

**VELOGIC HOLDING COMPANY LIMITED**

ANNUAL REPORT - YEAR ENDED

JUNE 30, 2019

## VELOGIC HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES

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STATUTORY DISCLOSURES - YEAR ENDED JUNE 30, 2019

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Dear Shareholders,

The Board of Directors is pleased to present the Annual Report of Velogic Holding Company Limited and its subsidiaries for the year ended June 30, 2019.

All shareholders agree that the Annual Report need not comply with paragraphs (a), and (d) to (i) of Section 221 (1) of the Companies Act 2001.

This report was approved by the Board of Directors on ..... 06 DEC 2019 .....

  
\_\_\_\_\_  
Director

UNV   
\_\_\_\_\_  
Director

## PROFILE OF DIRECTORS

### 1. ESPITALIER-NOËL, PHILIPPE

#### CHAIRMAN AND NON-EXECUTIVE DIRECTOR

*(Born in 1965)*

*Date of Appointment - September 30, 2004*

#### *Qualifications*

- BSc in Agricultural Economics (University of Natal, South Africa);
- MBA (London Business School).

#### *Professional Journey*

- Worked for CSC Index in London as Management Consultant from 1994 to 1997;
- Joined Rogers in 1997;
- Was appointed Chief Executive Officer of the Rogers Group in 2007.

#### *Skills*

- Proven experience of mergers and acquisitions, business turnaround and transformation;
- Extensive expertise with strategy development and execution;
- Inspiring leadership with senior management in the Rogers Group's four served markets, FinTech, Hospitality, Logistics and Property;
- Well versed in Corporate Governance.

### 2. KHADY KONE-DICOH

#### NON-EXECUTIVE DIRECTOR

*(Born in 1981)*

*Date of Appointment: December 17, 2013*

#### *Qualifications*

- MSc in management from EMLYON;
- Master degree in business & corporate law from University Jean Moulin Lyon III;
- Certificate for the Accelerated Development Program from London Business School.

#### *Professional journey*

- Joined the private equity fund Amethis in February 2013 and was appointed Investment Director in charge of sourcing and executing investment in Africa;
- Prior to Amethis, spent 7 years with Société Générale Bank as Manager in the Mergers & Acquisitions department dedicated to Emerging markets and French Midcaps where she originated and executed various buy-side and sell-side M&A transactions and Privatizations in Africa and France;
- Seats in the board of directors of several leading African companies in different fields: CDCI (largest network of supermarkets in Cote d'Ivoire), Velogic (leading logistics company in Mauritius), Sodigaz (number one distributor of LPG in Burkina Faso);
- Seats in the Advisory Committee of a French start-up in technology targeting Africa, Keyopstech.

**2. KHADY KONE-DICOH (CONT'D)**

*Skills*

- Strong managerial, accounting, legal and financial skills;
- Significant experience in the Strategic, business development and commercial field;
- Well versed in Corporate Governance;
- International Exposure.

**3. ESPITALIER-NOËL, GILBERT**

**NON-EXECUTIVE DIRECTOR**

*(Born in 1964)*

*Date of Appointment:* July 18, 2011

*Qualifications*

- BSc (University of Cape Town, South Africa);
- BSc (Hons) (Louisiana State University, USA);
- MBA (INSEAD Fontainebleau, France).

*Professional Journey*

- Joined Food and Allied Group in 1990 and was appointed Group Operations Director in 2000;
- Joined the ENL Group in February 2007;
- Was Chief Executive of ENL Property Ltd;
- Currently CEO of New Mauritius Hotels Ltd.

*Skills*

- Detailed knowledge of board matters;
- Broad experience in business and financial skills;
- Experienced non-executive director in several sectors;
- Significant M&A experience locally and regionally;
- Strong communications, entrepreneurial and strategic dimension skills;
- Well versed in Corporate Governance.

**4. MAMET DAMIEN**

**NON - EXECUTIVE DIRECTOR**

*(Born in 1977)*

*Date of Appointment:* April 28, 2017

*Qualifications*

Member of the Institute of Chartered Accountants in England & Wales

*Professional Journey*

- Started his career with Ernst & Young in London in 1999;
- In 2003, he moved to BDO De Chazal Du Mée (Mauritius);
- In 2006, he was appointed Manager of Corporate Finance of PricewaterhouseCoopers;

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT - YEAR ENDED JUNE 30, 2019

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**4. MAMET DAMIEN (CONT'D)**

*Professional Journey (cont'd)*

- Joined Rogers Group where he was appointed Managing Director of Foresite Property Fund Management Ltd in 2009 and was appointed Chief Projects & Development Executive of Rogers in 2014;
- He was appointed Chief Finance Executive of Rogers in 2017.

*Skills*

- Detailed knowledge of the Group's activities and business having previously occupied the position of Fund Manager;
- Strategic and commercial understanding;
- Team management skills;
- Well versed in Corporate Governance.

**5. NUNKOO, NAYENDRANATH**

**EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER**

*(Born in 1969)*

*Date of Appointment:* June 21, 2011

*Qualifications*

- MBA majoring in Finance;
- MSc in Engineering.

*Professional Journey*

- Joined Rogers Group in 1993 and worked in various positions, namely in the Service Planning & Development department, the Aviation and Logistics sectors, Enterprise Information Solutions;
- Corporate Manager - Strategic Planning at the Head Office of Rogers and Company Limited.

*Skills*

- Significant experience in the logistics and engineering sector both locally, regionally and in the African market;
- Broad experience in the strategic and business development field;
- Strong managerial and financial skills.

**6. RIGOUZZO LUC**

**NON-EXECUTIVE DIRECTOR**

*(Born in 1963)*

*Date of Appointment:* December 17, 2013

*Qualifications*

- holds degrees in both Agronomy and Finance

**6. RIGOUZZO LUC (CONT'D)***Professional Journey*

- devoted the first 14 years of his career to project finance in the agribusiness and food sectors of emerging countries at Agence Française de Développement and Proparco field offices and Headquarters;
- joined the Agribusiness Department of the International Finance Corporation, financing projects in Latin America and Africa;
- re-joined the Agence Française de Développement Group in 2000 as deputy director for the Mediterranean department and head of the department of non-sovereign, private and financial sector successively;
- appointed as Chief of Staff for the French Ministry for Development;
- Co-founded and Managing Partner of Amethis;
- From June 2006 to December 2010, the CEO of Proparco, the French Development Financial Institution specialized in long-term sustainable investments to the private sector in emerging countries;
- Over 30 years of experience in investing in emerging market companies.

*Skills*

- Broad experience in the agronomy and hospitality sector;
- Significant experience in the strategic, sustainable development and business development fields in the emerging market;
- Strong accounting, risk management, managerial and financial skills;
- Well versed in Corporate Governance.

**7. SANGEELEE, NAVEEN****EXECUTIVE DIRECTOR***(Born in 1968)**Date of Appointment: August 29, 2018**Qualifications*

- Fellow of the Institute of Chartered Accountants in England & Wales (FCA);
- Fellow Chartered Certified Accountants (FCCA);
- Associate of Chartered Management Accountants (ACMA);
- Masters in Business Administration, London (MBA);
- BSc Economics & Computing, London (BSc Hons).

*Professional Journey*

- Joined Velogic in 2009, after having worked for a number of years in the United Kingdom for the United Parcel Service Inc. and Warner Brothers Entertainment Group;
- Joined the logistics arm of Rogers and Company Limited in November 2009 as Business Process Manager;
- Was appointed Chief Finance Officer of Velogic Ltd since May 2011.

*Skills*

- Significant experience in board matters and governance skills;
- Strong accounting, financial and business skills;
- Broad experience in risk & audit, strategic dimension and taxation

**PROFILE OF SENIOR MANAGEMENT**

**DE COMARMOND Louis Marie Maurice André**

Born in 1962, he started his career with De Chazal Du Mée & Co. He then moved to Indian Ocean Export Company Ltd as Sales Manager in 1989. He subsequently joined Mauritius Freeport Development Company Ltd as Sales & Marketing Director before taking employment at Société Du Port as Sales & Marketing Manager in May 2007. André promoted to Country Manager Société Du Port in April 2008 and was appointed Country Manager Velogic – Mauritius in February 2010. In July 2011 he became the Regional Manager, looking after the activities of Velogic based in Mauritius, Madagascar, Reunion Island and Mozambique. In March 2017, he has been appointed Managing Director Indian Ocean.



STATEMENT OF COMPLIANCE

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

Name of PIE: VELOGIC HOLDING COMPANY LIMITED

Reporting Period: July 1, 2018 to June 30, 2019

We, the Directors of Velogic Holding Company Limited, confirm that to the best of our knowledge:

- Velogic Holding Company Limited (“VHCL”) is a subsidiary of Rogers and Company Limited (“RCL”);
- Throughout the year ended June 30, 2019, VHCL has complied with the Corporate Governance Code for Mauritius (2016);
- VHCL has applied all of the principles set out in the Code and explained how these principles have been applied.

SIGNED BY:

Signature: .....

UN

Names: ..... PHILIPPE ESPITALIER-NOEL .....  
CHAIRPERSON

per

..... N. NUNKWA .....  
DIRECTOR

DATE: ..... 06 DEC 2019 .....

06 DEC 2019

..... 06 DEC 2019 .....

06 DEC 2019

Velogic Holding Company Limited ('VHCL' or the 'Company') is a private company limited by shares and has adopted a constitution.

The shareholding of VHCL is as follows:

- Rogers and Company Limited ('Rogers') with a 66.23% stake
- Amethis Africa Finance Ltd ('Amethis') with a 33.77% stake

As such, VHCL is a subsidiary of Rogers. VHCL is furthermore a public interest entity and is, as such, required to adopt Corporate Governance principles in accordance with The National Code of Corporate Governance for Mauritius (2016) (the 'Code').

The Board of VHCL assumes responsibility for leading and controlling the organisation and meeting all legal and regulatory requirements.

## 1. GOVERNANCE STRUCTURE

### 1.1 The Board

As at June 30, 2019, VHCL is headed by a unitary board comprising of seven directors. Their profiles and directorship lists will be available on <https://www.velogic.net>. Pursuant to Article 15 of the Constitution of the Company, Amethis is entitled to appoint two directors and Rogers is entitled to appoint five directors on the Board of VHCL.

The Category of Directors as at June 30, 2019 and attendance are set out on page 4(c) of the Annual Report.

Upon the recommendation of the Corporate Governance Committee of Rogers ('CGC'), the Board of VHCL has resolved to adopt the Code of Ethics of Rogers since VHCL is its subsidiary. The said Code of Ethics is available on: <https://www.rogers.mu/content/policies>.

With regard to the Board Charter, the Board is of the view that its content is already found in the constitution of the Company and the prevailing legislation, rules and regulations.

The Board had further adopted the following documents, which are available on <https://www.velogic.net>.

- Constitution
- Organisational chart
- Position statements of key senior governance positions
- Statement of accountabilities
- Category of Directors and Balance of Skills
- Nomination Process and Appointment of Director
- Terms and Conditions relating to the Appointment of Non-Executive Directors

The monitoring and review processes of the aforesaid documents will be carried out by the Board of VHCL at the end of each financial year.

## 1.2 Board Committees

VHCL being a subsidiary of Rogers, its governance matters as well as risk management, internal control and audit matters are overseen by the CGC and Risk Management and Audit Committee of Rogers ('RMAC') for the year ended June 30, 2019. The Terms and Reference of the CGC and RMAC are available on <https://www.rogers.mu/content/governance>.

## 1.3 Board Meetings

The attendance is set out on page 4(c) of the Annual Report.

## 1.4 Appointment

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

During the financial year under review, the CGC of Rogers Capital, acting in its capacity as Nomination Committee, recommended to the Board the appointment of Mr. Naveen Sangeelee as additional Executive Director on the Board of VHCL.

All Directors will stand for re-election at the upcoming Annual Meeting of Shareholders of the Company (the 'AMS'). The AMS will be carried out by way of a shareholder's resolution since VHCL is a private company.

## 1.5 Induction and Orientation

Upon appointment to the Board, the new Director receives an induction pack from the Company Secretary. An induction programme and orientation process is supervised by Senior Executives of the Company.

## 1.6 Professional Development

Directors are further encouraged to attend courses to refresh their knowledge and to keep abreast of latest developments relating to their duties, responsibilities, powers and potential liabilities.

## 2. DIRECTORS' DUTIES

The Directors are aware of their legal duties and may seek independent professional or legal advice, at the expense of the Company, in respect of any aspect of their duties and responsibilities.

### 2.1 Interests of Directors and conflicts of interest

Any instances where Directors are conflicted are noted and the Company Secretary maintains a conflict of interests register as well as an interests register. The latter register is available for consultation to shareholders, upon written request to the Company Secretary.

## 2.2 Board and Directors' Evaluation

The Board resolved that no Board evaluation be conducted for the year ended June 30, 2019 since there was a new director joining on board. It is earmarked that such exercise be carried out in the financial year ending June 30, 2021 to allow new directors understanding the board dynamics of the Company. Furthermore, the individual director evaluation is yet to be finalised as appropriate timing and suitable technique to conduct same remain to be agreed.

## 2.3 Directors' remuneration

As a principle, the Executive and Non-Executive Directors of the Company who are employed by either the Rogers Group or Amethis are not entitled to any directors' fees. Moreover, there is no fee perceived by Mr Gilbert Espitalier-Noël for serving on the Board of the Company. The salary perceived by Mr Naveen Sangeelee as employee of Velogic Ltd, the subsidiary of the Company, is not disclosed since the Board is of the view that it will give away its competitive edge over the competitors of the Company. Furthermore, there is no share option scheme or bonuses associated with the performance of the Company for the Non-Executive Directors.

## 3. RELATIONS WITH SHAREHOLDERS AND OTHER STAKEHOLDERS

VHCL has two shareholders and communication with them and other stakeholders is done mainly through open dialogue and at board meetings. There is also direct interaction with clients and the use of social media is optimised to inform them of new products and services.

Moreover, a dedicated Corporate Governance corner is created onto the website of the Company. Shareholders and other stakeholders are welcomed to visit same to view and or download their relevant information.

In line with Principle 8 of the Code, the voting result(s) of any Annual/Special Meeting of Shareholders of VHCL will be available on <https://www.velogic.net>.

### 3.1 Dividend Policy

VHCL has no formal dividend policy. Payment of dividend is subject to its profitability, its foreseeable investment, capital expenditure and working capital requirements. During the year under review, there was an interim dividend of Rs.24,500,000/- and a final dividend of Rs.20,000,000/-.

## 4. DATA PROTECTION

VHCL is a registered controller with the Data Protection Office.

In keeping with Data Protection Act 2017, VHCL has endeavoured to reinforce the safety and security measures in place to protect personal data it collects, stores and processes. It has thus adopted the following documents, which is available at <https://www.velogic.net>.

- A Data Protection Policy, which summarises the principles which will be applied by VHCL when processing data;
- A Data Protection Notice, which explains in detail to data subjects the purpose for and manner in which the Group processes data, as well as the rights of data subjects relating to same; and

## CORPORATE GOVERNANCE REPORT – YEAR ENDED JUNE 30, 2019

**4. DATA PROTECTION (CONT'D)**

- An Information, Security and Technology Policy which sets out the IT safeguards which have been put in place to ensure security of data.

VHCL has also adopted a Data Protection Compliance Manual, which describes the comprehensive approach of the Company to personal data protection. Regular audits will be carried out to ensure compliance with the said Manual.

**5. OTHER MATTERS**

For Risk Governance and Internal Control and Audit sections, please refer to page 4(d) of the Annual Report.

Having taken into account all the matters considered by the Board and brought to its attention during the year, the Board is satisfied that the AFS taken as a whole are fair, balanced and understandable.

**6. CATEGORIES OF DIRECTORS AND ATTENDANCE AS AT JUNE 30, 2019**

	<b>Philippe Espitalier- Noël</b>	<b>Gilbert Espitalier- Noël</b>	<b>Khady- Lika Kone- Dicoh</b>	<b>Damien Mamet</b>	<b>Nayendranath Nunkoo</b>	<b>Luc Rigouzzo</b>	<b>Naveen Sangeelee</b>
Appointment Date	30 September 2004	18 July 2011	17 December 2013	28 April 2017	21 June 2011	17 December 2013	29 August 2018
Category	Chairman and NED	NED	NED	NED	ED	NED	ED
Gender	M	M	F	M	M	M	M
Attendance	3/3	2/3	3/3	3/3	3/3	3/3	3/3

**ED** - Executive Director **NED** - Non-Executive Director

**M** - Male **F** - Female

**N.B:**

- The ED test was determined by using the criterion: A director involved in the day-to-day management of the Company.
- The NED test was based on the criteria of Principle 2 of the Code.
- For the year under review, the Board is satisfied with 2 ED and 5 NED appointed to the Board of VHCL given that the actual size and composition of the Board is, for the time being, optimal for the effective supervision of its affairs.
  - Save for Mrs Khady-Lika Kone-Dicoh and Mr Luc Rigouzzo, the other directors reside in Mauritius.
  - Size of the Board is determined by Article 15 of the Constitution of the Company.
  - Attendance refers to the board meetings October 23, 2018, February 20, 2019 and June 11, 2019.
  - The Board skills matrix will be available on <https://www.velogic.net>.

## 7. COMPLIANCE STATEMENT

Throughout the year ended June 30, 2019, to the best of the Board's knowledge, the Company has applied all the principles of the Code and explained how these principles have been applied.

## 8. RISK GOVERNANCE AND INTERNAL CONTROL

### 8.1 Risk Governance

The Board of Directors is responsible for the governance of risks of the Velogic Group (Holding Company and subsidiary companies) and for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives. The Board is committed to continuously maintain adequate control procedures with a view to safeguard the assets and reputation of the Group. Areas with high residual risks are continuously assessed and reviewed with the assistance of the internal audit department.

Management is accountable to the Board for the design, implementation and enforcement of internal controls, ensuring that the associated processes and systems are operating satisfactorily. The Board derives assurance that the internal control systems are effective through the lines of defence:

- (i) People, Process and Technology,
- (ii) Management and Oversight
- (iii) Internal Audit and
- (iv) External Assurance.

The Risk Management and Audit Committee (RMAC) of the parent company (Rogers and Company Ltd- 'Rogers') and the Board of Velogic monitor the effectiveness of risk management and internal control systems. The RMAC and the Board perform an oversight role to ensure that risks are managed effectively. Significant issues including financial risks, critical policies, judgements and estimates are reviewed and discussed with the external auditors. The appropriate financial reporting procedures are in place and are operating.

The monitoring of the effectiveness of risk management and internal control systems includes:

- A clear system of delegated authorities from the Board to management with certain important matters remaining with the Board;
- Regular review of results against budgets with executive directors and management, including areas of business risk;
- Review of the strategic plans to identify risks to the achievement of objectives and, where appropriate any relevant mitigating actions; and
- Legal and compliance risks which are addressed through specific policies and training including ethics and data protection laws.

All significant areas of risk were covered and there were no major risks or deficiencies in Velogic's system of internal controls.

The existing group malpractice reporting policy sets out the process whereby information relating to questionable practices within the group is disclosed in good faith by employees. Employees are encouraged to raise such questionable practices to their direct reporting manager or to the Group Chief Human Resources Executive at Rogers. The latter will report to the Rogers Group CEO who will approve any required investigations.

## 8.2 Risk Management Process

The risk management process is clearly defined, well established and embedded in our day to day activities.

### Identification, analysis and evaluation of risks

Risks are identified, analysed and evaluated in light of the probability of occurrence and their likely impact as follows:

- Through regular management meetings whereby emerging/new and other operational and compliance risks are identified as well as activities and processes that gave rise to the risks.
- During audits carried out by internal and external auditors or appointed specialist consultants.
- Financial and Strategic risks are identified at time of preparation of the annual budget and strategic plan
- Self-assessment exercise performed by management.

### Treatment, monitoring and reporting

- Management devised appropriate mitigating strategies in light of the business model and set risk appetite. Options available are discussed, evaluated and consequently, the Business Risk Register is updated and reviewed. Implementation of remedial actions is performed and monitored.
- Legal and regulatory compliance risks which are addressed through specific policies and training;
- Regular reporting, monitoring and review of the effectiveness of health and safety.
- Principal risks are reported by management to the CEO of Velogic, to the RMAC and to the Board of directors.
- Risk & Audit department performs a follow up on progress on implementation of recommendations and reports to the Board and RMAC.

## 8.3 Internal Audit

Internal audit function which is outsourced to the Rogers, reports directly to the RMAC and ensures adherence of processes and controls to the Rogers Guidelines & Policies Manual. One of the responsibilities of the internal audit function is to confirm to the RMAC the effective operation of our internal control system. For this purpose, the Head of Internal Audit makes quarterly presentations to the RMAC and meets regularly with the Chairman of the Committee without the presence of management. The internal audit team also reports to the Board of Directors of Velogic following audits carried out. Risk based audits carried out during the financial year were in line with the established audit methodology and covered the following areas:

- Credit risk - Debtors management.
- Invoicing - Revenue.
- Payment process.
- Safeguard of assets.
- Cash collection and Banking.
- Other receivables and payables.
- Inventories - Containers.

**8.3 Internal Audit (cont'd)**

Audit plan and department

Internal audit plan is prepared using a risk-based approach which includes the changes in risk profiles and emerging risks. The plan is set for three years and is reviewed and approved by the RMAC on an annual basis to incorporate the changing risk landscape.

Audit reports and recommendations are prepared following each audit and appropriate measures are then taken to ensure that all recommendations are implemented. Status reports on management’s implementation of internal audit recommendations are provided to the RMAC on a quarterly basis. Members of the internal audit team are qualified or partly qualified accountants. The structure and qualifications of the key members of the Risk & Audit Department is detailed on the Rogers website.

There were no major limitations or restrictions in the audit scope, access to records, management and employees.

No material shortcomings in the design and effectiveness of internal controls, governance and risk management were reported during the year.

**8.4 Principal Risks**

The principal risks and their corresponding mitigating actions identified were as follows:

<b>Risks</b>	<b>Descriptions and context</b>	<b>Mitigating actions</b>
<b>Strategic risks</b>		
<b>Market</b>	<ul style="list-style-type: none"> <li>• Sugar industry challenges could adversely impact volumes.</li> <li>• Decline of the textile sector in Mauritius affecting the export activity in freight forwarding.</li> </ul>	<ul style="list-style-type: none"> <li>• Taking advantage of any consolidation.</li> <li>• Diversifying the customer base in other freight forwarding activities.</li> </ul>
<b>Economic</b>	<ul style="list-style-type: none"> <li>• Impact of a challenging business and economic environment in France; and</li> <li>• Adverse Brexit outcome for GBP, which impacts on the sugar packing activity.</li> </ul>	<ul style="list-style-type: none"> <li>• Focusing on cost reduction initiatives and potential partnerships.</li> <li>• Broadening the client base in other geographies.</li> </ul>
<b>Projects, strategic partnership and acquisition</b>	<ul style="list-style-type: none"> <li>• Inadequate due diligence/feasibility study on acquisitions and project development.</li> <li>• Inefficient or ineffective alliance with strategic partner. Inadequate information on strategic partner at time of alliance.</li> <li>• Lack of information on legal &amp; regulatory framework and/or political situation in targeted countries.</li> </ul>	<ul style="list-style-type: none"> <li>• Getting the right people to manage businesses.</li> <li>• Performing project appraisals and Board approval required for any investment decisions/acquisitions.</li> <li>• Partnering with known parties with proper agreements being drawn up.</li> </ul>



8.4 Principal Risks (cont'd)

<b>Risks</b>	<b>Descriptions and context</b>	<b>Mitigating actions</b>
<b>Financial risks</b>		
<b>Liquidity and Credit</b>	<ul style="list-style-type: none"> <li>• Delay in receiving money from debtors.</li> <li>• Inability to meet obligations.</li> <li>• Lack of credit insurance for companies in Africa.</li> </ul>	<ul style="list-style-type: none"> <li>• Regular sales, debtors and credit committee meetings are held.</li> <li>• Separate working capital for each country.</li> <li>• Credit vetting from Mauritius for larger customers in foreign entities.</li> <li>• Communication and implementation of best practices in foreign entities.</li> <li>• Effective treasury management for intercompany settlements.</li> <li>• Credit insurance is taken locally and internationally and having recourse to attorneys and debt collectors.</li> </ul>
<b>Foreign Exchange</b>	<ul style="list-style-type: none"> <li>• Adverse movements in prices due to volatility of exchange rates.</li> </ul>	<ul style="list-style-type: none"> <li>• Avoid conversion in another currency to mitigate foreign exchange losses.</li> <li>• Use of hedging instruments such as currency forwards.</li> </ul>
<b>Operational risks</b>		
<b>Skills attraction, performance and retention</b>	<ul style="list-style-type: none"> <li>• Lack of suitable employees and/or due to loss of key personnel to support growth, which can be more critical for overseas operations.</li> <li>• No retention strategies in place for key personnel.</li> <li>• Remuneration not aligned with the market resulting in low staff engagement</li> </ul>	<ul style="list-style-type: none"> <li>• Succession planning for key positions.</li> <li>• Talent spotting within Logistics.</li> <li>• Appraisal process and performance related bonus for employees.</li> <li>• Training programmes and placement in overseas entities.</li> </ul>
<b>Business Continuity</b>	<ul style="list-style-type: none"> <li>• Breakdown of operations due to unforeseen major events and lack of proper Business Continuity Plan</li> <li>• Social/political instability can impact on the operations of the organisation</li> <li>• Failure to provide a safe working environment for its workers exposes the company to liabilities such as compensation, loss of business, reputation and other costs</li> </ul>	<ul style="list-style-type: none"> <li>• Development of a comprehensive Business Continuity Plan is in process and will include:                             <ul style="list-style-type: none"> <li>- Safeguarding of data and servers for critical activities in all locations.</li> <li>- Risks and impact analysis for critical activities was completed.</li> </ul> </li> </ul>

8.4 Principal Risks (cont'd)

Risks	Descriptions and context	Mitigating actions
<b>Operational risks</b>		
<b>Health &amp; Safety</b>		<ul style="list-style-type: none"> <li>• Ensure adherence to the continuity &amp; recovery plans and training of recovery teams on Health and Safety.</li> <li>• Strict adherence to policies &amp; procedures.</li> <li>• Regular monitoring and reporting on health and safety issues.</li> <li>• Appointment of Health &amp; Safety officer/ consultant in other countries.</li> </ul>
<b>Theft, Fraud and Corruption</b>	<ul style="list-style-type: none"> <li>• Misappropriation of assets</li> <li>• Fraudulent activities perpetrated by employees, customers, suppliers, agents, brokers or third-party administrators in collusion against the Group for personal gain.</li> <li>• Inability to implement and communicate ethics and controls</li> </ul>	<ul style="list-style-type: none"> <li>• Camera coverage of risky areas.</li> <li>• 'Zero tolerance' policy.</li> <li>• Regular monthly meetings with security company for enhanced security.</li> <li>• Whistle-blowers process &amp; policy in place.</li> <li>• Proper segregation of duties and adequate controls in place.</li> <li>• Constant review of work processes and regular quality control checks are performed and regular intervention by internal audit.</li> </ul>
<b>Information Technology &amp; Security</b>	<p><b>Innovation &amp; Technology</b></p> <ul style="list-style-type: none"> <li>• Not leveraging on innovation to sustain competitive advantage or lack of operational excellence.</li> <li>• Disruptive technology.</li> <li>• Inability to embrace the technological transformation impacting our businesses through decreased productivity.</li> </ul> <p><b>IT Security</b></p> <ul style="list-style-type: none"> <li>• Cyber threats such as fraudulent phishing attempts, spoofing e-mails, malware and/or ransomware.</li> <li>• Inadequate security of data and privacy issues.</li> </ul>	<p><b>Innovation &amp; Technology</b></p> <ul style="list-style-type: none"> <li>• Automation of processes underway for the group.</li> </ul> <p><b>IT Security Measures reinforcement</b></p> <ul style="list-style-type: none"> <li>• Enhancing the Cybersecurity standards.</li> <li>• Group's Information Technology and Security policy has been updated and a cyber awareness workshop was conducted at management level. Training will be provided to all employees.</li> <li>• IT security audits will be carried out.</li> <li>• Regular back up of the database.</li> </ul>

**8.4 Principal Risks (cont'd)**

<b>Risks</b>	<b>Descriptions and context</b>	<b>Mitigating actions</b>
<b>Compliance risks</b>		
<b>Regulatory and internal compliance</b>	<ul style="list-style-type: none"> <li>• Inadequate compliance and risk culture</li> <li>• Lack of knowledge of laws, rules and regulations</li> </ul>	<ul style="list-style-type: none"> <li>• Appropriate compliance resources</li> <li>• Defined and updated regulatory policies and procedures</li> <li>• Active dialogue with regulators and industry bodies</li> </ul>

**8.5 Non-audit services**

For the year under review, there were no non-audit services rendered by the external auditor, BDO & Co.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Directors acknowledge their responsibilities for:

- (i) adequate accounting records and maintenance of effective internal control systems;
- (ii) the preparation of financial statements which fairly present the state of affairs of the Company as at the end of the financial year, the results of its operations and the cash flows for the year and which comply with International Financial Reporting Standard (IFRS), International Accounting Standards and the Companies Act;
- (iii) the selection of appropriate accounting policies supported by reasonable and prudent judgements and estimates.

The external auditors are responsible for reporting on whether the financial statements are fairly presented.

The Directors report that:

- (i) adequate accounting records and an effective system of internal control and risk management have been maintained while an internal audit function has been established;
- (ii) appropriate accounting policies supported by reasonable and prudent judgements and estimates have been used consistently;
- (iii) International Financial Reporting Standards have been adhered to. Any departure has been disclosed, explained and quantified in the interest of fair presentation; and
- (iv) the National Code of Corporate Governance for Mauritius (2016) has been adhered to in all material aspects.

**ON BEHALF OF THE BOARD**

.....  
Chairman 

.....  
Director 

Date : 06 DEC 2019

SECRETARY CERTIFICATE - YEAR ENDED JUNE 30, 2019

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In my capacity as Company Secretary of Velogic Holding Company Limited ('the Company'), I hereby confirm that, to the best of my knowledge and belief, the Company has filed with the Registrar of Companies, for the financial year ended June 30, 2019, all such returns as are required of the Company under the Companies Act 2001.



Company Secretary:

Date: 06 DECEMBER 2019

## VELOGIC HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES

6

### INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Velogic Holding Company Limited

#### Report on the audit of the Financial Statements

##### Opinion

We have audited the consolidated financial statements of Velogic Holding Company Limited and its subsidiaries (the Group), and Velogic Holding Company Limited's separate financial statements (the "Company") on pages 7 to 73 which comprise the statements of financial position as at June 30, 2019, and the statements of profit or loss, statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements on pages 7 to 73 give a true and fair view of the financial position of the Group and of the Company as at June 30, 2019, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

##### Basis for Opinion

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

##### Other information

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

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

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

##### Corporate Governance Report

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

BDO & Co, a firm of Chartered Accountants in Mauritius, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

BDO is the brand name for the BDO network and for each of the BDO Member Firms.



## VELOGIC HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES

6(a)

### INDEPENDENT AUDITOR'S REPORT (CONT'D)

To the Shareholders of Velogic Holding Company Limited

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

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

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

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

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

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

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

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



**VELOGIC HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES**

6(b)

**INDEPENDENT AUDITOR'S REPORT (CONT'D)**

To the Shareholders of Velogic Holding Company Limited

**Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)**

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

**Report on Other Legal and Regulatory Requirements**

*Companies Act 2001*

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

We have obtained all information and explanations we have required.

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

**Other Matter**

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

*BDO & CO*  
**BDO & CO**  
Chartered Accountants  
*Georges Chung Ming Kan*

Port Louis,  
Mauritius.

**Per Georges Chung Ming Kan, F.C.C.A**  
Licensed by FRC

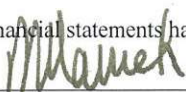
06 DEC 2019




STATEMENTS OF FINANCIAL POSITION - JUNE 30, 2019

	Notes	THE GROUP		THE COMPANY	
		2019	2018	2019	2018
		Rs'000	Rs'000	Rs'000	Rs'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	5	908,684	893,622	-	-
Investment property	6	-	22,542	-	-
Intangible assets	7	640,271	642,539	-	-
Investment in subsidiaries	8	-	-	1,053,032	857,857
Financial assets at fair value through other comprehensive income	9	5,219	-	-	-
Available-for-sale financial assets	9A	-	9,288	-	-
Deferred tax assets	10	12,533	11,885	-	-
		<u>1,566,707</u>	<u>1,579,876</u>	<u>1,053,032</u>	<u>857,857</u>
<b>Current assets</b>					
Inventories	11	61,330	59,859	-	-
Trade and other receivables	12	993,990	1,088,439	-	267,252
Financial assets at amortised cost	12A	135,450	-	57,508	-
Prepayments		32,359	-	100	-
Current tax assets	13(a)	14,980	26,700	-	-
Cash and cash equivalents	25(c)	207,287	207,926	5,672	1,013
		<u>1,445,396</u>	<u>1,382,924</u>	<u>63,280</u>	<u>268,265</u>
Non-current assets classified as held for sale	27(e)	-	6,038	-	-
<b>Total assets</b>		<u><b>3,012,103</b></u>	<u><b>2,968,838</b></u>	<u><b>1,116,312</b></u>	<u><b>1,126,122</b></u>
<b>FINANCED BY</b>					
<b>Capital and reserves</b>					
Share capital	14	1,019,294	1,019,294	1,019,294	1,019,294
Other reserves	15	180,758	184,920	-	-
Retained earnings		272,780	230,437	16,947	29,146
Owners' interest		1,472,832	1,434,651	1,036,241	1,048,440
Non-controlling interests		147,414	138,629	-	-
Total equity		<u>1,620,246</u>	<u>1,573,280</u>	<u>1,036,241</u>	<u>1,048,440</u>
<b>Non-current liabilities</b>					
Borrowings	16	314,095	351,287	-	-
Deferred tax liabilities	10	56,849	56,928	-	-
Retirement benefits obligations	17	68,456	72,277	-	-
		<u>439,400</u>	<u>480,492</u>	<u>-</u>	<u>-</u>
<b>Current liabilities</b>					
Trade and other payables	18	691,666	622,544	451	843
Current tax liabilities	13(a)	10,769	7,722	127	146
Borrowings	16	227,647	263,140	59,493	61,193
Dividend payable		22,375	17,115	20,000	15,500
		<u>952,457</u>	<u>910,521</u>	<u>80,071</u>	<u>77,682</u>
Liabilities directly associated with non-current assets classified as held-for-sale	27(e)	-	4,545	-	-
<b>Total liabilities</b>		<u><b>1,391,857</b></u>	<u><b>1,395,558</b></u>	<u><b>80,071</b></u>	<u><b>77,682</b></u>
<b>Total equity and liabilities</b>		<u><b>3,012,103</b></u>	<u><b>2,968,838</b></u>	<u><b>1,116,312</b></u>	<u><b>1,126,122</b></u>

These financial statements have been approved by the Board of Directors on:

  
 Signature  
**DAMIÁN MAMET**  
 Name of Director

06 DEC 2019  
  
 Signature  
**N. N. N. N.**  
 Name of Director

The notes on pages 13 to 73 form an integral part of these financial statements.  
 Auditor's report on pages 6 to 6(b).

## STATEMENTS OF PROFIT OR LOSS - YEAR ENDED JUNE 30, 2019

	Notes	THE GROUP		THE COMPANY	
		2019	2018	2019	2018
		Rs'000	Rs'000	Rs'000	Rs'000
<b>Continuing operations</b>					
<b>TOTAL REVENUE</b>	19	<b>3,415,225</b>	<b>3,402,299</b>	<b>33,871</b>	<b>65,981</b>
Sales of services		3,369,471	3,343,728	-	-
Cost of sales	20	(2,269,206)	(2,316,084)	-	-
Gross profit		1,100,265	1,027,644	-	-
Commission and other income		43,100	56,209	-	-
Dividend and interest income		2,654	2,362	33,871	65,981
		1,146,019	1,086,215	33,871	65,981
Employee benefit expense	21	(621,626)	(577,904)	-	-
Depreciation	5(f)	(96,977)	(100,475)	-	-
Amortisation	7	(3,661)	(4,210)	-	-
Other expenses	20	(255,653)	(250,903)	(652)	(944)
		168,102	152,723	33,219	65,037
Finance costs	22	(13,398)	(2,091)	(702)	(550)
		154,704	150,632	32,517	64,487
Taxation	13(b)	(38,575)	(38,437)	(216)	(144)
<b>Profit for the year from continuing operations</b>		<b>116,129</b>	<b>112,195</b>	<b>32,301</b>	<b>64,343</b>
<b>Discontinued operations</b>					
Profit/(loss) from discontinued operations	27	4,274	(8,618)	-	-
<b>Profit for the year</b>		<b>120,403</b>	<b>103,577</b>	<b>32,301</b>	<b>64,343</b>
<b>Profit attributable to:</b>					
Owners of the parent		106,126	88,400	32,301	64,343
Non-controlling interests		14,277	15,177	-	-
		120,403	103,577	32,301	64,343

The notes on pages 13 to 73 form an integral part of these financial statements.

Auditor's report on pages 6 to 6(b).

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME -  
YEAR ENDED JUNE 30, 2019

	Notes	THE GROUP		THE COMPANY	
		2019	2018	2019	2018
		Rs'000	Rs'000	Rs'000	Rs'000
<b>Profit for the year</b>		<b>120,403</b>	<b>103,577</b>	<b>32,301</b>	<b>64,343</b>
<b>Other comprehensive income:</b>					
<u>Items that will not be reclassified to profit or loss:</u>					
Remeasurement of post employment benefit obligations	17	(2,066)	(10,299)	-	-
Income tax relating to components of other comprehensive income	10(b)	150	(1,493)	-	-
<u>Items that may be reclassified subsequently to profit or loss:</u>					
Currency translation differences		(2,810)	(8,143)	-	-
<b>Other comprehensive income for the year, net of tax</b>		<b>(4,726)</b>	<b>(19,935)</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>115,677</b>	<b>83,642</b>	<b>32,301</b>	<b>64,343</b>
<b>Total comprehensive income attributable to:</b>					
Owners of the parent		101,964	65,535	32,301	64,343
Non-controlling interests		13,713	18,107	-	-
		<b>115,677</b>	<b>83,642</b>	<b>32,301</b>	<b>64,343</b>

The notes on pages 13 to 73 form an integral part of these financial statements.

Auditor's report on pages 6 to 6(b).

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

(a) THE GROUP	Notes	Attributable to owners of the parent					Total	Non-controlling interests	Total
		Share capital	Other reserves	Retained earnings	Total	Rs'000			
Balance at July 1, 2018		1,019,294	184,920	230,437	1,434,651	138,629	1,573,280		
- as previously reported		-	-	(19,283)	(19,283)	(180)	(19,463)		
- effect of changes in accounting policies	30(a)	1,019,294	184,920	211,154	1,415,368	138,449	1,553,817		
- as restated		-	-	106,126	106,126	14,277	120,403		
Profit for the year		-	(4,162)	-	(4,162)	(564)	(4,726)		
Other comprehensive income for the year		-	(4,162)	106,126	101,964	13,713	115,677		
Total comprehensive income for the year		-	-	(44,500)	(44,500)	(4,748)	(49,248)		
Dividends	24	-	-	-	-	-	-		
<b>At June 30, 2019</b>		<b>1,019,294</b>	<b>180,758</b>	<b>272,780</b>	<b>1,472,832</b>	<b>147,414</b>	<b>1,620,246</b>		
Balance at July 1, 2017		1,019,294	207,785	190,537	1,417,616	139,131	1,556,747		
Profit for the year		-	-	88,400	88,400	15,177	103,577		
Other comprehensive income for the year		-	(22,865)	-	(22,865)	2,930	(19,935)		
Total comprehensive income for the year		-	(22,865)	88,400	65,535	18,107	83,642		
Changes in ownership interest in subsidiaries that do not result in a loss of control	26	-	-	-	-	(14,950)	(14,950)		
Dividends	24	-	-	(48,500)	(48,500)	(3,659)	(52,159)		
<b>At June 30, 2018</b>		<b>1,019,294</b>	<b>184,920</b>	<b>230,437</b>	<b>1,434,651</b>	<b>138,629</b>	<b>1,573,280</b>		

The notes on pages 13 to 73 form an integral part of these financial statements.  
Auditor's report on pages 6 to 6(b).

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

(b) <u>THE COMPANY</u>	Notes	Share	Retained	Total
		capital	earnings	
		Rs'000	Rs'000	Rs'000
Balance at July 1, 2018		1,019,294	29,146	1,048,440
Profit for the year		-	32,301	32,301
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year		-	32,301	32,301
Dividends	24	-	(44,500)	(44,500)
<b>At June 30, 2019</b>		<b>1,019,294</b>	<b>16,947</b>	<b>1,036,241</b>
Balance at July 1, 2017		1,019,294	13,303	1,032,597
Profit for the year		-	64,343	64,343
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year		-	64,343	64,343
Dividends	24	-	(48,500)	(48,500)
<b>At June 30, 2018</b>		<b>1,019,294</b>	<b>29,146</b>	<b>1,048,440</b>

The notes on pages 13 to 73 form an integral part of these financial statements.

Auditor's report on pages 6 to 6(b).

## STATEMENTS OF CASH FLOWS - YEAR ENDED JUNE 30, 2019

	Notes	THE GROUP		THE COMPANY	
		2019	2018	2019	2018
		Rs'000	Rs'000	Rs'000	Rs'000
<b>Cash flows from operating activities</b>					
Cash generated from/(absorbed in) operations	25(a)	250,158	165,898	3,575	(297)
Interest paid		(32,550)	(37,103)	(745)	(1,170)
Interest received		2,654	2,362	1,121	1,532
Income tax paid	13(a)	(24,312)	(57,148)	(235)	(26)
<b>Net cash generated from operating activities</b>		<b>195,950</b>	<b>74,009</b>	<b>3,716</b>	<b>39</b>
<b>Cash flows from investing activities</b>					
Additional purchase consideration on acquisition of subsidiary	7(d)	-	(14,889)	-	-
Acquisition of additional interest in subsidiary	26	-	(23,417)	-	-
Purchase of property, plant and equipment	25(b)	(82,522)	(55,379)	-	-
Purchase of intangible assets		(1,443)	(1,235)	-	-
Proceeds on sale of property, plant and equipment		12,243	24,152	-	-
Proceeds on disposal of equity investments		5,251	-	-	-
Proceeds from capital reduction of investee company		511	-	-	-
Proceed on disposal of subsidiary	27(a)	1,972	-	-	-
Dividends received		-	-	24,343	73,419
Loans granted to related parties		-	-	(10,500)	(66,606)
Loan repayments received from related parties		-	-	28,800	36,000
<b>Net cash (used in)/from investing activities</b>		<b>(63,988)</b>	<b>(70,768)</b>	<b>42,643</b>	<b>42,813</b>
<b>Cash flows from financing activities</b>					
Loan received from related parties		-	-	42,000	67,000
Loan repaid to related parties		(9,375)	(9,179)	(43,700)	(58,300)
Proceeds from borrowings		196,005	266,506	-	-
Payments of borrowings		(216,215)	(263,396)	-	-
Finance lease principal payments		(21,883)	(26,307)	-	-
Dividends paid to company's shareholders		(40,000)	(51,500)	(40,000)	(51,500)
Dividends paid to non-controlling interests		(3,988)	(5,191)	-	-
<b>Net cash used in financing activities</b>		<b>(95,456)</b>	<b>(89,067)</b>	<b>(41,700)</b>	<b>(42,800)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>36,506</b>	<b>(85,826)</b>	<b>4,659</b>	<b>52</b>
<b>Movement in cash and cash equivalents</b>					
At July 1,		74,267	170,612	1,013	961
Increase/(decrease)		36,506	(85,826)	4,659	52
Effect of foreign exchange rate changes		(3,167)	(10,519)	-	-
<b>At June 30,</b>	25(c)	<b>107,606</b>	<b>74,267</b>	<b>5,672</b>	<b>1,013</b>

The notes on pages 13 to 73 form an integral part of these financial statements.

Auditor's report on pages 6 to 6(b).

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2019

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**1. GENERAL INFORMATION**

Velogic Holding Company Limited is a limited liability company incorporated in the Republic of Mauritius on September 30, 2004 as a management and investment company for the Logistics Autonomous Division of Rogers & Co Limited. The immediate holding company is Rogers and Company Limited, the intermediate holding is Rogers Consolidated Shareholding Limited and its ultimate holding company is Société Caredas, all companies are incorporated in the Republic of Mauritius. Its registered office is situated at No.5 President John Kennedy Street, Port Louis.

These financial statements will be submitted for consideration and approval at the forthcoming Annual Meeting of Shareholders of the Company.

**2. SIGNIFICANT ACCOUNTING POLICIES**

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

**2.1 Basis of preparation**

The financial statements of Velogic Holding Company Limited comply with the Companies Act 2001 and have been prepared in accordance with International Financial Reporting Standards (IFRS).

The financial statements include the consolidated financial statements of the parent company and its subsidiaries (The Group) and the separate financial statements of the parent company (The Company).

The financial statements are presented in Mauritian Rupees and all values are rounded to the nearest thousand (Rs'000), except when otherwise indicated.

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

- (i) land and building are carried at revalued amounts; and
- (ii) investment property are stated at fair value;
- (iii) relevant financial assets and financial liabilities are stated at their fair value/amortised cost.

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

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of IFRS 9 Financial Instruments from July 1, 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The new accounting policies are set out in note 2.6. The Group has elected to apply the exemption in IFRS 9 paragraph 7.2.15 not to restate prior periods in the year of initial application of the standard. The Group has chosen to adopt the simplified expected credit loss model for trade receivables in accordance with IFRS 9 paragraph 5.5.15.

IFRS 15 Revenue from Contracts with Customers is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The Group has adopted IFRS 15 Revenue from Contracts with Customers from 1 July 2018 which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The new accounting policies are set out in note 2.18. In accordance with the transition provisions in IFRS 15, the Group has not restated comparatives for the 2018 financial year.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

#### *Standards, Amendments to published Standards and Interpretations effective in the reporting period (cont'd)*

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

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

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

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

##### Annual Improvements to IFRSs 2014-2016 Cycle

- IFRS 1 - deleted short-term exemptions covering transition provisions of IFRS 7, IAS 19 and IFRS 10 which are no longer relevant.
- IAS 28 - clarifies that the election by venture capital organisations, mutual funds, unit trusts and similar entities to measure investments in associates or joint ventures at fair value through profit or loss should be made separately for each associate or joint venture at initial recognition. The amendment has no impact on the Group's financial statements.

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

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

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

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

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

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

IFRS 16 Leases

IFRS 17 Insurance Contracts



## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2019

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****2.1 Basis of preparation (cont'd)***Standards, Amendments to published Standards and Interpretations issued but not yet effective (cont'd)*

IFRIC 23 Uncertainty over Income Tax Treatments  
 Prepayment Features with negative compensation (Amendments to IFRS 9)  
 Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)  
 Annual Improvements to IFRSs 2015-2017 Cycle  
 Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)  
 Definition of a Business (Amendments to IFRS 3)  
 Definition of Material (Amendments to IAS 1 and IAS 8)

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

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

**2.2 Property, plant and equipment**

Land and building, held for use in the production or supply of goods or for administrative purposes, are stated at its fair value based on periodic, but at least triennial valuations, by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the assets and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

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

Depreciation is calculated on the straight-line method to write off their cost to their residual values over their estimated useful lives. It is applied at the following rates:

Buildings and yards	7 - 50 years
Plant and equipment	5 - 10 years
Motor vehicles	4 - 5 years
Furniture, fixtures and equipment	4 - 6.67 years

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2019

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**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****2.2 Property, plant and equipment (cont'd)**

Land is not depreciated.

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

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

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

**2.3 Investment property**

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

**2.4 Intangible assets****(a) Goodwill**

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see note 2.5) less accumulated impairment losses, if any.

Goodwill is tested annually for impairment.

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

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

**(b) Computer software**

Acquired computer software licences are capitalised on the basis of costs incurred to acquire and bring to use the specific software and are amortised using the straight line method over their estimated useful lives (3-5 years).

**2.5 Investment in subsidiaries***Separate financial statements of the investor*

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

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2019

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**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****2.5 Investment in subsidiaries (cont'd)***Consolidated financial statements*

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

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

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interests in the acquiree either at fair value or at the non-controlling interests' proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree (if any) over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss as a bargain purchase gain.

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

*Transactions and non-controlling interests*

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

**2.6 Financial assets**

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

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2019

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**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****2.6 Financial assets (cont'd)****(i) Amortised cost**

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

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

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

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

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

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and - for the purpose of the statement of cash flows - bank overdrafts. Bank overdrafts are shown within loans and borrowings in current liabilities on the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2019

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**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****2.6 Financial assets (cont'd)****(ii) Fair value through other comprehensive income**

The Group has investments in unlisted entities which are not accounted for as subsidiaries, associates or jointly controlled entities. For those investments, the Group has made an irrevocable election to classify the investments at fair value through other comprehensive income rather than through profit or loss as the Group considers this measurement to be the most representative of the business model for these assets. They are carried at fair value with changes in fair value recognised in other comprehensive income and accumulated in the fair value through other comprehensive income reserve. Upon disposal any balance within fair value through other comprehensive income reserve is reclassified directly to retained earnings and is not reclassified to profit or loss.

Dividends are recognised in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment, in which case the full or partial amount of the dividend is recorded against the associated investments carrying amount.

Purchases and sales of financial assets measured at fair value through other comprehensive income are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in the fair value through other comprehensive income reserve.

**2.7 Financial liabilities**

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

Other financial liabilities include the following items:

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

**2.8 Leases**

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

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2019

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**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****2.8 Leases (cont'd)****(b) Accounting for leases - where Group is the lessee**

Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased assets and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss.

**2.9 Current and deferred income tax**

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

*Current tax*

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

*Deferred tax*

Deferred income tax is provided in full using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for.

Deferred income tax is determined using tax rates that have been enacted or substantively enacted by the end of the reporting date and are expected to apply in the period when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which deductible temporary differences can be utilised.

**2.10 Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis.

Work in progress is valued at the lower of cost and its net realisable value. The cost of work in progress for the Group comprises of direct costs and the value of disbursement made on behalf of clients.

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

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2019

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**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****2.11 Share capital**

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

**2.12 Borrowings**

Borrowings are recognised initially at fair value being their issue proceeds net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

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

**2.13 Retirement benefit obligations****(a) *Defined contribution plans***

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Payments to defined contribution plans are recognised as an expense when employees have rendered service that entitle them to the contributions.

**(b) *Defined benefit plans***

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

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

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

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2019

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**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****2.13 Retirement benefit obligations (cont'd)****(b) *Defined benefit plans (cont'd)***

The Group determines the net interest expense/(income) on the net defined benefit liability/(asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined liability/(asset), taking into account any changes in the net defined liability/(asset) during the period as a result of contributions and benefit payments. Net interest expense/(income) is recognised in profit or loss. Service costs comprising current service cost, past service cost, as well as gains and losses on curtailments and settlements are recognised immediately in profit or loss.

**(c) *Unfunded pensioners***

For pensioners (former employees) who are not covered under any pension plan, the net present value of pension payable as per the terms of the contractual agreement is calculated by a qualified actuary and provided for.

**2.14 Provisions**

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

**2.15 Trade and other payables**

Trade and other payables are stated at fair value and subsequently measured at amortised cost using the effective interest method.

**2.16 Foreign currencies****(a) *Functional and presentation currency***

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

**(b) *Transactions and balances***

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

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

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



NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2019

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**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****2.16 Foreign currencies (cont'd)****(b) Transactions and balances (cont'd)**

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

**(c) Group companies**

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

- (i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position.
- (ii) income and expenses for each statement representing profit or loss and other comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- (iii) all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognised in profit or loss as part of the gain or loss on sale.

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

**2.17 Impairment of non-financial assets**

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

**2.18 Revenue recognition****(a) Revenue from contracts with customers***Performance obligations and timing of revenue recognition*

Revenue is derived from sale of services with revenue recognised at a point in time. This is generally when the services are rendered to the customer.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2019

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**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****2.18 Revenue recognition (cont'd)****(a) Revenue from contracts with customers (cont'd)***Performance obligations and timing of revenue recognition (cont'd)*

The Group provides courier services, freight forwarding, packing of special sugars, port related and transport services, shipping services and warehousing.

*Determining the transaction price*

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

*Allocating amounts to performance obligations*

For most contracts, there is a fixed unit price for each service rendered, with reductions given for bulk orders placed at a specific time. Therefore, there is no judgement involved in allocating the contract price to each service ordered in such contracts (it is the total contract price divided by the type of services rendered).

For most contracts, there is a fixed unit price for each service rendered, with reductions given for bulk orders placed at a specific time. Therefore, there is no judgement involved in allocating the contract price to each service ordered in such contracts (it is the total contract price divided by the cubic metre rented and number of rental days).

*Practical Exemptions*

The Group has taken advantage of the practical exemptions:

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

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

- Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).
- Other income is recognised as it accrues unless collectability is in doubt

**2.19 Dividend distribution**

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

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****2.20 Acquisitions from entities under common control**

In 2018, business combinations arising from transfers of interests in entities that are under control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative year presented or if later at the date that common control was established; for this purpose comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts. The components of equity of the acquired entities are added to the same components within the Company's equity.

**2.21 Non-current assets held for sale**

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

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

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2019

## 3. FINANCIAL RISK MANAGEMENT

## 3.1 Financial Risk Factors

The Group's activities expose it to a variety of financial risk factors, including:

- (a) market risk;
- (b) credit risk;
- (c) liquidity risk; and
- (d) cash flow and fair value interest rate risk.

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

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

A description of the significant risk factors is given below together with the risk management policies applicable.

(a) Market risk(i) Currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Euro, Kenya Shilling and US Dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

Management has set up a policy to require the Group to manage its foreign exchange risk exposure with treasury. The Group also manages the exposure to currency variations by matching receipts and disbursements.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

Currency profile

The currency profile of the Group and the Company's financial assets and liabilities is summarised below:

THE GROUP	2019		2018	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
	Rs'000	Rs'000	Rs'000	Rs'000
Rupee	407,659	461,072	439,491	476,118
Euro	483,416	502,877	444,933	508,510
US Dollar	112,296	104,407	63,540	90,725
Great Britain Pound	410	789	2,029	668
Kenya Shilling	253,318	57,018	264,282	89,720
Others	146,177	107,245	112,493	71,230
	<u>1,403,276</u>	<u>1,233,408</u>	<u>1,326,768</u>	<u>1,236,971</u>

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2019

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

## 3.1 Financial Risk Factors (cont'd)

(a) Market risk (cont'd)(i) Currency risk (cont'd)

<u>THE COMPANY</u>	2019		2018	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
	Rs'000	Rs'000	Rs'000	Rs'000
Rupee	<u>63,180</u>	<u>59,944</u>	<u>268,108</u>	<u>62,036</u>

Sensitivity analysis

At the end of reporting date, if the rupee had weakened/strengthened by 5% against the following currencies with all the variables remaining constant, the impact on the post-tax profit for the period would have been shown in the table below, mainly as a result of foreign exchange gains/losses on translation of foreign currency denominated financial assets and liabilities.

<u>THE GROUP</u>	2019		2018	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
	Rs'000	Rs'000	Rs'000	Rs'000
Impact on post-tax profit :				
Euro	24,171	25,144	22,247	25,426
US Dollar	5,615	5,220	3,177	4,536
Great Britain Pound	21	39	101	33
Kenya Shilling	12,666	2,851	13,214	4,486
Others	7,309	5,362	5,625	3,562
	<u>49,782</u>	<u>38,616</u>	<u>44,364</u>	<u>38,043</u>

THE COMPANY

The Company is not exposed to currency risk as all financial assets and financial liabilities are denominated in Mauritian Rupees.

(ii) Price risk

The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated statements of financial position as fair value through OCI (2018: available-for-sale). The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio.

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2019

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

## 3.1 Financial Risk Factors (cont'd)

(a) Market risk (cont'd)(ii) Price risk (cont'd)Sensitivity analysis

The table below summarises the impact of increases/decreases in the fair value of the investments on equity. The analysis is based on the assumption that the fair value has increased/decreased by 5%.

	Impact on equity			
	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	Rs'000	Rs'000	Rs'000	Rs'000
Financial assets at FVOCI	261	-	-	-
Available-for-sale financial assets	-	464	-	-

(b) Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposure to customers, including outstanding receivables.

Credit risk is managed on a Group basis. For banks and financial institutions, only independently rated parties are accepted.

Risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set out based on internal or external ratings in accordance with limits set by the Board. The compliance with credit limits by customers is regularly monitored by line management.

Sales to retail customers are required to be settled in cash or using major credit cards, mitigating credit risk. There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

(c) Liquidity risk

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

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market position.

The Group aims at maintaining flexibility in funding by keeping committed credit lines available.

The table below analyses the Group's and the Company's financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting date to the contractual maturity date.

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2019

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

## 3.1 Financial Risk Factors (cont'd)

(c) Liquidity risk (cont'd)

<u>THE GROUP</u>	Less than	Between	Later	Total
	1 year	1 and 5	than	
<u>At June 30, 2019</u>	Rs'000	Rs'000	Rs'000	Rs'000
Trade and other payables	691,666	-	-	691,666
Borrowings	227,647	233,152	80,943	541,742
	<u>919,313</u>	<u>233,152</u>	<u>80,943</u>	<u>1,233,408</u>
<u>At June 30, 2018</u>				
Trade and other payables	622,544	-	-	622,544
Borrowings	263,140	263,179	88,108	614,427
	<u>885,684</u>	<u>263,179</u>	<u>88,108</u>	<u>1,236,971</u>
<u>THE COMPANY</u>	Less than	Between	Later	Total
<u>At June 30, 2019</u>	Rs'000	Rs'000	Rs'000	
Trade and other payables	451	-	-	451
Borrowings	59,493	-	-	59,493
	<u>59,944</u>	<u>-</u>	<u>-</u>	<u>59,944</u>
<u>At June 30, 2018</u>				
Trade and other payables	843	-	-	843
Borrowings	61,193	-	-	61,193
	<u>62,036</u>	<u>-</u>	<u>-</u>	<u>62,036</u>

(d) Cash flow and fair value interest rate risk

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest-rate risk arises from borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

The Group has an interest rate policy which aims at minimising the annual interest costs and reduce volatility. The cost of debt is managed by effective negotiation directly with banks and other financial institutions.

*Sensitivity analysis*THE GROUP

At the end of reporting date, if interest rates on borrowings had been 50 basis points higher/lower with all variables held constant, post-tax profit for the year would have been Rs 2.592 million (2018: Rs 2.947 million) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

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

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

##### (d) Cash flow and fair value interest rate risk (cont'd)

###### THE COMPANY

At the end of reporting date, if interest rates on borrowings had been 50 basis points higher/lower with all variables held constant, post-tax profit for the year would have been Nil (2018: Rs 0.010 million) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

#### 3.2 Fair value estimation

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

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

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

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

#### 3.3 Capital risk management

The Group's objectives when managing capital are:

- to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- to provide an adequate return to shareholders by providing products and services commensurately with the

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.



## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2019

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

## 3.3 Capital risk management (cont'd)

Consistently with others in the industry, the Group monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt adjusted capital. Net debt is calculated as total debt (as shown on the statements of financial position) less cash and cash equivalents. Adjusted capital comprises all components of equity (i.e. share capital, other reserves, non-controlling interests and retained earnings).

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

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	Rs'000	Rs'000	Rs'000	Rs'000
Total debts (note 16)	541,742	614,427	59,493	61,193
Less: Cash and cash equivalents	(207,287)	(207,926)	(5,672)	(1,013)
Net debt	<u>334,455</u>	<u>406,501</u>	<u>53,821</u>	<u>60,180</u>
Adjusted capital	<u>1,620,246</u>	<u>1,573,280</u>	<u>1,036,241</u>	<u>1,048,440</u>
Debt-to-adjusted capital ratio	<u>21%</u>	<u>26%</u>	<u>5%</u>	<u>6%</u>

The decrease in the Group's and Company's debt-to-adjusted capital ratio during 2019 resulted primarily from an decrease in net debt.

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

#### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

##### 4.1 Critical accounting estimates and assumptions

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

(a) **Estimated impairment of goodwill**

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2.4(a). These calculation require the use of estimates as stated in note 7(c).

(b) **Pension benefits**

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

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

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 17.

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

The Group carries its land and buildings at revalued amounts with changes in fair value being recognised in other comprehensive income. The Group engaged independent valuation specialists to determine fair value as at June 30, 2017.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2019

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## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

## 4.1 Critical accounting estimates and assumptions (cont'd)

(d) **Limitation of sensitivity analysis**

The sensitivity analysis in respect of market risk demonstrate the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors. It should be noted that these sensitivities are non-linear and larger or smaller impacts should be interpolated or extrapolated from these results.

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

(e) **Impairment of financial assets**

The loss allowance for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

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

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

(g) **Depreciation policies**

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

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

(h) **Impairment of assets**

Goodwill is considered for impairment at least annually. Property, plant and equipment, and intangible assets are considered for impairment if there is a reason to believe that impairment may be necessary. Factors taken into consideration in reaching such a decision include the economic viability of the asset itself and where it is a component of a larger economic unit, the viability of that unit itself.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2019

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## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

## 4.1 Critical accounting estimates and assumptions (cont'd)

(h) Impairment of assets (cont'd)

Future cash flows expected to be generated by the assets or cash-generating units are projected, taking into account market conditions and the expected useful lives of the assets. The present value of these cash flows, determined using an appropriate discount rate, is compared to the current net asset value and, if lower, the assets are impaired to the present value. The impairment loss is first allocated to goodwill and then to the other assets of a cash-generating unit.

Cash flows which are utilised in these assessments are extracted from formal five-year business plans which are updated annually. The Group utilises the valuation model to determine asset and cash-generating unit values supplemented, where appropriate, by discounted cash flow and other valuation techniques.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2019

5. PROPERTY, PLANT AND EQUIPMENT

(a) THE GROUP	Freehold land and yard Rs'000	Freehold buildings Rs'000	Buildings and yard on leasehold land		Plant and equipment		Furniture, fixtures and equipment		Motor vehicles		Total Rs'000
			Rs'000	Rs'000	Owned Rs'000	Leased Rs'000	Owned Rs'000	Leased Rs'000	Owned Rs'000	Leased Rs'000	
(i) COST OR VALUATION											
At July 1, 2018											
- cost	-	-	-	-	677,676	53,425	78,534	90,528	45,398	945,561	
- valuation	124,517	20,260	433,357	-	-	-	-	-	-	578,134	
	124,517	20,260	433,357	677,676	53,425	78,534	90,528	45,398	1,523,695		
Additions	-	-	3,844	66,187	-	-	9,300	3,191	15,789	98,311	
Transfer from investment property (note 6)	12,231	10,487	-	-	-	-	-	-	-	22,718	
Disposals	-	-	-	(45,264)	-	-	(210)	(5,413)	(2,008)	(52,895)	
Impairment losses	-	-	-	-	-	-	(402)	-	-	(402)	
Exchange differences	70	76	2	890	-	-	165	(469)	-	734	
At June 30, 2019											
- cost	-	-	-	699,489	53,425	87,387	87,837	59,179	987,317		
- valuation	136,818	30,823	437,203	-	-	-	-	-	604,844		
	136,818	30,823	437,203	699,489	53,425	87,387	87,837	59,179	1,592,161		
DEPRECIATION											
At July 1, 2018	-	1,102	25,781	426,155	19,038	57,162	79,227	21,608	630,073		
Charge for the year	-	477	11,919	55,414	5,824	8,982	3,475	10,886	96,977		
Disposal adjustments	-	-	-	(37,115)	-	(210)	(5,160)	(1,648)	(44,133)		
Impairment losses	-	-	-	-	-	(33)	-	-	(33)		
Exchange differences	-	9	2	740	-	72	(230)	-	593		
At June 30, 2019	-	1,588	37,702	445,194	24,862	65,973	77,312	30,846	683,477		
NET BOOK VALUES											
At June 30, 2019	136,818	29,235	399,501	254,295	28,563	21,414	10,525	28,333	908,684		

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2019

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

(a) THE GROUP	Freehold land and yard		Buildings and yard on leasehold land		Plant and equipment		Furniture, fixtures and equipment		Motor vehicles		Total
	Rs'000	Rs'000	Rs'000	Rs'000	Owned	Leased	Rs'000	Rs'000	Owned	Leased	
(ii) COST OR VALUATION											
At July 1, 2017											
- cost	-	-	-	-	683,322	52,162	75,174	92,052	46,263	-	948,973
- valuation	124,517	19,668	433,347	433,347	-	-	-	-	-	-	577,532
	124,517	19,668	433,347	433,347	683,322	52,162	75,174	92,052	46,263	-	1,526,505
Additions	-	592	686	686	40,835	1,263	7,220	6,046	5,009	-	61,651
Disposals	-	-	-	-	(44,806)	-	(219)	(6,325)	(5,874)	-	(57,224)
Transfer to non-current assets held for sale (note 27(e))	-	-	-	-	-	-	(2,932)	(115)	-	-	(3,047)
Exchange differences	-	-	(676)	(676)	(1,675)	-	(709)	(1,130)	-	-	(4,190)
At June 30, 2018											
- cost	-	-	-	-	677,676	53,425	78,534	90,528	45,398	-	945,561
- valuation	124,517	20,260	433,357	433,357	-	-	-	-	-	-	578,134
	124,517	20,260	433,357	433,357	677,676	53,425	78,534	90,528	45,398	-	1,523,695
DEPRECIATION											
At July 1, 2017	-	907	13,579	13,579	404,387	10,142	51,438	80,184	17,773	-	578,410
Charge for the year	-	195	11,846	11,846	54,291	8,896	11,347	4,885	9,708	-	101,168
Disposal adjustments	-	-	-	-	(31,113)	-	(209)	(4,433)	(5,873)	-	(41,628)
Transfer to non-current assets held for sale (note 27(e))	-	-	-	-	-	-	(2,315)	(157)	-	-	(2,472)
Exchange differences	-	-	356	356	(1,410)	-	(3,099)	(1,252)	-	-	(5,405)
At June 30, 2018	-	1,102	25,781	25,781	426,155	19,038	57,162	79,227	21,608	-	630,073
NET BOOK VALUES											
At June 30, 2018	124,517	19,158	407,576	407,576	251,521	34,387	21,372	11,301	23,790	-	893,622

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2019

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

- (b) Additions include Rs 15.810 million (2018: Rs 6.272 million) of assets leased under finance leases for the Group.
- (c) The Group's land and buildings were last revalued at June 30, 2017 by independent valuers. The revaluation net of applicable deferred income taxes was credited to revaluation surplus in shareholders' equity (note 15).

Details of the Group's land and building measured at revalued amounts and information about the fair value hierarchy are as follows:

	Level 2	Level 3	Total
	Rs'000	Rs'000	Rs'000
<b>June 30, 2019</b>			
Freehold land and yard	136,818	-	136,818
Freehold buildings	-	29,235	29,235
Buildings and yard on leasehold land	-	399,501	399,501
	<b>136,818</b>	<b>428,736</b>	<b>565,554</b>
<b>June 30, 2018</b>			
Freehold land and yard	124,517	-	124,517
Freehold buildings	-	19,158	19,158
Buildings and yard on leasehold land	-	407,576	407,576
	<b>124,517</b>	<b>426,734</b>	<b>551,251</b>

There were no transfers between level 2 and 3 during the year.

The fair value of the freehold land was derived using the sales comparison approach. Sales prices of comparable land in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square metre.

**Significant unobservable valuation input:**

Price per square metre

Rs.

3,200

Significant increase/(decrease) in estimated price per square metre in isolation would result in a significant higher/(lower) fair value.

The fair value of the buildings was determined using the cost approach that reflects the cost to a market participant to construct assets of comparable utility and age, adjusted for obsolescence.

The reconciliation of buildings measured at revalued amounts using significant unobservable inputs are as follows:

	Freehold buildings	Building and yard on leasehold land	Total
	Rs'000	Rs'000	Rs'000
<b>June 30, 2019</b>			
At July 1, 2018	19,158	407,576	426,734
Additions	-	3,844	3,844
Transfer from investment property	10,487	-	10,487
Depreciation	(477)	(11,919)	(12,396)
Exchange differences	67	-	67
<b>At June 30, 2019</b>	<b>29,235</b>	<b>399,501</b>	<b>428,736</b>

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2019

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

	Freehold buildings	Building and yard on leasehold land	Total
<u>June 30, 2018</u>	Rs'000	Rs'000	Rs'000
At July 1, 2017	18,761	419,768	438,529
Additions	592	686	1,278
Depreciation	(195)	(11,846)	(12,041)
Exchange differences	-	(1,032)	(1,032)
<b>At June 30, 2018</b>	<b>19,158</b>	<b>407,576</b>	<b>426,734</b>

(d) If the land and buildings were stated on the historical cost basis, the amounts would be as follow:

	THE GROUP	
	2019	2018
	Rs'000	Rs'000
Cost	172,877	147,375
Accumulated depreciation	(44,264)	(40,984)
Net book value	<b>128,613</b>	<b>106,391</b>

(e) Bank borrowings are secured by floating charges on the assets of the Group including property, plant and equipment.

(f) Depreciation charge for the year has been included as follows:

	THE GROUP	
	2019	2018
	Rs'000	Rs'000
Statements of profit or loss	96,977	100,475
Discontinued operations	-	693
	<b>96,977</b>	<b>101,168</b>

## 6. INVESTMENT PROPERTY

	2019		
	Land	Buildings	Total
<u>THE GROUP</u>	Rs'000	Rs'000	Rs'000
At July 1,	12,136	10,406	22,542
Exchange differences	95	81	176
Transfer to property, plant and equipment (note 5)	(12,231)	(10,487)	(22,718)
<b>At June 30,</b>	<b>-</b>	<b>-</b>	<b>-</b>

	2018		
	Land	Buildings	Total
<u>THE GROUP</u>	Rs'000	Rs'000	Rs'000
At July 1,	11,842	10,153	21,995
Exchange differences	294	253	547
<b>At June 30,</b>	<b>12,136</b>	<b>10,406</b>	<b>22,542</b>



## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2019

## 6. INVESTMENT PROPERTY (CONT'D)

Details of the Group's investment properties and information about the fair value hierarchy are as follows:

	<u>2019</u>	<u>2018</u>
	<u>Level 3</u>	<u>Level 3</u>
	<u>Rs'000</u>	<u>Rs'000</u>
Land	-	12,136
Building	-	10,406
	<u>-</u>	<u>22,542</u>

The fair value of investment property is considered to be a level 3 valuation based on significant non-observable inputs being the location and condition of the property, consistent with prior periods.

The Group has pledged its investment property to secure general banking facilities granted to the Group in 2018 (note 16).

(b) The following amounts have been recognised in the statement of profit or loss:

	<u>THE GROUP</u>	
	<u>2019</u>	<u>2018</u>
	<u>Rs'000</u>	<u>Rs'000</u>
Rental income from investment property	-	1,914

## 7. INTANGIBLE ASSETS

	<u>Goodwill</u>	<u>Computer software</u>	<u>Total</u>
	<u>Rs'000</u>	<u>Rs'000</u>	<u>Rs'000</u>
<u>THE GROUP</u>			
(a) <b>COST</b>			
At July 1, 2018	634,943	72,698	707,641
Addition	-	1,443	1,443
Exchange differences	-	(1,594)	(1,594)
<b>At June 30, 2019</b>	<u>634,943</u>	<u>72,547</u>	<u>707,490</u>
<b>AMORTISATION</b>			
At July 1, 2018	-	65,102	65,102
Charge for the year	-	3,661	3,661
Exchange differences	-	(1,544)	(1,544)
<b>At June 30, 2019</b>	<u>-</u>	<u>67,219</u>	<u>67,219</u>
<b>NET BOOK VALUE</b>			
<b>At June 30, 2019</b>	<u>634,943</u>	<u>5,328</u>	<u>640,271</u>

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2019

7. INTANGIBLE ASSETS (CONT'D)	Goodwill	Computer software	Total
	Rs'000	Rs'000	Rs'000
<b>(b) COST</b>			
At July 1, 2017	611,587	72,812	684,399
Addition	-	1,235	1,235
Acquisition of additional interest in a subsidiary (note 26)	8,467	-	8,467
Additional purchase consideration on acquisition of subsidiary	14,889	-	14,889
Exchange differences	-	(1,349)	(1,349)
<b>At June 30, 2018</b>	<b>634,943</b>	<b>72,698</b>	<b>707,641</b>
<b>AMORTISATION</b>			
At July 1, 2017	-	62,238	62,238
Charge for the year	-	4,210	4,210
Exchange differences	-	(1,346)	(1,346)
<b>At June 30, 2018</b>	<b>-</b>	<b>65,102</b>	<b>65,102</b>
<b>NET BOOK VALUE</b>			
<b>At June 30, 2018</b>	<b>634,943</b>	<b>7,596</b>	<b>642,539</b>

- (c) Impairment test for goodwill is allocated to the Company's cash-generating units (CGVS) identified according to the country of operation and business segment.

At the end of the reporting period, the Group assessed the recoverable amount of goodwill and determined that there is no impairment to goodwill. The valuation takes into account an interest free rate of 5.42% and a risk premium of 6.33%.

8. INVESTMENT IN SUBSIDIARIES	THE COMPANY	
	2019	2018
(a) <u>COST</u>	Rs'000	Rs'000
At July 1,	857,857	780,008
Loan to subsidiary	195,175	-
Additions	-	77,849
<b>At June 30,</b>	<b>1,053,032</b>	<b>857,857</b>

Loan to subsidiary is unsecured, interest free and does not have any repayment terms.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2019

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

(b) Details of the subsidiaries are as follows:

Name of company	Class of shares held	Financial year end	Stated capital	Proportion of ownership interest		Country of incorporation and operation	Main business activity	Nominal value of investment	
				Direct	Indirect			2019	2018
				%	%			Rs'000	Rs'000
F.O.M. Warehouses Ltd	Ordinary	June 30,	100	50.3	-	Mauritius	Dormant	-	-
Logistics Solutions Ltd *	Ordinary	June 30,	360,483	98.5	-	Mauritius	Investment holding	556,788	361,613
Papoll Holding Limited *	Ordinary	June 30,	100	60.0	-	Mauritius	Investment holding	75	75
Rogers Logistics International Ltd	Ordinary	June 30,	80,205	100.0	-	Mauritius	Investment holding	80,362	80,362
Rogers Logistics Services Company Limited	Ordinary	June 30,	100	100.0	-	Mauritius	Freight forwarding	101	101
Rogers Shipping Ltd *	Ordinary	June 30,	721	36.0	32.6	Mauritius	Shipping	26,880	26,880
Southern Marine Ltd*	Ordinary	June 30,	500	36.0	32.6	Mauritius	Shipping agency	15,120	15,120
Sukpak Ltd*	Ordinary	June 30,	1,200	70.0	-	Mauritius	Sugar Packaging	19,706	19,706
Trans World International Ltd	Ordinary	June 30,	25	100.0	-	Mauritius	Freight forwarding	40,193	40,193
Velogic Depot and Warehouse Ltd	Ordinary	June 30,	300	100.0	-	Mauritius	Freight forwarding	17,804	17,804
Velogic Ltd	Ordinary	June 30,	83,384	100.0	-	Mauritius	Freight forwarding	296,003	296,003
								<u>1,053,032</u>	<u>857,857</u>

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2019

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

(b) Details of the subsidiaries are as follows: (cont'd)

Name of company	Class of shares held	Financial year end	Stated capital	Proportion of indirect ownership interest		Proportion of ownership interest held by non-controlling interests		Country of incorporation and operation	Main business activity
				Rs000	%	%	%		
<i>Rogers Logistics International Ltd holds the following subsidiaries:</i>									
Cargo Express Madagascar S.A.R.L	Ordinary	June 30,	168	100.0	-	-	Madagascar	Freight forwarding	
Rogers IDS Madagascar SARL	Ordinary	June 30,	8	100.0	-	-	Madagascar	Freight forwarding	
Rogers IDS SAS (France)	Ordinary	June 30,	28,921	100.0	-	-	France	Freight forwarding	
Rogers Shipping Pte Ltd **	Ordinary	June 30,	3	51.0	49.0	-	Republic of Singapore	Investment holding	
Velogic Express Reunion	Ordinary	June 30,	8,341	100.0	-	-	Reunion Island	Courier Services	
Velogic India Private Ltd	Ordinary	June 30,	11,156	100.0	-	-	India	Freight forwarding	
Velogic Sea Frigo R'Frigo SA	Ordinary	June 30,	4,085	100.0	-	-	Reunion Island	Freight forwarding	
VK Logistics Ltd	Ordinary	June 30,	163,814	51.0	49.0	-	Mauritius	Investment holding	
<i>Logistics Solutions Ltd holds the following subsidiaries:</i>									
Associated Container Services Ltd *	Ordinary	June 30,	18,302	98.5	1.5	-	Mauritius	Port Services	
Freeport Operations (Mauritius) Ltd *	Ordinary	June 30,	133,447	98.5	1.5	-	Mauritius	Port Services	
<i>Associated Container Services Ltd holds the following subsidiary:</i>									
MTL Logistics & Distribution Co Ltd *	Ordinary	June 30,	1,688	98.5	1.5	-	Mauritius	Dormant	
Velogic Haulage Services Ltd *	Ordinary	June 30,	975	100.0	-	-	Mauritius	Transport Services	
<i>Velogic Haulage Services Ltd holds the following subsidiary:</i>									
Velogic Garage Services Limited *	Ordinary	June 30,	50	100.0	-	-	Mauritius	Garage Services	

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2019

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

(b) Details of the subsidiaries are as follows: (cont'd)

Name of company	Class of shares held	Financial year end	Stated capital	Proportion of ownership		Country of incorporation and operation	Main business activity
				indirect ownership interest	interest held by non-controlling interests		
			Rs'000	%	%		
<i>Papoi Holding Limited holds the following subsidiary:</i>							
P.A.P.O.L.C.S Limited **	Ordinary	June 30,	100	48.0	52.0	Mauritius	Stevedoring
<i>Velogic Ltd holds the following subsidiary:</i>							
Express Logistics Solutions Ltd	Ordinary	June 30	1	100.0	-	Mauritius	Dormant
<i>VK Logistics Ltd holds the following subsidiaries:</i>							
General Cargo Services Ltd	Ordinary	December 31,	889	100.0	-	Kenya	Freight forwarding
Genecargo Transport Limited	Ordinary	December 31,	1,422	80.0	20.0	Kenya	Port services

\* The non-controlling interest are not material to the entity.

\*\* Control obtained through subsidiaries.

(c) *Subsidiary with material non-controlling interests*

(i) Details for subsidiary that have non-controlling interests that are material to the entity:

2019

Profit allocated to non-controlling interests  
Accumulated non-controlling interest at June 30, 2019

VK
Logistics Ltd
Rs'000
<u>8,438</u>
<u>125,455</u>

2018

Profit allocated to non-controlling interests  
Accumulated non-controlling interest at June 30, 2018

10,809
<u>116,963</u>

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2019

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

(c) *Subsidiary with material non-controlling interests (cont'd)*

(ii) Summarised financial information on subsidiary with material non-controlling interests.

- Summarised statement of financial position and statement of profit or loss and other comprehensive income.

Name	Current assets Rs'000	Non-current assets Rs'000	Current liabilities Rs'000	Non-current liabilities Rs'000	Revenue Rs'000	Profit Rs'000	Other comprehensive income Rs'000	Total comprehensive income Rs'000	Dividend paid to non-controlling interests Rs'000
<u>2019</u> VK Logistics Ltd	265,987	182,368	80,973	116,838	275,207	17,586	399	17,985	-
<u>2018</u> VK Logistics Ltd	274,618	187,928	112,552	117,148	333,334	22,712	4,854	27,566	-

- Summarised cash flow information

Name	Operating activities Rs'000	Investing activities Rs'000	Financing activities Rs'000	Net increase/ (decrease) in cash and cash equivalent Rs'000
<u>2019</u> VK Logistics Ltd	45,312	(6,102)	-	39,210
<u>2018</u> VK Logistics Ltd	14,447	(15,672)	-	(1,225)

The summarised financial information above is the amount before intra-group elimination.

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2019

## 9. FINANCIAL ASSEST AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

(a) Equity investments at fair value through other comprehensive income	<u>2019</u>
	<u>Rs'000</u>
At July 1, 2018	9,288
Disposal of equity investments (note 9(g))	(3,575)
Capital reduction - Mexa (Mtius) Investment Ltd	(511)
Exchange differences	17
<b>At June 30, 2019</b>	<u><u>5,219</u></u>

(b) Fair value through other comprehensive income financial assets include the following:	<u>2019</u>
	<u>Rs'000</u>
<i>Unquoted:</i>	
Island Bulk Carriers Pte Ltd	3,600
Mexa (Mtius) Investment Ltd	723
Les Lycees Associes Ltee	501
Ecole du Centre	395
	<u><u>5,219</u></u>

(c) Financial assets measured at fair value through other comprehensive income include the Group's equity investments not held for trading. The Group has made an irrevocable election to classify the equity investments at fair value through other comprehensive income rather than through profit or loss because this is considered to be more appropriate for these investments. In 2018, the Group had designated the investments as available-for-sale where management intended to hold them for the medium to long-term. See note 9A.

(d) The directors are of opinion that the costs represent the fair value of the unquoted securities.

(e) Fair value through other comprehensive income financial assets are denominated as follows:	<u>2019</u>
	<u>Rs'000</u>
Rupee	1,619
US Dollar	3,600
	<u><u>5,219</u></u>

(f) The Group has a 35% interest in Island Bulk Carriers Pte Ltd. This investment is not accounted for using the equity method (as an associate) as the Group does not have the power to participate in the company's operating and financial policies, evidenced by the lack of any direct or indirect involvement at board level.

## (g) Disposal of equity investments

The Group had an investment of Rs 3.575 million in Danzas AEI International Ltd. During the year, Danzas AEI International Ltd was wound up and the Group received Rs 5.251 million as distribution. A gain of Rs 1.676 million was recognised in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2019

## 9A. AVAILABLE-FOR-SALE FINANCIAL ASSETS

(a) The movement in available-for-sale financial assets may be summarised as follows:	<u>THE GROUP</u>
	<u>2018</u>
	Rs'000
At July 1, 2017 and June 30, 2018	<u>9,288</u>
(b) Available-for-sale - equity securities	<u>THE GROUP</u>
	<u>Level 3</u>
	Rs'000
June 30, 2018	<u>9,288</u>
(c) Available-for-sale financial assets are denominated in the following currencies:	<u>2018</u>
	Rs'000
Rupees	5,688
US Dollar	<u>3,600</u>
	<u>9,288</u>
(d) The Directors are of opinion that the costs represent the fair value of the unquoted securities.	
(e) None of the financial assets are either past due or impaired.	

## 10. DEFERRED INCOME TAX

Deferred income taxes are calculated on all temporary differences under the liability method at 17% (2018: 17%).

- (a) There is a legally enforceable right to offset current tax assets against current tax liabilities and deferred income tax assets and liabilities when the deferred income taxes relate to the same fiscal authority on the same entity.

The following amounts are shown in the statements of financial position:

	<u>THE GROUP</u>	
	<u>2019</u>	<u>2018</u>
	Rs'000	Rs'000
Deferred tax assets	12,533	11,885
Deferred tax liabilities	<u>(56,849)</u>	<u>(56,928)</u>
	<u>(44,316)</u>	<u>(45,043)</u>

At the end of the reporting period, the Group had unused tax losses of Rs 80.349 million (2018: Rs 77.412 million) available for offset against future taxable profits. No deferred tax asset has been recognised in respect of such losses due to unpredictability of future profit streams. The tax losses expire on a rolling basis over 5 years.

(b) The movement on the deferred income tax account is as follows:	<u>THE GROUP</u>	
	<u>2019</u>	<u>2018</u>
	Rs'000	Rs'000
At July 1,	(45,043)	(42,043)
Credited/(charged) to profit or loss (note 13(b))	684	(1,248)
Credited/(charged) to other comprehensive income	150	(1,493)
Exchange differences	<u>(107)</u>	<u>(259)</u>
At June 30,	<u>(44,316)</u>	<u>(45,043)</u>



## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2019

## 10. DEFERRED INCOME TAX (CONT'D)

- (c) The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same fiscal authority on the same entity, is as follows:

(i) Deferred tax assets

	THE GROUP		
	Retirement benefit obligations	Provisions of assets	Total
	Rs'000	Rs'000	Rs'000
At June 30, 2017	7,156	1,643	8,799
Credited/(charged) to profit or loss	919	(37)	882
Credited to other comprehensive income	2,204	-	2,204
At June 30, 2018	10,279	1,606	11,885
(Charged)/credited to profit or loss	(1,407)	1,905	498
Credited to other comprehensive income	150	-	150
<b>At June 30, 2019</b>	<b>9,022</b>	<b>3,511</b>	<b>12,533</b>

(ii) Deferred tax liabilities

	THE GROUP		
	Accelerated tax depreciation	Revaluation of assets	Total
	Rs'000	Rs'000	Rs'000
At June 30, 2017	(15,745)	(35,097)	(50,842)
Credited to profit or loss	(2,130)	-	(2,130)
Credited to other comprehensive income	-	(3,697)	(3,697)
Exchange differences	(259)	-	(259)
At June 30, 2018	(18,134)	(38,794)	(56,928)
Charged to profit or loss	186	-	186
Exchange differences	(107)	-	(107)
<b>At June 30, 2019</b>	<b>(18,055)</b>	<b>(38,794)</b>	<b>(56,849)</b>

## 11. INVENTORIES

	THE GROUP	
	2019	2018
	Rs'000	Rs'000
(a) Raw material	11,697	9,128
Spare parts and consumables	10,657	15,275
Containers	21,727	17,006
Work-in-progress	17,249	18,450
	<b>61,330</b>	<b>59,859</b>

- (b) The cost of inventories recognised as expense and included in cost of sales amounted to Rs 120.527 million (2018: Rs 105.001 million) for the Group.

- (c) The bank borrowings are secured by floating charges on the assets of the Group including inventory (note 16).

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2019

## 12. TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	Rs'000	Rs'000	Rs'000	Rs'000
<b>(a) Group (note 29)</b>				
Short term loans (interest free)	-	-	-	219,301
Short term loans (interest rate: 3.5% p.a)	-	-	-	27,500
Dividend receivables	-	-	-	11,835
Other receivables	-	10,664	-	8,314
	-	10,664	-	266,950
<b>Non-group</b>				
Trade receivables	1,077,634	957,510	-	-
Provision for impairment	(83,644)	(70,602)	-	-
Trade receivables - net	993,990	886,908	-	-
Other receivables	-	152,123	-	145
Prepayment	-	38,744	-	157
	993,990	1,077,775	-	302
	993,990	1,088,439	-	267,252

(a) *Impairment of trade receivables*

The Group applies the IFRS 9 simplified approach to measuring expected credit losses (ECL) which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based in the payment profiles of sales over a period of 3 years before June 30, 2019 or July 1, 2018 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomics factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP of each country in which it sells its services, to be the most relevant factor, and accordingly adjusts the historical rates based on expected changes in these factors. The measurement of the expected credit losses excludes trade receivables which are insured and/or are based on internal or external ratings.

At 30 June 2019, the carrying value of trade and other receivables have been analysed as follows:

Number of days carrying value of trade receivables have been past due	ECL Rate (%)	THE GROUP		
		Estimated total gross carrying amount	Less ECL Allowance	Trade receivables net of ECL
		Rs'000	Rs'000	Rs'000
Not yet been past due	1%	645,566	6,970	638,596
Less than 30 days	4%	186,201	6,535	179,666
Between 30 to 60 days	6%	73,028	4,475	68,553
Between 60 to 90 days	14%	38,112	5,212	32,900
Between 90 to 180 days	23%	43,824	10,063	33,761
Between 180 to 360 days	30%	32,099	9,775	22,324
More than 360 day	69%	58,804	40,614	18,190
		1,077,634	83,644	993,990

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2019

12. TRADE AND OTHER RECEIVABLES (CONT'D)

(a) *Impairment of trade receivables (cont'd)*

At June 30, 2018, the carrying value of trade receivables are as detailed below:

	THE GROUP 2018
	Rs'000
Ageing of trade receivables	
Less than 3 months	862,096
Impairment	-
<i>Carrying value of trade receivables less than 3 months</i>	<u>862,096</u>
More than 3 months	18,383
Impairment	-
<i>Carrying value of trade receivables more than 3 months</i>	<u>18,383</u>
More than 6 months	77,031
Impairment	(70,602)
<i>Carrying value of trade receivables more than 6 months</i>	<u>6,429</u>
<i>Carrying value of trade receivables</i>	<u><u>886,908</u></u>

The closing loss allowances for trade receivables as at June 30, 2019 reconcile to the opening loss allowances as follows:

	THE GROUP	
	2019	2018
	Rs'000	Rs'000
<b>At June 30, (IAS 39)</b>	<b>70,602</b>	85,734
Amount restated through opening retained earnings	<b>19,463</b>	-
Loss allowance at June 30, 2018 (IFRS 9)	<b>90,065</b>	85,734
Loss allowance recognised in profit or loss during the year (note 20)	<b>5,661</b>	12,536
Receivable written off during the year as uncollectible	<b>(12,082)</b>	(11,435)
Unused amounts reversed	-	(16,233)
<b>At June 30,</b>	<b><u>83,644</u></b>	<u>70,602</u>

In 2018, the impairment of trade receivables was assessed based on the incurred loss model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively to determine whether there is objective evidence that an impairment had been incurred but not yet been identified. For these receivables the estimated impairment losses were recognised in a separate provision for impairment.

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

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	Rs'000	Rs'000	Rs'000	Rs'000
Rupee	236,106	377,027	-	267,252
Euro	403,265	325,580	-	-
Great Britain Pound	141	503	-	-
US Dollar	25,126	11,368	-	-
Kenya Shilling	210,208	257,049	-	-
Others	119,144	116,912	-	-
	<b><u>993,990</u></b>	<u>1,088,439</u>	<u>-</u>	<u>267,252</u>

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2019

## 12. TRADE AND OTHER RECEIVABLES (CONT'D)

- (c) The maximum exposure to the credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Group does not hold any collateral as security.
- (d) In 2018, trade receivables were recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables was established when there was objective evidence that the Group would not be able to collect all amounts due according to the original terms of receivables.

## 12A. FINANCIAL ASSETS AT AMORTISED COST

	THE GROUP	THE COMPANY
	2019	2019
	Rs'000	Rs'000
<b>Group (note 29)</b>		
Short term loans (interest free)	-	8,226
Short term loans (interest rate: 4.5% p.a)	-	25,100
Dividend receivables	-	20,242
Other receivables	10,762	3,940
	<u>10,762</u>	<u>57,508</u>
<b>Non-group</b>		
Other receivables	124,688	-
	<u>135,450</u>	<u>57,508</u>

- (a) *Other receivables*  
These amounts generally arise from transactions outside the usual operating activities of the Group. Collateral is not normally obtained.
- (b) *Fair values of financial assets at amortised cost*  
Due to the short-term nature of the current receivables, their carrying amount is considered to the same as their fair value.
- (c) *Impairment and risk exposure*
- (i) Financial assets at amortised cost did not include any loss allowance at June 30, 2019.
- (ii) The carrying amounts of the financial assets at amortised cost are denominated in the following currencies:

	THE GROUP	THE COMPANY
	2019	2019
	Rs'000	Rs'000
Rupee	44,414	57,508
Euro	45,388	-
US Dollar	9,074	-
Kenya Shilling	28,537	-
Others	8,037	-
	<u>135,450</u>	<u>57,508</u>

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2019

## 13. TAXATION

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	Rs'000	Rs'000	Rs'000	Rs'000
(a) <u>Statements of financial position</u>				
At July 1,	18,978	(1,830)	(146)	(28)
Current tax on the adjusted results for the year at 15% (2018: 15%)	(37,112)	(34,352)	(216)	(144)
Under provision in previous period	(674)	(781)	-	-
Corporate social responsibility	(1,473)	(2,552)	-	-
Exchange differences	180	876	-	-
Transfer to non-current assets held for sale	-	469	-	-
Tax paid	24,312	57,148	235	26
At June 30,	4,211	18,978	(127)	(146)
<i>Disclosed as:</i>				
Current tax assets	14,980	26,700	-	-
Current tax liabilities	(10,769)	(7,722)	(127)	(146)
	4,211	18,978	(127)	(146)

(b) Statements of profit or loss

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	Rs'000	Rs'000	Rs'000	Rs'000
Current tax on the adjusted results for the year at 15% (2018: 15%)	37,112	34,352	216	144
Corporate social responsibility	1,473	2,552	-	-
Under provision in previous period	674	781	-	-
	39,259	37,685	216	144
Deferred tax (credit)/charge (note 10(b))	(684)	1,248	-	-
Tax charge	38,575	38,933	216	144
<i>Analysed as follows:</i>				
Continuing operations	38,575	38,437	216	144
Discontinued operations (note 27(c))	-	496	-	-
	38,575	38,933	216	144

- (c) The tax on the Group's and the Company's profit before tax differs from the theoretical amount that would arise using the basis tax rate of the Company as follows:

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	Rs'000	Rs'000	Rs'000	Rs'000
Profit before taxation	154,704	150,632	32,517	64,487
Tax calculated at 15% (2018: 15%)	23,206	22,595	4,878	9,673
Income not subject to tax	(33,442)	(34,378)	(4,913)	(9,667)
Expenses not deductible for tax purposes	45,304	44,102	251	138
Tax losses for which no deferred income tax was recognised	2,044	2,033	-	-
Under provision in previous period	674	781	-	-
Corporate social responsibility	1,473	2,552	-	-
Deferred taxation	(684)	1,248	-	-
Tax charge	38,575	38,933	216	144

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2019

14. SHARE CAPITAL	2019	2018	2019	2018
	Number of shares	Number of shares	Amount Rs'000	Amount Rs'000
<u>THE GROUP AND THE COMPANY</u>				
<i>Authorised, issued and fully paid - No Par Value Shares</i>				
At July 1 and June 30,	<u>93,515,565</u>	<u>93,515,565</u>	<u>1,019,294</u>	<u>1,019,294</u>

Fully paid ordinary shares carry one vote per share and carry a right to dividends.

## 15. OTHER RESERVES

<u>THE GROUP</u> <u>2019</u>	Financial assets at FVOCI reserve	Revaluation surplus	Translation reserves	Actuarial gains	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At July 1, 2018	(8,085)	223,108	(39,963)	9,860	184,920
Other comprehensive income for the year	-	-	(3,187)	(975)	(4,162)
At June 30, 2019	<u>(8,085)</u>	<u>223,108</u>	<u>(43,150)</u>	<u>8,885</u>	<u>180,758</u>
<u>2018</u>	Available-for-sale fair value reserve	Revaluation surplus	Translation reserves	Actuarial gains	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At July 1, 2017	(8,085)	226,805	(29,382)	18,447	207,785
Other comprehensive income for the year	-	(3,697)	(10,581)	(8,587)	(22,865)
At June 30, 2018	<u>(8,085)</u>	<u>223,108</u>	<u>(39,963)</u>	<u>9,860</u>	<u>184,920</u>

**Financial assets at FVOCI reserve**

Gains/losses arising on financial assets at fair value through other comprehensive income.

**Available-for-sale fair value reserve**

Available-for-sale fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets that has been recognised in other comprehensive income until the investments are derecognised or impaired.

**Revaluation surplus**

The revaluation surplus arises on the revaluation of land and building.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2019

15. OTHER RESERVES (CONT'D)

**Translation reserves**

The translation reserve comprise all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as from the translation of liabilities that hedge the Company's net investment in a foreign operations.

**Actuarial gains**

The actuarial gains reserve represents the cumulative remeasurement of defined benefit obligation recognised.

16. BORROWINGS

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	Rs'000	Rs'000	Rs'000	Rs'000
<b>Non-current</b>				
Bank loans	205,209	225,342	-	-
Loan from related parties (note 29)	28,125	37,500	-	-
Other loans	52,818	53,880	-	-
Finance lease liabilities	27,943	34,565	-	-
	<u>314,095</u>	<u>351,287</u>	<u>-</u>	<u>-</u>
<b>Current</b>				
Bank overdraft	99,681	136,687	-	-
Bank loans	92,672	91,760	-	-
Other loans	5,665	5,592	-	-
Loan from related parties (note 29)	9,375	9,375	59,493	61,193
Finance lease liabilities (see note (d))	20,254	19,726	-	-
	<u>227,647</u>	<u>263,140</u>	<u>59,493</u>	<u>61,193</u>
<b>Total borrowings</b>	<u>541,742</u>	<u>614,427</u>	<u>59,493</u>	<u>61,193</u>

- (a) The borrowings include secured liabilities (leases and bank loans amounting to Rs 452.587 million (2018: Rs 516.942 million) for the Group (the Company: Nil). The bank borrowings are secured by floating charges on the assets of the Group including property, plant and equipment, investment property, investments and inventories (note 5, 6 and 11) . The rates of interest on these borrowings vary between 3.50% and 17.25%. Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default. There are no restrictions imposed on the Group by lease arrangements other than in respect of the specific assets being leased. The leases have varying terms, purchase options and escalation clauses.
- (b) The exposure of the Group and the Company's borrowings to interest-rate changes and the contractual repricing dates are as follows:

THE GROUP	6 months	6-12	1-5	Total
	or less	months	years	
	Rs'000	Rs'000	Rs'000	Rs'000
<b>At June 30, 2019</b>				
<b>Total borrowings</b>	<u>541,742</u>	<u>-</u>	<u>-</u>	<u>541,742</u>
<b>At June 30, 2018</b>				
<b>Total borrowings</b>	<u>614,427</u>	<u>-</u>	<u>-</u>	<u>614,427</u>

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2019

## 16. BORROWINGS (CONT'D)

(c) The maturity of non-current borrowings is as follows:

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	Rs'000	Rs'000	Rs'000	Rs'000
After one year and before five years	233,152	263,179	-	-
After five years	80,943	88,108	-	-
	<b>314,095</b>	<b>351,287</b>	<b>-</b>	<b>-</b>

(d) Finance lease liabilities - minimum lease payments

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	Rs'000	Rs'000	Rs'000	Rs'000
Not later than 1 year	22,627	22,719	-	-
Later than one year and not later than five years	30,195	29,663	-	-
Later than five years	-	8,008	-	-
	<b>52,822</b>	<b>60,390</b>	<b>-</b>	<b>-</b>
Future finance charges on finance leases	(4,625)	(6,099)	-	-
Present value of finance lease liabilities	<b>48,197</b>	<b>54,291</b>	<b>-</b>	<b>-</b>

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	Rs'000	Rs'000	Rs'000	Rs'000
The present value of finance lease liabilities may be analysed as follows:				
Not later than 1 year	20,254	19,726	-	-
Later than one year and not later than five years	27,943	26,889	-	-
Later than five years	-	7,676	-	-
	<b>48,197</b>	<b>54,291</b>	<b>-</b>	<b>-</b>

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

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	Rs'000	Rs'000	Rs'000	Rs'000
Rupee	295,559	327,828	59,493	61,193
Euro	166,501	182,327	-	-
Others	79,682	104,272	-	-
	<b>541,742</b>	<b>614,427</b>	<b>59,493</b>	<b>61,193</b>

(f) The carrying amounts of borrowings are not materially different from the fair value.



## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2019

## 17. RETIREMENT BENEFIT OBLIGATIONS

	THE GROUP	
	2019	2018
	Rs'000	Rs'000
Amount recognised in the statements of financial position as non-current liabilities:		
Defined pension benefits (note 17(a)(ii))	23,016	33,828
Other post retirement benefits (note 17(b)(i))	45,440	38,449
	<u>68,456</u>	<u>72,277</u>

	THE GROUP	
	2019	2018
	Rs'000	Rs'000
Amount charged to profit or loss:		
Defined pension benefits (note 17(a)(vi))	1,839	2,428
Other post retirement benefits (note 17(b)(iii))	5,586	5,386
	<u>7,425</u>	<u>7,814</u>

	THE GROUP	
	2019	2018
	Rs'000	Rs'000
Amount charged/(credited) to other comprehensive income:		
Defined pension benefits (note 17(a)(vii))	(186)	11,638
Other post retirement benefits (note 17(b)(iv))	2,252	(1,339)
	<u>2,066</u>	<u>10,299</u>

## (a) Defined pension benefits

- (i) The Group contributes a defined contribution plan, the Rogers Money Purchase Retirement Fund (RMPRF), to which have been transferred the pension benefits of all employees who were members of a self-administered defined benefit superannuation fund (DBSF). These employees, subject to them contributing regularly to the RMPRF, have been given the guarantee by their respective employers that their benefits at the age of sixty, under the RMPRF would not be less than the benefits provided under the ex DBSF. The potential liability under the above guarantee is funded by additional employers' contributions and has been included in the provision made for retirement benefit obligations.

In addition to the above, three companies have defined benefit plans which are funded and where the plan assets are held by The Anglo Mauritius Assurance Society Ltd.

The most recent actuarial valuations of the plan assets and the present value of the defined benefit obligations were carried out at June 30, 2019 by AON Hewitt Ltd (Actuarial Valuer). The present value of the defined benefit obligations, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2019

17. RETIREMENT BENEFIT OBLIGATIONS

(a) Defined pension benefits (cont'd)

(ii) The amounts recognised in the statements of financial position are as follows:

	THE GROUP	
	2019	2018
	Rs'000	Rs'000
Present value of defined benefit obligations	30,562	64,780
Fair value of plan assets	(7,546)	(30,952)
<b>Liability in the statements of financial position</b>	<b>23,016</b>	<b>33,828</b>

(iii) The reconciliation of the opening balances to the closing balances for the net defined benefit liability is as follows:

	THE GROUP	
	2019	2018
	Rs'000	Rs'000
At July 1,	33,828	22,556
Charged to profit or loss	1,839	2,428
(Credited)/charged to other comprehensive income	(186)	11,638
Employer contributions	(12,465)	(2,794)
<b>At June 30,</b>	<b>23,016</b>	<b>33,828</b>

(iv) The movement in the defined benefit obligations over the year is as follows:

	THE GROUP	
	2019	2018
	Rs'000	Rs'000
At July 1,	64,780	50,879
Interest expense	1,630	3,097
Current service cost	721	1,179
Past service cost	(99)	-
Benefits paid	(36,437)	(2,404)
Liability experience loss	394	9,418
Liability (gain)/loss due to change in financial assumptions	(427)	2,611
<b>At June 30,</b>	<b>30,562</b>	<b>64,780</b>

(v) The movement in the fair value of plan assets of the year is as follows:

	THE GROUP	
	2019	2018
	Rs'000	Rs'000
At July 1,	30,952	28,323
Interest income	413	1,848
Employer contributions	10,554	726
Benefits paid	(34,526)	(336)
Return on plan assets excluding interest income	153	391
<b>At June 30,</b>	<b>7,546</b>	<b>30,952</b>

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2019

## 17. RETIREMENT BENEFIT OBLIGATIONS

## (a) Defined pension benefits (cont'd)

(vi) The amounts recognised in profit or loss are as follows:

	THE GROUP	
	2019	2018
	Rs'000	Rs'000
Current service cost	721	1,179
Past service cost	(99)	-
Net interest on net defined benefit liability	1,217	1,249
<b>Total included in "employee benefit expense" (note 21)</b>	<b>1,839</b>	<b>2,428</b>
Actual return on plan assets	566	2,239

(vii) The amounts recognised in other comprehensive income are as follows:

	THE GROUP	
	2019	2018
	Rs'000	Rs'000
Return on plan assets above interest income	(153)	(391)
Liability experience loss	394	9,418
Liability (gain)/loss due to change in financial assumptions	(427)	2,611
<b>Total included in other comprehensive income</b>	<b>(186)</b>	<b>11,638</b>

(viii) The allocation of plan assets at the end of the reporting period for each category, is as follows:

	THE GROUP	
	2019	2018
	Rs'000	Rs'000
Equity - overseas quoted	1,398	1,997
Equity - local quoted	2,655	2,638
Debt - overseas quoted	128	-
Debt - overseas unquoted	11	-
Debt - local unquoted	1,886	1,782
Property - local	209	143
Other qualifying insurance policies	561	23,823
Cash and other	698	569
<b>Total</b>	<b>7,546</b>	<b>30,952</b>

(ix) The principal actuarial assumptions used for the purposes of the actuarial valuations were:

	THE GROUP	
	2019	2018
	%	%
Discount rate	5.6%	5.6%
Future salary increases (staff/workers)	4%	3.5%-4.5%
Future pension increases	0.8%-2.0%	0.5%-2.0%
Average retirement age (ARA)	60-65 years	60-65 years
Average life expectancy for:		
-Male at ARA	13-19.5 years	15.9-19.5 years
-Female at ARA	14-24.2 years	20-24.2 years

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2019

## 17. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

## (a) Defined pension benefits (cont'd)

## (x) Sensitivity analysis on defined benefit obligations at the end of the reporting date:

	THE GROUP			
	2019		2018	
	Increase Rs'000	Decrease Rs'000	Increase Rs'000	Decrease Rs'000
Discount rate (1% movement)	12,076	4,942	13,719	5,726

An increase/decrease of 1% in other principal actuarial assumptions would not have a material impact on defined benefit obligations at the end of the reporting period.

The sensitivity above has been determined based on a method that extrapolates the impact on net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The present value of the defined benefit obligation has been calculated using the projected unit credit method.

The sensitivity analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

- (xi) The defined benefit pension plan exposes the Group to actuarial risks such as investment risk, interest risk, longevity risk and salary risks.

*Investment risk*

The plan liability is calculated using a discount rate determined by reference to government bond yields; if the return on plan assets is below this rate, it will create a plan deficit and if it is higher, it will create a plan surplus.

*Interest risk*

A decrease in the bond interest rate will increase the plan liability; however, this may be partially offset by an increase in the return on the plan's debt investments and a decrease in inflationary pressures on salary and pension increases.

*Longevity risk*

The plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan liability.

*Salary risk*

The plan liability is calculated by reference to the future projected salaries of plan participants. As such, an increase in the salary of the plan participants above the assumed rate will increase the plan liability whereas an increase below the assumed rate will decrease the liability.

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2019

## 17. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

## (a) Defined pension benefits (cont'd)

(xii) The funding requirements are based on the pension fund's actuarial measurement framework set out in the funding policies of the plan.

(xiii) Expected contributions to post-employment benefit plans for the year ending June 30, 2020 are Rs 2.164 million for the Group.

(xiv) The weighted average duration of the defined benefit obligation ranges between 2 - 21 years at the end of the reporting period.

## (b) Other post retirement benefits

Other post retirement benefits comprise mainly of gratuity on retirement payable under the Employment Rights Act 2008 and other benefits.

(i) The reconciliation of the opening balances to the closing balances is as follows:

	THE GROUP	
	2019	2018
	Rs'000	Rs'000
At July 1,	38,449	35,843
Charged to profit or loss	5,586	5,386
Charged/(credited) to other comprehensive income	2,252	(1,339)
Employer contributions	(847)	(1,441)
<b>At June 30,</b>	<b>45,440</b>	<b>38,449</b>

(ii) The movement in the defined benefit obligations over the year is as follows:

	THE GROUP	
	2019	2018
	Rs'000	Rs'000
At July 1,	38,449	35,843
Interest expense	2,126	2,228
Current service cost	3,221	2,759
Past service cost	239	399
Benefits paid	(847)	(1,441)
Liability experience loss/(gain)	1,974	(3,499)
Liability loss due to change in financial assumptions	278	2,160
<b>At June 30,</b>	<b>45,440</b>	<b>38,449</b>

(iii) The amounts recognised in profit or loss are as follows:

	THE GROUP	
	2019	2018
	Rs'000	Rs'000
Current service cost	3,221	2,759
Past service cost	239	399
Net interest expense	2,126	2,228
<b>Total included in "employee benefit expense" (note 21)</b>	<b>5,586</b>	<b>5,386</b>

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2019

## 17. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

## (b) Other post retirement benefits (cont'd)

(iv) The amounts recognised in other comprehensive income are as follows:

	THE GROUP	
	2019	2018
	Rs'000	Rs'000
Liability experience loss/(gain)	1,974	(3,499)
Liability loss due to change in financial assumptions	278	2,160
<b>Total included in other comprehensive income</b>	<b>2,252</b>	<b>(1,339)</b>

(v) The principal actuarial assumptions used for the purposes of the actuarial valuations were:

	THE GROUP	
	2019	2018
	%	%
Discount rate	5.6%	5.6%
Future salary increases (staff/workers)	4%	3.5%-4.5%
Future pension increases	0.5%-0.8%	0.5%
Average retirement age (ARA)	65 years	65 years
Average life expectancy for:		
-Male at ARA	13-15.9 years	15.9 years
-Female at ARA	14-20 years	20 years

(vi) Sensitivity analysis on defined benefit obligations at the end of the reporting date:

	THE GROUP			
	2019		2018	
	Increase	Decrease	Increase	Decrease
	Rs'000	Rs'000	Rs'000	Rs'000
Discount rate (1% movement)	12,779	9,472	11,561	7,808

An increase/decrease of 1% in other principal actuarial assumptions would not have a material impact on the retirement gratuity at the end of the reporting period.

The sensitivity above has been determined based on a method that extrapolates the impact on the retirement gratuity as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The present value of the retirement gratuity has been calculated using the projected unit credit method.

The sensitivity analysis may not be representative of the actual change in the retirement gratuity as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2019

## 17. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

## (b) Other post retirement benefits (cont'd)

(vii) Expected contributions to post-employment benefit plans for the year ending June 30, 2020 are Rs 1.971 million for the Group.

(viii) The weighted average duration of the retirement gratuity ranges between 3 - 25 years at the end of the reporting period.

## 18. TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	Rs'000	Rs'000	Rs'000	Rs'000
Trade payables	311,770	258,546	-	-
Accruals	286,488	277,702	-	-
Other payables	92,810	82,917	451	843
Amounts due to related parties (note 29)	598	3,379	-	-
	<u>691,666</u>	<u>622,544</u>	<u>451</u>	<u>843</u>

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

## 19. TOTAL REVENUE

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	Rs'000	Rs'000	Rs'000	Rs'000
Revenue from sale of services	3,369,471	3,365,461	-	-
Commission and other income	43,100	56,209	-	-
Dividend income	-	-	32,750	64,449
Interest income	2,654	2,362	1,121	1,532
	<u>3,415,225</u>	<u>3,424,032</u>	<u>33,871</u>	<u>65,981</u>

*Analysed as follows:*

Continuing operations	3,415,225	3,402,299	33,871	65,981
Discontinued operations (note 27(c))	-	21,733	-	-
	<u>3,415,225</u>	<u>3,424,032</u>	<u>33,871</u>	<u>65,981</u>

## (a) Disaggregation of revenue from sale of services

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	Rs'000	Rs'000	Rs'000	Rs'000
<i>Product type</i>				
Freight forwarding	2,566,366	2,784,502	-	-
Courier services	209,872	178,424	-	-
Packing of special sugars	66,459	59,774	-	-
Port related and transport services	840,747	728,293	-	-
Shipping services	65,440	59,182	-	-
Warehousing	153,384	128,102	-	-
	<u>3,902,268</u>	<u>3,938,277</u>	-	-
Inter-segment revenue	(532,797)	(572,816)	-	-
Revenue from contract with external customers	<u>3,369,471</u>	<u>3,365,461</u>	-	-

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2019

19. TOTAL REVENUE (CONT'D)	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
(b) Timing of revenue recognition	Rs'000	Rs'000	Rs'000	Rs'000
At a point in time	3,412,571	3,421,670	32,750	64,449
Over time	2,654	2,362	1,121	1,532
	<u>3,415,225</u>	<u>3,424,032</u>	<u>33,871</u>	<u>65,981</u>
20. EXPENSES BY NATURE	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	Rs'000	Rs'000	Rs'000	Rs'000
Cost of services	2,242,047	2,308,583	-	-
Raw materials and consumables used	27,159	23,755	-	-
Total cost of sales	<u>2,269,206</u>	<u>2,332,338</u>	-	-
Rental expense	30,853	31,032	-	-
Telecommunication expenses	12,251	13,656	-	-
Commissions payable	635	238	-	-
Professional fees	17,283	20,646	449	375
Insurance	11,736	11,657	-	-
Overseas travelling - Business	10,746	9,909	-	-
IT expenses	14,515	12,783	-	-
Office Supplies	7,984	8,898	-	-
Provision for bad debts (note 12(a))	5,661	12,536	-	-
Advertising and promotion	5,098	4,020	-	-
Miscellaneous expenses	138,891	135,524	203	569
Total cost of sales and other expenses	<u>2,524,859</u>	<u>2,593,237</u>	<u>652</u>	<u>944</u>
<i>Analysed as follows:</i>				
Continuing operations	2,524,859	2,566,987	652	944
Discontinued operations (note 27(c))	-	26,250	-	-
	<u>2,524,859</u>	<u>2,593,237</u>	<u>652</u>	<u>944</u>
21. EMPLOYEE BENEFIT EXPENSE	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	Rs'000	Rs'000	Rs'000	Rs'000
Wages and salaries, including termination benefits	609,615	570,348	-	-
Pension costs - defined contribution plans	4,586	2,423	-	-
Pension costs - defined benefit plans (note 17(a)(vi))	1,839	2,428	-	-
Pension costs - other post retirement benefits (note 17(b)(iii))	5,586	5,386	-	-
	<u>621,626</u>	<u>580,585</u>	<u>-</u>	<u>-</u>
<i>Analysed as follows:</i>				
Continuing operations	621,626	577,904	-	-
Discontinued operations (note 27(c))	-	2,681	-	-
	<u>621,626</u>	<u>580,585</u>	<u>-</u>	<u>-</u>



## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2019

22. FINANCE COSTS	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	Rs'000	Rs'000	Rs'000	Rs'000
<i>Interest expense:</i>				
-Bank overdraft	(9,976)	(7,576)	-	-
-Loans from holding company	(2,753)	(3,210)	-	-
-Loan from subsidiary company	-	-	(745)	(1,068)
-Bank and other loans repayable by instalments	(14,775)	(15,183)	-	(102)
-Bank and other loans not repayable by instalments	(1,697)	(6,629)	-	-
-Finance leases	(3,349)	(4,505)	-	-
	<u>(32,550)</u>	<u>(37,103)</u>	<u>(745)</u>	<u>(1,170)</u>
Net foreign exchange transactions gains	19,152	34,781	43	620
	<u>(13,398)</u>	<u>(2,322)</u>	<u>(702)</u>	<u>(550)</u>
<i>Analysed as follows:</i>				
Continuing operations	(13,398)	(2,091)	(702)	(550)
Discontinued operations (note 27(c))	-	(231)	-	-
	<u>(13,398)</u>	<u>(2,322)</u>	<u>(702)</u>	<u>(550)</u>
23. PROFIT BEFORE TAXATION	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	Rs'000	Rs'000	Rs'000	Rs'000
Profit before taxation is arrived at after:				
<b>Crediting:</b>				
Profit on disposal of property, plant and equipment	3,481	8,556	-	-
<b>and charging:</b>				
Impairment of receivables	5,661	12,536	-	-
Lease rentals	30,853	31,032	-	-
Depreciation on property, plant and equipment:				
-owned assets	80,267	82,564	-	-
-leased assets under finance leases	16,710	18,604	-	-
Amortisation of intangible assets	3,661	4,210	-	-
Employee benefit expense (note 21)	621,626	580,585	-	-
	<u>621,626</u>	<u>580,585</u>	<u>-</u>	<u>-</u>
24. DIVIDENDS	THE GROUP AND THE COMPANY			
	2019	2018	2019	2018
	Rs'000	Rs'000	Rs'000	Rs'000
Amounts recognised as distributions to equity holders in the year:				
Interim dividend for the year ended June 30, 2019 of Re 0.26 per share (2018: Re 0.35)				
	24,500	33,000		
Final dividend for the year ended June 30, 2019 of Re 0.21 (2018: Re 0.17) per share				
	20,000	15,500		
	<u>44,500</u>	<u>48,500</u>		

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2019

## 25. NOTES TO THE STATEMENTS OF CASH FLOWS

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	Rs'000	Rs'000	Rs'000	Rs'000
<b>(a) Cash generated from/(absorbed in) operations</b>				
Profit before taxation from continuing operations	154,704	150,632	32,517	64,487
Profit/(loss) before taxation from discontinued operations	4,274	(8,122)	-	-
	<b>158,978</b>	<b>142,510</b>	<b>32,517</b>	<b>64,487</b>
Adjustments for:				
Depreciation on property, plant and equipment	96,977	101,168	-	-
Profit on disposal of property, plant and equipment	(3,481)	(8,556)	-	-
Amortisation of intangible assets	3,661	4,210	-	-
Impairment losses on property, plant and equipment	369	-	-	-
(Decrease)/increase in provision for retirement benefit obligations	(5,887)	3,579	-	-
Profit on disposal of equity investments	(1,676)	-	-	-
Profit on disposal of subsidiary	(4,274)	-	-	-
Dividend income	-	-	(32,750)	(64,449)
Interest income	(2,654)	(2,362)	(1,121)	(1,532)
Interest expense	32,550	37,103	745	1,170
	<b>274,563</b>	<b>277,652</b>	<b>(609)</b>	<b>(324)</b>
Changes in working capital:				
- inventories	(1,471)	(6,680)	-	-
- trade and other receivables	38,808	(24,298)	-	(472)
- financial assets at amortised cost	(99,272)	-	4,676	-
- prepayments	(32,359)	-	(100)	-
- trade and other payables	69,889	(80,776)	(392)	499
Cash generated from/(absorbed in) operations	<b>250,158</b>	<b>165,898</b>	<b>3,575</b>	<b>(297)</b>
<b>(b) Non-cash transactions</b>				
	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	Rs'000	Rs'000	Rs'000	Rs'000
Total acquisition of property, plant and equipment	98,311	61,651	-	-
Less: acquisition using finance leases	(15,789)	(6,272)	-	-
Amount paid	<b>82,522</b>	<b>55,379</b>	<b>-</b>	<b>-</b>
<b>(c) Cash and cash equivalents</b>				
	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	Rs'000	Rs'000	Rs'000	Rs'000
Cash in hand and at bank	<b>207,287</b>	<b>207,926</b>	<b>5,672</b>	<b>1,013</b>

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2019

## 25. NOTES TO THE STATEMENTS OF CASH FLOWS (CONT'D)

## (c) Cash and cash equivalents (cont'd)

Cash and cash equivalents and bank overdraft include the following for the purpose of the statements of cash flows.

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	Rs'000	Rs'000	Rs'000	Rs'000
Cash and cash equivalents	207,287	207,926	5,672	1,013
Cash and cash equivalents from non-current assets classified as held-for-sale	-	3,028	-	-
Bank overdrafts	(99,681)	(136,687)	-	-
	<u>107,606</u>	<u>74,267</u>	<u>5,672</u>	<u>1,013</u>

## (d) Reconciliation of liabilities arising from financing activities:

(i) 2019	THE GROUP	Cash flows	Non-cash	2019
			changes	
	2018	Rs'000	Acquisitions	Rs'000
	Rs'000	Rs'000	Rs'000	Rs'000
Long-term borrowings	423,449	(29,585)	-	393,864
Lease liabilities	54,291	(21,904)	15,810	48,197
<b>Total liabilities from financing activities</b>	<b>477,740</b>	<b>(51,489)</b>	<b>15,810</b>	<b>442,061</b>

THE COMPANY

Short-term borrowings	61,193	(1,700)	-	59,493
<b>Total liabilities from financing activities</b>	<b>61,193</b>	<b>(1,700)</b>	<b>-</b>	<b>59,493</b>

## (ii) 2018

THE GROUP	2017	Cash flows	Non-cash	2018
			changes	
	Rs'000	Rs'000	Acquisitions	Rs'000
	Rs'000	Rs'000	Rs'000	Rs'000
Long-term borrowings	382,801	40,648	-	423,449
Short-term borrowings	46,717	(46,717)	-	-
Lease liabilities	74,326	(26,307)	6,272	54,291
<b>Total liabilities from financing activities</b>	<b>503,844</b>	<b>(32,376)</b>	<b>6,272</b>	<b>477,740</b>

THE COMPANY

Short-term borrowings	52,493	8,700	-	61,193
<b>Total liabilities from financing activities</b>	<b>52,493</b>	<b>8,700</b>	<b>-</b>	<b>61,193</b>

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2019

26. BUSINESS COMBINATIONS

*Acquisition of additional interest in a subsidiary - 2018*

On July 1, 2017, Associated Container Services Ltd, a subsidiary, acquired an additional 20% interest in Velogic Haulage Services Ltd, increasing its ownership from 80% to 100%. The carrying amount of Velogic Haulage Services Ltd's net assets in the consolidated financial statements on the date of acquisition was Rs 74.749 million. The Group recognised a decrease in non-controlling interest of Rs 14.950 million. The purchase consideration paid was of Rs 23.417 million.

The following summarises the effect of changes in the Group's ownership interest in Velogic Haulage Services Ltd:

	<u>THE GROUP</u>
	<u>2018</u>
	<u>Rs'000</u>
Parent's ownership interest at beginning of period	59,799
Effect of increase in parent's ownership interest	14,950
<b>Parent's ownership interest at end of period</b>	<b><u>74,749</u></b>

27. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

(a) Rogers IDS Mozambique Limitada

On February 21, 2018, the board approved the sale of Rogers IDS Mozambique Limitada, one of the subsidiaries of the Group. The Sale Purchase Agreement was executed on July 27, 2018.

	<u>THE GROUP</u>
	<u>2019</u>
	<u>Rs'000</u>
<i>Consideration received</i>	
Consideration received	<u>5,000</u>

*Analysis of assets and liabilities over which control was lost*

	<u>THE GROUP</u>
	<u>2019</u>
	<u>Rs'000</u>
<u>Current assets</u>	
Cash and cash equivalents	3,028
Trade and other receivables	2,435
<u>Non-current assets</u>	
Property, plant and equipment	575
<u>Current liabilities</u>	
Trade and other payables	(4,843)
Current tax liabilities	(469)
<b>Net assets disposed of</b>	<b><u>726</u></b>

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2019

## 27. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (CONT'D)

(a) Rogers IDS Mozambique Limitada (cont'd)

<i>Gain on disposal of subsidiary</i>	THE GROUP
	2019
	Rs'000
Consideration received	5,000
Net assets disposed	(726)
<b>Gain on disposal</b>	<b>4,274</b>

The gain on disposal is included in the profit for the year in the consolidated financial statements.

<i>Net cash inflow on disposal of subsidiary</i>	THE GROUP
	2019
	Rs'000
Consideration received	5,000
Less: cash and cash equivalent balances disposed of	(3,028)
Total consideration received	<b>1,972</b>

(b) Rogers IDS SAS (France)

During the year ended June 30, 2018, Rogers IDS SAS (France) ceased its warehousing activities.

## (c) An analysis of the result of the discontinued operations, and the result recognised on the re-measurement of assets or disposal group is as follows:

	Notes	2019		2018	
		Rogers IDS Mozambique Limitada Rs'000	Rogers IDS Mozambique Limitada Rs'000	Rogers IDS SAS France Rs'000	Total Rs'000
Total revenue		-	21,733	-	21,733
Sales of services	19	-	21,733	-	21,733
Cost of sales	20	-	(15,004)	(1,250)	(16,254)
<b>Gross profit/(loss)</b>		-	6,729	(1,250)	5,479
Employee benefit expense	21	-	(2,681)	-	(2,681)
Depreciation	5(f)	-	(142)	(551)	(693)
Other expenses	20	-	(3,483)	(6,513)	(9,996)
		-	423	(8,314)	(7,891)
Profit on disposal of discontinued operations		<b>4,274</b>	-	-	-
Finance costs	22	-	(231)	-	(231)
		<b>4,274</b>	192	(8,314)	(8,122)
Tax expense	13(b)	-	(496)	-	(496)
<b>Profit/(loss) for the year for discontinued operations</b>		<b>4,274</b>	<b>(304)</b>	<b>(8,314)</b>	<b>(8,618)</b>

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2019

## 27. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (CONT'D)

	2019		2018	
	Rogers IDS Mozambique Limitada Rs'000	Rogers IDS Mozambique Limitada Rs'000	Rogers IDS SAS France Rs'000	Total Rs'000
Operating cash flows	-	2,191	(7,763)	(5,572)
Investing cash flows	-	(73)	-	(73)
Financing cash flows	5,000	(300)	-	(300)
<b>Total cash flows</b>	<b>5,000</b>	<b>1,818</b>	<b>(7,763)</b>	<b>(5,945)</b>

(e) <u>Rogers IDS Mozambique Limitada:</u>	2018
<i>Disposal group held for sale:</i>	Rs'000
Property, plant and equipment (note 5(a))	575
Trade and other receivables	2,435
Cash and cash equivalents	3,028
	<b>6,038</b>

Liabilities associated with non-current assets classified as held for sale:	2018
	Rs'000
Trade and other payables	4,076
Current tax liabilities	469
	<b>4,545</b>

## 28. CONTINGENT LIABILITIES

At June 30, 2019, the Company had contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities would arise. The Company has given guarantees in the ordinary course of business, amounting to Rs 144.862 million (2018: Rs 136.434 million) to third parties.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2019

29. RELATED PARTY TRANSACTIONS

(a) THE GROUP

(i) 2019

Trading transactions

Holding company

Fellow subsidiaries

Sale of goods or services	Management fees	Finance costs	Amount owed by related parties	Amount owed to related parties	Short term loan payable
Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
-	28,500	2,753	-	-	37,500
30,591	-	-	10,762	598	-
<u>30,591</u>	<u>28,500</u>	<u>2,753</u>	<u>10,762</u>	<u>598</u>	<u>37,500</u>

(ii) 2018

Trading transactions

Holding company

Fellow subsidiaries

Sale of goods or services	Management fees	Finance costs	Amount owed by related parties	Amount owed to related parties	Short term loan payable
Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
-	29,867	3,210	-	-	46,875
19,412	-	-	10,664	3,379	-
<u>19,412</u>	<u>29,867</u>	<u>3,210</u>	<u>10,664</u>	<u>3,379</u>	<u>46,875</u>

(b) THE COMPANY

(i) 2019

Trading transactions

Subsidiary companies

Interest income	Dividend income	Finance costs	Amount owed by related parties	Short term loan payable
Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
1,121	32,750	745	57,908	59,493
<u>1,121</u>	<u>32,750</u>	<u>745</u>	<u>57,908</u>	<u>59,493</u>

(ii) 2018

Trading transactions

Subsidiary companies

Interest income	Dividend income	Finance costs	Amount owed by related parties	Short term loan payable
Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
1,532	64,449	1,068	266,950	61,193
<u>1,532</u>	<u>64,449</u>	<u>1,068</u>	<u>266,950</u>	<u>61,193</u>

(c) Key management personnel compensation

Salaries and short term employee benefits

Post-employment benefits

THE GROUP	
2019	2018
Rs'000	Rs'000
87,228	90,573
14,626	15,344
<u>101,854</u>	<u>105,917</u>

(d) For the year ended June 30, 2019, the Company has not recorded any impairment of receivable relating to amounts owed by related parties (2018: Nil).

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2019

## 30. CHANGES IN ACCOUNTING POLICIES

## A THE GROUP

## (a) Impact on the financial statements

IFRS 9 and IFRS 15 were adopted without restating comparative information. Any adjustments arising from the new accounting policies are not reflected in the comparatives year ended June 30, 2018 but are recognised in the opening reserves on July 1, 2018.

The following tables show the adjustments recognised for each individual line item.

## STATEMENT OF FINANCIAL POSITION

	June 30, 2018 Rs'000	IFRS 9 Rs'000	July 1, 2018 Restated Rs'000
<b><u>Non-current assets</u></b>			
Financial assets at fair value through other comprehensive income	-	9,288	9,288
Investments in financial assets	9,288	(9,288)	-
<b><u>Current assets</u></b>			
Trade and other receivables	1,088,439	(19,463)	1,068,976
<b><u>Capital and reserves</u></b>			
Financial assets at FVOCI reserve	-	(8,085)	(8,085)
Available-for-sale fair value reserve	(8,085)	8,085	-
Retained earnings	230,437	(19,283)	211,154
Non-controlling interests	138,629	(180)	138,449

The impact on the retained earnings and non-controlling interests as at July 1, 2018 are as follows:

	Retained earnings Rs'000	Non- controlling interests Rs'000
Retained earnings/non-controlling interests as at June 30, 2018	230,437	138,629
<b><u>Adjustments from adoption of IFRS 9</u></b>		
Increase in provision for trade receivables	(19,283)	(180)
<b>Restated retained earnings/non-controlling interests as at July 1, 2018</b>	<b>211,154</b>	<b>138,449</b>

## (b) IFRS 9 Financial Instruments

## (i) Classification and measurement

On July 1, 2018, management has assessed which business models apply to the financial assets held and has classified its financial instruments into the appropriate IFRS 9 categories.



## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2019

## 30. CHANGES IN ACCOUNTING POLICIES (CONT'D)

## A THE GROUP (CONT'D)

## (b) IFRS 9 Financial Instruments (cont'd)

(i) *Classification and measurement (cont'd)*

The impact of the changes on the equity is as follows:

	Note	Effect on AFS reserves	Effect on FVOCI reserves
	(a)	Rs'000	Rs'000
<b>Financial assets at July 1, 2018</b>			
Opening balance - IAS 39		(8,085)	-
Reclassify non-trading equities from available-for-sale to FVOCI		8,085	(8,085)
<b>Opening balance - IFRS 9</b>		<b>-</b>	<b>(8,085)</b>

(a) *Equity investments previously classified as available-for-sale*

The Group elected to present in OCI changes in the fair value of all its equity investments previously classified at available-for-sale, because these investments are held as long-term strategic investments that are not expected to be sold in the short to medium term. As a result, assets with a fair value of Rs.9.288 million were reclassified from available-for-sale financial assets to financial assets at FVOCI on July 1, 2018.

(b) *Reclassifications of financial instruments on adoption of IFRS 9*

On the date of initial application, July 1, 2018, the financial instruments of the Group were as follows, with any reclassifications noted.

	Measurement category		Carrying amount		Difference Rs'000
	Original (IAS 39)	New (IFRS 9)	Original Rs'000	New Rs'000	
<b>Non-current financial assets</b>					
Equity securities	Available-for-sale	FVOCI	9,288	9,288	-
<b>Current financial assets</b>					
Trade and other receivables	Amortised cost	Amortised cost	1,088,439	1,068,976	(19,463)

(ii) *Impairment of financial assets*

The Group's trade receivables are subject to IFRS 9's new expected credit loss model.

The Group was required to revise its impairment methodology under IFRS 9 for this class of assets. The impact of the changes in impairment methodology on the Group's retained earnings and equity is disclosed above.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2019

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**30. CHANGES IN ACCOUNTING POLICIES (CONT'D)****(ii) *Impairment of financial assets (cont'd)***

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

***Trade receivables***

The Group applies IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. This resulted in an increase of the loss allowance on July 1, 2018 by Rs 19.463 million for trade receivables.

The loss allowance increased by Rs 0.267 million to Rs 47.466 million for trade receivables during the current reporting period.

**(c) IFRS 15 Revenue from Contracts with customers**

There are no changes to the amounts reported in the financial statements for the year ended June 30, 2019 under IFRS 15 to the amounts that would have been reported had the Group continued to report in accordance with IAS 18, Revenue.

**B THE COMPANY****(a) Impact on the financial statements**

IFRS 9 and IFRS 15 were adopted without restating comparative information. Any adjustments arising from the new accounting policies are not reflected in the comparatives year ended June 30, 2018 but are recognised in the opening reserves on July 1, 2018.

Retained earnings as at July 1, 2018 were not changed as the impact of the adoption of IFRS 9 and IFRS 15 is considered immaterial.

**(b) IFRS 9 Financial Instruments****(i) *Classification and measurement***

On July 1, 2018, management has assessed which business models apply to the financial assets held and has classified its financial instruments into the appropriate IFRS 9 categories. There was no effects resulting from this reclassification.

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2019

## 30. CHANGES IN ACCOUNTING POLICIES (CONT'D)

(i) *Classification and measurement (cont'd)*

On the date of initial application, July 1, 2018, the financial instruments of the Company were as follows:

	Measurement		Carrying amount		Difference Rs'000
	category		Original	New	
	Original (IAS 39)	New (IFRS 9)	Rs'000	Rs'000	
<b>Current financial assets</b>					
	Amortised	Amortised			
Other receivables	cost	cost	267,252	267,252	-

(ii) *Impairment of financial assets*

The Company was required to revise its impairment methodology under IFRS 9 for other receivables. There was no impact on adoption of the new methodology.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

(c) **IFRS 15 Revenue from Contracts with customers**

There are no changes to the amounts reported in the financial statements for the year ended June 30, 2019 under IFRS 15 to the amounts that would have been reported had the Company continued to report in accordance with IAS 18, Revenue.