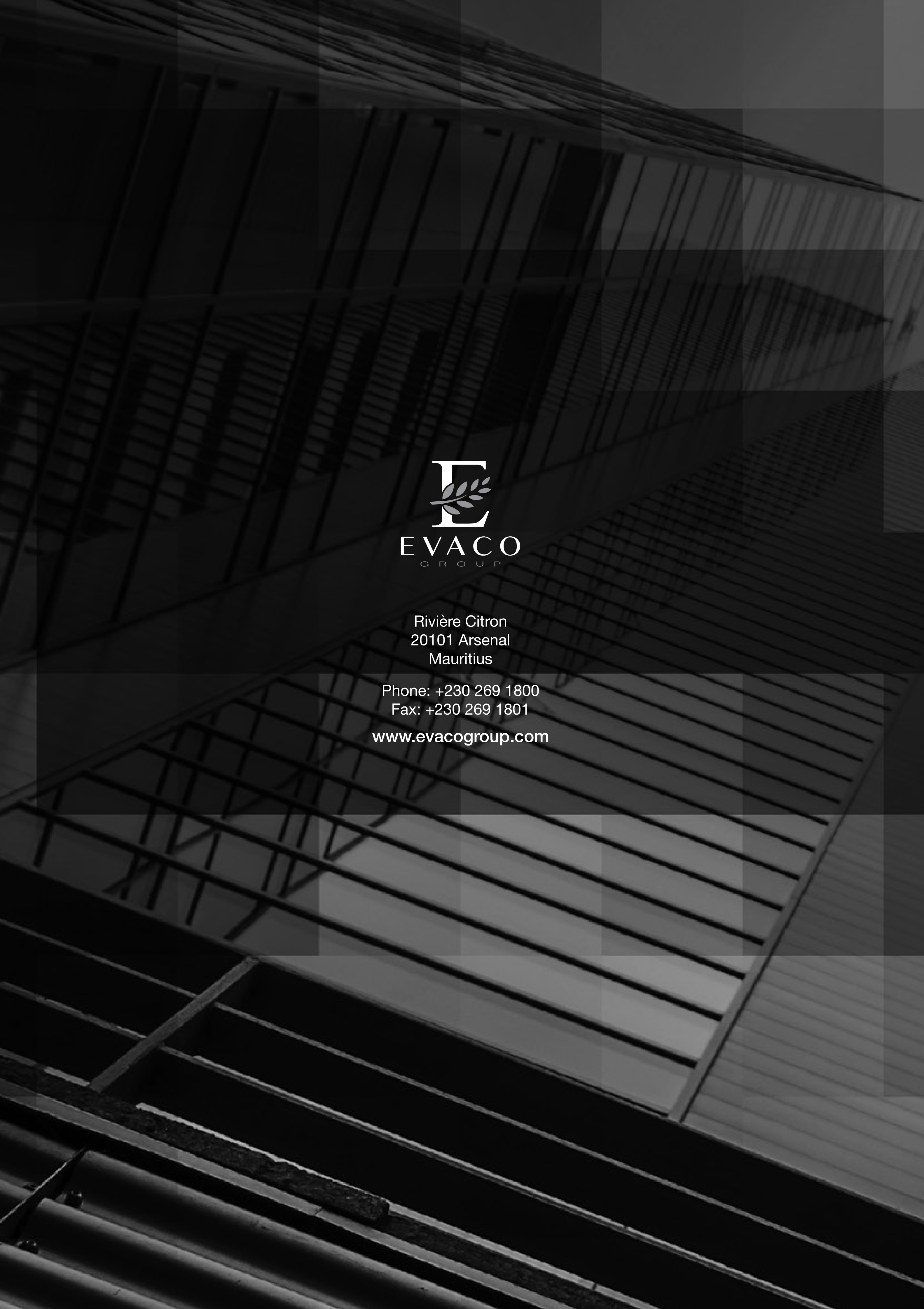
a Trade payables include an amount of Rs 65,644k payable to 2 suppliers in respect of the construction of Le Domaine des Alizées Ltée's (a subsidiary) real estates project. Payments of these invoices have not been made, pending the rulings of the court cases in litigation between the parties.

b Evaco Ltd & others have lodged a claim and are praying the Court to order payment from the defendants for non-payment of properties acquired namely the Restaurant & Spa of the RES Project, loss of rent for the occupation and use of the properties, unpaid suppliers and employee related costs. On the other side, the previous operator of the restaurant and spa of Le Domaine des Alizées Ltée (a subsidiary) has lodged a claim for damages against Evaco Ltd & Others. An amount of Rs.5,043 k was disbursed by Defendant to the notary of Le Domaine des Alizées Ltée in an escrow account in respect of this matter has been recognised as receivable in these financial statements.

c Except for 36(a) above, no provision has been made in these financial statements as the Directors, taking into consideration legal advice, consider that it is unlikely that significant liabilities will arise in respect of these court cases.

## 37 EVENT AFTER THE REPORTING PERIOD

There were no events after the reporting period that require disclosures.

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