EVACO
GROUP

ANNUAL REPORT 2018

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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

200,000 m^2
OF LAND DEVELOPED

250,000,000 USD
PROJECT VALUE

18 YEARS
OF DEDICATED SERVICES

660 EMPLOYEES

CEO's Review

"New projects are in the pipeline to be launched in Mauritius and abroad. Each and every member of the group is devoted in improving the Group's overall performance and keeping Evaco ahead as the leading property developer of Mauritius"

The financial year 2017-2018 was challenging for our construction business which incurred delays in delivering the CDL phase 2A project, hence postponing significant income from property sales to the following year. The loss before tax for the year of MUR 141.9M does not reflect a real picture of the group's sustainable performance but rather cyclical financial results common in the life of a property development company.

The loss can be attributed to the fact that some of our current secured property projects (93 units in all for a total value of MUR 2.2 Billon) have seen their construction phases delayed by more than 1 year. This exceptional construction delay was mainly due, but not limited, to factors such as adverse weather conditions prevailing during the first 4 calendar months of 2018, as well as a shortage and inadequacy of qualified labour and resources. This situation has now been returned to normal operating conditions and will be having a limited impact on the overall lifespan and profitability of the said property developments. As such our profitability forecast linked to these projects do remain in line with our projections.

Revenue for the year ended 30 June 2018 amounted to MUR 605.8 M, which represents a decrease of 7% when compared to the prior year ended 30 June 2017 (MUR 661.3M). However the Revenue of our Construction cluster increased by 41.32% to reach MUR 300M and the revenue of our Leisure and Hospitality cluster also increased to reach MUR 140 M.

In order to ensure that our profitability objectives are being met during the financial year 2018-2019, a new Group operating structure has been designed and implemented, with the recruitment of a new Group Chief Operating Officer (COO) together with new General Managers and Business Units leaders. The new organization encompass new Structures, Processes and People with a clear segregation between the Group's Construction, Contracting & Manufacturing capabilities and those of the Group's Property & Services as well as the Leisure & Hospitality ones.

This new operational model is already bringing positive results with a significant acceleration in our units' delivery. Phase A of the Clos du Littoral II (CDLII) project shall be entirely delivered to owners in October 2018. Phase B of CDLII is also well under way and, as at the 30th of June 2018, the project was at a progress of works of 44% with the first units scheduled to be delivered in December 2018. Phase C of CDLII is in the initial phase of infrastructure construction with the first foundation works starting as from October 2018.

On the sales side, the Group is still achieving excellent results with an achieved sales percentage to date of 73% for the entire Clos du Littoral Phase II project. As at the 30th of June 2018, the Property Cluster of the Group had managed to secure villa sales of up to Rs 953M representing an increase of 31.4% compared to the previous period.

In June 2018, the group launched its latest project on the Mauritian market: The SECRET Private Luxury Villa Resorts. From its unique architecture to its prestigious interior decoration, each SECRET villa is a jewel of sophistication that perfectly combines luxury and refinement. The harmonious combination of quality materials with seamless lines and technological innovations, enable the SECRET villas to create a unique concept of exclusive luxury hotel. As at to date the pre-sales levels of the Secret Private Luxury Villa Resorts are well above expectations, confirming the market readiness for such project.

Our "Cape Marina" project which will be developed in phases on our uniquely positioned 50 acres of land in Cap Malheureux has received its letter of approval from the Economic Development Board and is now in advanced design stage.

Prospects for the next financial year are very good. New projects are in the pipeline to be launched in Mauritius and abroad. Each and every member of the group is devoted in improving the Group's overall performance and keeping Evaco ahead as the leading property developer of Mauritius.

I wish to sincerely thank all my colleagues and stakeholders for their valuable collaboration and commitment during the past financial year.

Arnaud Mayer
Chief Executive Officer

Our History

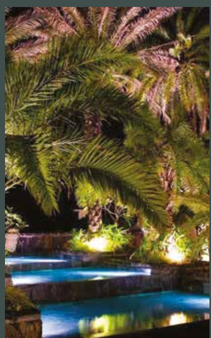
Arnaud Mayer
founded Evaco

2001

2003

Construction of Grand Baie Business Park – The 1st business centre in Grand Baie

Opening of the 1st private residential complex Oasis Villas



2004

Creation of Evaco Holidays

2008

Launching of Oasis Villas Phase 2

Creation of Evaco Holidays

Launching of Athenas Villas, 1st RES project in Mauritius

2010

2011

Development of the luxury Beach Club at Trou aux Biches

Creation of La Plage Restaurant

With its 18 years' experience in real estate development, the Evaco Group has developed its strategy and has grown by diversifying and increasing its production capacity. The group has added to its list of accomplishments numerous projects such as high-end residential complexes:

Oasis, Athena, Clos du Littoral and recently unveiled, Secret Private Villa Resort, a prestigious resort made up of individual and private villas with a smart integration of latest technology. After the commercial success encountered by these real estate projects, Evaco diversified its activities into construction, contracting, manufacturing, logistics, procurement and hotel management. A diversification that has greatly contributed to its growth and expansion.

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

2013

2015

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

Launching of Evaco Construction

Launching of Le Clos du Littoral Phase 2

Launching of the new head office at Arsenal

2016

2018

Launching of Secret Private Villa Resort

Launching of Real Estate Agency Fine & Country Mauritius

Evaco Construction divided into 3 companies: FairStone Ltd, FineLine Contracting Ltd and I.D.E.A

International expansion of the group

2018

Group Structure

ARNAUD MAYER
ULTIMATE BENEFICIARY / SHAREHOLDER

100%

EVACO LTD

CONSTRUCTION CONTRACTING MANUFACTURING

- 100% — **FAIRSTONE LTD** (formerly Evaco Construction Ltd)
- 100% — **FINE LINE CONTRACTING LTD** Construction and manufacturing
- 100% — **INNOVATIVE DESIGN ENGINEERING AND ARCHITECTURE LTD** Design and architecture

PROPERTY AND SERVICES

- 100% — **LE DOMAINE DES ALIZÉES LTÉE** Property Development – Real Estate Scheme
- 100% — **LE CLOS DU LITTORAL LTEE** Property Development – Real Estate
- 100% — **LE CLOS DU LITTORAL PHASE II LTÉE** Property Development – Real Estate Scheme
- 100% — **LE CLOS DU LITTORAL PHASE III LTÉE** Property Development – Real Estate Scheme
- 100% — **LES VILLAS ATHENA LTÉE** Property Development – Real Estate Scheme
- 100% — **CREATIVE PROPERTIES LTD** Property Development
- 100% — **HIGHLANDS HILLS PROPERTIES LTD** Property Development
- 100% — **FC PROPERTY LTD** Real estate agents
- 100% — **EVASIO SAS** Incorporated in Reunion Island Property Development & Hospitality Activity
- 100% — **WATERSAVR INDIAN OCEAN LTD** Import and Export
- 100% — **AQUAMARINE WATERSPORT LTD** Dormant
- 75% — **CAPE ROCK MARINA LTD** Dormant
- 100% — **SUNRISE CAPE MARINA LTD** Dormant
- 100% — **EVAJET LTD** Business Aircraft Operations

LEISURE AND HOSPITALITY

- 49%* — **EVACO HOLIDAY RESORTS LTD** Hospitality and Leisure
- 49%* — **EVACO BEACH CLUB LTD** Restaurant
- 49%* — **LE SPA DU DOMAINE LTD** Dormant
- 49%* — **ARCHIPEL DES SAVEURS LTD** Dormant

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

FAIRSTONE

The Evaco Group has made significant investment in its construction subsidiary, equipped with the latest technologies, unparalleled in Mauritius. Founded in 2015, FairStone's core activities regroup the construction of the group's property development projects. FairStone Ltd uses sophisticated equipment supported by new infrastructure tailored to sustain the ambitious vision of the group.

Board of Directors - Evaco Ltd

BOARD OF DIRECTORS – EVACO LTD

Chairman and Chief Executive Officer
Mr Arnaud MAYER

Executive Directors
Ms Karen F. ANGUS
Mr Mouez RAYABI
Mr Alexandre GOUREL DE SAINT PERN

Non - Executive Director
Mr Philippe DE BRAGARD HARDY

Independent Director
Mr Jean Marc LAGESSE

Audit and Risk Committee
Mr Jean Marc LAGESSE – Chairperson
Mr Philippe DE BRAGARD HARDY

Corporate Governance Committee
Mr Jean Marc LAGESSE
Mr Philippe DE BRAGARD HARDY
Mr Arnaud MAYER

Administration

Registered Office
Rivière Citron,
20101, Arsenal

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

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

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

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

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

FOR NOTEHOLDERS

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

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

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

Directors' Profiles

MR. P P. ARNAUD MAYER
Chairman and CEO

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 recognised as one of the best entrepreneurs of the year. He is also the President of the Mauritius Real Estate Association (REAM).

Date of appointment: 27th Sep 2018
Directorship in other listed Companies: None

MR ALEXANDRE GOUREL DE SAINT PERN
Executive Director

Born in 1976, Mr Alexandre GROUREL DE SAINT PERN, CPN, holds a post-graduate degree in Marketing & Management. Alexandre started his career in 1996 at Cernol Chemicals Ltd. before joining an American multinational, Ecolab Inc., in 1999, where he last held the position of Export Director for Africa, based in Morocco until 2004. In 2005 he joined the Harel Mallac Group, a diversified Mauritian conglomerate, as Group Head of Business Development and was appointed General Manager of Harel Mallac International Ltd. that same year. In 2007 Alexandre became General Manager of Harel Mallac Outsourcing Ltd., overseeing the BPO and Outsourcing activities of the Group. In 2010 he joined the Corporate Offices of the Dominique Galea Group, namely PCS Ltd., as Director of International Operations, responsible for the Group's international strategy and business development, before holding the position of Chief Strategy Officer of FORGES TARDIEU Ltd between 2015 and 2018. Alexandre joined the EVACO Group as from the 1st of June 2018 as Group Chief Operations Officer.

Date of appointment: 24th Feb 2016
Directorship in other listed Companies: None

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.

Date of appointment: 24th Feb 2016
Directorship in other listed Companies: None

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.

Date of appointment: 3rd Mar 2016
Directorship in other listed Companies: Tropical Paradise Ltd and Plastic Industry Ltd

MR. PHILIPPE DE BRAGARD HARDY
Non Executive Director

Born in 1972 in UK, Mr Philippe DE BRAGARD HARDY is a founding member of PSG Wealth Ltd. He has a much 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.

Date of appointment: 24th Feb 2016
Date of resignation: 15th June 2018

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 organisations worldwide.

Date of appointment: 3rd Mar 2016
Directorship in other listed Companies: None

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. Jean-Marc 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.

Date of appointment: 3rd Mar 2016
Date of resignation: 15th June 2018

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.

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 2018, 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 **27 September 2018** and signed on its behalf by:

Arnaud MAYER
Chairperson

Alexandre Gourel de Saint Pern
Director

27 September 2018

Corporate Governance Report

The Directors of EVACO LTD (the "Company" or "EVACO") have pleasure in presenting the Company's annual report for the year ended 30 June 2018.

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.

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.

EVACO's main activity is to hold shares in other companies and the group has developed three main sectors of activity: Property, Hospitality and Construction.

Property: Evaco Property concentrates its efforts in the realisation and the commercialisation of luxurious property developments. From its first realisation, the Grand Baie Business Park, to the RES Secret Private Villas Resort, information on each property development can be found on the website of the Group.

Holidays: Evaco offers holidays differently in charming residences, villas or apartments. Evaco Holidays offers as service the management of the property rentals of owners having acquired units from Evaco projects. The objective is to assure owners with interesting and stable income.

Construction: the group's construction activity, designs and manages the future Evaco project and employs a highly-specialised team of architects, engineers, technicians who takes all necessary measures to ensure the quality while respecting construction schedules of Evaco's projects.

Factors that influence the external environment include the competition and emergence of new players on the market; the quality of its projects and the general reputation of Mauritius worldwide – its security etc... The Group tackles these challenges by having a diversified and innovative offering and by introducing latest and reliable construction techniques to ensure a high quality end-product. The group is now in a position to offer a full range of services in terms of construction and to handle all its projects from inception to delivery.

RESULTS

For the year under review, the turnover for the Group and the Company reached Rs 605.8m (2017 – Rs 661.3m) and Rs 60.7m (2017 – Rs 47.5m) respectively, whilst the loss after tax for the Group and the Company stood at Rs 138m (2017 – Profit of Rs 75.2m) and Rs20.0m (2017 – Profit of Rs 145.0m) respectively.

DIVIDENDS

Total dividends declared by the Group and the Company for the year ended 30 June 2018 was Rs Nil (2017 – Rs Nil).

BOARD OF DIRECTORS

The Company is headed by a unitary Board composed of six Directors with a 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. The Board is effective 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. The responsibilities and accountabilities are identified within the Company. The Board leads and controls the Company and is collectively responsible for its long term success, reputation and governance. It is also committed to fair financial disclosure to its shareholders and all the stakeholders at large and for leading and controlling the Company and meeting all legal and regulatory requirements. A Board Charter setting the terms of reference for the Board and describing how the Board operates has been adopted and can be viewed on the Company's website. A position statement for senior governance position will be drafted and reviewed.

An organisational chart can be viewed on the company's website.

Directors and Secretary at date: 27 September 2018

Name	Country of residence	Status of directorship	Other information
Arnaud Mayer	Mauritius	Executive Director	Chairman and Group Chief Executive Officer Sole ordinary shareholder
Jean Marc Lagesse	Mauritius	Independent Director Chairman of the Corporate Governance Committee Member of the Audit and Risk Committee	No relation with the Company apart from Directorship
Philippe De Bragard Hardy	Mauritius	Non-Executive Director Member of the Corporate Governance Committee Member of the Corporate Governance Committee	Offering Corporate Advisory Services to Evaco Group through PSG Wealth Ltd
Karen Angus	Mauritius	Executive Director	Group Marketing and Sales Director
Mouez Rayabi	Mauritius	Executive Director	Managing Director of the Leisure and hospitality cluster
Alexandre Gourel de Saint Pern	Mauritius	Executive Director	Group Chief Operating Officer
Box Office Ltd	Domestic Company incorporated in Mauritius	Company Secretary	Company with two qualified chartered Secretaries as partners – Mrs Sophie Gellé and Sylvia Maigrot, offering secretarial services to a portfolio of clients.

BOARD STRUCTURE

BOARD SIZE AND COMPOSITION

To determine its current size and composition, the Board has taken into account (a) the size, complexity and diversity of its operations, (b) the various qualifications and experience of its members, (c) the recommendations of the Code.

Two Directors have resigned during the year, one independent and one executive director. The sole ordinary shareholder, who is also the Chairman, is currently in the process of looking for the right candidates in replacement that will bring to the Group expertise and added value and have the necessary knowledge and qualification to be able to act as member of the Audit and Risk Committee and the Corporate Governance Committee. The intention is also to separate the duties of the CEO and the Chairman within the current financial year.

The Board is satisfied that following the replacement of Directors, the size and level of diversity of the board will be adequate for the Company.

Presently, there is a combination of four executive directors, one non-executive director and one independent director. The directors come from diverse business backgrounds and possess the necessary knowledge, skills, objectivity, integrity, experience and commitment to make sound judgements on various key issues relevant to the business of the Company, independent of management.

Leadership

Directors and members of Management exercise the utmost good faith, honesty and integrity in all their dealings with or on behalf of the Company. They are well versed with the day-to-day transactions of the Company and are sufficiently experienced and qualified to fulfil their roles and functions.

Chairperson and CEO

Mr Arnaud Mayer is the current Chairperson and Chief Executive Officer. The Chairperson, also being the Chief Executive Officer, has executive and management responsibilities. He also chairs meetings of the Board and of Shareholders. The Board has ensured that the Chairperson commits sufficient time to carry out his duties and responsibilities effectively and is conscious of the requirement to split the duties of the CEO and Chairman. This is being dealt with to ensure compliance with the Listing Rules 11.42A (a) and the Code without delay.

The Chairperson's primary function is to:

Preside over the meetings of directors and ensure the smooth functioning of the Board in the interests of good governance;

- Provide overall leadership and encourage active participation of all directors; and
- Ensure that all the relevant information and facts are placed before the Board to enable the directors to reach informed decisions, and maintain sound relations with the Company's shareholders.

The CEO reports to the Board of Directors and is responsible for the day-to-day management of the Company and works in close collaboration with the management team, the Board and the Committees.

Executive Directors

There are four Executive Directors on the Board.

Independent Directors

The Board agrees that an independent director is a board member who normally:

a) has not been an employee of the company or group within the past three years;
b) has not, or has not had within the past three years, a material business relationship with the company either directly or as a partner, shareholder, director or senior employee of a body that has such a relationship with the company;
c) has not received or receive additional remuneration from the company apart from a director's fee or as a member of the company's pension scheme;
d) is not a nominated director representing a significant shareholder;
e) does not have close family ties with any of the company's advisers, directors or senior employees;
f) does not have cross directorships nor significant links with other directors through involvement in other companies or bodies; and
g) has not served on the board for more than nine years from the date of their first election.

With the resignation of Mrs Brigitte Tomi, the company has one Independent Director. The intention is to appoint a second independent director with a financial background and knowledge who will also be a member of the Audit and Risk Committee and Corporate Governance (Nomination and Remuneration) Committee. The Company therefore does not comply with the Code of Corporate Governance and is not in line with its Board charter which stipulates that the Company shall have at least two independent.

Company Secretary

The secretary of the Company is Box Office Ltd.

The Company Secretary has access to the Board members and Directors may separately and independently contact the Company Secretary who attends and prepares minutes for all Board meetings.

The Company Secretary's role is defined, and includes the responsibility for:

- Providing the Board with guidance as to how their duties and responsibilities should be properly discharged in the best interests of the Company and in accordance with the Companies Act 2001, the Constitution of the Company and the Code of Corporate Governance;
- Drafting the agenda of Board and Board committee meetings in consultation with the Chairperson;
- Circulating agendas and any supporting papers to Directors in good time;
- Convening, attending and drafting of minutes of Board and Committee Meetings and Shareholder' meetings;
- Checking the required quorums of meetings are present;
- Assisting upon request, the Chairperson in organising Board evaluations and training programs.

The appointment and dismissal of the Company Secretary are matters requiring the Board's approval.

The Board meets on a quarterly basis and at such ad hoc times as may be required. Its main functions include the following:

- Reviewing and evaluating present and future opportunities, threats and risks in the external environment and current and future strengths, weaknesses and risks relating to the Company;
- Determining strategic options, selecting those to be pursued, and resolving the means to implement and support them;
- Determining the business strategies and plans that underpin the corporate strategy;
- Ensuring that the Company's organisational structure and capabilities are appropriate for implementing the chosen strategies;
- Delegating such authority and power to management as may be deemed appropriate and monitoring and evaluating the implementation of policies, strategies and business plans;
- Ensuring that internal controls are effective;
- Overseeing information governance within the Group and ensuring that information assets are managed effectively;
- Communication with senior management;
- Ensuring that communications both to and from shareholders and relevant stakeholders and all strategic partners are effective; and
- Understanding and taking into account the interests of shareholders and relevant stakeholders in policy and strategy implementation.

Directors' attendance at meetings for the period from 1 July 2017 to 30 June 2018

The record of attendance at Board and Committee meetings is shown in the summary table below

Board Meetings

Name of Director	23 Sep 2017	06 Nov 2017	26 Jan 2018	08 May 2018
Arnaud MAYER	√	√	√	√
Karen ANGUS	√	√	√	√
Mouez RAYABI	√	√	√	√
Jean Marc LAGESSE	√	√	√	Excused
Philippe DE BRAGARD HARDY	√	√	√	√
Brigitte TOMI*	Excused	√	√	N/A
Guillaume DURANT**	√	√	√	√

- * Brigitte Tomi has resigned as Director on 3rd May 2018
- ** Guillaume Durant has resigned as Director on 15th June 2018

Sub Committees

The Board, to assist it in its duties, has constituted 2 committees, the Audit and Risk Committee and the Corporate Governance (Nomination and Remuneration) Committee. The Charter for both committees have been approved by the Board.

The Corporate Governance Committee comprise of three members:

- Mr Jean Marc Lagesse – Chairperson
- Mr Philippe De Bragard Hardy – Non Executive Director
- Mr Arnaud Mayer – Executive Director

The Audit and Risk Committee presently comprise of 2 members:

- Mr Jean Marc Lagesse – Chairperson
- Mr Philippe De Bragard Hardy – Non Executive Director

Mrs Brigitte Tomi, the Independent Director on both committee and also acting as Chairman of the Audit and Risk Committee resigned during the reporting financial year.

The Committees are chaired by Independent Directors and the Chairperson of the committees report to the Board and, on behalf of the committees, regularly recommend actions to the Board.

The objectives of the Committees are, amongst others, summarized as follows

CORPORATE GOVERNANCE (NOMINATION AND REMUNERATION) COMMITTEE

The Corporate Governance (Nomination and Remuneration) Committee met once during the financial year.

The duties of the Corporate Governance (Nomination and Remuneration) Committee are summarised:

- to assist the Board of Directors in fulfilling its responsibilities to apply the principles of good corporate governance and to ensure that prevailing corporate governance practices are followed;
- To review the structure, size and composition of Board and to ascertain whether the combined knowledge and experience of the Board matches the strategic demands facing the Company;
- To ensure that Directors and Senior Officers are adequately remunerated.

AUDIT AND RISK COMMITTEE

The Audit and Risk Committee met three 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; and
- The adequacy of the insurance cover subscribed to by the Company and its subsidiaries.

The attendance at committees:

	Audit and Risk Committee Meetings		
	07 Sep 2017	06 Nov 2017	26 Jan 2018
Brigitte TOMI*	√	√	√
Philippe DE BRAGARD HARDY	√	√	√
Jean Marc LAGESSE	√	√	√

*Brigitte TOMI has resigned as Director on 03rd May 2018

	Corporate Governance Committee Meeting
	07 Sep 2017
Jean Marc Lagesse	√
Arnaud Mayer	√
Brigitte Tomi	√
Philippe De Bragard Hardy	√

*Brigitte TOMI has resigned as Director on 03rd May 2018.

DIRECTORS APPOINTMENT

Appointment and election and re-election of Directors

There is no formal defined procedure for the appointment of directors.

The sole ordinary shareholder of the company believes in stability and continuity at Board level and does not favour annual re-election of Directors. The Company's constitution does not provide for annual re-election and directors are appointed until they resign or are removed from office by ordinary resolution of the sole ordinary Shareholder. Also, directors are appointed on the Board based on their different skills, knowledge, experience, independence 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.

The Board is responsible of planning the succession of all key officeholders.

Board orientation and training for new 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. Management is responsible for briefing new directors on the Group's business.

New Directors receive an induction and orientation upon joining the Board.

Training of Directors

Training of Directors may comprise of externally conducted courses in matters of relevant interest to the Company.

The Board assumes the responsibilities for succession planning and for the appointment and induction of new Directors to the Board.

Directors' profile may be viewed on pages 16 - 17.

Directors' Duties

Legal Duties

Directors are aware of their legal duties as provided in the Companies Act and Listing Rules.

Conflict of interest

As provided in the Board charter, Directors are aware of their duty to immediately report to the chairperson of the Board any conflict of interest or potential conflict of interest which s/he becomes aware of, and shall provide all relevant information, and shall request that this conflict of interest be inserted in the Director's interest's register.

Notice of Outside Positions

Directors must inform the chairperson of the Board and the company secretary of their other positions which may be of importance to the company or the performance of their duties before accepting such positions.

Confidentiality

Unless required to do so by law, no Director shall, during his or her membership on the Board or afterwards, disclose any information of a confidential nature regarding the business of the company and/or any companies in which it holds a stake, that came to his or her knowledge in the capacity of his or her work for the company and which s/he knows or should know to be of a confidential nature.

STATEMENT OF REMUNERATION POLICY

Total remuneration paid to Directors for the year under review amounted to Rs 20,776,842 (2017: Rs 21, 071,823).

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

Remuneration of Directors

The Corporate Governance Committee and the Board have reviewed the Directors remuneration and approved that he remuneration paid to Independent Directors is Rs 65,000 per attended Board meeting and Rs 12,000 per attended committee meeting.

During the year – remuneration paid to Independent Directors was as follows:

- Mr Jean Marc Lagesse: Rs 243,000
- Mrs Brigitte Tomi: Rs 178,000

The Board has discussed the application of the requirement relating to the disclosure of remuneration for each individual executive director. However, it being a sensitive issue in a very competitive sector, the Board has decided not to disclose individually the remuneration of the executive Directors.

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 2018 Rs.	**Year ended 30 June 2017 Rs.**	Year ended 30 June 2018 Rs.
Executive Directors	**21,071,823**	20,776,842	**12,351,358**	14,364,441
Non-executive		-		-
Independent Directors	**471,410**	421,000	**471,410**	421,000

No directors have received remuneration in the form of share option or bonuses associated with organisational performance.

Appraisal of Directors

As regards the self-appraisal of Directors, considering that the Company is currently in the process of replacing the resigning directors, the Board considers appropriate to wait and carry a self-appraisal exercise during the 2018/2019 financial 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.

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. A Code of Ethics, laying out the Group's corporate values and standards of behaviour will be developed during the financial year ending 30 June 2019. The code of ethics will also include a section on conflict of interest and the appropriate behaviour when dealing with matters where there are personal interest involves.

Whistle-blowing procedures will also be outlined in the Code of Ethics of the company. Provision will be made so that whistle-blowers will be able request their identities to be kept confidential.

Interest's Register

The Company Secretary maintains an interest's register, which is available for consultation to shareholders upon written request to the Company Secretary. No entries have been made in the interest register for the reporting period.

Dealing in shares of the Company and Interests of Directors

The sole Director holding Ordinary Shares in the Company is Mr. P. P. Arnaud MAYER. As at 30 June 2017 and 30th June 2018, Mr. P. P. Arnaud MAYER held directly Ordinary Shares of the Company as follows:

Director	Holding (%)
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.

Employees

EVACO Group currently employs, on a full-time basis, 589 persons who are involved in the daily operations of the Company.

Profiles of Senior Officers

Please refer to page 34-36 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 2018, 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:

Mr. P. P. Arnaud MAYER

100%

EVACO LTD

Information on major shareholders as at 30 June 2018

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
FairStone 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	Dormant	100
Evajet Ltd	Business Aircraft Operations	100
Creative Properties Ltd	Property Development	100
Aquamarine Watersport Ltd	Dormant	100
Cape Rock Marina Ltd	Dormant	75
Sunrise Cape Marina Ltd	Dormant	100
Evasio SAS *(Incorporated in Reunion Island)*	Property Development and Hospitality Activity	100
Watersavr Indian Ocean Ltd	Import & Export	100
Highlands Hills Properties Ltd	Property Development	100
Innovative Design Engineering and Architecture Ltd	Design and architecture	100
FC Property Ltd	Real estate agents	100
Fine Line Contracting Ltd	Other construction and manufacturing	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	Dormant	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 2018 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

Environmental

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.

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 2018 Rs 290,000 amounted to (2017: Rs 3,391,641).

Donations

The Company has made no political donations for the year under review (2017: Rs NIL.)

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 opted 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. However, the Company is conscious of the importance of an internal audit function and is reviewing its options.

External Audit

The External Auditor is CAYS Associates.

The Audit and Risk Committee has the duty:

- to consider and make recommendations to the Board, to be put to shareholders for approval at the Annual Meeting, in relation to the appointment, re-appointment and removal of the Company's external auditor;
- Meet regularly with the external auditor and at least once a year;
- Review the findings of the audit with the external auditor.

Risk Management

The Board is responsible for the overall management of risks and has 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. Management has a well-designed structure for the identification and management of risks through controls which are reviewed on a regular basis with the Chairman and where appropriate, brought to the Audit and Risk Committee and Board. This provides the directors a certain level of assurance that risk management is effective. Insurance are availed where considered appropriate.

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

WEBSITE:

The website is www.evacogroup.com

The information that can be viewed on the website are the abridged results and annual report. The constitution, board and committee charter will also be made available on the website.

Having taken all the matters considered by the Board and brought to the attention of the Board during the year into account and up to the approval of the present financial statements, the Board is satisfied that the annual report and financial statements are fair balance and understandable.

Arnaud MAYER

Chairperson

Alexandre Gourel de Saint Pern

Director

27 September 2018

SENIOR MANAGERS PROFILES

MRS. LAURIANE PALLANY
Group Head of Human Resources

Lauriane PALLANY is currently the Group Head of Human Resources and has been in the Evaco Group since April 2016. After more than 5 years in Administration as well as Marketing & Sales in various companies, Lauriane has chosen the HR field in which she has now been working for 15 years, mainly in the manufacturing and retailing industries to start with. She now deals with the various industries related to the Evaco Group and its subsidiaries, namely Construction, Manufacturing, Contracting, Property Development, Hospitality and Catering. Holder of a degree in Human Resources, Lauriane has hands-on experience in various HR fields. With her tenacity and solid experience, she is taking up the new challenges faced by the Group to fully support the Management team.

MRS. ANTOINETTE PERRINE
Group Financial Controller

Antoinette PERRINE joined the Evaco Group in December 2016. A seasoned professional with more than 15 years of experience, she has acquired a solid knowledge on accounting, finance and business practices. Antoinette is an ACCA member and studied for an Msc Finance at the University of Mauritius. She started her career as an external auditor and since then has evolved in the textile, gaming, hospitality and property development as financial controller and finance director.

MR. FABRICE LINCOLN
Group Head of Legal

Fabrice LINCOLN joined Evaco Group in September 2018. He holds a bachelor of economics and a bachelor of laws, and practised as a lawyer in Australia for more than 12 years before joining Evaco Group. Fabrice worked as a senior lawyer in large international and Australian law firms in the fields of property and development, commercial law and corporation's law, amongst others. Fabrice adds deep expertise to the group's legal governance and risk management team.

MR. THOMAS EMPEIGNE
Land Development and Authority Relations Executive

Thomas EMPEIGNE joined Evaco Group in March 2016. He holds a Master Degree in International Business from the "Institut Superieur Européen de Gestion" 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 international level.

MR. LUKE MAUREL
General Manager of FairStone Ltd

Luke MAUREL joined Evaco Group in March 2018 as the General Manager of Fairstone Ltd. Luke has over 15 years' experience and has held positions as a Site Manager, Snr Project Manager and Operations Manager in construction and development companies. Prior to joining Evaco, Luke was the Regional Executive for Propertuity Development in Durban, South Africa managing the companies interests in a property portfolio valued at over R450 mill and representing the company as a director in its joint venture entities. Propertuity is a leading property development and investment company specialising in urban regeneration projects. He was also one of the founding directors of the Love Durban UIP (NPO).

SENIOR MANAGERS PROFILES

MR. CHRISTOPHE MARGEOT
Head of Procurement and Logistics

Christophe MARGEOT is a procurement specialist. He joined the EVACO group in June 2018 as the Head of Procurement and Logistics. He has worked predominantly in Africa for EPCM projects for the mining, mechanical engineering and now the construction industry.

MR. SOFYAN ZOUIOUECHE
Lead Principal Architect

Sofyan ZOUIOUECHE joined the Evaco Group in September 2018 after having undertaken local and international, private and corporate projects. Sofyan is a graduated Architect DPLG (Marseilles) since 2004. Since then, he has developed programs of residences, trade and offices, hotels, and private residences. His concepts are focused on innovation and practicality of design coupled with a sensitivity to the client's needs and aspirations while managing the environmental impact. His main drivers towards a serene modernity are proportionality, space, quality, luminosity and materials. Sofyan's main professional objective is to provide comprehensive professional services from conceptual design through to implementation and completion of a project. In 2018, he completed his professional skills with a Master of Business Administration (Paris-La Sorbonne) to complete his organisational and leadership abilities.

MRS. AUDE LECLERC
Head of Sales

Aude LECLERC has joined the Evaco Group as Sales Manager in March 2017 and has been promoted as Head of Sales Department in October 2017. Aude's professional experience in Sales & Marketing is on since 2001, with an exposure to various sector of activities such as Telecommunication, Retailing, ICT and Property Development, both in France and in Mauritius. Aude is the holder of an MBA, of a Major in Marketing & Communication and a degree in International Business Administration. Aude is currently reporting to the Sales & Marketing Director of the Evaco Group and heading the sales department for the marketing and sales of all current and upcoming projects.

MR. RYNO FERREIRA
Senior Site Manager

Of South African origins, Ryno Ferreira has joined the Evaco Group in April 2018 and is in charge of the sites' operations. With his extensive experience of more than 16 years in multiple constructions disciplines, his specialities lie in residential, infrastructure development and renovations in the hospitality and leisure industries overseas. Ryno excels in managing multi-site operations, budget allocations, overseeing quality as well as performance whilst taking into considerations financial and time constraints.

MR. BRUCE MITTON
Head of Quantity Surveying

Bruce Mitton is heading the Quantity Surveying Department since April 2018. He has been in the Construction Industry for 26 years with experience in both the contracting and consultancy side of businesses. Holder of a National Higher Diploma in Quantity Surveying from his country, namely South Africa, Bruce has developed his expertise in Quantity Surveying and Contracts Management over the years and has a priceless know-how in his field of expertise.

SENIOR MANAGERS PROFILES

Mrs. Elodie DE COMARMOND

Sales and Marketing Manager

Elodie de Comarmond is currently the Sales & Marketing Manager of Evaco Holidays Ltd and has joined the Evaco Group in February 2015. Elodie is also in charge of the Reservation department and supports the Managing Director in setting up the marketing strategies for the Hospitality cluster, which includes both the rental management of the Evaco Villas & Apartments and the restaurant La Plage by Evaco. After completing her tertiary studies in Management and Commerce in France, Elodie has had a rich experience in Sales & Marketing in the Tourism Industry and due to her professionalism, has rapidly reached higher responsibility levels.

Mrs Olivia DESCROIZILLES-BATHFIELD

Branch Manager FC Property Ltd

FC Property Ltd, under the label of Fine & Country International, is headed by Olivia Descroizilles-Bathfield since January 2018. As the Branch Manager, Olivia is leading the real estate agency of the Evaco Group with enthusiasm and professionalism. Holder of a degree in Public Relations and Media Studies, Olivia counts more than 10 years of hands-on experience in the Tourism Industry and her career change has not tempered with her ability to take up challenges brilliantly.

Mr. Christophe MASSON

General Manager of Fine Line Contracting Ltd

Christophe Masson reckons more than 18 years of experience in the Manufacturing sector, cumulating valuable experience throughout the various positions he has held during the past years within well-known local companies. Starting out in the Evaco Group as Head of Production in April 2016, Christophe has proven his management and leadership competencies and is now the General Manager of Fineline Manufacturing Ltd. His company caters for the production of all the Evaco Group’s wood, metal and aluminium products which is now aiming at the local market.

Statement of Compliance

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

We, the Directors of Evaco Ltd, confirm that, to the best of our knowledge that the Company throughout the year ended 30 June 2018 applied the eight principles or the New Corporate Governance Code for Mauritius (2016) save and excerpt for:

Principle 2
- The company has only one independent Director
- The function of the CEO and Chairperson are not separate

Principle 3
- Formal process for the appointment and election and re-election of Directors

Principle 5
- The structure and processes for the identification and management of risk
- The Integration of risk management and internal control

Principle 4
- Code of ethics
- Board of evaluation and development
- Disclosure of remuneration of executive directors individually
- Information, information technology and information security policies

Principle 7
- The company has no internal audit function

Explanations and measures are provided in the Corporate Governance report.

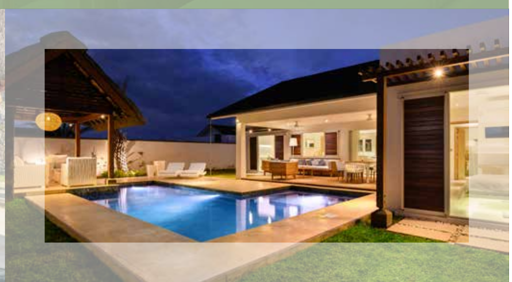
Approved by the Board of Directors on 27 September 2018 and signed on its behalf by:

Arnaud MAYER
Chairperson

Alexandre Gourel de Saint Pern
Director

27 September 2018

Evaco Property is a focused property development subsidiary. Our strategy is to build and monetise an extensive and diversified portfolio of residential property assets. We have in-depth experience in all aspects of property development from land acquisition to project management and construction.



Secretary's Certificate

for the Year ended 30 June 2018

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.

27 September 2018

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 page 14.

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 2018 are disclosed at page 29.

Auditors' Remuneration

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

	2018 **Rs'000**	2017 Rs'000
Audit fees	**1,400**	1,356
Tax services fees	**84**	82

Arnaud MAYER
Chairperson

Alexandre Gourel de Saint Pern
Director

27 September 2018

To meet the needs of property owners, Evaco Group has set up a new area of expertise for several years under the Holidays entity. With more than 100 properties to manage, it offers services in various fields of expertise such as hotel management, customer service, customer care and rental management. Evaco Holidays is a team of more than 130 dedicated professionals, 24 hours a day to carry out a five star hotel 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 2018 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 2018, 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; and
- 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 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.

Financial Reporting Act 2004

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

In our opinion, the disclosure in the Corporate Governance report is consistent with the requirements of the code.

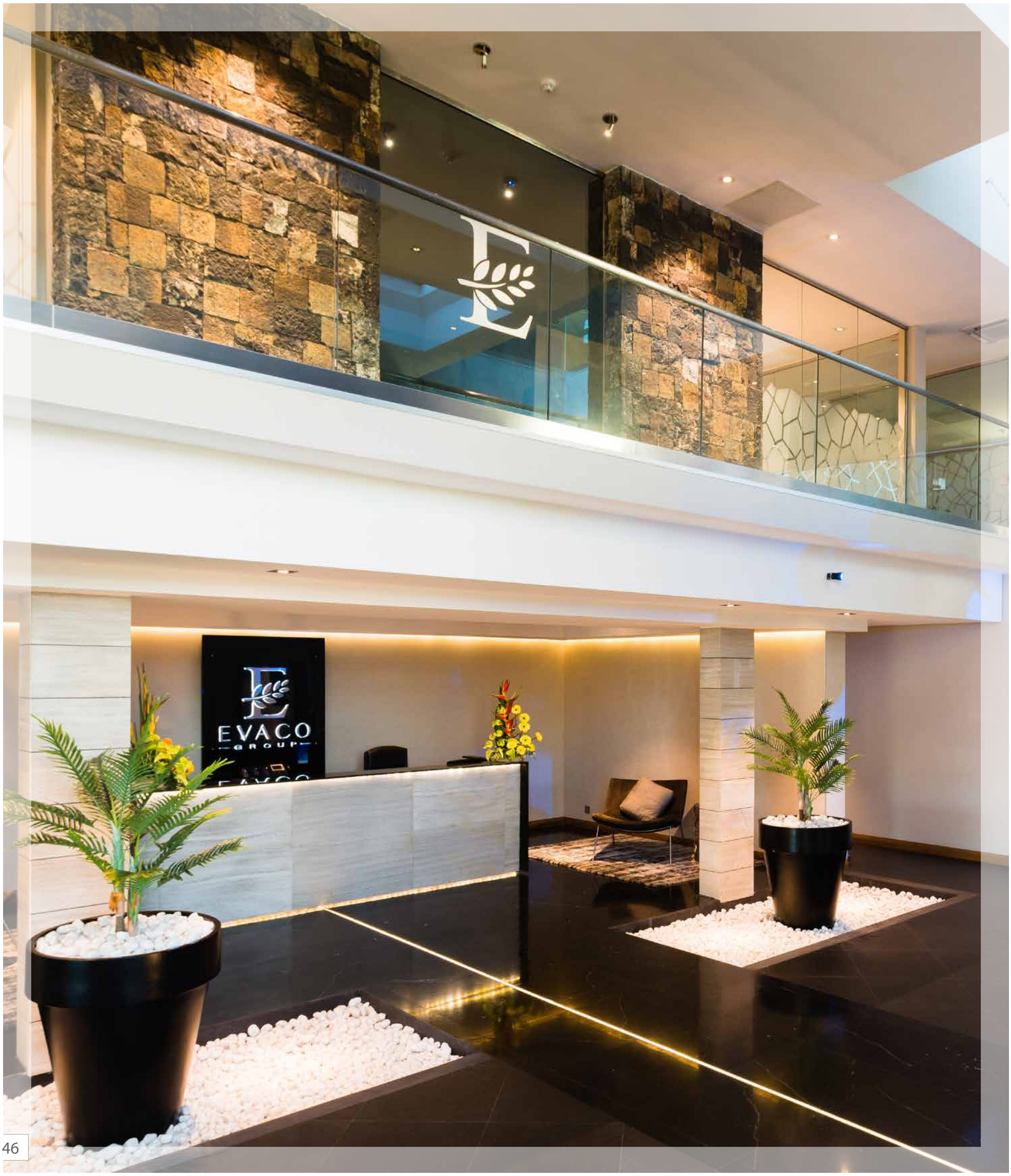
Cays Associates

Cays Associates
Public Accountants

C. Ah Yuk Shing FCCA
Licensed by FRC

27 September 2018

Financial Statements



STATEMENT OF FINANCIAL POSITION

at 30 June 2018

	Note	Group		Company	
		2018	2017	**2018**	2017
		Rs'000	Rs'000	**Rs'000**	Rs'000
Non-current assets					
Property, plant & equipment	7	**279,149**	304,820	**16,868**	47,986
Intangible assets	8	**16,058**	5,750	**8,876**	225
Interests in subsidiaries	9	**-**	-	**823,674**	651,984
Investment in equity securities	10	**-**	70	**-**	70
		295,207	310,640	**849,418**	700,265
Current assets					
Assets held for sale	11	**54,891**	-	**24,427**	-
Inventory property held for development	12	**313,163**	327,435	**-**	-
Inventory property held for sale & in progress	13	**174,161**	219,150	**-**	-
Inventories	14	**30,741**	39,083	**-**	-
Trade & other receivables	15	**150,117**	198,809	**23,416**	182,155
Tax receivable	20	**300**	-	**-**	524
Cash at bank & in hand		**55,954**	17,876	**25,520**	1,578
		779,327	802,353	**73,363**	184,257
Current liabilities					
Bank overdrafts	16	**103,739**	68,002	**2,252**	1,464
Loans payable	22	**27,908**	34,614	**25,211**	18,055
Finance lease liabilities	23	**9,178**	14,429	**2,120**	4,196
Trade & other payables	17	**126,074**	96,132	**10,517**	7,359
Provision	18	**65,000**	65,000	**-**	-
Deposits from customers	19	**7,875**	-	**-**	-
Tax payable	20	**-**	13,016	**310**	-
		339,774	291,193	**40,410**	31,074
Net current assets		**439,553**	511,160	**32,953**	153,183
		734,760	821,800	**882,371**	853,448
Capital & reserves					
Stated capital		**100,000**	100,000	**100,000**	100,000
Capital contribution from ultimate shareholder		**30,707**	30,707	**30,707**	30,707
Retained earnings		**322,752**	462,714	**473,992**	494,027
(Loss)/gain on translation of foreign subsidiary		**(203)**	334	**-**	-
Equity attributable to owners of the Company		**453,256**	593,755	**604,699**	624,734
Non-controlling interests		**(12,184)**	(14,099)	**-**	-
	Page 6	**441,072**	579,656	**604,699**	624,734
Non-current liabilities					
Redeemable secured notes	21	**220,200**	220,200	**220,200**	220,200
Loans payable	22	**56,509**	-	**50,319**	-
Finance lease liabilities	23	**6,724**	15,993	**1,974**	4,207
Retirement benefit liabilities	24	**10,255**	5,951	**5,179**	4,307
		293,688	242,144	**277,672**	228,714
		734,760	821,800	**882,371**	853,448

Approved by the Board of Directors on 27 September 2018 and signed on its behalf by:

Arnaud MAYER
Chairperson

Alexandre Gourel de Saint Pern
Director

27 September 2018

STATEMENTS OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2018

		Group		Company	
	Note	**2018**	2017	**2018**	2017
		Rs'000	Rs'000	**Rs'000**	Rs'000
Continuing operations					
Revenue	25	**605,791**	661,306	**60,656**	47,486
Cost of sales	26	**(558,644)**	(362,144)	**(4,084)**	(3,447)
Gross profit		**47,147**	299,162	**56,572**	44,039
Dividend income	27	**-**	-	**-**	170,000
Other income & gains	28	**3,632**	9,859	**1,312**	3,833
Gain/(loss) on foreign exchange	29	**10**	(86)	**(281)**	(86)
Administrative & selling expenses	30	**(150,252)**	(169,148)	**(43,561)**	(51,533)
Other expenses & losses	31	**(41)**	(1,543)	**(9,984)**	-
Finance costs (net)	32	**(14,598)**	(30,783)	**(380)**	(1,507)
		(114,102)	107,461	**3,678**	164,746
Tax expense	20	**(1,998)**	(21,611)	**(310)**	-
(Loss)/profit for the year from continuing operations	Page 7	**(116,100)**	85,850	**3,368**	164,746
Discontinued operations	33	**(21,947)**	(10,640)	**(23,403)**	(19,778
(Loss)/profit for the year		**(138,047)**	75,210	**(20,035)**	144,969
Other comprehensive income					
Items that may be reclassified to profit or loss					
(Loss)/gain on translation of foreign subsidiary		**(537)**	334	**-**	-
Comprehensive income for the year		**(537)**	334	**-**	-
Comprehensive (loss)/income for the year		**(138,584)**	75,544	**(20,035)**	144,969
Profit for the year attributable to					
Owners of the Company	Page 7	**(139,962)**	73,953		
Non-controlling interests	Page 7	**1,915**	1,257		
		(138,047)	75,210		
Conprehensive income for the year attributable to					
Owners of the Company	Page 7	**(140,499)**	74,287		
Non-controlling interests	Page 7	**1,915**	1,257		
		(138,584)	75,544		

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2018

Group

		Equity attributable to owners of the Company						
		Stated capital Rs'000	Capital contribution from ultimate shareholder Rs'000	Retained earnings Rs'000	(Loss)/gain on translation of foreign subsidiary Rs'000	Total Rs'000	Non-controlling interests Rs'000	Total equity Rs'000
a	**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 6)	-	-	73,953	-	73,953	1,257	75,210
	Other comprehensive income (page 6)	-	-	-	334	334	-	334
	Comprehensive income for the year (page 6)	-	-	73,953	334	74,287	1,257	75,544
	Reclassification of interest free loan from shareholder as capital contribution	-	30,707	-	-	30,707	-	30,707
	Reclassification	-	(5,702)	-	-	(5,702)	5,702	-
	At 30 June 2017	100,000	30,707	462,714	334	593,755	(14,099)	579,656
b	**2018**							
	At 01 July 2017	100,000	30,707	462,714	334	593,755	(14,099)	579,656
	(Loss) for the year (page 6)	-	-	(139,962)	-	(139,962)	1,915	(138,047)
	Other comprehensive income (page 6)	-	-	-	(537)	(537)	-	(537)
	Comprehensive income for the year (page 6)	-	-	(139,962)	(537)	(140,499)	1,915	(138,584)
	At 30 June 2018	100,000	30,707	322,752	(203)	453,256	(12,184)	441,072

Company

		Attributable to owners of the Company			
		Stated capital Rs'000	Capital contribution from ultimate shareholder Rs'000	Retained earnings Rs'000	Total Rs'000
a	**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 6)	-	-	144,969	144,969
	Other comprehensive income (page 6)	-	-	-	-
	Comprehensive income for the year (page 6)	-	-	144,969	144,969
	Reclassification of interest free loan from ultimate shareholder as capital contribution	-	30,707	-	30,707
	At 30 June 2017	100,000	30,707	494,027	624,734
b	**2018**				
	At 01 July 2017	100,000	30,707	494,027	624,734
	Issue of shares	-	-	-	-
		100,000	30,707	494,027	624,734
	Profit for the year (page 6)	-	-	(20,035)	(20,035)
	Other comprehensive income (page 6)	-	-	-	
	Comprehensive income for the year (page 6)	-	-	(20,035)	(20,035)
	At 30 June 2018	100,000	30,707	473,992	604,699

		Group & Company	
		2018 Rs'000	2017 Rs'000
*	Stated capital		
	Issued & fully paid		
	100,000,000 ordinary shares of no par value		
	At 01 July	100,000	100
	Issue of shares during the year	-	99,900
	At 30 June	100,000	100,000

STATEMENTS OF CASH FLOWS

for the year ended 30 June 2018

	Note	Group 2018 Rs'000	Group 2017 Rs'000	Company 2018 Rs'000	Company 2017 Rs'000
Operating activities					
(Loss)/profit for the year before tax	Page 6	**(136,049)**	96,821	**(19,725)**	144,969
Adjustment for:					
Depreciation	7	**26,400**	31,901	**6,114**	10,822
Amortisation	8	**370**	573	**24**	18
Impairment charge - aircraft	7	**10,314**	-	**10,314**	-
Impairment charge - 'Deemed investment in subsidiary'		**-**	-	**9,800**	-
Gain on disposal of property, plant & equipment	28	**(1,448)**	(1,919)	**(1,058)**	(1,919)
Adjustment to PPE & intangible assets		**(782)**	172	**(782)**	1,068
Impairment charge - investment in equity securities	10	**70**	-	**70**	-
Dividend income	27	**-**	-	**-**	(170,000)
Interest income	32	**(681)**	(108)	**(41)**	(165)
Interest expenses	32	**18,079**	34,036	**3,221**	4,817
Change in working capital:					
Inventory property held for development		**14,272**	(32,971)	**-**	-
Inventory property held for sale & in progress		**41,989**	52,037	**-**	-
Inventories		**10,072**	(11,089)	**-**	-
Trade & other receivables		**17,985**	(118,637)	**(11,261)**	23,400
Trade & other payables		**27,329**	11,261	**3,159**	208
Provision		**-**	(1,540)	**-**	-
Deposits from customers		**7,875**	(9,310)	**-**	-
Retirement benefit liabilities		**4,304**	0	**872**	-
		40,099	51,227	**707**	13,219
Interest received	32	**681**	108	**41**	165
Interest paid	32	**(18,079)**	(34,036)	**(3,221)**	(4,817)
Dividends received		**-**	-	**170,000**	-
Tax (paid)/recovered	20	**(15,314)**	(20,081)	**524**	-
Net cash from/(used in) operating activities		**7,387**	(2,782)	**168,051**	8,567
Investing activities					
Acquisition of property, plant & equipment		**(37,430)**	(43,118)	**(13,775)**	(883)
Disposal proceeds of property, plant & equipment		**6,421**	8,632	**5,982**	7,852
Acquisition of intangible assets	8	**(8,780)**	(120)	**(8,780)**	(120)
Net cash (used in)/from investing activities		**(39,789)**	(34,606)	**(16,573)**	6,849
Financing activities					
Acquisition of investments in subsidiaries	19	**-**	-	**(1,500)**	(42,996)
Financing as capital contribution in subsidiaries	9	**-**	-	**(179,990)**	(26,314)
Redeemable secured notes received		**-**	51,150	**-**	51,150
Loans received/(repaid) (net)		**49,803**	(17,201)	**57,475**	(5,345)
Finance lease capital repayment		**(14,544)**	(12,863)	**(4,309)**	(3,798)
Net cash from/(used in) financing activities		**35,259**	21,086	**(128,324)**	(27,303)
Increase/(decrease) in cash & cash equivalent		**2,857**	(16,302)	**23,154**	(11,887)
Cash & cash equivalents at 1 July		**(50,126)**	(33,827)	**114**	12,001
Gain/(loss) on foreign exchange on cash & cash equivalent		**(517)**	3	**-**	-
Cash & cash equivalents at 30 June		**(47,785)**	(50,126)	**23,268**	114
Cash at bank & in hand		**55,954**	17,876	**25,520**	1,578
Bank overdrafts		**(103,739)**	(68,002)	**(2,252)**	(1,464)
		(47,785)	(50,126)	**23,268**	114

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2018

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 liabilities 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)

- Fair value of aircraft

  The estimated fair value of the aircraft is based on management experience and indicative present market condition.

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 15 'Revenue from contracts with customers' (Refer to Note 6.18)
- 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 (except for mould for kithouse)	3-5 years
• Mould for kithouse	on the basis of units produced based on total production capacity of 500 units
• 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, 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 <u>applied</u> for like transactions.
- Any non-controlling interest in a subsidiary is recognised at its proportionate share of the net assets of that subsidiary.

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

- Investments in subsidiaries as equity 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.
- Funds allotted to subsidiaries, as part of the capital contribution of the Company in the attributable equity of these subsidiaries are initially recognised as 'deemed' investments in subsidiaries at cost and are subsequently measured at cost less any impairment losses.

6 ACCOUNTING POLICIES (continued)

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 Inventory property held for development, for sale & 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 & 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.

6.6 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.

6.7 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 ACCOUNTING POLICIES (continued)

6.8 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.

6.9 Cash & cash equivalents

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

6.10 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.

6.11 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.

6.12 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.

6.13 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.

6.14 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.

6 ACCOUNTING POLICIES (continued)

6.14 Income tax (continued)

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.

6.15 Stated capital

Stated capital is classified as equity.

6.16 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.

6.17 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 recognised as gain or loss on foreign exchange in profit or loss.

6 ACCOUNTING POLICIES (continued)

6.18 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 completion of plastering;
10%	on completion of internal painting and tiling;
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 (ie 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.

Rental income

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

6.19 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.

6.20 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).

6.21 Dividends payable

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

7 PROPERTY, PLANT & EQUIPMENT

		Group				
		Freehold land & buildings Rs'000	Aircraft Rs'000	Plant, furniture & equipment Rs'000	Motor vehicles Rs'000	Total Rs'000
a	**2018**					
	Cost					
	At 01 July 2017	191,450	56,180	95,629	41,167	384,426
	Acquisitions	28,330	-	8,260	840	37,430
	Disposals	(199)	-	(210)	(5,932)	(6,341)
	Exchange difference	-	-	(104)	-	(104)
	Other adjustment	-	-	(828)	-	(828)
	Transfer as 'Asset held for sale'	-	(56,180)	-	-	(56,180)
	Reclassification	474	-	(474)	-	-
	At 30 June 2018	220,055	-	102,273	36,075	358,403
	Accumulated depreciation & impairment					
	At 01 July 2017	6,938	19,098	32,294	21,276	79,606
	Depreciation charge	4,266	2,341	12,941	6,852	26,400
	Impairment	-	10,314	-	-	10,314
	Disposals adjustment	58	-	(267)	(4,350)	(4,559)
	Other adjustment	(972)	-	218	-	(754)
	Transfer as 'Asset held for sale'	-	(31,753)	-	-	(31,753)
	At 30 June 2018	10,290	-	45,186	23,778	79,254
	Carrying amount					
	At 30 June 2018	209,765	-	57,087	12,297	279,149
b	**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)
	Other adjustments & 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
	Carrying amount of leased assets:					
c	At 30 June 2018	-	-	10,530	11,700	22,230
d	At 30 June 2017	-	-	16,944	19,088	36,032

e Refer to note 16, 21 & 22 for assets pledged as securities for borrowing facilities granted to the Group.

7 PROPERTY, PLANT & EQUIPMENT (continued)

		Company				
		Property Rs'000	Aircraft Rs'000	Furniture & equipment Rs'000	Motor vehicles Rs'000	Total Rs'000
a	**2018**					
	Cost					
	At 01 July 2017	3,592	56,180	2,939	23,869	86,580
	Acquisitions	12,690	-	245	840	13,775
	Disposals	(3,399)	-	(136)	(5,932)	(9,467)
	Other adjustment	-	-	(828)	-	(828)
	Transfer as 'Asset held for sale'	-	(56,180)	-	-	(56,180)
	At 30 June 2018	12,883	-	2,220	18,777	33,880
	Accumulated depreciation & impairment					
	At 01 July 2017	1,054	19,098	2,818	15,624	38,594
	Depreciation charge	4	2,341	65	3,704	6,114
	Impairment charge	-	10,314	-	-	10,314
	Disposal adjustment	(65)	-	(128)	(4,350)	(4,543)
	Other adjustment	(972)	-	(742)	-	(1,714)
	Transfer as 'Asset held for sale'	-	(31,753)	-	-	(31,753)
	At 30 June 2018	21	-	2,013	14,978	17,012
	Carrying amount					
	At 30 June 2018	12,862	-	207	3,799	16,868
b	**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
	Disposals 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
	Carrying amount of leased assets:					
c	At 30 June 2018	-	-	-	3,802	3,802
d	At 30 June 2017	-	-	-	8,245	8,245

e Refer to note 16, 21 & 22 for assets pledged as securities for borrowing facilities granted to the Group.

8 INTANGIBLE ASSETS

		Group			Company
		Goodwill on consolidation Rs'000	Computer software Rs'000	Total Rs'000	Computer software Rs'000
a	**2018**				
	Cost				
	At 01 July 2017	4,898	2,557	7,455	225
	Reclassification adjustment	-	2,003	2,003	-
	At 30 June 2018	4,898	4,560	9,458	225
	Accumulated amortisation & impairment				
	At 01 July 2017	-	1,705	1,705	-
	Amortisation charge	-	370	370	24
	Adjustment	-	105	105	105
	At 30 June 2018	-	2,180	2,180	129
	Carrying amount				
	At 30 June 2018	4,898	2,380	7,278	96
	Advances on acquisition of software	-	8,780	8,780	8,780
		4,898	11,160	16,058	8,876
b	**2017**				
	Cost				
	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

9 INTERESTS IN SUBSIDIARIES

		Group		Company	
		2018	2017	**2018**	2017
		Rs'000	Rs'000	**Rs'000**	Rs'000
a	*Investments in equity (at cost)*				
	Cost				
	At 1 July	-	-	**81,408**	38,412
	Acquisitions	-	-	**1,500**	42,996
	At 30 June	-	-	**82,908**	81,408
b	*'Deemed' Investments as capital contribution (at Cost)*				
	At 01 July	-	-	**570,576**	564,040
	Fund advanced during the year	-	-	**179,990**	6,536
	Impairment during the year	-	-	**(9,800)**	-
	At 30 June	-	-	**740,766**	570,576
c	Interests in subsidiaries (a) + (b)	-	-	**823,674**	651,984

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

	held directly by the Company	**Principal activity**	**% holding**	
•	Aquamarine Watersports Ltd	Dormant	100	100
•	Cape Rock Marina Ltd	Dormant	75	75
•	Creative Properties Ltd	Property Development	100	100
•	FairStone Ltd (previously known as Evaco Construction Ltd)	Construction	100	100
•	Evaco Holiday Resorts Ltd	Hospitality and Leisure	49 *	49 *
•	Evajet Ltd	Business Aircraft Operations (refer to note 11)	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 Clos du Littoral Phase III Ltee	Property Development	100	100
•	Le Domaine des Alizées Ltée	Property Development - Real Estate Scheme	100	100
•	Les Villas Athenas Ltée	Property Development - Real Estate Scheme	100	100
•	Sunrise Cape Marina Ltd	Dormant	100	100
•	WaterSavr Indian Ocean Ltd	Dormant	100	100
•	Highlands Hills Properties Ltd	Property Development	100	100
•	Innovative Design Engineering and Architecture Ltd	Design and architecture	100	100
•	FC Property Ltd	Real Estate Agent	100	-
•	Fineline Contracting Ltd	Manufacturing , Contracting	100	-

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

	held by a subsidiary			
•	Archipel des Saveurs Ltd	Dormant	100	100
•	Evaco Beach Club Ltd	Operation of a restaurant	100	100

10 INVESTMENT IN EQUITY SECURITIES

		Group		Company	
		2018	2017	**2018**	2017
		Rs'000	Rs'000	**Rs'000**	Rs'000
a	Cost	**70**	-	**70**	-
	Acquisition	**-**	70	**-**	70
	Impairment	**(70)**	-	**(70)**	-
	At 30 June	**-**	70	**-**	70

b The directors consider that the investments as held for trading and that the cost of the investment approximates its fair value.

11 ASSETS HELD FOR SALE

		Group		Company	
		2018	2017	**2018**	2017
		Rs'000	Rs'000	**Rs'000**	Rs'000
a	Aircraft ©	**24,427**	-	**24,427**	-
b	Property at Highlands (d)	**30,464**	-	**-**	-
		54,891	-	**24,427**	-

c Following the decision of the Company to dispose of its aircraft, this asset has been recognised as 'Asset held for sale' at an estimated value of Rs 24,427k (being the disposal proceeds less costs to sell), resulting in an impairment charge of Rs 10,314k (note 33).

d The project for a property development at Highlands is not going ahead and it is the intention of the directors to dispose of this asset as is. This asset has been recognised as 'Assets held for sale' and is expected to realise more that its carrying amount (being its original cost).

12 INVENTORY PROPERTY HELD FOR DEVELOPMENT

	Group		Company	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Property acquired for development are stated at cost & are recognised as Inventory property held for development under current assets.	**313,163**	327,435	**-**	-

13 INVENTORY PROPERTY HELD FOR SALE & IN PROGRESS

	Group		Company	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Land acquired and construction costs of real estates completed & in progress are recognised as inventory property for sale or in progress under current assets.	**174,161**	219,150	**-**	-

14 INVENTORIES

		Group		Company	
		2018	2017	**2018**	2017
		Rs'000	Rs'000	**Rs'000**	Rs'000
a	Goods held for sale	**445**	2,721	**-**	-
	Goods in transit	**7,925**	12,223	**-**	-
	Works in progress	**5,786**	12,281	**-**	-
	Raw materials & consumables	**16,585**	11,858	**-**	-
		30,741	39,083	**-**	-

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

15 TRADE & OTHER RECEIVABLES

		Group		Company	
		2018	2017	**2018**	2017
		Rs'000	Rs'000	**Rs'000**	Rs'000
a	Trade receivables	**99,108**	160,806	**186**	186
	Less: Accumulated allowance for credit losses	**(345)**	(345)	**-**	-
	Net trade receivables	**98,763**	160,461	**186**	186
	Prepayments & other receivables	**48,020**	25,445	**380**	4,346
	Amount receivable from subsidiaries	**-**	-	**19,516**	3,921
	Dividends receivable from subsidiaries	**-**	-	**-**	170,000
	Amount receivable from related parties	**3,334**	12,903	**3,334**	3,702
		150,117	198,809	**23,416**	182,155
b	*Accumulated allowances for credit losses*				
	At 01 July & 30 June	**345**	345	**-**	-
c	*Ageing of net trade receivables not impaired*				
	Not later than 3 months	**76,974**	141,923	**-**	-
	Later than 3 months	**21,789**	18,538	**-**	-
		98,763	160,461	**-**	-

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 3 months (not due or past due).

16 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% 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.

17 TRADE & OTHER PAYABLES

		Group		Company	
		2018 Rs'000	2017 Rs'000	**2018 Rs'000**	2017 Rs'000
a	Trade payables	**35,589**	28,967	**1,674**	1,462
	Accruals & other payables	**87,872**	62,588	**7,364**	4,880
	Amount payable to subsidiaries	**-**	-	**1,479**	1,017
	Amount payable to other related parties	**543**	2,797	**-**	-
	Corporate social responsibility	**2,070**	1,780	**-**	-
		126,074	96,132	**10,517**	7,359

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

18 PROVISION

		Group		Company	
		2018 Rs'000	2017 Rs'000	**2018 Rs'000**	2017 Rs'000
a	Provision for warranty				
	At 01 July	**-**	1,540	**-**	-
	Warranty provision reversed	**-**	(1,540)	**-**	-
	At 30 June	**-**	-	**-**	-
b	Provision for claims	**65,000**	65,000	**-**	-

The Company is disputing the claims received from two suppliers in respect of the construction of Le Domaine des Alizées Ltée's (a subsidiary) real estates project for an amount of Rs 65,644k for a court ruling, being unsatisfied with the performance obligations of these suppliers. Pending the outcome and the timing of the Court ruling, the Company has recognised a provision of Rs 65,000k in that respect.

19 DEPOSITS FROM CUSTOMERS

		Group		Company	
		2018 Rs'000	2017 Rs'000	**2018 Rs'000**	2017 Rs'000
a	Funds collected from customers in respect of the sale of real estates not yet completed at the end of the year	**7,875**	-	**-**	-

b The deposits received from customers are in respect of the sales of real estates not yet completed at year end.

20 INCOME TAX

		Group		Company	
		2018 Rs'000	2017 Rs'000	**2018 Rs'000**	2017 Rs'000
a	*Tax expense*				
	Tax on the adjusted profit for the year	**1,998**	18,512	**310**	-
	Adjustment for previous period	**-**	3,099	**-**	-
		1,998	21,611	**310**	-

20 INCOME TAX (continued)

		Group		Company	
		2018	2017	**2018**	2017
		Rs'000	Rs'000	**Rs'000**	Rs'000
b	*Tax payable/(receivable)*				
	At 01 July	**13,016**	11,486	**(524)**	-
	Tax on the adjusted profit for the year	**1,998**	18,512	**310**	-
	Adjustment for previous period	**-**	3,099	**-**	-
	Less: paid during the year	**(15,314)**	(20,081)	**524**	(524)
	At 30 June	**(300)**	13,016	**310**	(524)
c	*Reconciliation of tax expense & tax on accounting profit*	**15%**	15%	**15%**	15%
	(Loss)/profit for the year before tax	**(136,049)**	96,821	**(19,725)**	144,969
	Adjustment for:				
	Discontinued operations	**21,947**	10,640	**23,403**	19,778
	Other adjustments	**-**	14,407		
	Difference - capital allowance & depreciation	**(6,326)**	(9,884)	**(2,210)**	(110)
	Expenses not deductible for income tax purposes	**30,566**	18,891	**13,414**	4,010
	Expenses relating to exempt income	**-**	1,737	**-**	-
	Income not subject to tax	**-**	-	**-**	(170,000)
	Tax losses of previous year	**(139,947)**	(134,562)	**(12,818)**	(25,871)
	Tax losses for future use	**243,129**	139,947	**-**	12,818
	Adjusted chargeable profit for the year	**13,320**	123,590	**2,064**	-
	Tax on the adjusted profit for the year	**1,998**	18,512	**310**	-
	Average effective tax rate	**-1%**	19%	**-2%**	0%

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 2018. No provision has, consequently, been made in these financial statements.

21 REDEEMABLE SECURED NOTES

		Group		Company	
		2018	2017	**2018**	2017
		Rs'000	Rs'000	**Rs'000**	Rs'000
a	220,200 five-year redeemable secured notes of Rs1,000 each	**220,200**	220,200	**220,200**	220,200

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.

c Interest: Repo rate + 3.00%

d Maturity date: 16 June 2021

22 LOANS PAYABLE

		Group		Company	
		2018	2017	**2018**	2017
		Rs'000	Rs'000	**Rs'000**	Rs'000
a	Bank loans - secured (b)	**34,098**	34,614	**7,290**	-
	Loan payable to third party	**50,319**	-	**50,319**	-
	Loan payable to subsidiaries	**-**	-	**17,921**	18,055
		84,417	34,614	**75,530**	18,055
	Current loan payable				
	Not later than 1 year				
b.1	Bank loans	**27,908**	34,614	**7,290**	-
	Loan payable to subsidiaries	**-**	-	**17,921**	18,055
		27,908	34,614	**25,211**	18,055
	Non-current loan payable				
	Bank loans	**6,190**	-	**-**	-
	Loan payable to third party	**50,319**	-	**50,319**	-
		56,509	-	**50,319**	-

b.2 The bank loans are secured on floating charge on all assets of the Company.

b.3 The average interest rate is 3.8% per annum.

c *Loan from subsidiary*

Unsecured

Interest payable thereon is 7.5%

No fixed repayment terms

d *Loan from third party*

Unsecured loan received on 19 March 2018

Interest payable thereon is 2.5%

Initial 50% payable on 19 March 2021

Remaining 50% payable on 19 March 2023

23 FINANCE LEASE LIABILITIES

		Group		Company	
		2018	2017	**2018**	2017
		Rs'000	Rs'000	**Rs'000**	Rs'000
a	*Minimum lease payments*				
	Not later than 1 year	**10,015**	16,575	**2,361**	4,772
	Later than 1 year & not later than 5 years	**7,360**	17,342	**2,176**	4,526
		17,375	33,917	**4,537**	9,298
	Finance charges for future periods	**(1,473)**	(3,495)	**(443)**	(895)
	Present value of finance lease liabilities	**15,902**	30,422	**4,094**	8,403
b	Present value of finance lease liabilities				
	Current				
	Not later than 1 year	**9,178**	14,429	**2,120**	4,196
	Non-current				
	Later than 1 year & not later than 5 years	**6,724**	15,993	**1,974**	4,207
		15,902	30,422	**4,094**	8,403

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	
		2018	2017	**2018**	2017
		Rs'000	Rs'000	**Rs'000**	Rs'000
	Other retirement benefits (a.1)	**10,255**	5,951	**5,179**	4,307
a.1	*Reconciliation of the present value of obligations*				
	At 1 July	**5,951**	5,951	**4,307**	4,307
	Expenses as below (a.2)	**4,304**	-	**872**	-
	At 30 June	**10,255**	5,951	**5,179**	4,307
a.2	*Amount recognised in the statement of profit or loss:*				
	Current service cost	**2,765**	-	**768**	-
	Net interest cost	**454**	-	**289**	-
	Adjustment to estimated figure	**1,085**	-	**(185)**	-
		4,304	-	**872**	-
a.3	The principal assumption used for the purpose of computing the present value of the unfunded retirement benefit obligations:				
	Discount rate	**7.00%**	-	**7.00%**	-
	Future long term salary increase	**5.00%**	-	**5.00%**	-

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 statements. The lastest actuarial valuation report was as at 30 June 2018.

25 REVENUE

a The Group generates revenue from the

- sales of real estates
- sales of goods
- provision of services
- rental of appartments 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 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 per Note 6.18.

25 REVENUE (continued)

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 (ie 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 Group 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	
		2018	2017	**2018**	2017
		Rs'000	Rs'000	**Rs'000**	Rs'000
c	*Revenue is analysed as follows:-*				
	Sales of real estates	**414,021**	510,126	**-**	-
	Sales of goods	**72,540**	39,204	**-**	-
	Provision of services	**23,578**	10,988	**60,656**	47,486
	Rental of apartments	**95,652**	100,988	**-**	-
		605,791	661,306	**60,656**	47,486

26 COST OF SALES

	Group		Company	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Cost of real estates & goods sold	**412,572**	224,076	**-**	-
Land transfer tax	**30,201**	18,093	**-**	-
Commission payable to real estate agents	**12,567**	21,970	**-**	-
Cost of services rendered	**17,049**	8,960	**4,084**	3,447
Cost of rental apartments	**57,437**	66,581	**-**	-
Cost of manufacturing	**18,978**	10,713	**-**	-
Depreciation	**9,840**	11,750	**-**	-
	558,644	362,144	**4,084**	3,447

27 DIVIDEND INCOME

	Group		Company	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Dividend income from subsidiaries	**-**	-	**-**	170,000

28 OTHER INCOME & GAINS

	Group		Company	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Commission & other income	**-**	1,194	**-**	369
Creditors written back	**-**	5,445	**-**	1,545
Gain on disposal of property, plant & equipment	**1,448**	1,919	**1,058**	1,919
Others	**2,184**	1,301	**254**	-
	3,632	9,859	**1,312**	3,833

29 FOREIGN EXCHANGE

Gain/(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	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Short term employee benefits	**83,995**	87,370	**42,623**	18,917
General administrative & selling expenses	**48,940**	59,170	**18,133**	32,173
Depreciation	**16,893**	20,150	**6,114**	10,822
Amortisation	**134**	575	**125**	18
Corporate social responsibility	**290**	1,883	**-**	596
Less: refund of overheads from subsidiaries	**-**	-	**(23,434)**	(10,993)
	150,252	169,148	**43,561**	51,533

31 OTHER EXPENSES & LOSSES

	Group		Company	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Adjustment to PPE & intangible assets	**(725)**	-	**(926)**	**-**
Impairment charge - investment in equity securities	**70**	-	**70**	**-**
Allowance for credit loss - amount receivable from a subsidiary	**-**	-	**9,800**	**-**
Allowance for credit loss - amount receivable from related company	**696**	-	**1,040**	**-**
Loss on fraud	**-**	1,543	**-**	-
	41	1,543	**9,984**	-

32 FINANCE COSTS (NET)

		Group		Company	
		2018 Rs'000	2017 Rs'000	**2018 Rs'000**	2017 Rs'000
a	*Interest expenses*				
	Bank overdrafts	**4,081**	6,857	**-**	-
	Finance lease liabilities	**1,829**	3,378	**498**	1,128
	Redeemable secured notes	**9,344**	12,274	**14,808**	12,274
	Bank loans	**2,425**	5,094	**99**	-
	Loan payable to third party	**400**	-	**400**	-
	Loan payable to subsidiaries	**-**	-	**1,350**	-
	Loans from ultimate shareholder	**-**	6,367	**-**	3,424
	Late payment on income tax	**-**	66	**-**	-
	Less: Recharge of finance costs to subsidiaries	**-**	-	**(13,934)**	(12,009)
		18,079	34,036	**3,221**	4,817
b	*Interest income*				
	Deposits with notary	**2,800**	3,145	**2,800**	3,145
	Bank deposits	**681**	108	**41**	165
		3,481	3,253	**2,841**	3,310
	Finance costs (net)	**14,598**	30,783	**380**	1,507

33 DISCONTINUED OPERATIONS

	Group		Company	
	2018 Rs'000	2017 Rs'000	**2018 Rs'000**	2017 Rs'000
Impairment charge - aircraft (note 7)	**10,314**	-	**10,314**	**-**
Allowance for credit loss - amount receivable from subsidiary	**-**	-	**13,089**	19,778
Operating cost of aircraft	**11,633**	10,640	**-**	-
	21,947	10,640	**23,403**	19,778

34 RELATED PARTIES

		Group		Company	
		2018 Rs'000	2017 Rs'000	**2018 Rs'000**	2017 Rs'000
a	*Transactions with related parties*				
	Sales of goods & services to				
	- subsidiaries	**-**	-	**60,656**	47,486
	Recharge of goods & services to				
	- subsidiaries	**-**	-	**37,368**	23,002

34 RELATED PARTIES (continued)

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.

c *Compensation of key management personnel of the Company*

	Group		Company	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Short term employee benefits incurred by the Company/subsidiaries	**47,323**	44,790	**25,247**	22,825

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 15 (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.

35 FINANCIAL RISK MANAGEMENT (continued)

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	
	2018	2017	**2018**	20170
	(in respective currency)			
Financial assets				
€ ('000)	**859**	232	**580**	10
Us$ ('000)	**18**	24	**4**	-
Financial liabilities				
€ ('000)	**1,069**	182	**599**	-
Us$ ('000)	**907**	222	**737**	-

c.3 *Sensitivity analysis on foreign currency risk*

Assuming a 1% change + (-) in the foreign currency rate on the above financial assets & liabilities, the result would have been impacted by	**390**	51	**260**	4

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

Assuming a 25 basis points change + (-) in the interest rate on all variable interest bearing borrowings, the result would have been impacted by	**1,014**	750	**676**	551

Capital risk management

a 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.

35 FINANCIAL RISK MANAGEMENT (continued)

	Group		Company	
	2018 Rs'000	2017 Rs'000	**2018 Rs'000**	2017 Rs'000
b *Gearing ratio*				
Interest bearing borrowings				
Bank overdrafts	**103,739**	68,002	**2,252**	1,464
Redeemable secured notes	**220,200**	220,200	**220,200**	220,200
Loans payable	**84,417**	34,614	**75,530**	18,055
Finance lease liabilities	**15,902**	30,422	**4,094**	8,403
	424,258	353,238	**302,076**	248,122
Less: Cash & cash equivalents	**(55,954)**	(17,876)	**(25,520)**	(1,578)
Net debts	**368,304**	335,362	**276,556**	246,544
Shareholders equity	**441,072**	579,656	**604,699**	624,734
Total capital employed	**809,376**	915,018	**881,255**	871,278
Gearing ratio	**46**	37	**31**	28

36 CONTINGENT LIABILITIES

a 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.5,043k 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.

37 EVENT AFTER THE REPORTING PERIOD

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

Rivière Citron
20101 Arsenal
Mauritius

Phone: +230 269 1800
Fax: +230 269 1801

www.evacogroup.com