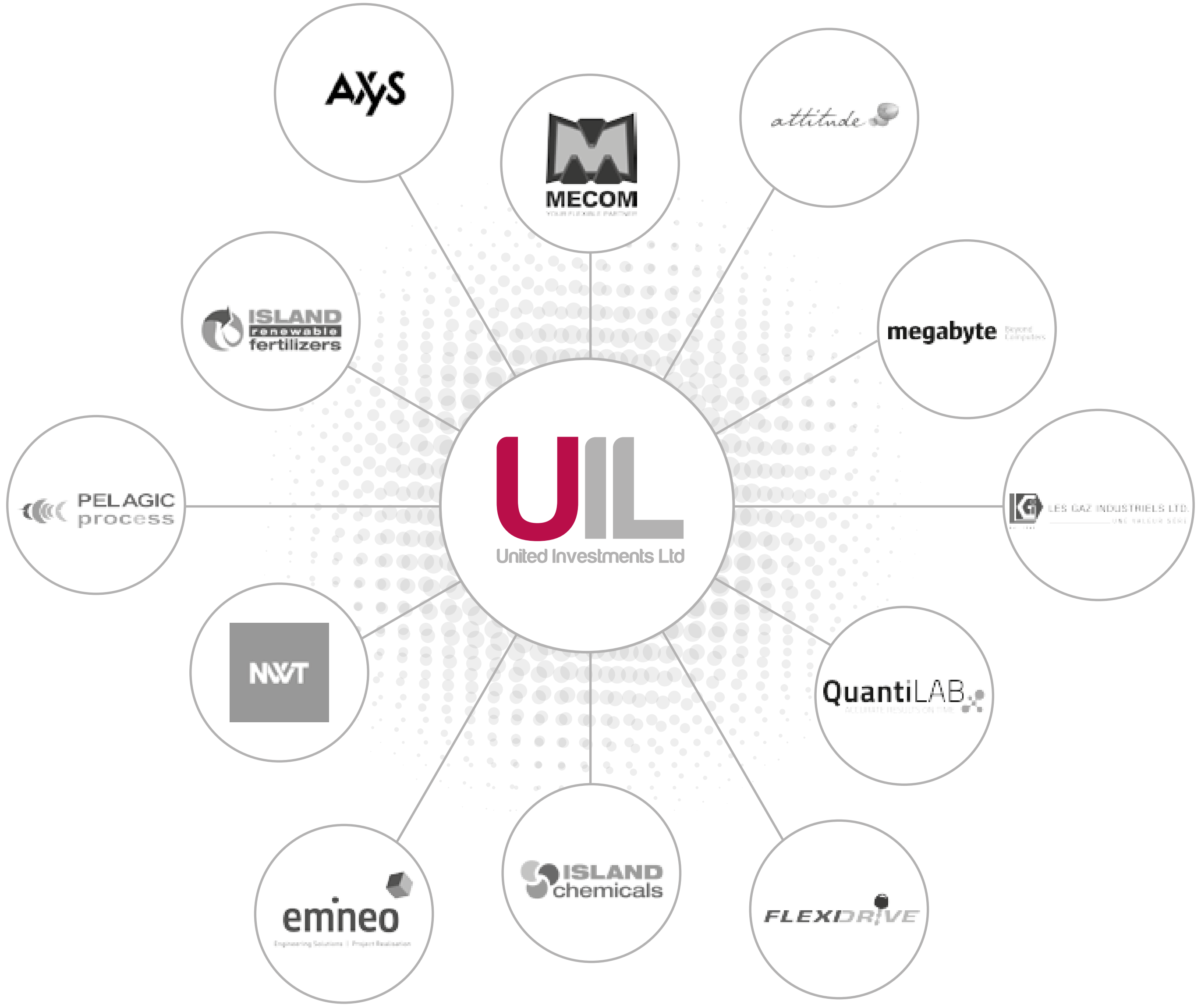
ANNUAL **REPORT**

2016

United Investments Ltd

TABLE OF CONTENTS

UIL AND ITS MAIN INVESTEE COMPANIES



NOTICE OF ANNUAL MEETING

Notice is hereby given that the Annual Meeting of Shareholders of United Investments Ltd (the "Company" or "UIL") will be held at UIL, 6th Floor Dias Pier Building, Le Caudan Waterfront, Caudan, Port Louis on Friday 30th December 2016 at 11:30 hours to transact the following business:

1. To consider the Annual Report 2016 of the Company.
2. To receive the report of Messrs Ernst & Young, the Auditors of the Company.
3. To consider and adopt the Audited Financial Statements of the Company for the year ended 30 June 2016.

Ordinary Resolution I
"Resolved that the Audited Financial Statements of the Company for the year ended 30 June 2016 be hereby adopted."

4. To re-elect as Directors of the Company and by way of separate resolutions, the following persons: Messrs Jean Didier Merven, Michel Guy Rivalland, Pierre Arnaud Marc De Marigny-Lagesse and Kumar L. Gunness.

Ordinary Resolution II to V
"Resolved that Mr [ ] be hereby re-elected as Director of the Company".
II Jean Didier Merven
III Michel Guy Rivalland
IV Pierre Arnaud Marc De Marigny-Lagesse
V Kumar L. Gunness

5. To re-elect by way of separate resolutions, the following persons who have been appointed by the Board during the year to fill casual vacancies: Messrs Nicolas Marie Edouard Maigrot, Joseph Andre Philip Jean Juppin De Fondaumiere and Marie Donald Henri Harel.

Ordinary Resolution VI to VIII
"Resolved that Mr [ ] who has been appointed by the Board during the year to fill a casual vacancy be hereby re-elected as Director of the Company".
VI Nicolas Marie Edouard Maigrot
VII Joseph Andre Philip Jean Juppin De Fondaumiere
VIII Marie Donald Henri Harel

6. To approve the re-appointment of Messrs Ernst & Young, as Auditors of the Company to hold office until the next Annual Meeting of Shareholders and to authorise the Board to fix their remuneration for the financial year 2016/2017.

Ordinary Resolution IX
"Resolved that Messrs Ernst & Young be re-appointed as Auditors of the Company to hold office until the next Annual Meeting of Shareholders and that the Board be hereby authorised to fix the Auditors' remuneration for the financial year 2016/2017".

By Order of the Board

FWM Secretarial Services Limited
Corporate Secretary
Per V.Oomadevi Chetty

Dated this 14th day of October 2016

Notes:

1. A member of the Company entitled to attend and vote at this meeting, may appoint a proxy (in the case of individual shareholder) or a representative (in the case of a company) whether a shareholder of the Company or not, to attend and vote in his/its behalf.
2. The instrument appointing the proxy or representative should reach the Corporate Secretary, United Investments Ltd, 6th Floor Dias Pier Building, Le Caudan Waterfront, Caudan, Port Louis not less than twenty four (24) hours before the meeting.
3. For the purpose of this Annual Meeting of Shareholders, the Directors have resolved in compliance with Section 120 (3) of the Companies Act 2001, that the shareholders who are entitled to receive notice of the Annual Meeting and attend such meeting shall be those shareholders whose names are registered in the share register of the Company as at 5 December 2016.
4. The minutes of proceedings of the Annual Meeting of Shareholders held on 17 December 2015 are available free of charge on request. Kindly contact the Company Secretary.

CHAIRMAN'S
& CEO'S REVIEW

Dear Shareholder,

On behalf of your board of directors we are pleased to comment on the performance of your company, United Investments Ltd (UIL), for the 12 months ended June 30th 2016 (FY-16).

Domestic business sentiment had been low during the period under review following, amongst others, the demise of a major conglomerate last year and appeared to bounce back after the National Budget read in July 2016. Specifically, within the financial sector, banking growth has been tepid in-line with economic growth, while uncertainty surrounding the renegotiation of the Indo-Mauritian Double-Taxation Avoidance Agreement (DTA) resulted in a wait-and-see stance until clarity was achieved. Construction had not yet bounced back from years of contraction although promising signs of a pick-up are beginning to show. The sugarcane industry remained afflicted by low prices and a poor yielding crop, however, the recent rally of sugar prices (+46% YTD at the time of writing), is promising for both our auxiliary and engineering services provided to the sector. The outperforming macro-sector was of course tourism as exemplified by record arrivals and improved national occupancy rates, however this didn't reflect in earnings of the larger groups for varying reasons. On the international front, global economies were re-adjusting to lower commodity prices which resulted in slowing growth in emerging markets whose currencies were also affected by unprecedented capital outflows. In 2016 markets experienced sharp volatilities ahead of key votes in the UK and the US which both yielded unexpected results and compounded to further increase uncertainty on the outlook for global trade.

Salient Highlights

- Group income grew by 15% to Rs40M
- After tax results were impacted by a one-off write-downs of Rs183M in our discontinued solid fertilizer business and Rs86.7M in our seafood investment.
- Consequently, after 3 consecutive years of increases, NAV per share slid by 5% to Rs12.64.
- For FY ended June 30th 2016, UIL's share price slipped 2.3% against a 12% drop for SEMDEX and 11% for ALEX 20.

Financial Services

UIL's financial services cluster continued to consolidate market share in their respective lines of business and produced solid results for Financial Year ended June 2016 (FY-16). Its results would have been even better had it not incurred one-off expenses relating to the setting up of our Dubai office and not written-off part of the pre-operational costs linked to the banking project.

We mentioned last year that we had received an "in principal license" from the Bank of Mauritius (BoM) which called for us to invest in infrastructure required to operate a "Private Bank". The above entailed a substantial investment in world-class software and hardware, new office premises, as well as the recruitment of experienced personnel – both locally and internationally –in private banking, high net worth asset management, and treasury services. We had anticipated that the banking license would have been delivered before FY-end, instead we continue to await confirmation from the BoM. As a result, our auditors preferred to impair these expenses as a precautionary measure. Should we receive our license during the next FY, we shall consider capitalizing these expenses which would result in the write-back of the impaired amount of ~Rs40M.

In the last National Budget delivered by the Honourable Pravind Jugnauth, the Minister of Finance and Economic Development, we note that he announced that the Banking Act would be altered to accommodate for Investment and Private Banks. We believe these changes should facilitate the release of our license in due course.

With respect to our overseas operations, we are pleased to report that our investment in Geneva – accomplished through the merger of three trust

Michel Guy Rivalland

Didier Merven

companies acquired these past four years – performed extremely well as a result of synergistic gains obtained following the regrouping of operations under a single roof. Going forward we believe our Swiss presence will play an important role – with our future private bank as the focal point – in the comprehensive end-to-end services we wish to offer our clients in Europe and Africa.

Our investments in South Africa, Kenya and Dubai are showing signs of growth in their respective fields. By this time next year, we expect these will contribute to UIL's profitability and become an integral part of the synergies we want to achieve throughout our multiple lines of business to better serve our clients from around the world.

Hospitality

The highlights for Attitude Hospitality Management Ltd (AHML) were:

- the "re-opening" of "The Ravenala Attitude" under the Attitude brand after a complete renovation of common areas and its 272 suites; and
- The successful creation, Initial Public Offering (IPO) and subsequent listing of the first hospitality REIT-type structure, Attitude Property Limited (APL), on the Stock Exchange of Mauritius.

AHML's substantially improved Profit after Tax stood at Rs120M – partially boosted by the sale and lease-back of hotels following the creation of APL – in FY 16. In our opinion, this does not reflect AHML's full potential as the company's operations were affected by a couple of endeavours. First, after a harmonious re-opening of hotels after renovations and/or construction in recent years, The Ravenala Attitude experienced an unforeseen issue with its electrical and plumbing network. Consequently, the hotel could not operate at full capacity during the high season as remedial works were carried out. Second, AHML concretised an opportunity to strengthen ties with the TUI Group (TUI) which required the closure of BluMarine Attitude during the low-season for upgrades. BluMarine re-opened successfully and smoothly on October 15th 2016 as a "Sensimar" hotel which is TUI's higher 4 to 5 Star category resort.

The above mentioned efforts to upgrade our offerings, which the Board is convinced are a necessity to ensure revenue and profitability growth, applied considerable strain on both AHML's hotels turnover and recurrent profits during FY-16. Now that all of AHL's hotels have been refreshed, Management will devote its focus on delivering appreciable returns – in the form of dividends – to shareholders. Forward visibility on bookings continues to improve. Advanced bookings for the period 1st Nov 2016 to 31st Mar 2017 show a significant improvement across all nine hotels managed by AHML which, coupled with a 6% increase in Average Daily Room Rate, augurs well for the group this Financial Year.

CHAIRMAN'S
& CEO'S REVIEW

Tech

Quantilab Ltd (Quantilab)
Quantilab reinforced its local and international presence as exemplified by a 50% year-on-year growth in turnover which was a direct consequence of a larger client base. Quantilab improved the scope of its 17025 accreditation by validating an additional 102 parameters for the food and water sector during FY-16, therein strengthening its status as a reference laboratory on the international market. Just to name a few, Quantilab regularly services clients from Réunion, France, Switzerland, Qatar, India, and South Africa. With additional developments in its pipeline, Quantilab is expected to continue to provide sustainable returns for shareholders.

Megabyte Investment Ltd (Megabyte)
Megabyte pursued its expansion into the banking sector through the provisioning of Automated Teller Machines (ATMs) on the local market. Megabyte's ATM solutions are currently the only ones capable of handling the recycling of both paper and polymers notes deposited by clients which can then be re-used during withdrawals. In FY-16, its turnover grew by 60% to exceed Rs110M. MGS, a subsidiary of Megabyte, which specializes in labelling and coding of equipment, also performed satisfactorily. MGS is a regional service provider who further consolidated its client portfolio, both locally and regionally, during FY-16. We expect a stable income stream from its operations in the future.

Agro

Mechanisation Company Ltd (MECOM)
In spite of a difficult economic environment, MECOM maintained positive momentum in both the agricultural services and industrials segments. In its quest to diversify revenue streams and fuel growth, MECOM consolidated its brands and is looking to develop new service-driven activities. Further, we expect MECOM's industrial equipment division to benefit from the public sector infrastructure developments recently announced in July's National Budget as well as from new Real Estate development projects under the "PDS"or "Smart-City" schemes.

Island Renewable Fertilizers Ltd (IRFL)
IRFL is the liquid fertilizer arm of Island Fertilizer Ltd whose solid fertilizer operations were shut down on Dec 31st 2015 due to shrinking margins and volumes. On the positive side, IRFL's two liquid fertilizer plants increased production resulting in an expected mechanized and/or manual application of its products on more than 20,000ha of fields – representing ~35% of cultivated sugarcane plantations – this harvest. IRFL is thus expected to renew with profits in FY-17 despite the price of potash – which makes up 40% of its sales – currently standing at very low levels.

Pelagic Process Ltd (Pelagic)
Pelagic had yet another disappointing year. Recurrent breakdowns in its fishing vessels are a major issue which we are not able to distance ourselves from despite our best efforts these past few years. Its world class factory meets both US FDA and EU standards, its sales prices have improved and fish caught per hook has tripled. Nevertheless, constant disappointments suffered over the years is forcing us to adopt radical measures to find a permanent and long-term solution to its woes. We aim to finalise a solution before year's end to put an end to losses suffered by Pelagic.

Emineo Ltd (Emineo)
Emineo, with a "Profit before Tax" figure of Rs32M, had a satisfactory year with a number of contracts obtained both locally and in Africa. The low sugar prices of recent years resulted in reduced demand for greenfield projects and extensions to existing facilities. Fortunately, with the rebound in sugar prices since Oct-15, the request in quotes for feasibilities has increased. This bodes well for Emineo in coming years. Emineo has diversified its capabilities by adding oil and ethanol plants as offerings. The company has bid for a select few projects in Africa which if obtained would help the group maintain profitability levels. De Smet Engineering – one of the world's largest sugar and distillery engineers – is a key partner and knowledge base for Emineo as well as an important shareholder owning a 20% stake in the company.

Outlook
The outlook for the group is promising for FY-17. First, our hospitality cluster is expected to start delivering returns after eight years of continuous inorganic expansion. Second, the financial services segment is poised to continue to expand through organic business growth, the first positive returns from our Dubai Advisory office, and the significantly enhanced end-to-end offering of a range of financial services should the private banking license be obtained during the year. Third, prospects for our Agro cluster have improved mainly on account of growing services offered; and Fourth, the Tech cluster through Megabyte and Quantilab are expected to further expand their respective reach.

As communicated in October the Group will proceed with a Rs 500M rights Issue which shall be completed in February 2017 subject to all statutory and shareholders' approval. The reoganisation of the Group's activities under two separate entities, one regrouping investments linked to the financial sector and the other embracing non-financial related investments, is also under consideration.

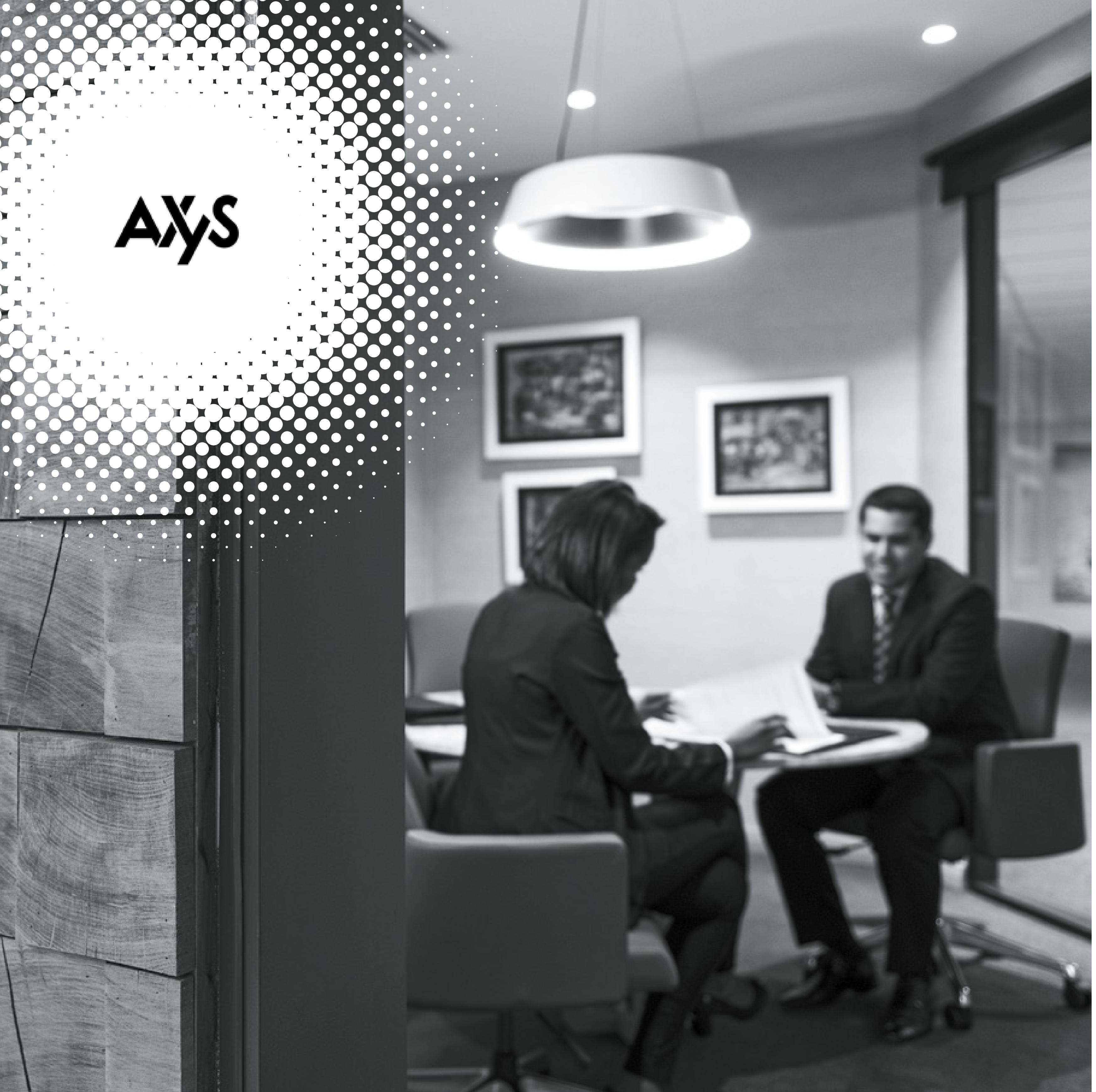
Acknowledgements
After several years as member of the Board and as Chairman of the Audit Committee, Mr Brett Childs resigned as director during the year. He was replaced by Mr Jean Jupin de Fondaumiere who also acts as Chairman of the Audit Committee. Messrs Cyril Mayer and Sebastien Mamet, both representing our major shareholder Terra Mauricia Ltd, were replaced by Messrs Nicolas Maigrot and Henri Harel. We would like to place on record their valuable contribution to the affairs of the company and wish them the best in their new endeavours. A warm welcome is extended to the new members.

Last but not least, we would like to extend our thanks to the members of the board of directors for their invaluable contribution and support during the year, the employees of the Group at large for their loyalty and dedication to their respective companies, and finally to our shareholders and stakeholders for their continuing trust and confidence.

Date: 13 October 2016

Michel Guy Rivalland
CHIEF EXECUTIVE OFFICER

Didier Merven
CHAIRMAN



CORPORATE PROFILE

YEAR ENDED JUNE 30, 2016

The Directors have the pleasure of submitting the Annual Report of United Investments Ltd ("UIL" or "the Company") and its subsidiaries (the "Group") together with the audited financial statements for the year ended June 30, 2016.

Board of Directors

Mr. Didier MERVEN
(Executive - Chairperson) (appointed on 21 May 2001)

Mr. Michel Guy RIVALLAND
(Executive) (appointed on 22 September 2010)

Mr. Brett CHILDS
(Independent Non-Executive)
(resigned on 17 December 2015)

Mr. Kumar L. GUNNESS
(Independent Non-Executive)
(appointed on 2 February 2009)

Mr. Sebastien MAMET
(Non-Executive)
(resigned on 21 July 2016)

Mr. Cyril MAYER
(Non-Executive)
(resigned on 31 December 2015)

Mr. Pierre Arnaud Marc De MARIGNY-LAGESSE
(Independent Non-Executive)
(appointed on 6 May 2014)

Mr. Nicolas Marie Edouard MAIGROT
(Non-Executive)
(appointed on 1 January 2016)

Mr. Joseph Andre Philip Jean JUPPIN DE FONDAUMIERE
(Independent Non-Executive)
(appointed on 8 July 2016)

Mr. Marie Donald Henri HAREL
(Non-Executive)
(appointed on 29 July 2016)

Board Committees

Audit Committee

Mr. Brett CHILDS (Chairperson and re-signed on 17 December 2015)

Mr. Kumar L. GUNNESS (Chairperson and appointed on 29 January 2016)

Mr. Sebastien MAMET (resigned on 21 July 2016)

Mr. Joseph Andre Philip Jean JUPPIN DE FONDAUMIERE (appointed on 8 July 2016)

Mr. Marie Donald Henri HAREL (appoint-ed on 29 July 2016)

Corporate Governance Committee

Mr. Pierre Arnaud Marc De MARIGNY-LAGESSE (Chairperson)

Mr. Didier MERVEN

Mr. Cyril MAYER
(resigned on 31 December 2015)

Mr. Nicolas Marie Edouard MAIGROT
(appointed on 1 January 2016)

Investment Committee

Mr. Brett CHILDS
(Chairperson and resigned on 17 December 2015)

Mr. Phillippe HARDY

Mr. Michel Guy RIVALLAND

Mr. Sebastien MAMET
(resigned on 21 July 2016)

Company Secretary

FWM Secretarial Services Limited
6/7th Floor Dias Pier Building,
Le Caudan Waterfront,
Caudan,
Port Louis

Registered Office

6/7th Floor Dias Pier Building,
Le Caudan Waterfront,
Caudan,
Port Louis

Registrar and Transfer Agent

MCB Registry and Securities Ltd
Sir William Newton Street,
Port Louis

Auditors

Ernst & Young
9th Floor, NeXTeracom Tower 1,
Cybercity, Ebene

Bankers

The Mauritius Commercial Bank Limited,
Sir William Newton Street,
Port Louis

AfrAsia Bank Limited
Bowen Square,
10 Dr Ferriere Street,
Port Louis

CORPORATE GOVERNANCE REPORT

The Board of Directors is charged with promoting the success of UIL and the conduct of its affairs in a responsible manner. The Board of Directors is accountable to the Company's shareholders and ensures transparency to its shareholders and protects the interests of all its stakeholders. The Board of Directors is committed to high standards of corporate governance within the Company and its investments.

Based on past market turmoils, the Board of Directors recognises there is a need to adapt and improve on the principles and practices, especially around the regulatory requirements and managing investors' expectations.

This report describes the main corporate governance framework and compliance of the Company with the disclosures required under the Code of Corporate Governance for Mauritius.

ROLE OF THE BOARD OF DIRECTORS

The Board is led by the Chairperson, Didier Merven, while the executive management of the Company is led by the Chief Executive Officer, Michel Guy Rivalland.

The role of the Board is to:

- Set down the Company's values and ensure that its obligations to its stakeholders are understood and met;
- Provide entrepreneurial leadership of the Company within a framework of prudent and effective controls;
- Set out the Company's strategy and ensure the required financial and human resources are in place for the Company to meet its objectives; and
- Review the performance of management.

ROLE OF THE CHAIRPERSON

The role of the Chairperson is to:

- Provide leadership to the Board without limiting individual responsibility for Board decisions;
- Maintain sound relations with the Company's shareholders and ensuring principles of effective communication and pertinent disclosure are followed;
- Ensure that all Directors participate fully and constructively in the functioning and decision making process of the Board; and
- Ensure that all relevant information and facts are available to the Board to enable the Directors to make informed decisions.

ROLE OF THE CHIEF EXECUTIVE OFFICER (CEO)

The role of the Chief Executive Officer is to:

- Develop and recommend to the Board a long-term strategy and vision for the Group to generate shareholder value and to develop positive relations with relevant stakeholders;
- Develop and recommend to the Board, major corporate policies, annual business plans and budgets that support the Company's long-term strategy after a proper assessment of the relevant risks; and
- Oversee the day-to-day business affairs of the Company and ensure the implementation of corporate policies, annual business plans and budgets to support the Company's long-term strategy.

ROLE OF THE NON-EXECUTIVE AND INDEPENDENT DIRECTORS

The composition of the Board is such that there is an appropriate balance of power and authority between Executive, Non-Executive and Independent Directors.

Non-Executive and Independent Directors play a vital role in providing an independent opinion from management on strategic issues, performance, resources and the evaluation of the Group's performance.

BOARD OF DIRECTORS

The Company is currently managed by a unitary Board of seven members out of whom, two (2) are Executive Directors, two (2) are Non-Executive and three (3) are Independent Non-Executive Directors.

The Directors have been selected to ensure an appropriate mix of competencies, experience, skill and independence. The Directors receive regular information about the Company to enable them to carry out their duties and responsibilities competently; in appropriate circumstances independent professional advice is also available to the Directors at the Company's expense.

CORPORATE GOVERNANCE REPORT

DIRECTORS' RESUMES

Didier Merven
Executive - Chairperson

In 1991, Didier Merven set up Portfolio and Investment Management Limited ('PIM') - one of the very first professional portfolio management companies in Mauritius. Over the next 20 years, PIM evolved from these beginnings into AXYS, a diversified financial services company. Mr Merven now sits on the UIL board and is still involved in portfolio management for the Company's high net worth clients.

Directorship in other listed companies: Novus Properties Ltd

Michel Guy Rivalland
Executive

Michel Guy Rivalland is a graduate in economics, BSc (Hons), UK. He joined AXYS Group in 1999, became a shareholder and Director in 2002. He was appointed CEO of AXYS in July 2006, and since July 2010, he assumes the role of CEO for UIL.

Directorship in other listed companies: Attitude Property Ltd, Les Gaz Industriels Ltd and Novus Properties Ltd

Brett Childs
Independent

Brett Childs, a chartered accountant, has spent many years working in the venture capital industry. He is the executive Chairperson of Brait in Mauritius, whose parent, Brait S.E., is listed on the Luxembourg and Johannesburg stock exchanges. Brett spent fifteen years in London where he was involved in the development of Equitas, the vehicle set up by Lloyds of London to acquire distressed re-insurance contracts. He was one of the first individuals to be approved by Lloyds of London to act as Chief Financial Officer to corporate capital providers in Lloyds of London. After leaving the re-insurance industry he helped build a successful venture capital business focused on the I.T. industry listing assets on the London Stock Exchange and Finnish Stock exchange. Brett resides in Mauritius where he sits, in a non-executive capacity, on the board of a number of privately and publically owned companies.

Directorship in other listed companies: Novare Africa Fund PCC in respect of its cell Novare Africa Property Fund One

Kumar L. Gunness
Independent

Kumar Gunness qualified as a pharmacist from John Moors University, Liverpool, UK. He has a wide ranging business experience locally and overseas. He is currently the Managing Director and the largest shareholder of the Unicorn Group of companies as well as being director of other local and overseas companies.

Directorship in other listed companies: None

Sebastien MAMET
Non-Executive

After working in the audit department of Ernst & Young London and Mauritius for eight years, Sébastien Mamet joined the Corporate Finance division of PricewaterhouseCoopers Mauritius in 2004. As a Senior Manager of the division, he advised clients on mergers & acquisitions, business plans, finance raising and financial restructuring, among others. He joined Terra Group (previously known as Harel Frères) in 2009 to head its new strategic development function. As a member of the Management Committee, he advises on the strategic orientation of the group and is responsible for implementing new business developments.

Directorship in other listed companies: None

Cyril MAYER
Non-Executive

Cyril Mayer, a Chartered Accountant, joined Terra Group as a management executive in 1988. He served as Executive Chairperson from 1992 to 2003, when he stepped down and was appointed Group Managing Director ("MD"). As the Group MD, he has overall responsibility for the group activities of Terra. Cyril has served on most of the sugar sector institutions in Mauritius, the Mauritius Employers Federation and the Joint Economic Council.

Directorship in other listed companies: Terra Mauricia Ltd, Swan General Ltd (Non-Executive Chairperson) and United Docks Ltd

DIRECTORS' RESUMES (CONT'D)

Pierre Arnaud Marc De MARIGNY-LAGESSE
Independent

Marc Lagesse is the Chief Executive Officer of the Hertshten Group, a Mauritian based holding company with operations in 7 countries across the globe involved in international derivatives markets and property. He was previously the CEO of MCB Capital Markets, part of the MCB Group within which Mr Lagesse spent 15 years. Mr Lagesse has a BSc in Statistics and Economics from University College London and an MBA from the London Business School.

Directorship in other listed companies: None

Nicolas Marie Edouard MAIGROT
Non-Executive

Nicolas Maigrot is the Managing Director of Terra Mauricia Ltd since 1st January 2016. He started his career as Management Controller at Floreal Knitwear in 1989. He headed the Mauritius and Madagascar operations between 1995 and 1998 and was appointed as Chief Executive Officer of Floreal Knitwear in 2003 and of Ciel Textile in 2009. He was then recruited as Chief Executive Officer of Ireland Blyth Limited in 2010, a post he held until 2015.

Directorship in other listed companies: Terra Mauricia Ltd, Swan General Ltd and United Docks Ltd

Joseph Andre Philip Jean JUPPIN DE FONDAUMIERE
Independent

Jean de Fondaumière is a Chartered Accountant of Scotland. He worked in Australia for eleven years and he retired as the CEO of the Swan Group at the end of 2006 after fifteen years with the group. He is a past Chairman of The Stock Exchange of Mauritius and his former directorships include companies operating in the African, Indian Ocean and Asia Pacific regions. Jean currently holds a portfolio of directorships in Mauritius for companies operating in commerce, finance, power generation, sugar and tourism industry.

Directorship in other listed companies: Alteo Ltd, Constance Hotels Services Ltd, Constance La Gaité Company Ltd, Hotelest Ltd and Lux Island Resorts Ltd

Marie Donald Henri HAREL
Non-Executive

Henri Harel is the Chief Finance Officer of Terra Group. He first worked in South Africa as an auditor with De Ravel, Boulle, Saad & Wyman (Chartered Accountants). He then occupied the post of Internal Auditor with Toyota SA Manufacturing and that of Financial Accountant at Amalgamated Beverage Industries Ltd (Coca-Cola). Upon his return to Mauritius in 1991, he worked for Société de Gérance de Mon Loisir as Financial Controller until 1996, when he joined Harel Frères Limited in a similar capacity.

Directorship of listed companies: Terra Mauricia Ltd and Swan General Ltd

BOARD AND DIRECTOR APPRAISAL

Directors have been assessed collectively as a board in 2015 and individual evaluations will be conducted in the next financial year.

CONFLICT OF INTEREST

No contracts of significance or loans existed between the Company and its Directors during the year under review.

RELATED PARTY TRANSACTIONS

Please refer to note 23 of the financial statements for details on related party transactions.

BOARD MEETINGS

The Board has 4 scheduled meetings each year. Board meetings are convened by giving appropriate timely notice.

The minutes of the proceedings of each Board meeting are recorded by the Company Secretary and are entered in the Minutes Book. The minutes of each Board are submitted for confirmation at the next meeting and these are then signed by the Chairperson and the Company Secretary.

ATTENDANCE OF BOARD MEETINGS AND BOARD COMMITTEE MEETINGS

Name of officer	Board Meetings	Audit Committee	Corporate Governance Committee
Brett CHILDS	1/2	1/1	-
Kumar L. GUNNESS	2/4	1/1	-
Jean Didier MERVEN	4/4	-	2/2
Michel Guy RIVALLAND	4/4	-	-
Sebastien MAMET	3/4	2/2	-
Cyril MAYER	2/2	-	1/1
Pierre Arnaud Marc De MARIGNY-LAGESSE	4/4	-	2/2
Nicolas Marie Edouard MAIGROT	2/2	-	1/1

No Investment Committee meetings were held during the year under review.

COMMON DIRECTORS

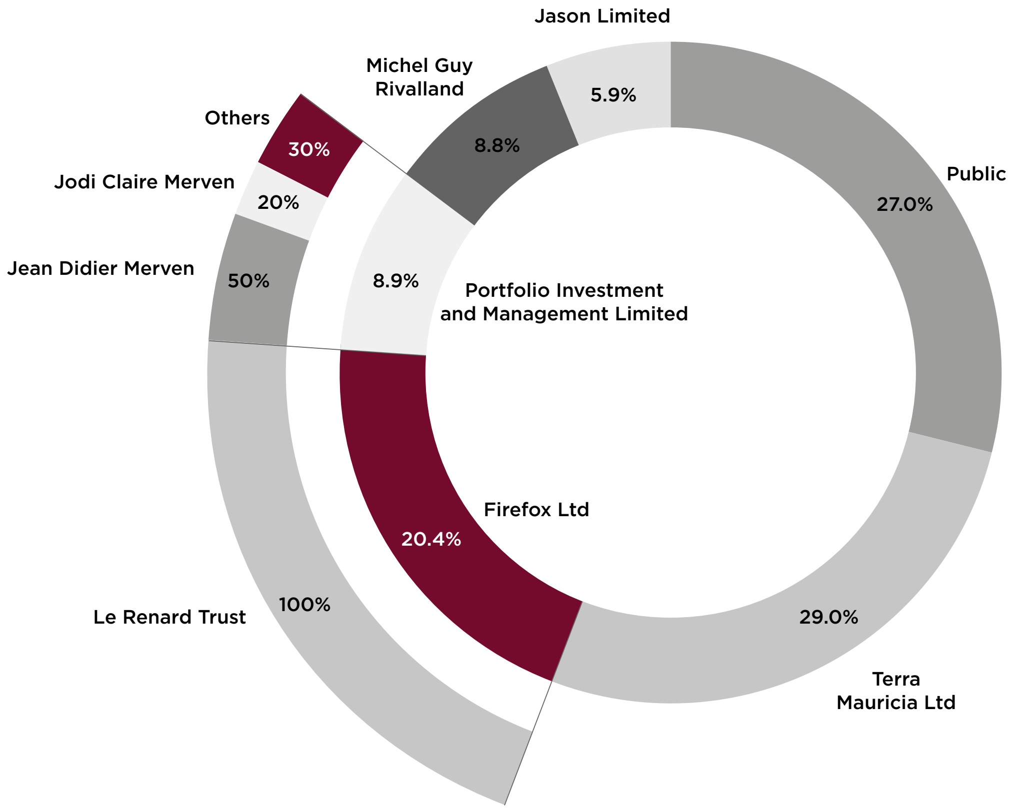
Didier MERVEN	Firefox Ltd and Portfolio Investment and Management Limited
Cyril MAYER	Terra Mauricia Ltd
Brett CHILDS	None
Kumar L. GUNNESS	None
Michel Guy RIVALLAND	None
Sebastien MAMET	None
Pierre Arnaud Marc DE MARIGNY-LAGESSE	None
Nicolas Marie Edouard MAIGROT	Terra Mauricia Ltd
Joseph Andre Philip Jean JUPPIN DE FONDAUMIERE	None
Marie Donald Henri HAREL	Terra Mauricia Ltd

CORPORATE GOVERNANCE REPORT

SHAREHOLDING AND CONSTITUTION

The following shareholders held 5% or more of the shareholding of the Company as at June 30, 2016:

Main Shareholders	% Holding
Terra Mauricia Ltd	29.03%
Firefox Ltd	20.38%
Portfolio Investment and Management Limited	8.91%
Michel Guy Rivalland	8.77%
Jason Limited	5.89%



CONSTITUTION

The Company is listed on the Development & Enterprise Market (DEM) of the Stock Exchange of Mauritius since 10 January 2007 and its Constitution is in conformity with the provisions of the Companies Act 2001 and the DEM Rules.

The salient features of the Constitution are:

- the Company has wide objects and powers;
- there are no pre-emptive rights attached to the shares;
- fully paid shares are freely transferable;
- the Board of Directors shall consist of not less than 5 but not more than 15 Directors;
- the quorum for a meeting of the Board is fixed by the Board and if not so fixed shall be at least 3 Directors;
- the Board may issue, at any time, a number of ordinary shares, and rights or options to acquire such shares, not exceeding fifteen per cent of the total number of ordinary shares in issue at the time of such issue of such shares, rights or options, to any person, whether already a shareholder of the Company or not, without any requirement that the said shares be first offered to existing shareholders and without the necessity of being authorised by the shareholders by ordinary resolution; and
- there shall be a quorum for meetings of shareholders where 2 shareholders holding at least 40% of the ordinary shares are present or represented.

A copy of the Constitution is available upon request in writing to the Company Secretary at the registered office of the Company, 6/7th Floor Dias Pier Building, Le Caudan Waterfront, Caudan, Port Louis.

Directors' and officers' interests in UIL shares

The Directors follow the principles of the model code on securities transactions as detailed in the Mauritius Stock Exchange listing rules and in accordance with the Companies Act 2001, written records of the interests of the Directors and their closely related parties in UIL shares are kept in a Register of Directors' Interests.

As soon as a Director becomes aware that he is interested in a transaction or that his holdings or his associates' holdings have changed, the interest should be reported to the Company in writing. The Register of Interests is updated with every transaction entered into by the Directors and persons closely associated with them.

Moreover, pursuant to the Securities Act 2005, UIL registered itself as a reporting issuer with the Financial Services Commission ("FSC") and makes every effort to follow the relevant disclosure requirements. The Company keeps a Register of its Insiders and the said register is updated with the notification of interest in securities submitted by the Directors, the officers and the other insiders of UIL.

CORPORATE GOVERNANCE REPORT

Directors' interests in the share capital of UIL

The directors' interests in the Company's securities as at June 30, 2016 are as follows:

Name of officer	Direct Shares	Direct %	Indirect Shares	Indirect %
Brett CHILDS	114,285	0.08		
Kumar L. GUNNESS	42	0.00		
Jean Didier MERVEN			6,849,569	4.52
Michel Guy RIVALLAND	13,281,185	8.77		
Pierre Arnaud Marc De MARIGNY-LAGESSE	320,000	0.21		
Cyril MAYER		0.15	2,223,845	1.47

DISCLOSURE OF SHARES PURCHASED AND SOLD BY THE DIRECTORS

During the year under review the Directors made the following dealings in shares of the Company:

Name of officer	Number of Shares Purchased Directly	Number of Shares Purchased Indirectly
Pierre Arnaud Marc De MARIGNY-LAGESSE	120,000	
Cyril MAYER		2,100,000
Jean Didier MERVEN		200,000

COMPANY SECRETARY

All Directors have access to the advice and services of the Company Secretary, FWM Secretarial Services Limited, represented by Mrs V.Oomadevi Chetty, ACIS, who is responsible for providing guidance to the Directors as to their duties, responsibilities and powers.

The Company Secretary ensures that the Board procedures are followed and that applicable rules and regulations as well as principles of good governance are adhered to.

BOARD COMMITTEES

Board Committees are accountable to the Board.

In line with the Code of Corporate Governance for Mauritius, the Board of Directors has delegated specific duties and responsibilities to Board Committees namely, the Corporate Governance Committee, the Audit Committee and the Investment Committee.

The Board Committees are authorised to obtain, at the Company's expense, professional advice both within and outside the Company in order for them to perform their duties.

The minutes of the proceedings of each Board Committee meeting are recorded by the Company Secretary and are entered in the Minutes Book.

Any member of the Board has access to minutes of Board Committee meetings, regardless of whether the Director is a member of such Board Committee.

The Board has decided that the Corporate Governance Committee should also act as the Nomination and Remuneration Committee.

THE MAIN TERMS OF REFERENCE OF THE CORPORATE GOVERNANCE COMMITTEE ARE AS FOLLOWS:

- advise the Board on all aspects of corporate governance and to recommend the adoption of best practices as appropriate for the Company;
- determine, agree and develop the Company's general policy on corporate governance in accordance with the applicable Code of Corporate Governance;
- recommend to the Board any closed periods during which the Directors and any other persons in the Company who are privy to price sensitive information shall not be permitted to trade in shares or securities of the Company;
- prepare the corporate governance report to be published in the Company's annual report;
- ensure that the disclosures made in the annual report is in compliance with the disclosure provisions in the Code of Corporate Governance;
- make recommendations to the Board on appointment of new executive, non-executive Directors and independent Directors, including recommendations on composition of Board in general regarding balance between executive and non-executive Directors appointed to the Board;
- review Board structure of the Company, size and composition and make recommendations to the Board where necessary with regard to any adjustments deemed necessary;
- identify and nominate candidates for approval of the Board to fill Board vacancies as and when they arise, (as well as have in place succession plans , in particular for Chairperson and CEO);
- determine and recommend to the Board the level of independent non-executive Directors' fees to be recommended;
- determine and recommend to the Board specific remuneration packages for executive Directors of the Company (basic salary, benefits in kind, any annual bonuses, performance-based incentives, share incentives, pensions and other benefits);
- determine, agree, develop and recommend to the Board the Company's general policy on executive and senior management remuneration; and
- determine any criteria necessary to measure the performance of the executive Directors, in discharging their duties and responsibilities.

CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE

The Audit Committee operates under the terms of reference adopted by the Board of Directors.

The primary objective of the Audit Committee is to assist the Board of UIL in fulfilling its responsibilities. The Committee thus reviews the integrity of the accounting and Risk Management.

THE MAIN TERMS OF REFERENCE OF THE AUDIT COMMITTEE ARE AS FOLLOWS:

- recommend the appointment of the external auditor, the audit fee, and any questions of resignation or dismissal of the external auditors;
- discuss and agree with the external auditor before the audit commences the nature and scope of the audit;
- review from time to time the cost effectiveness of the audit and the independence and objectivity of the external auditor;
- review the submission to the Board in relation to any audited accounts, focusing particularly on:
  - any changes in accounting policies and practice;
  - major judgemental areas;
  - significant adjustments resulting from the audit;
  - the going concern assumption;
  - compliance with accounting standards (and in particular accounting standards adopted in the financial year for the first time);
  - compliance with Stock Exchange and legal requirements;
  - compliance with guidelines, as and when issued by the Financial Services Commission and other authorities;
- discuss problems and reservations arising from the interim and final audits, and any matters the auditors may wish to discuss (in the absence of management where necessary);
- review the external auditors' management letter and management's response;
- review, on behalf of the Board, the Company's system of internal control (including financial, operational compliance and risk management) and make recommendations to the Board;
- review the proposed statement on the Directors' review of the Group's system of internal control (including financial, operational compliance and risk management) prior to endorsement by the Board;
- review from time to time the need for an internal audit function and, where such a function exists, review the internal audit programme, ensure co-ordination between the internal and external auditors and ensure that the internal audit function has adequate resources and maintains an appropriate standing within the Group ;
- consider the major findings of internal investigations and management's response;
- review the Group's operating, financial and accounting policies and practices;
- receive report of previous quarter from the Internal Auditor;
- consider other matters as defined by the Board; and
- report on all of the above matters to the Board.

INVESTMENT COMMITTEE

The Investment Committee operates under the terms of reference adopted by the Board of Directors.

The primary objective of the Investment Committee is to assist the Board of Directors in evaluating acquisitions and capital expenditure, reviewing and recommending Investment/divestment and determining economic forecasts.

DIVIDEND POLICY

There is no formal dividend policy.

STATEMENT OF REMUNERATION POLICY

The Board has delegated to the Corporate Governance Committee the responsibility of determining the adequate remuneration to be paid to the Non Executive Directors, the Executive Directors and Senior Management.

Remuneration is reviewed after taking into account the market norms, practices and is in accordance with the Code of Corporate Governance for Mauritius.

BOARD AND BOARD COMMITTEE FEES

All Non Executive Directors receive a Board remuneration consisting of a fixed fee and an additional fee for each Board meeting attended by them.

Board service	Meeting Fees
Annual Director's fee	MUR 50,000
Attendance fee	MUR 10,000 per board sitting

Audit Committee Services	
Chairperson's fee	MUR 50,000
Member's fee	MUR 25,000

Corporate Governance Committee	
Chairperson's fee	MUR 50,000
Member's fee	MUR 25,000

DIRECTORS REMUNERATION AND BENEFITS

Directors	Category	Remuneration from the Company MUR	Remuneration from subsidiary companies MUR	Total MUR
Didier Merven	ED	1,000,000	5,877,794	6,877,794
Brett Childs	INED	60,000	-	60,000
Kumar L. Gunness	INED	95,000	-	95,000
Sebastien MAMET	NED	-	-	-
Cyril MAYER	NED	-	-	-
Pierre Arnaud Marc De MARIGNY-LAGESSE	INED	140,000	-	140,000
Michel Guy Rivalland	ED	-	5,058,483	5,058,483
TOTAL		1,295,000	10,936,277	12,231,277

ED: Executive Director; NED: Non - Executive Director; INED: Independent Non-Executive Director.

SHAREHOLDER INFORMATION

The Board of Directors places great importance on an open and transparent communication with all the stakeholders of the Company. It also endeavours to regularly inform the shareholders on matters affecting the Company by announcements in the press, disclosures in the Annual Report and at the Annual Meeting of shareholders.

Calendar

November 2016	Publication of 1st quarter results
December 2016	Annual Meeting of Shareholders
February 2017	Publication of 2nd quarter results
May 2017	Publication of 3rd quarter results
September 2017	Publication of abridged annual audited financial statements for the year ended June 30, 2017

CORPORATE GOVERNANCE REPORT

EMPLOYEE SHARE OPTION PLAN

UIL has no employee share option plan.

CORPORATE SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

The Company is committed to social and environmental responsibility. It believes that a healthy society and a well-cared for environment are pillars to a sustainable future, one in which it endeavours to invest, as much financially as socially. To that end, the Company's Corporate Social Responsibility commitments focus on three main areas of intervention, namely 'education & training', 'sports & leisure' and the 'environment'. The Company is also committed to providing and maintaining a healthy and safe working environment for its employees and to ensure compliance to group efforts in relation to environmental and social betterment.

CODE OF ETHICS

The Company is committed to the highest standards of integrity and ethical conduct in dealing with all stakeholders. The Company firmly believes in values such as honesty, respect, fairness, steadiness and courtesy. The Company insists, as policy, that all its investee companies and businesses comply with the general law, and with all rules and regulations applicable to their particular areas of activity.

DONATIONS

The Company and its subsidiaries made no social or political donations during the year under review.

RISK FACTORS

The following risk areas have been identified for the Company;

FINANCIAL RISKS

UIL being an investment company, its performance is directly linked to the performance of its investee companies namely AXYS Group Ltd, Island Fertilizers Ltd, Megabyte Ltd, Pelagic Process Ltd, Attitude Resorts Ltd, Quantilab Ltd, Les Gaz Industriels Ltd, AXYS Investment Partners Ltd, UIL International Ltd, UIL Holding Ltd as well as Mechanisation Company Ltd.

Please refer to note 24 of the financial statements for details of the financial risks of UIL and how these are mitigated.

OPERATIONAL RISKS

Operational risk are risks of loss and/or opportunity gain foregone resulting from inadequate or failed internal processes, people, systems or external events. These losses may be caused by one or more of the following;

a) Human Resource risk

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. A dedicated and relevant training programme has been implemented to ensure that human resource risk is reduced to an acceptable level within the Company and its investee companies.

b) Business continuity risk

The capability of the Company and/or its investee companies to continue critical operations and processes is highly dependent on availability of information technologies, skilled personnel and other relevant resources. A dedicated and relevant business interruption plan has been set up, which involve amongst other things the duplication of records and information systems in order to continue operations in the event of an unforeseen event causing interruption of operations.

c) Compliance risk

The risk of not complying with laws, regulations and policies that results in lost revenue, higher costs, unnecessary delays and fines. Management of the investee companies and a compliance department monitor these risk issues regularly.

OPERATIONAL RISKS (CONT'D)

d) Reputational risk

Losses and/or opportunity gain foregone resulting from damages to the reputation of the Group and/or its investee companies, resulting in revenue loss and destruction of shareholder value. Management of UIL and its investee companies proactively analyses trends that might lead to threats to the reputation of UIL and its investee companies and promptly act to mitigate the threats identified.

INTERNAL CONTROL AND AUDIT

The Company has in place a system of internal control and the Board is satisfied that the system of internal control is functioning effectively in managing risks in an acceptable manner.

The Company has also engaged the services of UHY Advisory Ltd (formerly known as M&A Internal Audit Limited) to ensure that the system of internal control is operating to an acceptable standard and that the risk management policies in place are adequate in managing risks in a manner acceptable to the Board.

A representative of UHY Advisory Ltd has regular access to the Chairperson of the Company.

AUDITORS' REMUNERATION

Details of the fees paid to the external auditors are as follows:

	The Group		The Company	
	2016 Rs	2015 Rs	2016 Rs	2015 Rs
Audit fees	**403,000**	161,000	**403,000**	230,000
Other services	**-**	-	**-**	-

CORPORATE
GOVERNANCE REPORT

DIRECTORSHIP OF THE GROUP

The table below shows the Board memberships across the Group.

Name of companies	Isabelle ADAM	Luc BAX DE KEATING	Jan F L Gaetan BOULLE	Herbert COUACAUD	Constantin Robert Marie DE GRIVEL	Sylvain Desvaux DE MARIGNY	Pierre Arnaud Marc DE MARIGNY-LAGESSE	Roland DOGER DE SPEVILLE	Marie Christine DOVE	Thierry GIRAUD	Kumar Lilladhur GUNNESS	Laurent BOURGAULT DU COUDRAY	Noel Gerard DE RAVEL	Ghanshyam HURRY
ACMS Ltd														
APEX Africa Capital														
AX Offshore Ltd														
AXYS Consulting DMCC														
AXYS Corporate Advisory Ltd														
AXYS Group Ltd														
AXYS Investment Partners Ltd					√				√					
AXYS Leasing Ltd												√		
AXYS Mauritian Equity Fund Ltd														√
AXYS Stockbroking Ltd														
Bajama Limitee	√	√												
Cogito Capital Ltd					√									
COMILU Ltd														
CTC Ltd														
Dynamic Global Equity Ltd					√									
Flexicom & Co Ltd	√	√												
Flexi Drive Ltd														
Four Oaks Advisors Ltd														
Four Oaks Credit Fund Ltd														
FWM International Limited														
FWM Secretarial Services Limited														

Name of companies	Brian KERNICK	Louis Augustin Marie LALLIA	Bruce LYLE	Albert MAMET	Evenor Jean-Sebastien MAMET	Nicolas Marie Edouard MAIGROT	Harold MAYER	Didier MERVEN	Alain NOEL	Sébastien PITOT	Albert Pierre Gilbert POISSON	Bertrand QUEVAUVILLIERS	Joseph Marie Clement Labauve d'Arifat REY	Michel Guy RIVALLAND	Michel RIVALLAND	Lutchmeeprakash SEEPERSAND	Gilbert Patrick SELVON	Vikash TULSIDAS	Eendren VENCHARD	Cheong Shaow Woo AH CHING
ACMS Ltd								√						√	√					
APEX Africa Capital		√																		
AX Offshore Ltd		√						√												
AXYS Consulting DMCC		√						√						√						
AXYS Corporate Advisory Ltd		√						√												
AXYS Group Ltd								√						√						
AXYS Investment Partners Ltd		√						√						√						
AXYS Leasing Ltd										√	√		√					√		√
AXYS Mauritian Equity Fund Ltd								√						√		√				
AXYS Stockbroking Ltd														√				√		
Bajama Limitee																				
Cogito Capital Ltd		√						√								√				
COMILU Ltd														√						
CTC Ltd														√						
Dynamic Global Equity Ltd								√						√		√				
Flexicom & Co Ltd							√		√											
Flexi Drive Ltd										√				√			√			
Four Oaks Advisors Ltd		√														√				
Four Oaks Credit Fund Ltd		√						√												
FWM International Limited								√						√		√		√	√	
FWM Secretarial Services Limited														√		√				

CORPORATE
GOVERNANCE REPORT

Name of companies	Isabelle ADAM	Luc BAX DE KEATING	Jan F L Gaetan BOULLE	Herbert COUACAUD	Constantin Robert Marie DE GRIVEL	Sylvain Desvaux DE MARIGNY	Pierre Arnaud Marc DE MARIGNY-LAGESSE	Roland DOGER DE SPEVILLE	Marie Christine DOVE	Thierry GIRAUD	Kumar Lilladhur GUNNESS	Laurent BOURGAULT DU COUDRAY	Noel Gerard DE RAVEL	Ghanshyam HURRY	Brian KERNICK	Louis Augustin Marie LALLIA	Bruce LYLE	Albert MAMET	Evenor Jean-Sebastien MAMET	Nicolas Marie Edouard MAIGROT	Harold MAYER	Didier MERVEN	Alain NOEL	Sébastien PITOT	Albert Pierre Gilbert POISSON	Bertrand QUEVAUVILLIERS	Joseph Marie Clement Labauve d'Arifat REY	Michel Guy RIVALLAND	Michel RIVALLAND	Lutchmeeprakash SEEPERSAND	Gilbert Patrick SELVON	Vikash TULSIDAS	Eendren VENCHARD	Cheong Shaow Woo AH CHING
FWM Trustees Ltd																						√						√		√		√		
Gladius Limitée				√				√																				√						
Horizon Secretaries Ltd																						√						√		√		√		
IFL Investment Holding Ltd																						√						√						
Industrial Coding Ltd										√																		√						
Inside Capital Partners Ltd																			√			√												
Island Catch Ltd																						√						√						
Island Chemicals Ltd																												√						
Island Chemicals Holding Ltd																												√						
Island Fertilizers Ltd																						√						√						
Island Fertilizers Logistics Ltd																						√						√						
Island International Trade Ltd																						√						√						
Island Liquid Fertilizers Ltd																												√						
Island Renewable Energy Ltd															√		√											√						
Island Renewable Fertilizers Ltd												√	√															√						
La Moisson Ltee	√	√																					√											
Littlegate Nominees Ltd														√																√				
Lombard Management Services Ltd																						√						√		√		√	√	
Mamba Ltd	√	√																√																
NWT (Mauritius) Limited																						√						√		√		√	√	
Mauritius Kenya Holdings Ltd																√																		
Mechanisation Company Ltd	√	√																			√		√					√						
Megabyte Investment Ltd										√																		√						

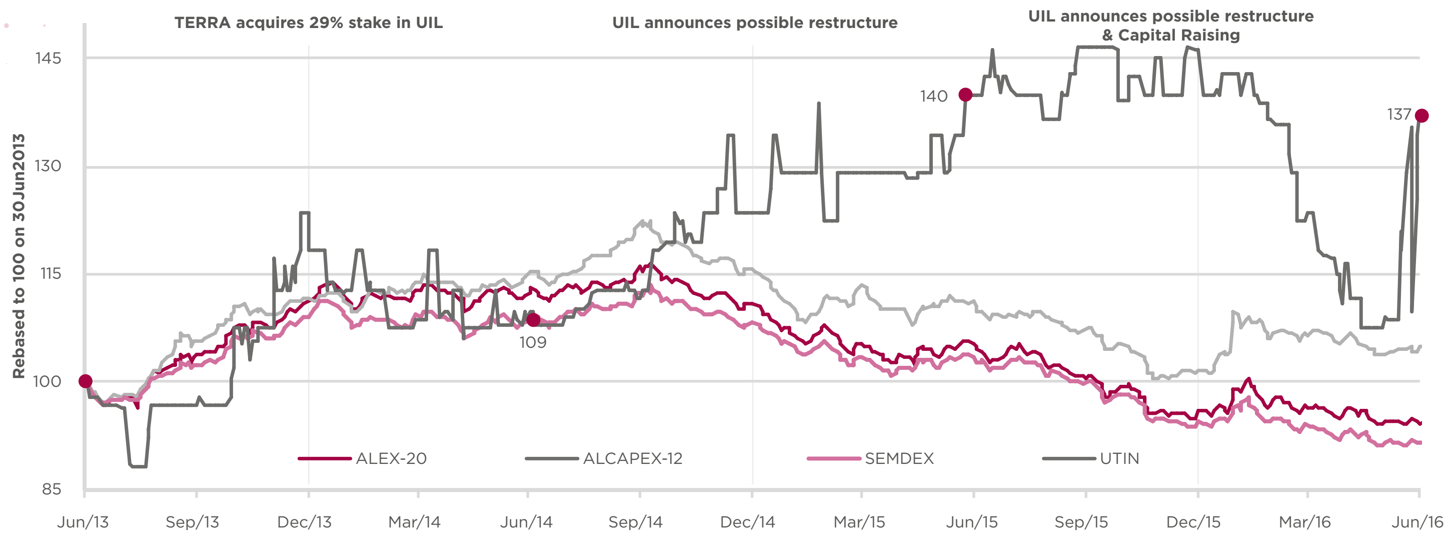
CORPORATE
GOVERNANCE REPORT

Name of companies	Isabelle ADAM	Luc BAX DE KEATING	Jan F L Gaetan BOULLE	Herbert COUACAUD	Constantin Robert Marie DE GRIVEL	Sylvain Desvaux DE MARIGNY	Pierre Arnaud Marc DE MARIGNY-LAGESSE	Roland DOGER DE SPEVILLE	Marie Christine DOVE	Thierry GIRAUD	Kumar Lilladhur GUNNESS	Laurent BOURGAULT DU COUDRAY	Noel Gerard DE RAVEL	Ghanshyam HURRY
Megabyte Ltd										√				
Multi Global Systems Ltd										√				
Parts Supplies Services Limited														
Pelagic Process Ltd				√				√						
Pex Construction Equipment Ltd	√	√												
Pex Hydraulics(Mtius) Ltd	√	√												
Powertech Limited						√								
Quantilab Holding Ltd														
Horizon Secretaries Ltd														
S.C.E.T.I.A Holding Ltd		√	√											
S.C.E.T.I.A Limitee	√													
Spice Finance Ltd														
Terra Marketing Ltd	√	√												
Turborenov Ltd						√								
UIL East Africa Holding Ltd														
UIL Holding														
UIL International Ltd														
United Investments Ltd							√				√			
United Investments Bis Ltd														
United Investments Treasury Ltd														

Name of companies	Brian KERNICK	Louis Augustin Marie LALLIA	Bruce LYLE	Albert MAMET	Evenor Jean-Sebastien MAMET	Nicolas Marie Edouard MAIGROT	Harold MAYER	Didier MERVEN	Alain NOEL	Sébastien PITOT	Albert Pierre Gilbert POISSON	Bertrand QUEVAUVILLIERS	Joseph Marie Clement Labauve d'Arifat REY	Michel Guy RIVALLAND	Michel RIVALLAND	Lutchmeeprakash SEEPERSAND	Gilbert Patrick SELVON	Vikash TULSIDAS	Eendren VENCHARD	Cheong Shaow Woo AH CHING
Megabyte Ltd														√						
Multi Global Systems Ltd														√						
Parts Supplies Services Limited												√								
Pelagic Process Ltd														√						
Pex Construction Equipment Ltd									√											
Pex Hydraulics(Mtius) Ltd									√											
Powertech Limited												√								
Quantilab Holding Ltd								√						√						
Horizon Secretaries Ltd								√	√					√						
S.C.E.T.I.A Holding Ltd												√	√	√						
S.C.E.T.I.A Limitee												√								
Spice Finance Ltd								√		√				√						
Terra Marketing Ltd																				
Turborenov Ltd												√								
UIL East Africa Holding Ltd		√																√		
UIL Holding														√					√	
UIL International Ltd								√						√					√	
United Investments Ltd					√	√		√						√						
United Investments Bis Ltd					√	√		√						√		√				
United Investments Treasury Ltd								√						√						

CORPORATE
GOVERNANCE REPORT

SHARE PRICE INFORMATION



The domestic market experienced a continuing bear-spell as exemplified by ~11% drops for both SEMDEX and ALEX-20, in-line with the MSCI Frontier markets index which lost 14% on the back of an unprecedented foreign exodus. European markets (Eurostoxx 50) tumbled 18% on fears of slowing growth in China, turbulence ahead of UK's famed referendum on leaving the European Union, and on-going quantitative easing in by the ECB; by contrast US Markets performed fairly well with the S&P 500 closing flat YoY.

UIL experienced a roller-coaster FY-16 in terms of trading on the Mauritian bourse where 3 stocks closed in negative territory for every one that finished in positive territory. UIL lost 2% YoY although it did experience a sharp rebound towards FY-end following several weeks of cascades during FY-Q3 seemingly induced by delays in proceeding with its restructuring exercise which had initially been announced as early as Dec-14. With a Market Capitalisation of Rs1.92bn, UIL retained its mid-cap status coming in at 35th. UIL remained an actively traded company ranking 20th in terms value traded but coming in as 10th most traded company as measured by its Turnover Ratio with 6.7% of its total shareholding swapping hands throughout the year.

SENIOR MANAGEMENT TEAM

Michel Guy Rivalland
Group Chief Executive Officer

Michel Guy is a graduate in economics, BSc (Hons) UK. He joined AXYS Group in 1999, became a shareholder and Director in 2002. He was appointed CEO of AXYS in July 2006, and since July 2010, he assumes the role of CEO for UIL.

Christine Dove
Group Financial Accountant

Christine is a qualified member of ACCA (UK). She has previously worked for three years in the Audit department with DCDM and a further 3 years in the accounting team of Rogers Group. She joined AXYS Group in 2005 as Financial Accountant, where she headed the Accounts and Financial Department. In August 2010, Christine was appointed Financial Accountant for UIL Group.

Didier Peten
Group Brand & Communication Manager

Didier is a Fellow member of ACCA (UK) and holds a Bachelor of Commerce degree in Accounting & Finance from Curtin University, Australia. Didier spent the early years of his career working in London with PricewaterhouseCoopers before returning to Mauritius in 1999, where he built up experience in financial advisory, client services and client relationship management within the private banking and international financial services sectors. He then joined AXYS Group in 2007 to head their marketing and branding activities. In August 2010, Didier was appointed Brand & Communication Manager for UIL Group.

Laurent Bourgault du Coudray
Project Manager

Laurent graduated in Accounting and Finance from Curtin University in Perth, Australia and is a member of the Institute of Chartered Accountants in Australia. He has worked over four years in Perth providing corporate and international tax services and is, since January 2013, Project Manager at UIL.

The above 4 persons have contract of employment with United Investments Treasury Ltd, a wholly owned subsidiary of UIL.

Directors' Responsibility Statement

The responsibilities of the Directors of UIL in respect of the operations of the Company are set out below:

Financial Statements

The Directors are required by the Companies Act 2001 to prepare financial statements for the Company that provide a true and fair view of the financial position as at the end of the financial year and of the results of their operations for the year then ended. The Directors are responsible for the integrity of these annual financial statements and for the objectivity of any other information presented therein.

The Directors confirm that, in preparing these financial statements, they have: kept proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and the Company; safe-guarded the assets of the Group and the Company by maintaining appropriate internal control systems and procedures; taken reasonable steps for the prevention and detection of fraud and other irregularities; prepared the financial statements on a going concern basis; made judgments and estimates that are reasonable and prudent; and, selected suitable accounting policies, in compliance with International Financial Reporting Standards, and have applied them consistently.

The Directors have appointed external auditors whose responsibility is to report on whether the financial statements are fairly presented.

Internal Control

The Directors have an overall responsibility for taking such steps, as are reasonably open to them, to safeguard the assets of the Company and to prevent and detect fraud and other irregularities. UIL's internal control systems have been designed to provide the Directors with such reasonable assurance.

Such systems should ensure that all transactions are authorised and recorded and that any material irregularities are detected and rectified within a reasonable time-frame. The Group has an established Internal Audit function which assists management in effectively discharging its responsibilities. Internal Audit is an independent function that reports directly to the Audit Committee. Business controls are reviewed on an on-going basis by Internal Audit using a cycle-based risk approach.

Governance

The Directors endeavour to apply principles of good governance at the level of the Group as well as within the Company.

Michel Guy Rivalland
DIRECTOR

Didier Merven
DIRECTOR

DATE: 13 October 2016

STATEMENT OF COMPLIANCE

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

Name of PIE: United Investments Ltd

Reporting Period: June 30, 2016

We, the Directors of United Investments Ltd, confirm that to the best of our knowledge that the Company has complied with most of its obligations and requirements under the Code of Corporate Governance except with Section 2.10.3 – Individual appraisal of the Directors.

SIGNED BY: Chairman and one Director

Didier Merven	Michel Guy Rivalland
CHAIRMAN	**DIRECTOR**

DATE: 13 October 2016

CERTIFICATE FROM THE COMPANY SECRETARY

FOR THE YEAR ENDED JUNE 30, 2016

We hereby certify that to the best of our knowledge and belief, the Company has filed with the Registrar of Companies all such returns as are required of the Company under the Companies Act 2001.

FWM Secretarial Services Limited

COMPANY SECRETARY

DATE: 13 October 2016

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
UNITED INVESTMENTS LTD

Report on the Financial Statements

We have audited the financial statements of United Investments Ltd (the "Company") and its subsidiary together referred as the ("Group") which comprise the statements of financial position as at June 30, 2016 and the statements of comprehensive income, statements of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and the Company at June 30, 2016 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001 and the Financial Reporting Act 2004.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
UNITED INVESTMENTS LTD

Report on the Financial Statements (Continued)

Other matter

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

Report on Other Legal and Regulatory Requirements

Companies Act 2001

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

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

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

Financial Reporting Act 2004

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

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

ERNST & YOUNG

Ebène, Mauritius

Date: 13 October 2016

PATRICK NG TSEUNG, A.C.A

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS AT JUNE 30, 2016

	Notes	THE GROUP 2016 Rs'000	THE GROUP 2015 Rs'000	THE COMPANY 2016 Rs'000	THE COMPANY 2015 Rs'000
ASSETS					
Non-current assets					
Motor vehicles and equipment	4	**253**	241	**-**	-
Investment in subsidiaries	5	**-**	-	**441,000**	-
Investments designated at fair value through profit or loss	6	**3,088,563**	2,642,743	**2,139,386**	2,642,743
Long term receivables	7	**77,729**	53,438	**77,729**	53,438
Other non-current financial assets	8	**27,960**	5,158	**27,960**	5,158
		3,194,505	2,701,580	**2,686,075**	2,701,339
Current assets					
Trade and other receivables	10	**167,957**	326,942	**154,740**	326,942
Prepayments		**354**	300	**79**	57
Cash and cash equivalents	11	**2,359**	313	**12**	106
		170,670	327,555	**154,831**	327,105
TOTAL ASSETS		**3,365,175**	3,029,135	**2,840,906**	3,028,444
EQUITY AND LIABILITIES					
Share capital	12	**151,462**	151,462	**151,462**	151,462
Share premium	12	**920,386**	920,386	**920,386**	920,386
Retained earnings		**842,151**	947,842	**962,274**	982,015
Equity attributable to equity holders of the parent		**1,913,999**	2,019,690	**2,034,122**	2,053,863
Non-current liabilities					
Interest-bearing loans and borrowings	13	**1,095,000**	196,667	**495,000**	196,667
Current liabilities					
Trade and other payables	14	**60,138**	149,678	**46,536**	145,848
Interest-bearing loans and borrowings	13	**294,218**	662,802	**263,428**	631,768
Income tax payable	15	**1,820**	298	**1,820**	298
		356,176	812,778	**311,784**	777,914
Total liabilities		**1,451,176**	1,009,445	**806,784**	974,581
TOTAL EQUITY AND LIABILITIES		**3,365,175**	3,029,135	**2,840,906**	3,028,444

These consolidated financial statements have been approved for issue by the Board of directors on 13 October 2016 and signed on its behalf by:

Michel Guy Rivalland

CHIEF EXECUTIVE OFFICER

Didier Merven

CHAIRMAN

The notes on pages 44 to 85 form an integral part of these consolidated financial statements.

Auditors' report on pages 36 and 37.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2016

	Notes	THE GROUP 2016 Rs'000	THE GROUP 2015 Rs'000	THE COMPANY 2016 Rs'000	THE COMPANY 2015 Rs'000
Revenue	17	**40,268**	34,995	**27,930**	34,899
Administrative expenses	20	**(25,519)**	(28,412)	**(7,132)**	(5,485)
Operating profit		**14,749**	6,583	**20,798**	29,414
Loss on disposal of investments designated at fair value through profit or loss		**(3,865)**	(40)	**(3,865)**	(40)
Fair value movement of investments designated at fair value through profit or loss	6	**277,457**	227,594	**351,280**	227,594
Impairment and write-offs of receivables	21	**(327,528)**	-	**(349,272)**	(58,437)
Other income		**-**	513	**-**	513
Finance income	18	**23,928**	21,061	**24,219**	19,760
Finance costs	19	**(86,410)**	(64,110)	**(58,879)**	(62,806)
(Loss) / profit before tax		**(101,669)**	191,601	**(15,719)**	155,998
Income tax expense	15	**(4,022)**	(1,593)	**(4,022)**	(1,593)
(Loss) / profit for the year		**(105,691)**	190,008	**(19,741)**	154,405
Other comprehensive income		**-**	-	**-**	-
Total comprehensive (loss) / profit for the year, net of tax		**(105,691)**	190,008	**(19,741)**	154,405
(Loss) / profit and total comprehensive income for the year attributable to:					
Owners of parent		**(105,691)**	190,008		
(Loss) / earnings per share (Rs.): Basic and diluted, profit for the year attributable to ordinary equity holders of the parent	22	**(0.70)**	1.25		

The notes on pages on pages 44 to 85 form an integral part of these consolidated financial statements.

Auditors' report on pages 36 and 37.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2016

THE GROUP

	Share capital	Share premium	Retained earnings	Total
	Rs'000	Rs'000	Rs'000	Rs'000
At June 30, 2014	**151,462**	**920,386**	**757,834**	**1,829,682**
Profit for the year	-	-	190,008	190,008
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	190,008	190,008
At June 30, 2015	**151,462**	**920,386**	**947,842**	**2,019,690**
At July 1, 2015	**151,462**	**920,386**	**947,842**	**2,019,690**
Loss for the year	-	-	(105,691)	(105,691)
Other comprehensive income for the year	-	-	-	-
Total comprehensive loss for the year	-	-	(105,691)	(105,691)
At June 30, 2016	**151,462**	**920,386**	**842,151**	**1,913,999**

The notes on pages on pages 44 to 85 form an integral part of these consolidated financial statements.

Auditors' report on pages 36 and 37.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2016

THE COMPANY

	Share capital	Share premium	Retained earnings	Total
	Rs'000	Rs'000	Rs'000	Rs'000
At June 30, 2014	151,462	920,386	827,610	1,899,458
Profit for the year	-	-	154,405	154,405
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	154,405	154,405
At June 30, 2015	151,462	920,386	982,015	2,053,863
At July 1, 2015	151,462	920,386	982,015	2,053,863
Loss for the year	-	-	(19,741)	(19,741)
Other comprehensive income for the year	-	-	-	-
Total comprehensive loss for the year	-	-	(19,741)	(19,741)
At June 30, 2016	151,462	920,386	962,274	2,034,122

The notes on pages on pages 44 to 85 form an integral part of these consolidated financial statements.

Auditors' report on pages 36 and 37.

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2016

	Notes	THE GROUP		THE COMPANY	
		2016 Rs'000	2015 Rs'000	2016 Rs'000	2015 Rs'000
Operating activities					
(Loss) / profit before tax		**(101,669)**	191,601	**(15,719)**	155,998
Adjustments for:					
Depreciation of motor vehicles and equipment	4	**273**	375	**-**	-
Fair value gain on fair value through profit or loss investments		**(277,457)**	(227,594)	**(351,280)**	(227,594)
Loss on disposal of investments designated at fair value through profit or loss		**3,865**	40	**3,865**	40
Impairment and write offs of receivables and investments		**327,528**	-	**349,272**	58,442
Unrealised loss / (gain)	18/19	**96**	(1,484)	**(291)**	(183)
Dividend income	17	**(27,930)**	(34,899)	**(27,930)**	(34,899)
Interest income	18	**(23,928)**	(19,577)	**(23,928)**	(19,577)
Interest expense	19	**86,314**	64,110	**58,879**	62,806
		(12,908)	(27,428)	**(7,132)**	(4,967)
Working capital adjustments:					
Trade and other receivables and prepayments		**(349,552)**	(167,457)	**223,960**	(193,634)
Trade and other payables		**(81,645)**	18,715	**(81,966)**	21,719
		(444,105)	(176,170)	**134,862**	(176,882)
Interest received		**2,386**	415	**2,386**	415
Interest paid		**(68,209)**	(60,721)	**(50,227)**	(59,415)
Income tax and CSR paid	15(b)	**(2,500)**	(2,365)	**(2,500)**	(2,365)
Net cash flows used in operating activities		**(512,428)**	(238,841)	**84,521**	(238,247)
Investing activities					
Proceeds from sale of investments designated at fair value through profit or loss		**8,532**	1,582	**8,532**	1,582
Purchase of motor vehicles and equipment	4	**(285)**	(89)	**-**	-
Dividends received		**1,151**	4,527	**1,151**	4,527
Loans granted to related parties	7	**(21,864)**	-	**(21,864)**	-
Acquisition of preference shares	7	**(2,427)**	-	**(2,427)**	-
Acquisition of investments		**-**	(684)	**-**	(684)
Net cash flows (used in) / from investing activities		**(14,893)**	5,336	**(14,608)**	5,425
Financing activities					
Proceeds from borrowings		**1,025,000**	171,250	**425,000**	171,250
Repayment of borrowings		**(597,917)**	(10,000)	**(597,917)**	(10,000)
Repayment of finance lease liabilities		**(134)**	(302)	**-**	-
Net cash flows from/(used in) financing activities		**426,949**	160,948	**(172,917)**	161,250
Net decrease in cash and cash equivalents		**(100,372)**	(72,557)	**(103,004)**	(71,572)
Cash and cash equivalents at July 1,		**(82,364)**	(9,807)	**(82,079)**	(10,507)
Cash and cash equivalents at June 30,	11 (b)	**(182,736)**	(82,364)	**(185,083)**	(82,079)

The notes on pages on pages 44 to 85 form an integral part of these consolidated financial statements.

Auditors' report on pages 36 and 37.

1. CORPORATE INFORMATION

United Investments Ltd (the "Company") is a public company incorporated and domiciled in the Republic of Mauritius and its shares are listed on the secondary market of Mauritius, the Development and Enterprise Market ("DEM") under the Stock Exchange of Mauritius. Its registered office and place of business are at 6th Floor, Dias Pier Building, Le Caudan Waterfront, Caudan, Port Louis 11307, Mauritius.

The principal activity of the Group is investment holding.

The consolidated and separate financial statements for the year ended June 30, 2016 were authorised for issue by the Board of Directors on the date stamped on page 38.

2.1 BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss.

Management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis (see note 27).

The consolidated and separate financial statements of United Investments Ltd and its subsidiaries (the 'Group') are presented in Mauritian rupees and all values are rounded to the nearest thousand (Rs.'000) except when otherwise indicated.

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board ('IASB').

2.2 BASIS OF CONSOLIDATION

As explained in note 3 (a) the Company meets the definition of an investment entity under IFRS 10, Consolidated Financial Statements, which require the Company to account for its investment in subsidiaries at fair value through profit or loss instead of consolidating or equity accounting for them. Accordingly the Company only consolidates those subsidiaries that provide services that relate to the Company's investment activities.

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries that fall within the scope of consolidation as described above.

A subsidiary is an entity controlled by the Company. Control is achieved when the Group:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

2.2 BASIS OF CONSOLIDATION (CONT'D)

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Group and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiary to bring its accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2.3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the consolidated and separate financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting year. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgements

In the process of applying the Group's accounting policies, management has used its judgements in determining the amounts recognised in the financial statements.

(i) Assessing criteria for meeting the definition of an investment entity

Significant judgement has been exercised in determining whether the Group meets the definition of investment entity. Having considered the various criteria, as detailed in 3(a) pertaining to Group's operations, management is of the opinion that the Group meets such definition.

(ii) Going concern

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

Estimations

The key assumption concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Fair value of financial instruments

Where the fair value of financial assets recorded on the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to those models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as discount rates, liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

(ii) Allowance for doubtful debts

An allowance for doubtful debts is determined using a combination of factors to ensure that the trade receivables are not overstated due to uncollectibility. The allowance for doubtful debts for all customers is based on a variety of factors, including the overall quality and ageing of the receivables, continuing credit evaluation of the customer's financial conditions. Also, specific provisions for individual accounts are recorded when the Group becomes aware of the customer's inability to meet its financial obligation such as in the case of deterioration in the customers operating results or financial position. Refer to note 10.

2.4 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year. There were no new standards and interpretations which were effective for this financial year.

2.5 ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

Standards and interpretations issued but not yet effective up to the date of issuance of the Group's financial statements are listed below. This listing is of standards and interpretations issued, which the Group reasonably expects to be applicable at a future date. The Group intends to adopt those standards when they become effective.

2.5 ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONT'D)

	Effective for accounting period beginning on or after
- Sale or contribution of assets between an investor and its associate or joint venture (Amendments to IFRS 10 and IAS 28)	Effective date deferred indefinitely
- IFRS 14 Regulatory Deferral Accounts	1 January 2016
- IFRS 15 Revenue from Contracts with Customers	1 January 2018
- IFRS 16 Leases	1 January 2019
- Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)	1 January 2016
- Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)	1 January 2016
- Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)	1 January 2016
- Amendments to IAS 27: Equity Method in Separate Financial Statement	1 January 2016
- Annual improvements 2012 – 2014 Cycle	1 January 2016
- Disclosure initiative – Amendments to IAS 1	1 January 2016
- Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)	1 January 2017
- Disclosure initiative (Amendments to IAS 7)	1 January 2017
- Clarification to IFRS 15 'Revenue from contracts with customers'	1 January 2018
- Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)	1 January 2018

Where the standards and interpretations may have an impact at a future date, they have been discussed below:

IFRS 15 Revenue from Contracts with Customers - effective 1 January 2018

IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers.

The five steps in the model are as follows:

- Identify the contract with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contracts; and
- Recognise revenue when (or as) the entity satisfies a performance obligation.

Guidance is provided on topics such as the point in which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced.

The Group is still assessing the impact of this new standard, but it is not expected to have a significant effect on financial performance. There may be an impact on the level of disclosure provided.

2.5 ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONT'D)

IFRS 16 Leases - effective 1 January 2019

IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

The directors will assess the impact of this new standard when it becomes effective.

Annual improvements 2012 – 2014 Cycle - effective 1 January 2016

The annual improvements 2012-2014 Cycle make amendments to the following standards:

- IFRS 5 - Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued;
- IFRS 7 – Additional guidance given to clarify whether a servicing contract is continuing involvement in transferred assets, and clarification made on offsetting disclosures in condensed interim financial statements;
- IAS 9 – Clarifies that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid; and
- IAS 34 – Clarifies the meaning of "elsewhere in the interim report" and require a cross reference.

The directors will assess the impact of the amendments when they become effective.

Disclosure Initiative (Amendments to IAS 1) - effective 1 January 2016

Amendments to IAS 1 Presentation of Financial Statements were made mainly to address perceived impediments to preparers exercising their judgement in presenting their financial reports. The following changes were made:

- clarification that information should not be obscured by aggregating or by providing immaterial information, materiality considerations apply to the all parts of the financial statements, and even when a standard requires a specific disclosure, materiality considerations do apply;
- clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and clarification that an entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss; and
- additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order so far listed in paragraph 114 of IAS 1.

2.5 ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONT'D)

Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12) - effective 1 January 2017

Amendments to IAS 12 Income Taxes have been made to clarify the following aspects:

- Unrealised losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use.
- The carrying amount of an asset does not limit the estimation of probable future taxable profits.
- Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences.
- An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilisation of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

Disclosure Initiative (amendments to IAS 7) – effective 1 January 2017

Amendments to IAS 7 Statement of Cash Flows were made to clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

Clarifications to IFRS 15 'Revenue from Contracts with Customers' - effective 1 January 2018

IASB amended IFRS 15 'Revenue from Contracts with Customers' to clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts.

No early adoption of these standards and interpretations is intended by the Board of directors.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the more important accounting policies, which have been applied consistently, is set out below:

(a) Investment entity

IFRS 10, Consolidated Financial Statements requires entities that meet the definition of an investment entity to account for its investments in subsidiaries at fair value through profit or loss instead of consolidation.

The Group has multiple investors and indirectly holds multiple investments through the investee companies. The Group has been deemed to meet the definition of an investment entity per IFRS 10 as the following conditions exist:

(a) The Group has obtained funds for the purpose of providing investors with investment management services.

(b) The Group's business purpose, which was communicated directly to investors, is investing solely for returns from capital appreciation and investment income, through the investee companies.

(c) The performance of investments made through the investee companies are measured and evaluated on a fair value basis.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Investment in subsidiaries

Subsidiaries are those entities controlled by the Company. Control is achieved when the company is exposed to, or has right to, variable returns from its investment with the entity and has the ability to affect those returns through its power over the entity.

Separate financial statements

Investments in subsidiaries in the separate financial statements of the Company are carried at cost, net of any impairment. Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is recognised in profit or loss. Upon disposal of the investment, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

(c) Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but not control or joint control over these policies.

A joint venture is a type of arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The entity has elected to apply the exemption from applying the equity method, under this exemption. Investments in Associates and Joint Ventures are measured at fair value through profit and loss under IFRS 9.

(d) Foreign currency translation

The financial statements are presented in Mauritian Rupees, which is the Group's functional and presentation currency. Transactions in foreign currencies are initially recorded in the functional currency rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to the profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

(e) Motor vehicles and equipment

Motor vehicles and equipment are stated at cost excluding the costs of the day to day servicing, net of accumulated depreciation and/or accumulated impairment losses, if any. Changes in the expected useful life and residual values, which are reviewed at least at the end of each financial year, are accounted for by changing the depreciation period or method, as appropriate, and treated as changes in accounting estimates.

Depreciation is calculated on the straight line method to write down the cost of equipment to their residual values over their estimated useful life as follows:

Computer equipment	33%
Motor vehicles	20%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Financial instruments - recognition and measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial assets

Initial recognition and measurement

The Group classified its financial assets in the following measurement categories: those measured at fair value and those measured at amortised cost.

The Group's financial assets include financial assets at fair value through profit or loss and cash at bank and other receivables.

The entity recognises a financial asset or a financial liability in its statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instruments.

Debt investments

Financial assets at amortised cost

A debt investment is classified at 'amortised cost' only if both of the following criteria are met: the objective of the Group's business model is to hold the asset to collect the contractual cash flows and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. The nature of any derivatives embedded in the debt investment is considered in determining whether the cash flows of the investment are solely payment of principal and interest on the principal outstanding and are not accounted for separately.

Financial assets at fair value

If either of the two criteria above is not met, the debt instrument is classified as fair value through profit or loss.

Equity investments

All equity investments are measured at fair value. Equity investments that are held for trading are measured at fair value through profit or loss. For all other equity investments, the Group can make an irrevocable election at initial recognition to recognise changes in fair value through other comprehensive income rather than profit or loss.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial asset carried at fair value through profit or loss.

Cash at bank

Cash comprises cash at bank. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Financial instruments - recognition and measurement (cont'd)

(i) Financial assets (cont'd)

Subsequent measurement

A gain or loss on a debt investment that is subsequently measured at fair value and is not part of a hedging relationship is recognised in profit or loss and presented in profit or loss within "fair value movement of investments designated at fair value through profit or loss" in the period in which they arise.

The Group subsequently measures all equity investments at fair value. Unrealised and realised fair value gains and losses on equity investments are recognised in profit or loss under "fair value movement of investments designated at fair value through profit or loss". Interests and dividends from such investments continue to be recognised in profit or loss as long as they represent a return on investment.

The Group is required to reclassify all affected debt investments when and only when its business model for managing those assets changes.

<u>Loans and receivables</u>

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the EIR method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The losses arising from impairment are recognised in profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and
- either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Financial instruments - recognition and measurement (cont'd)

(i) Financial assets (cont'd)

Derecognition of financial assets (cont'd)

When the Group has transferred its rights to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset.

The Group shall derecognise a financial asset when, and only when:

(a) the contractual rights to the cash flows from the financial asset expire, or

(b) it transfers the financial assets and the transfer qualifies for derecognition.

When the Group transfers a financial asset it evaluates the extent to which it retains the risks and rewards of ownership of the financial asset. In this case:

(a) If the Group transfers substantially all the risks and rewards of ownership of the financial asset, the Group derecognises the financial asset and recognise separately as assets or liabilities any rights and obligations created or retained in the transfer;

(b) If the Group retains substantially all the risks and rewards of ownership of the financial asset, the Group continues to recognise the financial asset;

(c) If the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, the Group determines whether it has retained control of the financial asset. In this case:

    (i) if the Group has not retained control, it shall derecognise the financial asset and recognise separately as assets or liabilities any rights and obligations created or retained in the transfer;

    (ii) if the entity has retained control, it shall continue to recognise the financial asset to the extent of its continuing involvement in the financial asset .

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or as payables, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables and loans and borrowings including bank overdrafts.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Financial instruments - recognition and measurement (cont'd)

(ii) Financial liabilities (cont'd)

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings.

Derecognition

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

(iii) Determination of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Financial instruments - recognition and measurement (cont'd)

(iii) Determination of fair value (cont'd)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities:
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

(g) Impairment of financial assets

The Group assesses at each reporting date whether a financial asset or group of financial assets classified as loans and receivables is impaired. Evidence of impairment may include indications that the debtor, or a group of debtors, is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and, where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted using the asset's original effective interest rate.

Impaired debts, together with the associated allowance, are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a previous write-off is later recovered, it is credited to profit or loss.

Interest revenue on impaired financial assets is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

(h) Offsetting of financial instruments

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

(i) Fair value movement of investments designated at fair value through profit or loss

This item includes changes in the fair value of financial assets and liabilities held for trading or designated upon initial recognition as 'fair value through profit or loss' and exclude interest and dividend income and expenses.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Impairment of non-financial assets

The Group assesses at each reporting date, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired, whether there is an indication that a non-financial asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset.

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

(k) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in profit or loss net of any reimbursement.

(l) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Rendering of services

Management fees are accounted for on an accrual basis in accordance with the terms of relevant agreements.

Interest income

For all financial instruments measured at amortised cost and interest bearing financial assets classified as available for sale, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Revenue recognition (cont'd)

Dividend income

Revenue is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

Gains or losses on fair value

Gains or losses arising from changes in the fair value of the 'investment designated at fair value through profit or loss' category is presented in the statement of comprehensive income in the period in which they arise.

(m) Taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date. Current income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss.

Deferred tax

Deferred tax is provided using the liability method on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

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

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

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

Corporate Social Responsibility

In line with the definition within the Income Tax Act 1995, Corporate Social Responsibility (CSR) is regarded as a tax and is therefore subsumed with the income tax shown within profit or loss and the income tax liability on the statement of financial position.

The CSR charge for the current period is measured at the amount expected to be paid to the Mauritian tax authorities. The CSR rate and laws used to compute the amount are those charged or substantively enacted by the reporting date.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Taxes (cont'd)

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 net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

(n) Dividends on ordinary shares

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Group's shareholders. Interim dividends are deducted from equity when they are declared and no longer at the discretion of the Group.

(o) Segmental reporting

Management monitors the operating results of its business on a "company" basis for the purpose of making decisions about resource allocation and performance assessment. As such, management considers that there is no segmental reporting.

(p) Leases

Finance leases - Group as the Lessee

Finance leases which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit or loss and other comprehensive income.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases - Group as a lessee

Leases that do not transfer to the Group substantially all the risks and benefits incidental to ownership of the leased items are operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term. Contingent rental payable is recognised as an expense in the period in which they are incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

4. (a) MOTOR VEHICLES AND EQUIPMENT

THE GROUP	Equipment	Vehicles	Total
	Rs'000	Rs'000	Rs'000
Cost:			
At July 1, 2014	298	1,500	1,798
Additions	89	-	89
Assets scrapped	(143)	-	(143)
At June 30, 2015	244	1,500	1,744
Additions	285	-	285
Assets scrapped	(64)	-	(64)
At June 30, 2016	**465**	**1,500**	**1,965**
Depreciation:			
At July 1, 2014	196	1,075	1,271
Charge for the year	75	300	375
Assets scrapped	(143)	-	(143)
At June 30, 2015	128	1,375	1,503
Charge for the year	148	125	273
Assets scrapped	(64)	-	(64)
At June 30, 2016	**212**	**1,500**	**1,712**
Net book values:			
At June 30, 2016	**253**	**-**	**253**
At June 30, 2015	116	125	241

(b) Leased assets are effectively secured as rights to the leased assets revert to the lessor in the event of default.

(c) Asset held under finance lease at June 30, 2016 was as follows:

	Motor Vehicles
	Rs'000
Cost	**1,500**
Accumulated depreciation	**(1,500)**
Net book value	-

5. INVESTMENT IN SUBSIDIARIES

	THE COMPANY	
	2016	2015
Unquoted	Rs'000	Rs'000
At July 1,	**-**	5
Additions	**441,000**	-
Impairment	**-**	(5)
At June 30,	**441,000**	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows:

Name	Main business activity	Year end	Direct Holding	Effective holding and voting power
			%	%
United Investments Treasury Ltd	Management company	June 30,	100	100
United Investments Bis Ltd	Investment holding	June 30,	100	100

Other subsidiaries accounted for at fair value through profit or loss are disclosed in note 6.

6. INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

THE GROUP	Quoted	Unquoted	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000
At July 1,	60,232	2,582,511	2,642,743	2,322,846
Additions	-	1,050,014	1,050,014	8,441
Disposal	(492)	(1,034,905)	(1,035,397)	(1,622)
Fair value movement	(17,133)	294,590	277,457	227,594
Transfer from receivables	-	153,746	153,746	85,484
At June 30,	42,607	3,045,956	3,088,563	2,642,743

THE COMPANY	Quoted	Unquoted	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000
At July 1,	60,232	2,582,511	2,642,743	2,322,846
Additions	-	27,014	27,014	8,441
Disposal	(492)	(1,034,905)	(1,035,397)	(1,622)
Fair value movement	(17,133)	368,413	351,280	227,594
Transfer from receivables	-	153,746	153,746	85,484
At June 30,	42,607	2,096,779	2,139,386	2,642,743

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

6. INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS (CONT'D)

Details of the material investee entities are given below:

(i) Included in investments at fair value through profit or loss are the following material subsidiaries and associates, incorporated in Mauritius. The Group meets the definition of an investment entity. Therefore, it does not consolidate its subsidiaries and associates but rather, it recognises them as investment at fair value through profit or loss.

Name	Main business	Year end	Direct Holding	Indirect Holding	Effective holding and voting power
			%	%	%
Investee Companies					
AX Offshore Ltd	Investment holding	June 30,	100	-	100
AXYS Consulting DMCC	Consulting and corporate advisory	December 31,	-	51	51
AXYS Group Ltd	Investment holding	June 30,	80	-	80
AXYS Investment Partners Ltd	Asset management	June 30,	100	-	100
AXYS Leasing Ltd	Leasing business	June 30,	-	80	80
AXYS Stockbroking Ltd	Brokerage services	June 30,	-	80	80
Cogito Capital (Pty)	Investment manager	June 30,	-	50	50
COMILU Ltd	Investment holding	June 30,	100	-	100
Four Oaks Advisors Ltd	Investment advisory	June 30,	-	50	50
IFL Investment Holding Ltd	Investment holding	June 30,	-	100	100
Island Catch Ltd	Fishing and seafood distribution	June 30,	100	-	100
Island Chemicals Ltd	Sale of fertilisers and other agricultural products	June 30,	-	100	100
Island Fertilizers Logistics Ltd	Manufacture and sale of fertilizers	June 30,	-	100	100
Island Fertilizers Ltd	Manufacture of fertilizers	June 30,	100	-	100
Island Renewable Fertilizers Ltd	Manufacture and sale of liquid fertilizers	June 30,	-	100	100
Mechanisation Company Limited	Sale of industrial and agricultural machinery	June 30,	7	51	58
Megabyte Investment Ltd	IT services	June 30,	70	-	70
Megabyte Ltd	IT services	June 30,	-	70	70
NWT (Mauritius) Limited	Trust and corporate service provider	June 30,	-	72	72
UIL Holding	Investment holding	June 30,	100	-	100
UIL International	Investment holding	June 30,	65	-	65

6. INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS (CONT'D)

Name	Main business	Year end	Direct Holding	Indirect Holding	Effective holding and voting power
			%	%	%
Associates					
Attitude Hospitality Ltd	Hospitality	June 30,	-	40	40
Flexi Drive Ltd	Fleet management	June 30,	50	-	50
La Moisson Ltee	Rental of agricultural equipment	June 30,	-	29	29
Part Supply Services Ltd	Automative	June 30,	-	28	28
Inside Capital Partners Ltd	Investment holding	June 30,	33	-	33
Quantilab Holding Ltd	Investment holding	June 30,	50	-	50
Quantilab Ltd	Laboratory	June 30,	-	35	35
S.C.E.T.I.A Holding Ltd	Investment holding	June 30,	-	35	35

(ii) Other material investments other than subsidiaries and associates designated at fair value through profit or loss include:

Name	Main business	Year end	Direct Holding	Indirect Holding	Effective holding and voting power
			%	%	%
Les Gaz Industriels Ltee	Utilities	December 31,	19	-	19
Inside Equity Fund	Private Equity	December 31,	48	-	48
Novus Properties Ltd	Investment property	June 30,	7	-	7

All the shares held in the investee companies are ordinary shares.

(iii) Financial guarantees and support provided to unconsolidated entities are disclosed seperately in Note 26.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

7. LONG TERM RECEIVABLES

	THE GROUP AND THE COMPANY	
	2016 Rs'000	2015 Rs'000
463,382 preference shares at interest rate of 5.123% per annum (note (a))	46,338	46,338
273,745 preference shares of USD 1 bearing no interest (note (b))	9,527	7,100
Loan receivable bearing no interest (note (c))	3,771	-
Loan receivable of USD 250,000 of 6% per annum (note (d))	9,114	-
Loan receivable of USD 250,000 of USD LIBOR 6 months + 4.5% per annum (note (e))	8,979	-
	77,729	53,438

(a) The Company holds 463,382 preference shares in Attitude Hospitality Ltd. The preference shares will be converted into one ordinary share should the Company satisfy certain predetermined criteria. In the event of winding up of Attitude Hospitality Ltd, the repayment of the preference shares is in priority to any other class of shares.

(b) The Company holds 273,745 preference shares of USD 1 (2015: 206,855 preference shares) bearing no interest in Inside Capital Partners Ltd.

(c) The Company has granted a loan receivable of USD 105,000 during the year to Inside Capital Partners Ltd bearing no interest.

(d) The Company has granted a loan of USD 250,000 to AXYS Consulting DMCC bearing an interest of 6% per annum.

(e) The Company has granted a long-term loan of USD 250,000 to the director of an investee entity bearing an interest of USD LIBOR 6 months + 4.5% per annum.

All above long-term receivables are due from related parties with no fixed term of repayments but will not be recalled within the next twelve months and have no credit rating.

8. OTHER NON-CURRENT FINANCIAL ASSETS

	THE GROUP AND THE COMPANY	
	2016 Rs'000	2015 Rs'000
Deposit on shares	27,960	5,158

The deposit on shares represents shares in Helilagon (Mauritius) Ltd, Frontiere Finance and Island Management Ltd. The shares in Island Management Ltd are yet to be alloted due to a pending legal case. The shares for Helilagon (Mauritius) Ltd and Frontiere Finance will be alloted once discussions with the companies' management have been finalised.

9. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value hierarchy

The table below analyses recurring assets and liabilities carried at fair value. The different levels are defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2: Input other than quoted prices included in Level 1 that are observable for the asset or liability, either or directly or indirectly;

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

THE GROUP	June 30, 2016			
	Level 1	Level 2	Level 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Engineering	-	-	93,013	93,013
Financial services	-	-	1,711,261	1,711,261
Commercial	-	-	116,590	116,590
Technology	-	-	60,572	60,572
Hospitality	-	-	949,177	949,177
Investment property	7,396	-	-	7,396
Energy	35,211	-	-	35,211
Laboratory	-	-	64,550	64,550
Fleet management	-	-	659	659
Fishing	-	-	50,000	50,000
Other	-	-	134	134
	42,607	-	3,045,956	3,088,563

THE COMPANY	June 30, 2016			
	Level 1	Level 2	Level 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Engineering	-	-	93,013	93,013
Financial services	-	-	1,711,261	1,711,261
Commercial	-	-	116,590	116,590
Technology	-	-	60,572	60,572
Investment property	7,396	-	-	7,396
Energy	35,211	-	-	35,211
Laboratory	-	-	64,550	64,550
Fleet management	-	-	659	659
Fishing	-	-	50,000	50,000
Other	-	-	134	134
	42,607	-	2,096,779	2,139,386

9. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

Fair value hierarchy (Cont'd)

Fair value measurement using significant unobservable inputs (Level 3):

THE GROUP	Balance at July 1, 2015	Acquisitions	Disposals	Transfer	Fair value movement	Transfer from receivables	Balance at June 30, 2016
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Engineering	-	-	-	-	30,348	62,665	93,013
Financial services	1,212,911	27,014	(10,000)	349	401,613	79,723	1,711,610
Commercial	120,000	-	-	-	(6,554)	3,144	116,590
Technology	61,048	-	-	-	(8,690)	8,214	60,572
Freight and forwarding	8,000	-	-	-	(8,000)	-	-
Hospitality	1,023,000	1,023,000	(1,023,000)	-	(73,823)	-	949,177
Laboratory	54,889	-	-	-	9,661	-	64,550
Fleet management	250	-	-	-	409	-	659
Fishing	100,000	-	-	-	(50,000)	-	50,000
Other	2,413	-	(1,905)	(349)	(374)	-	(215)
	2,582,511	1,050,014	(1,034,905)	-	294,590	153,746	3,045,956

THE COMPANY	Balance at July 1, 2015	Acquisitions	Disposals	Transfer	Fair value movement	Transfer from receivables	Balance at June 30, 2016
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Engineering	-	-	-	-	30,348	62,665	93,013
Financial services	1,212,911	27,014	(10,000)	349	401,613	79,723	1,711,610
Commercial	120,000	-	-	-	(6,554)	3,144	116,590
Technology	61,048	-	-	-	(8,690)	8,214	60,572
Freight and forwarding	8,000	-	-	-	(8,000)	-	-
Hospitality	1,023,000	-	(1,023,000)	-	-	-	-
Laboratory	54,889	-	-	-	9,661	-	64,550
Fleet management	250	-	-	-	409	-	659
Fishing	100,000	-	-	-	(50,000)	-	50,000
Other	2,413	-	(1,905)	(349)	(379)	-	(215)
	2,582,511	27,014	(1,034,905)	-	368,413	153,746	2,096,779

The entity's policies is to recognise transfers out of Level 3 as of the date of the event or change in circumstances that cause the transfer.

9. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

Fair value hierarchy (Cont'd)

The following table shows the valuation techniques used in the determination of fair values within Level 3 of the hierarchy as well as the key unobservable inputs used in the valuation model.

Type	Fair value at June 30, 2016	Valuation approach	Key unobservable inputs	Range of unobservable inputs (probability – weighted average)	Sensitivity of the input to fair value	
	Rs'000					Rs'000
THE GROUP						
Engineering	93,013	Recoverable amount	N/A	-		-
Financial services	1,711,610	PAT multiple	PE multiple	10	± 0.5	66,376
Commercial	116,590	EBITDA multiple	Average of peers	4 - 8.74	± 0.5	16,680
Technology	60,572	EBITDA multiple	Average of peers	8.5	± 1	7,195
Hospitality	949,177	Discounted cash flows	Discount rate	13.53%	+1%	(93,608)
Laboratory	64,550	EBITDA multiple	Average of peers	7	± 0.5	5,091
Fleet Management	659	Recoverable amount	N/A	N/A	-	-
Fishing	50,000	Recoverable amount	N/A	N/A	-	-
Others	(200)	Recoverable amount	N/A	N/A	-	-
THE COMPANY						
Engineering	93,013	Recoverable amount	N/A	-		-
Financial services	1,711,610	PAT multiple	PE multiple	10	± 0.5	66,376
Commercial	116,590	EBITDA multiple	Average of peers	4 - 8.74	± 0.5	16,680
Technology	60,572	EBITDA multiple	Average of peers	8.5	± 1	7,195
Laboratory	64,550	EBITDA multiple	Average of peers	7	+1%	5,091
Fleet Management	659	Recoverable amount	N/A	N/A	-	-
Fishing	50,000	Recoverable amount	N/A	N/A	-	-
Others	(200)	Recoverable amount	N/A	N/A	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

9. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

Fair value hierarchy (Cont'd)

THE GROUP AND THE COMPANY

	June 30, 2015			
	Level 1	Level 2	Level 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Financial services	-	-	1,212,911	1,212,911
Agriculture	481	-	-	481
Commercial	-	-	120,000	120,000
Technology	-	-	61,048	61,048
Freight and forwarding	-	-	8,000	8,000
Hospitality	-	-	1,023,000	1,023,000
Investment property	6,934	-	-	6,934
Energy	52,817	-	-	52,817
Laboratory	-	-	54,889	54,889
Fleet management	-	-	250	250
Fishing	-	-	100,000	100,000
Other	-	-	2,413	2,413
	60,232	-	2,582,511	2,642,743

Fair value measurement using significant unobservable inputs (Level 3):

	Balance at July 1, 2014	Acquisitions/ Transfers	Disposals	Fair value movement	Transfer from receivable	Balance at June 30, 2015
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Financial services	846,012	3,450	-	363,449	-	1,212,911
Fishing	-	-	-	52,764	47,236	100,000
Commercial	125,359	-	-	(40,448)	35,089	120,000
Chemicals	240,095	-	-	(240,095)	-	-
Technology	61,048	-	-	-	-	61,048
Freight and forwarding	8,000	-	-	-	-	8,000
Hospitality	940,925	2,798	-	78,496	781	1,023,000
Investment property	8,013	(8,013)	-		-	-
Fleet management	250	-	-	-	-	250
Laboratory	-	30,000	-	24,889	-	54,889
Other	2,054	359		(2,378)	2,378	2,413
	2,231,756	28,594	-	236,677	85,484	2,582,511

The entity's policies is to recognise transfers out of Level 3 as of the date of the event or change in circumstances that cause the transfer.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

9. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

Fair value hierarchy (Cont'd)

The following table shows the valuation techniques used in the determination of fair values within Level 3 of the hierarchy as well as the key unobservable inputs used in the valuation model.

THE GROUP AND THE COMPANY

Type	Fair value at June 30, 2015	Valuation approach	Key unobservable inputs	Range of unobservable inputs (probability -weighted average)	Sensitivity of the input to fair value	
	Rs'000					Rs'000
Financial services	1,212,911	PAT multiple	PE Multiple	7 - 10	+ 1 -1	131,155 (131,155)
Fishing	100,000	Recoverable amount	N/A	N/A		-
		Discounted cash flows	Discount rate	15.0%	+1%	(34,830)
Commercial	120,000	EBITDA Multiple	Average of peers	4 - 5	-1%	42,541
					+ 1 -1	18,000 (18,000)
Technology	61,048	EBITDA Multiple	Average of peers	8	+ 1 -1	7,600 (7,600)
Freight and forwarding	8,000	Recoverable amount	N/A	N/A		-
Hospitality	1,023,000	Discounted cash flows	Discount rate	15.0%	+1% -1%	(81,000) 94,000
Fleet Management	250	Recoverable amount	N/A	N/A		-
Laboratory	54,889	EBITDA Multiple	Average of peers		+ 1 -1	11,000 (11,000)
Others	2,413	Recoverable amount	N/A	N/A		-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

9. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

Fair value hierarchy (Cont'd)

Valuation process and techniques applied by the Group:

The board of directors of the Group is responsible for the valuation of investments including the policies and procedures. The valuation of unlisted investments is carried out on an annual basis or when required in connection with investment or divestment activities of the Group.

The Group invests in equity securities which are not quoted in an active market. Transactions in such investments do not occur on a regular basis. Unlisted investments, which may not have readily ascertainable market values, are valued at fair value, which is the estimated amount that would be received on the investment in an orderly transaction between willing market participants on the measurement date. Generally, the fair value of unlisted investments are adjusted when a significant third-party investment or financing event has occurred or there is a significant change in the financial condition or operating performance of the portfolio company that would indicate either an increase or decrease in fair value. Various valuation techniques and inputs are considered in valuing unlisted investments, including purchase multiples paid in other comparable third-party transactions; comparable public company trading multiples; discounted cash flow analysis; market conditions; liquidity; current operating results; and other pertinent information. When utilising a multiples-based approach, multiples are applied to the most recent and relevant operating performance metric of the investment as appropriate, including historical and/or forecasted revenue, EBITDA, net income or other relevant operating performance metric. However, because of the inherent uncertainty of valuation, the recommended values may differ significantly from values that would have been used had a ready market for the unlisted investments existed, and may differ materially from the amounts realised upon disposition.

10. TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2016 Rs'000	2015 Rs'000	2016 Rs'000	2015 Rs'000
Receivable from other related parties	162,474	326,942	151,443	326,942
Other receivables	5,483	-	3,297	-
	167,957	326,942	154,740	326,942

(a) Trade and other receivables are non-interest bearing and are generally repayable on demand.

(b) For terms and conditions relating to related party receivables, refer to note 23.

(c) As at June 30, 2016 the ageing of trade receivables was as follows:

	THE GROUP		THE COMPANY	
	2016 Rs'000	2015 Rs'000	2016 Rs'000	2015 Rs'000
Neither past due nor impaired	167,957	326,942	154,740	326,942

At June 30, 2016, receivables from related parties at nominal value Rs 324M (2015: Rs 7.7M) for the Group and Rs 404M (2015: Rs 66M) for the Company were fully impaired and fully provided for. In assessing provision for impairment the Group considers the repayment ability of the related parties to repay their debt.

10. TRADE AND OTHER RECEIVABLES (CONT'D)

	THE GROUP	THE COMPANY
	Individually impaired Rs'000	Individually impaired Rs'000
At June 30,2014	7,686	7,686
Charge for the year	-	58,437
At June 30, 2015	7,686	66,123
Charge for the year	316,303	338,047
At June 30, 2016	**323,989**	**404,170**

(d) The receivables from other related parties written-off and charged to profit or loss during the year are as follows:

	THE GROUP AND THE COMPANY	
	2016 Rs'000	2015 Rs'000
Write-offs during the year	11,225	-

(e) The carrying amount of trade and other receivables are denominated in the following currencies:

	THE GROUP		THE COMPANY	
	2016 Rs'000	2015 Rs'000	2016 Rs'000	2015 Rs'000
Mauritian Rupees	156,926	326,942	154,740	326,942
Swiss Francs	11,031	-	-	-
	167,957	326,942	154,740	326,942

11. CASH AND CASH EQUIVALENTS

(a) **Cash and short-term deposits**

	THE GROUP		THE COMPANY	
	2016 Rs'000	2015 Rs'000	2016 Rs'000	2015 Rs'000
Cash and cash equivalents	2,359	313	12	106

(b) For the purpose of the statements of cash flows, cash and cash equivalents comprise of:

	THE GROUP		THE COMPANY	
	2016 Rs'000	2015 Rs'000	2016 Rs'000	2015 Rs'000
Cash and short-term deposits	2,359	313	12	106
Bank overdrafts (note 13)	(185,095)	(82,677)	(185,095)	(82,185)
	(182,736)	(82,364)	(185,083)	(82,079)

12. SHARE CAPITAL AND RESERVES

(a) **Share capital**

	THE COMPANY	
Issued and fully paid:	Number of shares	Rs'000
At June 30, 2016 and June 30, 2015	151,462,163	151,462

(b) **Share premium**

THE GROUP AND THE COMPANY	Share premium Rs'000
At June 30, 2016 and June 30, 2015	920,386

The share premium reserve represents the premium arising upon the issue of ordinary shares.

13. INTEREST-BEARING LOANS AND BORROWINGS

	THE GROUP		THE COMPANY	
	2016 Rs'000	2015 Rs'000	2016 Rs'000	2015 Rs'000
Non-current:				
Bank loans (note (b))	70,000	196,667	70,000	196,667
Bonds (note (c))	1,025,000	-	425,000	-
	1,095,000	196,667	495,000	196,667
Current:				
Bond	-	400,000	-	400,000
Bank overdrafts (note (a))	185,095	82,677	185,095	82,185
Bank loans (note (b))	109,123	179,991	78,333	149,583
Obligations under finance lease (note (d))	-	134	-	-
	294,218	662,802	263,428	631,768
TOTAL	1,389,218	859,469	758,428	828,435

(a) The Company have a temporary overdraft facility of Rs 181m, as at the year end date, Rs 143M of this facility has been used. The Company also have a revolving overdraft facility of Rs 40M. These facilities bear interest varying from 6.65% to 8.8% per annum which is adjusted with the variation in the repo rate as per the agreement with the banks.

One of the major corporate shareholders has provided a corporate guarantee on the temporary facility.

(b) Bank loans are secured by floating charges over the assets of the Company.

(c) **THE COMPANY**

The bond is an unsecured floating-rate bond bearing a interest of 6.75% (repo rate + 2.35%) per annum and will mature on January 31, 2020.

THE GROUP

The bond contracted by United Investments Bis Ltd is secured by ordinary shares it holds in Attitude Hospitality Ltd, bears interest of 6% per annum and will mature in September-October 2018.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

13. INTEREST-BEARING LOANS AND BORROWINGS (CONT'D)

(c) Borrowings can be analysed as follows:-

	THE GROUP		THE COMPANY	
	2016 Rs'000	2015 Rs'000	2016 Rs'000	2015 Rs'000
Within one year	**294,218**	662,802	**263,428**	631,768
Later than one year but not later than two years	**30,000**	78,333	**30,000**	78,333
Later than two years but not later than five years	**1,065,000**	118,334	**465,000**	118,334
	1,389,218	859,469	**758,428**	828,435

(d) Finance lease liabilities - minimum lease payments

	THE GROUP	
	2016 Rs'000	2015 Rs'000
Within one year	**-**	137
Later than one year but not later than two years	**-**	-
	-	137
Future finance charges	**-**	(3)
Present value of finance lease liabilities	**-**	134

Analysed as follows:

	THE GROUP	
	2016 Rs'000	2015 Rs'000
Within one year	**-**	134

Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

(e) The effective interest rates at the end of the reporting date were as follows:

THE GROUP

	Maturity	2016	2015
Bank overdrafts	On demand	**PLR - PLR+1.9%**	PLR+1.9%
Bank borrowings	Mar 17 - Dec 19	**3 months Euro LIBOR+4%/ PLR+1.9%**	3 months Euro LIBOR+4%/ PLR+1.9%
Bonds	Sept-Oct 18 Jan 20	**Fixed rate 6% / Repo rate + 2.35%**	Repo rate + 3%

THE COMPANY

	Maturity	2016	2015
Bank overdrafts	On demand	**PLR - PLR+1.9%**	PLR+1.9%
Bank borrowings	Mar 17 - Dec 19	**PLR+1.9%**	PLR+1.9%
Bond	Jan 20	**Repo rate + 2.35%**	Repo rate + 3%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

13. INTEREST-BEARING LOANS AND BORROWINGS (CONT'D)

(f) The carrying amounts of the Group and the Company's borrowings are denominated in the following currencies:

	THE GROUP		THE COMPANY	
	2016 Rs'000	2015 Rs'000	2016 Rs'000	2015 Rs'000
Euros	**30,790**	30,901	**-**	-
Mauritian rupee	**1,358,428**	828,568	**758,428**	828,435
	1,389,218	859,469	**758,428**	828,435

14. TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2016 Rs'000	2015 Rs'000	2016 Rs'000	2015 Rs'000
Trade payables	**409**	581	**1**	103
Amount due to related parties	**30,390**	137,802	**28,110**	135,841
Accruals and other payables	**29,339**	11,295	**18,425**	9,904
	60,138	149,678	**46,536**	145,848

Terms and conditions:

- Trade payables are non-interest bearing and are normally settled on 30 - 60 day terms.
- For terms and conditions relating to related parties, refer to note 23.
- Other payables are non-interest bearing and have an average term of six months.

15. INCOME TAX

(a) Statement of comprehensive income

	THE GROUP		THE COMPANY	
	2016 Rs'000	2015 Rs'000	2016 Rs'000	2015 Rs'000
Current tax on the adjusted loss / profit for the year - 15% (2015: 15%)	**2,706**	1,406	**2,706**	1,406
Corporate Social Responsibility ("CSR")	**361**	187	**361**	187
Under-provision in prior year income tax and CSR liability	**955**	-	**955**	-
	4,022	1,593	**4,022**	1,593

(b) Statement of financial position

	THE GROUP		THE COMPANY	
	2016 Rs'000	2015 Rs'000	2016 Rs'000	2015 Rs'000
At July 1,	**298**	1,070	**298**	1,070
Current tax on the adjusted loss / profit for the year - 15% (2015: 15%)	**2,706**	1,406	**2,706**	1,406
Under-provision in prior year income tax and CSR liability	**955**	-	**955**	-
CSR Charge	**361**	187	**361**	187
Tax and CSR paid	**(2,500)**	(2,365)	**(2,500)**	(2,365)
At June 30,	**1,820**	298	**1,820**	298

15. INCOME TAX (CONT'D)

(c) Tax reconciliation

A reconciliation between the tax expense and the product of the accounting profit multiplied by the Group's and Company's applicable tax rates for the years ended June 30, 2016 and 2015 is as follows:

	THE GROUP		THE COMPANY	
	2016 Rs'000	2015 Rs'000	2016 Rs'000	2015 Rs'000
(Loss) / profit before tax	(101,669)	191,601	(15,719)	155,998
Tax at the rate of 15% (2015:15%)	(15,250)	28,740	(2,358)	23,400
Income not subject to tax	(58,257)	(40,556)	(58,126)	(40,235)
Expenses not deductible for tax purposes	75,253	9,639	63,190	18,241
Under-provision in prior year income tax and CSR liability	955	-	955	-
Deferred tax asset not recognised	960	3,583	-	-
CSR charge	361	187	361	187
	4,022	1,593	4,022	1,593

The Group does not recognised deferred tax asset on tax losses since there is no convincing evidence that there will be taxable profit. The tax losses can be deferred for five years. At June 30, 2016 tax losses for the Group amounted to Rs 97.7M (2015: Rs 90M).

16. DIVIDENDS

THE GROUP AND THE COMPANY	2016 & 2015
Dividend declared and per share	Nil

17. REVENUE

	THE GROUP		THE COMPANY	
	2016 Rs'000	2015 Rs'000	2016 Rs'000	2015 Rs'000
Dividend income	27,930	34,899	27,930	34,899
Management fees	12,338	96	-	-
	40,268	34,995	27,930	34,899

18. FINANCE INCOME

	THE GROUP		THE COMPANY	
	2016 Rs'000	2015 Rs'000	2016 Rs'000	2015 Rs'000
Unrealised gain	-	1,484	291	183
Interest income on:				
- Loan to related parties	21,543	17,191	21,543	17,191
- Preference shares of related parties	2,380	2,374	2,380	2,374
- Bank savings	5	12	5	12
	23,928	21,061	24,219	19,760

19. FINANCE COSTS

	THE GROUP		THE COMPANY	
	2016 Rs'000	2015 Rs'000	2016 Rs'000	2015 Rs'000
Unrealised loss	96	-	-	-
Interest expense on:				
- bank overdrafts	4,563	8,318	4,551	8,306
- loans	24,642	24,686	22,807	23,422
- bonds	55,250	30,600	29,665	30,600
- loans from related parties	1,856	478	1,856	478
- finance leases	3	28	-	-
	86,410	64,110	58,879	62,806

20. ADMINISTRATIVE EXPENSES

	THE GROUP		THE COMPANY	
	2016 Rs'000	2015 Rs'000	2016 Rs'000	2015 Rs'000
Staff costs	12,820	18,629	-	-
Insurance	212	272	-	-
Motor vehicle expenses	1,156	1,170	-	-
Rent operating leases	365	603	-	-
Rent	1,337	1,134	-	-
Audit fees	403	161	403	230
Legal and professional fees	5,666	2,191	4,474	2,178
Annual report	639	559	639	559
Directors and chairmanship fees	1,148	1,320	1,148	1,320
Depreciation	273	375	-	-
Licence	370	363	236	220
Business trips	711	647	-	-
Other expense	419	988	232	978
	25,519	28,412	7,132	5,485

21 IMPAIRMENT AND WRITE-OFFS OF RECEIVABLES

	THE GROUP		THE COMPANY	
	2016 Rs'000	2015 Rs'000	2016 Rs'000	2015 Rs'000
Impairment of receivables from related parties (note 10(c))	316,303	-	338,047	58,437
Write-offs of receivables from related parties (note 10(d))	11,225	-	11,225	-
	327,528	-	349,272	58,437

22. EARNINGS PER SHARE

	THE GROUP		THE COMPANY	
	2016 Rs'000	2015 Rs'000	2016 Rs'000	2015 Rs'000
Net (loss) / profit attributable to ordinary equity holders of the parent	(105,691)	190,008	(19,741)	154,405
Ordinary shares in issue ('000)	151,462	151,462	151,462	151,462
(Loss) / earnings per share (Rs.)				
Basic	(0.70)	1.25	(0.13)	1.02

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements. Basic and diluted earnings per share were the same for 2016 and 2015 since there was no potential dilutive ordinary shares at June 30.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

23. RELATED PARTY TRANSACTIONS

THE GROUP

	Interest income		Interest expense		Balance receivables		Balance payables	
	2016	2015	2016	2015	2016	2015	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Investee companies:								
AX Offshore Ltd	-	-	-	-	20,036	-	-	-
AXYS Consulting DMCC	135	-	-	-	270	-	-	-
AXYS Finance Ltd	-	-	-	-	8	8	-	-
AXYS Group Ltd	-	-	-	-	86,630	-	-	58,351
AXYS Investment Partners Ltd	-	-	-	-	-	-	-	2,067
AXYS Leasing Ltd	-	-	698	222	-	-	26,610	40,847
Cie des Transports Commerciaux	-	-	-	-	-	2,050	-	-
COMILU Ltd	-	-	-	-	-	71,252	-	-
Four Oaks Advisors Ltd	90	44	-	-	1,931	1,807	-	-
IFL Investment Holding Ltd	2,250	1,684	-	-	-	24,463	-	-
Inside Capital Partners Ltd	-	-	-	-	-	-	3,771	-
Island Catch Ltd	2,643	2,711	-	-	-	-	-	-
Island Fertilisers Ltd	-	-	-	-	32,000	94,162	-	-
Island International Trade Ltd	-	612	-	-	-	-	-	-
Island Management Ltd	-	-	-	-	4,385	2,000	-	-
Mechanisation Ltd	527	61	-	-	-	-	-	-
Megabyte Investments Ltd	-	-	-	-	-	612	-	-
Novus Properties Ltd	-	-	-	41	-	222	-	-
NWT (Mauritius) Ltd	-	-	-	-	3,301	5,395	-	-
NWT Management SA	-	-	-	-	11,031	-	-	-
Pelagic Process Ltd	15,814	12,079	-	-	-	-	-	-
Quantilab Holding Ltd	33	-	-	-	802	69	-	-
Quantilab Ltd	51	-	-	-	2,080	7	-	-
UIL Holding	-	-	-	-	-	-	-	350
UIL International Ltd	-	-	-	-	-	122,521	-	-
UIL Services Ltd	-	-	-	-	-	-	9	9
Shareholder:								
Firefox Ltd	-	-	1,130	215	-	-	-	36,178
Portfolio Investment and Management Limited	-	-	28	-	-	-	-	-
Enterprises with common management:								
Attitude Hospitality Ltd - Preference shares	2,380	2,374	-	-	-	2,374	-	-
	23,923	19,565	1,856	478	162,474	326,942	30,390	137,802

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

23. RELATED PARTY TRANSACTIONS (CONT'D)

THE COMPANY

	Interest income		Interest expense		Balance receivables		Balance payables	
	2016	2015	2016	2015	2016	2015	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Investee companies:								
AX Offshore Ltd	-	-	-	-	20,036	-	-	-
AXYS Consulting DMCC	135	-	-	-	270	-	-	-
AXYS Finance Ltd	-	-	-	-	8	8	-	-
AXYS Group Ltd	-	-	-	-	86,630	-	-	58,351
AXYS Investment Partners Ltd	-	-	-	-	-	-	-	2,067
AXYS Leasing Ltd	-	-	698	222	-	-	24,151	38,886
Cie des Transports Commerciaux	-	-	-	-	-	2,050	-	-
COMILU Ltd	-	-	-	-	-	71,252	-	-
Four Oaks Advisors Ltd	90	44	-	-	1,931	1,807	-	-
IFL Investment Holding Ltd	2,250	1,684	-	-	-	24,463	-	-
Inside Capital Partners Ltd	-	-	-	-	-	-	3,771	-
Island Catch Ltd	2,643	2,711	-	-	-	-	-	-
Island Fertilisers Ltd	-	-	-	-	32,000	94,162	-	-
Island International Trade Ltd	-	612	-	-	-	-	-	-
Island Management Ltd	-	-	-	-	4,385	2,000	-	-
Mechanisation Ltd	527	61	-	-	-	-	-	-
Megabyte Investments Ltd	-	-	-	-	-	612	-	-
Novus Properties Ltd	-	-	-	41	-	222	-	-
NWT (Mauritius) Ltd	-	-	-	-	3,301	5,395	-	-
Pelagic Process Ltd	15,814	12,079	-	-	-	-	-	-
Quantilab Holding Ltd	33	-	-	-	802	69	-	-
Quantilab Ltd	51	-	-	-	2,080	7	-	-
UIL Holding	-	-	-	-	-	-	-	350
UIL International Ltd	-	-	-	-	-	122,521	-	-
UIL Investments Bis Ltd	-	-	-	-	-	-	179	-
UIL Services Ltd	-	-	-	-	-	-	9	9
Shareholder:								
Firefox Ltd	-	-	1,130	215	-	-	-	36,178
Portfolio Investment and Management Limited	-	-	28	-	-	-	-	-
Enterprises with common management:								
Attitude Hospitality Ltd - Preference shares	2,380	2,374	-	-	-	2,374	-	-
	23,923	19,565	1,856	478	151,443	326,942	28,110	135,841

23. RELATED PARTY TRANSACTIONS (CONT'D)

THE GROUP

	Balance receivables / (payables)					
	As at July 1, 2015	Transactions	Advances	Impairments	Transfer to investments	As at June 30, 2016
	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000
Investee companies:						
AX Offshore Ltd	-	20,036	20,036	-	-	**20,036**
AXYS Consulting DMCC	-	270	270	-	-	**270**
AXYS Finance Ltd	**8**	-	-	-	-	**8**
AXYS Group Ltd	**(58,351)**	1,818,877	144,981	-	-	**86,630**
AXYS Investment Partners Ltd	**(2,067)**	188,357	6,450	-	(4,383)	-
AXYS Leasing Ltd	**(40,847)**	20,260	12,276	-	-	**(26,610)**
Cie des Transports Commerciaux	**2,050**	2,050	5,500	(7,550)	-	-
COMILU Ltd	**71,252**	8,613	(8,587)	-	(62,665)	-
Four Oaks Advisors Ltd	**1,807**	90	124	-	-	**1,931**
IFL Investment Holding Ltd	**24,463**	11,750	11,750	(36,213)	-	-
Inside Capital Partners Ltd	-	3,771	(3,771)	-	-	**(3,771)**
Island Catch Ltd	-	2,643	2,643	-	(2,643)	-
Island Fertilisers Ltd	**94,162**	121,000	121,000	(183,162)	-	**32,000**
Island Management Ltd	**2,000**	2,385	2,385	-	-	**4,385**
Mechanisation Ltd	-	3,144	3,144	-	(3,144)	-
Megabyte Investments Ltd	**612**	7,603	7,603	-	(8,215)	-
Novus Properties Ltd	**222**	2,474	(222)	-	-	-
NWT (Mauritius) Ltd	**5,395**	1,991	(2,094)	-	-	**3,301**
NWT Management SA	-	11,031	11,031	-	-	**11,031**
Pelagic Process Ltd	-	84,105	84,105	(84,105)	-	-
Quantilab Holding Ltd	**69**	733	733	-	-	**802**
Quantilab Ltd	**7**	2,073	2,073	-	-	**2,080**
UIL Holding	**(350)**	909,317	47,293	-	(46,943)	-
UIL International Ltd	**122,521**	149,437	(94,137)	-	(28,384)	-
UIL Services Ltd	**(9)**	-	-	-	-	**(9)**
Shareholder:						
Firefox Ltd	**(36,178)**	42,152	36,178	-	-	-
Enterprises with common management:						
Attitude Hospitality Ltd - Preference shares	**2,374**	7,135	(2,374)	-	-	-
	189,140		408,390	(311,030)	(156,377)	**132,084**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

23. RELATED PARTY TRANSACTIONS (CONT'D)

THE COMPANY

	Balance receivables / (payables)					
	As at July 1, 2015	Transactions	Advances/ (repayments)	Impairments	Transfer to investments	As at June 30, 2016
	Rs '000	Rs '000	Rs'000	Rs '000	Rs '000	Rs '000
Investee companies:						
AX Offshore Ltd	-	20,036	20,036	-	-	**20,036**
AXYS Consulting DMCC	-	270	270	-	-	**270**
AXYS Finance Ltd	**8**	-	-	-	-	**8**
AXYS Group Ltd	**(58,351)**	1,818,877	144,981	-	-	**86,630**
AXYS Investment Partners Ltd	**(2,067)**	188,357	6,450	-	(4,383)	-
AXYS Leasing Ltd	**(38,886)**	20,260	14,735	-	-	**(24,151)**
Cie des Transports Commerciaux	**2,050**	2,050	5,500	(7,550)	-	-
COMILU Ltd	**71,252**	8,613	(8,587)	-	(62,665)	-
Four Oaks Advisors Ltd	**1,807**	90	124	-	-	**1,931**
IFL Investment Holding Ltd	**24,463**	11,750	11,750	(36,213)	-	-
Inside Capital Partners Ltd	-	3,771	(3,771)	-	-	**(3,771)**
Island Catch Ltd	-	2,643	2,643	-	(2,643)	-
Island Fertilisers Ltd	**94,162**	121,000	121,000	(183,162)	-	**32,000**
Island Management Ltd	**2,000**	2,385	2,385	-	-	**4,385**
Mechanisation Ltd	-	3,144	3,144	-	(3,144)	-
Megabyte Investments Ltd	**612**	7,603	7,603	-	(8,215)	-
Novus Properties Ltd	**222**	2,474	(222)	-	-	-
NWT (Mauritius) Ltd	**5,395**	1,991	(2,094)	-	-	**3,301**
Pelagic Process Ltd	-	84,105	84,105	(84,105)	-	-
Quantilab Holding Ltd	**69**	733	733	-	-	**802**
Quantilab Ltd	**7**	2,073	2,073	-	-	**2,080**
United Investments Bis Ltd	-	2,083,078	(179)	-	-	**(179)**
UIL Holding	**(350)**	909,317	47,293	-	(46,943)	-
UIL International Ltd	**122,521**	149,437	(94,137)	-	(28,384)	-
UIL Services Ltd	**(9)**	-	-	-	-	**(9)**
Shareholder:						
Firefox Ltd	**(36,178)**	42,152	36,178	-	-	-
Enterprises with common management:						
Attitude Hospitality Ltd - Preference shares	**2,374**	7,135	(2,374)	-	-	-
	191,101		399,639	(311,030)	(156,377)	**123,333**

23. RELATED PARTY TRANSACTIONS (CONT'D)

KEY MANAGEMENT PERSONNEL COMPENSATION

	THE GROUP	
	2016 Rs'000	2015 Rs'000
Salaries and short-term employee benefits	10,768	16,693

(i) Key management personnel includes executive directors, non-executive directors and top level management personnel. The compensation includes short-term employee benefits only.

(ii) The loans owed to/by related parties are unsecured, carry interest rates which vary from 8.55 % - 10.25% and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. Amounts impaired during the year are given in note 10. This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

(iii) All other transactions have been made at arms' length, on normal commercial terms and in the normal course of business.

24. FINANCIAL INSTRUMENTS

Fair value of financial instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Except where stated elsewhere, the carrying amounts of the Group's and the Company's financial assets and liabilities approximate their fair values.

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Financial risk factors

The Group's principal financial liabilities comprise of obligations under finance leases, bank loans, bank overdrafts and trade and other payables. The main purpose of these financial liabilities is to raise finance for the Group and the Company's operations.

The Group has various financial assets, such as investments designated at fair value through profit or loss, trade and other receivables and cash and short term deposits which arise directly from its operations.

The main risks arising from the Group's financial instruments are:

- Interest rate risk;

- Credit risk;

- Liquidity risk;

- Equity price risk

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effect of the Group's financial performance.

The Board of Directors reviews and agrees policies for managing each of these risks. A description of the significant risk factors is given below together with the risk management policies applicable.

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Financial risk factors (Cont'd)

(i) Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's and Company's bank overdrafts and bank loans with floating interest rates. Interest rate risks are not hedged.

The Group's income and operating cash flows are exposed to interest rate risk as it sometimes borrows at variable rates. The Group's policy is to manage its interest rate risk by using a mix of fixed and variable rate debts. Changes in market interest rate would also impact on the interest income of the loan to related parties, which would mitigate the Group's and Company's exposure to interest costs.

Interest rate risk table

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's and Company's profit before tax. The impact on equity will be of the same amount.

- Impact on floating rate borrowings:

	THE GROUP		THE COMPANY	
	Increase / decrease in interest rate	Effect on profit/(loss) before tax	Increase / decrease in interest rate	Effect on (profit)/loss after tax
	(basis points)	Rs'000	%	Rs'000
June 30, 2016	+1	13,892	+1	7,584
	-1	(13,892)	-1	(7,584)
June 30, 2015	+1	8,593	+1	8,284
	-1	(8,593)	-1	(8,284)

(ii) Credit risk

The Group being an investment holding deals mainly with related parties through advances and current accounts. Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Since the Group and the Company trade mainly with related companies, there is no requirement for collateral.

The Group and the Company have no significant concentration of credit risk, with exposure spread over a large number of related entities.

The maximum exposure is the carrying amount of receivables as disclosed in note 10.

(iii) Liquidity risk management

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Group aims at maintaining flexibility in funding by keeping reliable credit lines available. Management is responsible for liquidity and funding. The Group has minimised its liquidity risk by ensuring that it has adequate banking facilities and reserve borrowing capacity.

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Financial risk factors (Cont'd)

(iii) Liquidity risk management (Cont'd)

The table below summarises the maturity profile of the Group's and Company's financial liabilities at year end based on contractual undiscounted payments.

	THE GROUP				
Financial Liabilities	**On demand**	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Total**
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
June 30, 2016					
Interest bearing loans and borrowings	-	199,374	97,275	1,140,105	1,436,754
Financial guarantees	-	-	-	154	154
Trade payables	-	30,799	-	-	30,799
Bank overdraft	185,095	-	-	-	185,095
	185,095	230,173	97,275	1,140,259	1,652,802

	THE GROUP				
Financial Liabilities	On demand	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
June 30, 2015					
Interest bearing loans and borrowings	-	622,252	93,037	129,663	844,952
Financial guarantees	-	811	-	21	832
Trade payables	-	138,383	-	-	138,383
Bank overdraft	82,677	-	-	-	82,677
	82,677	761,446	93,037	129,684	1,066,844

	THE COMPANY				
Financial Liabilities	**On demand**	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Total**
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
June 30, 2016					
Interest bearing loans and borrowings	-	130,259	61,275	511,157	702,691
Financial guarantees	-	-	-	154	154
Trade payables	-	28,111	-	-	28,111
Bank overdraft	185,095	-	-	-	185,095
	185,095	158,370	61,275	511,311	916,051

	THE COMPANY				
Financial Liabilities	On demand	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
June 30, 2015					
Interest bearing loans and borrowings	-	590,598	93,037	129,663	813,298
Financial guarantees	-	811	-	21	832
Trade payables	-	135,944	-	-	135,944
Bank overdraft	82,185	-	-	-	82,185
	82,185	727,353	93,037	129,684	1,032,259

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Financial risk factors (Cont'd)

(iv) Equity price risk management

The Group and Company are susceptible to equity market price risk arising from uncertainties about future prices of the equity securities because of investments designated at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Group and the Company diversify their portfolio.

Sensitivity analysis

Refer to note 9 on IFRS 13 disclosure.

(v) Foreign currency risk

The Group operates internationally and are exposed to foreign exchange risk arising from currency exposures with respect to Euro ("EUR"), Swiss Francs ("CHF") and United States Dollar ("USD").

The following table demonstrates the sensitivity of the Group's profit before tax following a reasonable possible change only in the foreign exchange rates of Euro vis a vis Mauritian Rupees. This exercise is based on revalued foreign currency balances at year end.

	Increase/ decrease in exchange rate	THE GROUP		THE COMPANY	
		2016	2015	2016	2015
	%	Rs'000	Rs'000	Rs'000	Rs'000
EUR in relation to Rs.	+5	(1,433)	(1,545)	-	-
	-5	1,433	1,545	-	-
CHF in relation to Rs.	+5	552	-	-	-
	-5	(552)	-	-	-
USD in relation to Rs.	+5	2,539	-	2,539	-
	-5	(2,539)	-	(2,539)	-

(b) Capital risk management

The Group and the Company manage their capital to ensure that they are able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Group and the Company manage their capital structure and make adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group and the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group and the Company monitor capital using a gearing ratio, which is net debt divided by total capital plus debt. The Group's and the Company's strategy was to maintain the debt-to-adjusted capital ratio at the lower end, in order to secure access to finance at a reasonable cost. The Group and the Company include within net debt, interest-bearing loans and borrowings, less cash in hand and at bank. Total capital is calculated as "equity" as shown in the statement of financial position less net unrealised gains reserves.

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Capital risk management (Cont'd)

The gearing ratios at June 30, 2016 and June 30, 2015 were as follows:

	THE GROUP		THE COMPANY	
	2016 Rs'000	2015 Rs'000	2016 Rs'000	2015 Rs'000
Interest-bearing loans and borrowings	1,389,218	859,469	758,428	828,435
Less cash in hand and bank balances	(2,359)	(313)	(12)	(106)
Net debt	1,386,859	859,156	758,416	828,329
Total equity	1,913,999	2,019,690	2,034,122	2,053,863
Capital and net debt	3,300,858	2,878,846	2,792,538	2,882,192
Gearing ratio	42%	30%	27%	29%

26. COMMITMENTS

(a) Capital commitments

At June 30, 2016, the Group had no capital commitments.

(b) Guarantees

The Company has provided the following guarantees at June 30, 2016:

- Lease guarantee of Rs 52M provided by the Company in favour of Gladius Limitee
- Corporate Guarantee for USD2.6M to AXYS Group Ltd
- Corporate Guarantee of Rs2.973M to AXYS Stockbroking Ltd
- Financial bank guarantee of Rs12M provided by UIL in favour in facilities taken by Pelagic Process Ltd
- Floating Charge on assets of the Company for EUR 1.22M in favour in - facilities taken by Megabyte Investment Ltd
- Floating Charge on assets of the Company for Rs30M in favour in facilities taken by IFL Investment Holding Ltd
- Floating Charge on assets of the Company for Rs30M in favour in facilities taken by Island Chemicals Ltd
- Floating Charge on assets of the Company for USD11.74M in favour in facilities taken by Island Fertilisers Ltd*
- Floating Charge on assets of the Company for Rs41M in favour in facilities taken by Island Renewable Fertilisers Ltd
- Letter of undertaking from UIL for Rs 5.0M authorising the Bank to debit its account in case of default by SCETIA Holding Ltd.

(*the facility secured is for an amount of Rs40M only)

27. GOING CONCERN

The Group incurred a net loss of Rs 105.6M (2015: profit of Rs 190M) and the Company a net loss of Rs 19.7M (2015: profit of Rs 154.4M) for the year ended June 30, 2016 and as at that date, the Group's current liabilities exceeded its current assets by Rs 185.5M (2015: Rs 485.2M). As at June 30, 2016 the Company's current liabilities exceeded its current assets by Rs 156.9M (2015: RS 450.8M).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

28. OPERATING LEASE COMMITMENTS

(a) The Company has commitments under non-cancellable operating leases as follows:

	THE GROUP	
	2016 Rs'000	2015 Rs'000
Within one year	247	365
After one year and but not more than five years	144	391
	391	756

(b) Operating lease relates to rental of motor vehicles with lease terms of 5 years. The Group does not have an option to purchase the leased assets at the expiry of the lease period.

29. SUBSTANTIAL SHAREHOLDERS

At June 30, 2016, the following shareholders held more than 5% of the ordinary share capital of the Company:

	Direct	Indirect	Effective
	%	%	%
Terra Mauricia Ltd	29.03	-	29.03
Firefox Ltd	20.38	-	20.38
Portfolio and Investment Management Limited	8.91	-	8.91
Michel Guy Rivalland	8.77	-	8.77
Jason Limited	5.89	-	5.89

30. EVENTS AFTER THE REPORTING DATE

On December 12, 2015, the Board of Directors of the Company informed its shareholders and the public at large in a communiqué that the Board had approved a rights issue of a minimum amount of Rs 500M. The Board expects that the rights issue will be completed by February 2017.

The proposed rights issue will be subject to shareholder approval and authorisation from relevant authorities.

NOTES

PROXY FORM

I/We ....of .... being a shareholder of the abovenamed company, hereby appoint ....of .... or failing him/her, ... of ...., as my/our proxy to vote for me/us at the Annual Meeting of Shareholders of the Company to be held at UIL, 6th Floor Dias Pier Building, Le Caudan Waterfront, Caudan, Port Louis, on 30 December 2016 commencing at 11:30 hours and at any adjournment thereof.

I/We direct my/our proxy to vote in the following manner:

Vote With a Tick

RESOLUTIONS	FOR	AGAINST	ABSTAIN
I. Resolved that the Audited Financial Statements of the Company for the year ended 30 June 2016 be hereby adopted	☐	☐	☐
II. Resolved that Mr Jean Didier Merven be hereby re-elected as Director of the Company	☐	☐	☐
III. Resolved that Mr Michel Guy Rivalland be hereby re-elected as Director of the Company	☐	☐	☐
IV. Resolved that Mr Pierre Arnaud Marc De Marigny Lagesse be hereby re-elected as Director of the Company	☐	☐	☐
V. Resolved that Mr Kumar L. Gunness be hereby re-elected as Director of the Company	☐	☐	☐
VI. Resolved that Mr Nicolas Marie Edouard Maigrot who has been appointed by the Board during the year to fill a casual vacancy be hereby re-elected as Director of the Company	☐	☐	☐
VII. Resolved that Mr Joseph Andre Philip Jean Juppin De Fondaumiere who has been appointed by the Board during the year to fill a casual vacancy be hereby re-elected as Director of the Company	☐	☐	☐
VIII. Resolved that Mr Marie Donald Henri Harel who has been appointed by the Board during the year to fill a casual vacancy be hereby re-elected as Director of the Company	☐	☐	☐
IX. Resolved that Messrs Ernst & Young be re-appointed as Auditors of the Company to hold office until the next Annual Meeting of Shareholders and that the Board be hereby authorised to fix the Auditor's Remuneration for the financial year 2016/2017	☐	☐	☐

Signed this ....day of.. 2016.

....

SIGNATURE

United Investments Ltd

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