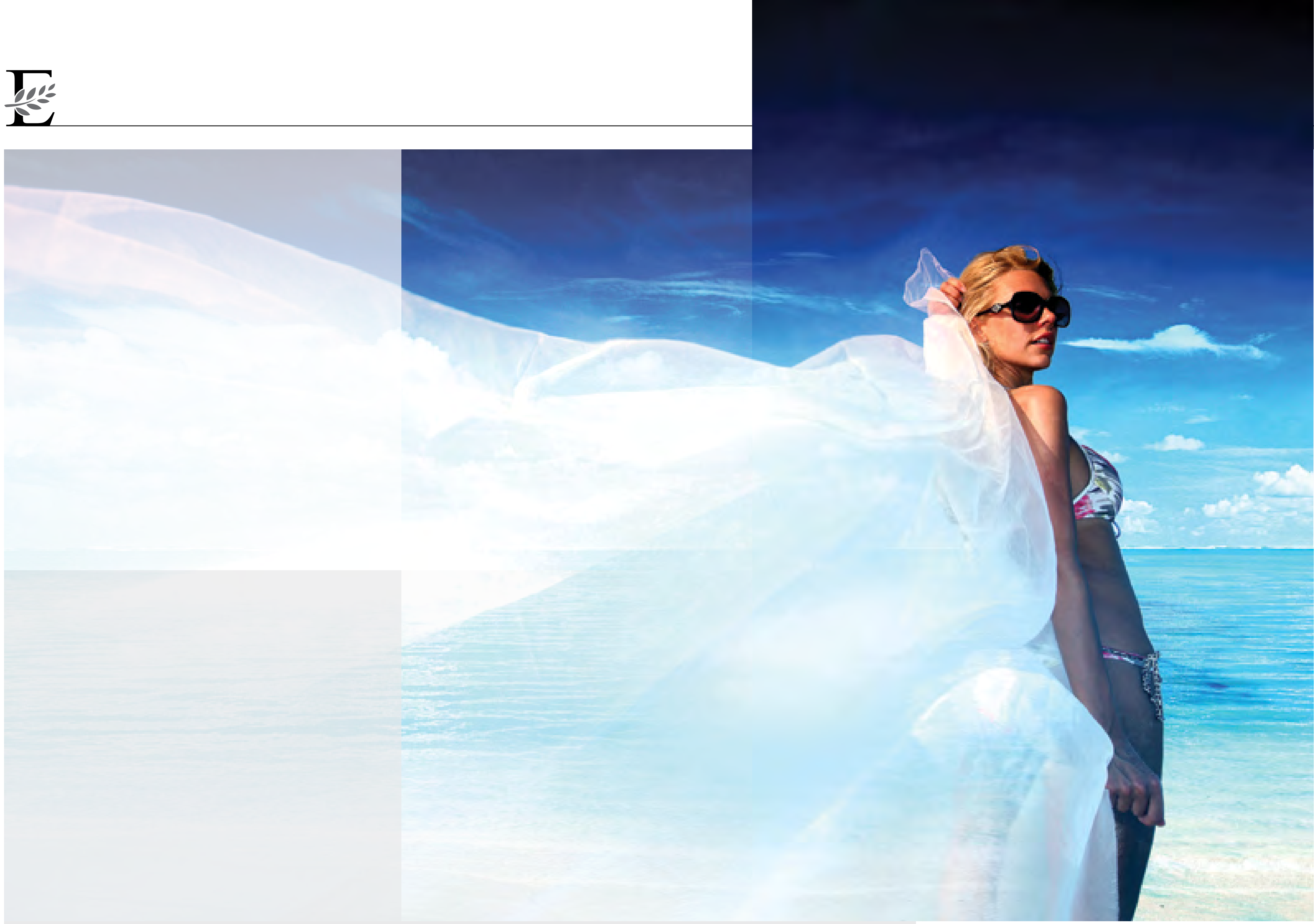
EVACO
GROUP

# ANNUAL REPORT

2019



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EVACO
GROUP


In a time of transformation, we maintain our leading position in the global real estate industry thanks to our passion, ingenuity, commitment to excellence and rigor. Our strategic decisions today prepare us for future industry changes by leveraging on partnerships.

Year 2018-2019 has brought great challenges for the Evaco Group. After 18 years of continuous innovation in the fields we operate in, we found it necessary to optimize our organisational structure and improve how our units operate. In fact, it was crucial for us to accommodate changing priorities, initiate new programs and enhance organisational effectiveness.

In line with this process, the Evaco Group appointed Mr. Alexandre Gourel de Saint Pern as the Group Chief Executive Officer.

The Group is now divided into four core competency clusters:

EVACO PROPERTY - dedicated to the development and commercialisation of real estate projects;

EVACO CREATIONS - dedicated to engineering, construction, manufacturing and architecture;

EVACO SOLUTIONS - offering corporate, administrative and legal support services;

EVACO ESCAPES - specialises in the rental management of luxury villas and apartments.

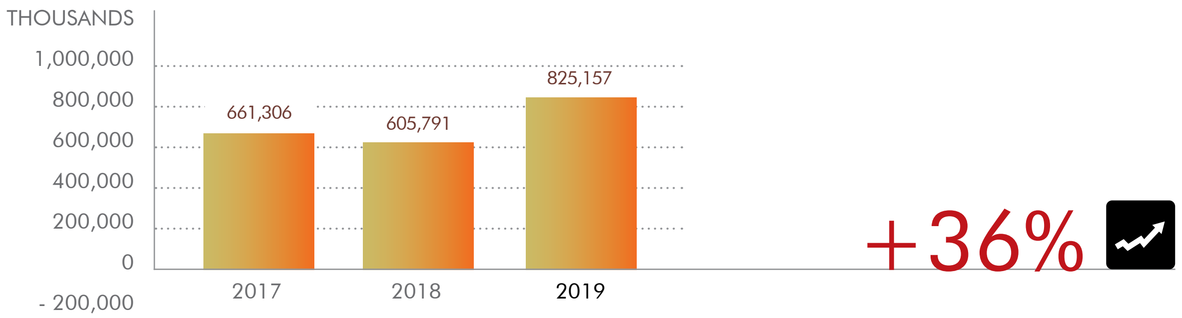
During the past years, Evaco delivered strong results while positioning the company for growth in a rapidly changing market. In a complex and highly competitive industry, the Group continues to grow sustainably.





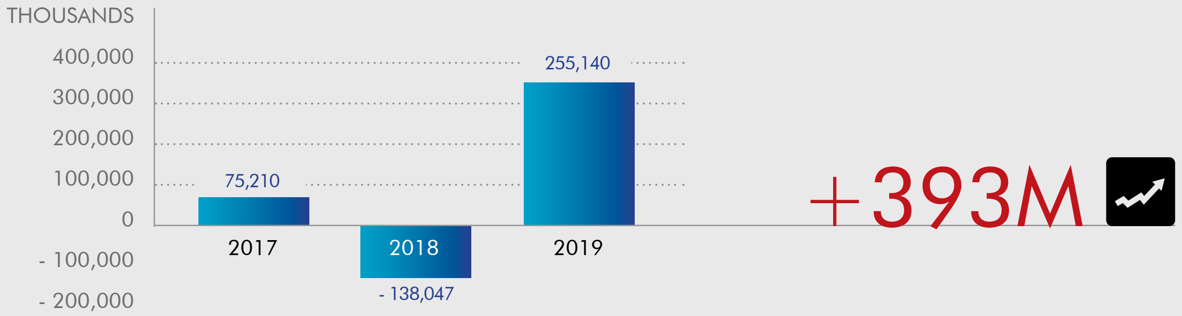
## FOR THE YEAR ENDED JUNE 30, 2019

### TURNOVER




There was a progression of 36.2% in the turnover compared to last year, mainly explained by a 50.4% increase in our Property cluster, a 33.4% increase in the Creations cluster and finally a decrease of 1.9% in the Escapes cluster. The commandable performance of all our operating units within the Creation cluster, with the delivery of 22 villas during this year under review was paramount in enabling our Property Cluster to achieve its set financial objectives.

### PROFIT AFTER TAX

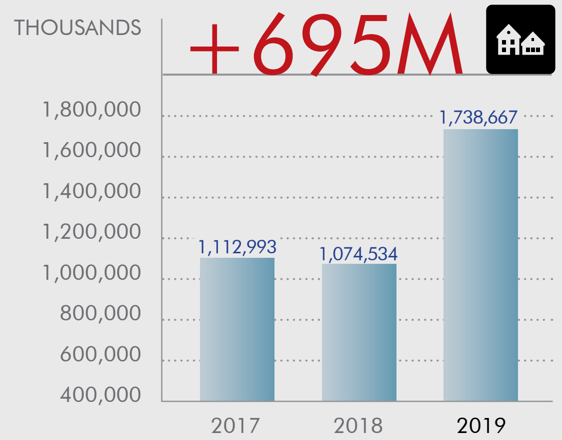



The PAT reached MUR 255.1M as compared to a Loss After Tax of MUR 138.0M for the prior year. This performance is mainly explained by a Gross Profit of 30.2% achieved this year compared to only 7.8% for the previous period.

The administrative and selling expenses have been kept under control with a normal growth of 3% over last year, which includes an increase of 17% in the staff costs. During the period under review the Group has recognised fair value adjustment on its investment properties of MUR 198.8M.

### TOTAL ASSETS

The total assets of the Group increased by MUR 664.1M representing a growth of 61.8% over the previous year. The increase is explained mainly by the acquisition of investment properties, additions to fixed assets, the increase in contract assets as a result of milestone invoiced and the revaluation of the office and factory at year end.



## *Forward-thinking property developer*

In mid-2018, the Evaco Group has launched Secret Private Villa Resort, a high-end complex featuring luxury and comfort to the highest level.

Designed by our team of carefully selected international architects, Secret is one of the most innovative concepts developed for the real estate industry in decades.

The complex features 187 high-end villas on a total built-up area of 25 634 m². Its estimated project value is MUR 3,500,000,000.

Additionally, we continue to build our portfolio with innovative real estate projects, including the successful completion of Clos du Littoral Phase 2A which features 23 luxurious villas with a project value of MUR 528,573,600.

During the year, we announced new corporate strategies and launched a world-class real estate agency, Fine & Country in Mauritius and in Reunion Island.

*" A major real-estate project in Croatia " awaits*

*Evaco continues its rapid growth by expanding its global footprint and market leadership*

We continue to expand our geographic footprint in 2019. We strongly believe that global expansion will be one of the key growth drivers for the Group.

In fact, our first international footprint will be the realization of a major real estate project in Europe, more specifically in Croatia. The project will be located on the Island of Šolta, the most overseen Island pearl at the Adriatic. It will cover a surface area of more than 170 000 $m^2$ in a private bay and will feature 82 hotel suites, 21 hotel apartments, luxury villas, beach restaurants and thermae.

Evaco reinforces and capitalises on its position as a leading GLOCAL property developer and exclusive service provider. In the coming years, we are going to explore the European market further.

With the support of our unparalleled workforce and strategic investors, we look forward to fueling the expansion of the Evaco Group in Europe and the United States of America.

# A FAST-GROWING GROUP

Having evolved from a real estate development company, Evaco is now a Holding and Investment entity which acts as a Group Corporate Executive office with its global head offices located in Mauritius.

The Group is comprised of a workforce of more than 700 employees while being present in various sectors of the economy through 4 main Core Competency Clusters, namely Engineering, Construction & Manufacturing, Property Development & Real Estate, Consulting & Corporate services and Leisure & Hospitality.

Evaco acts as a catalyst and consultant expert at both local and international levels for all the companies of the Group with regards to their respective legal, financial, business and investment growth strategies & objectives.

EVACO
GROUP


EVACO
CREATIONS

*Sculpted living lines*

Fairstone Construction
Fineline Contracting
I.D.E.A
Prolog

EVACO
PROPERTY

*Estate-of-mind*

Property Development
Fine & Country



EVACO
SOLUTIONS

*Tailor-made services*

Stantons

EVACO
ESCAPES

*Holidays of a lifetime*

Evaco Holiday Resort
Evaco Beach Club

# OUR CORE VALUES

Our values are the foundation of our company, essential to our success while serving as the lens through which we evaluate our decisions.

Our core values shape our culture and define who we are. They underscore our commitment to our clients, to our communities and to each other. We constantly Re-think, Re-shape, Re-invent the various industries we operate in.

Aiming to be a truly Glocal Organisation, with a Global Presence while acting locally, to bring value to the markets and customers we serve, we do believe that it is around our Values and Purpose.

## OUR CORE VALUES ARE OUR MISSION

- **Trust** in our capabilities and in the future of the economies we operate in
- **Passion** for a work well done
- **Commitment to Excellence** for delivering our promises while meeting our customers' expectations by demanding expecting more of from ourselves
- **Ingenuity** in our innovative solution deliveries
- **Rigor** in executing our services

These Values and Principles guide how we conduct business every day. As such, we work hard to manage all our operations with care for the health, safety and prosperity of our employees, customers, communities and the environment.

*Passion*

## GOOD GOVERNANCE

Evaco Group regards good governance and long-term enhancement of corporate value as fundamental management priorities.

We believe that good governance is essential as it provides the infrastructure to improve quality of decisions we make. In fact, good quality, ethical decision-making helps us to build sustainable approaches while creating long-term value more effectively.

*Commitment to Excellence*

## VISION

"To leave a recognized and noticeable footprint in the industries we operate in, through the creation of unique pioneered concepts, products and services which will be significant gamechangers"

## CODE OF ETHICS

Our Code of Ethics reflects the applicable laws and previous experience of the group, conforming its applicability to the new challenges pertaining to our growth and expansion. The Codes outline the fundamental ethical rules encompassing our actions and commitment towards our employees, our shareholders and investors, our business partners and suppliers and our customers.

Based on the values that define our identity, the Code of Ethics shapes our Corporate culture driven by passion, rigor, commitment to excellence, ingenuity and trust.

*Ingenuity*

Belief that we all come together.

Our purpose and beliefs lie in;

- The Pursuit of Excellence in each of our Core Competency area
- The Enhancement of People's Life together with the well-being of their respective communities
- Our innate abilities to consistently strengthen our Group's development while ensuring and sustaining our own development programs

Besides, our Code of Ethics is founded on our mission and values and guides us in our day-to-day activities through principles of conduct.

## OUR COMMITMENT TO DATA PROTECTION THROUGH GDPR

The General Data Protection Regulation (GDPR) which came into force in 2018 brought radical changes to data privacy laws in the European Union and abroad.

As a Glocal company, the Evaco Group complies with the industry standards for data protection.

*Rigor in executing our services*

*Trust*

*"Sustainability is at the heart of everything we undertake"*

Sustainability is an essential component of our wider policy. We are auditing all our processes against global standards, while developing bespoke strategies that drive our ecological programme. In fact, we are planning holistic and integrated approaches to develop innovative policies that have a firm focus on the future.

As a gamechanger in the real estate domain, we promote all actions that help to preserve our environment by encouraging ecological initiatives. During the year 2018/2019, we strived to ensure the quality of our work, products and respect for the environment. Our sustainability framework is built around three pillars: economic, social and environment.

## ECONOMIC SUSTAINABILITY

Our actions gravitate around economic growth. We undertake projects that contribute positively to social development and strengthen competitiveness in the industries we operate in. While conceptualising our high-end developments, we encourage practices that support long-term economic growth without negatively impacting social, environmental and cultural aspects of the community.

## SOCIAL SUSTAINABILITY

The Evaco Group endorses social sustainability through equitable opportunities for everyone in the community and the promotion of diversity. We clearly understand the impacts of our actions on employees, workers in the value chain, customers and local communities.

## ENVIRONMENTAL SUSTAINABILITY

Environmental sustainability is one of the most burning issues of our time and is an area that the Evaco Group is tackling in a focused and deliberate way. Our approach is to provide a net benefit to our environment by lessening our impact on biodiversity, natural resources and climate. We have embraced sustainability in our designs and construction methods. We recycle the wastewater and utilize the grey water for irrigation purposes. Besides, millions of rupees are spent on landscaping providing a cool atmosphere in all gardens and common areas. We also strive to achieve adequate ventilation in the units to reduce the air conditioning use and requirements. In addition to these measures, the Evaco Group has solicited the services of consultants to monitor our environmental impact during construction.

## ENGINEERING, CONSTRUCTION, MANUFACTURING & ARCHITECTURE

Evaco Creations, formerly Evaco Construction, has been in operation since 2015, covering all aspects of building design, materials supply and construction.

Evaco Creations strives to meet and exceed clients' expectations by remaining at the cutting-edge of engineering, construction, manufacturing and architecture.

Evaco Creations cluster currently comprises of three subsidiary companies, namely FairStone, FineLine Contracting and I.D.E.A.





## PROPERTY DEVELOPMENT & REAL ESTATE AGENCY

The Evaco Property Cluster is responsible for the development of real estate projects from its inception to its realisation. The high-end residential complexes Athena, Oasis, Domaine des Alizées & Clos du Littoral are among its recognised developments.

# EVACO SOLUTIONS

EVACO
SOLUTIONS

STANTONS
Consulting & Corporate Services

## CONSULTING & CORPORATE SERVICES

Evaco Solutions strives to be a key player in business consulting and advisory services field in Mauritius and abroad.

Persistently working toward continuous improvement, our professional arm has succeeded in developing models and tools that serve to identify and cater to our client's specific requirements including company incorporation, corporate services, business support services and relocation assistance.

Evaco Solutions provides a wide variety of services tailored to new investor and new resident needs.



# EVACO ESCAPES

EVACO
ESCAPES

EVACO
HOLIDAYS

la plage

## HOSPITALITY & LEISURE

Through its subsidiary, Evaco Holiday Resorts (EHR), Evaco Escapes provides seamless integrated services spanning hotel management, customer service, customer care and rental management. EHR is resourced to provide the best and the most efficient property management services in Mauritius.

EHR creates a tradition of excellence with Evaco's extensive portfolio of high-end properties. It has a team of more than 130 dedicated professionals managing well over 100 properties in Mauritius, working hard to deliver a five-star hotel service for all customers.

Evaco Escapes also comprises of an exceptional beach club, 'La Plage', a lavish leisure facility with its white sandy beach, crystal clear lagoon and calm surrounds.

*Property development remains the Group''s core business activity. From design to the marketing and sale of properties, the team draws on its unique experience and expertise gained over the years to ensure the delivery of exceptional projects*

## 2003

*GRAND BAIE BUSINESS PARK*

Grand Baie Business Park was launched in 2003. This innovative business centre includes a total of 73 offices, in a charming and friendly environment which also proposes a restaurant, fully equipped meeting room, and spa.

- 71 Offices
- MUR 180 M

GRAND BAIE BUSINESS PARK

## 2004

*OASIS I & II*

Located in Grand-Baie, Oasis Villas are the first residential project implemented by the Evaco Group.

The complex comprises of 51 spacious high-end villas which have been constructed in two phases. These villas were built with an enclosed private swimming pool and they are reputed for their innovative architectural design.

- 51 Villas
- MUR 608 M

OASIS

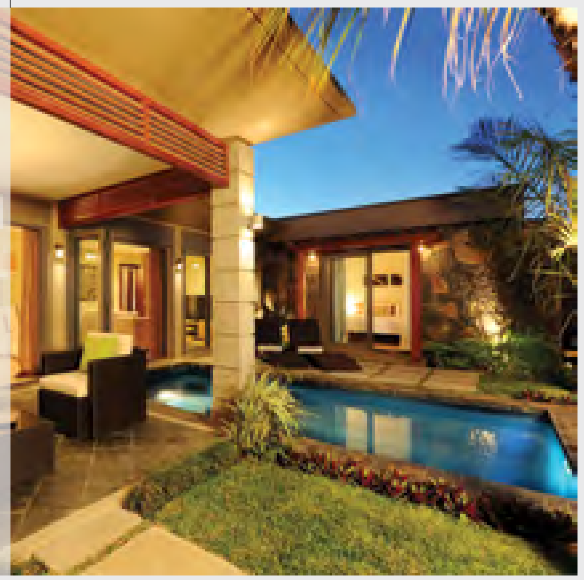
## 2010

*ATHENA VILLAS*

Inspired by the success of the Oasis villas, the Evaco Group came up with another innovative residential project: Athena Villas. This property was the first residential complex implemented through the RES scheme. It was finalized and successfully marketed in 2010. Athena comprises of 37 lavishly decorated villas with a swimming pool in each one of them.

- 37 Villas
- MUR 368 M

ATHENA VILLAS



## 2013

*DOMAINE DES ALIZÉES*

Domaine des Alizées Club & Spa was launched in July 2013. This high-end residential project and its 5-stars hotel services were honored by a *"Best Real Estate Development Award"*. The residential complex is composed of 90 RES apartments with an enchanting natural setting. They are surrounded with straw kiosks, a spa, a lounge bar and a gym.

- 90 Apartments
- MUR 1 Billion

Domaine des Alizées

*Within an area of more than twenty two hectares Cap Marina will be steeped in nature. With its exquisite, ultra-modern architecture, the project will offer a variety of properties for Mauritian and foreigners.*

## 2015 - 2018

### *CLOS DU LITTORAL I & II*

Clos du Littoral sets itself apart with its exclusive features and concept that ensure an unprecedented quality of life and well-being to its residents. Clos du Littoral consists of two phases. The Phase 1 comprises of 63 high-end villas divided into six categories. On the other hand, the Phase 2 features a wide selection of villas, built on plots ranging from 90 m² to 1122 m².

156 Villas

MUR 3.9 Billion

CLOS DU LITTORAL
GRAND BAIE ILE MAURICE

## 2018

### *SECRET PRIVATE VILLA RESORT*

Secret Private Villa Resort features luxury and comfort to the highest level, offering only private high-end villas. Designed by a team of carefully selected international architects, Secret is one of the most innovative concepts developed for the real estate industry in decades, worldwide.

187 Villas

MUR 3.5 Billion

SECRET
PRIVATE VILLA RESORT

## As from October 2019

### *CAP MARINA*

Along the pristine seaside shores of the northern coastline of Mauritius, at Cap Malheureux, and against the backdrop of the islet of Coin de Mire, lays Cap Marina, an upscale water village.

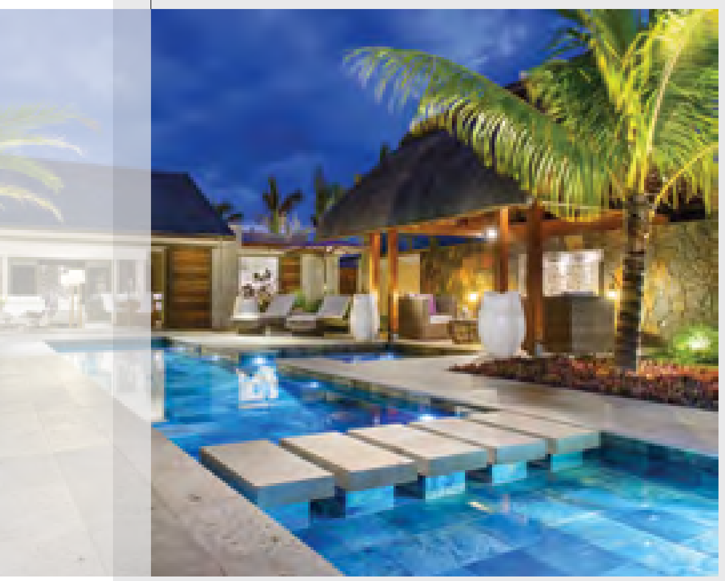
Cap Malheureux and its tourist landmark, the church with its emblematic red roof, offer the ideal spot for a prestigious development. Within an area of more than 22 hectares, Cap Marina will be steeped in nature.

With its exquisite, ultra-modern architecture, the project will offer a variety of properties for Mauritian and foreigners.

338 properties

MUR 10.3 Billion

Cap Marina
ILE MAURICE



*« As previously expected, the financial year 2018 -2019 was profitable for the Group. Revenue for the year ended 30 June 2019 amounted to MUR 825.2 M which represents an increase of 36.2% when compared to prior year.*

*The Gross profit reached 30.2% compared to 7.8% the previous year with profit after tax standing at MUR 255.1 M, which represents an increase of MUR 393.2 M year on year. We therefore finished the year with a commendable performance.»*

In the year under review, the cash flow has been mainly influenced by the financing of future projects, in line with our growth & expansion strategy.

In addition, a controlled & monitored timing difference between the revenue recognized and the settlement of invoices in line with the nature of the business has also impacted the cash flow.

The implementation of our new Group operating structure, which involves a clear segregation between our business units as well as further empowerment of our General Managers and leaders across the Group brought the expected results.

Our construction company, FairStone, efficiently succeeded in accelerating the delivery of villas on Le Clos du Littoral Phase II project while further improving the quality and standards of our products.

The implementation of a very efficient construction ERP software linked to our design and procurement offices contributed in ensuring improved productivity and control.

The turnover of Fairstone increased by 16.5% while its PAT reached MUR 7.1 M compare to a loss of MUR 36.3 M last year. Fineline Contracting, our manufacturing company, is currently renown on the market for producing competitive and high-quality products. The company was successfully involved in the renovation of prestigious 4-star and 5-star hotels in Mauritius during the year.

The villas of Le Clos du Littoral II Phase A were entirely delivered in March 2019. Out of 26 villas, 16 units of Phase B were delivered as at the 30th of June 2019. We expect phases B and C to be completed and delivered to our clients by June 2020.

The sales of Clos du Littoral Phase II villas are now nearly complete with only 6 villas left for sale out of 93 units.

This year we launched our new Secret Pool Villa Resort project, and sales are on the right track with construction expected to start by October 2019.

The Group had the great opportunity to complete the purchase of 170,000 m$^2$ of prime sea front land in Europe, more specifically on the island of Šolta in Croatia.

The new showrooms of our real estate agency Fine & Country were opened in Grand Baie, Mauritius and in St Denis, Reunion island. We are satisfied with the performance of the Mauritian agency which is currently profitable after 2 years of losses related to the initial setting up period. We expect the Reunion agency to follow the same trend and bring positive results before the end of the calendar year 2019.

Overall, prospects for the next financial year are very good and we are expecting an increase in operating profits. The good performance of our Group this year would never have happened without the daily commitment and motivation of our management in leading our entire team to excel within their respective field of expertise.

I take this opportunity to thank them for this great achievement.

Arnaud Mayer
Founder & Chairman

# EVACO CREATIONS OVERVIEW OF CLUSTER

FAIRSTONE

*FairStone has achieved years of ground-breaking work in real estate development and takes pride in providing workmanship of the highest and finest quality.*

*Equipped with up-to-date technologies and modern equipment, FairStone is engaged in the construction of the group's property development projects. The company is equipped to sustain the ambitious vision of the group.*


Juan Pierre DE VILLIERS
General Manager, FairStone

The former General Manager of FairStone until September 30, 2019 was Mr Luke MAUREL.

## OVERVIEW

The 2018/19 year can be best described with the use of an oxymoron – Change Consistency. With Evaco Group's restructuring and expansion, Evaco Construction Limited embarked on a metamorphosis process resulting in the birth of FairStone Limited.

During this process, the company and the site structures of FairStone were overhauled to optimize its efficiency and meet its clients' needs of delivering a high-quality product on time, while improving the financial performance of the company. These changes come at a cost and require patience, both which were given by the Group's leadership.

The FairStone team displayed great rigor and commitment enduring the changes that needed to happen while meeting the expectation of consistently delivering villas during this transformation period.

Consistency has been a key characteristic that has enabled the team to deliver a positive result for this financial year. FairStone is now a profitable entity and is contributing to Evaco Group's success. Well done team, you have much to be proud of.

The focus of the 2019/20 year will be to build on the current performance of Fairstone converting its consistency into a positive trajectory, while continuing to pursue excellence in the quality of its product. This is possible through the professional and committed team that Fairstone is.

## KEY FIGURES

Total N° of Employees : **440**

**MUR 364,728,427**

I.D.E.A
INNOVATIVE DESIGN
ENGINEERING & ARCHITECTURE

*Innovative Design Engineering and Architecture is an integrated global design subsidiary which is composed of a dynamic team of architects, engineers, and industry experts. I.D.E.A'S aim is to create efficient design solutions to tackle the greatest challenges facing our clients and society.*

Nicolas ESPITALIER-NOËL,
General Manager, I.D.E.A

## OVERVIEW

Similarly, to Fairstone, INNOVATIVE DESIGN ENGINEERING & ARCHITECTURE (I.D.E.A) Limited was birthed out of the transformation of Evaco Construction Limited.

I.D.E.A has been structured into a professional consultancy company with nine areas of expertise. The selection of highly skilled professionals has given I.D.E.A the ability to create value in Evaco Group's developments, turning dreams into realities.

I.D.E.A concluded the process and obtained the Building and Land Use Permit's on two upcoming developments and has commenced with their detailed design stages.

A milestone to mention is the commencement of its first European project which will take I.D.E.A to a new level in its experience and expertise. A new management structure has recently been implemented which will soon position I.D.E.A to offer its services externally. I.D.E.A is a competent and rigorous team of professionals who are changing the landscape of Mauritius…but not only.

## KEY FIGURES

Total Employees : **25**

**MUR 17,088,844**

FINELINE
CONTRACTING

*FineLine Contracting combines cutting-edge technology with the group's experience in manufacturing to create breath-taking interiors crafted to the highest quality standards. Our experts in planning and production, with in-depth knowledge of materials deliver unprecedented precision; limitless creative possibilities and outstanding efficiency levels.*

Julien de SENNEVILLE,
General Manager, FineLine Contracting

## OVERVIEW

2018/19 was a good year for FineLine, and the group has managed to build on the positive developments that have taken place after a major restructuring process that was initiated in July 2018. Our operations having been further improved, we have been able to deliver all our projects within the respective timeframe.

The improvement and restructuring measures aimed at achieving our long-term goals will continue unabated in 2019 as well. FineLine's four operational division namely Wood, Electrical, Aluminium and Metal have encountered major changes in terms of manpower which will positively impact our upcoming performance.

FineLine Contracting's most important resource is our people. We have invested in the education and skills of our people, giving them the tools, they require to achieve their goals. Besides, during the year under review, we have bought new equipment and invested in new technology. We are confident that this investment will generate greater innovation that will shape the future of FineLine Contracting.

We want QUALITY to come first. We want to outperform – deliver quality work in a timely manner.

We wish to build a team of quality people who are committed to getting the job done right, every time.

## KEY FIGURES

Total No of Employees : **70**

**MUR 43,906,566**

EVACO PROPERTY

*The Evaco Property Cluster is responsible for the development of real estate projects from its inception to its realization.*

*The high-end residential complexes Athena, Oasis, Domaine des Alizées & Clos du Littoral are among its recognized developments.*

*The cluster also comprises of Fine & Country Mauritius and Reunion. Fine & Country is a full-service real estate agency showcasing a broad spectrum of high-end products.*

Karen ANGUS,
Group Sales & Marketing Director, Evaco Property

## OVERVIEW

Our 2018/19 performance demonstrated the Group's strategic growth during the past years. Evaco Property is involved in the development, marketing and the sales of Evaco Group's inventive projects.

Our main motivation remains our clients' satisfaction and their trust is the keystone of our success. Evaco Property continues to exceed its goals, and this clearly reflects our market-leading position, our sense of innovation and investment decisions. Above all else, it reflects our aim of delivering value to our customers.

As the real estate industry races toward a new era, our focus is to build on our 18 years of experience designing and developing innovative concepts. This goal was successfully achieved in 2018 with the launching of Secret Private Villa Resort. The complex features 187 luxurious villas with an estimated project value of 3,500,000,000 MUR.

In 2018/19, we turned in another strong performance, posting records in sales. In a time of transformation, Evaco Property stands out of the crowd with the creation of state-of-the-art marketing tools which allow us to effectively plan and execute campaigns converting leads and closing sales. We enhanced our in-house expertise and we are involved in the entire marketing process from the conceptualization of innovative sales brochures to 3D modelling.

We have also launched Fine & Country – an independent real estate agency specializing in the sales and location of exclusive properties in Mauritius and in Reunion Island. We continue to anticipate the changing needs of our customers with the development of high-end projects while positioning Evaco Group for the future.

Our strategy includes the launching of Cap Marina – an integrated project in Cap Malheureux set on a 22 hectares plot. The project features luxurious villas, apartments and townhouses implemented around a 2 kilometers artificial water canal.

Furthermore, Cap Marina focusses on sustainability by developing eco-friendly building techniques, energy-efficient installations and equipment. We achieved several important milestones in 2018/19 and will undoubtedly continue to cultivate innovation and leverage our strengths as we continue to design and build the living space of tomorrow.

## KEY FIGURES

Total No of Employees : **28**

**MUR 627,528,289**

# EVACO SOLUTIONS OVERVIEW OF CLUSTER

*EVACO Solutions currently comprises one subsidiary, namely Stantons.*

*The company was recently incorporated and will formally commence operating shortly. The services offered by the cluster will include consulting and corporate services, and relocation services. This will cover most of the services that a new investor or resident to Mauritius will require, namely company incorporation and administration services, business support services, and relocation assistance.*

Fabrice LINCOLN,
Managing Director, Stantons

Stantons has received all necessary regulatory approvals to start operating as a corporate service provider. The business has commenced the implementation of its marketing strategy and has already received strong interest for its services from potential clients.

Stantons is also at the final negotiation stages for the recruitment of a client support officer, who will assist the managing director and the operations manager in the launching phase of the business.

As Evaco Solutions becomes more established, it will increase the range of professional services on offer, including entering the field of legal process outsourcing for carefully selected overseas jurisdictions, where significant growth potential has been identified.

Evaco Solutions is the start of an incredibly exciting journey. The knowledge and resources brought by the group, and the skills and dreams of the people involved in the project, will reset the benchmarks of excellence in the industry.

The heart of this new offering is a business that has the courage to rethink how services are provided, and that elects to place innovation, quality, value, and customer satisfaction, at its very core.

What will set us apart right from the very start is our deep understanding of the exigencies of modern business, and our unique ability to translate what is complex into simple, precise, and practical advice and services.

It is a privilege to be involved in this journey, and I look forward to the challenges and many successes that lie ahead.



# EVACO ESCAPES OVERVIEW OF CLUSTER

*Evaco Holiday Resorts is the specialist of holiday rental in Mauritius. Romantic hideaway, stunning architectural design and luxurious setting, guests can choose from any of the villas of Oasis, Athena, Clos du Littoral or the lavish Suites and Penthouses at Domaine des Alizées to experience the holiday of a lifetime.*

Jean Marc LAGESSE,
Chief Operating Officer, Evaco Escapes

## OVERVIEW

Evaco Holiday Resorts and Evaco Beach Club performance for year 2018/19 was satisfactory and was accompanied by significant progress in several areas. We developed new strategies to help us reach our budgetary objectives for the year.

During the year, we took significant steps to strengthen the execution of our strategy and lay foundations for faster growth. All of this was possible through our commitment to evolve, adapt and innovate.

Service quality in the hospitality industry is one of the most important factors to gain customer's confidence in a highly competitive marketplace. Our management team has identified several opportunities on different sides to improve the margins. Given the increasing choice for consumers and investors, we are aware of the importance of seeking new opportunities to execute our strategy in more targeted and effective ways.

Thus, our focus for 2019/2020 will be the introduction of clear strategic initiatives that strengthen the quality of our services by anticipating our guest's expectations, training and empowering our staff, evaluating and modifying service delivery systems.

In the context of a highly competitive market environment, EHR's aim to be recognized as the best in hospitality management in Mauritius remains paramount. Throughout the cluster, this vision is passionately embraced by all our 92 collaborators.

## KEY FIGURES

Total No of Employees :
**125**

Evaco Holiday Resorts :
**MUR 107,367,971**

Evaco Beach Club :
**MUR 29,922,040**

# REAL ESTATE MARKET OVERVIEW

*Evaco operates in the fast - moving real estate sector, one of the most competitive and dynamic in Mauritius.*

In 2018, the real estate sector generated gains of over MUR 73,7 billion in terms of property transactions through the real estate investment schemes, i.e. IRS, RES and PDS. In fact, the real estate market in Mauritius continues to thrive, several years after the government decided to open the island to wealthy foreign investors.

The real estate sector is the only one that attracts billions of rupees of Foreign Direct Investment (FDI) into the country. After a few years of negative growth, the real estate sector has never been so lively. In 2018, its contribution to GDP rose to 5,8%.

Statistics therefore clearly show that the real estate sector is evolving at a faster pace than ever.

Karen Angus, Sales and Marketing Director of the Evaco Group explains:

*«Digital technology is transforming relationships with consumers – from connectivity and Internet of Things, artificial intelligence and augmented reality. All are linked by more targeted and data-driven marketing. In response, the Evaco Group evolve its portfolio to reach consumers in different income brackets. Alongside innovation, customer development is the keystone of our growth. We ensure our products are available when and where consumers want them»*

## EVACO GROUP ECONOMIC CONTRIBUTION

Evaco Group's global business contributes to the local economy in many ways via direct value creation, innovation, employment, investments in future value creation and contribution to public finances via taxes and other levies. Since its inception in 2001, the group has generated more than $ 290,000,000 in terms of revenue through the development of more than 300 000 m² of land. The group provides direct employment for around 700 people in Mauritius and abroad, from maintenance officers to engineers and customer service staff. We also spend millions of rupees a year with thousands of small, medium and large businesses across the island, helping secure viability through supply. The tax contribution of the Evaco Group during the year 2018/2019 was more than MUR 86 M.

We firmly believe that being transparent in our payments can help communities understand the economic benefits generated by our activities and how this is distributed to governments for local, regional, and national economic and social development.

PERFORMANCE HIGHLIGHTS

**MUR 86 M** in taxes and other payments to governments

**MUR 189 M** paid to employees in wages and benefits



# CORPORATE SOCIAL RESPONSIBILTY

In Mauritius, the Evaco Group is committed to the development of the industries we operate in whilst improving the quality of life of our employees, their families and the community by being responsible for our actions, socially, ethically and environmentally.

As a conscientious company, we acknowledge that we have direct responsibility to society and to the communities in which our amenities are located and where we do business.

We are increasingly focused on partnering with the community through social contributions with an integrated neighbourhood approach.

We are working on several projects through the CSR and other social contributions aiming to :

- contribute to the development of the neighbourhood as an upright corporate citizen;
- identify, adopt and promote progressive environmental standards;
- improve the land-use planning and management;
- actively participate in the government's development agenda to ensure sustainable change;
- encourage an inclusive and diverse culture which nurtures innovation, ingenuity and collaboration.

*Expertise inclusion*

*Improvement of local infrastructures*

# OUR WORKFORCE

*The Evaco Group now reckons more than 700 employees throughout all its companies, and we expect to reach 900 employees by the end of 2019.*

*The reason of such an increase in the manpower is that of an ever-growing group, with a vision extending beyond the Mauritian horizons.*

*The input of each one has been the key factor in the success of the Evaco Group over the years; the trust, dedication and loyalty of the workforce are invaluable.*

Lauriane PALLANY,
Group Head Of Human Resources

One of the few choice words that can define the workforce of Evaco Group is « diversity ». Diversity in terms of country, origins, culture, know-how and experience.

Recruitment is one of the biggest HR challenges of the Evaco Group; we want to keep on bringing in diversified and specific expertise, to outsource people with the right attitude and to provide our employees with exciting professional adventures. There is a constant effort towards achieving those goals and up to now, we have been able to set up great teams.

Each cluster of the group has its own specificities and richness. With more than 125 employees ready to serve guests and make their stay memorable, the Leisure & Hospitality cluster is known for the warm welcome of the front office and housekeeping teams, the latter department reckoning many of the employees with the longest time of service within the Group.

The Construction cluster is the beehive of the Evaco Group, with an increasing work-force deployed over the northern region of Mauritius; highly skilled employees from Mauritius, India & Bangladesh bring their know-how as a team to build our renowned high-end residential projects.

With the Management and administrative teams, it is more than 400 professionals working towards achieving excellence to fully satisfy a demanding clientele.

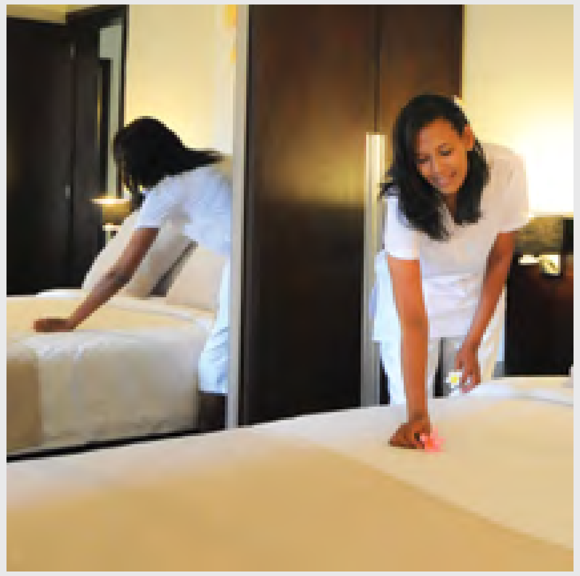
The Property Development cluster has been the driving force of the Evaco Group over the years, with its personnel supporting the vision of the Chairman & Founder since the very beginnings of the group's activities. The marketing of all the current and upcoming projects are taken in charge by an expert team and the sales are driven with passion for the products and services provided by the Evaco Group.

We are determined to exceed both national and international standards with regards to good practices at all levels; several departments are being restructured to gear towards achieving this objective, strategic recruitments are on, reshuffling of the personnel's responsibilities is constant to find the right balance in the tasks' distribution and optimized output.

With the right people at the right place, we trust in the future of the Group.

KEY FIGURES

- No of new recruitments (2018 to 2019): **158**
- Additional recruitments 2019/2020 : **200 +**




### Mr. Philip Patrick Arnaud MAYER

Chairman

Mr. Arnaud Mayer is the Executive Chairman of the Evaco Group. After his postgraduate studies in France, he came back to Mauritius in 1996 with a Degree in Business Management. He shared his knowledge and insight with local industries, and created various companies operating in several business fields. In 2001, Mr. Mayer started working in the real estate sector and founded the Evaco Group. He was ranked among the top entrepreneurs of Mauritius in 2008. He was the president of the Real Estate Association Mauritius (R.E.A.M) from 2015 to 2018.

In 2017, Mr Mayer was honoured to receive the title of Honorary Citizenship in recognition of his contribution to the economic and social development of the northern regions of Mauritius.

Directorship in other listed companies: none

### Mr René Gérard Alexandre GOUREL de St PERN

Executive Director
Chief Executive Officer

Born in 1976, Mr Alexandre GOUREL 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 2019.

Alexandre joined the EVACO Group as from the 1st of June 2019 as Group Chief Operations Officer and has been promoted to Group Chief Executive Officer on the 1st of July 2019.

Directorship in other listed companies: none



### Mrs. Karen Florence ANGUS

Executive Director
Group Sales and Marketing 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 fourteen 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.

Directorship in other listed companies: none

### Mr. Charles Philippe de Bragard HARDY

Non-Executive Director

Born in 1972 in UK, Mr. Philippe HARDY is a founding member of DMH Ltd. He has a very diversified exposure to finance having held various roles spanning investment management, business development, corporate planning and transaction advisory.

He is the leading partner of DMH'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 15 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.

Directorship in other listed Companies: None

### Mr. Jean-Marc Daniel LAGESSE

Executive Director
Chief Operating Officer

Born in 1960, Mr. Jean-Marc LAGESSE holds a Bachelor's 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.

Directorship in other listed companies: none

### Mr Patrick Edgar Fabrice LINCOLN

Executive Director
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 corporations law, amongst others.

Fabrice adds deep expertise to the group's legal governance and risk management team.

Directorship in other listed companies: none



# ADMINISTRATION


Registered Office
Rivière Citron
20101, Arsenal, Mauritius

Company Secretary
Mrs. Antoinette Perrine
Arsenal, Mauritius

Registery & Transfer Office
(Ordinary shares)
Evaco Ltd
Rivière Citron
20101, Arsenal, Mauritius

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

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

Licensed Auditors
BDO Mauritius
10, Frère Félix de Valois, Port-Louis

FOR NOTEHOLDERS

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

Sponsoring Broker

SWAN Securities Ltd
Swan Centre, 10, Intendance Street,
Port-Louis

Bankers
ABC Banking Corporation Ltd
SBM Bank (Mauritius) Ltd
The Mauritius Commercial Bank Ltd
AfrAsia Bank Ltd
MauBank Ltd

### Mrs. Antoinette PERRINE
Group Head of Finance and Company Secretary

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.

### 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 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 & Catering. Holder of a degree in Human Resources, Lauriane is taking up the new challenges faced by the Group to fully support the Management team.

### Mrs. Aude LECLERC
Head of Sales

Aude Leclerc is currently the Head of Sales for Evaco Property. She has over fifteen years of experience collaborating with internationally reputed companies.

Aude is specialised in international business, marketing and communication. She holds a Master of Business Administration from the St John's University, New York, USA and a Bachelor in international business administration from the Californian School of International Management, San Diego, USA.

She has a proven track record in real estate investment through the Real Estate Scheme (RES) and Property Development Scheme (PDS).



### Mr. Nicolas ESPITALIER-NOËL
General Manager, I.D.E.A

Born in 1977 in Mauritius, Nicolas E. Noel graduated as Civil Engineer from Ecole Nationale Supérieure d'Ingénieurs de Poitiers (France).

He then worked in France during 12 years for major civil construction companies, incl. the COLAS group. Coming back to Mauritius in 2013, he has worked as Senior Engineer for General Construction Co Ltd, a major actor in the local construction business. He has recently joined the Evaco group as General Manager of IDEA.

### Mr. Julien de SENNEVILLE
General Manager, Fineline Contracting

Julien de Senneville reckons more than 24 years of experience, cumulating valuable experience involved in several trade and various project like Caudan, State Bank, Le Prince Maurice Hotel and many other projects in the Manufacturing industry and site management such as ceiling and partitioning, manufacturing of built-in and loose furniture.

Julien joined the Evaco Group in April 2019 as the General Manager of Fineline Manufacturing. The company caters to produce all the Evaco Group's wood, electrical, metal and aluminium products which is now aiming at the local market.

### Mr. Juan-Pierre de VILLIERS
General Manager, FairStone

Juan Pierre de Villiers is a Senior Manager with more than 15 years of experience in building projects.

He completed his National Diploma - Construction Supervision T3 in 1998 and his Baccalaureus Technologiae – Construction Management in 2000. He is registered as a Professional Construction Manager with The South African Council of the Project and Construction Managers Professional and has worked for reputable firms such as NMC Construction, North Rich Properties and Tucana Construction.

Between December 2015 up to 2019, he had been running his own company with work assignments on the African territory and is now joining FairStone as the successor to the current General Manager, Luke Maurel.

### Mrs. Bianka BHUGON
Group Internal Auditor

Bianka Bhugon joined Evaco Group in January 2019 as Group Internal Auditor. She holds a Bachelor Degree in Management, is a fellow member of the ACCA and a Certified Internal Auditor.

She has 16 years' of experience in audit and advisory domain, having worked across global consulting majors such as PwC and EY. She began her career at PwC Mauritius in 2003 as external auditor and left 3 years later when she qualified as a Chartered Accountant. Bianka has spent 10 years within the advisory department of EY and PwC Mauritius.

Bianka has also been instrumental in setting up the internal audit function in other organisations for which she worked for the past 3 years. She formed part of the selective global pool Europeaid and Global Fund auditors. Throughout her career, she has worked on four continents and has a footstep in more than 25 countries across the globe.

### Mr. Ryno FERREIRA
Operations Manager

Of South African origins, Ryno Ferreira has joined the Evaco Group in April 2018 and oversees 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. Franco GERMANI
Head of Quantity Surveying

Since 1982 and after qualifying with a BSC (QS) Honors degree in South Africa, Franco Germani has gained much experience in company management, financial management, and construction management of projects from concept to completion.

Over the years he has gained experience in working throughout Southern Africa on many types of construction projects varying from residential, industrial, commercial, mining and civil engineering projects.



### Mr. Alexandre ROUBAUD
Lead Principal Architect

Alexandre Roubaud serves the Evaco Group as Lead Principal Architect. He holds a Diploma in Architecture DPLG from École Nationale Supérieure d'Architecture, Paris Val de Seine and a Degree in Biology of Organisms with Specialisation in Ecology and Plant Physiology from Université Paris-Sud II.

Throughout his professional career, Alexandre held a number of positions in the architectural field including Project Manager, draughtsman and designer in companies of international renown.

### Ms. Elodie de COMARMOND
Sales and Marketing Manager

Elodie de Comarmond is currently the Sales & Marketing Manager of Evaco Holidays 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.

### Mr. Warren CHUNG
Financial Controller Corporate

Warren Leung is an ACCA member.

He started his career at Deloitte in 2008. Between 2015 and 2017 he worked as Finance Manager in the retail industry and Insurance industry before joining Evaco in 2018.

## GROUP PROFILE

EVACO LTD is a public company incorporated on April 3, 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 July 1, 2016 and a further 51,150 similar notes on June 2, 2018.

Having evolved from a real estate development company, EVACO Ltd is now a Holding and Investment entity which acts as a Group Corporate Executive office with its global head offices located in Mauritius. The Group is present in various sectors of the economy through four main Core Competency Clusters, namely Evaco Creations, Evaco Property, Evaco Solutions & Evaco Escapes.

## RESULTS

For the year under review, the turnover for the Group and the Company reached Rs.825.2m (2018 - Rs.605.8m) and Rs.36.7m (2018 - Rs 60.7m) respectively, whilst the profit after tax for the Group and the Company stood at Rs.313.7m (2018 - Loss of Rs.138.6m) and a loss of Rs.31.3m (2018 - Loss of Rs.20.0) respectively.

## DIVIDENDS

Total dividends declared by the Group and the Company for the year ended June 30, 2019 was Rs.20,000,000 (2018 - Rs.Nil).

### EVACO Property

Property Development & Real Estate Agency

The Evaco Property Cluster is responsible for the development of real estate projects from its inception to its realization. The high-end residential complexes Athena, Oasis, Domaine des Alizées & Clos du Littoral are among its recognized developments.

### EVACO Solutions

Consulting & Corporate Services

The professional services arm provides a wide variety of services to a new investor or resident in Mauritius including company incorporation, corporate services, business support services and relocation assistance.

### EVACO Escapes

Leisure & Hospitality

Evaco Holiday Resorts - EHR is a subsidiary established and resourced to provide the best and most efficient property management services in Mauritius. It also comprises of an exceptional beach club, 'La Plage' for all the owners and all the residents of properties developed by Evaco Group.

Evaco Beach Club Limited - La Plage offers an acclaimed restaurant, swimming pool, kids' corner, ice-creamery, deck chairs and beach massages, all part of the exceptional services and facilities available to the guests.

### EVACO Creations

Engineering, Construction, Manufacturing & Architecture

The EVACO Creations cluster currently comprises of three subsidiary companies, namely FairStone, FineLine Contracting and I.D.E.A. ECMA aims to optimize every aspect of building design, materials supply, and construction.

FairStone - Equipped with up-to-date technologies and modern equipment, FairStone is engaged in the construction of the group's property development projects. The company is equipped to sustain the ambitious vision of the group.

Fine Line Contracting - FineLine Contracting combines cutting-edge technology with the group's experience in manufacturing to create breath-taking interiors crafted to the highest quality standards.

Innovative Design Engineering and Architecture - I.D.E.A is an integrated global design subsidiary which is composed of a dynamic team of architects, engineers, and industry experts. IDEA'S aim is to create efficient design solutions to tackle the greatest challenges of their clients and the society.



## PRINCIPLE 1:
## EVACO GOVERNANCE STRUCTURE

### The Role of the Board

The main function of the Board is to lead and direct the affairs of the Company to achieve the long-term strategies for the benefit of the Shareholder and all stakeholders.

The Board quarterly reviews the financial performance, operational measures and funding requirements of the business clusters. The Board also reviews the annual budget, investment proposals and corporate governance status.

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.

### Board Charter

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.

### Code of Ethics

The Company has adopted a Code of Ethics laying out the Group's corporate values and standards of behaviour within the organisation and with third parties.

Whistle-blowing procedures are also 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.

### Job Descriptions

The Company has approved written job descriptions for all senior governance position (Chairman and Founder, Group Chief Executive Officer, executive Directors and Company Secretary). The role of Board Chairman and Group Chief Executive Officer are held separately. The Sole Ordinary Shareholder Mr. P. P. Arnaud MAYER is the Founder and Chairman while Mr R.G. Alexandre GOUREL de St PERN is the Group Chief Executive Officer.

### Organisational Chart and Statement of Accountabilities

The Company is headed by a unitary Board composed of six Directors with a mix of executive, non-executive and independent Directors.

The Group Chief Executive Officer is responsible for the Company's affairs and closely interacts with the Chief Operations Executives and General Managers of the different business units.

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

### Constitution

The Company has adopted a Constitution on 16 May 2016 in conformity with the Companies Act 2001 and the Listing Rules of the SEM.

## PRINCIPLE 2:
## STRUCTURE OF THE BOARD AND ITS COMMITTEES

The Company is headed by a unitary Board composed of six Directors with a mix of executive, non-executive and independent Directors.

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.

Presently, there is a combination of four executive directors and two non-executive directors. 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.

### Chairperson

Mr. P.P. Arnaud Mayer is the Chairperson and founder. He chairs meetings of the Board and of Shareholders.

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.

### CEO

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 new categorization of one independent director as non-executive director, the Board does not have any independent directors as stipulated in its Board Charter. The intention is to appoint at least one 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 during the next financial year. The Company therefore does not comply with the Code of Corporate Governance.

### Company Secretary

The secretary of the Company is Antoinette Perrine who is also the Group Financial Controller.

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;

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 AND SECRETARY AT DATE:

| Name | Gender | Board attendance | Country of residence | Status of directorship | Other information |
|---|---|---|---|---|---|
| Philip Patrick Arnaud MAYER | M | 4/4 | Mauritius | Founder and Chairman | Sole ordinary shareholder |
| René Gérard Alexandre GOUREL de St PERN* | M | 4/4 | Mauritius | Executive Director | Group Chief Executive Officer |
| Jean Marc Daniel LAGESSE | M | 4/4 | Mauritius | Non-Executive Director<br>Chairman of the Corporate Governance Committee<br>Member of the Audit and Risk Committee | Offering Advisory Services in relation to the Leisure and Hospitality activities |
| Charles Philippe de Bragard HARDY | M | 4/4 | Mauritius | Non-Executive Director<br>Chairman of the Audit and Risk Committee<br>Member of the Corporate Governance Committee | Offering Corporate Advisory Services to Evaco Group through DMH Ltd |
| Karen Florence ANGUS | F | 3/4 | Mauritius | Executive Director | Group Marketing and Sales Director |
| Patrick Edgar Fabrice LINCOLN** | M | 1/4 | Mauritius | Executive Director | Group Head of legal |

* René Gérard Alexandre GOUREL de St PERN was appointed as Director on 21st September 2018

** Patrick Edgar Fabrice LINCOLN was appointed as Director on 5th May 2019

The dates of Board, committees and annual meetings are planned well in advance with the assistance of the Company Secretary. The Board meets at least four times a year and ad hoc meetings may also be convened to deliberate on urgent substantive matters.

### Sub Committees

The Board, to assist it in its duties, has constituted two 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.

<u>The Corporate Governance Committee comprise of three members:</u>

- Mr Jean Marc Lagesse - Chairperson

- Mr Philippe Hardy - Non Executive Director

- Mr Arnaud Mayer - Founder

<u>The Audit and Risk Committee presently comprise of two members:</u>

- Mr Jean Marc Lagesse - Chairperson

- Mr Philippe Hardy - Non Executive Director

The Committees are chaired Independent Directors and the Chairperson of the committees report to the Board and, on behalf of the committees, regularly recommend actions to the Board. Reports from the Chairperson of these committees are recorded in the agendas of 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 | Attendance |
|---|---|
| Philippe HARDY | 4/4 |
| Jean Marc LAGESSE | 4/4 |

| Corporate Governance (Nomination and Remuneration) Committee | Attendance |
|---|---|
| Philippe HARDY | 2/2 |
| Jean Marc LAGESSE | 2/2 |
| Arnaud Mayer | 2/2 |

## PRINCIPLE 3:
## DIRECTORS APPOINTMENT PROCEDURES

### Appointment and election and reelection 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 favor 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.

### Professional Development

The Board and Management team fully believes in the value of continuous professional growth through training, coaching, mentoring and exposure to new challenges. The opportunity is given to each employee to embrace new professional opportunities; with the active pursuance of professional development, we want to ensure that knowledge and skills not only stay relevant and up to date, but are also enhanced. It creates an awareness to the changing trends in the industries we are in and brings tremendous value to the output of each employee. Competency enhancement needs analysis, financial provisions for training, defined training plans, identification of talents are only some of the processes we value and focus on. The objective of the Group is to secure some form of training & development identified and secured for all employees of the Evaco Group on a yearly basis, as from the next financial year.

### Succession Planning

The Board takes full responsibility in ensuring that a succession plan is set up and implemented, to guarantee business continuity and corporate sustainability. The members of the Management team are already in the process of identifying the right person to secure the succession plans and many talents have already been identified as potential successors. The structure of each department is constantly under review and assessment, with new talents uncovered and recruited to reinforce the existing teams. The optimization of the human resources is achieved by identifying and recruiting high-potential employees who will be prepared for all contingencies through defined professional development plans. This identification, recruitment and appointment process should be completely achieved by the end of the next financial year.



### 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 38 to 40.

## PRINCIPLE 4:
## DIRECTORS DUTIES, REMUNERATION AND PERFORMANCE

### Directors' Duties

Legal Duties

Directors are aware of their legal duties as provided in the Companies Act 2001 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.

Information, Information Technology and Information Security Governance

In order to ensure compliance with the Data Protection Act 2017 and the EU General Data Protection Regulations (known as 'GDPR'), Evaco Group has recently upgraded its IT infrastructure and approved a Group Privacy Policy. Internal policies and process improvements have also been implemented in order to strengthen, enforce, and monitor the group's decision to place data privacy and security at the forefront of its risk mitigation strategy. Finally, the group has appointed leading external consultants to conduct a data protection gap analysis in order to ensure that all data protection systems and processes are effective and fully compliant.

### STATEMENT OF REMUNERATION POLICY

Total remuneration paid to Directors for the year under review amounted to Rs.23,458,317 (2018: Rs.21,543,223).

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

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

### Remuneration of Directors

Independent and Non-Executive Directors fee is Rs.65,000 per attended Board meeting and Rs.12,000 per attended committee meeting.

During the year - remuneration paid to Independent / Non-Executive Directors was as follows:

- Independent / Non-Executive Directors: Rs.320,000

The remuneration of the Executive Directors is composed of a basic pay and an incentive scheme linked to Group profit after Tax.

Being a sensitive information, the Board has decided not to disclose individual Directors remuneration.

### Directors' emoluments

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

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | Year ended June 30, 2019 | Year ended June 30, 2018 | Year ended June 30, 2019 | Year ended June 30, 2018 |
| | Rs. | Rs. | Rs. | Rs. |
| Executive Directors | 23,138,317 | 21,071,823 | 18,220,012 | 12,351,358 |
| Non-executive Directors | 320,000 | 471,410 | 320,000 | 471,410 |

### Appraisal of Directors

The Board has not yet performed the self-appraisal exercise for the year under review.

### Management Agreement

The Company does not have a Management Agreement.

### Related Party Transactions

Please refer to Note 35 to the Financial Statements.

## PRINCIPLE 5:
## RISK GOVERNANCE AND INTERNAL CONTROL

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.

### Risk governance

Risk is inherent in Evaco's business and the markets in which it operates. The challenge is to identify risks and then manage these so that they can be reduced, transferred, avoided or understood. This demands a proactive approach to risk management and an effective group-wide risk management framework.

The Evaco group is no exception to the global trend where an increasing emphasis is put on the board's responsibility to determine an appropriate level of risk appetite. This can be defined as the amount and type of risk exposure that an organisation is willing to accept in order to achieve its objectives.

The Group's overall risk management process is overseen by its Board as an element of solid corporate governance. Evaco recognises that risk management is the responsibility of everyone within the group. Rather than being a separate and standalone process, risk management is integrated into business processes including strategy development, business planning, capital allocation, investment decisions, internal control and day-to-day operations as depicted in the diagram below:

**RISK GOVERNANCE & ACCOUNTABILITIES**

**Audit and Risk Committee**

Review risk reports and monitor effectiveness of risk management.

Provide guidance to Internal Audit Function focusing on key areas for review.

**Group Internal Audit**

Carry out internal audits on a risk basis.

Provide assurance re adequacy of controls across specific risk areas (including risk management).

**BOARD**

Approve and maintain Risk Management Policy.

Set and review the Risk Appetite on a periodic basis.

Maintain oversight of the Risk Management Framework.

**CHIEF EXECUTIVE OFFICER**

Report to the Board on risks and controls.

Disscuss with the Board status of Mitigating Action Plan.

Performance against risk appetite.

**DEPARTMENT HEADS (Risk Owners)**

Attend periodic meetings to discuss risk management reports.

Approve appropriate action to bring organisational risks within tolerance level.

Maintain oversight of their respective risk/control owners.

**ACTION & CONTROL OWNERS**

Identify and assess new risks and update register.

Reassess the existing risks and send for approval.

Updating the RM system on controls performed at the predefined frequencies.

Remediate control failures.

**RISK SYSTEM**

System RM Tool

Risk Registers

Dashboard Reports

Exception Reports



The group's risk management objectives are as follows:

- Directs attention to the key risks of the company - so there are no surprises and resources are directed to areas of agreed importance
- Provides concise risk reporting to executives and Board for oversight
- Undertakes concentrated risk reviews - in areas of the business such as capital programs, major strategic initiatives, significant areas of transition, or areas requiring further assessment
- Becomes increasingly integrated within existing business processes including strategic planning, business planning, and performance measurement
- Drives/highlights the need for change in key areas of the business, organisational structure, and key processes and controls
- Facilitates convergence of monitoring and audit functions and annual audit plan

### Risk Assessment

Our Risk Management Framework is made up of five process components derived from the Committee of Sponsoring Organisations of the Treadway Commission ERM Framework.

1. Event Identification & Risk Assessment: As part of the strategic planning process and day-to-day management of the business, functional leaders identify internal and external events that may affect the achievement of our Group's objectives. Risk management function personnel help identify and assess these risks through their expertise, formal assessments and analysis of business intelligence and trends.
2. Risk Response: A response is determined based upon the overall risk exposure, considered as a function of likelihood and impact of the occurrence. Risk responses may include avoiding or evading, accepting, reducing, and sharing or transferring risk.
3. Control Activities: Control activities are established to ensure that risk responses are carried out effectively and consistently throughout the organisation. This involves formalising risk response in our policies, ensuring clear accountability, utilising self-assessment and monitoring tools and designing controls into our systems and critical business processes.
4. Information & Communication: Information and communication channels are in place to make the organisation aware of risks that fall into their area of responsibility and expected behaviour and actions to mitigate negative outcomes.
5. Oversight & Monitoring: Management reviews, as well as assurance activities, such as testing, auditing and assessments, are in place to ensure that risks are effectively identified and assessed, and that appropriate responses, controls and preventive actions are in place.

While no risk management system can ever be absolutely complete, the goal is to make certain that identified risks are managed within acceptable levels.

1. Operational Risks

The risk of loss or costs resulting from human errors, inadequate or failed internal processes and systems or external events and adverse market conditions. Operational risk includes, Human Resource, Accounting and Finance, Procurement, Sales & Marketing, Compliance and Reputational IT risks among others. These losses may be caused by one or more of the following:

External supplier risk is the risk that arises due to failure of supplier services resulting in operational, financial and/or reputational impact to the business

Payment process risk is the risk from failure in operation of payments processes. This could be where payments are processed inaccurately or duplicated; payment instructions not acted upon or effected in a timely manner, non-availability of payment systems or non-compliance with clearing and settlements scheme requirements.

Cyber-security risk is the risk arising from unauthorised system access by both external (internet) and internal attackers. Attacks may be intended to steal data, manipulate systems, or make systems unavailable (denial of service attacks).

Product risk is the risk of inadequate design, assessment and testing of products□services, resulting in unintended adverse customer□client outcome.

Human Resource risk is the risk that personnel responsible for managing and controlling different business process do not possess the requisite knowledge, skills and experience needed to ensure business objectives are achieved and business risks are reduced to an acceptable level.

Transaction operations risk include the management of the end-to-end process of initiation, processing and fulfilment of an interaction between a client and the business, initiated either by the client or the business. In this context, a client is defined as an external party with an existing or a prospective relationship with the business.

Premises and security risk includes premises not being available to meet business requirements; and that our physical assets, employees and clients are inadequately protected against criminal□terrorist□adverse political activities (where instability and civil disorder is an outcome) and health and safety risks.

Information risk is where information becomes exposed such that it does not meet legal, regulatory and contractual obligations to which it must adhere

Financial reporting risk is the risk arising from a failure or inability to comply fully with the laws, regulations or codes where we operate, resulting in a material misstatement or omission within the Group's external financial and regulatory reporting and internal management reporting.

1. Operational Risks (Continued)

Fraud risk is the risk of dishonest behaviour with the intent to make a gain, or cause a loss to others. Fraud occurs where a person: (i) dishonestly makes a false representation, (ii) dishonestly fails to disclose information, or (iii) dishonestly abuses a position of trust.

2. Legal and Compliance risk

Laws, guidelines and regulations may change at any point in time. The risk of not complying with laws, regulations and policies, that results in lost revenue, higher costs, unnecessary delays and fines which may impact the operations and functioning of the business. Management of the investee companies and a compliance department monitor these risk issues regularly.

3. Reputational risk

Losses and/or opportunity gain foregone resulting from damages to the reputation of the Group and/ or its investee companies, by various factors such as compliance failures, underperformance, negative media coverage could result in revenue loss and destruction of shareholder value and breakdown of trust from clients and the public.

4. Strategic Risks

Strategic risks are risks that affect or are created by a company's business strategy and strategic objectives. This risk might arise from making poor business decisions, from the substandard execution of decisions, from inadequate resource allocation, or from a failure to respond well to changes in the business environment.

### Internal Control

The Turnbull Report defined internal control and its scope as the policies, processes, tasks, behaviours and other aspects of an organisation that taken together:

- Facilitate effective operation by enabling it to respond in an appropriate manner to significant business, operational, financial, compliance and other risks to achieve its objectives. This includes safeguarding of assets and ensuring that liabilities are identified and managed.
- Ensure the quality of internal and external reporting, which in turn requires the maintenance of proper records and processes that generate a flow of timely, relevant and reliable information from both internal and external sources.
- Ensure compliance with applicable laws and regulations and also with internal policies.

A sound internal control system is in place within the Evaco group and ensures that organisational objectives in terms of effectiveness and efficiency are met. It provides assurance that financial statements are prepared in compliance with relevant accounting standards and that the company complies with laws, regulations and policies.

The Board is ultimately responsible for maintaining sound risk management and internal control systems. The task of establishing, operating and monitoring such systems is, as a matter of course, delegated to Management. The Board thus ensure that Management set up appropriate systems that function effectively to manage the risk and so reduce it to an acceptable level.

The internal control process is audited by internal and external auditors who report directly to the Audit & Risk Committee on any material weaknesses which come to their attention.

In addition to reviewing the company's risks, the Board has entrusted the Audit and Risk Committee with the responsibility of reporting on the effectiveness of Internal Control.

## PRINCIPLE 6:
## REPORTING WITH INTEGRITY

### 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.

### Environmental

The Company, because of its activity, has little impact on the environment but is conscious that each effort counts. The Company and its subsidiaries have started environmental campaigns within the organisation by promoting the 3 R's (reduction of waste, re-use of materials, and recycling).

### 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 Evaco Group practices fair policies, based on merit, in the recruitment, the remuneration and the promotion of its team members; the Group aims at attracting, retaining, motivating and rewarding qualified and talented employees in a competitive environment. By setting up the relevant remuneration procedures, the company aims at recognizing and rewarding individual ability and performance. The Group also seeks to establish and maintain competitive salary ranges consistent with the economic requirements of the Group and commensurate with other companies where similar positions exist. By merging salaries paid to employees with the responsibilities associated with their positions, the Group promotes employees' self-improvement and advancement to greater responsibilities. A performance appraisal program is maintained which clearly identifies opportunities for employees' development and which provides for compensative remuneration rewards on an unbiased basis.

Employee Share Option Plan

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

Corporate Social Responsibility

The Group is committed to serve the clients and community.

The Group has identified sectors of intervention in the northern region of the island for the next financial year focusing on Training and Education, Health, Welfare, Environment, Leisure and Sports.

Evaco Group's contribution to the CSR at June 30, 2019 amounted to Rs.2,167,599 (2018: Rs.1,883,000). The contributions have been paid to the Mauritius Revenue Authority.

### Donations

The Company has made no political donations for the year under review (2018: Rs NIL.)

## PRINCIPLE 7:
## AUDIT

### Internal Audit

Since January 2019, the Internal Audit function is headed by a fully qualified accountant and certified internal auditor, who carries out internal audits and other reviews of the Group's operations.

### Purpose

It provides independent assurance to the Audit and Risk Committee as to the adequacy and effectiveness of the internal control and risk management processes. It operates in line with the Internal Audit Charter the Internal Audit Manual.

### Authority and independence

The internal audit derives its authority from the Board through the Audit Committee. Internal auditor has a direct reporting line to the Audit and Risk Committee and maintain an open and constructive communication with the management. The internal auditor also has direct access to the Chairperson of the Board. This structure allows the Internal Auditor to remain independent.

It also has unrestricted access to the records, management or employees and is authorised to review all activities and transactions undertaken within the Group and to appraise and report thereon if necessary.

The Group Internal Auditor is entitled to convene a special meeting of the Audit and Risk Committee in order to deal with any matter that he considers to be urgent.

### Coverage

The Internal Audit plan, which is approved by the Audit and Risk Committee, is based on the principles of risk management designed to ensure that their scope of work is congruent with the degree of risk attributable to the area being audited. The plan includes all companies with the four clusters of the Evaco Group.

### Approach

The Internal Audit function uses a risk-based methodology for auditing compliance with policies and procedures in areas of risk

The Internal Audit team has an independent appraisal function which reviews the adequacy and effectiveness of internal controls and the systems that support them. This includes controls at both the operational and financial levels as well as offering guidance to Management in relation to the evaluation of overall business risks and actions taken to mitigate such risks.

Weaknesses identified by the Internal Auditors during their reviews are brought to the attention of Management and the Audit and Risk Committee formally by way of risk-rated structured reports.

### Reporting

At each quarterly meeting of the Audit and Risk Committee, the Group Internal Audit reports on its programme of review and findings and on all internal audit issues of the Group highlighting any deficiencies and recommending corrective measures.

The audit reports are compiled by the Group Internal Auditor who attends and reports on the findings at the Audit and Risk Committee. Thereafter, the Chairman of the Audit and Risk Committee brings before the Board any material issues requiring the special attention of the Directors.

### Code of Ethics

The Company has already drafted the Code of Ethics laying out the Group's corporate values and standards of behaviour within the organisation and with third parties.

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.

### EXTERNAL AUDITOR

The External Auditor is BDO & Co. succeeding to CAYS Associates who have been in place for the past five years.

The Audit and Risk Committee has the duty:

- to consid er 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;
- Review the findings of the audit with the external auditor.

## PRINCIPLE 8:
## RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS

### Shareholding And Subsidiaries

At June 30, 2019, 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 June 30, 2019

| 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 |

Information on major shareholders as at June 30, 2019 (cont'd)

| Company name | Activity | Percentage held (%) |
|---|---|---|
| Le Clos du Littoral Phase II Ltd | Property Development - Real Estate Scheme | 100 |
| Le Clos du Littoral Phase III Ltd | Property Development | 100 |
| Le Spa du Domaine Ltée | Spa | 100 |
| Evajet Ltd | Business Aircraft Operations | 100 |
| Creative Properties Ltd | Property Development | 100 |
| Aquamarine Watersport Ltd | Import and Export | 100 |
| Evasio SAS | Property Development and Hospitality Activity | 100 |
| Watersavr Indian Ocean Ltd *Incorporated in Reunion Island* | 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 |
| Evaco Property d.o.o. *Incorporated in Croatia* | Property Development | 100 |
| Stantons Ltd | Corporate services | 100 |

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

Held by subsidiary:

| Company name | Activity | Percentage held (%) |
|---|---|---|
| Archipel des Saveurs Ltd | Dormant | 100 |
| Evaco Beach Club Limited | 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 implemented a dividend policy. The dividend payable will up to 50% of profits realised. The payment of dividends is subject to the performance of the Company, its cash flow and its capital expenditure requirements. For the year ended June 30, 2019 the Directors have declared dividend of Rs.20,000,000 (June 30, 2018: Nil).

### SHAREHOLDERS' AGREEMENT

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

### 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 June 30, 2018 and June 30, 2019, Mr. P. P. Arnaud MAYER held directly Ordinary Shares of the Company as follows:

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

The Ordinary Shares are not listed. 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 2(u) to 2(z) 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.

### SHAREHOLDERS COMMUNICATION AND EVENTS

The Company sole shareholder is Mr. P. P. Arnaud MAYER, also the Chairman of the Board. 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, October | Publication of quarterly abridged unaudited 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.

P.P. Arnaud MAYER
Chairman

R.G. Alexandre GOUREL de SAINT PERN
Director

September 24, 2019

The Directors are pleased to present the Annual Report of Evaco Ltd and its subsidiaries together with the audited financial statements for the year ended June 30, 2019.

### Nature of Business

The principal activities of the Group includes property and real estate development, construction and manufacturing, hospitality and leisure, and operation of restaurant.

The persons who held office as Directors of the Company as at June 30, 2019, are:

Philip Patrick Arnaud MAYER (Chairman)
René Gérard Alexandre GOUREL de St PERN
Jean Marc Daniel LAGESSE
Charles Philippe de Bragard HARDY
Karen Florence ANGUS
Patrick Edgar Fabrice LINCOLN
Antoinette PERRINE

The Directors of the subsidiaries are disclosed in the Corporate Governance Report.

### Auditors' Report and Accounts

The auditors' report is set out on pages 4 to 4(b) and the statements of profit or loss and other comprehensive income are set out on page 6.

### Contracts of significance

During the year under review, there were no contracts of significance to which Evaco Ltd, or any of its subsidiaries, was a party and in which a director of Evaco Ltd was materially interested, either directly or indirectly.

### Service contracts

None of the directors of the Company have service contracts with the Company or with any of its subsidiaries.

### Remuneration and benefits

Remuneration and benefits received from the Company and its subsidiaries were:

| Directors of EVACO Ltd | COMPANY | | SUBSIDIARIES | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| Executive Directors - Full Time | 19,789 | 12,036 | 3,349 | 6,184 |
| Non-executive Directors | 320 | 471 | - | - |

Details are provided in the Corporate Governance Report.

### Directors and senior officers' interests

The Directors and senior officers' interests are disclosed in the Corporate Governance Report.

### Donations

| | COMPANY | | SUBSIDIARIES | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| - Charitable | - | - | - | - |
| - Political | - | - | - | - |

### Fees payable to auditors

| | COMPANY | | SUBSIDIARIES | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| Audit fees : | | | | |
| - BDO & Co | 1,490 | - | 500 | - |
| - Cays Associates | - | 1,400 | - | 209 |
| Other Services | | | | |
| - Cays Associates | - | 84 | - | 56 |

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

P.P. Arnaud
MAYER
Chairman

R.G. Alexandre
GOUREL de SAINT PERN
Director





## 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 June 30, 2019, 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 September 24, 2019 and signed on its behalf by:

P.P. Arnaud
MAYER
Chairman

R.G. Alexandre
GOUREL de SAINT PERN
Director

September 24, 2019

# STATEMENT OF COMPLIANCE

We, the Directors of Evaco Ltd, confirm that, to the best of our knowledge that the Company throughout the year ended 30 June 2019 applied the eight principles or the New Corporate Governance Code for Mauritius (2016) save and except for:

Principle 2:

- The company does not have at least two independent Directors as per the Board Charter

Principle 3:

- There is no formal process for the appointment, election and re-election of Directors

Principle 4:

- Board evaluation and development
- Disclosure of remuneration of executive Directors

Explanations and measures are provided in the Corporate Governance report.

Approved by the Board of Directors on September 24, 2019 and signed on its behalf by:

| | |
|---|---|
| P.P. Arnaud<br>MAYER<br>Chairman | R.G. Alexandre<br>GOUREL de SAINT PERN<br>Director |

September 24, 2019



# CERTIFICATE OF COMPANY SECRETARY

## FOR THE YEAR ENDED JUNE 30, 2019

EVACO LTD

I certify to the best of my knowledge and belief that the Company has filed with the Registrar of Companies all such returns as are required of the Company under Section 166(d) of the Companies Act 2001.

Antoinette Perrine
Company Secretary

Arsenal,
Mauritius

September 24, 2019

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the consolidated financial statements of Evaco Ltd and its subsidiaries (the Group), and the Company's separate financial statements on pages 5 to 46 which comprise the statements of financial position as at June 30, 2019, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements on pages 5 to 46 give a true and fair view of the financial position of the Group and of the Company as at June 30, 2019, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

### Basis for Opinion

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

### Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

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

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

### CORPORATE GOVERNANCE REPORT

Our responsibility under the Financial Reporting Act is to report on the compliance with the Code of Corporate Governance disclosed in the annual report and assess the explanations given for non-compliance with any requirement of the Code. From our assessment of the disclosures made on corporate governance in the annual report, the public interest entity has, pursuant to section 75 of the Financial Reporting Act, complied with the requirements of the Code.

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

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

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

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

### Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

### Report on Other Legal and Regulatory Requirements

*Companies Act 2001*

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

We have obtained all information and explanations we have required.

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

### Other Matter

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

BDO & Co
*Chartered Accountants*

Shabnam Peerbocus, FCA
*Licensed by FRC*

Port Louis,
Mauritius

# STATEMENTS OF FINANCIAL POSITION AS AT JUNE 30, 2019

| | Note | THE GROUP 2019 Rs'000 | THE GROUP 2018 Rs'000 | THE COMPANY 2019 Rs'000 | THE COMPANY 2018 Rs'000 |
|---|---|---|---|---|---|
| **Non-current assets** | | | | | |
| Property, plant and equipment | 5 | **341,450** | 279,149 | **37,437** | 16,868 |
| Intangible assets | 6 | **10,073** | 16,058 | **86** | 8,876 |
| Investment properties | 7 | **651,170** | - | **-** | - |
| Investments in subsidiaries | 8 | **-** | - | **150,180** | 823,674 |
| Financial assets at amortised cost | 9 | **935** | - | **740,642** | - |
| | | **1,003,628** | 295,207 | **928,345** | 849,418 |
| **Current assets** | | | | | |
| Inventories | 10 | **245,989** | 518,065 | **16,196** | - |
| Trade and other receivables | 11 | **82,689** | 150,117 | **184** | 23,416 |
| Other financial assets at amortised cost | 9 | **75,653** | - | **185,568** | - |
| Contract assets | 12 | **257,733** | - | **-** | - |
| Current tax assets | 13 | **-** | 300 | **-** | - |
| Cash and cash equivalents | 14 | **72,975** | 55,954 | **6,257** | 25,520 |
| | | **735,039** | 724,436 | **208,205** | 48,936 |
| **Current liabilities** | | | | | |
| Bank overdrafts | 14 | **399,109** | 103,739 | **266,141** | 2,252 |
| Borrowings | 15 | **58,583** | 27,908 | **5,206** | 25,211 |
| Finance lease liabilities | 16 | **4,669** | 9,178 | **554** | 2,120 |
| Trade and other payables | 17 | **152,975** | 191,074 | **19,679** | 10,517 |
| Contract liabilities | 12 | **13,706** | - | | |
| Deposits from customers | 18 | **-** | 7,875 | **-** | - |
| Current tax liabilites | 13 | **8,054** | - | **1,198** | 310 |
| Dividend payable | 33 | **12,000** | - | **12,000** | - |
| | | **649,096** | 339,774 | **304,778** | 40,410 |
| Non-current assets classified as held for sale | 19 | **30,464** | 54,891 | **-** | 24,427 |
| **Net current assets/(liabilities)** | | **85,943** | 384,662 | **(96,573)** | 8,526 |
| | | **1,120,035** | 734,760 | **831,772** | 882,371 |
| **Capital and reserves** | | | | | |
| Share capital | 20 | **100,000** | 100,000 | **100,000** | 100,000 |
| Capital contribution from ultimate shareholder | | **30,707** | 30,707 | **30,707** | 30,707 |
| Retained earnings | | **557,574** | 322,752 | **422,388** | 473,992 |
| Other reserves | | **57,883** | (203) | **263** | - |
| **Owner's interest** | | **746,164** | 453,256 | **553,358** | 604,699 |
| Non-controlling interests | | **(11,364)** | (12,184) | **-** | - |
| **Total equity** | | **734,800** | 441,072 | **553,358** | 604,699 |
| **Non-current liabilities** | | | | | |
| Redeemable secured notes | 21 | **220,200** | 220,200 | **220,200** | 220,200 |
| Borrowings | 15 | **148,062** | 56,509 | **50,319** | 50,319 |
| Finance lease liabilities | 16 | **6,045** | 6,724 | **1,480** | 1,974 |
| Retirement benefit obligations | 22 | **10,928** | 10,255 | **6,415** | 5,179 |
| | | **385,235** | 293,688 | **278,414** | 277,672 |
| | | **1,120,035** | 734,760 | **831,772** | 882,371 |

These financial statements have been approved for issue by the Board of Directors on June 21, 2019.

Arnaud Mayer
Chairman

Alexandre Gourel de St Pern
Director

The notes on pages 68 to 98 form an intergral part of these financial statements.
Auditor's report on pages 60 and 61.



# STATEMENTS OF PROFIT AND LOSS AND OTHER COMPRENHENSIVE INCOME

## FOR THE YEAR ENDED JUNE 30, 2019

| | Notes | THE GROUP 2019 Rs'000 | THE GROUP 2018 Rs'000 | THE COMPANY 2019 Rs'000 | THE COMPANY 2018 Rs'000 |
|---|---|---|---|---|---|
| **Continuing operations** | | | | | |
| Revenue | 2.2/23 | **825,157** | 605,791 | **36,725** | 60,656 |
| Cost of sales | 24 | **(576,170)** | (558,644) | **(3,721)** | (4,084) |
| Gross profit | | **248,987** | 47,147 | **33,004** | 56,572 |
| Other income | 26 | **11,241** | 7,113 | **11,926** | 4,153 |
| Losses/(gain) on foreign exchange | 27 | **(819)** | 10 | **(23)** | (281) |
| Administrative and selling expenses | 28 | **(154,752)** | (150,252) | **(46,881)** | (43,561) |
| Other expenses | 29 | **-** | (41) | **-** | (9,984) |
| Operating profit/(loss) | 30 | **104,657** | (96,023) | **(1,974)** | 6,899 |
| Non-recurring items | 31 | **198,766** | - | **(12,869)** | - |
| Finance costs | 32 | **(36,475)** | (18,079) | **(11,509)** | (3,221) |
| Profit/(loss) before taxation | | **266,948** | (114,102) | **(26,352)** | 3,678 |
| Income tax expense | 13 | **(7,754)** | (1,998) | **(1,198)** | (310) |
| **Profit/(loss) for the year from continuing operations** | | **259,194** | (116,100) | **(27,550)** | 3,368 |
| Discontinued operations | 33 | **(4,054)** | (21,947) | **(4,054)** | (23,403) |
| **Profit/(loss) for the year** | | **255,140** | (138,047) | **(31,604)** | (20,035) |
| **Other comprehensive income** | | | | | |
| ***Items that will not be reclassified to profit or loss*** | | | | | |
| Gains on revaluation of land | | **14,795** | - | **-** | - |
| Gains on revaluation of building | | **40,426** | - | **-** | - |
| Remeasurements of retirement benefit obligations | | **3,272** | - | **263** | - |
| ***Items that may be reclassified subsiquently to profit or loss*** | | | | | |
| Currency translation differences | | **95** | (537) | **-** | - |
| **Comprehensive income for the year** | | **58,588** | (537) | **263** | - |
| **Total comprehensive income for the year** | | **313,728** | (138,584) | **(31,341)** | (20,035) |
| **Profit/(loss) for the year attributable to:** | | | | | |
| Owners of the Company | | **254,822** | (139,962) | **(31,604)** | (20,035) |
| Non-controlling interests | | **318** | 1,915 | **-** | - |
| | | **255,140** | (138,047) | **(31,604)** | (20,035) |
| **Total comprehensive income for the year attributable to:** | | | | | |
| Owners of the Company | | **312,909** | (140,499) | **(31,341)** | (20,035) |
| Non-controlling interests | | **819** | 1,915 | **-** | - |
| | | **313,728** | (138,584) | **(31,341)** | (20,035) |

These financial statements have been approved for issue by the Board of Directors on June 21, 2019.

Arnaud Mayer
Chairman

Alexandre Gourel de St Pern
Director

The notes on pages 68 to 98 form an intergral part of these financial statements.
Auditor's report on pages 60 and 61.

| THE GROUP | Note | Share capital Rs'000 | Capital contribution from ultimate shareholder Rs'000 | Retained earnings Rs'000 | Translation reserve | Actuarial reserve Rs'000 | Revaluation reserve Rs'000 | Owners' interests Rs'000 | Non-controlling interests Rs'000 | Total equity Rs'000 |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Equity attributable to owners of the Company | | | Other reserves | | | | | |
| **2019** | | | | | | | | | | |
| At July 1, 2018 | | **100,000** | **30,707** | **322,752** | **(203)** | **-** | **-** | **453,256** | **(12,184)** | **441,072** |
| Profit for the year | | **-** | **-** | **254,822** | **-** | **-** | **-** | **254,822** | **318** | **255,140** |
| Other comprehensive income for the year | | **-** | **-** | **-** | **95** | **2,770** | **55,221** | **58,086** | **502** | **58,588** |
| Total comprehensive income for the year | | **-** | **-** | **254,822** | **95** | **2,770** | **55,221** | **312,908** | **820** | **313,728** |
| Dividends | | **-** | **-** | **(20,000)** | **-** | **-** | **-** | **(20,000)** | **-** | **(20,000)** |
| **At June 30, 2019** | | **100,000** | **30,707** | **557,574** | **(108)** | **2,770** | **55,221** | **746,164** | **(11,364)** | **734,800** |
| **2018** | | | | | | | | | | |
| At July 1, 2017 | | 100,000 | 30,707 | 462,714 | 334 | - | - | 593,755 | (14,099) | 579,656 |
| Loss for the year | | - | - | (139,962) | - | - | - | (139,962) | 1,915 | (138,047) |
| Other comprehensive income for the year | | - | - | - | (537) | - | - | (537) | - | (537) |
| Total comprehensive income for the year | | - | - | (139,962) | (537) | - | - | (140,499) | 1,915 | (138,584) |
| **At June 30, 2018** | | **100,000** | **30,707** | **322,752** | **(203)** | **-** | **-** | **453,256** | **(12,184)** | **441,072** |

The notes on pages 68 to 98 form an intergral part of these financial statements.
Auditor's report on pages 60 and 61.

# STATEMENTS OF CHANGES IN EQUITY YEAR ENDED JUNE 30, 2019

THE COMPANY

| | Note | Share capital Rs'000 | Capital contribution from ultimate shareholder Rs'000 | Retained earnings Rs'000 | Actuarial reserve Rs'000 | Total equity Rs'000 |
|---|---|---|---|---|---|---|
| | | Attributable to owners of the Company | | | | |
| **2019** | | | | | | |
| At July 1, 2018 | | 100,000 | 30,707 | 473,992 | - | 604,699 |
| Profit for the year | | - | - | (31,604) | - | (31,604) |
| Other comprehensive income | | - | - | - | 263 | 263 |
| Comprehensive income for the year | | - | - | (31,604) | 263 | (31,341) |
| Dividends | 34 | - | - | (20,000) | - | (20,000) |
| At June 30, 2019 | | 100,000 | 30,707 | 422,388 | 263 | 553,358 |
| **2018** | | | | | | |
| At July 1, 2017 | | 100,000 | 30,707 | 494,027 | - | 624,734 |
| Profit for the year | | - | - | (20,035) | - | (20,035) |
| Other comprehensive income | | - | - | - | - | - |
| Comprehensive income for the year | | - | - | (20,035) | - | (20,035) |
| At June 30, 2018 | | 100,000 | 30,707 | 473,992 | - | 604,699 |

The notes on pages 68 to 98 form an intergral part of these financial statements.
Auditor's report on pages 60 and 61.



# STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2019

| | Note | THE GROUP 2019 Rs'000 | THE GROUP 2018 Rs'000 | THE COMPANY 2019 Rs'000 | THE COMPANY 2018 Rs'000 |
|---|---|---|---|---|---|
| **Operating activities** | | | | | |
| Profit/(loss) for the year before tax | | 266,948 | (141,402) | (26,352) | (19,725) |
| *Adjustment for:* | | | | | |
| Depreciation on property, plant and equipment | 5 | 18,894 | 31,752 | 3,119 | 6,114 |
| Amortisation of intangible assets | 6 | 286 | 370 | 51 | 24 |
| Impairment loss on aircraft | | - | 10,314 | - | 10,314 |
| Impairment of investment in subsidiaries | | - | - | 12,869 | - |
| Impairment of 'Deemed investment in subsidiary' | | - | - | - | 9,800 |
| Loss on disposal of property, plant & equipment | | - | (1,448) | - | (1,058) |
| Adjusment to intangible assets and property, plant and equipment | | - | (782) | - | (782) |
| Impairment of investment in equity securities | | - | 70 | - | 70 |
| Movement in provision for retirement benefit obligations | 22 | 3,945 | 4304 | 1,499 | 872 |
| Interest income | | (885) | (681) | - | (41) |
| Interest expense | | 36,475 | 18,079 | 11,509 | 3,221 |
| Fair value of investment properties | 7 | (200,513) | - | - | - |
| Consolidation adjustment | | 55,762 | - | - | - |
| Changes in working capital: | | | | | |
| -inventories | | 176,583 | 66,334 | (16,196) | - |
| -trade and other receivables | | 67,428 | 17,985 | 23,232 | (11,261) |
| -trade and other payables | | 1,632 | 27,330 | 9,162 | 3,158 |
| -contract assets | | (257,733) | | - | - |
| -contract liabilities | | 13,706 | | - | - |
| -financial assets at amortised cost | | (935) | - | 124 | - |
| -other financial assets at amortised cost | | (69,954) | - | (176,829) | |
| -deposits from customers | | (7,875) | 7,875 | - | - |
| | | 103,764 | 40,100 | (157,812) | 707 |
| Interest received | | 885 | 681 | - | 41 |
| Interest paid | | (36,475) | (18,079) | (11,509) | (3,221) |
| Dividend received | | - | - | - | 170,000 |
| Tax refunded/(paid) | | 600 | (15,314) | (310) | 524 |
| **Net cash from/(used in) operating activities** | | 68,774 | 7,388 | (169,631) | 168,051 |
| **Investing activities** | | | | | |
| Purchase of property, plant and equipment | 5 | (26,788) | (37,430) | (23,688) | (13,775) |
| Proceeds from disposal of property, plant and equipment | | 814 | 6,421 | - | 5,982 |
| Purchase of intangible assets | 6 | - | (8,780) | - | (8,780) |
| Purchase of investments in subsidiaries | 8 | - | - | (80,141) | (1,500) |
| Purchase of investment properties | | (450,657) | | | - |
| Proceeds from disposal of assets held for sale | | 20,373 | - | 20,373 | - |
| **Net cash used in investing activities** | | (456,258) | (39,789) | (83,456) | (18,073) |
| **Financing activities** | | | | | |
| Capital contribution disbursed to subsidiaries | 9 | - | - | - | (179,990) |
| Dividend paid to company shareholder | | (8,000) | - | (8,000) | - |
| Net proceeds/(repayment) on loan | | 122,228 | 49,803 | (20,005) | 57,475 |
| Finance lease capital repayment | | (5,188) | (14,544) | (2,060) | (4,309) |
| **Net cash from/(used in) financing activities** | | 109,040 | 35,259 | (30,065) | (126,824) |
| (Decrease)/increase in cash and cash equivalents | | (278,444) | 2,858 | (283,152) | 23,154 |
| **Movement in cash and cash equivalents** | | | | | |
| At July 1, | | (47,785) | (50,126) | 23,268 | 114 |
| (Decrease)/increase, | | (278,444) | 2,858 | (283,152) | 23,154 |
| Effect of foreign exchange rate | | 95 | (517) | - | - |
| **At June 30,** | 14 | (326,134) | (47,785) | (259,884) | 23,268 |

The notes on pages 68 to 98 form an intergral part of these financial statements.
Auditor's report on pages 60 and 61.

## 1. GENERAL INFORMATION

Evaco Ltd is a public limited liability company incorporated and domiciled in Mauritius. The address of its registered office is Riviere Citron, 20101 Arsenal, Republic of Mauritius.

The main business activities of the Group are:

- Property and real estate development;
- Construction and manufacturing;
- Hospitality and leisure; and
- Operation of restaurant.

## 2. SIGNIFICANT ACCOUNTING POLICIES

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

policies have been consistently applied to all the years presented, unless otherwise stated.

### 2.1 Basis of preparation

The financial statements of Evaco Ltd comply with the Companies Act 2001 and have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements include the consolidated financial statements of the parent company and its subsidiary companies (The Group) and the separate financial statements of the parent company (The Company). The consolidated financial statements are presented in Mauritian rupees and all values are rounded to the nearest thousand (Rs'000), except where otherwise indicated.

Where necessary, comparative figures have been amended to conform with changes in presentation in the current year. The financial statements are prepared under the historical cost convention, except that:

(i) freehold land and building are carried at revalued amount;

(ii) investment properties carried at revalued amount; and

(iii) relevant financial assets and financial liabilities are carried at amortised cost;

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

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of IFRS 9 Financial Instruments from January 1, 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The new accounting policies are set out in note 2.8 and 2.9. The Group has elected to apply the exemption in IFRS 9 paragraph 7.2.15 not to restate prior periods in the year of initial application of the standard. The Group has chosen to adopt the simplified expected credit loss model for trade receivables in accordance with IFRS 9 paragraph 5.5.15.

IFRS 15 Revenue from Contracts with Customers is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The group has adopted IFRS 15 Revenue from Contracts with Customers from January 1, 2018 which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The new accounting policies are set out in note 2.2. In accordance with the transition provisions in IFRS 15, the group has not restated comparatives for the 2017 financial year.

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

The amendments clarify the measurement basis for cash-settled share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. The amendment has no impact on the Group's financial statements.

Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments to IFRS 4)

The amendment provides two different solutions for insurance companies: a temporary exemption from IFRS 9 for entities that meet specific requirements (applied at the reporting entity level), and the 'overlay approach'. Both approaches are optional. The amendment has no impact on the Group's financial statements.

Annual Improvements to IFRSs 2014-2016 Cycle

- IFRS 1 - deleted short-term exemptions covering transition provisions of IFRS 7, IAS 19 and IFRS 10 which are no longer relevant.

- IAS 28 - clarifies that the election by venture capital organisations, mutual funds, unit trusts and similar entities to measure investments in associates or joint ventures at fair value through profit or loss should be made separately for each associate or joint venture at initial recognition. The amendment has no impact on the Group's financial statements.

IFRIC 22 Foreign Currency Transactions and Advance Consideration. The interpretation clarifies how to determine the date of transaction for the exchange rate to be used on initial recognition of a related asset, expense or income where an entity pays or receives consideration in advance for foreign currency-denominated contracts. The amendment has no impact on the Group's financial statements.

Transfers of Investment Property (Amendments to IAS 40). The amendments clarify that transfers to, or from, investment property can only be made if there has been a change in use that is supported by evidence. A change in use occurs when the property meets, or ceases to meet, the definition of investment property. A change in intention alone is not sufficient to support a transfer. The amendment has no impact on the Group's financial statements.

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

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after January 1, 2019 or later periods, but which the Group has not early adopted.

At the reporting date of these financial statements, the following were in issue but not yet effective:
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)
- IFRS 16 Leases
- IFRS 17 Insurance Contracts
- IFRIC 23 Uncertainty over Income Tax Treatments
- Prepayment Features with negative compensation (Amendments to IFRS 9)
- Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)

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

Annual Improvements to IFRSs 2015-2017 Cycle
Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)
Definition of a Business (Amendments to IFRS 3)
Definition of Material (Amendments to IAS 1 and IAS 8)

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

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

### 2.2 Revenue recognition

<u>(a) Revenue from contracts with customers</u>

(i) *Performance obligations and timing of revenue recognition*

The majority of the revenue is derived from selling goods with revenue recognised at a point in time when control of the goods has transferred to the customer. This is generally when the goods are delivered to the customer. There is limited judgement needed in identifying the point control passes: once physical delivery of the products to the agreed location has occurred, the Group no longer has physical possession, usually will have a present right to payment and retains none of the significant risks and rewards of the goods in question.

The Group has applied the following transitional reliefs in IFRS 15:

• for completed contracts that have variable consideration, the Group has used the transaction price at the date the contract was completed rather than estimating variable consideration in earlier periods. Completed contracts are those for which the Group had completed all its performance obligations prior to the date of transition.• it has not restated completed contracts that:

- begin and end within the same annual reporting period; or

- were completed contracts at the beginning of the earliest period presented

• for contracts that were modified before the beginning of the earliest period presented, the Group has reflected the aggregate effect of all of the modifications that occurred before the start of the comparative period by:

- identifying the satisfied and unsatisfied performance obligations;

- determining the transaction price; and

- allocating the transaction price to the satisfied and unsatisfied performance conditions.

(ii) *Sale of completed property*

A property is regarded as sold when the significant risks and rewards have been transferred to the buyer, which is normally on unconditional exchange of contracts. For conditional exchanges, sales are recognised only when all the significant conditions are satisified.

(iii) *Sale of property under development*

Where the property is under development and agreement has been reached to sell such property when construction is complete, the directors consider whether the contract comprises:

- A contract to construct a property or;

- A contract for the sale of a completed property.

Where the contract is judged to be for the construction of a property, revenue is recognised using the percentage of completion method as construction progresses. The method of allocation of the transaction price for a performance obligation is 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. |

If, however, the legal terms of the contract are such that the construction represents the continuous transfer of work in progress to the purchaser, the percentage of completion method of revenue recognition is applied and revenue is recognised as work progresses. Continuous transfer of work in progress is applied when:

- The buyer controls the work in progress, typically when the land on which development is taking place is owned by the final customer; and

- All significant risks and rewards of ownership of the work in progress in its present state are transferred to the buyer as construction progresses, typically when the buyer cannot put the incomplete property back to the Group.

In such situations, the percentage of work completed is measured based on the costs incurred up until the end of the reporting period as a proportion of total costs expected to be incurred.

(iv) *Rendering of services*

Revenue from rendering of services are recognised in the accounting year in which the services are rendered (by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of total services to be provided).

*(v) Determining the transaction price*

Most of the revenue is derived from fixed price contracts and therefore the amount of revenue to be earned from each contract is determined by reference to those fixed prices.

(vi) *Practical Exemptions*

The Group has taken advantage of the practical exemptions:

- not to account for significant financing components where the time difference between receiving consideration and transferring control of goods (or services) to its customer is one year or less; and
- expense the incremental costs of obtaining a contract when the amortisation period of the asset otherwise recognised would have been one year or less.

(b) Other revenues earned by the Group are recognised on the following bases:

- Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).
- Dividend income - when the shareholder's right to receive payment is established.
- Lease income arising from operating leases-on a straight-line basis over the lease term.

### 2.3 Non-recurring items

Non-recurring items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Group. They are material items of income or expense that have been shown separately due to the significance of their nature or amount.

### 2.4 Investment properties

Investment properties, held to earn rentals or for capital appreciation or both, and not occupied by the Group, are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are carried at fair value, representing open-market value determined by external valuers. Changes in fair values are included in profit or loss.

### 2.5 Property, plant and equipment

Freehold land and building are stated at fair value, based on valuations by external independent valuers. Buildings held for use in the production or supply of goods or for administrative purposes, are stated at fair value, less subsequent depreciation for buildings. All other property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Increases in the carrying amount arising on revaluation are credited to other comprehensive income and shown as revaluation surplus in shareholders' equity. Decreases that offset previous increases of the same asset are charged against revaluation surplus directly in equity; all other decreases are charged to profit or loss.

Properties in the course of construction for production, or administrative purposes or for purposes not yet determined are carried at cost less any recognised impairment loss. Cost includes professional fees and for qualifying assets, borrowing costs capitalised. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is calculated on the straight-line method to write off the cost or revalued amounts of the assets, to their residual values over their estimated useful lives as follows:

| | |
|---|---|
| - Buildings | 50 years |
| - Plant, furniture and equipments (except for moulds for kithouse) | 3-5 years |
| - Motor vehicles | 5 years |
| - Aircraft | 10 years |

Freehold land is not depreciated.

Moulds for kithouse are depreciated on the basis of the units produced based on a total of 500 units.

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

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposals of property, plant and equipment are determined by comparing proceeds with carrying amount and are included in profit or loss. On disposal of revalued assets, the amounts included in revaluation surplus relating to that asset are transferred to retained earnings.



### 2.6 Intangible assets

(a) Computer software

Acquired computer software licences are capitalised on the basis of costs incurred to acquire and bring to use the specific software and are amortised using the straight line method over their estimated useful lives (3 years).

Costs associated with developing or maintaining computer software are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software controlled by the Group and that will generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

(b) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

Goodwill is tested annually for impairment.

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

Goodwill is allocated to cash-generating units for the purpose of impairment testing.

### 2.7 Investments in subsidiaries

*Separate financial statements of the investor*

In the separate financial statements of the investor, investment in subsidiary companies are carried at cost. The carrying amount is reduced to recognise any impairment in the value of individual investments.

*Consolidated financial statements*

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

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any assets or liabilities resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interests in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. The excess of the consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree (if any) over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the profit or loss as a bargain purchase gain.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

*Transactions with non-controlling interests*

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

*Disposal of subsidiaries*

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purpose of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

### 2.8 Financial assets

The Group/Company classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. Other than financial assets in a qualifying hedging relationship, the Group's accounting policy for each category is as follows:

*Amortised cost*

These assets arise principally from the provision of goods and services to customers (eg trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for trade receivables are recognised based on the simplified approach within IFRS 9 using the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within cost of sales in the statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

From time to time, the Group elects to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and, in consequence, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in the statement of comprehensive income (operating profit).

The Group's financial assets measured at amortised cost comprise trade and other receivables, other financial assets at amortised cost, and cash and cash equivalents in the statement of financial position.

Cash and cash equivalents includes cash in hand, deposits held at call with banks, and - for the purpose of the statement of cash flows - bank overdrafts.

### 2.9 Financial liabilities

The Group classifies its financial liabilities depending on the purpose for which the liability was acquired.

Other than financial liabilities in a qualifying hedging relationship, the Group's accounting policy for each category is as follows:

*Other financial liabilities*

Other financial liabilities include the following items:

Bank borrowings, secured notes and other loans are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest payable while the liability is outstanding.

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

Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

### 2.10 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation but are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Any impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

### 2.11 Current and deferred income tax

*Value added tax*

Revenues, expenses and assets are recognised net of the amount of value added tax except:

- where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of value added tax included.

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

*Current tax*

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



*Corporate Social Responsibility*

The Corporate Social Responsibility (''CSR'') was legislated by Government in July 2009. In terms of the legislation, the Company is required to allocate 2% of its chargeable income of the preceeding financial year to Government approved CSR projects.

The required CSR charge for the current year is recognised as income tax expense in profit or loss. The net amount of CSR fund payable to the taxation authority is included as income tax payable in the statement of financial position.

### 2.12 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.

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

'Inventory property held for sale and in progress' comprise of cost of land, construction costs and other real estated which are either completed or still in progess.

Net realizable value is the estimated selling price in the ordinary course of business, based on market prices at the reportingdate 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.

### 2.13 Non-current assets held for sale

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

Events or circumstances may extend the period to complete the sale beyond one year if the delay is caused by events or circumstances beyond the entity's control and there is sufficient evidence that the entity remains committed to its plan to sell the asset.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

### 2.14 Share capital

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

### 2.15 Leases

(a) Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

(b) Accounting for leases - where the Company is the lessee

Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate of interest on the remaining balance of the liability. Finance costs are charged to profit or loss unless they are attributable to qualifying assets in which case, they are capitalised in accordance with the policy on borrowings costs (see note 2.16)

### 2.16 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised until such time as the assets are substantially ready for their intended use or sale.

### 2.17 Retirement benefit obligations

*Defined benefit plan*

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

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

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

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

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

### 2.18 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources that can be reliably estimated will be required to settle the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

### 2.19 Dividend distribution

Dividend distribution to the Company's shareholder is recognised as a liability in the Group's financial statements in the year in which the dividends are declared.

### 2.20 Foreign currencies

(i) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using Mauritian rupees, the currency of the primary economic environment in which the entity operates 'functional currency'. The consolidated financial statements are presented in Mauritian rupees, which is the Company's functional and presentation currency.

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when deferred in equity as qualifying cash flow hedge.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit or loss within 'finance income or cost'.

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

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

(iii) *Group companies*

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(b) income and expenses for each statement representing profit or loss and other comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction date, in which case income and expenses are translated at the date of the transactions) and

(c) all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.



## 3. FINANCIAL RISK MANAGEMENT

### 3.1 Financial Risk Factors

The Group's activities are exposed to a variety of financial risks; market risk (including currency risk and cash flow and fair value interest rate risk), credit risk and liquidity risk.

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Company uses derivative financial instruments to hedge certain risk exposures.

Financial risk management is carried out by the Treasury Department under policies approved by the Board of Directors. The Treasury Department identifies, evaluates and hedges financial risks in close co-operation with the operating units. The Risk Committee of the Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and investment of excess liquidity.

(a) **Market risk**

(i) **Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates primarily relates to the Group's operating activities (where revenue or expense is denominated in foreign currency).

*Foreign currency sensitivity*

The currency profile is as follows:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| **2019** | **Financial assets Rs'000** | **Financial liabilities Rs'000** | **Financial assets Rs'000** | **Financial liabilities Rs'000** |
| **MUR** | **488,930** | **1,109,568** | **811,048** | **569,994** |
| **EUR** | **223** | **11** | **-** | **-** |
| **USD** | **832** | **172** | **121,603** | **-** |
| **ZAR** | **-** | **20** | **-** | **-** |
| | **489,985** | **1,109,771** | **932,651** | **569,994** |
| 2018 | | | | |
| MUR | 205,194 | 623,611 | 48,352 | 316,436 |
| EUR | 859 | 1,069 | 580 | 599 |
| USD | 18 | 907 | 4 | 737 |
| | 206,071 | 625,587 | 48,936 | 317,772 |

## 3. FINANCIAL RISK MANAGEMENT (CONT'D)

### 3.1 Financial Risk Factors (cont'd)

(a) **Market risk (cont'd)**

(i) **Foreign currency risk (cont'd)**

The following table demonstrates the sensitivity to a reasonably possible change in EUR and USD exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of forward exchange contracts designated as cash flow hedges and net investment hedges. The Group's exposure to foreign currency changes for all other currencies is not material.

*Foreign currency sensitivity (cont'd)*

| THE GROUP | 2019 | | 2018 | |
|---|---|---|---|---|
| | **Change in rate** | **Impact on post-tax profit Rs'000** | Change in rate | Impact on post-tax profit Rs'000 |
| EUR | **+5%** | **9** | +5% | (9) |
| USD | **+5%** | **28** | +5% | (38) |

| THE COMPANY | 2019 | | 2018 | |
|---|---|---|---|---|
| | **Change in rate** | **Impact on post-tax profit Rs'000** | Change in rate | Impact on post-tax profit Rs'000 |
| EUR | **+5%** | **-** | +5% | (1) |
| USD | **+5%** | **5,168** | +5% | (31) |

(ii) **Cash flow and fair value interest rate risk**

The Group has no significant interest bearing assets and as such its income and operating cash flows are substantially independent of changes in market interest rate.

The Group's interest-rate risk arises from borrowings. Borrowings issued at variable rates expose the company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

The Group is mainly exposed to cash flow interest rate risk as its borrowings are mostly issued at variable rates, with the exception of finance lease at fixed rates.

At June 30, 2019, if interest rates on rupee-denominated variable rate borrowings had been 50 basis points higher/lower with all other variables held constant, results for the year would have changed as shown in the table below:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2019** | 2018 | **2019** | 2018 |
| | **+/- Rs.** | +/- Rs. | **+/- Rs.** | +/- Rs. |
| Impact on results for the year | **4,183** | 2,028 | **2,720** | 1,352 |



(b) **Credit risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade receivables.

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the statement of financial position are net of expected credit losses, estimated by management based on prior experience and the current economic environment. The Group has no significant concentration of credit risk with exposure spread over a large number of customers and agents. The Group has policies in place to ensure that sales of product are made to customers with appropriate credit history.

c) **Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivery of cash or another financial asset.

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions. The Group aims at maintaining flexibility in funding by keeping committed credit lines available.

Management monitors rolling forecasts of the Group's liquidity reserve on the basis of expected cash flow and does not foresee any major liquidity risk over the next two years.

Forecasted liquidity reserve as at Dec 31, 2019 is:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | Forecast **2019 Rs'000** | Actual 2018 Rs'000 | Forecast **2019 Rs'000** | Actual 2018 Rs'000 |
| Opening balance for the period | **(326,134)** | (47,785) | **(259,884)** | 23,268 |
| Cash from/(used in) operating activities | **74,437** | 68,774 | **(31,849)** | (169,631) |
| Cash used in investing activities | **(25,000)** | (456,258) | **(6,517)** | (83,456) |
| Cash from financing activities | **500,000** | 109,040 | **500,000** | (30,065) |
| Effect of foreign exchange rate changes | **-** | 95 | **-** | - |
| Closing balance for the period | **223,303** | (326,134) | **201,750** | (259,884) |

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date:

| **THE GROUP** | Less than 1 year Rs'000 | Between and 5 years Rs'000 | Total Rs'000 |
|---|---|---|---|
| **At June 30, 2019** | | | |
| Trade and other payables | **152,975** | **-** | **152,975** |
| Loans payable | **58,583** | **148,062** | **206,645** |
| Bank overdraft | **399,109** | **-** | **399,109** |
| Bonds | **-** | **220,200** | **220,200** |
| Finance lease liabilities | **4,669** | **6,045** | **10,714** |

## 3. FINANCIAL RISK MANAGEMENT (CONT'D)

### 3.1 Financial Risk Factors (cont'd)

(c) **Liquidity risk (cont'd)**

| THE GROUP | Less than 1 year Rs'000 | Between and 5 years Rs'000 | Total Rs'000 |
|---|---|---|---|
| At June 30, 2018 | | | |
| Trade and other payables | 191,074 | - | 191,074 |
| Loans payable | 27,908 | 56,509 | 84,417 |
| Bank overdraft | 103,739 | - | 103,739 |
| Bonds | - | 220,200 | 220,200 |
| Finance lease liabilities | 9,178 | 6,724 | 15,902 |
| **THE COMPANY** | | | |
| **At June 30, 2019** | | | |
| Trade and other payables | **19,679** | **-** | **19,679** |
| Loans payable | **5,206** | **50,319** | **55,525** |
| Bank overdraft | **266,141** | **-** | **266,141** |
| Bonds | **-** | **220,200** | **220,200** |
| Finance lease liabilities | **554** | **1,480** | **2,034** |
| At June 30, 2018 | | | |
| Trade and other payables | 10,517 | - | 10,517 |
| Loans payable | 25,211 | 50,319 | 75,530 |
| Bank overdraft | 2,252 | - | 2,252 |
| Bonds | - | 220,200 | 220,200 |
| Finance lease liabilities | 2,120 | 1,974 | 4,094 |



### 3.2 Capital risk management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistently with others in the industry, the Group monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt over adjusted capital. Net debt is calculated as total debt (as shown in the statement of financial position) less cash in hand and at bank. Adjusted capital comprises of all components of equity (i.e. share capital, share premium, retained earnings, revaluation surplus and other reserves) other than amounts recognised in equity relating to cash flow hedges.

The debt-to-adjusted capital ratios at June 30, 2019 and June 30, 2018 were as follows:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2019 Rs'000** | 2018 Rs'000 | **2019 Rs'000** | 2018 Rs'000 |
| Bank overdrafts | **399,109** | 103,739 | **266,141** | 2,252 |
| Loans payable | **206,645** | 84,417 | **55,525** | 75,530 |
| Redeemable secured notes | **220,200** | 220,200 | **220,200** | 220,200 |
| Finance lease liabilities | **10,714** | 15,902 | **2,034** | 4,094 |
| Total debt | **836,668** | 424,258 | **543,900** | 302,076 |
| Less: cash and cash equivalents | **(72,975)** | (55,954) | **(6,257)** | (25,520) |
| Net debt | **763,693** | 368,304 | **537,643** | 276,556 |
| Owners' interest | **746,164** | 453,256 | **553,358** | 604,699 |
| Debt-to-adjusted capital ratio | **1.02** | 0.81 | **0.97** | 0.46 |

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

### 3.3 Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise mainly of quoted equity investments classified as trading securities or available-for-sale.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair value. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cashflows at the current market interest rate that is available to the Group for similar financial instruments.

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

### 4.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) **Depreciation policies**

Property, plant and equipment are depreciated to their residual values over their estimated useful lives. The residual value of an asset is the estimated net amount that the Group would currently obtain from the disposal of the asset if the asset was already of the age and in the condition expected at the end of its useful life.

The directors therefore make estimates based on historical experience and use their best judgement to assess the useful lives of assets and to forecast the expected residual values of the assets at the end of their expected useful lives.

(ii) **Pension benefits**

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension obligation.

Other key assumptions for pension obligations are based in part on currrent market conditions. Additional information is disclosed in note 22.

(iii) **Revaluation of property, plant and equipment**

The Group carries its land at revalued amounts with changes in fair value being recognised in other comprehensive income. The Group engaged independent valuation specialists to determine fair value as at June 30, 2019.

(iv) **Limitation of sensitivity analysis**

Sensitivity analysis in respect of market risk demonstrates the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear and larger or smaller impacts should not be interpolated or extrapolated from these results.

Sensitivity analysis does not take into consideration that the Group's assets and liabilities are managed. Other limitations include the use of hypothetical market movements to demonstrate potential risk that only represent the Group's view of possible near-term market changes that cannot be predicted with any certainty.

(v) **Asset lives and residual values**

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

## 5. PROPERTY, PLANT & EQUIPMENT

| | **THE GROUP** | **Freehold land and buildings Rs'000** | **Aircraft Rs'000** | **Plant, furniture and equipment Rs'000** | **Motor vehicles Rs'000** | **Total Rs'000** |
|---|---|---|---|---|---|---|
| (a) | **2019** | | | | | |
| | **COST** | | | | | |
| | At July 1, 2018 | 220,055 | **-** | 102,273 | 36,075 | **358,403** |
| | Additions | 10,253 | **-** | 15,004 | 1,531 | **26,788** |
| | Revaluation | 55,221 | **-** | - | - | **55,221** |
| | Disposals | - | **-** | (2,148) | - | **(2,148)** |
| | At June 30, 2019 | **285,529** | **-** | **115,129** | **37,606** | **438,264** |
| | **DEPRECIATION** | | | | | |
| | At July 1, 2018 | 10,290 | **-** | 45,186 | 23,778 | **79,254** |
| | Charge for the year | 3,035 | **-** | 11,773 | 4,086 | **18,894** |
| | Disposals adjustment | - | **-** | (1,334) | - | **(1,334)** |
| | At June 30, 2019 | **13,325** | **-** | **55,625** | **27,864** | **96,814** |
| | **NET BOOK VALUE** | | | | | |
| | At June 30, 2019 | **272,204** | **-** | **59,504** | **9,742** | **341,450** |
| (b) | **2018** | | | | | |
| | **COST** | | | | | |
| | At July 1, 2017 | 191,450 | 56,180 | 95,629 | 41,167 | 384,426 |
| | Additions | 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 June 30, 2018 | 220,055 | - | 102,273 | 36,075 | 358,403 |
| | **DEPRECIATION** | | | | | |
| | At July 1, 2017 | 6,938 | 19,098 | 32,294 | 21,276 | 79,606 |
| | Charge for the year | 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 June 30, 2018 | 10,290 | - | 45,186 | 23,778 | 79,254 |
| | **NET BOOK VALUE** | | | | | |
| | At June 30, 2018 | **209,765** | **-** | **57,087** | **12,297** | **279,149** |

## 5. PROPERTY, PLANT & EQUIPMENT (CONT'D)

| | THE COMPANY | Freehold land buildings Rs'000 | Aircraft Rs'000 | Plant, furniture and equipment Rs'000 | Motor vehicles Rs'000 | Total Rs'000 |
|---|---|---|---|---|---|---|
| (a) | **2019** | | | | | |
| | **COST** | | | | | |
| | At July 1, 2018 | 12,883 | - | 2,220 | 18,777 | **33,880** |
| | Additions | 19,889 | | 3,524 | 275 | **23,688** |
| | At June 30, 2019 | **32,772** | - | **5,744** | **19,052** | **57,568** |
| | **DEPRECIATION** | | | | | |
| | At July 1, 2018 | 21 | - | 2,013 | 14,978 | **17,012** |
| | Charge for the year | 150 | | 784 | 2,185 | **3,119** |
| | At June 30, 2019 | **171** | - | **2,797** | **17,163** | **20,131** |
| | **NET BOOK VALUE** | | | | | |
| | At June 30, 2019 | **32,601** | - | **2,947** | **1,889** | **37,437** |
| (b) | **2018** | | | | | |
| | **COST** | | | | | |
| | At July 1, 2017 | 3,592 | 56,180 | 2,939 | 23,869 | **86,580** |
| | Additions | 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 June 30, 2018 | 12,883 | - | 2,220 | 18,777 | **33,880** |
| | **DEPRECIATION** | | | | | |
| | At July 1, 2017 | 1,054 | 19,098 | 2,818 | 15,624 | **38,594** |
| | Charge for the year | 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 June 30, 2018 | 21 | - | 2,013 | 14,978 | **17,012** |
| | **NET BOOK VALUE** | | | | | |
| | At June 30, 2018 | 12,862 | - | 207 | 3,799 | **16,868** |

(c) Bank loans (note 15) and bank overdraft (note 14) are secured by floating charges on the asset of the Group, including property, plant and equipment.

(d) Depreciation has been included in the profit or loss as follows:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2019** | 2018 | **2019** | 2018 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Administrative expenses | **1,220** | 11,208 | **3,119** | 6,114 |
| Cost of sales | **17,674** | 15,192 | **-** | - |
| | **18,894** | 26,400 | **3,119** | 6,114 |



(e) Freehold land and building have been revalued by P. Ramrekha in June 30, 2019, based on open market value. The revaluation surplus was credited to revaluation reserves in owner's equity.
The fair value of freehold land was derived using the sales comparison approach. Sales prices of comparable land in close proximity are adjusted for differences in key attributes such as property size.

The most significant input to the valuation approach as at June 30, 2019 was as follows:

| | Range of observable input Rs'000/ Arpent |
|---|---|
| THE GROUP | |
| Price per Arpent | **12,000** |

The fair value of the building was determined using the market approach that reflects the estimated amount for which the building should be exchanged on valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion.

(f) If the freehold land was stated on the historical cost basis, the amounts would be as follows:

| THE GROUP | THE GROUP **2019** | 2018 |
|---|---|---|
| | **Rs'000** | Rs'000 |
| Freehold land | **13,205** | 13,205 |
| Building | **153,613** | 155,014 |
| | **166,818** | 168,219 |

| (g) THE GROUP | **2019** | 2018 |
|---|---|---|
| | **Rs'000** | Rs'000 |
| **FAIR VALUE** | **Level 2** | Level 3 |
| Freehold land | **28,000** | 13,205 |
| Building | **244,204** | 196,560 |
| At June 30, | **272,204** | 209,765 |

Land of Rs.'000 13,205 and building of Rs.'000 209,765 were transferred from level 3 to level 2 during the year.
The fair value of land and building is classified in level 2 of the fair value hierarchy as it has been valued using observable market date but there is no active market.

## 6. INTANGIBLE ASSETS

| | THE GROUP | | | THE COMPANY |
|---|---|---|---|---|
| | Goodwill on consolidation Rs'000 | Computer software Rs'000 | Total Rs'000 | Computer software Rs'000 |
| (a) **2019** | | | | |
| **COST** | | | | |
| At July 1 and June 30, | **4,898** | **13,340** | **18,238** | **9,005** |
| Reclassification adjustment | **-** | **(5,699)** | **(5,699)** | **(8,739)** |
| At June 30, 2019 | **4,898** | **7,641** | **12,539** | **266** |
| **AMORTISATION** | | | | |
| At July 1, 2018 | **-** | **2,180** | **2,180** | **129** |
| Amortisation charge | **-** | **286** | **286** | **51** |
| At June 30, 2019 | **-** | **2,466** | **2,466** | **180** |
| **NET BOOK VALUE** | | | | |
| At June 30, 2019 | **4,898** | **5,175** | **10,073** | **86** |
| (b) **2018** | | | | |
| **COST** | | | | |
| At July 1, 2017 | 4,898 | 2,557 | 7,455 | 225 |
| Reclassification adjustment | - | 2,003 | 2,003 | - |
| At June 30, 2018 | 4,898 | 4,560 | 9,458 | 225 |
| **AMORTISATION** | | | | |
| At July 1, 2017 | - | 1,705 | 1,705 | - |
| Amortisation charge | - | 370 | 370 | 24 |
| Adjustment | - | 105 | 105 | 105 |
| At June 30, 2018 | - | 2,180 | 2,180 | 129 |
| **NET BOOK VALUE** | | | | |
| At June 30, 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** |

(c) The amortisation for the year has been recognised under administration and selling expenses.

(d) **Goodwill**

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business, less accumulated impairment losses, if any.

Goodwill is tested annually for impairment. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

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

| | Allocation of goodwill | |
|---|---|---|
| *Cash-generating unit* | **2019** **Rs'000** | 2018 Rs'000 |
| Evaco Holiday Resorts Ltd | **4,898** | 4,898 |



## 7. INVESTMENT PROPERTIES

| | Land | |
|---|---|---|
| | **2019** **Rs'000** | 2018 Rs'000 |
| (a) THE GROUP | | |
| Level 2 | | |
| **FAIR VALUE** | | |
| At July 1, | **-** | - |
| Addition during the year | **450,657** | - |
| Fair value movement (note 31) | **200,513** | - |
| At June 30, | **651,170** | - |

(i) The Board of Directors resolved on May 31, 2019, that the three portions of land held at Cap Malheureux by Creative Properties Ltd and the land held by Evaco Property d.o.o in Croatia are held for capital appreciation, and not for use in the production of goods and services or for administrative services.

(ii) No direct operating expenses were incurred on the investment properties during the year.

(iii) The investment properties in Mauritius have been revalued by P. Ramrekha in June 2019 based on open market value. Therefore, the investment properties have been classified at level 2 of the fair value hierarchy.
The fair value of freehold land was derived using the sales comparison approach. Sales prices of comparable land in close proximity are adjusted for differences in key attributes such as property size.

The most significant input to the valuation approach as at June 30, 2019 was as follows:

| | Range of observable input Rs'000/ Arpent |
|---|---|
| THE GROUP | |
| Price per Arpent | **12,000** |

(iv) Bank loans (note 15) and bank overdraft (note 14) are secured by floating charges on the asset of the Group, including investment properties.

(v) The Directors estimate that the fair value of the investment property in Croatia is not materially different from its carrying at June 30, 2019.

## 8. INVESTMENTS IN SUBSIDIARIES-COST

| | THE COMPANY | |
|---|---|---|
| | **2019** | 2018 |
| (a) **Investments in equity** | **Rs'000** | Rs'000 |
| **Cost** | | |
| At July 1, | **82,908** | 81,408 |
| Additions | **80,141** | 1,500 |
| Impairment (note 31) | **(12,869)** | - |
| At June 30, | **150,180** | 82,908 |
| **'Deemed' Investments as capital contribution** | | |
| **Cost** | | |
| At July 1, | **740,766** | 570,576 |
| Fund disbursed | **-** | 179,990 |
| Impairment | **-** | (9,800) |
| Transfer to financial asset at amortised cost (note 9) | **(740,766)** | - |
| At June 30, | **-** | 740,766 |
| **Total deemed interest in subsidiaries** | **150,180** | 823,674 |

(b) The list of the subsidiaries, incorporated in the Republic of Mauritius, are as follows:

| Held by the Company | Principal activity | % holding | |
|---|---|---|---|
| **Direct** | | | |
| • Aquamarine Watersports Ltd | Dormant | **100** | 100 |
| • Cape Rock Marina Ltd | Dormant | **-** | 75 |
| • Creative Properties Ltd | Property Development | **100** | 100 |
| • Fairstone 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 Ltd | Property Development - Real Estate Scheme | **100** | 100 |
| • Le Clos du Littoral Phase III Ltd | 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 |
| • 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 | Property Development | **100** | 100 |
| • Fineline Contracting Ltd | Contracting | **100** | 100 |
| • Stantons Ltd | Secreterial support services | **100** | - |
| • Evaco Property d.o.o | Property Development | **100** | - |
| **Indirect** | | | |
| Archipel des Saveurs Ltd | Dormant | **100** | 100 |
| Evaco Beach Club Ltd | Operation of a restaurant | **100** | 100 |

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

(c) Shares of Creative Properties Ltd have been pledged as security for redeemable secured notes (note 21).

## 9. FINANCIAL ASSETS AT AMORTISED COST

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2018** | | **2018** | |
| | **Rs'000** | **Rs'000** | **Rs'000** | **Rs'000** |
| | **Non-current** | **Current** | **Non-current** | **Current** |
| Loan to related parties | - | - | **740,642** | **121,912** |
| Receivable from related parties | **-** | **1,695** | **-** | **49,185** |
| Other receivables | **935** | **73,958** | **-** | **14,471** |
| | **935** | **75,653** | **740,642** | **185,568** |
| Less: Loss allowance for financial assets at amortised cost (note 21(b)) | **-** | **-** | **-** | **-** |
| | **935** | **75,653** | **740,642** | **185,568** |

(a) *Other receivables*
These amounts generally arise from transactions outside the usual operating activities of the Group. Interest may be charged at commercial rates where the terms of repayment exceed six months. Collateral is not normally obtained. The non-current other receivables are due and payable other one year from the end of the reporting period.

(b) *Impairment and risk exposure*
The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all financial assets at amortised cost.
The loss allowance as at June 30, 2019, was determined as immaterial to adjust.

(c) Other receivables and receivables from related party were classified under trade and other receivables (note 11) for 2018.

(d) All of the financial assets at amortised cost are denominated in Mauritian rupees. As a result, there is no exposure to foreign currency risk.

## 10. INVENTORIES

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2019** | 2018 | **2019** | 2018 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Property held for development | **49,683** | 313,163 | **-** | - |
| Property held for sale and development | **61,577** | 174,161 | **-** | - |
| Works in progress | **61,788** | 5,786 | **16,196** | - |
| Goods held for sale | **-** | 445 | **-** | - |
| Goods in transit | **2,269** | 7,925 | **-** | - |
| Raw materials and consumables | **70,672** | 16,585 | **-** | - |
| | **245,989** | 518,065 | **16,196** | - |

Borrowings are secured by floating charges on the asset of the Group, including inventories (note 15).

## 11. TRADE AND OTHER RECEIVABLES

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2019** | 2018 | **2019** | 2018 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Trade receivables | **82,689** | 99,108 | **184** | 186 |
| Accumulated allowance for credit losses | **-** | (345) | **-** | - |
| Net trade receivables | **82,689** | 98,763 | **184** | 186 |
| Other receivables | **-** | 48,020 | **-** | 380 |
| Amount receivable from subsidiaries | **-** | - | **-** | 19,516 |
| Amount receivable from related parties | **-** | 3,334 | **-** | 3,334 |
| | **82,689** | 150,117 | **184** | 23,416 |
| (a) *Accumulated allowances for credit losses* | | | | |
| At July1 and June 30, | **-** | 345 | **-** | - |
| (b) *Ageing of net trade receivables not impaired* | | | | |
| Not later than 3 months | **58,938** | 76,974 | **-** | - |
| Later than 3 months | **23,751** | 21,789 | **-** | - |
| | **82,689** | 98,763 | **-** | - |

(c) The trade receivables arise from credit facilities offered by the Group in the normal course of business for which the Group 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'000 nil (2018: Rs'000 345) is applicable on trade receivables. No additional allowance for credit losses is necessary on trade receivable of later than 3 months (not due or past due).

## 12. CONTRACT ASSETS AND (LIABILITIES)

| | THE GROUP | |
|---|---|---|
| | **Assets** | **Liabilities** |
| | **2019** | **2019** |
| | **Rs'000** | **Rs'000** |
| Assets and (liabilities) relating to contract with customers | **257,733** | **(13,706)** |

Following adoption of IFRS 15, contract cost assets were reclassified from trade and other receivables (note 11) and contract liabilities from trade and other payables (note 16) on July 1, 2018.

*Impairment of contract assets*

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all contract assets.

To measure the expected credit losses, the contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.



## 13. TAXATION

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2019** | 2018 | **2019** | 2018 |
| (a) **Statement of financial position** | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| At July 1 | **(300)** | 13,016 | **310** | (524) |
| Current tax on adjusted profit at 15% (2018:15%) | **6,418** | 1,998 | **-** | 310 |
| Corporate social responsibility | **138** | - | **-** | - |
| Additional claim from MRA | **1,198** | - | **1,198** | - |
| Refunds/(payments) during the year | **600** | (15,314) | **(310)** | 524 |
| At June 30, | **8,054** | (300) | **1,198** | 310 |

| (b) **Statement of profit or loss** | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2019** | 2018 | **2019** | 2018 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Tax on the adjusted profit for the year | **6,418** | 1,998 | **-** | 310 |
| Corporate social responsibility at 2 % (2018: 2%) | **138** | - | **-** | - |
| Additional claim from MRA | **1,198** | - | **1,198** | - |
| | **7,754** | 1,998 | **1,198** | 310 |

The tax on the Group's loss before taxation differs from the theoretical amount that would arise using the basic tax rate of the Group as follows:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2019** | 2018 | **2019** | 2018 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Profit/(loss) for the year before tax | **266,948** | (114,102) | **(26,352)** | 3,678 |
| Tax calculated at 15 % (2018: 15%) | **40,042** | (17,115) | **(3,953)** | 552 |
| Corporate social responsibility at 2 % (2018: 2%) | **5,339** | | **(527)** | |
| Discontinued operations | **-** | 3,292 | **-** | 3,510 |
| Other timing differences | **4,480** | (372) | **4,480** | (332) |
| Expenses not deductible for income tax purposes | **341** | 99 | **-** | 2,012 |
| Additional claim from MRA | **1,198** | - | **1,198** | - |
| Utilisation of tax losses | **(46,365)** | (25,525) | **-** | (5,432) |
| Unused tax losses | **6,418** | 41,619 | **-** | - |
| Tax charge for the year | **11,453** | 1,998 | **1,198** | 310 |

(c) At the end of the reporting year, the Group had unused tax losses of Rs'000 42,786 (2018: Rs'000 277,460). No deferred tax asset has been recognised in respect of such losses for the Group due to unpredictability of future profit stream.

## 14. CASH IN HAND AND AT BANK

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2019** | 2018 | **2019** | 2018 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Cash and cash equivalents | **72,975** | 55,954 | **6,257** | 25,520 |
| Bank overdrafts | **(399,109)** | (103,739) | **(266,141)** | (2,252) |
| | **(326,134)** | (47,785) | **(259,884)** | 23,268 |

The bank overdrafts are secured on floating charges on the property, plant and 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.

## 15. BORROWINGS

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2019** | 2018 | **2019** | 2018 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Bank loans (note 15(a)) | **156,326** | 34,098 | **5,206** | 7,290 |
| Loan payable to third party (note 15 (b)) | **50,319** | 50,319 | **50,319** | 50,319 |
| Loan payable to subsidiaries (note 15(c)) | **-** | - | **-** | 17,921 |
| | **206,645** | 84,417 | **55,525** | 75,530 |
| Disclosed as follows: | | | | |
| Current | **58,583** | 27,908 | **5,206** | 25,211 |
| Non-current | **148,062** | 56,509 | **50,319** | 50,319 |
| | **206,645** | 84,417 | **55,525** | 75,530 |

(a) **Bank loans**
The bank loans are secured by floating charges on the Company's or subsidiaries' assets, including property, plant and equipment and inventories (notes 5 and 10). The average insterest rate of these loans is 3.8%.

| The maturity of bank loans are as follows: | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2019** | 2018 | **2019** | 2018 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Not later than 1 year | **58,583** | 27,908 | **5,206** | 7,290 |
| After one year and before five years | **148,062** | 6,190 | **-** | - |
| | **206,645** | 34,098 | **5,206** | 7,290 |

(b) **Loan payable to third party**
The loan from third party bears an interest rate of 2.5% p.a.

| The maturity of loans is as follows: | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2019** | 2018 | **2019** | 2018 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| After one year and before five years | **50,319** | 50,319 | **50,319** | 50,319 |

(c) **Loan from subsidiary**
The loan from subsidiary bears an interest rate of 7.5%. The loan is unsecured with no fixed repayment term.



## 16. FINANCE LEASE LIABILITIES

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2019** | 2018 | **2019** | 2018 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| (a) *Minimum lease payments* | | | | |
| Not later than one year | **5,601** | 10,015 | **942** | 2,361 |
| After one year and before five years | **6,530** | 7,360 | **1,463** | 2,176 |
| | **12,131** | 17,375 | **2,405** | 4,537 |
| Finance charges for future periods | **(1,417)** | (1,473) | **(371)** | (443) |
| Present value of finance lease liabilities | **10,714** | 15,902 | **2,034** | 4,094 |

| (b) Present value of finance lease liabilities | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2019** | 2018 | **2019** | 2018 |
| *Current* | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Not later than 1 year | **4,669** | 9,178 | **554** | 2,120 |
| *Non-current* | | | | |
| After one year and before five years | **6,045** | 6,724 | **1,480** | 1,974 |
| | **10,714** | 15,902 | **2,034** | 4,094 |

(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.

## 17. TRADE AND OTHER PAYABLES

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2019** | 2018 | **2019** | 2018 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| (a) Trade payables | **21,519** | 35,589 | **9,116** | 1,674 |
| Provision for claims | **65,000** | 65,000 | **-** | - |
| Accruals and other payables | **66,456** | 87,872 | **10,466** | 7,364 |
| Amount payable to subsidiaries | **-** | - | **97** | 1,479 |
| Amount payable to other related parties | **-** | 543 | **-** | - |
| Corporate social responsibility | **-** | 2,070 | **-** | - |
| | **152,975** | 191,074 | **19,679** | 10,517 |

(b) 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'000 63,832 (Rs'000 65,644) 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'000 65,000 in that respect.

(c) The carrying amounts of trade and other payables approximate their fair values.

## 18. DEPOSITS FROM CUSTOMERS

| | THE GROUP |
|---|---|
| | 2018 |
| | Rs'000 |
| Funds collected from customers in respect of the sale of real estates not yet completed at the end of the year | 7,875 |

(a) As at June 30, 2018, the deposits received from customers were in respect of the sales of real estates not yet completed at year end.

(b) Following adoption of IFRS 15, deposit from customers were classified under contract assets and (liabilities) (note 12).

## 19. ASSETS HELD FOR SALE

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2019** | 2018 | **2019** | 2018 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Aircraft | **-** | 24,427 | **-** | 24,427 |
| Property at Highlands | **30,464** | 30,464 | **-** | - |
| | **30,464** | 54,891 | **-** | 24,427 |

The Board of Directors have decided not to go ahead with the project for a property development at Highlands and intends to dispose of this asset as is. This asset has been recognised as 'Assets held for sale' and the Group expects to realise more the the carrying amount upon disposal.

## 20. SHARE CAPITAL

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2019** | 2018 | **2019** | 2018 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| *Issued & fully paid* | | | | |
| 100,000,000 ordinary shares of no par value | **100,000** | 100,000 | **100,000** | 100,000 |

## 21. REDEEMABLE SECURED NOTES

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2019** | 2018 | **2019** | 2018 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| (a) 220,200 five-year redeemable secured notes of Rs.1,000 each | **220,200** | 220,200 | **220,200** | 220,200 |

(b) Security:

- The mortgaged land of an extent of 14,570m² and buildings of an extent of 7,910 m² situated at Riviere Citron, Solitude, and belonging to Fairstone Ltd, a wholly owned subsidiary.
- The pledged shares of Creatives Properties Ltd, a wholly owned subsidiary, which owns an extent of land at Cap Malheureux included under investment property (note 7).

(c) Interest : Repo rate + 3.00%

(d) Maturity date: June 16, 2021



## 22. RETIREMENT BENEFIT LIABILITIES

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2019** | 2018 | **2019** | 2018 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| (a) Other retirement benefits 22((a)(i)) | **10,928** | 10,255 | **6,415** | 5,179 |

(i) Reconciliation of the present value of obligations:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2019** | 2018 | **2019** | 2018 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| At July 1, | **10,255** | 5,951 | **5,179** | 4,307 |
| Consolidation adjustment | **(381)** | - | **-** | - |
| Charged to profit or loss (note 22((a)(i))) | **4,326** | 4,304 | **1,499** | 872 |
| Credited to other comprehensive income (note 22((a)(ii))) | **(3,272)** | - | **(263)** | - |
| At 30 June | **10,928** | 10,255 | **6,678** | 5,179 |

(ii) Amount recognised in the statement of profit or loss:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2019** | 2018 | **2019** | 2018 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Current service cost | **3,634** | 2,765 | **1,072** | 768 |
| Net interest cost | **692** | 454 | **363** | 289 |
| Past service cost | **-** | - | **64** | |
| Adjustment to estimated figure | **-** | 1,085 | **-** | (185) |
| | **4,326** | 4,304 | **1,499** | 872 |

(iii) The amounts recognised in other comprehensive income are:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2019** | 2018 | **2019** | 2018 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Liability experience gains | **(3,654)** | - | **(487)** | - |
| Actuarial losses arising from changes in financial assumptions | **382** | - | **224** | - |
| | **(3,272)** | - | **(263)** | - |

(iii) The principal assumption used for the purpose of computing the present value of the unfunded retirement benefit obligations :-

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2019** | 2018 | **2019** | 2018 |
| Discount rate | **6.10%** | 7.00% | **6.10%** | 7.00% |
| Future long term salary increase | **4.30%** | 5.00% | **4.30%** | 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 June 30, 2018.

## 23. REVENUE

(a) Revenue is analysed as follows:-

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2019** | 2018 | **2019** | 2018 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Sales of real estates | **625,657** | 414,021 | **-** | - |
| Sales of goods | **89,591** | 72,540 | **-** | - |
| Provision of services | **14,089** | 23,578 | **36,725** | 60,656 |
| Rental of apartments | **95,820** | 95,652 | **-** | - |
| | **825,157** | 605,791 | **36,725** | 60,656 |

(b) Timing of satisfaction of performance obligation and significant payment terms

| | THE GROUP | THE COMPANY |
|---|---|---|
| | **2019** | **2019** |
| | **Rs'000** | **Rs'000** |
| At a point in time | **199,500** | **36,725** |
| Over time | **625,657** | **-** |
| | **825,157** | **36,725** |

*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.

*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.

## 24. COST OF SALES

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2019** | 2018 | **2019** | 2018 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Cost of real estates sold | **171,219** | 100,093 | **-** | - |
| Land transfer tax | **6,173** | 30,201 | **-** | - |
| Commission payable to real estate agents | **1,501** | 12,567 | **-** | - |
| Cost of goods sold | **155,550** | 209,492 | **-** | - |
| Cost of services rendered | **13,754** | 17,049 | **3,721** | 4,084 |
| Employee benefit expense (note 25) | **114,210** | 97,635 | **-** | |
| Cost of rental apartments | **60,280** | 57,437 | **-** | - |
| Cost of manufacturing | **35,809** | 18,978 | **-** | - |
| Depreciation | **17,674** | 15,192 | **-** | - |
| | **576,170** | 558,644 | **3,721** | 4,084 |

## 25. EMPLOYEE BENEFIT EXPENSE

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2019** | 2018 | **2019** | 2018 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Wages and salaries | **178,716** | 173,708 | **53,352** | 41,560 |
| Pension costs and social costs | **10,164** | 7,922 | **899** | 1,063 |
| | **188,880** | 181,630 | **54,251** | 42,623 |
| Disclosed as follows: | | | | |
| Administrative and selling expenses | **114,210** | 97,635 | **-** | - |
| Cost of sales | **74,670** | 83,995 | **54,251** | 42,623 |
| | **188,880** | 181,630 | **54,251** | 42,623 |

## 26. OTHER INCOME

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2019** | 2018 | **2019** | 2018 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Gain on disposal of property, plant & equipment | **-** | 1,448 | **-** | 1,058 |
| Interest income | **885** | 3,481 | **-** | 2,841 |
| Others | **10,356** | 2,184 | **11,926** | 254 |
| | **11,241** | 7,113 | **11,926** | 4,153 |

## 27. FOREIGN EXCHANGE

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2019** | 2018 | **2019** | 2018 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| (Loss)/gain on foreign exchange | **(819)** | 10 | **(23)** | (281) |

Gain and losses 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.

## 28. ADMINISTRATION AND SELLING EXPENSES

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2019** | 2018 | **2019** | 2018 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Short term employee benefits (note 25) | **74,670** | 83,995 | **54,251** | 42,623 |
| General administrative and selling expenses | **78,576** | 54,389 | **15,693** | 18,234 |
| Depreciation | **1,220** | 11,208 | **3,119** | 6,114 |
| Amortisation | **286** | 370 | **51** | 24 |
| Corporate social responsibility | **-** | 290 | **-** | - |
| Refund of overheads from subsidiaries | **-** | - | **(26,233)** | (23,434) |
| | **154,752** | 150,252 | **46,881** | 43,561 |

## 29. OTHER EXPENSES

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2019** | 2018 | **2019** | 2018 |
| | **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 |
| | **-** | 41 | **-** | 9,984 |

## 30. OPERATING PROFIT/(LOSS)

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2019** | 2018 | **2019** | 2018 |
| Operating profit/(loss) is arrived at after: | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| **charging:** | | | | |
| Depreciation on property, plant and equipment (note 5) | **18,894** | 26,400 | **3,119** | 6,114 |
| Amortisation of intangible assets (note 6) | **286** | 370 | **51** | 24 |
| Employee benefit expense (note 25) | **188,880** | 181,630 | **54,251** | 42,623 |
| **and crediting:** | | | | |
| Profit on sale of property, plant and equipment | **-** | 1,448 | **-** | 1,058 |

## 31. NON-RECURRING ITEMS

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2019** | 2018 | **2019** | 2018 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Fair value of investment properties (note 7) | **198,766** | - | **-** | - |
| Impairment of investment in subsidiaries (note 8) | **-** | - | **(12,869)** | - |
| | **198,766** | - | **(12,869)** | - |



## 32. FINANCE COSTS

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2019** | 2018 | **2019** | 2018 |
| (a) *Interest expenses* | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Bank overdrafts | **10,550** | 4,081 | **8,058** | - |
| Finance lease liabilities | **1,088** | 1,829 | **246** | 498 |
| Redeemable secured notes | **5,863** | 9,344 | **14,334** | 14,808 |
| Bank loans | **7,309** | 2,425 | **2,645** | 99 |
| Loan payable to third party | **8,020** | 400 | **160** | 400 |
| Loan payable to subsidiaries | **-** | - | **-** | 1,350 |
| Loan from ultimate shareholder | **3,645** | - | **-** | - |
| Recharge of finance costs to subsidiaries | **-** | - | **(13,934)** | (13,934) |
| | **36,475** | 18,079 | **11,509** | 3,221 |

## 33. DISCONTINUED OPERATIONS

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2019** | 2018 | **2019** | 2018 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Impairment charge - aircraft | **-** | 10,314 | **-** | 10,314 |
| Allowance for credit loss - amount receivable from subsidiary | **-** | - | **-** | 13,089 |
| Operating cost of aircraft | **4,054** | 11,633 | **4,054** | - |
| | **4,054** | 21,947 | **4,054** | 23,403 |

## 34. DIVIDEND PAYABLE

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2019** | 2018 | **2019** | 2018 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Amounts recognised as distributions to equity shareholders in the year: | | | | |
| Final dividend payable for the year ended June 30, 2019 of Rs.0.12 (2018: nil) per shares | **12,000** | - | **12,000** | - |
| Interim dividend paid for the year ended June 30, 2019 of Rs.0.80 (2018: nil) per shares | **8,000** | - | **8,000** | - |
| | **20,000** | - | **20,000** | - |

## 35. RELATED PARTIES

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2019** | 2018 | **2019** | 2018 |
| (a) *Transactions with related parties* | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| *Sales of goods & services to* | | | | |
| - subsidiaries | **-** | - | **36,725** | 60,656 |
| *Recharge of goods & services to* | | | | |
| - subsidiaries | **-** | - | **26,233** | 37,368 |

(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*

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2019** | 2018 | **2019** | 2018 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Short term employee benefits incurred by the Company/ subsidiaries | **67,698** | 47,323 | **31,170** | 25,247 |

## 36. CONTINGENT LIABILITIES

(a) Evaco Ltd and 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'000 5,043 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.

(b) Evaco Ltd has corporate guarantees for all of its subsidiaries bank facilities and insurance bonds.

## 37. EVENT AFTER THE REPORTING PERIOD

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