Dear Shareholder,

The Board of Directors is pleased to present the Annual Report of Mauritius Oil Refineries Limited and its subsidiaries for the year ended June 30, 2018, the contents of which are listed below.

This report was approved by the Board of Directors on September 26, 2018.

G. Allain D. de Spéville
Chairman

M.D.P André Espitalier Noël
Managing Director

CONTENT

At a **Glance**

Company Profile

Mauritius Oil Refineries Limited (MOROIL) started its commercial operations in 1968. In line with the national import substitution policy, MOROIL set out to guarantee the Mauritian population a continuous supply of locally refined and packed edible oils of international quality, at competitive prices.

MOROIL's core business is the refining and marketing of edible oil. Besides the selling of crude oil and its by-products, the marketing of a selected range of quality food products; the administrative and investment operations form part of the other business activities of the company,

The MSB certificate mark has been awarded to MOROIL since 1983 and in the year 2000, the company became HACCP certified. MOROIL also holds the SA8000:2014 (Social Accountability), previously SA8000:2008 certification since March 2011 demonstrating its commitment towards international human rights norms and national labour laws.

MOROIL's acknowledged competencies have also been conducive in the setting up of partnerships with renowned European producers, namely Lesieur from France, Sovena and Angel Camacho from Spain and Attianese from Italy for the representation and marketing of their products on the Mauritian market.

VISION

A recognised regional leader in our field of expertise.

MISSION

We shall strive to achieve sustainable growth and to create value for our stakeholders through efficient:

- Production and commercialisation of quality vegetable oils.
- Marketing of selected food products.
- Operation of diversified activities in compliance with international standards.

VALUES

- **Integrity**
- **Team work**
- **Customer driven**
- **Accountability**
- **Fairness**
- **Exemplarity**

Key aspects of our business and highlights for 2018

3

SECTORS OF ACTIVITY

Edible Oils
Quality Food Products
Metal Cans & Plastic Containers

186 Dedicated Employees

3 CSR social projects

100 Products

Our Brands

Rani · Moroil Soja · Moroil Sunflower · Olivor · sovena

RS. 1.20
Dividend per share

RS. 45M
Profit before tax

3.9%
Profit before tax to Revenue

RS. 757M
Total Assets

Our Certifications

HACCP
MAURITIUS STANDARDS BUREAU
SA 8000:2014
KOSHER CERTIFIED
HALAL CERTIFIED

Social Accountability

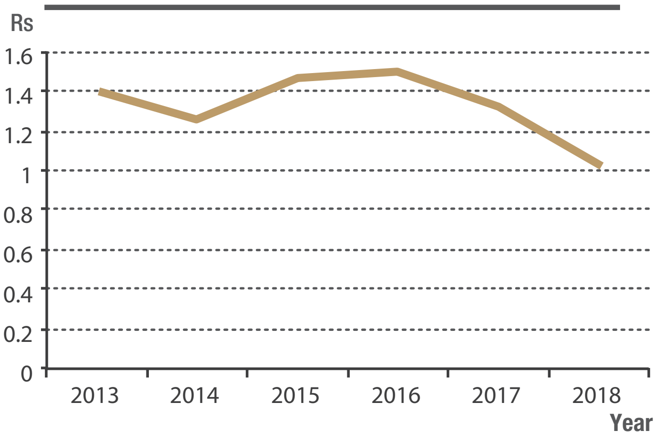
The Company is certified SA8000:2014; the standard on Social Accountability issued by Social Accountability International (USA).

FINANCIAL HIGHLIGHTS

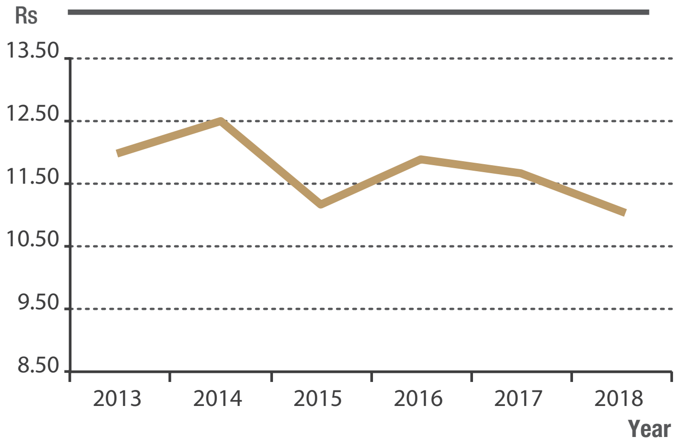
GROUP FINANCIAL HIGHLIGHTS

		2018	2017
Operating results			
Revenue	Rs'000	**1,157,127**	1,240,437
Profit before taxation	Rs'000	**45,029**	55,616
Earnings per share	Rs.	**1.03**	1.32
Dividend per share	Rs.	**1.20**	1.30
Dividend cover	(times)	**0.91**	1.08
Profit after taxation	Rs'000	**36,172**	46,921
Statement of financial position and cash flow			
Total assets	Rs'000	**757,833**	753,887
Capital expenditure	Rs'000	**18,801**	21,029
Cash generated from operations	Rs'000	**47,312**	11,178
Financial ratios			
Net worth per share	Rs.	**11.02**	11.68
Profit before taxation to revenue	%	**3.89**	4.48
Profit before taxation to shareholders' interest	%	**12.28**	14.31

Earnings per Share

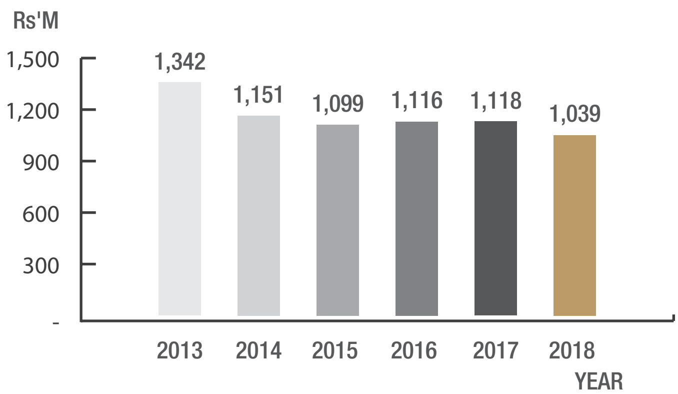


Net worth per share

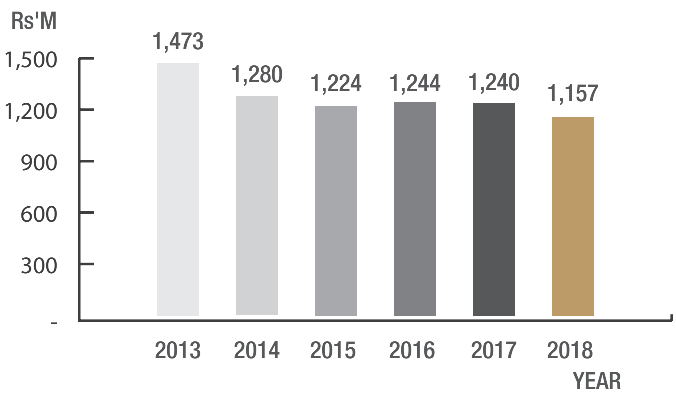


Turnover

Company

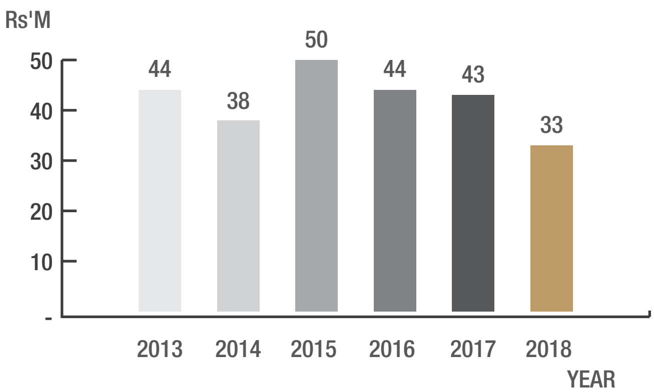


Group

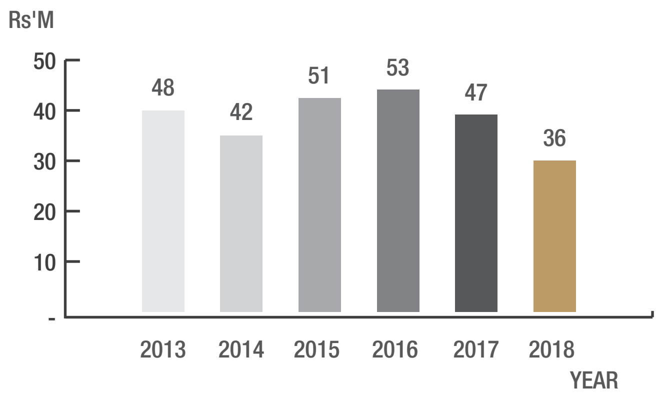


Profit after Taxation

Company



Group



Chairman's Report

Dear Shareholder,

I am pleased to present to you on behalf of the Board of Directors, the Annual Report of the MAURITIUS OIL REFINERIES LTD, as well as the Financial Results of the Group for the year ended June 30, 2018, the contents of which are listed hereafter.

Despite lower profits after tax, compared to the last financial year, Mr. André Espitalier Noël and his Executive Team have achieved good financial performance in an extremely competitive environment.

In November 2018, the Company will celebrate the 50th Anniversary of its refinery. During the past 50 years, MOROIL has shown remarkable resilience by capitalizing on its values and strengths and has always been respectful to its commitment to create wealth for all its stakeholders.

In April 2018, your Directors and MOROIL's Executive Team actively participated in the elaboration of a comprehensive action plan focusing on optimization, productivity and investment to sustain the on-going development of the Company's strategic plan. Actions have been taken to contain costs and improve efficiency.

During the year, your Board approved the Company's revamped organizational structure to further reduce its dependency on edible oil operations and to continue the diversification process that was initiated since 2012.

In order to achieve the set corporate objectives and to enhance the customer centric approach of MOROIL, the Directors appointed Mr. Jérôme Clarenc as Deputy Managing Director as from July 2018. A succession plan is also being finalized and key personnel recruited to meet the manpower requirements of the company.

Our refining operations are still facing growing pressure from oils imported at abnormally low prices, inflicting severe injuries on the local edible oil manufacturers. The Company fully supported by the private sector institutions has addressed the issue of unfair competition with the local authorities.

Mr. Issa Muddine Sayed Hassen retired as Director of the Company on June 30, 2018. I would like to thank Mr. Sayed Hassen for his contribution and wise advices during his stay in Office. I also wish him a peaceful retirement.

On behalf of the Directors and in my own personal name, I would like to express my gratitude and thanks to the Managing Director, his Management Team and all the personnel of the Group for the good work performed.

I also thank all the members of the Board of Directors for their support.

G. Allain D. DE SPEVILLE
September 26, 2018

Corporate Information

Company Secretary

Speville Secretarial Services Ltd
Chancery House, Lislet Geoffroy Street,
Port Louis

Business Registration Number

C09001521

Registered Office

Mauritius Oil Refineries Ltd
Quay Road
Port Louis, Mauritius

Registry

Harel Mallac Corporate Services
18 Edith Cavell Street,
Port Louis

Bankers

Mauritius Commercial Bank Ltd
Barclays Bank Mauritius Ltd
State Bank of Mauritius Ltd
HongKong & Shanghai Banking Corporation Ltd
Habib Bank Limited
Afrasia Bank Ltd

Legal Adviser

Me Yves Hein

Auditors

BDO & Co

PEOPLE

MOROIL employs some 186 active employees and considers its human capital as a vital asset. The Company ensures that its employment policy is fair and procedures adopted are transparent, merit based and in accordance to all legislations.

MOROIL spares no effort in attracting, motivating and retaining talented people who contribute to the success of the Company. Employees participate in a profit sharing scheme based on performance at work.

Training and Development are considered as top priority for all employees. MOROIL has always invested in development programmes where each employee acquires specific and adequate training to build capabilities.

We have always been committed to ensure a suitable work-life balance in a healthy and safe environment

Directors' Profile

Mr. G. Allain D. DE SPEVILLE
(Non-Executive)

Mr G.Allain D.DE SPEVILLE aged 66, joined the Board of Directors of Mauritius Oil Refineries Limited on September 29, 1995 and was appointed Chairman of the company on March 23, 2007. He is a Notary Public and is currently a director of the following listed company:

- Mauritius Chemical & Fertilizer Industry Ltd

Mr. M.D.P. André ESPITALIER NOEL
(Executive)

Mr M.D.P. André ESPITALIER NOEL aged 57, joined the Board of Directors of Mauritius Oil Refineries Limited on March 31, 2007 and is the Managing Director since January 1, 2015. He is also a director of the following listed companies:

- Plastic Industry (Mauritius) Ltd
- ENL Ltd

Mr Jérôme P.E. CLARENC
(Executive)

Mr Jérôme P.E. CLARENC aged 41, joined the Board of Directors of Mauritius Oil Refineries Limited on September 29, 2014. He is currently the Deputy Managing Director of the Company since July 2018.

Mr. R.J. Paul CLARENC
(Non-Executive)

Mr R.J.Paul CLARENC aged 74, joined the Board of Directors of the Mauritius Oil Refineries Limited on September 26, 1987 and is currently a director of the following listed companies:

- Plastic Industry (Mauritius) Ltd (Chairman)
- Harel Mallac & Company Limited

Mr. Ashraf M. CURRIMJEE
(Non-Executive)

Mr. Ashraf M. CURRIMJEE aged 56, joined the Board of Directors of Mauritius Oil Refineries Limited on June 22, 1994 and is the Managing Director of Soap & Allied Industries Limited.

Mr. Akhtar N.Y. DAWOOD
(Independent)

Mr. Akhtar N.Y. DAWOOD aged 60, joined the Board of Directors on March 10, 2004 and is the Managing Director of ED Electronics Limited.

Directors' Profile

Mr. J.H. Maurice de MARASSE ENOUF
(Independent)

Mr. J.H. Maurice de MARASSE ENOUF aged 73, joined the Board of Directors on February 26, 1986 and is a Director of the following listed companies:

- Innodis Ltd
- Terra Mauricia Ltd

Mr. Hansraj RUHEE
(Independent)

Mr. Hansraj RUHEE aged 76, joined the Board of Directors of Mauritius Oil Refineries Limited on November 16, 2005 and is a director of Ramphul Ltd and Les Moulins de la Concorde Ltée.

Mr. Yakub M.K. MORIA
(Non-Executive)

Mr. Yakub M.K. MORIA aged 59, joined the Board of Directors of Mauritius Oil Refineries Limited on June 8, 1998.

Mr. S. Rehaz A. SAYED HASSEN
(Executive)

Mr. S. Rehaz A. SAYED HASSEN aged 56, joined the Board of Directors of Mauritius Oil Refineries Limited on September 28, 2011. He is currently the Finance Manager of the Company.

ALTERNATE DIRECTOR'S PROFILE

Mr. Issa Muddine SAYED HASSEN

Mr Issa Muddine SAYED HASSEN aged 85, was appointed as alternate director on February 13, 2015 and resigned as from June 30, 2018. He was previously the Finance Manager of the Company.

Professionalism

Senior Management Team

THE COMPANY

Mr. M.D.P. André ESPITALIER NOËL

Mr. André Espitalier Noël, aged 57, is a Food Engineer of ENITA, Dijon, France. He has been appointed Managing Director on January 1, 2015 and was previously the Managing Director of Plastic Industry (Mauritius) Ltd. He is a Council Member of the Mauritius Chamber of Commerce and Industry since March 2017.

Mr. Jérôme P.E. CLARENC

Mr. Jerome Clarenc, aged 41, joined the Company in September 2005 and was appointed Marketing Manager in 2007. He has been nominated Deputy Managing Director in July 2018. He holds a Diploma in Marketing & Management (Cape Town) and worked for a period of three years up to August 2005 at IBL Group. He was an executive member of the Association of Mauritian Manufacturers.

Mr. S. Rehaz A. SAYED HASSEN

Mr. S. Rehaz A. aged 56, joined the Company in January 1983. He holds an Advanced Certificate in Business Management. He was appointed Accountant in 1992 and Finance Manager in 2004. He is also responsible of the IT Department. He was a board member of MEF Provident Association.

Mr. Lynden LAREINE

Mr. Lynden Lareine, aged 52, joined the Company in June 1991 as Internal Auditor and is the Internal Audit Manager of the Group since 2004. He is an affiliate member of the Chartered Institute of Internal Auditors and holds a Diploma in Business Management.

Mr. Ravish MUSRUCK

Mr. Ravish Musruck, aged 42, joined the company in October 2000 as Food Technologist. He holds an MSc Food Technology (Reading - UK) and an MBA (General). He was appointed Process Manager in July 2013.

Mr. J.L. Gilles PERRIER

Mr. J.L. Gilles Perrier, aged 64, joined the group in January 1974. He was appointed Service Manager in September 2002. He is involved in the infrastructure project and energy management.

Mrs Myrna AREKION

Mrs Myrna Arekion, aged 53, joined the Company as Group Human Resources Manager in July 2017. She holds an MSC in Human Resource Management and worked in the Human Resources Department for the past 27 years .

THE SUBSIDIARIES

Mr. Y. Patrick PIN HARRY

Mr. Y. Patrick Pin Harry, aged 63, joined the company in 1971 in the Sales Department. He was appointed Bottling Manager in 1981 and has represented Mauritius Oil Refineries Limited as Manager of Pharmalab Plastic Supplies Limited up to March 2018.

Mr. Patrice HERMELIN

Mr. Patrice Hermelin, aged 61, joined the company in January 1974 in the Sales Department. He was appointed Accountant of Metal Can Manufacturers Ltd in 1981 and Finance and Administrative Manager in 2011.

Dedicated Team

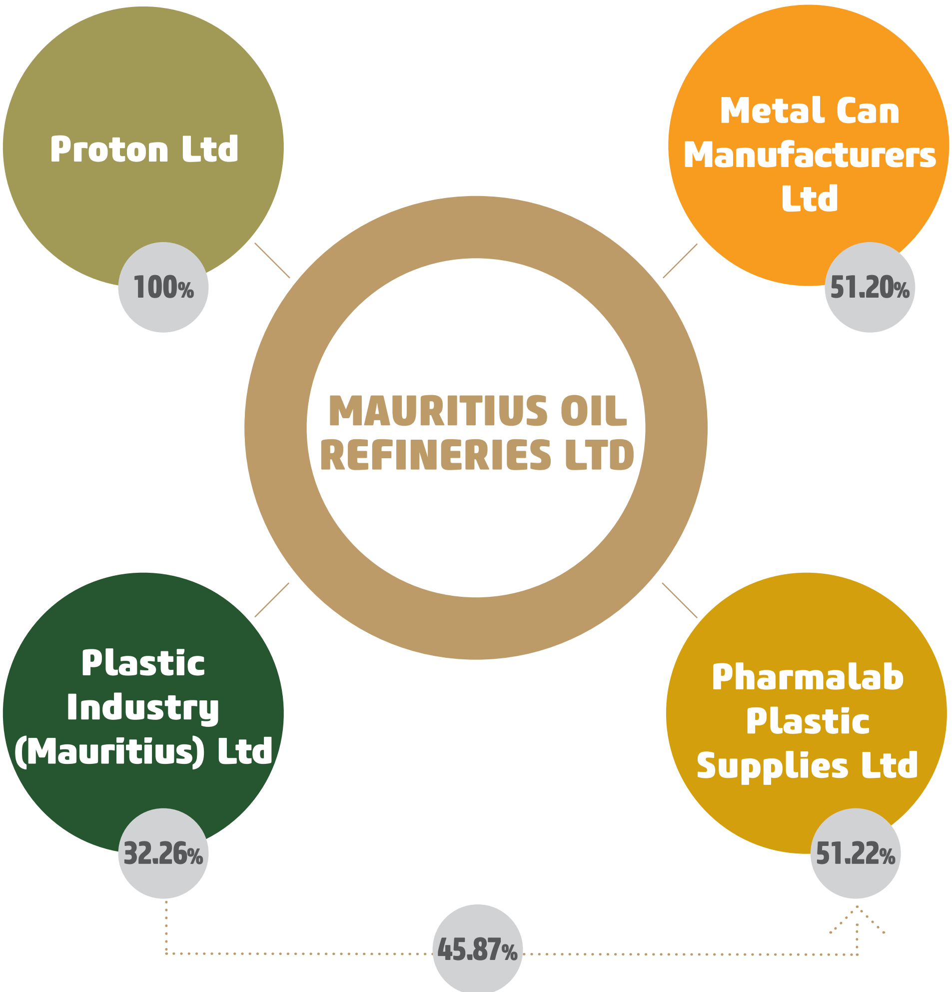
Corporate Governance Report

COMPLIANCE STATEMENT

Mauritius Oil Refineries Limited is a public interest entity as defined by law. The Company is committed to the highest standard of business integrity, transparency and professionalism in all its activities to ensure that the activities within the Company are managed ethically and responsibly to enhance business value for stakeholders. As an essential part of this commitment, the board subscribes to and is fully committed to complying with The National Code of Corporate Governance (2016) for Mauritius.

The Board of Directors recognises that the Code of Corporate Governance is regarded as best practice and therefore uses its best endeavours to ensure compliance with the principles set out in the Code. Relevant areas in connection with the principles and implementation guidance are currently being examined to gauge their applicability and ensure adherence thereto as applicable.

HOLDING STRUCTURE AS AT JUNE 30, 2018



At June 30, 2018, the following shareholder held more than 5% of the ordinary share capital of the Company:

	Number of shares	% holding
Mohamed Cassam Moreea Waqf	2,946,666	8.85

COMMON DIRECTORS AS AT JUNE 30, 2018

List of directors	Mauritius Oil Refineries Limited	Proton Limited	Metal Can Manufacturers Limited	Pharmalab Plastic Supplies Limited
Mr. G. Allain D. DE SPEVILLE	●	●	●	
Mr. M.D.P. André ESPITALIER NOEL	●		●	●
Mr. R.J. Paul CLARENC	●	●	●	●
Mr. Akhtar N.Y. DAWOOD	●			
Mr. Ashraf M. CURRIMJEE	●			
Mr. Hansraj RUHEE	●			
Mr. J.H. Maurice de MARASSE ENOUF	●			
Mr. Yakub M.K. MORIA	●			
Mr. Jérôme P.E. CLARENC	●			
Mr. S. Rehaz A. SAYED HASSEN (Alternate to Mr. Issa Muddine SAYED HASSEN in Pharmalab Plastic Supplies Limited – Resigned as from 30th June 2018)	●			●
Mr. Issa Muddine SAYED HASSEN (Alternate to Mr. S.Rehaz A. SAYED HASSEN in Mauritius Oil Refineries Limited and to Mr. R.J Paul CLARENC in Pharmalab Plastic Supplies Limited) Resigned as from 30th June 2018	●	●	●	●

PROFILE OF COMPANY'S SHAREHOLDERS AS AT JUNE 30, 2018

Size of shareholding	Number of shareholders	Number of shares owned	% holding
1-500	521	94,539	0.284
501-1,000	193	150,452	0.452
1,001-5,000	541	1,388,896	4.173
5,001-10,000	193	1,380,388	4.148
10,001-50,000	288	6,736,540	20.242
50,001-100,000	58	4,056,739	12.19
100,001-250,000	34	5,161,216	15.508
250,001-500,000	13	4,484,442	13.475
0ver 500,000	10	9,827,044	29.528
Total	**1,851**	**33,280,256**	**100.000**

SUMMARY BY SHAREHOLDING CATEGORY AS AT JUNE 30, 2018

Category of shareholders	Number of shareholders	Number of shares owned	% holding
Individuals	1,603	16,158,710	48.553
Insurance & Assurance companies	3	28,575	0.086
Pension & Provident funds	19	1,754,544	5.272
Investment & Trust companies	12	455,043	1.367
Other Corporate Bodies	214	14,883,384	44.721
Total	**1,851**	**33,280,256**	**100.000**

Corporate Governance Report

MAJOR SHAREHOLDERS

The list of major shareholders holding more than 5% of the equity share capital of the company is disclosed on page 18.

DIVIDEND POLICY

The Company's policy is to distribute a reasonable amount of the after tax profit for the relevant period subject to the solvency test under the S6(1) of the Companies Act 2001 being satisfied. The Board gives due consideration to capital investment requirements and also ensures that there is no major fluctuation in dividend payments from one year to another.

During the year under review, the Board declared a dividend of Rs.1.20 (2017: Rs.1.30) per ordinary share.

THE BOARD OF DIRECTORS

The Role of the Board

The Board is responsible for the stewardship of the Company, overseeing its conduct and affairs to create sustainable value for the benefit of its stakeholders. It acknowledges its responsibility for leading and controlling the Company, ensuring that strategic directions and management structures are in place to meet legal and regulatory requirements.

A draft Board Charter has been circulated to Board members for their approval.

Composition

Directors' profile appears on pages 12 and 13.

The Company's constitution provides that the board of the Company shall consist of a minimum of 8 and a maximum of 15 directors. The directors ordinarily reside in Mauritius.

The roles of the Chairman and the Managing Director are separated with Mr. G. Allain D. de Spéville and Mr. M.D.P.André Espitalier Noël appointed to these positions respectively.

Of the ten members serving at year-end, three were executive directors, four were non-executive and the remaining three were independent. The non-executives and independent directors come from diverse business backgrounds and possess the necessary knowledge, skills, objectivity, integrity, experience and commitment to make sound judgments on various key issues relevant to the business of the Company independent of management. The independent non-executive directors are free from any business or other relationships which would materially affect their ability to exercise independent judgement, constructively challenge and scrutinize the performance of management in achieving objectives and monitor the reporting of performance.

All directors receive timely information so that they are equipped to play as fully their part as possible in board meetings. All board members have access to the Company Secretary for any further information they require. The performance of the directors both individually and collectively as a board is assessed annually in July. The Secretary ensures that the board members receive appropriate training as necessary. Independent professional advice would be available to directors in appropriate circumstances, at the Company's expense.

Three directors are required to submit themselves for re-election every year retiring by rotation according to section 100 of the constitution of the Company. New directors are appointed to the board on the recommendation of the Nomination Committee. The Board also assumes the responsibilities regarding succession planning for both executive and non-executive directors as well as for senior executives.

The board has four standing board committees (as described on pages 21 and 22, which meet regularly under terms of reference set by the board. All chairpersons of the different board committees are chosen according to their expertise and background to effectively carry out the specific tasks of these committees.

CHANGE IN DIRECTORS

Mr. Issa Muddine SAYED HASSEN resigned as Director of the Company and as member of the Audit and Risk Committee as from June 30, 2018.

The Board is considering the appointment of a lady as director to conform to the gender issue requirement of the Code of Corporate Governance.

INDUCTION OF THE DIRECTORS

Newly appointed directors go through an induction programme to familiarize them with the company's operations, the business environment and senior management. They are also made aware of their roles, responsibilities and legal duties.

DIRECTORS' INTERESTS IN SHARES

Directors' interest in shares is disclosed on page 32.

The Company Secretary maintains a Register of Interests which is updated with every transaction entered into by directors and their closely related parties. The register is available for consultation to shareholders upon written request to the Company Secretary.

RELATED PARTY TRANSACTIONS

Related Party Transactions are discussed in note 32 of the financial statements.

DIRECTORS' DEALINGS IN SHARES OF THE COMPANY

The directors follow the principles of the model code on securities transaction as detailed in Appendix 6 of the

Mauritius Stock Exchange Listing Rules whenever they deal in the shares of the Company. During the year under review, none of the Company's Directors traded in the Company's shares.

SENIOR MANAGEMENT TEAM

The senior management teams of the Company and its subsidiaries are found on page 16.

MATERIAL CLAUSES OF THE COMPANY'S CONSTITUTION

- the Company has wide objects and powers;
- there are no ownership restrictions or pre-emptive rights attached to the shares;
- the Board shall not be fewer than 8 directors nor more than 15 directors;
- the chairperson has casting vote;
- there shall be a quorum for holding a General Meeting where 4 shareholders holding at least ten percent 10% of the total number of issued shares of the Company are present or represented.

SHAREHOLDERS' AGREEMENT

There is currently no shareholders' agreement which affects the governance of the Company.

THIRD PARTY AGREEMENT

There was no agreement between third parties and the Company or its subsidiaries during the year under review.

REMUNERATION POLICY

The Corporate Governance Committee is responsible for the remuneration policy of the Company. The remuneration package consists of basic salary, fringe benefits and a profit sharing scheme for all employees. The remuneration package of the executive management also comprises a performance related reward consistent with the Group's policy.

DIRECTORS' FEES

All directors are paid directors' fees based on their responsibilities on the Board. Directors sitting on Board Committees and on the Boards of subsidiary companies also receive additional fees. No share option or bonus is granted to non-executive directors.

DIRECTORS' REMUNERATION

Directors' remuneration is given on page 32. It has not been disclosed on an individual basis due to commercial sensitivity of that information.

BOARD COMMITTEES

Corporate Governance Committee

The Corporate Governance Committee, which includes the Nomination and Remuneration Committees, consists of four members namely: Mr. G. Allain D. DE SPEVILLE (Chairman), Mr. R.J. Paul CLARENC, Mr. Yakub M.K. MORIA and Mr. Hansraj RUHEE.

The main objects of the Committee are:-

- to determine, agree and develop the Company's general policy on corporate governance in accordance with the applicable Code of Corporate Governance.
- to advise and make recommendations to the Board on all aspects of corporate governance, remuneration and appointments.
- to prepare the Corporate Governance Report.

The Committee was entrusted by the Board of Directors to make recommendations on a new organisational structure and has in the meantime submitted its report.

During the year the Committee met twice and is satisfied that it has discharged its responsibilities in compliance with its terms of reference.

The Board shall review the Corporate Governance Committee charter every two years.

Audit & Risk Committee

The Audit & Risk Committee is appointed by the Board of Directors and is governed by a charter updated and adopted by the board and which shall be reviewed every five years. The Committee consists of four independent members namely:

- Mr Akhtar Nawaz Yacoob Dawood (Chairman),
- Mr J.H. Maurice de Marasse Enouf,
- Mr Hansraj Ruhee.
- Mr Issa Muddine Sayed Hassen (Resigned as from 30th June 2018)

The Board considers that each member brings broad experience and professional knowledge of financial reporting to the Committee's deliberations. The main objective of the Audit & Risk Committee is to assist and recommend to the Board of Directors on accounting aspects and financial reporting and ensure that risks are properly identified and managed.

The Audit & Risk committee focuses on:

- The functioning and effectiveness of internal control systems and the internal audit.
- The constant identification of actual and potential risks both operational and non operational.
- The proper implementation of Company's risk policies.
- The reliability, accuracy, integrity and transparency of financial reporting.
- The Company's compliance with applicable laws, and best

Corporate Governance Report

corporate governance practices and regulatory requirements.
- The evaluation of the independence, effectiveness, objectivity of both the internal and external auditors.
- The constant reviews of the Audit & Risk Committee charter to remain in compliance with and achieve high standards of reporting.

In attendance:
- Mr M.D.P Andre Espitalier Noël, Managing Director.
- Mr S. Rehaz A. Sayed Hassen, Finance Manager.
- Mr Lynden Lareine, Internal Audit Manager.

The Committee also invites the External Auditors to attend meetings and any member of management and that of subsidiaries when so required.

During the year, the committee examined and made recommendations to the Board on:
- The group's audited financial statements for the year ended 30.06.2017, prior to filing and publication.
- The quarterly unaudited financial statements

The Committee also:
- Examined and took action on the management letter issued by the external auditors in respect of the audited accounts for the financial year ended 30.06.2017.
- Re assessed the risk register of the group and made recommendations to the board for appropriate action.
- Reviewed and followed up on previous internal audit reports, and examined new reports issued by the internal audit manager in respect of the company and its subsidiaries.
- Invited External Auditors to tender for the Audit of financial Year 2019 and requested the audit firms to present their proposed audit work, and thereafter the Committee recommended the selected firm to the Board.

The Committee met four times during the year ended 30th June, 2018 and fulfilled its responsibilities for the year under review, in compliance with its formal terms of reference.

Ethics Committee

The Ethics Committee was set up on May 14, 2010 with the following objectives:
a) assist the Board in overseeing that the Company is committed to the highest ethical standards;
b) promote an organisational culture that encourages law abiding and ethical conduct;
c) review the effectiveness of the compliance and enforcement frame work as provided in the code.

The Ethics Committee Charter is being updated in line with the New Code of Corporate Governance and the Board shall review its adequacy every two years.

The committee is composed of Messrs Hansraj RUHEE (Non-Executive Director) - Chairman, M.D.P. André ESPITALIER NOEL (Managing Director), R.J. Paul CLARENC (Non-Executive Director) and S. Rehaz A. SAYED HASSEN (Secretary). It was assisted by Mr John Smith till his replacement by Mrs Myrna Arekion who acts as compliance officer since she took office as Group Human Resource Manager. The committee met on June 25, 2018.

To fulfill the requirements of the new code of corporate governance the committee considered the introduction of an induction programme for new directors and the submission of an induction pack.

The Code of Ethics which is in English will be translated into French to enable all employees to have a clearer understanding of the code. Regular training and exposure to the code at all levels of management is ensured to instill the values and knowledge for developing a high sense of responsibility and engagement in the daily discharge of their duties.

Disciplinary action was taken against four workers for gross misconduct and breach of trust. The cases were referred to the disciplinary committee which led to their dismissal. The Committee is satisfied that the Compliance officer is monitoring closely the behavioural attitude of the employees and their strict compliance to the company's Code of Ethics.

A whistleblowing policy is being put in place to encourage employees and officers to come forward voluntarily with suggestions to improve efficiency and to draw the attention of management of any wrong doing or fraudulent act committed.

The committee wishes to thank all members and officers who contributed in maintaining the high level of compliance and strict adherence to the Code.

Strategic Committee

The Strategic Committee Charter was approved by the Board of Directors on September 30, 2016 and shall be reviewed as and when required. The purpose of the committee is to assist the Board in fulfilling its responsibilities to monitor the development of and ultimately approve the Company's strategies and strategic plan.

The committee consists of three non-executive directors namely Messrs. R.J. Paul CLARENC who is also the Chairman of the committee, Akhtar N.Y. DAWOOD, J.H. Maurice DE MARASSE ENOUF and three executive directors Messrs. M.D.P. André ESPITALIER NOEL, S. Rehaz A. SAYED HASSEN and Jérôme P.E. CLARENC.

The Committee met six times during the period under review and the Board of Directors has been constantly appraised of the proceedings of the Committee.

During the year, a full day seminar was held on the theme: Understanding the Mechanism of MOROIL's Strategic Plan. The active participation of members of the Board of Directors and senior staffs was conducive to the preparation of a comprehensive action plan focusing on optimisation, productivity and investment. Furthermore, a revamped organizational structure was elaborated upon to successfully implement the strategic plan.

The committee stressed the importance of having a well defined Performance Management System; a new framework based on Key Performance Indicators will shortly be put into practice.

BOARD AND COMMITTEE ATTENDANCE

Directors	Category	Board of Directors	Corporate Governance Committee	Audit and Risk Committee	Ethics Committee	Strategic Committee
Mr. G. Allain D.DE SPEVILLE	NED	4/4	2/2	-	-	-
Mr. M.D.P. André ESPITALIER NOEL	ED	4/4	-	-	1/1	6/6
Mr. R.J. Paul CLARENC	NED	4/4	2/2	-	-	6/6
Mr. Akhtar N.Y. DAWOOD	ID	4/4	-	4/4	-	6/6
Mr. Yakub M.K. MORIA	NED	4/4	2/2	-	-	-
Mr. Hansraj RUHEE	ID	4/4	2/2	4/4	1/1	-
Mr.J.H. Maurice de MARASSE ENOUF	ID	4/4	-	4/4	-	5/6
Mr. Ashraf M. CURRIMJEE	NED	3/4	-	-	-	-
Mr Jérôme P.E. CLARENC	ED	4/4	-	-	-	4/6
Mr.S. Rehaz.A. SAYED HASSEN	ED	4/4	-	-	1/1	6/6
Mr. Issa Muddine SAYED HASSEN (Alternate to S.Rehaz A SAYED HASSEN)	-	-	-	4/4	-	-

Category of directors:
ED - Executive Director
NED - Non-Executive Director
ID - Independent Director

RISK MANAGEMENT

The risk management system is an integral part of management's approach to delivering business objectives and is a systematic process designed to identify, assess and manage risks.

The Board is ultimately responsible for the process of risk management and in line with its business development orientations; the Board identifies the main risks and determines the principal strategies in respect of the risk management of the Company whilst management is accountable to the Board for the design, implementation and detailed monitoring of the risk management process. The Board has delegated to the Audit and Risk Committee the responsibility to supervise the monitoring and mitigation of risk exposure.

The Internal Audit function performs a periodic risk assessment at all levels of the organization. A comprehensive risks review has been conducted this year and the corporate risks register updated with the key risks and the mitigating actions.

Risk Factors

Set forth below are some of the risks and uncertainties that, if they were to occur, could materially and adversely affect our business or that could cause our actual results to differ materially.

Market Risks

The price of crude oils may be volatile as a result of a number of factors, including general economic and climatic conditions, growing demand from emerging countries and the increasingly important requirements of the same raw materials by the energy sector. The company ensures that oils of international standards are purchased at the most favourable price.

Refined oil operators are still facing severe competition from the COMESA and SADC countries. The injuries inflicted on the local edible oil manufacturers show how challenging the absence of level playing field may be and how damaging competition from abnormally low prices of imported oils could be. The company with the full support of private sector institutions has addressed the issue of unfair competition with the local authorities.

Strategic measures are being taken to optimize resources, to enhance productivity and to invest in identified projects that will sustain growth.

Operational Risks

It is one of the Company's main objectives to ensure a continuous supply of quality oil to all customers. In that respect, there is an efficient procurement policy in place.

However, shipments may be delayed for reasons beyond the Company's control including, but not limited to, natural disasters, vessel's attacks, geo-political tensions and other unexpected problems resulting in a shortage in the supply of crude oil. Nevertheless, management has a contingency plan to respond to this risk.

There is also the risk of a major machinery breakdown that could delay operations and disrupt market supply. This risk is mitigated with the stock on hand of critical parts and the ongoing maintenance programmes coupled with technical audits.

Food Safety Risk

The Company has implemented a Food Safety Management System based on HACCP (Hazard Analysis and Critical Control Point) principles, an internationally recognized and recommended approach to food safety. The Company was HACCP certified in December 2000 for the first time and has since successfully and consecutively passed all surveillance audits.

Food safety policy, procedures and activities are in place to ensure compliance with relevant standards, legislations and

Corporate Governance Report

customer requirements. Furthermore, employees are regularly trained on proper food safety practices.

Management is fully committed for the continuous running of the HACCP food safety management system and is looking forward to building upon its already established framework to go a step further.

Financial risks

Information on financial risks management is given in note 3 to the financial statements.

Information Technology Risks

The Company relies considerably on the information technology environment to achieve its business objectives. In order to mitigate the risk of an information technology crash or major breakdown, the IT operating environment has been upgraded and secured to strategically ensure continuity in business information.

Information Security Management Procedures and Policy have been implemented since May 2015. An audit of the company's IT infrastructure was conducted during the financial year and appropriate measures are being implemented to improve the effectiveness and adequacy of key IT processes, controls, configuration, management, security and monitoring of the virtual server environment. The upgrade of the ERP system is ongoing and go-live is expected during the next financial year.

Human Resources Risk

Loss of key personnel has been identified as major risk. In view of mitigating this risk, retention and reward policies have been implemented.

Internal control

The Board has overall responsibility for ensuring that management maintains an adequate system of internal control and for reviewing its effectiveness. The Audit and Risk Committee on behalf of the Board undertakes the detailed monitoring of the controls within an appropriate established framework. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Systems and processes have been implemented and are reviewed on an ongoing basis by the Internal Audit function. The Audit and Risk Committee considers significant control matters raised by the internal and external auditors and reports its findings to the Board. Where weaknesses are identified, the Committee ensures that management takes appropriate action.

Information Governance

The Board oversees information governance within the company and ensures that the performance of information and information technology systems leads to business benefits and creates value. The Board ensures that information assets are efficiently managed, and that appropriate policies, procedures, management accountability and the right structures provide a robust governance framework for information management.

The oversight and monitoring of the security and performance of information and information technology systems is undertaken by the Audit and Risk Committee. For its part, Management is responsible for implementing the policies, procedures and practices to protect the company's information, in line with regulatory and company norms. User access controls are in place to protect the integrity, confidentiality and availability of all information resources.

The Board keeps its IT expertise under review as the company's IT strategy develops and ensures that IT investments support business objectives. In that respect, a survey on the current server IT Infrastructure (Hardware, Software, Security, Backup and disaster recovery related to the server) was conducted by an external consultant during the last financial year. Management is defining the way ahead for the coming years considering the future IT requirements of the company.

INTERNAL AUDIT

The Internal Audit Department carries out the audit of the Group's operations by providing independent, objective assurance and consulting activity on risk management, internal control and governance processes. The objectives, authority and responsibilities of the Internal Audit function are elaborated in the Internal Audit Charter approved on 14th November 2014.

The Internal Audit Department has unrestricted access to all records, physical properties and personnel to discharge its responsibilities. The Internal Audit Manager reports functionally to the Audit and Risk Committee and administratively to the Managing Director.

The Internal Audit adopts a risk-based approach in formulating its yearly audit plan which is submitted for approval to the Audit and Risk Committee. It assesses the adequacy of controls for key processes to mitigate risks identified. During the year, the internal audit:

- updated the company's Key Risks Register
- reviewed the financial controls
- provided a Progress Report on Rodrigues Outlet, and
- submitted a report on the subsidiary company, Metal Can Manufacturers Ltd.

Meetings were held regularly between the Internal Audit Manager, the Finance Manager together with senior management, to ensure any significant issues identified were addressed and to review progress on implementing audit recommendations. Updates on reviews and follow-ups were reported to the Audit and Risk Committee.

EXTERNAL AUDIT

With a view to ensuring the overall adequacy of the company's internal control system the Audit and Risk Committee evaluates the independence and effectiveness of the external auditors on an ongoing basis.

In line with the requirements of The National Code of Corporate Governance (2016), BDO & Co will act as external auditors for the last time. The Audit and Risk committee has initiated a tendering exercise and a new audit firm has been recommended to and approved by the Board. The selected external auditors will be proposed to the shareholders for their approval at the next Annual Meeting.

The Audit and Risk Committee ensures that there is no threat to the independence and objectivity of the external auditor in the conduct of the audit, resulting from the provision of non-audit services by them.

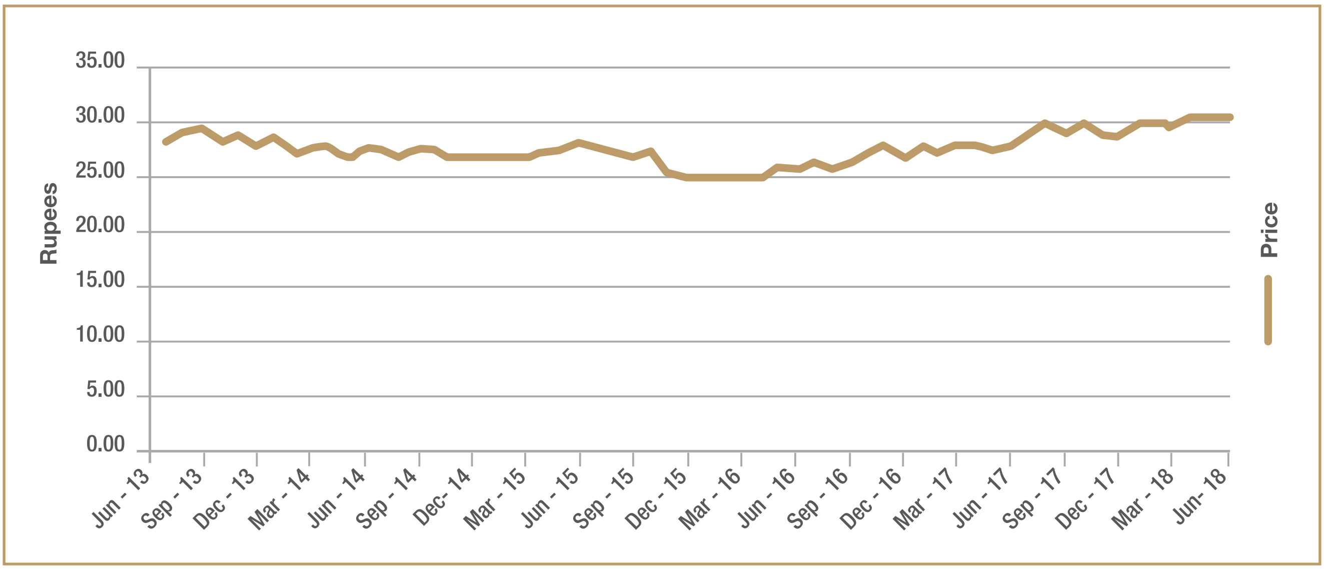
IMPORTANT EVENTS

Some of the key milestones were as follows:

Publication of condensed audited results for previous year	September 2017
Publication of condensed unaudited results for 1st quarter	November 2017
Dividend declaration - interim	November 2017
Annual Meeting of shareholders	December 2017
Publication of condensed unaudited results for 2nd quarter	February 2018
Publication of condensed unaudited results for 3rd quarter	May 2018
Dividend declaration – final	May 2018

SHARE PRICE INDEX INFORMATION

The evolution of the Company's share price over the last five years is as follows:



EMPLOYEE SHARE OPTION PLAN

No employee share option plan currently exists.

CHARITABLE DONATIONS

Charitable donation made by the Company during the year to one association, amounted to Rs.10,000 over and above CSR donation.

POLITICAL DONATIONS

The Company did not make any political donations during the year under review (2017: Rs.nil).

STAKEHOLDERS' RELATIONS AND COMMUNICATION

The board aims to properly understand the information needs of all shareholders and places great importance on an open and meaningful dialogue with all those involved with the Company. It ensures that shareholders are kept informed on matters affecting the Company. Open lines of communication are maintained to ensure transparency and optimal disclosure. All board members are requested to attend the annual meeting, to which all shareholders are invited.

Corporate Governance Report

SUSTAINABILITY REPORTING

We are committed to creating long-term value to our customers, other stakeholders and the community at large by continuously seeking to better integrate our sustainability efforts into our daily operations and actions.

CORPORATE GOVERNANCE

The Board of Directors is elected by the shareholders to oversee their interests in the long-term health and the overall success of the company's business and its financial strength. As we keep moving towards our sustainability commitment, the Board has reviewed its composition and is now balanced; consisting of 3 Independent Directors, 3 Executive Directors and 4 Non-Executive Directors.

The three Board committees, namely the Corporate Governance Committee, the Audit and Risk Committee and the Ethics Committee are governed by their respective charters which address the identification and management of governance, economic, social and environmental issues.

The Board selects and oversees the members of senior management, who are charged with conducting the business of the company. The overall accountability for sustainability lies with the Managing Director and the Executive Committee. We strive to lead by example, guided by our high standards of corporate governance and ethics.

ENVIRONMENT

Business operations at MOROIL are undertaken in such a manner as to ensure that no significant disequilibrium of the ecosystem happens. MOROIL believes that this sustainable commitment can be best achieved through compliance to legal, statutory obligations and through ethical thinking. The agreement among stakeholders for sustainability objectives and the communication particularly to our personnel have been critical success factors over the years at MOROIL. Measurable targets along a defined time line have been put forward.

Current initiatives are mainly focused on the energy efficiency management and on the abatement of pollution load in the effluents. Independent report shows that the combustion efficiency of the coal fired boiler has been more than satisfactory and the gas oil monitoring, audited by Mauritius Revenue Authority, indicates efficient utilisation of energy fuels.

The PNEE (*Programme National pour l'Éfficience Énergétique*), supported by both AFD (*Agence Française de Développement*) and the European Union has set MOROIL's energy management charter on very positive tracks since November 2016. Recommendations under this programme are also being adopted at the refinery process level.

The constructed wetland project, aiming at abating pollutants in our effluents, has gained considerable momentum. The design of experiment from a joint MOROIL - University Of Mauritius effort has been finalised. The first milestone has been validated by the Mauritius Research Council and the target date for completion is mid-2019.

SOCIAL

CORPORATE SOCIAL RESPONSIBILITY (CSR)

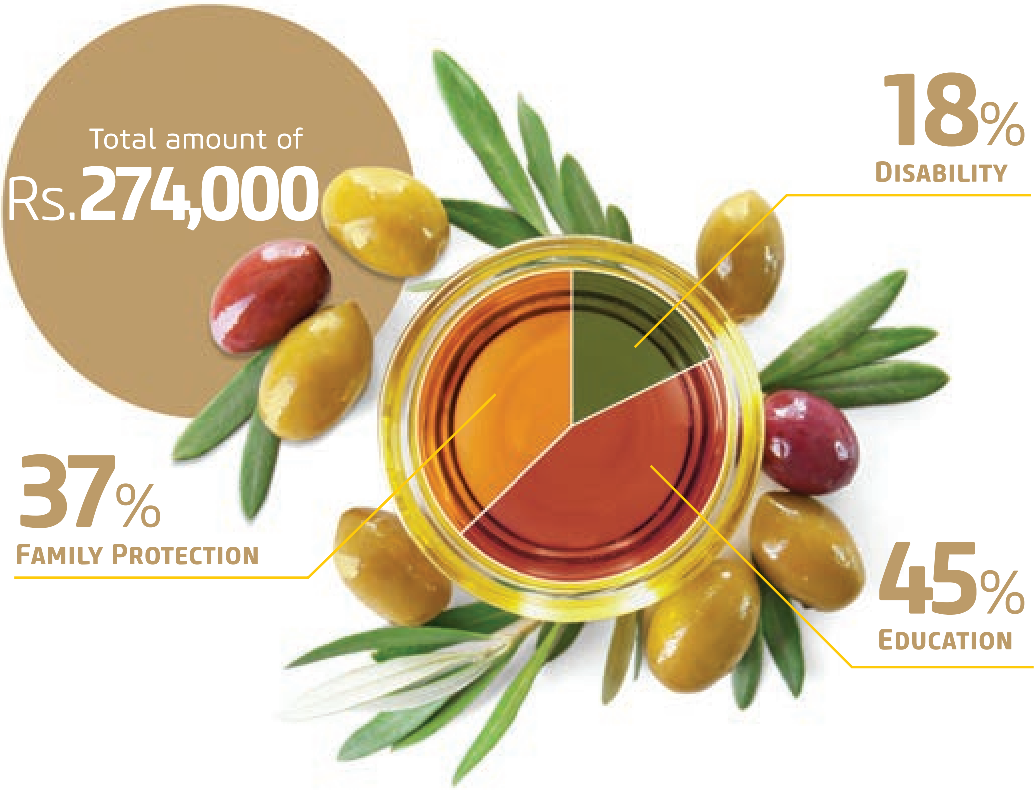
The company has been actively involved in social welfare activities since its creation. For the year ending 30th June 2018, the company has renewed its commitment to support local registered NGOs and despite reduction in grant ceiling a total amount of Rs.274,000 was dedicated towards 3 priority areas of the national programme.

MOROIL continues to lay emphasis on education and training by providing support to Emmanuel Anquetil Government School. Materials and books have been purchased and Moroil has continued to support the "catch up session" for students participating in the PSAC exams and give them the opportunity to succeed.

The rehabilitation and reintegration of ex-detainees through "Association Kinouete" and the support to persons suffering severe disabilities through "Amour sans frontière" are two initiatives Moroil cares about.

For the coming years, Moroil is committed to continue meeting its social and community obligations.

CORPORATE SOCIAL RESPONSIBILITY (CSR)



Human Resources Practices & Policies

The Company ensures that its employment policy is fair. All procedures adopted are transparent, merit based and in accordance with legislations.

Moroil promotes a culture of continuous improvement by investing in the learning and development of its employees and encouraging them to make the best of their abilities and capabilities.

Moroil has reviewed its strategic plan and identified the value added of each post within the company, in line with its goals and objectives.

The company is regularly audited by an external consultant on its commitment to comply with International Human Rights Norms and Mauritian Labour Laws. The company's certification SA 8000:2014 has been renewed for another period starting 26th June 2018 up to 26th June 2021. The Social Performance Team made up of both staff and workers ensure that all requirements are maintained at all times.

Safety, Health and Working environment

The company ensures that the working environment is safe at all times. Regular risk assessment is being performed by a full time Health & Safety Officer who ensures that Moroil is always complying to Occupational Safety and Health Act 2005.

Moroil has an Occupational Health Physician who is responsible for the Medical Surveillance of all employees and provides assistance for any health issue.

NON-AUDIT SERVICES RENDERED BY EXTERNAL AUDITORS

Services	Amount
	Rs'000
Review of quarterly condensed financial statements	111
Total	**111**

Speville Secretarial Services Ltd
Secretary

Expertise

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 and the results of its operations and cash flows for that period and which comply with International Financial Reporting Standards (IFRS),
(iii) the selection of appropriate accounting policies supported by reasonable and prudent judgements.

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 controls and risk management have been maintained,
(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.
(iv) the Code of Corporate Governance has been adhered to. Reasons have been provided where there has not been compliance.

Signed on behalf of the Board of Directors:

M.D.P André Espitalier Noël
Managing Director

R.J. Paul Clarenc
Director

Statement of Compliance

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

Name of the Public Interest Entity ("the PIE"): Mauritius Oil Refineries Limited
Reporting Period: July 1, 2017 to June 30, 2018

We, the Directors of Mauritius Oil Refineries Limited, confirm to the best of our knowledge that the PIE has complied with all of its obligations and requirements under the Code of Corporate Governance (the "Code") except for the following:

Areas of non-application of the Code		Explanation for non-application
Principle 4	- Directors' Remuneration	Directors' Remuneration has not been disclosed on an individual basis due to the commercial sensitivity of that information.
Principle 6	- Website Publication	A web page dedicated to Corporate Governance is under construction.

G.Allain D.DE SPEVILLE
Chairperson

Hansraj RUHEE
Director

September 26, 2018

Statutory Disclosures

The directors have pleasure in submitting the Annual Report of Mauritius Oil Refineries Limited together with the audited financial statements for the year ended June 30, 2018.

PRINCIPAL ACTIVITIES

The activities of the group consist of refining crude edible oil, packing and marketing of the finished products, the marketing of a selected range of quality food products and the manufacture of metal cans and plastic containers.

RESULTS AND DIVIDENDS

The Group's and the Company's profit for the financial year ended June 30, 2018 amounted to Rs.36,172,000 (2017: Rs.46,921,000) and Rs.33,362,000 (2017: Rs.43,203,000) respectively.

Dividends declared during the financial year have been paid as follows:

An interim dividend of Re.0.95 per share in December 2017

A final dividend of Re.0.25 per share in June 2018

LIST OF DIRECTORS AND ALTERNATE DIRECTORS

The directors and alternate directors of the Company and those of its subsidiary companies holding office during the year ended June 30, 2018 are as follows:

(a) Mauritius Oil Refineries Limited

Mr	G. Allain D.DE SPEVILLE - Chairman
Mr	M.D.P.André ESPITALIER NOEL - Managing Director
Messrs	R.J.Paul CLARENC
	Akhtar N.Y. DAWOOD
	Ashraf M.CURRIMJEE
	Hansraj RUHEE
	J.H. Maurice DE MARASSE ENOUF
	Yakub M.K MORIA
	Jérôme P.E.CLARENC
	S.Rehaz A SAYED HASSEN
	Issa Muddine SAYED HASSEN (Alternate to S.Rehaz.A.SAYED HASSEN) - resigned as from 30.06.2018

(b) Proton Limited

Messrs	G. Allain D. DE SPEVILLE
	R.J.Paul CLARENC
	Issa Muddine SAYED HASSEN - resigned as from 30.06.2018

(c) Metal Can Manufacturers Limited

Messrs	M.D.P. André ESPITALIER NOEL - Managing Director
	R.J. Paul CLARENC
	Issa Muddine SAYED HASSEN (Resigned as from 30th June 2018)
	Jacques LI WAN PO
	G. Allain D.DE SPEVILLE
	G.A. Roland MAUREL

(d) Pharmalab Plastic Supplies Limited

Messrs	R.J. Paul CLARENC
	Hassam M.VAYID
	M.D.P. André ESPITALIER NOEL
	Patrick Y.K. PIN HARRY
	Issa Muddine SAYED HASSEN (also alternate to Mr. R.J.Paul CLARENC) - resigned as from 30.06.2018
	S. Rehaz A. SAYED HASSEN (alternate to Issa Muddine SAYED HASSEN- resigned as from 30.06.2018)

Statutory Disclosures

DIRECTORS' SERVICE CONTRACTS

Mr M.D.P. André Espitalier Noël, Mr Jerôme Paul Edouard Clarenc and Mr S. Rehaz A. Sayed Hassen have service contracts with the Company without expiry dates.

Mr R.J.Paul Clarenc has a service contract as consultant with the Company which has been tacitly reconducted.

Except for the above, none of the other directors have unexpired service contracts.

DIRECTORS

Remuneration and benefits received, or due and receivable from the Company and from its subsidiaries were as follows:

- Directors of Mauritius Oil Refineries Limited	From the Company		From Subsidiaries	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
(3)Executive Directors (2017:3)				
- Full-time	**10,688**	10,805	-	-
- Part-time	**-**	-	**602**	579
(8)Non-executive Directors (2017:8)	**6,708**	6,385	**489**	469
	17,396	17,190	**1,091**	1,048

	2018	2017
	Rs'000	Rs'000
Directors of subsidiary companies		
(1) Executive (2017: 1)		
Full-time	**-**	-
Part-time	**41**	41
(3) Non-executive (2017: 3)	**138**	134

CONTRACTS OF SIGNIFICANCE

There was no contract of significance subsisting during the year to which the Company or one of its subsidiaries is a party and in which a director is or was materially interested, either directly or indirectly.

DIRECTORS' INTERESTS IN SHARES

The interests of the Directors of the Company in the Group as at June 30, 2018 were as follows:

	Mauritius Oil Refineries Limited		Metal Can Manufacturers Limited	
	Number of ordinary shares		Number of ordinary shares	
Messrs	Direct interests	Indirect interests	Direct interests	Indirect interests
Yakub M.K MORIA	444,444	-	1,207	-
G. Allain D. DE SPEVILLE - Chairman	310,000	6,666	129	-
Issa Muddine SAYED HASSEN	104,277	-	782	-
R.J.Paul CLARENC	38,400	-	9,087	-
Hansraj RUHEE	12,441	34,071	-	-
Akhtar N.Y. DAWOOD	10,300	-	5,460	-
S.Rehaz A SAYED HASSEN	821	31,589	2,015	339
J.H. Maurice DE MARASSE ENOUF	-	-	-	-
Ashraf M.CURRIMJEE	-	-	-	-
M.D.P. André ESPITALIER NOEL - MD	-	-	-	-
Jérôme P.E. CLARENC	-	-	-	-

MAJOR SHAREHOLDER

No person has reported any material interest of 5% or more of the equity share capital of the Company except as disclosed on page 18.

INTERESTS OF SENIOR OFFICERS IN EQUITY

	Mauritius Oil Refineries Limited		Subsidiaries	
	Number of ordinary shares		Number of ordinary shares	
	Direct interests	Indirect interests	Direct interests	Indirect interests
Mr. J. L. Gilles Perrier (Service Manager)	-	-	**150**	**200**
Mr. Lynden Lareine (Internal Audit Manager)	-	-	**200**	**-**

DONATIONS

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Donations made during the year	**-**	34	**-**	15

AUDITORS' FEES	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Audit fees paid to:				
- BDO & Co	**1,064**	1,029	**727**	700
Fees paid for other services provided by:				
- BDO & Co	**111**	108	**111**	108

Other services relate to the preparation of quarterly accounts.

Approved by the Board of Directors on September 26, 2018 and signed on its behalf by:

M.D.P André Espitalier Noël
Managing Director

Akhtar N.Y. Dawood
Director


Rani

Food Safety & Security

Secretary's Certificate

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

SPEVILLE SECRETARIAL SERVICES LTD

Secretary

September 26, 2018.

Independent Auditors' Report

To the Shareholders of Mauritius Oil Refineries Limited

Report on the audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Mauritius Oil Refineries Limited and its subsidiaries (the Group), and the Company's separate financial statements on pages 42 to 92 which comprise the statements of financial position as at June 30, 2018, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements on pages 42 to 92 give a true and fair view of the financial position of the Group and of the Company as at June 30, 2018, 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' 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1 Assessment of net realisable value of inventories

Key Audit Matter
Inventory is carried in the financial statements at the lower of cost and net realisable value. The net carrying amount of inventory at June 30, 2018 was Rs.254,003,000 for the Group and Rs.222,798,000 for the Company. The exercise for the assessment of the net realisable value involves the use of judgement and assumptions, in view of the significance of the value of inventory on the statement of financial position, we considered inventory to be a significant key audit matter.

Related Disclosures
Refer to note 13 of the accompanying financial statements.

Audit Response
Our audit procedures were designed to challenge the basis used for assessing the net realisable value of inventory and included: Examining the trading patterns of inventory sold at full price and together with the margins achieved for each product line in order to gain comfort that stock has not been sold below cost.

2 Recoverability of trade debtors

Key Audit Matter
The recoverability of trade debtors amounting to Rs.117,697,000 for the Group and Rs.97,039,000 for the Company is considered to be a significant key audit matter due to the pervasive nature of these balances to the financial statements, and the importance of cash collection with reference to the working capital management.

Related Disclosures
Refer to note 14 of the accompanying financial statements.

Audit Response
We have:
- assessed the design and implementation of key controls around the monitoring of recoverability;
- challenged management regarding the level and ageing of trade receivables, along with the consistency and appropriateness of receivables provisioning by assessing recoverability with reference to cash received in respect of debtors.
- tested these balances on a sample basis through agreement to post period end invoicing and cash receipt; and
- considered the consistency of judgements regarding the recoverability of trade receivables made year-on-year to consider whether there is evidence of management bias through discussion with management on their rationale and obtaining evidence to support judgement areas.

3 Recognition of revenue

Key Audit Matter
Revenue represents an amount of Rs.1,157,127,000 for the Group and Rs.1,039,316,000 for the Company consisting of a high volume of individually low value transactions. Revenue is an important measure used to evaluate the performance of the company. There is a risk that the revenue is presented for amounts higher than what has been actually generated by the company. Revenue is accounted for when the sales transactions have been completed, when goods are delivered to the customer and all economic risks have been transferred as a result. Based

Independent Auditors' Report

on the potential effects of inaccurate revenue transactions on margin, we have concluded that the accuracy of revenue is a key audit matter to be addressed in our audit.

Audit Response
Our audit procedures include testing of design, existence and operating effectiveness of internal control procedures implemented as well as test of details to ensure accurate processing of revenue transactions. We subsequently applied a combination of substantive analytical review procedures and tests of detail to obtain assurance over the validity and completeness. Furthermore, we have performed analytical procedures on gross-margin, as well as cut off procedures.

4 Property, plant and equipment

Key Audit Matter
This area was important to our audit due to the size of the production asset carrying value (34% of total assets as at June 30, 2018). Land has been revalued by an external valuer as disclosed in note 5(f).

Related Disclosures
Refer to note 5 of the accompanying financial statements.

Audit Response
Our audit procedures included, amongst others, assessing the reasonableness of the accounting policies and estimates regarding the depreciation of property, plant and equipment. We have reviewed the valuation report issued by the independent external valuers on June 30, 2018 and also considered the independence, reputation and capabilities of the external valuer.

Other information
The Directors are responsible for the other information. The other information which we obtained prior to the date of this auditors' report comprises of the Chairman's Report, Corporate Governance Report, Statement of Directors' Responsibilities, Statutory Disclosures and the Secretary's certificate (but does not include the financial statements and our auditors' 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.

When we read the other information, which will be made available to us after the date of our auditors' report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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.

Auditors' 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 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

Independent Auditors' Report

to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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, business advisers 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.

Financial Reporting Act 2004

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

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

Other matter

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

Port Louis,
Mauritius.
September 26, 2018

BDO & Co
Chartered Accountants
Rookaya Ghanty, FCA
Licensed by FRC


MOROIL
Sunflower
MOROIL
Rani
MOROIL
Rani
MOROIL
Rani


Fragata
Fragata
Fragata
Fragata


PEPPADEW
MILD
PIQUANTE
PEPPERS
DICED
HOT
JALAPENO
SLICES


PUGET
Bio
PUGET


VINAIGRETTE
PUGET
VINAIGRETTE
PUGET
VINAIGRETTE
PUGET


PUGET
PUGET
PUGET
PUGET


Lesieur
Nature
Lesieur
Lesieur
Lesieur
Mayonnaise


Lesieur
Huile d'Olive
Vierge extra


Isio 4


Lesieur
Fleur de Colza


Lesieur
Huile de Tournesol


SESAM
NOIX

Our Brands


Oliver


Amadora
Peeled Tomatoes
in tomato juice


FONT OLIVA
FONT OLIVA

Statements of Financial Position

June 30, 2018

	Notes	THE GROUP 2018 Rs'000	THE GROUP 2017 Rs'000	THE COMPANY 2018 Rs'000	THE COMPANY 2017 Rs'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	**261,727**	261,256	**230,391**	228,190
Investment property	7	**63,200**	63,404	**-**	-
Intangible assets	8	**519**	746	**28**	255
Investments in subsidiary companies	9	**-**	-	**19,612**	19,612
Investment in associate	10	**30,318**	31,312	**12,005**	12,005
Investments in financial assets	11	**9,784**	9,784	**3**	3
Deferred tax assets	12	**1,286**	620	**-**	-
Loan receivable from related parties	15	**-**	-	**1,665**	2,470
		366,834	367,122	**263,704**	262,535
Current assets					
Inventories	13(a)	**254,003**	130,630	**222,798**	103,974
Trade and other receivables	14	**133,732**	254,948	**106,079**	230,250
Current tax assets	22(a)	**930**	424	**930**	424
Cash and cash equivalents	31(b)	**2,334**	763	**2,003**	750
		390,999	386,765	**331,810**	335,398
Total assets		**757,833**	753,887	**595,514**	597,933
EQUITY AND LIABILITIES					
Capital and reserves (attributable to owners of the parent)					
Share capital	16	**166,401**	166,401	**166,401**	166,401
Revaluation surplus	17(a)	**83,283**	86,443	**79,676**	83,361
Fair value reserves	17(b)	**3,126**	3,126	**-**	-
Actuarial losses	17(c)	**(124,686)**	(111,696)	**(105,585)**	(96,648)
Retained earnings		**238,650**	244,405	**146,798**	153,372
Owner's interest		**366,774**	388,679	**287,290**	306,486
Non-controlling interests	18	**25,889**	27,066	**-**	-
Total equity		**392,663**	415,745	**287,290**	306,486
LIABILITIES					
Non-current liabilities					
Deferred tax liabilities	12	**30,471**	26,392	**20,642**	17,188
Retirement benefit obligations	20	**93,959**	96,417	**75,224**	80,901
		124,430	122,809	**95,866**	98,089
Current liabilities					
Trade and other payables	21	**51,574**	49,851	**34,437**	37,470
Current tax liabilities	22(a)	**252**	1,233	**-**	-
Borrowings	19	**188,914**	164,249	**177,921**	155,888
		240,740	215,333	**212,358**	193,358
Total liabilities		**365,170**	338,142	**308,224**	291,447
Total equity and liabilities		**757,833**	753,887	**595,514**	597,933

These financial statements have been approved for issue by the Board of Directors on September 26, 2018.

M.D.P André Espitalier Noël
Managing Director

Akhtar N.Y. Dawood
Director

The notes on pages 48 to 92 form an integral part of these financial statements.
Auditors' report on pages 37 to 39.

Statements of Profit or Loss

Year Ended June 30, 2018

		THE GROUP		THE COMPANY	
	Notes	2018 Rs'000	2017 Rs'000	2018 Rs'000	2017 Rs'000
Revenue	23	1,157,127	1,240,437	1,039,316	1,118,090
Cost of operations	24	(1,004,210)	(1,071,648)	(905,262)	(971,628)
Gross profit		152,917	168,789	134,054	146,462
Other operating income		3,738	3,268	3,420	3,359
Distribution costs	24	(29,289)	(31,031)	(29,289)	(31,031)
Administrative expenses	24	(83,503)	(83,113)	(72,105)	(70,997)
		43,863	57,913	36,080	47,793
Fair value loss on investment properties	7	(204)	-	-	-
Gain on bargain purchase		-	96	-	-
Investment and other income	26	-	-	6,356	5,693
Net finance costs	27	(2,596)	(3,453)	(2,352)	(2,956)
		41,063	54,556	40,084	50,530
Share of profit of associate	10(a)	3,966	1,060	-	-
Profit before taxation		45,029	55,616	40,084	50,530
Income tax	22(b)	(8,857)	(8,695)	(6,722)	(7,327)
Profit for the year	28	36,172	46,921	33,362	43,203
Profit attributable to:					
Owners of the parent		34,181	43,973	33,362	43,203
Non-controlling interests		1,991	2,948	-	-
		36,172	46,921	33,362	43,203
Earnings per share	29	1.03	1.32	1.00	1.30

The notes on pages 48 to 92 form an integral part of these financial statements.
Auditors' report on pages 37 to 39.

Statements of Profit or Loss and Other Comprehensive Income

Year Ended June 30, 2018

	Notes	THE GROUP 2018 Rs'000	THE GROUP 2017 Rs'000	THE COMPANY 2018 Rs'000	THE COMPANY 2017 Rs'000
Profit for the year		**36,172**	46,921	**33,362**	43,203
Other comprehensive income for the year:					
Items that will not be reclassified to profit or loss:					
Gain on property revaluation		**1,025**	20,276	**-**	20,276
Remeasurement of defined benefit obligations	20	**(17,193)**	(30,027)	**(13,507)**	(25,327)
Income tax relating to components of other comprehensive income	12(c)	**1,559**	1,463	**885**	758
Share of other comprehensive income of associate	10(a)	**(2,702)**	(1,409)	**-**	-
Other comprehensive income for the year		**(17,311)**	(9,697)	**(12,622)**	(4,293)
Total comprehensive income for the year		**18,861**	37,224	**20,740**	38,910
Total comprehensive income attributable to:					
Owners of the parent		**18,031**	36,153	**20,740**	38,910
Non-controlling interests	18	**830**	1,071	**-**	-
		18,861	37,224	**20,740**	38,910

The notes on pages 48 to 92 form an integral part of these financial statements.
Auditors' report on pages 37 to 39.

Statements of Changes in Equity

Year Ended June 30, 2018

THE GROUP	Notes	Share capital Rs'000	Revaluation surplus Rs'000	Actuarial losses Rs'000	Available-for- sale fair value reserve Rs'000	Retained earnings Rs'000	Total Rs'000	Non-controlling interests Rs'000	Total equity Rs'000
		Attributable to owners of the parent							
Balance at July 1, 2017		166,401	86,443	(111,696)	3,126	244,405	388,679	27,066	415,745
Profit for the year		-	-	-	-	34,181	34,181	1,991	36,172
Other comprehensive income for the year		-	(3,160)	(12,990)	-	-	(16,150)	(1,161)	(17,311)
Total comprehensive income for the year		-	(3,160)	(12,990)	-	34,181	18,031	830	18,861
Dividends	30	-	-	-	-	(39,936)	(39,936)	-	(39,936)
Dividends paid to non-controlling interests		-	-	-	-	-	-	(2,007)	(2,007)
Balance at June 30, 2018		**166,401**	**83,283**	**(124,686)**	**3,126**	**238,650**	**366,774**	**25,889**	**392,663**
Balance at July 1, 2016		166,401	69,208	(86,641)	3,126	242,998	395,092	28,563	423,655
Profit for the year		-	-	-	-	43,973	43,973	2,948	46,921
Other comprehensive income for the year		-	17,235	(25,055)	-	-	(7,820)	(1,877)	(9,697)
Total comprehensive income for the year		-	17,235	(25,055)	-	43,973	36,153	1,071	37,224
Dividends	30	-	-	-	-	(43,264)	(43,264)	-	(43,264)
Dividends written back		-	-	-	-	698	698	-	698
Dividends paid to non-controlling interests		-	-	-	-	-	-	(2,006)	(2,006)
Changes in ownership interest in subsidiary		-	-	-	-	-	-	(562)	(562)
Balance at June 30, 2017		**166,401**	**86,443**	**(111,696)**	**3,126**	**244,405**	**388,679**	**27,066**	**415,745**

The notes on pages 48 to 92 form an integral part of these financial statements.
Auditors' report on pages 37 to 39.

Statements of Changes in Equity

Year Ended June 30, 2018

THE COMPANY	Notes	Share capital Rs'000	Revaluation surplus Rs'000	Actuarial losses Rs'000	Retained earnings Rs'000	Total Rs'000
Balance at July 1, 2017		166,401	83,361	(96,648)	153,372	306,486
Profit for the year		-	-	-	33,362	33,362
Other comprehensive income for the year		-	(3,685)	(8,937)	-	(12,622)
Total comprehensive income for the year		-	(3,685)	(8,937)	33,362	20,740
Dividends	30	-	-	-	(39,936)	(39,936)
Balance at June 30, 2018		**166,401**	**79,676**	**(105,585)**	**146,798**	**287,290**
Balance at July 1, 2016		166,401	66,127	(75,121)	152,735	310,142
Profit for the year		-	-	-	43,203	43,203
Other comprehensive income for the year		-	17,234	(21,527)	-	(4,293)
Total comprehensive income for the year		-	17,234	(21,527)	43,203	38,910
Dividends	30	-	-	-	(43,264)	(43,264)
Dividends written back		-	-	-	698	698
Balance at June 30, 2017		**166,401**	**83,361**	**(96,648)**	**153,372**	**306,486**

The notes on pages 48 to 92 form an integral part of these financial statements.
Auditors' report on pages 37 to 39.

Statements of Cash Flows

Year Ended June 30, 2018

		THE GROUP		THE COMPANY	
	Notes	2018 Rs'000	2017 Rs'000	2018 Rs'000	2017 Rs'000
Cash flows from operating activities					
Cash generated from operations	31(a)	47,312	11,178	38,720	2,467
Interest received		-	-	193	314
Interest paid		(6,439)	(7,749)	(6,002)	(7,252)
Tax paid - net		(5,323)	(7,877)	(2,615)	(6,939)
CSR contribution		(459)	-	(274)	-
Net cash generated from/(used in) operating activities		35,091	(4,448)	30,022	(11,410)
Cash flows from investing activities					
Purchase of property, plant and equipment		(18,801)	(21,029)	(18,045)	(18,782)
Acquisition of intangible assets		-	(155)	-	(155)
Purchase of investment in subsidiary		-	-	-	(466)
Proceeds from sale of property, plant and equipment		957	2,770	957	2,396
Purchase of investment property		-	(204)	-	-
Dividend received:					
- subsidiary companies		-	-	3,905	3,605
- associate		2,258	1,775	2,258	1,774
Net cash used in investing activities		(15,586)	(16,843)	(10,925)	(11,628)
Cash flows from financing activities					
Loan repaid by related companies		-	-	715	1,093
Loan from related company		-	-	5,500	-
Proceeds from borrowings		-	75,000	-	75,000
Repayments of borrowings		(75,000)	-	(75,000)	-
Dividends paid to Non-controlling interests		(2,007)	(2,006)	-	-
Dividends paid to Company's shareholders		(40,592)	(43,264)	(40,592)	(43,264)
Net cash (used in)/generated from financing activities		(117,599)	29,730	(109,377)	32,829
Net (decrease)/increase in cash and cash equivalents		(98,094)	8,439	(90,280)	9,791
Movement in cash and cash equivalents					
At July 1,		(88,486)	(96,925)	(80,138)	(89,929)
(Decrease)/increase		(98,094)	8,439	(90,280)	9,791
At June 30,	31(c)	(186,580)	(88,486)	(170,418)	(80,138)

The notes on pages 48 to 92 form an integral part of these financial statements.
Auditors' report on pages 37 to 39.

Notes to the Financial Statements

Year Ended June 30, 2018

1. GENERAL INFORMATION

Mauritius Oil Refineries Limited is a public company incorporated and domiciled in Mauritius. The address of its registered office is Quay D, 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. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements of Mauritius Oil Refineries Limited comply with the Companies Act 2001 and have been prepared in accordance with International Financial Reporting Standards (IFRS). Where necessary comparative figures have been amended to conform with change in presentation in the current year.

The financial statements are prepared under the historical cost convention, except that:
(i) freehold building and plant and machinery are carried at revalued amounts;
(ii) investment property is stated at fair value;
(iii) available-for-sale financial assets are stated at their fair values; and
(iv) relevant financial assets and financial liabilities are carried at amortised cost/fair value.

Amendments to published Standards effective in the reporting period

Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12). The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. The amendment has no impact on the Group's financial statements.

Disclosure Initiative (Amendments to IAS 7). The amendments require the entity to explain changes in its liabilities arising from financing activities. This includes changes arising from cash flows (e.g. drawdowns and repayments of borrowings) and non-cash changes such as acquisitions, disposals, accretion of interest and unrealised exchange differences. A reconciliation of the opening and closing carrying amounts for each item for which cash flows have been or would be classified as financial activities is presented in note 31(d).

Annual Improvements to IFRSs 2014-2016 Cycle

IFRS 12 Disclosure of Interests in Other Entities. The amendments clarify that entities are not exempt from all of the disclosure requirements in IFRS 12 when entities have been classified as held for sale or as discontinued operations. The amendment has no impact on the Group's financial statements.

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

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after January 1, 2018 or later periods, but which the Group/Company has not early adopted.

At the reporting date of these financial statements, the following were in issue but not yet effective:
IFRS 9 Financial Instruments
IFRS 15 Revenue from Contracts with Customers
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

IFRS 16 Leases
Clarifications to IFRS 15 Revenue from Contracts with Customers
Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)
Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments to IFRS 4)
Annual Improvements to IFRSs 2014-2016 Cycle
IFRIC 22 Foreign Currency Transactions and Advance Consideration
Transfers of Investment Property (Amendments to IAS 40)
IFRS 17 Insurance Contracts

Notes to the Financial Statements

Year Ended June 30, 2018

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)

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 Group is still assessing the impact of IFRS 9 and IFRS 15.

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.

(b) Property, plant and equipment

All property, plant and equipment is initially recorded at cost. Freehold buildings, held for use in the production or supply of goods or for administrative purposes, are stated at their fair value, based on periodic 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 asset and the net amount is restated to the revalued amount of the asset.

Up to June 30, 2001, plant and machinery was revalued every year by E.T.M Services Ltd on the basis of the depreciated replacement cost of the assets. As from June 30, 2002, the directors decided that plant and machinery would no longer be revalued each year to reflect their replacement value. From thereon, these assets are stated at their revalued amount at June 30, 2001 less subsequent depreciation. Additions subsequent to that date are recognised at cost. 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 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 the revaluation surplus directly in equity; all other decreases are charged to profit or loss.

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

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

The annual rates used are as follows:	
Improvement to land	10%
Freehold buildings	2% - 5%
Plant & machinery	5% - 20%
Yard	10%
Furniture and fittings	10% - 20%
Tools	10% - 20%
Motor vehicles	12.5% - 20%
Computer equipment and accessories	20% - 33%
Assets for which depreciation is calculated on a reducing balance basis:	
Plant & machinery	5% - 20%
Oil storage complex	5% - 20%

Notes to the Financial Statements

Year Ended June 30, 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Property, plant and equipment (cont'd)

Freehold land is not depreciated.

The assets' residual values and useful lives 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 disposal 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.

(c) Investment property

Investment property, held to earn rentals or for capital appreciation or both, is carried at fair value by the Group, representing open-market value determined annually by external independent valuers. Changes in fair values are included in profit or loss.

(d) Intangible assets

(i) Goodwill

Goodwill represents the excess of cost of acquisition over the Group's interest in the fair value of the net identifiable assets of the acquired subsidiary, associate or jointly controlled entity at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Any net excess of the Group's interest in the net fair value of acquiree's net identifiable assets over cost is recognised in the statement of profit or loss.

Goodwill on acquisitions of associates and jointly controlled entities is included in investments in associates.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses.

On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of goodwill is included in the determination of the gains and losses on disposal.

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

(ii) 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.

The estimated useful life of computer software is 3- 5 years.

(e) Investment in subsidiaries

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

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

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

Notes to the Financial Statements

Year Ended June 30, 2018

acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree 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. The subsidiaries have consistently applied all the policies adopted by the Group.

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

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

(f) Investment in associate

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

Consolidated financial statements
An associate is an entity over which the Group has significant influence but not control, or joint control, generally accompanying a shareholding between 20% and 50% of the voting rights.

Investment in associate is accounted for using the equity method. The Group's investment in associate includes goodwill (net of any accumulated impairment loss) identified on acquisition. Investment in associate is initially recognised at cost as adjusted by post acquisition changes in the Group's share of the net assets of the associate less any impairment in the value of individual investments.

When the Group's share of losses exceeds its interest in an associate, the Group discontinues recognising further losses, unless it has incurred legal or constructive obligation or made payments on behalf of the associate.

Unrealised profits and losses are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The associate has consistently applied all the policies adopted by the Group.

(g) Financial instruments

Financial assets
The Group classifies its financial assets as available-for-sale financial assets.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

(i) Available-for-sale financial assets
Available for sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within twelve months of the end of the reporting period.

Notes to the Financial Statements

Year Ended June 30, 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Financial instruments (cont'd)

Purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Investments in this category are initially measured at fair value plus transaction costs.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets are subsequently carried at fair values.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost.

Unrealised gains and losses arising from changes in the fair value of financial assets classified as available-for-sale are recognised in other comprehensive income.

When financial assets classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in profit or loss as gains and losses on financial assets.

If the market for a financial asset is not active, the company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flows analysis.

(ii) Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss, measured as the difference between acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in profit or loss. Impairment losses for a financial asset classified as available-for-sale are not reversed through profit or loss.

(iii) Long term receivables

Long term receivables with fixed maturity terms are measured at amortised cost using the effective interest rate method, less provision for impairment. The carrying amount of the asset is reduced by the difference between the asset's carrying amount and the present value of estimated cash flows discounted using the original effective interest rate. The amount of loss is recognised in profit or loss.

(iv) Trade receivables

Trade receivables are 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 is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate. The amount of provision is recognised in profit or loss.

(v) Trade and other payables

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

(vi) 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 the end of the reporting period.

Notes to the Financial Statements

Year Ended June 30, 2018

(vii) Cash and cash equivalents
Cash and cash equivalents include cash in hand and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(viii) Share capital
Ordinary shares are classified as equity.

(h) 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 at 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.

(i) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the first-in first-out (FIFO) method and by the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowings costs. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and applicable variable selling expenses.

(j) Retirement benefit obligations

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

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

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

Notes to the Financial Statements

Year Ended June 30, 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Retirement benefit obligations (cont'd)

(ii) 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 obligation 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.

(iii) Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(iv) Gratuity on retirement

For employees who are not covered (or who are insufficiently covered by the above pension plans), the net present value of gratuity on retirement payable under the Employment Rights Act 2008 is calculated by a qualified actuary and provided for. The obligations arising under this item are not funded.

(v) Unfunded pensioners

In compliance with IAS 19, full liability of the retirement obligations has been recognised.

(k) Foreign currencies

(i) 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 Group's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the 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.

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.

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.

(l) Impairment of non-financial assets

Assets 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).

(m) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns, value added tax, rebates and other similar allowances and after eliminating sales within the Group.

(i) Sale of goods

Sales of goods are recognised when the goods are delivered and titles have passed, at which time all of the following conditions are satisfied:

Notes to the Financial Statements

Year Ended June 30, 2018

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

(ii) Other revenues earned by the Group are recognised on the following bases:
- Interest and rental income - as it accrues unless collectability is in doubt,
- Dividend income - when the shareholder's right to receive payment is established.

(n) 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.

(o) Leases

Lease 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.

(i) 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 property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss.

(ii) Operating leases
Assets leased out under operating leases are included in investment property in the statement of financial position. Rental income is recognised on a straight line basis over the lease term.

(p) 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.

(q) Segment reporting

Segment information presented relate to operating segments that engage in business activities for which revenues are earned and expenses incurred.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial Risk Factors

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

- Foreign exchange risk;
- Credit risk;
- Interest rate risk;
- Liquidity risk;
- Price risk; and
- Market risk.

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

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

Notes to the Financial Statements

Year Ended June 30, 2018

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial Risk Factors (cont'd)

Foreign exchange risk

The Group is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US dollar and the Euro.

The Group's dealings in foreign currency purchases is managed by seeking the best rates. Fluctuations arising on purchase transactions are partly offset by sales transactions, effected sometimes in US dollar. The Group uses forward contracts to hedge its exposure to foreign currency risk when future commercial transactions and recognised liabilities are denominated in a currency that is not the Group's functional currency.

The Group

At June 30, 2018, if the rupee had weakened/strengthened by 1% against the US dollar/Euro with all variables held constant, post tax profit for the year would have been Rs.26,176 (2017: Rs.65,777) higher/lower, mainly as a result of foreign exchange gains/losses on translation of US dollar/Euro denominated assets and liabilities. Profit is less sensitive to movement in rupee/US dollar and rupee/Euro exchange rates in 2018 than 2017 because of the decreased amount of US dollar/Euro net liabilities.

The Company

At June 30, 2018, if the rupee had weakened/strengthened by 1% against the US dollar/Euro with all variables held constant, post tax profit for the year would have been Rs. 23,823 (2017: Rs. 63,440) higher/lower, mainly as a result of foreign exchange gains/losses on translation of US dollar/Euro denominated assets and liabilities. Profit is less sensitive to movement in rupee/US dollar and rupee/Euro exchange rates in 2018 than 2017 because of the decreased amount of US dollar/Euro net liabilities.

Credit risk

The Group's credit risk is primarily attributable to its trade receivables. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Group's management based on prior experience and the current economic environment.

Cash transactions are limited to high credit quality financial institutions. The Group has policies that limit the amount of credit exposure to any financial institution.

The table below shows the credit concentration of the Group and the Company at end of the reporting period:

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
Counterparties:	**Rs'000**	Rs'000	**Rs'000**	Rs'000
10 major counterparties per company	**60,524**	34,840	**44,169**	27,999
Others (diversified risk)	**57,173**	63,696	**52,870**	54,821
	117,697	98,536	**97,039**	82,820

Management does not expect any losses from non-performance of these customers.

Interest rate risk

The Group's/Company's income and operating cash flows are exposed to interest rate risk as it sometimes borrows at variable rates.

The Group

At June 30, 2018, if interest rates on rupee-denominated borrowings had been 10 basis points lower/higher with all other variables held constant, post-tax profit for the year would have been Rs.136,740 (2017: Rs.145,177) higher/lower, mainly as a result of lower/higher interest expense on floating rate borrowings.

If interest rates on rupee-denominated bank balances had been 10 basis points lower/higher with all other variables held constant, there would not have been a material impact on post-tax profit for the year ended June 30, 2018 and June 30, 2017.

Notes to the Financial Statements

Year Ended June 30, 2018

The Company

At June 30, 2018, if interest rates on rupee-denominated borrowings had been 10 basis points lower/higher with all other variables held constant, post-tax profit for the year would have been Rs.172,000 (2017: Rs.156,000) higher/lower, mainly as a result of lower/higher interest expense on floating rate borrowings.

If interest rates on rupee-denominated bank balances had been 10 basis points lower/higher with all other variables held constant, there would not have been a material impact on post-tax profit for the year ended June 30, 2018 and June 30, 2017.

Liquidity risk

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

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 period to the contractual maturity date.

The Group	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	Rs'000	Rs'000	Rs'000	Rs'000
At June 30, 2018				
Borrowings	**188,914**	-	-	-
Trade and other payables	**51,574**	-	-	-

The Group	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At June 30, 2017	Rs'000	Rs'000	Rs'000	Rs'000
Borrowings	**164,249**	-	-	-
Trade and other payables	**49,851**	-	-	-

The Company

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At June 30, 2018	Rs'000	Rs'000	Rs'000	Rs'000
Bank overdrafts	**177,921**	-	-	-
Trade and other payables	**34,437**	-	-	-
At June 30, 2017				
Bank overdrafts	**155,888**	-	-	-
Trade and other payables	**37,470**	-	-	-

Price risk

The Group is not exposed to price risk as it does not hold equity securities classified as available-for-sale which are susceptible to future price uncertainties.

Market risk

The Group is exposed to market risk arising from changes in oil prices and fluctuation in exchange rates. This risk will directly impact on the performance of the company. There is a procurement committee to address these exposures as and when necessary.

3.2 Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market price 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

Notes to the Financial Statements

Year Ended June 30, 2018

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.2 Fair value estimation (cont'd)

transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily quoted equity investments classified as trading securities or available-for-sale. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The nominal values 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 cashflows 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 pricing products and services commensurately with the level of risk.

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.

Consistent 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 in the statement of financial position) less cash and cash equivalents. Adjusted capital comprises all components of equity (i.e. share capital, non-controlling interests, retained earnings and revaluation surplus).

During 2018, the Group's strategy, which was unchanged from 2017, was to maintain the debt-to-adjusted capital ratio at the lower end, in order to secure access to finance at a reasonable cost.

The debt-to-adjusted capital ratios at June 30, 2018 and at June 30, 2017 were as follows:

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Total debt (note 19)	**188,914**	164,249	**177,921**	155,888
Less: cash and bank balances (note 31(b))	**(2,334)**	(763)	**(2,003)**	(750)
Net debt	**186,580**	163,486	**175,918**	155,138
Total equity	**392,663**	415,745	**287,290**	306,486
Debt-to-adjusted capital ratio	**0.48:1**	0.39:1	**0.61:1**	0.51:1

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 adjustments 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(d). These calculations require the use of estimates.

Notes to the Financial Statements

Year Ended June 30, 2018

(b) Impairment of available-for-sale financial assets

The Group follows the guidance of IAS 39 on determining when an investment is other-than-temporarily impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

(c) 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 20.

(d) Revaluation of property, plant and equipment and investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in profit or loss. In addition, it measures 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 of investment properties as at June 30, 2018 and fair value of land as at June 30, 2018. The valuation has been arrived at by reference to market evidence of transaction prices for similar properties.

The determined fair value of the investment properties is most sensitive to the estimated yield as well as the long term vacancy rate. The key assumptions used to determine the fair value of the investment properties, are further explained in Note 7.

(e) 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.

(f) 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 was already of the age and in condition expected at the end of its useful life.

Management therefore makes estimates, if necessary, based on historical experience and uses 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.

(g) Limitation of sensitivity analysis

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

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

Notes to the Financial Statements

Year Ended June 30, 2018

5. PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Improvement to land	Freehold buildings	Plant & machinery	Yard	Furniture & fittings	Tools	Motor vehicles	Computer equipment & accessories	Oil storage complex	Total
(a) THE GROUP	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
(i) COST OR VALUATION											
At July 1, 2017	8,832	279	115,895	334,488	10,772	22,393	3,777	49,692	11,231	22,003	579,362
Additions	-	-	7,916	4,645	249	1,130	28	4,552	281	-	18,801
Disposals	-	-	-	-	-	-	-	(3,951)	-	-	(3,951)
Revaluation surplus	1,025	-	-	-	-	-	-	-	-	-	1,025
At June 30, 2018	**9,857**	**279**	**123,811**	**339,133**	**11,021**	**23,523**	**3,805**	**50,293**	**11,512**	**22,003**	**595,237**
DEPRECIATION											
At July 1, 2017	-	112	-	230,528	9,486	18,808	3,593	32,798	10,727	12,054	318,106
Charge for the year	-	28	2,486	9,125	263	1,051	99	5,044	351	547	18,994
Disposal adjustments	-	-	-	-	-	-	-	(3,590)	-	-	(3,590)
At June 30, 2018	**-**	**140**	**2,486**	**239,653**	**9,749**	**19,859**	**3,692**	**34,252**	**11,078**	**12,601**	**333,510**
NET BOOK VALUES											
At June 30, 2018	**9,857**	**139**	**121,325**	**99,480**	**1,272**	**3,664**	**113**	**16,041**	**434**	**9,402**	**261,727**

Notes to the Financial Statements

Year Ended June 30, 2018

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

(a) THE GROUP	Freehold land Rs'000	Improvement to land Rs'000	Freehold buildings Rs'000	Plant & machinery Rs'000	Yard Rs'000	Furniture & fittings Rs'000	Tools Rs'000	Motor vehicles Rs'000	Computer equipment & accessories Rs'000	Oil storage complex Rs'000	Total Rs'000
(ii) COST OR VALUATION											
At July 1, 2016	8,832	279	101,582	328,121	10,772	21,860	3,737	49,410	10,856	21,289	556,738
Additions	-	-	156	14,563	-	533	40	4,648	375	714	21,029
Disposals	-	-	-	(8,196)	-	-	-	(4,366)	-	-	(12,562)
Revaluation surplus	-	-	14,157	-	-	-	-	-	-	-	14,157
At June 30, 2017	**8,832**	**279**	**115,895**	**334,488**	**10,772**	**22,393**	**3,777**	**49,692**	**11,231**	**22,003**	**579,362**
DEPRECIATION											
At July 1, 2016	-	84	4,075	228,490	9,196	17,575	3,490	31,953	10,066	11,602	316,531
Charge for the year	-	28	2,045	8,791	290	1,233	103	4,723	661	452	18,326
Disposal adjustments	-	-	-	(6,753)	-	-	-	(3,878)	-	-	(10,631)
Revaluation adjustment	-	-	(6,120)	-	-	-	-	-	-	-	(6,120)
At June 30, 2017	**-**	**112**	**-**	**230,528**	**9,486**	**18,808**	**3,593**	**32,798**	**10,727**	**12,054**	**318,106**
NET BOOK VALUES											
At June 30, 2017	**8,832**	**167**	**115,895**	**103,960**	**1,286**	**3,585**	**184**	**16,894**	**504**	**9,949**	**261,256**

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

(b) THE COMPANY

	Freehold buildings	Plant & machinery	Yard	Furniture& fittings	Tools	Motor vehicles	Computer equipment & accessories	Oil storage complex	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
(i) COST OR VALUATION									
At July 1, 2017	116,400	262,671	10,582	14,295	469	42,949	10,997	22,003	480,366
Additions	7,916	3,982	249	1,131	29	4,552	186	-	18,045
Disposals	-	-	-	-	-	(3,951)	-	-	(3,951)
At June 30, 2018	**124,316**	**266,653**	**10,831**	**15,426**	**498**	**43,550**	**11,183**	**22,003**	**494,460**
DEPRECIATION									
At July 1, 2017	-	179,394	9,294	11,509	378	29,139	10,408	12,054	252,176
Charge for the year	2,486	6,940	263	871	44	4,059	273	547	15,483
Disposal adjustments	-	-	-	-	-	(3,590)	-	-	(3,590)
At June 30, 2018	**2,486**	**186,334**	**9,557**	**12,380**	**422**	**29,608**	**10,681**	**12,601**	**264,069**
NET BOOK VALUES									
At June 30, 2018	**121,830**	**80,319**	**1,274**	**3,046**	**76**	**13,942**	**502**	**9,402**	**230,391**

Notes to the Financial Statements

Year Ended June 30, 2018

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

(b) THE COMPANY

	Freehold buildings	Plant & machinery	Yard	Furniture& fittings	Tools	Motor vehicles	Computer equipment & accessories	Oil storage complex	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
(ii) COST OR VALUATION									
At July 1, 2016	102,088	257,601	10,582	13,805	429	43,387	10,654	21,289	459,835
Additions	156	13,111	-	490	40	3,928	343	714	18,782
Disposals	-	(8,041)	-	-	-	(4,366)	-	-	(12,407)
Revaluation surplus	14,156	-	-	-	-	-	-	-	14,156
At June 30, 2017	**116,400**	**262,671**	**10,582**	**14,295**	**469**	**42,949**	**10,997**	**22,003**	**480,366**
DEPRECIATION									
At July 1, 2016	4,075	179,606	9,004	10,482	332	29,220	9,864	11,602	254,185
Charge for the year	2,044	6,457	290	1,027	46	3,797	544	452	14,657
Disposal adjustments	-	(6,669)	-	-	-	(3,878)	-	-	(10,547)
Revaluation adjustment	(6,119)	-	-	-	-	-	-	-	(6,119)
At June 30, 2017	**-**	**179,394**	**9,294**	**11,509**	**378**	**29,139**	**10,408**	**12,054**	**252,176**
NET BOOK VALUES									
At June 30, 2017	**116,400**	**83,277**	**1,288**	**2,786**	**91**	**13,810**	**589**	**9,949**	**228,190**

Notes to the Financial Statements

Year Ended June 30, 2018

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

(c) No assets were acquired under finance leases during the year (2017: Rs.nil).

(d) Leased assets for the Group included above comprise of plant and machinery:

	2018	2017
	Rs'000	Rs'000
Cost - capitalised finance leases	3,989	3,989
Accumulated depreciation	(1,508)	(1,308)
Net book amount	2,481	2,681

(e) The Company's freehold buildings were last revalued by Messrs Broll Indian Ocean Limited, independent chartered valuers, on June 30, 2017. Valuations were made based on market value using depreciated replacement cost approach. The revaluation surplus net of deferred income taxes was credited to revaluation surplus in shareholders' equity (note 17). The directors consider the carrying amount not to be materially different from its fair value as at June 30, 2018.

(f) Land included in one of the subsidiaries was last revalued by Gexim Real Estate Ltd, independent valuers on September 21, 2017. Valuation has been made on the basis of open market value. The revaluation surplus has been credited to revaluation surplus in the shareholder's equity (note 17).

The Group's freehold land and buildings are categorised as level 2 of the fair value hierarchy as at June 30, 2018.

There were no transfers between level 1 and 2 during the year.

(g) Depreciation charge for the year has been included in:

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
Cost of operations	14,092	13,433	11,809	10,995
Distribution costs	2,531	2,091	2,531	2,091
Administrative expenses	2,371	2,802	1,143	1,571
	18,994	18,326	15,483	14,657

(h) If freehold buildings and plant and machinery were stated on the historical cost basis, the amounts would be as follows:

	THE GROUP AND THE COMPANY			
	Freehold buildings		Plant and Machinery	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
Cost	44,101	36,185	181,802	177,820
Accumulated depreciation	(17,599)	(16,717)	145,187)	(139,733)
Net book values	26,502	19,468	36,615	38,087

Notes to the Financial Statements

Year Ended June 30, 2018

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

	THE GROUP	
	Freehold land	
	2018	2017
	Rs'000	Rs'000
Cost	**2,683**	2,683
Accumulated depreciation	**-**	-
Net book values	**2,683**	2,683

(i) Bank borrowings are secured by floating charges on the assets of the Group including property, plant and equipment (note 19).

6. LEASEHOLD LAND PAYMENTS

The lease with the Mauritius Ports Authority are as follows:
(i) 20,472.4 m^2 of land and
(ii) 3,698 m^2 of land which expired on June 30, 2011.

The lease agreement in respect of 3,698 m^2 of land on lease from MPA, is due for renewal as from July 01, 2011. The company has agreed to the terms and conditions of a new lease for the plot of land of 3,698 m^2 with the MPA. The agreement will be signed in the near future.

7. INVESTMENT PROPERTY

	THE GROUP	
	2018	2017
Fair value model	**Rs'000**	Rs'000
At July 1,	**63,404**	63,200
Addtions during the year	**-**	204
Decrease in fair value	**(204)**	-
At June 30,	**63,200**	63,404

The investment property consists of buildings owned by a subsidiary, Proton Limited, which is on land of 5,909.22 m^2 under a lease with the Mauritius Ports Authority. The investment property has been valued at fair value by Messrs Broll Indian Ocean Limited, independent Chartered surveyor, on a depreciated replacement cost approach on June 30, 2018. The investment property consists of building categorised as level 2 of the fair value hierarchy as at June 30, 2018.

The company has agreed to the terms and conditions of a new lease for the plot of land of 5,909.22 m^2 with the Mauritius Ports Authority. The agreement will be signed in the near future.

There were no transfers between level 1 and level 2 during the year.

The following amounts have been recognised in profit or loss:

	THE GROUP	
	2018	2017
	Rs'000	Rs'000
Rental income from investment property	**4,817**	4,817
Direct operating expenses from investment property that generates rental income	**449**	517

Notes to the Financial Statements

Year Ended June 30, 2018

8. INTANGIBLE ASSETS

(a) THE GROUP

	Goodwill on consolidation Rs'000	Computer software Rs'000	Total Rs'000
(i) COST			
At July 1, 2017 and June 30, 2018	491	9,490	9,981
AMORTISATION			
At July 1, 2017	-	9,235	9,235
Charge for the year	-	227	227
At June 30, 2018	**-**	**9,462**	**9,462**
NET BOOK VALUES			
At June 30, 2018	**491**	**28**	**519**
(ii) COST			
At July 1, 2016	491	9,335	9,826
Additions	-	155	155
At June 30, 2017	**491**	**9,490**	**9,981**
AMORTISATION			
At July 1, 2016	-	8,212	8,212
Charge for the year	-	1,023	1,023
At June 30, 2017	**-**	**9,235**	**9,235**
NET BOOK VALUES			
At June 30, 2017	**491**	**255**	**746**

(b) THE COMPANY

	Computer software	
	2018 Rs'000	2017 Rs'000
COST		
At July 1,	**9,490**	9,335
Additions	**-**	155
At June 30,	**9,490**	9,490
AMORTISATION		
At July 1,	**9,235**	8,212
Charge for the year	**227**	1,023
At June 30,	**9,462**	9,235
NET BOOK VALUES		
At June 30,	**28**	255

(c) Amortisation charge of Rs 227,000 (2017: Rs 1,023,000) for the Group and for the Company has been included in administrative expenses.

Notes to the Financial Statements

Year Ended June 30, 2018

8. INTANGIBLE ASSETS (CONT'D)

(d) Impairment testing for cash-generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes, which is not higher than the Group's operating segments as reported in note 23. The recoverable amounts of these cash-generating units have been assessed based on the Group's share in the net asset of the investee.

Following this exercise, no impairment (2017: Rs.nil) was recognised during the year.

The aggregate carrying amount of goodwill allocated to each unit is as follows:

	THE GROUP	
	2018	2017
	Rs'000	Rs'000
Others	**491**	491

9. INVESTMENTS IN SUBSIDIARY COMPANIES

	2018	2017
	Rs'000	Rs'000
(a) THE COMPANY		
COST		
At July 1,	**19,612**	19,146
Additions	**-**	466
At June, 30	**19,612**	19,612

Notes to the Financial Statements

Year Ended June 30, 2018

9. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

Details of the subsidiary companies are as follows:

Name of company	Class of shares held	Stated capital Rs'000	Main business	Year end	Country of incorporation and operation	Proportion of ownership interest Direct	Proportion of ownership interest Indirect
2018							
Proton Limited	Ordinary	1,000	Rental services	June 30,	Mauritius	100%	-
Metal Can Manufacturers Limited	Ordinary	27,623	Manufacturing of metal and plastic containers	June 30,	Mauritius	51.20%	-
Pharmalab Plastic Supplies Limited	Ordinary	2,952	Manufacturing of plastic bottles	June 30,	Mauritius	51.22%	14.78%
2017							
Proton Limited	Ordinary	1,000	Rental services	June 30,	Mauritius	100%	-
Metal Can Manufacturers Limited	Ordinary	27,623	Manufacturing of metal and plastic containers	June 30,	Mauritius	51.20%	-
Pharmalab Plastic Supplies Limited	Ordinary	2,952	Manufacturing of plastic bottles	June 30,	Mauritius	51.22%	14.78%

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

Name	Profit allocated to non-controlling interests during the period Rs'000	Accumulated non-controlling interests at June 30, Rs'000
2018		
Metal Can Manufacturers Limited	586	22,141
2017		
Metal Can Manufacturers Limited	3,514	23,561

Notes to the Financial Statements

Year Ended June 30, 2018

9. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

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

(i) Summarised statement of financial position and statement of profit or loss and other comprehensive income:-

Name	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenue	Profit for the year	Other comprehensive income for the year	Total comprehensive income for the year
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
2018								
Metal Can Manufacturers Limited	**54,442**	**30,057**	**23,751**	**15,188**	**109,647**	**4,678**	**(3,289)**	**1,389**
2017								
Metal Can Manufacturers Limited	42,690	30,453	13,334	11,528	106,536	7,140	(3,504)	3,636

(ii) Summarised cash flow information:-

Name	Operating activities	Investing activities	Financial activities	Net decrease in cash and cash equivalents
	Rs'000	Rs'000	Rs'000	Rs'000
2018				
Metal Can Manufacturers Limited	**(4,979)**	**(759)**	**(4,111)**	**(9,850)**
2017				
Metal Can Manufacturers Limited	4,812	(1,797)	(4,111)	(1,096)

10. INVESTMENT IN ASSOCIATE

	2018	2017
	Rs'000	Rs'000
(a) THE GROUP		
At July 1,	**31,312**	33,436
Share of profit after tax	**3,966**	1,060
Share of other comprehensive income	**(2,702)**	(1,409)
Dividend received	**(2,258)**	(1,775)
At June 30,	**30,318**	31,312

10. INVESTMENT IN ASSOCIATE

(b) The results of the associate stated below have been included in the consolidated financial statements:

Company	Year end	Country of incorporation	% Direct Holding	Current assets Rs'000	Non-current assets Rs'000	Current liabilities Rs'000	Non-current liabilities Rs'000	Revenue Rs'000	Profit for the year Rs'000	Other comprehensive income for the year Rs'000	Total comprehensive income for the year Rs'000	Dividend received during the year Rs'000
2018												
Plastic Industry (Mauritius) Ltd	June 30,	Mauritius	**32.26**	**108,116**	**99,700**	**54,928**	**53,566**	**229,323**	**10,327**	**(7,763)**	**2,564**	**2,258**
2017												
Plastic Industry (Mauritius) Ltd	June 30,	Mauritius	32.26	101,070	103,742	57,616	43,436	207,921	3,285	(4,369)	(1,084)	1,775

(c) As at June 30, 2018, the fair value of the Group's interest in its associate which is listed on the stock exchange of Mauritius was Rs.35,002,100 (2017: Rs.42,579,636) based on the quoted market price available, which is a level 1 input in terms of IFRS 13.

(d) THE COMPANY

	2018 Rs'000	2017 Rs'000
COST		
At July 1, 2017 and June 30, 2018	**12,005**	12,005

Notes to the Financial Statements

Year Ended June 30, 2018

11. INVESTMENTS IN FINANCIAL ASSETS

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
(a) Available-for-sale	**Rs'000**	Rs'000	**Rs'000**	Rs'000
At July 1, 2017 and June 30, 2018	**9,784**	9,784	**3**	3

(b) Available-for-sale financial assets include the following:

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
Level 3	**Rs'000**	Rs'000	Rs'000	Rs'000
- Unlisted equity securities - at fair value	**9,784**	9,784	3	3

The Directors consider the carrying amounts of the unlisted equity securities to approximate their fair values.

(c) Available-for-sale financial assets are denominated in Mauritian Rupees.

(d) None of the financial assets is either past due or impaired.

12. DEFERRED TAX ASSETS/(LIABILITIES)

Deferred income tax is calculated on all temporary differences under the liability method at 17% (2017: 15%).

In prior years, the group and the company used to calculate deferred tax on the actual corporate tax rate prevailing in Mauritius which is at 15%. For the year ended June 30, 2018, it was agreed that the 2% Corporate Social Responsibility (CSR) contribution as imposed by the Government should also be considered in the computation of the deferred tax. Consequently, deferred income tax is calculated on all temporary differences under the liability method at 17% (2017: 15%). CSR contribution previously accounted under Administrative expenses has now been reclassified under tax expense.

(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 on the statements of financial position:

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Deferred tax assets	**1,286**	620	**-**	-
Deferred tax liabilities	**(30,471)**	(26,392)	**(20,642)**	(17,188)
	(29,185)	(25,772)	**(20,642)**	(17,188)

(b) Tax losses

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Unused tax losses at end of the reporting date	**1,707**	1,299	**-**	-
Deferred tax assets recognised on tax losses	**1,707**	1,299	**-**	-
Deferred tax assets not recognised on tax losses	**-**	-	**-**	-

Notes to the Financial Statements

Year Ended June 30, 2018

12. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

(b) Tax losses (cont'd)

At the end of the reporting period, the Group had unused tax losses of Rs.1,706,563 (2017: Rs.1,298,970) available for offset against future profits. Deferred tax assets have been recognised in respect of Rs.1,706,563 (2017: Rs.1,298,970) of such losses.

(c) The movement on the deferred income tax account is as follows:

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
At July 1,	**(25,772)**	(24,548)	**(17,188)**	(15,052)
Profit or loss charge (note 22(b))	**(4,972)**	(2,687)	**(4,339)**	(2,894)
Credit to other comprehensive income	**1,559**	1,463	**885**	758
At June 30,	**(29,185)**	(25,772)	**(20,642)**	(17,188)

(d) The movement in the 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) **THE GROUP**

	Accelerated tax depreciation	Revaluation of assets	Total
	Rs'000	Rs'000	Rs'000
Deferred tax liabilities			
At June 30, 2016	(12,821)	(24,596)	(37,417)
Charge to profit or loss	(187)	(3,041)	(3,228)
At June 30, 2017	(13,008)	(27,637)	(40,645)
Charge to profit or loss	(1,810)	-	(1,810)
Charge to other comprehensive income	-	(3,685)	(3,685)
At June 30, 2018	**(14,818)**	**(31,322)**	**(46,140)**

(ii) THE GROUP

	Tax losses	Retirement benefit obligations	Total
	Rs'000	Rs'000	Rs'000
Deferred tax assets			
At July 1,	-	12,869	12,869
Charge to statement of profit or loss	195	(2,695)	(2,500)
Credit to other comprehensive income	-	4,504	4,504
At June 30, 2017	195	14,678	14,873
Credit to statement of profit or loss	56	(3,218)	(3,162)
Credit to other comprehensive income	-	5,244	5,244
At June 30, 2018	**251**	**16,704**	**16,955**

(iii) **Net deferred tax liabilities**

	2018	2017
	Rs'000	Rs'000
Deferred tax liabilities	**(46,140)**	(40,645)
Deferred tax assets	**16,955**	14,873
	(29,185)	(25,772)

Notes to the Financial Statements

Year Ended June 30, 2018

12. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

(iv) THE COMPANY

	Accelerated tax depreciation	Revaluation of assets	Total
	Rs'000	Rs'000	Rs'000
Deferred tax liabilities			
At June 30, 2016	(1,566)	(24,596)	(26,162)
Charge to statement of profit or loss	(120)	-	(120)
Charge to other comprehensive income	-	(3,041)	(3,041)
At June 30, 2017	(1,686)	(27,637)	(29,323)
Charge to statement of profit or loss	(422)	-	(422)
Charge to other comprehensive income	-	(3,685)	(3,685)
At June 30, 2018	**(2,108)**	**(31,322)**	**(33,430)**

(v) THE COMPANY

	Retirement benefit obligations
Deferred tax assets	Rs'000
At June 30, 2016	11,110
Charge to profit or loss	(2,774)
Charge to other comprehensive income	3,799
At June 30, 2017	12,135
Charge to profit or loss	(3,917)
Credit to other comprehensive income	4,570
At June 30, 2018	**12,788**

(vi) Net deferred tax liabilities

	2018	2017
	Rs'000	Rs'000
Deferred tax liabilities	**(33,430)**	(29,323)
Deferred tax assets	**12,788**	12,135
	(20,642)	(17,188)

13. INVENTORIES

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
(a) Raw materials	**200,485**	69,596	**181,265**	54,698
Finished goods	**36,511**	44,784	**32,072**	40,044
Consumables and spare parts	**17,007**	16,250	**9,461**	9,232
	254,003	130,630	**222,798**	103,974

(b) The cost of inventories recognised as expense and included in the cost of operations amounted to Rs.908M (2017: Rs.974M) for the Group and Rs.831M (2017: Rs.897M) for the Company.

(c) Bank borrowings are secured by floating charges on the assets of the Company, including inventories.

Notes to the Financial Statements

Year Ended June 30, 2018

14. TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Trade receivables	**117,697**	98,536	**97,039**	82,820
Less provision for impairment	**(17)**	(86)	**(17)**	(86)
Trade receivables - net	**117,680**	98,450	**97,022**	82,734
Receivables from related parties (note 32)	**2,122**	7,728	**-**	631
Loan receivable from related parties (Note 15)	**-**	-	**1,135**	1,045
Advance payments to suppliers	**91**	139,872	**85**	139,872
Other receivables	**8,916**	4,809	**3,234**	4,777
Prepayments	**4,923**	4,089	**4,603**	1,191
	133,732	254,948	**106,079**	230,250

The carrying amounts of other receivable approximate their fair values.

(a) As of June 30, 2018, trade receivables of Rs.17,000 (2017: Rs.85,991) were impaired for the Group and the Company. The amount of the provision for impairment was Rs.17,000 (2017: Rs.85,991). The individually impaired receivables mainly related to wholesalers, which were in unexpectedly difficult economic situations.

The ageing analysis of these trade receivables is as follows:

	THE GROUP AND THE COMPANY	
	2018	2017
	Rs'000	Rs'000
Over 6 months	**17**	86

As of June 30, 2018, trade receivables of Rs.4,288,469 (2017: Rs.4,523,298) were past due but not impaired for the Group and the Company. These relate to a number of independent customers for whom there is no recent history of default.

The ageing of these receivables is as follows:

	THE GROUP AND THE COMPANY	
	2018	2017
	Rs'000	Rs'000
3 to 6 months	**4,288**	4,523

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

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Mauritian Rupee	**121,755**	248,166	**87,881**	223,694
US Dollar	**11,741**	6,556	**18,198**	6,556
Euro	**236**	226	**-**	-
	133,732	254,948	**106,079**	230,250

The receivables denominated in US Dollar arise on sales to local customers in this currency. Furthermore, the receivables denominated in Euro pertain mainly to deposits and prepayments.

Notes to the Financial Statements

Year Ended June 30, 2018

14. TRADE AND OTHER RECEIVABLES (CONT'D)

(c) Movements on the provision for impairment of trade receivables are as follows:

	THE GROUP AND THE COMPANY	
	2018	2017
	Rs'000	Rs'000
At July 1,	86	-
Receivables written off during the year as uncollectible	(69)	-
Provision for the year	-	86
At June 30,	17	86

(d) The other classes within trade and other receivables do not contain impaired assets. The maximum exposure to 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.

15. LOAN RECEIVABLE FROM RELATED PARTIES

	THE COMPANY	
	2018	2017
	Rs'000	Rs'000
Loan receivable from subsidiary company (note 32)	2,800	3,515
Analysed as follows:		
Non-current	1,665	2,470
Current (Note 14)	1,135	1,045
	2,800	3,515

Loan receivable from subsidiary is unsecured and bears interest at the rate of 7.25% p.a (2017: 7.25%).

16. SHARE CAPITAL

	THE GROUP AND THE COMPANY	
	2018	2017
	Rs'000	Rs'000
Authorised		
40,000,000 ordinary shares of Rs.5 each	200,000	200,000

	THE GROUP AND THE COMPANY	
	2018	2017
	Rs'000	Rs'000
Issued and fully paid		
33,280,256 ordinary shares of Rs.5 each	166,401	166,401

Notes to the Financial Statements

Year Ended June 30, 2018

17. REVALUATION SURPLUS AND OTHER (LOSSES)/RESERVES

(a) Revaluation surplus

The revaluation surplus arises from the revaluation of freehold land and buildings and plant & machinery.

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
At July 1,	86,443	69,208	83,361	66,127
Total comprehensive income for the year	(3,160)	17,235	(3,685)	17,234
At June 30,	83,283	86,443	79,676	83,361

(b) Fair value reserves

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
At July 1, 2017 and June 30, 2018	3,126	3,126	-	-

(c) Actuarial losses

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
At July 1,	(111,696)	(86,641)	(96,648)	(75,121)
Total comprehensive income for the year	(12,990)	(25,055)	(8,937)	(21,527)
At June 30,	(124,686)	(111,696)	(105,585)	(96,648)

18. NON-CONTROLLING INTERESTS

	THE GROUP	
	2018	2017
	Rs'000	Rs'000
At July 1,	27,066	28,563
Changes in ownership interest in subsidiary	-	(562)
Share of total comprehensive income for the year	830	1,071
Dividend	(2,007)	(2,006)
At June 30,	25,889	27,066

19. BORROWINGS

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
Current				
Bank overdrafts	188,914	89,249	172,421	80,888
Bank loan	-	75,000	-	75,000
Loan from related company	-	-	5,500	-
Total borrowings	188,914	164,249	177,921	155,888

Notes to the Financial Statements

Year Ended June 30, 2018

19. BORROWINGS (CONT'D)

(a) Bank overdrafts and bank loan are secured by floating charges on the assets of the Group including property, plant and equipment and inventories (note 5 and 13). The rates of interest on borrowings vary between 3.95% p.a and 6.25% p.a.

(b) The exposure of the Group's and the Company's borrowings to interest rate changes and the contractual repricing dates are as follows:

THE GROUP	6 months or less	6 -12 months	1 - 5 years	Over 5 years	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At June 30, 2018					
Total borrowings	**188,914**	**-**	**-**	**-**	**188,914**
At June 30, 2017					
Total borrowings	164,249	-	-	-	164,249

THE COMPANY	6 months or less	6 -12 months	1 - 5 years	Over 5 years	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At June 30, 2018					
Total borrowings	**177,921**	**-**	**-**	**-**	**177,921**
At June 30, 2017					
Total borrowings	155,888	-	-	-	155,888

(c) The effective interest rates at the end of the reporting period were as follows:

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	%	%	**%**	%
Bank overdrafts	**5.75**	6.25	**5.75**	6.25
Bank loan	**3.95**	3.95	**3.95**	3.95

(d) The carrying amounts of the Group's and the Company's borrowings are denominated in Mauritian rupees and are not materially different from their fair values.

20. RETIREMENT BENEFIT OBLIGATIONS

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Amount recognised in the statement of financial position as non-current liabilities:				
-Pension benefits (note (a) (iii))	**69,254**	76,525	**50,801**	61,213
-Other post retirement benefits (note (b) (i))	**24,705**	19,892	**24,423**	19,688
	93,959	96,417	**75,224**	80,901
Amount charged to profit or loss:				
-Pension benefits (note (a) (vi))	**14,472**	14,644	**11,190**	11,738
-Other post retirement benefits (note (b) (ii))	**2,252**	2,410	**2,128**	2,330
	16,724	17,054	**13,318**	14,068

Notes to the Financial Statements

Year Ended June 30, 2018

20. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Amount charged to other comprehensive income:				
-Pension benefits (note 20 (a)(vii))	**12,130**	29,787	**8,398**	24,848
-Other post retirement benefits (note (b) (ii))	**5,063**	240	**5,109**	479
	17,193	30,027	**13,507**	25,327

(a) Pension benefits

(i) The assets of the fund are held independently and administered by Swan Pensions Limited.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligations were carried out at June 30, 2018 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.

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

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Present value of funded obligations	**280,520**	257,542	**224,189**	208,354
Fair value of plan assets	**(211,266)**	(181,017)	**(173,388)**	(147,141)
Liability in the statement of financial position	**69,254**	76,525	**50,801**	61,213

(iii) The movements in the statement of financial position are as follows:

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
At July 1,	**76,525**	65,988	**61,213**	54,627
Charged to profit or loss (note 25)	**14,472**	14,644	**11,190**	11,738
Charged to other comprehensive income	**12,130**	29,788	**8,398**	24,848
Contributions paid	**(33,873)**	(33,895)	**(30,000)**	(30,000)
At June 30,	**69,254**	76,525	**50,801**	61,213

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

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
At July 1,	**257,542**	245,783	**208,354**	202,116
Current service cost	**10,581**	9,900	**8,170**	7,725
Interest cost	**16,185**	17,039	**13,085**	13,899
Actuarial losses	**13,098**	22,715	**8,902**	18,825
Benefits paid	**(16,886)**	(37,895)	**(14,322)**	(34,211)
At June 30,	**280,520**	257,542	**224,189**	208,354

Notes to the Financial Statements

Year Ended June 30, 2018

20. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(a) Pension benefits (cont'd)

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

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
At July 1,	181,017	179,795	147,141	147,489
Interest income	12,294	12,295	10,065	9,886
Return on plan assets excluding interest income	968	(7,073)	504	(6,023)
Employer contributions	33,873	33,895	30,000	30,000
Benefits paid	(16,886)	(37,895)	(14,322)	(34,211)
At June 30,	211,266	181,017	173,388	147,141

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

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
Current service cost	10,581	9,900	8,170	7,725
Interest cost	3,891	4,744	3,020	4,013
Total included in employee benefit expense	14,472	14,644	11,190	11,738

Total included in employee benefit expense can be analysed as follows:

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
- cost of operations	8,941	7,405	5,659	5,937
- distribution costs	1,304	1,707	1,304	1,367
- administrative expenses	4,227	5,532	4,227	4,434
	14,472	14,644	11,190	11,738

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

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
Liability experience (gains)/losses	(937)	5,647	(4,487)	5,328
Actuarial losses arising from changes in financial assumptions	14,035	17,068	13,389	13,497
Actuarial losses	13,098	22,715	8,902	18,825
Return on plan assets excluding interest income	(968)	7,073	(504)	6,023
	12,130	29,788	8,398	24,848

(viii) The assets in the plan were:

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	%	%	%	%
Qualifying insurance policies	100	100	100	100

Notes to the Financial Statements

Year Ended June 30, 2018

20. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(a) Pension benefits (cont'd)

(ix) The funding policy is to pay contributions to an external legal entity at the rate recommended by the Scheme's actuary. Expected contributions to post employment benefit plans for the year ending June 30, 2019 are Rs 35,497,000 for the Group and Rs.31,430,000 for the Company.

(x) The weighted average duration of the defined benefit obligations for the Company at the end of the reporting period is 16 years (2017: 17 years).

(xi) The principal actuarial assumptions used for accounting purposes were:

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	%	%	**%**	%
Discount rate	**6.7-7.0**	6.5	**6.8-6.9**	6.5
Future salary increases	**4.0-6.0**	5.0-6.0	**4.0-6.0**	5.0-6.0
Future pension increases	**0.0-3.0**	0.0-3.0	**0.0-3.0**	0.0-3.0

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

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
- Increase due to 1% decrease in discount rate	**47,453**	46,464	**38,310**	37,800
- Decrease due to 1% increase in discount rate	**38,318**	37,181	**30,898**	30,221

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.

(xiii) The plan exposes the Group to normal risks associated with defined benefit pension plans, such as investment, interest, longevity and salary risks.

Investment risk (where the plan is funded)
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 (where the plan is funded and an annuity is paid over life expectancy)
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.

Notes to the Financial Statements
Year Ended June 30, 2018

20. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(a) Pension benefits (cont'd)

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 in the assumed rate will decrease the liability.

The Group had a residual obligation imposed by the Employment Rights Act 2008 on top of its defined contribution plan. It is therefore particularly exposed to investment under-performance of the defined contribution plan.

There has been no plan amendment, curtailment or settlement during the year, except for some data adjustments.

(b) Other post retirement benefits

Other post retirement benefits comprise mainly of gratuity on retirement payable under the Employment Rights Act 2008, those which are not sufficiently covered under the pension plan and unfunded pensioners.

(i) The amounts recognised in the statement of financial position are as follows:

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Retirement gratuity	**1,993**	1,969	**1,711**	1,765
Unfunded pensioners	**22,712**	17,923	**22,712**	17,923
	24,705	19,892	**24,423**	19,688

(ii) The movements in the statement of financial position are analysed as follows:

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
At July 1,	**19,892**	19,807	**19,688**	19,444
Charged to profit or loss (Note 25)	**2,252**	2,410	**2,128**	2,330
Charged to other comprehensive income	**5,063**	240	**5,109**	479
Benefits paid	**(2,502)**	(2,565)	**(2,502)**	(2,565)
At June 30,	**24,705**	19,892	**24,423**	19,688

(iii) The movement in other post retirement benefits over the year is as follows:

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
At July 1,	**19,892**	19,807	**19,688**	19,444
Current service cost	**667**	200	**556**	146
Interest cost	**1,213**	1,391	**1,200**	1,364
Past service cost	**372**	820	**372**	820
Benefits paid	**(2,502)**	(2,565)	**(2,502)**	(2,565)
Liability experience loss/(gain)	**571**	(714)	**588**	(554)
Liability loss due to change in financial assumptions	**4,492**	953	**4,521**	1,033
At June 30,	**24,705**	19,892	**24,423**	19,688

Notes to the Financial Statements

Year Ended June 30, 2018

20. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

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

(iv) The funding policy is to pay benefits out of the reporting entity's cash flow as and when due. Expected contributions to post employment benefit plans for the year ending June 30, 2019 are Rs 3,423,000 for the Group and Rs.2,931,000 for the Company.

(v) The weighted average duration of the defined benefit obligations for the Company at the end of the reporting period is 16 years (2017: 17 years).

(vi) The principal actuarial assumptions used for accounting purposes were:

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	%	%	**%**	%
Discount rate	**5.4-7.00**	6.5	**5.4-6.3**	6.5
Future salary increases	**3.0/6.0**	5.0-6.0	**3.0/6.0**	5.0-6.0
Future pension increases	**0.0-3.0**	0.0-3.0	**0.0**	0.0-3.0

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

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
- Increase due to 1% decrease in discount rate	**2,178**	1,755	**2,170**	1,771
- Decrease due to 1% increase in discount rate	**1,771**	1,428	**1,763**	1,461

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

The sensitivity analysis above has been determined based on a method that extrapolates the impact on retirement gratuity as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

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.

21. TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Trade payables	**19,479**	15,720	**16,751**	13,041
Other payables and accruals	**12,319**	19,872	**10,847**	16,639
Dividends payables	**6,822**	7,478	**6,822**	7,478
Amount due to related parties (note 32)	**4,970**	6,781	**17**	312
Deposit from customer	**7,984**	-	**-**	-
	51,574	49,851	**34,437**	37,470

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

Notes to the Financial Statements

Year Ended June 30, 2018

22. INCOME TAX

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
(a) Statement of financial position				
- Current tax assets	**(930)**	(424)	**(930)**	(424)
- Current tax liabilities	**252**	1,233	**-**	-
	(678)	809	**(930)**	(424)
Statement of financial position				
At July 1,	**809**	2,678	**(424)**	2,082
Under provision in previous year	**14**	434	**14**	434
Current tax on the adjusted profit for the year at 15% (2017: 15%)	**3,412**	5,574	**2,095**	3,999
Tax refund during the year	**410**	-	**410**	-
Tax paid during the year	**(2,298)**	(7,877)	**-**	(6,939)
Tax paid under APS	**(2,927)**	-	**(2,927)**	-
Tax deducted at source	**(98)**	-	**(98)**	-
At June 30,	**(678)**	809	**(930)**	(424)

(b) Statement of profit or loss

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Current tax on the adjusted profit for the year at 15% (2017: 15%)	**3,412**	5,574	**2,095**	3,999
Under provision in previous year	**14**	434	**14**	434
CSR contribution	**459**	-	**274**	-
	3,885	6,008	**2,383**	4,433
Deferred tax (note 12(c))	**4,972**	2,687	**4,339**	2,894
Tax charge	**8,857**	8,695	**6,722**	7,327

(c) Tax reconciliation

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

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
Profit before taxation	**45,029**	55,616	40,084	50,530
Tax calculated at 17% (2017: 15%)	**7,655**	8,342	6,814	7,580
Income not subject to tax	**(103)**	(317)	(1,117)	(924)
Expenses not deductible for tax purposes	**301**	236	220	237
Under provision in previous year	**14**	434	14	434
Other movements	**990**	-	791	-
Tax charge	**8,857**	8,695	6,722	7,327

Notes to the Financial Statements

Year Ended June 30, 2018

23. SEGMENT INFORMATION

(a) The Group has three reporting segments: Oil products, Metal Cans & plastic containers and imported food products.

"Others" comprise of other business activities and operating segments that are not reportable. Revenue included in this segment amounted to Rs 15.6M (2017: Rs 16M).

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies. Mauritius Oil Refineries Limited evaluates performance on the basis of profit or loss from operations before tax expense. Mauritius Oil Refineries Limited accounts for intersegments sales and transfers as if the sales or the transfers were to third parties, i.e. current market prices.

(b) The segment results for the year ended June 30, 2018 are as follows:

	Oil Products		Metal Cans & plastic containers		Imported food products		Others		Total	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000	**Rs'000**	Rs'000	**Rs'000**	Rs'000	**Rs'000**	Rs'000
Total segment revenue	**891,011**	994,819	**109,646**	106,536	**141,017**	123,270	**23,805**	22,025	**1,165,479**	1,246,650
Inter-segment revenue	**-**	-	**(159)**	(231)	**-**	-	**(8,193)**	(5,982)	**(8,352)**	(6,213)
Revenue from external customers	**891,011**	994,819	**109,487**	106,305	**141,017**	123,270	**15,612**	16,043	**1,157,127**	1,240,437
Segment result	**15,689**	26,675	**5,641**	8,769	**20,389**	21,119	**2,144**	1,350	**43,863**	57,913
Gain on bargain purchase	**-**	96	**-**	-	**-**	-	**-**	-	**-**	96
Fair value loss on revaluation of investment properties	**-**	-	**-**	-	**-**	-	**(204)**	-	**(204)**	-
Net finance costs	**(1,947)**	(2,030)	**(312)**	(414)	**(286)**	(925)	**(52)**	(84)	**(2,596)**	(3,453)
Share of profit of associate	**-**	-	**3,966**	1,060	**-**	-	**-**	-	**3,966**	1,060
Profit before taxation	**13,742**	24,741	**9,295**	9,415	**20,103**	20,194	**1,888**	1,266	**45,029**	55,616
Taxation	**(6,722)**	(4,159)	**(745)**	(1,215)		(3,168)	**(1,390)**	(153)	**(8,857)**	(8,695)
Profit for the year	**7,020**	20,582	**8,550**	8,200	**20,103**	17,026	**498**	1,113	**36,172**	46,921

23. SEGMENT INFORMATION (GROUP) (CONT'D)

Other segment items included in profit or loss are as follows:

	Oil Products		Metal Cans & plastic containers		Imported food products		Others		Total	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000	**Rs'000**	Rs'000	**Rs'000**	Rs'000	**Rs'000**	Rs'000
Depreciation (note 5)	**15,328**	14,459	**2,842**	2,911	**155**	198	**669**	758	**18,994**	18,326
Amortisation of intangible assets (note 8)	**227**	1,023	**-**	-	**-**	-	**-**	-	**227**	1,023

Inter segment transfers or transactions are entered into under the normal commercial terms and conditions that would be available to unrelated third parties.

The segment assets and liabilities at June 30, 2018 and capital expenditure for the year then ended are as follows:

	Oil Products		Metal Cans & plastic containers		Imported food products		Others		Total	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000	**Rs'000**	Rs'000	**Rs'000**	Rs'000	**Rs'000**	Rs'000
Segment assets	**546,653**	420,501	**83,837**	73,091	**30,337**	30,410	**70,564**	71,398	**598,902**	595,400
Investment in associate	**-**	-	**30,318**	31,312	**-**	-	**-**	-	**30,318**	31,312
Non segment assets									**128,613**	127,175
Consolidated total assets									**757,833**	753,887
Segment liabilities	**34,438**	37,158	**23,708**	24,425	**3,013**	4,094	**10,078**	11,357	**71,237**	77,034
Non segment liabilities									**293,933**	261,108
Consolidated total liabilities									**365,170**	338,142
Capital expenditure	**18,042**	18,782	**759**	2,172	**-**	-	**-**	75	**18,801**	21,029
Depreciation and amortisation	**15,555**	15,482	**2,842**	2,911	**155**	198	**669**	758	**19,221**	19,349

Segment assets consist primarily of property, plant and equipment, intangible assets, inventories, receivables and operating cash in and exclude deferred taxation and investments.
Segment liabilities comprise operating liabilities and exclude items such as taxation and corporate borrowings.
Capital expenditure comprises additions to property, plant and equipment, intangible assets and leasehold land payments.

Notes to the Financial Statements

Year Ended June 30, 2018

23. SEGMENT INFORMATION (GROUP) (CONT'D)

(c) Geographical information

The Group's activities and assets are based in Mauritius.

	Revenue from external customers		Non-current assets	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Mauritius	**1,157,127**	1,240,437	**366,834**	367,122

(i) There are no revenue from external customers attributable to individual foreign countries during the year (2017: Rs.nil).

Sales revenue is based on the country in which the customer is located. Total assets are shown by the geographical area in which the assets are located.

(d) Analysis of sales

	2018	2017
	Rs'000	Rs'000
Sale of goods	**1,149,486**	1,232,796
Sale of services	**2,824**	2,824
Rental income	**4,817**	4,817
	1,157,127	1,240,437

For method of recognition of revenue, see note 2(n).

24. EXPENSES BY NATURE

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Cost of inventories (note 13)	**908,479**	973,819	**831,083**	897,305
Employee benefit expense (note 25)	**125,843**	123,411	**97,736**	95,583
Depreciation (note 5(g))	**18,994**	18,326	**15,483**	14,657
Advertising	**10,393**	11,945	**10,393**	11,945
Factory repairs and maintenance	**7,978**	8,697	**5,026**	5,247
General expenses	**9,293**	8,930	**8,921**	8,691
Office expenses	**3,576**	3,159	**3,103**	3,159
Distribution expenses	**3,356**	3,124	**3,356**	3,124
Motor vehicle repairs	**1,532**	1,357	**1,368**	1,191
Licences	**1,457**	2,355	**1,283**	2,242
Amortisation of intangible assets (note 8)	**227**	1,023	**227**	1,023
CSR contribution	**-**	820	**-**	772
Miscellaneous expenses	**25,874**	28,826	**28,677**	28,717
Total cost of operations, distribution costs and administrative expenses	**1,117,002**	1,185,792	**1,006,656**	1,073,656

Miscellaneous expenses refer to other expenses incurred in the day to day operation of the Group and the Company.

Notes to the Financial Statements

Year Ended June 30, 2018

25. EMPLOYEE BENEFIT EXPENSE

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
Wages and salaries including termination benefits	103,476	101,203	79,664	77,287
Social security costs	4,332	4,387	3,444	3,461
Pension - defined contribution plans	1,311	767	1,310	767
Pension - defined benefit plans (note 20(a)(iii))	14,472	14,644	11,190	11,738
Pension- other post retirement benefit (note 20(b)(ii))	2,252	2,410	2,128	2,330
	125,843	123,411	97,736	95,583

26. INVESTMENT AND OTHER INCOME

	THE COMPANY	
	2018	2017
	Rs'000	Rs'000
Interest income	193	314
Dividend income - Listed	2,258	1,774
- Unquoted	3,905	3,605
	6,163	5,379
	6,356	5,693

27. NET FINANCE COSTS

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
Net foreign exchange gains/(losses)	372	(256)	368	(256)
Interest expense:				
- Bank overdrafts	(3,731)	(5,472)	(3,487)	(4,975)
- Bank loans repayable by instalments	(2,708)	(2,277)	(2,515)	(2,277)
	(6,439)	(7,749)	(6,002)	(7,252)
Interest transferred to cost of operations	3,471	4,552	3,282	4,552
	(2,968)	(3,197)	(2,720)	(2,700)
	(2,596)	(3,453)	(2,352)	(2,956)

28. PROFIT FOR THE YEAR

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
Profit for the year is arrived at after	Rs'000	Rs'000	Rs'000	Rs'000
Crediting:				
Profit on disposal of property, plant and equipment	596	840	596	536
and charging:				
Depreciation on property, plant and equipment				
- owned assets	18,994	18,127	15,483	14,657
- leased assets under finance leases	-	199	-	-
Amortisation of intangible assets	227	1,023	227	1,023
Cost of inventories consumed	908,480	973,819	831,083	897,305
Employee benefit expense (note 25)	125,843	123,411	97,736	95,583

Notes to the Financial Statements

Year Ended June 30, 2018

29. EARNINGS PER SHARE

		THE GROUP		THE COMPANY	
		2018	2017	**2018**	2017
Net profit attributable to owners of the parent	Rs'000	**34,181**	43,973	**33,362**	43,203
Number of ordinary shares in issue (in thousand)		**33,280**	33,280	**33,280**	33,280
Earnings per share	Rs.	**1.03**	1.32	**1.00**	1.30

30. DIVIDENDS

	THE GROUP AND THE COMPANY	
	2018	2017
Dividend declared during the year can be analysed as follows:	**Rs'000**	Rs'000
Interim dividend of Re.0.95 per share paid in December 2017 (December 2016: Re.0.95)	**31,616**	31,616
Final dividend of Re.0.25 per share paid in June 2018 (June 2017: Re 0.35 per share)	**8,320**	11,648
	39,936	43,264

31. NOTES TO THE STATEMENTS OF CASH FLOWS

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
(a) Cash generated from operations	**Rs'000**	Rs'000	**Rs'000**	Rs'000
Profit before taxation	**45,029**	55,616	**40,084**	50,530
Adjustments for:				
Depreciation	**18,994**	18,326	**15,483**	14,657
Amortisation of intangible assets	**227**	1,023	**227**	1,023
Share of profit of associate	**(3,966)**	(1,060)	**-**	-
Investment and other income	**-**	-	**(6,356)**	(5,693)
Retirement benefit obligations - net	**(19,651)**	(19,405)	**(19,184)**	(18,496)
Interest expense	**6,439**	7,749	**6,002**	7,252
Decrease in fair value of investment property	**204**	-	**-**	-
Gain on bargain purchase	**-**	(96)	**-**	-
Consolidation adjustment	**-**	(466)	**-**	-
Profit on sale of property, plant and equipment	**(596)**	(840)	**(596)**	(536)
Operating profit before working capital changes	**46,680**	60,847	**35,660**	48,737
Changes in working capital:				
-Trade and other receivables	**121,626**	(119,204)	**124,261**	(113,574)
-Inventories	**(123,373)**	72,445	**(118,824)**	71,701
-Trade and other payables	**2,379**	(2,910)	**(2,377)**	(4,397)
Cash generated from operations	**47,312**	11,178	**38,720**	2,467

(b) Cash and cash equivalents

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Cash in hand and at bank	**2,334**	763	**2,003**	750

Notes to the Financial Statements

Year Ended June 30, 2018

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

(c) Cash and cash equivalents and bank overdrafts include the following for the purpose of the statement of cash flows:

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Cash and cash equivalents	**2,334**	763	**2,003**	750
Bank overdrafts	**(188,914)**	(89,249)	**(172,421)**	(80,888)
	(186,580)	(88,486)	**(170,418)**	(80,138)

(d) Reconciliation of liabilities arising from financing activities

THE GROUP	2017	Cash flows	Non-cash	**2018**
	Rs.	Rs.	Rs.	**Rs.**
Bank loan	75,000	(75,000)	-	**-**
Total liabilities from financing activities	75,000	(75,000)	-	**-**

THE COMPANY	2017	Cash flows	Non-cash	**2018**
	Rs.	Rs.	Rs.	**Rs.**
Loan from related company	-	5,500	-	**5,500**
Bank loan	75,000	(75,000)	-	**-**
Total liabilities from financing activities	75,000	(69,500)	-	**5,500**

Notes to the Financial Statements

Year Ended June 30, 2018

32. RELATED PARTY TRANSACTIONS

(a) THE GROUP

	Purchase of goods or services Rs'000	Sale of goods or services Rs'000	Loan payable Rs'000	Amount owed by related parties Rs'000	Amount owed to related parties Rs'000
Year ended June 30, 2018					
Associate	**38,904**	**13,862**	**-**	**2,122**	**1,282**
Enterprises in which directors have significant influence	**1,755**	**-**	**-**	**-**	**3,688**
	40,659	**13,862**	**-**	**2,122**	**4,970**
Year ended June 30, 2017					
Associate	35,456	14,858	-	2,280	4,816
Enterprises in which directors have significant influence	1,276	49,108	-	5,448	1,965
	36,732	63,966	-	7,728	6,781

(b) THE COMPANY

	Purchase of goods or services Rs'000	Sale of goods or services Rs'000	Loan receivable Rs'000	Amount owed by related parties Rs'000	Amount owed to related parties Rs'000
Year ended June 30, 2018					
Subsidiaries	8,353	7,289	2,800	1,135	17
Associate	217	1,051	-	-	-
	8,570	8,340	2,800	1,135	17
Year ended June 30, 2017					
Subsidiaries	6,212	7,330	3,515	631	312
Associate	1,493	1,031	-	-	-
	7,705	8,361	3,515	631	312

(c) (i) The above transactions have been made on normal commercial terms and in the normal course of business.

(ii) Loan receivable from subsidiary bears interest rate of PLR + 1% (2017: PLR + 1%) per annum and is repayable at call.

(iii) For the year ended June 30, 2018, the Group and the Company have not recorded any impairment of receivables relating to amounts owed by related parties (2017: nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

(d) Key management personnel compensation, including directors remuneration and benefits

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Salaries and short term employee benefits	**26,322**	25,348	**25,008**	24,285
Post employment benefits	**2,472**	2,565	**2,472**	2,565
	28,794	27,913	**27,480**	26,850

Notes to the Financial Statements

Year Ended June 30, 2018

33. CONTINGENCIES

(a) Contingent liabilities

At June 30, 2018, 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.

(b) Capital commitments

No capital expenditure were contracted for at the end of the reporting period but not yet incurred.

(c) Operating lease

(i) Property, plant and equipment

As stated in note 6 (b), land is leased from Mauritius Ports Authority (MPA) on which the Company's premises is constructed. The lease agreement is in respect of 20,472.4 m^2 of land.

The lease agreement in respect of 3,698 m^2 of land on lease from MPA, is due for renewal as from July 01, 2011. The company has agreed to the terms and conditions of a new lease for the plot of land of 3,698 m^2 with the MPA. The agreement will be signed in the near future.

Operating lease commitments

The future minimum lease payments under non-cancellable operating lease are as follows:

	THE COMPANY	
	2018	2017
	Rs'000	Rs'000
Within one year	**2,758**	2,612
After one year but before five years	**11,616**	11,409
After five years	**29,241**	32,420
	43,615	46,441

(ii) Investment property

As stated in note 7, land of 5,909.22 m2 is also leased from MPA by Proton Limited which is due for renewal as from July 01, 2011. The Group has agreed to the terms and conditions of a new lease for the plot of land of 5,909.22 m^2 with the MPA. The agreement will be signed in the near future.

	THE GROUP	
	2018	2017
	Rs'000	Rs'000
Within one year	**924**	948
After one year but before five years	**4,071**	4,019
After five years	**8,161**	9,477
	13,156	14,444

Notes to the Financial Statements

Year Ended June 30, 2018

34. THREE YEAR SUMMARY OF PUBLISHED RESULTS AND ASSETS AND LIABILITIES

		2018	2017	2016
GROUP		Rs'000	Rs'000	Rs'000
STATEMENT OF PROFIT OR LOSS				
Revenue		1,157,127	1,240,437	1,244,540
Operating profit		43,863	57,913	60,463
Fair value (loss)/gain on investment properties		(204)	-	1,953
Gain on bargain purchase		-	96	-
Finance costs		(2,596)	(3,453)	(3,691)
		41,063	54,556	58,725
Share of profit of associate		3,966	1,060	3,311
Profit before taxation		45,029	55,616	62,036
Income tax		(8,857)	(8,695)	(8,989)
Profit for the year		36,172	46,921	53,047
Profit attributable to:				
- Owners of the parent		34,181	43,973	49,723
- Non-controlling interests		1,991	2,948	3,324
		36,172	46,921	53,047
GROUP				
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME				
Profit for the year		36,172	46,921	53,047
Other comprehensive income		(17,311)	(9,697)	26,017
Total comprehensive income for the year		18,861	37,224	79,064
Total comprehensive income attributable to:				
- Owners of the parent		18,031	36,153	73,664
- Non-controlling interests		830	1,071	5,400
		18,861	37,224	79,064
Rate of dividends		24%	26%	26%
Earnings per share	Rs.	1.03	1.32	1.49
GROUP				
STATEMENT OF FINANCIAL POSITION				
Assets				
Non-current assets		366,834	367,122	348,485
Current assets		390,999	386,765	341,232
Total assets		757,833	753,887	689,717
Equity and liabilities				
Capital and reserves		366,774	388,679	395,092
Non-controlling interests		25,889	27,066	28,563
Non-current liabilities		124,430	122,809	110,587
Current liabilities		240,740	215,333	155,475
Total equity and liabilities		757,833	753,887	689,717

Notes

Notes

Mauritius Oil Refineries Limited

Notice of Meeting

NOTICE is hereby given that the Annual Meeting of the Shareholders of the Company will be held at the Registered Office of the Company, 2 Quay Road, Port Louis, on Friday 7th December 2018 at 10.30 hours.

ORDER OF THE DAY

1. To receive the Directors' Report and the Auditors' Report
2. To adopt the Group's and Company's Accounts made up to June 30, 2018
3. To elect three Directors in the place of Messrs. Akhtar N.Y. DAWOOD, M.D.P. André ESPITALIER NOËL and Hansraj RUHEE retiring by rotation. Mr. Hansraj RUHEE also seeks re-election as Director of the Company until the next Annual Meeting in accordance with Section (138(6) of the Companies Act 2001. The retiring Directors offer themselves for re-election
4. To re-appoint Mr. R.J. Paul CLARENC, who seeks re-election as Director of the Company until the next Annual Meeting in accordance with Section 138(6) of the Companies Act 2001

5 To re-appoint Mr. J.H. Maurice de MARASSE ENOUF, who seeks re-election as Director of the Company until the next Annual Meeting in accordance with Section 138(6) of the Companies Act 2001

6. To appoint an Auditor until the next Annual Meeting and fix his remuneration
7. To ratify the dividends declared in November 2017 and May 2018

By Order of the Board
SPEVILLE SECRETARIAL SERVICES LTD
Secretary

A member of the Company entitled to attend and vote at this Meeting may appoint a person, whether a member or not, to attend the Meeting and vote on his behalf. Proxy forms must be lodged at the Registered Office of the Company not less than forty eight hours before the Meeting.

12th October 2018