LAVASTONE
PROPERTIES

LAVASTONE LTD

(FORMERLY KNOWN AS CIM PROPERTY DEVELOPMENT LTD)

AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

Notice is hereby given that the Annual Meeting of Shareholders of LAVASTONE LTD (the "Company") will be held in 'Edith Cavell Meeting Room', Ground Floor, Les Cascades Building, 33 Edith Cavell Street, Port Louis on Wednesday 27 March 2019 at 14hrs to transact the following business:

1. To consider the Company's Annual Report for 2018.
2. To receive the Auditors' report for the year ended 30 September 2018.
3. To consider and approve the Company's audited financial statements for the year ended 30 September 2018.

Ordinary Resolution I

"Resolved that the Company's audited financial statements for the year ended 30 September 2018 be hereby approved."

4. To appoint Mrs Vijaya Lakshmi SAHA as Director of the Company to hold office until the next Annual Meeting in accordance with Section 138 (6) of the Companies Act 2001.

Ordinary Resolution II

"Resolved that Mrs Vijaya Lakshmi SAHA be hereby appointed as Director of the Company to hold office until the next Annual Meeting in accordance with Section 138 (6) of the Companies Act 2001."

5. To appoint by way of separate resolutions the following as Directors of the Company: Messrs Jean France Gaetan AH KANG, Jose ARUNASALOM, Vedanand Singh MOHADEB, Alexander Matthew TAYLOR, Colin Geoffrey TAYLOR, Sebastian Callum TAYLOR and Marie Joseph Nicolas VAUDIN.

Ordinary Resolutions III to IX

"Resolved that Mr [*] be hereby appointed as Director of the Company."

III. Jean France Gaetan AH KANG

IV. Jose ARUNASALOM

V. Vedanand Singh MOHADEB

VI. Alexander Matthew TAYLOR

VII. Colin Geoffrey TAYLOR

VIII. Sebastian Callum TAYLOR

IX. Marie Joseph Nicolas VAUDIN

6. To appoint Messrs Ernst & Young as auditors of the Company to hold office until the next Annual Meeting of Shareholders and to authorise the Board to fix their remuneration for the financial year 2018/2019.

Ordinary Resolution X

"Resolved that Messrs Ernst & Young be appointed as auditors of the Company to hold office until the next Annual Meeting of Shareholders and that the Board of Directors of the Company be hereby authorised to fix the auditors' remuneration for the financial year 2018/2019."

7. Shareholders' question time.

By order of the Board

Cim Administrators Ltd

Company Secretary

08 February 2019

Note 1: A shareholder of the Company entitled to attend and vote at this meeting may appoint a proxy or a representative (in the case of a shareholder company), whether a shareholder of the Company or not, to attend and vote on his/its behalf.

Note 2: The instrument appointing the proxy or the representative should reach the Company Secretary, Cim Administrators Ltd, Les Cascades Building, 33, Edith Cavell Street, Port-Louis, by Tuesday 26 March 2019 at 14hrs.

Note 3: The Directors of the Company have resolved that, for the purposes of the Annual Meeting of Shareholders and in compliance with Section 120 (3) of the Companies Act 2001, only those shareholders whose names are registered in the share register of the Company as at 28 February 2019 will be entitled to receive this Notice and accordingly be allowed to attend and vote at the Annual Meeting.

Note 4: A proxy form and a corporate resolution form are included in the 2018 Annual Report.

CORPORATE RESOLUTION

NAME OF COMPANY: ....

WRITTEN RESOLUTIONS IN LIEU OF HOLDING A BOARD MEETING [IN ACCORDANCE WITH ARTICLE .... OF THE CONSTITUTION OF THE COMPANY/AS PER SECTION 7 OF THE EIGHTH SCHEDULE OF THE COMPANIES ACT 2001] - DATED THIS...

We, the undersigned, being Directors of .... [Name of the company], who at the date of these written resolutions are entitled to attend and vote at a board meeting of the Company, hereby certify that the following written resolutions for entry in the Minutes Book of the Company have been delivered to and approved by us.

Resolved that Mr/Mrs/Ms..be authorised to act as the representative of the Company and to vote on its behalf at the Annual Meeting of Shareholders of LAVASTONE LTD to be held in 'Edith Cavell Meeting Room', Ground Floor, Les Cascades Building, 33 Edith Cavell Street, Port Louis on Wednesday 27 March 2019 at 14hrs and at any adjournment thereof and that its vote on the resolutions set out below be cast as follows:

RESOLUTIONS		FOR	AGAINST	ABSTAIN
I.	Resolved that the audited financial statements of the Company for the year ended 30 September 2018 be hereby approved.			
II.	Resolved that Mrs Vijaya Lakshmi SAHA be hereby appointed as Director of the Company to hold office until the next Annual Meeting in accordance with Section 138 (6) of the Companies Act 2001.			
III.	Resolved that Mr Jean France Gaetan AH KANG be hereby appointed as Director of the Company.			
IV.	Resolved that Mr Jose ARUNASALOM be hereby appointed as Director of the Company.			
V.	Resolved that Mr Vedanand Singh MOHADEB be hereby appointed as Director of the Company.			
VI.	Resolved that Mr Alexander Matthew TAYLOR be hereby appointed as Director of the Company.			
VII.	Resolved that Mr Colin Geoffrey TAYLOR be hereby appointed as Director of the Company.			
VIII.	Resolved that Mr Sebastian Callum TAYLOR be hereby appointed as Director of the Company.			
IX.	Resolved that Mr Marie Joseph Nicolas VAUDIN be hereby appointed as Director of the Company.			
X.	Resolved that Messrs Ernst & Young be appointed as auditors of the Company to hold office until the next Annual Meeting of Shareholders and that the Board of Directors of the Company be hereby authorised to fix the auditors' remuneration for the financial year 2018/2019.			

Director ....

Director ....

Director ....

Director ....

Director ....

Note 1: A shareholder company may appoint a representative (whether a shareholder of the Company or not) to attend and vote on its behalf.

Note 2: If the corporate resolution appointing the representative is returned without an indication as to how the representative shall vote on any particular resolution, the representative will exercise his/her discretion as to whether, and if so how, he/she votes.

Note 3: The corporate resolution appointing the representative should reach the Company Secretary, Cim Administrators Ltd, Les Cascades Building, Edith Cavell Street, Port Louis, by Tuesday 26 March 2019 at 14hrs.

PROXY FORM

I/We...of... being a shareholder/shareholders of LAVASTONE LTD (the "Company") hereby appoint Mr/Mrs/Ms..of... or failing him/her the Chairman of the Company as my/our proxy to attend and vote for me/us and on my/our behalf at the Annual Meeting of Shareholders of the Company to be held in 'Edith Cavell Meeting Room', Ground Floor, Les Cascades Building, 33 Edith Cavell Street, Port Louis on Wednesday 27 March 2019 at 14hrs and at any adjournment thereof.

I/We desire my/our vote(s) to be cast on the resolutions set out below as follows:

RESOLUTIONS		FOR	AGAINST	ABSTAIN
I.	Resolved that the audited financial statements of the Company for the year ended 30 September 2018 be hereby approved.			
II.	Resolved that Mrs Vijaya Lakshmi SAHA be hereby appointed as Director of the Company to hold office until the next Annual Meeting in accordance with Section 138 (6) of the Companies Act 2001.			
III.	Resolved that Mr Jean France Gaetan AH KANG be hereby appointed as Director of the Company.			
IV.	Resolved that Mr Jose ARUNASALOM be hereby appointed as Director of the Company.			
V.	Resolved that Mr Vedanand Singh MOHADEB be hereby appointed as Director of the Company.			
VI.	Resolved that Mr Alexander Matthew TAYLOR be hereby appointed as Director of the Company.			
VII.	Resolved that Mr Colin Geoffrey TAYLOR be hereby appointed as Director of the Company.			
VIII.	Resolved that Mr Sebastian Callum TAYLOR be hereby appointed as Director of the Company.			
IX.	Resolved that Mr Marie Joseph Nicolas VAUDIN be hereby appointed as Director of the Company.			
X.	Resolved that Messrs Ernst & Young be appointed as auditors of the Company to hold office until the next Annual Meeting of Shareholders and that the Board of Directors of the Company be hereby authorised to fix the auditors' remuneration for the financial year 2018/2019.			

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

Signature(s).. ....

Note 1. An individual shareholder of the Company entitled to attend and vote at this meeting may appoint a proxy (whether a shareholder or not) to attend and vote on his/her behalf.

Note 2. If the instrument appointing the proxy is returned without an indication as to how the proxy shall vote on any particular resolution, the proxy will exercise his/her discretion as to whether, and if so how, he/she votes.

Note 3. The instrument appointing the proxy should reach the Company Secretary, Cim Administrators Ltd, Les Cascades Building, Edith Cavell Street, Port Louis by Tuesday 26 March 2019 at 14hrs.

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SECRETARY'S CERTIFICATE

UNDER SECTION 166(d) OF THE COMPANIES ACT 2001

In my capacity as Company Secretary of Lavastone Ltd (formerly known as Cim Property Development Ltd) ('Lavastone' or the 'Company'), I hereby certify that, to the best of my knowledge and belief, the Company has filed with the Registrar of Companies, for the financial year ended 30 September 2018, all such returns as are required of the Company under the Companies Act 2001.

Tioumitra Maharahaje

For Cim Administrators Ltd

Company Secretary

08 February 2019

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF LAVASTONE LTD

(FORMERLY KNOWN AS CIM PROPERTY DEVELOPMENT LTD)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Lavastone Ltd (formerly known as Cim Property Development Ltd) (the "Company") and its subsidiaries (the "Group") on pages 11 to 40 which comprise the statements of financial position as at 30 September 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 significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Group and Company as at 30 September 2018, and 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 the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the Secretary's Certificate and the annual report as required by the Companies Act 2001, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, 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.

Responsibilities of the Directors 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 the requirements of the Companies Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 intends to liquidate the Group and or the Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF LAVASTONE LTD

(FORMERLY KNOWN AS CIM PROPERTY DEVELOPMENT LTD) (CONTINUED)

Report on the Audit of the Financial Statements (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF LAVASTONE LTD

(FORMERLY KNOWN AS CIM PROPERTY DEVELOPMENT LTD) (CONTINUED)

Report on the Audit of the Financial Statements (Continued)

Use of our report

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

Report on Other Legal and Regulatory Requirements

Companies Act 2001

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

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

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

ERNST & YOUNG

Ebène, Mauritius

LI KUNE LAN POOKIM, F.C.A, F.C.C.A

Licensed by FRC

08 February 2019

ANNUAL REPORT

The directors present their report and the audited financial statements of Lavastone Ltd (formerly known as Cim Property Development Ltd) ('Lavastone' or the 'Company') and its subsidiaries (the 'Group') for the year ended 30 September 2018.

STATEMENT ON CORPORATE GOVERNANCE

During the year under review, Lavastone Ltd (formerly known as Cim Property Development Ltd) ('Lavastone' or the 'Company') was a wholly owned subsidiary of Cim Financial Services Ltd ('CFSL') and was thus exempted from applying the principles of the National Code of Corporate Governance (2016) (the 'Code').

As part of the CIM Financial Services Ltd group, the Company was managed following the principles of good governance as set out in CIM Financial Services Ltd's corporate governance report. Copies of this report are available at the registered office at 33 Edith Cavell Street, Port Louis.

Following its listing on the Development and Enterprise Market (DEM) of the Stock Exchange of Mauritius on 28 December 2018 and the distribution of the shares of the Company held by CFSL as a dividend in specie on 14 January 2019 (which dividend was declared on 14 December 2018), the Company is now classified as a public interest entity under the Financial Reporting Act 2004. The Company will thus report on its corporate governance practices and compliance with the Code in its Annual Report for the financial year 2018/2019.

As such, this annual report only represents the entities already held by Lavastone Ltd as at 30 September 2018 and is not representative of the current structure and activities of the Group post listing.

This annual report is circulated to all shareholders for the sole purpose of complying with sections 212 and 221 of the Companies Act 2001.

PRINCIPAL ACTIVITY

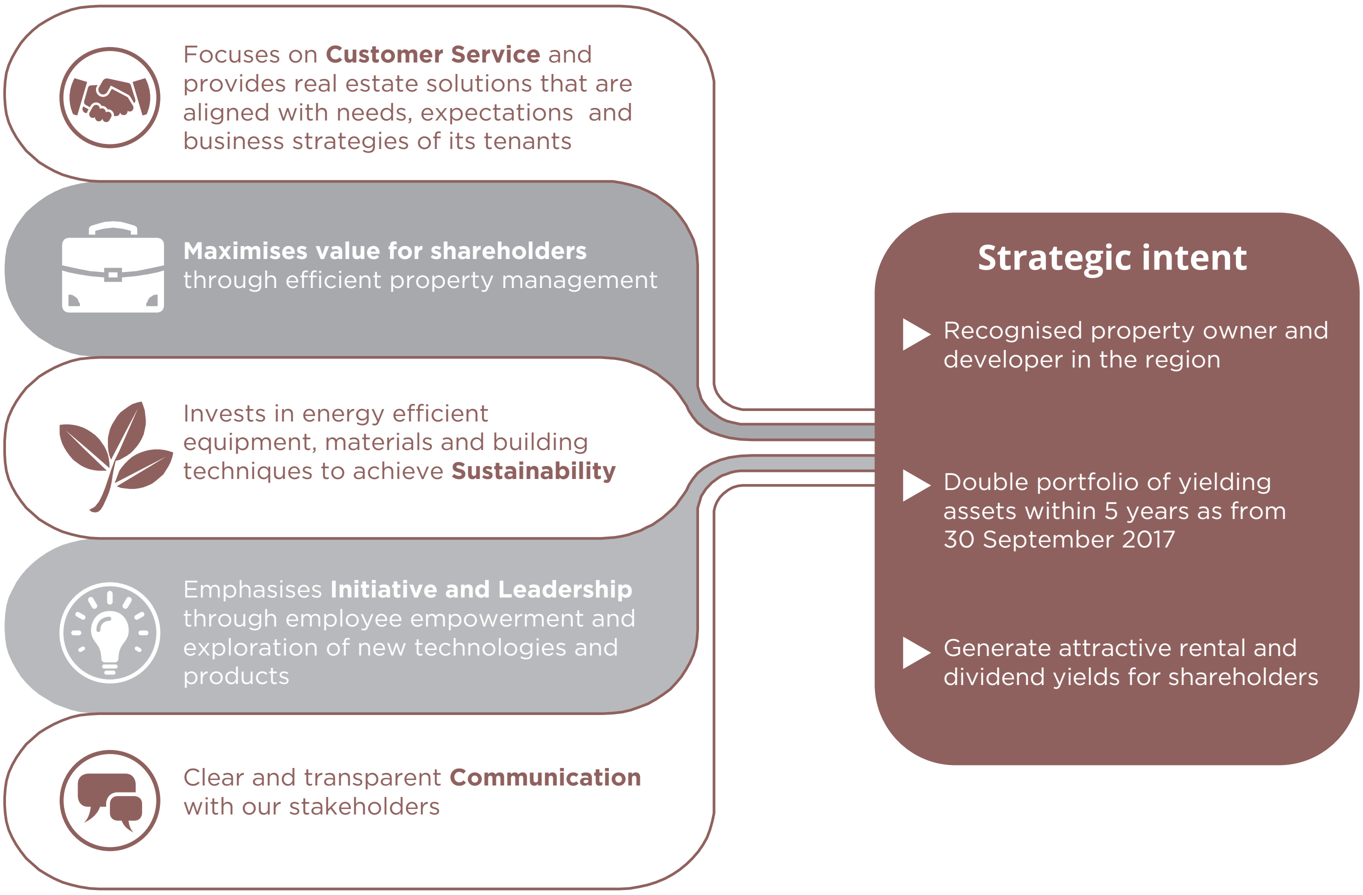
Lavastone Ltd is involved in the ownership, rental, management and development of commercial and industrial properties in Mauritius. The Company and its subsidiaries are currently trading under the common brand name of 'Lavastone Properties'.

ANNUAL REPORT (CONTINUED)

MISSION AND VISION

Lavastone Properties aims to be the preferred partner for commercial real estate solutions whilst delivering optimum value to its shareholders.

Lavastone Properties prides itself on passion, commitment and integrity to deliver superior value in design, quality, sustainability and service in its developments and properties to its customers.

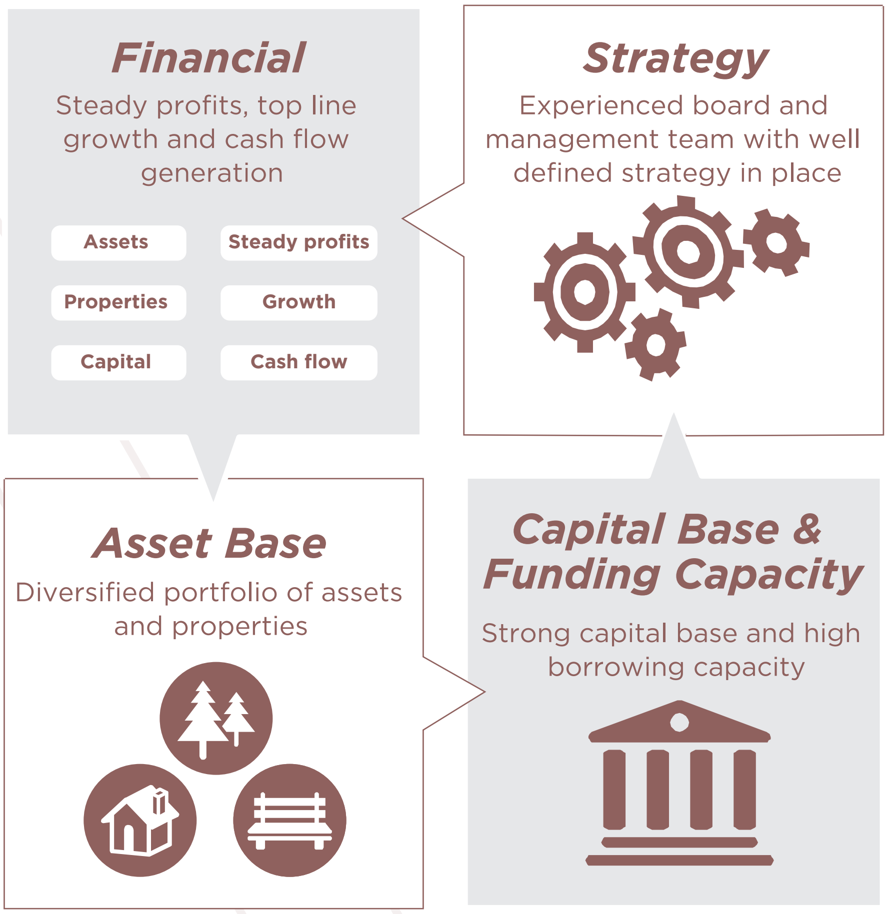


ANNUAL REPORT (CONTINUED)

OUR STRENGTHS

Lavastone Properties possesses a number of competitive strengths that together have enabled the Company to implement its historical growth strategy and should enable the Company to achieve its ambitions. These strengths include:

1. Strong track record of top line growth
2. Steady profitability and cash flow generation
3. Diversified portfolio of yielding assets
4. Long-standing, high quality tenants
5. Experienced board and management team
6. Strong capital base and high borrowing capacity
7. Well defined strategy in place



COMMENTS ON PERFORMANCE

The Group recorded a Profit After Tax (PAT) of **Rs 66.3 million** (2017: Rs 123.1 million), which includes a fair value gain of **Rs 0.6 million** (2017: Rs 70.9 million). PAT before revaluation gains increased to **Rs 65.7 million** (2017: Rs 52.2 million).

Operationally, continued high levels of occupancy, strong lease covenants and control of operational expenses sustain the quality of the Group's cash flows. Staff costs have increased in line with increase in head count to cater for the projected growth of the Group. This was partly mitigated by additional income from rental of newly acquired parking lots and rent escalation across the investment property portfolio.

The restructuring of the Property cluster which started in the year under review with the regrouping of all property companies under one roof, has culminated with the listing of Lavastone Ltd (formerly known as Cim Property Development Ltd) on the Development and Entreprise Market effective on 14 December 2018. In this regard and to create a distinctive brand, the name of Cim Property Development Ltd has been changed to Lavastone Ltd on the 12 November 2018. Lavastone Ltd now operates as an entity independent from Cim Financial Services Ltd.

Lavastone Properties has been engaged in a number of projects with the aim to improve the return on its yielding and non-yielding assets.

ANNUAL REPORT (CONTINUED)

COMMENTS ON PERFORMANCE (CONTINUED)

We continue to pay close attention to the needs of our tenants and provide real estate solutions that are aligned to our tenant's business strategies. As such, we initiated upgrading works at the St Georges and Manhattan Buildings in Port Louis in March and August 2018 respectively. The project includes an increase in leased floor area and the upgrading and modernising of the work environment for Cim Finance employees. It also allows the integration of a corporate floor to accommodate the 'Head Office' of the Cim Group as from April 2019. The renovation works at St Georges were completed in July 2018 and the building has been fully occupied since then. To cope with the growth in the business of Scott and Co Ltd at Riche Terre, we launched the extension of the warehouse facilities previously leased to SEBNA in September 2018 and completed the works in December 2018 allowing the Company to generate more revenues from its activities at Riche Terre during 2019.

With regards to the leasehold land that we hold in Belle Mare, and, as previously announced, we initiated a hospitality project on the site and have lodged an Environment Impact Assessment ("EIA") application in this respect in December 2018. At the same time, we have entered into a long-term agreement with Attitude Hospitality Ltd for the rental and management of the facility on a triple net lease basis. Construction is set to start during the second quarter of FY19, subject to having obtained the relevant clearances and permits, with completion targeted for November 2020.

Having secured good interest from prospective tenants, our mixed-use light industrial building with some 7,100 sqm of leasable space at Riche Terre is set to start in early 2019 subject to obtaining the relevant local authority permits and clearances. The project is expected to be completed in December 2019 and will benefit from the construction of a slip lane that will allow direct access from/to the M2 Motorway.

OTHER PROJECTS AND OUTLOOK:

Whilst some of the entities reported below did not strictly form part of the Company as at 30 September 2018, the Directors feel it is important to report on progress of the projects which will positively impact on the performance of the Group going forward now that the entities are subsidiaries of Lavastone Ltd.

We are pleased to report that the redevelopment of the Edith Cavell site in Port Louis was started in July 2018. The project was branded "246 Edith Cavell Court" taking inspiration from the street addresses of the title deeds forming the property. The property is being marketed as a Grade A office building with several high street retail outlets and a courtyard dedicated to food & beverage outlets as well as culture and entertainment. It aims to be the epitome of the 'Work and Play' concept and contribute to the regeneration of Port Louis. "246 Edith Cavell Court" is expected to be completed towards the end of the year. As part of the "246 Edith Cavell Court project", the La Chausée Building was renovated and hosts Galaxy since May 2018.

Our projects to develop our unyielding/low yielding assets owned by our subsidiary South West Safari Group Ltd ('SWSG') in the South West of the Island have progressed satisfactorily with a first letter of intent for a Morcellement at La Gaulette/Case Noyale. Having secured enough reservations from prospective buyers, SWSG will start the associated infrastructure works for the 11 plots found within this first Morcellement. SWSG is awaiting the EIA permits to complete its application for two other Morcellements at Case Noyale of 84 and 47 lots respectively. SWSG also sold some 125A of land in Chamarel which generated MUR 19.5 million of exceptional profit for the Company.

On 27 December 2018, we were delighted to announce that Lavastone Ltd had entered into an agreement for the acquisition of Compagnie Valome Limited, the owner of the Mourouk Ebony Hotel in Rodrigues. Completion of the transaction is set to occur during the second quarter of FY19 and will further contribute to the Group's revenues and profit for the year. The hotel will be leased and managed by Trimetys Hotels, who also own and operate the Tekoma Boutique Hotel in Rodrigues. This acquisition further diversifies our sources of revenues and sector of real estate activities.

During 2018, management has been actively involved in the business planning and development of the Victoria Station Urban Terminal as a Public Private Partnership with a view to invest in the project subject to meeting certain commercial criteria and the project obtaining the mandatory regulatory and local authority clearances and permits. At the time of writing, the Victoria Urban Terminal has received Cabinet approval and is set to start in March 2019 after obtaining the relevant permits. The Victoria Urban Terminal will dynamise the redevelopment of Port-Louis and reaffirm its legitimacy as the island's capital city.

ANNUAL REPORT (CONTINUED)

COMMENTS ON PERFORMANCE (CONTINUED)

OTHER PROJECTS AND OUTLOOK: (CONTINUED)

As from 14 January 2019, Lavastone Ltd became a standalone entity with its dedicated board and management team. We are confident that this new chapter will bring new opportunities for Lavastone Properties and will provide current and future shareholders with an opportunity to tap into growth prospects in the real estate sector.

The management team will continue to work on the development of the non/low yielding assets of the Group and will look at other investment opportunities to sustain the growth of the Group.

On the back of the existing projects undertaken by the Group and the pipelines of opportunities being considered, Lavastone Properties is expected to deliver a solid performance in 2019.

DIRECTORS AND REMUNERATION

NAME	POSITION	DATE OF APPOINTMENT	DIRECT INTEREST (%)	INDIRECT INTEREST (%)
Colin Geoffroy TAYLOR	Chairman	08/04/2015	Nil	3.53
Mark VAN BEUNINGEN[1]	Non-Executive Director	12/09/2017	Nil	Nil
Nicolas VAUDIN	Executive Director	12/09/2017	Nil	Nil
Alexander Matthew TAYLOR	Non-Executive Director	15/02/2017	Nil	1.20

1 Mr Mark van Beuningen stepped down as director on 28 December 2018

2 The following new directors were appointed on 28 December 2018: Mrs Vijaya Lakshmi Saha and Messrs Jose Arunasalom, Vedanand Singh Mohadeb, Gaetan Ah Kang and Sebastian Callum Taylor.

Non-Executive directors did not receive any remuneration during the year. Total remuneration and benefits paid to the executive director amounted to **Rs 6,269,313** (2017: Rs 2,826,3011).

INTEREST REGISTER

All directors, including the Chairman, declare their direct and indirect interests in the shares of the Company as well as their interests in any transaction undertaken by the Company which is recorded in an interest register maintained by the Company Secretary.

DONATIONS

	30-SEP-18 Rs.	30-SEP-17 Rs.
Lavastone Properties Ltd	**1,364,158**	2,262,300
	1,364,158	2,262,300

There were no donations made by other companies in the Group. During the year under review, neither the Company nor its subsidiaries made any political donation.

AUDITOR'S FEES

The fees paid to the external auditor, Ernst & Young, for the audit and other services were:

	30-Sep-18		30-Sep-17	
	Audit Rs.	Other Services Rs.	Audit Rs.	Other Services Rs.
Lavastone Ltd	**223,000**	**15,000**	-	-
Lavastone Properties Ltd	**60,000**	**18,000**	60,000	-
Plato Holdings Ltd	**10,000**	**10,500**	-	-
	293,000	**43,500**	60,000	-

The fees for other services are in respect of accounting and taxation services. The fees for Lavastone Ltd in financial year 2018 include audit fees amounting to Rs23,000 and within other services, fees for taxation services amounting to Rs5,000 in respect of 2017.

Approved by the Board of directors on 08 February 2019 and signed on its behalf by:

Colin Taylor
Chairman

Nicolas Vaudin
Executive Director and Managing Director

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2018

		GROUP		COMPANY	
	Notes	**30-Sep-18**	30-Sep-17	**30-Sep-18**	30-Sep-17
		Rs 000	Rs 000	**Rs 000**	Rs 000
Rental income		**115,173**	106,928	**-**	-
Other income	5	**34,063**	24,052	**14,956**	-
Increase in fair value of investment properties	11	**551**	70,864	**-**	-
		149,787	201,844	**14,956**	-
Decrease in fair value of investment properties	11	**-**	-	**(8,965)**	-
Operating expenses	6	**(38,355)**	(31,682)	**-**	-
Administrative expenses	7	**(29,966)**	(17,288)	**(329)**	(1,249)
		(68,321)	(48,970)	**(9,294)**	(1,249)
Operating profit/(loss)		**81,466**	152,874	**5,662**	(1,249)
Finance costs	8	**(39)**	(7,756)	**-**	(1,401)
Profit/(loss) before tax		**81,427**	145,118	**5,662**	(2,650)
Income tax expense	9	**(15,167)**	(22,020)	**(2,477)**	-
Profit for the year		**66,260**	123,098	**3,185**	(2,650)
Other comprehensive income		**-**	-	**-**	-
Total comprehensive income for the year		**66,260**	123,098	**3,185**	(2,650)
Basic/diluted earnings per share (Rs)	10	**136.51**	236.97		

The notes on pages 15 to 40 form an integral part of these financial statements.

Auditor's report on pages 3 to 5

STATEMENT OF FINANCIAL POSITION

30 SEPTEMBER 2018

	Notes	GROUP 30-Sep-18 Rs 000	GROUP 30-Sep-17 Rs 000	COMPANY 30-Sep-18 Rs 000	COMPANY 30-Sep-17 Rs 000
ASSETS					
Non-current assets					
Investment properties	11	**1,237,029**	1,025,615	**160,000**	-
Intangible assets	12	**45,304**	46,118	**-**	-
Investment in subsidiaries	13	**-**	-	**495,800**	495,800
		1,282,333	1,071,733	**655,800**	495,800
Current assets					
Trade and other receivables	14	**217,149**	125,716	**327,636**	117,445
Cash in hand and at bank	15	**85,620**	10,644	**47,558**	-
		302,769	136,360	**375,194**	117,445
Total assets		**1,585,102**	1,208,093	**1,030,994**	613,245
EQUITY AND LIABILITIES					
Share capital and reserves					
Share capital	16	**450,000**	519,466	**450,000**	519,466
Share application monies	16	**575,000**	-	**575,000**	-
Retained earnings/(Accumulated losses)		**511,568**	445,308	**370**	(2,815)
Total equity		**1,536,568**	964,774	**1,025,370**	516,651
Non-current liabilities					
Deferred tax liabilities	9	**28,603**	23,005	**-**	-
Borrowings	17	**-**	81,895	**-**	51,895
		28,603	104,900	**-**	51,895
Current liabilities					
Trade and other payables	18	**18,069**	62,291	**3,147**	44,698
Borrowings	17	**-**	70,001	**-**	1
Current tax liabilities	9	**1,862**	6,127	**2,477**	-
		19,931	138,419	**5,624**	44,699
Total equity and liabilities		**1,585,102**	1,208,093	**1,030,994**	613,245

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

and signed on its behalf by:

Colin Taylor
Chairman

Nicolas Vaudin
Executive Director and Managing Director

The notes on pages 15 to 40 form an integral part of these financial statements.

Auditor's report on pages 3 to 5

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2018

GROUP

	Share capital	Share application monies	Retained earnings	Total equity
	Rs 000	Rs 000	Rs 000	Rs 000
At 1 October 2017	519,466	-	445,308	964,774
Profit for the year	-	-	66,260	66,260
Share application monies	-	575,000	-	575,000
Other comprehensive income for the year	-	-	-	-
Reduction of capital	(69,466)	-	-	(69,466)
At 30 September 2018	**450,000**	**575,000**	**511,568**	**1,536,568**
At 1 October 2016	519,466	-	322,210	841,676
Profit for the year	-	-	123,098	123,098
Other comprehensive income for the year	-	-	-	-
At 30 September 2017	519,466	-	445,308	964,774

COMPANY

	Share capital	Share application monies	Accumulated losses	Total equity
	Rs 000	Rs 000	Rs 000	Rs 000
At 1 October 2017	519,466	-	(2,815)	516,651
Profit for the year	-	-	3,185	3,185
Movement for the year	-	575,000	-	575,000
Other comprehensive income for the year	-	-	-	-
Reduction of capital	(69,466)	-	-	(69,466)
At September 2018	**450,000**	**575,000**	**370**	**1,025,370**
At 1 October 2016	519,466	-	(165)	519,301
Loss for the year	-	-	(2,650)	(2,650)
Other comprehensive income for the year	-	-	-	-
At 30 September 2017	519,466	-	(2,815)	516,651

The notes on pages 15 to 40 form an integral part of these financial statements.

Auditor's report on pages 3 to 5

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2018

	Notes	GROUP		COMPANY	
		30-Sep-18	30-Sep-17	30-Sep-18	30-Sep-17
		Rs 000	Rs 000	Rs 000	Rs 000
Operating activities					
Profit/(loss) before tax		**81,427**	145,118	**5,662**	(2,650)
Adjustments for:					
Amortisation of intangible assets	12	**814**	246	**-**	-
Interest income	5	**(8,951)**	(105)	**(14,955)**	-
Interest expense	8	**39**	7,756	**-**	1,401
Fair value (gain) / loss on investment properties	11	**(551)**	(70,864)	**8,965**	-
Profit on disposal of investment properties		**-**	(2,763)	**-**	-
Changes in working capital:					
Trade and other receivables		**36,595**	(44,234)	**(57,250)**	(47,959)
Trade and other payables		**87,846**	50,851	**171,607**	43,112
Cash generated from operations		**197,219**	86,005	**114,030**	(6,096)
Interest received		**-**	105	**-**	-
Income tax paid	9	**(13,834)**	(12,518)	**-**	-
Net cash from/(used in) operating activities		**183,385**	73,592	**114,030**	(6,096)
Investing activities					
Purchase of investment properties	11	**(210,863)**	(41,541)	**(168,965)**	-
Purchase of intangible assets	12	**-**	(46,016)	**-**	-
Purchase of investment in subsidiary	13	**-**	-	**-**	(45,800)
Proceeds from disposal of investment properties		**-**	4,213	**-**	-
Net cash used in investing activities		**(210,863)**	(83,344)	**(168,965)**	(45,800)
Financing activities					
Loan received	20	**-**	81,895	**-**	51,895
Share application monies received	15(b)	**102,494**	-	**102,494**	-
Interest paid	8	**(39)**	(7,756)	**-**	-
Payment of borrowings	20	**-**	(60,000)	**-**	-
Net cash from financing activities		**102,455**	14,139	**102,494**	51,895
Net increase/(decrease) in cash and cash equivalents		**74,977**	4,387	**47,559**	(1)
Cash and cash equivalents at 1 October		**10,643**	6,256	**(1)**	-
Cash and cash equivalents at 30 September	15	**85,620**	10,643	**47,558**	(1)

The notes on pages 15 to 40 form an integral part of these financial statements.

Auditor's report on pages 3 to 5

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018

1. GENERAL INFORMATION

Lavastone Ltd (the “Company”) is a limited liability company incorporated and domiciled in Mauritius. The principal activities of the Company and its subsidiaries (collectively, the “Group”) are the ownership, rental, management and development of commercial and industrial properties. Its registered address is 33, Edith Cavell Street, Port Louis.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

These financial statements include the consolidated financial statements of the Company and its subsidiaries (the “Group”) and the separate financial statements of the Company for the year ended 30 September 2018. The financial statements are presented in Mauritian Rupees and all values are rounded to the nearest thousand (Rs 000), except where otherwise indicated. These policies have been consistently applied to all the years presented, unless otherwise stated and where necessary.

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

The financial statements are prepared under the historical cost convention except for investment properties which are stated at fair value.

2.2 STATEMENT OF COMPLIANCE

The financial statements of Lavastone Ltd comply with the Companies Act 2001 and have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB).

Basis of consolidation

The consolidated financial statements comprise the financial statements of Lavastone Ltd and its subsidiaries as at 30 September 2018.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group’s voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

2.2 STATEMENT OF COMPLIANCE (CONTINUED)

Basis of consolidation (Continued)

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interest;
- Derecognises the cumulative translation differences, recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss; and
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings as appropriate.

2.3 CHANGES IN ACCOUNTING POLICIES

New and amended standards and interpretations

The Group applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2018. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The nature and the effect of these changes are disclosed below. Although these new standards and amendments applied for the first time in the year ended 30 September 2018, they did not have a material impact on the financial statements of the Group. The nature and the impact of each new standard or amendment is described below.

Amendments to IAS 7 Statement of Cash Flow: Disclosure Initiative

The amendments to IAS 7 Statement of Cash Flows are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding years. Refer to Note 20.

IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses - Amendments to IAS 12

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference.

Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative year may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact. No impact is expected on the Group financial statements on adoption of the amendments.

Annual Improvements 2014-2016 Cycle

IFRS 12 Disclosure of Interests in Other Entities – Clarification of the scope of disclosure requirements in IFRS 12.

The amendments clarify that the disclosure requirements in IFRS 12, other than those in paragraphs B10-B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale. These amendments did not have any impact on the Group as there has been no asset classified as held for sale.

2.4 STANDARDS, AMENDMENTS TO PUBLISHED STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

Certain standards, amendments to published standards and interpretations issued are effective for accounting years beginning on or after 1 October 2017 and the Group has not early adopted any of them.

New or revised standards and interpretations:

	Effective for accounting year beginning on or after
IFRS 9 Financial Instruments	01 January 2018
IFRS 15 Revenue from Contracts with Customers	01 January 2018
IFRS 16 Leases	01 January 2019
IFRS 17 Insurance Contracts	01 January 2021
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or indefinitely Joint Venture	Effective date deferred indefinitely
IFRS 2 Classification and Measurement of Share-based Payment Transactions - Amendments to IFRS 2	01 January 2018
Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - Amendments to IFRS 4	01 January 2018
Transfers of Investment Property (Amendments to IAS 40)	01 January 2018
IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration	01 January 2018
IFRS 1 First-time Adoption of International Financial Reporting Standards - Deletion of short-term exemptions for first-time adopters	01 January 2018
IAS 28 Investments in Associates and Joint Ventures - Clarification that measuring investees at fair value through profit or loss is an investment - by - investment choice	01 January 2018
IFRIC Interpretation 23 Uncertainty over Income Tax Treatments	01 January 2019
Prepayment Features with Negative Compensation -Amendments to IFRS 9	01 January 2019
Long-term Interests in Associates and Joint Ventures - Amendments to IAS 28	01 January 2019
Plan Amendment, Curtailment or Settlement - Amendments to IAS 19	01 January 2019
IFRS 3 Business Combinations - Previously held Interests in a joint operation	01 January 2019
IFRS 11 Joint Arrangements - Previously held Interests in a joint operation	01 January 2019
IAS 12 Income Taxes - Income tax consequences of payments on financial instruments classified as equity	01 January 2019
IAS 23 Borrowing Costs - Borrowing costs eligible for capitalisation	01 January 2019

The above new standards and amendments to existing standards issued but not yet effective are not expected to have a significant impact on the Group except for IFRS 9, IFRS 15 and IFRS 16 as listed below.

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Group plans to adopt the new standard on the required effective date and will not restate comparative information. During the financial year ended 30 September 2018, the Group has performed a detailed impact assessment of all three aspects of IFRS 9. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Group in the year of adoption of IFRS 9.

2.4. STANDARDS, AMENDMENTS TO PUBLISHED STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

New or revised standards and interpretations (Continued)

IFRS 9 Financial Instruments- (Continued)

Classification and measurement

The Group has reviewed its financial assets and liabilities and is expecting the following impact from the adoption of the new standard on 1 October 2018:

The financial assets held by the Group include:

- Long term receivables and trade and other receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under IFRS 9. Therefore, reclassification for these instruments is not required.

Accordingly, the Group does not expect the new guidance to affect the classification and measurement of these financial assets.

The derecognition rules have been transferred from IAS 39 Financial Instruments: Recognition and Measurement and have not been changed.

Impairment

IFRS 9 requires the Group to record expected credit losses on all of its debt instruments, either on a 12-month or lifetime basis. The Group has made a preliminary assessment of the expected credit losses and is currently finalising the impact of the adoption of ECL on its financial assets as at 30 September 2018.

Hedging

No hedging is undertaken by the Group, hence, there is no impact.

IFRS 15 Revenue from Contracts with Customers

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

The five steps in the model are as follows:

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

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

The Group will adopt the modified retrospective method on transition to the new standard from 1 October 2018 and the comparatives will not be restated. Based on the initial assessment, management has considered the effects of applying the new standard on the Group's financial statements.

During the financial year 2018, management has performed an analysis of areas such as service recharges.

For contracts with customers in which the sale of goods is generally expected to be the only performance obligation, adoption of IFRS 15 is not expected to have any impact on the Group's revenue and profit or loss.

The Group expects the revenue recognition to occur at a point in time when control of the asset is transferred to the customer, generally on sale of the goods.

In preparing to adopt IFRS 15, the Group is considering the impact of variable consideration. There are no contracts with customers which provide a right of return or volume rebates. Currently, the Group recognises revenue from the sale of goods measured at the fair value of the consideration received or receivable and revenue can be reliably measured.

The Group has concluded that IFRS 15 will not have any impact on the financial statements of the Group.

2.4 STANDARDS, AMENDMENTS TO PUBLISHED STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

New or revised standards and interpretations (Continued)

IFRS 16 Leases

The IASB issued the new standard for accounting for leases - IFRS 16 Leases in January 2016. The new standard does not significantly change the accounting for leases for lessors. However, it does require lessees to recognise most leases on their statements of financial position as lease liabilities, with the corresponding right of-use assets. Lessees must apply a single model for all recognised leases, but will have the option not to recognise 'short-term' leases and leases of 'low-value' assets. Generally, the profit or loss recognition pattern for recognised leases will be similar to today's finance lease accounting, with interest and depreciation expense recognised separately in the statement of profit or loss. IFRS 16 is effective for annual years beginning on or after 1 January 2019. The Group is still assessing the impact of the standard on its financial statements.

2.5 SIGNIFICANT ACCOUNTING POLICIES

(a) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 Financial Instruments: Recognition and Measurement, is measured at fair value with the changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

(b) Investments in subsidiaries

Consolidated financial statements

Subsidiaries are fully consolidated in the Group's financial statements from the date control is obtained by the Group until the date that control ceases.

Separate financial statements

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

(c) Interest income

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter year, where appropriate, to the net carrying amount of the financial asset. Fees that the Group considers to be an integral part of these financial instruments are recognised in the EIR.

2.5 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Rental income

Rental income is recognised in accordance with the substance of the relevant agreement. Rental income from operating leases net of value added taxes is recognised on a straight line basis over the lease term.

(e) Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using Mauritian rupee, the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated and separate financial statements are presented in Mauritian rupees, which is the Company's functional currency. All amounts are in million, rounded to one decimal place except as otherwise stated.

(ii) Transactions and balances

Foreign currency transactions are translated into Mauritian Rupees using exchange rates prevailing at 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, except when deferred in other comprehensive income as qualifying cash flow hedges.

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.

Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

(f) Leases

Operating leases - lessor

Properties leased out under operating leases are included in investment properties in the statement of financial position and are carried at fair value. Rental income is recognised in profit or loss on a straight line basis over the lease term. Contingent rents are recognised as revenue in the year which they are earned.

(g) Investment properties

Investment properties held to earn rentals or for capital appreciation or both and not occupied by the Group are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are carried at fair value representing open-market value determined annually by the directors or external valuers with sufficient regularity to ensure that investment property is always stated at its fair value. Changes in fair values are included in profit or loss in the year in which they arise.

Investment properties are derecognised when they are disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the year of derecognition.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

(h) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the year in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite.

2.5 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Intangible assets (continued)

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation year and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation year or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss.

Acquired computer software licences are capitalised on the basis of costs incurred to acquire and bring to use the specific software and are amortised using the straight line method over their estimated useful lives (3-5 years). Leasehold right on property is amortised over the shorter of the economic life of the asset or the year of the lease.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

(i) Current and deferred income tax

Current Income Tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss. Management annually evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Income Tax

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

Deferred income tax is determined using tax rates that have been enacted or substantively enacted by the end of the reporting year and are expected to apply in the year 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. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time rather than through sale.

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

2.5 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Current and deferred income tax (continued)

Corporate Social Responsible (CSR) Tax

The Group is required to set up a Corporate Social Responsibility (CSR) Fund of 2.0 percent of its taxable profit of the preceding year. If the amount spent on CSR activities is less than the amount provided under the Fund, the difference is payable to the tax authorities as a tax ("CSR tax"). The CSR tax is included in income tax expense and the net amount of CSR fund payable to the taxation authority is included in current tax liabilities in the statements of financial position.

Value Added Tax

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

- Where the value added tax incurred on a purchase of asset or service is not recoverable from the taxation authority, in which case, the value added tax is recognised as part of the cost of acquisition of the asset of as part of the expense item as applicable.
- Receivables and payables that are stated with the amount of value added tax included.
- The net amount of value added taxes recoverable from or payable to the taxation authority is included as part of other assets or other liabilities in the statement of financial position.

(j) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators as available.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a year of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

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

(k) Financial instruments

(i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments or Available for sale (AFS) financial assets, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

2.5 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Financial instruments (continued)

(i) Financial assets (continued)

Subsequent measurement

Loans and receivables

All of the Group's financial assets are classified as loan and receivables. Loans and receivables includes trade and other receivables and cash and cash equivalents. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss in finance costs for loans and in other operating expenses for receivables.

The effective interest rate (EIR) is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate a shorter year, to the net carrying amount of the financial asset or financial liability. The amortised cost of the financial asset or financial liability is adjusted if the company revises its estimates of payments or receipts. The adjusted amortised cost is calculated based on the original or latest re-estimated EIR and the change is recorded as 'Interest income' for financial assets and 'Interest expense' for financial liabilities.

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

Subsequent measurement

Loans and borrowings

The Company's financial liabilities consist of trade and other payables which are classified as loans and borrowings. After initial recognition, loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss and other comprehensive income.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer).

(l) Derecognition of financial assets and financial liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows the asset have expired. The Group also derecognises the assets if it has both transferred the asset, and the transfer qualifies for derecognition.

The Group has transferred the asset if, and only if, either it has transferred its contractual rights to receive cash flows from the asset or it retains the rights to the cash flow. It retains the rights to the cash flows but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass–through' arrangement.

Pass-through arrangements are transactions when the Group retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

2.5 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Derecognition of financial assets and financial liabilities (continued)

Financial assets (continued)

- the Group has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances by the entity with the right of full recovery of the amount lent plus accrued interest at market rates
- the Group cannot sell or pledge the original asset other than as security to the eventual recipients for the obligation to pay them cash flows
- the Group has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Group is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents during the short settlement year from the collection date to the date of required remittance to the eventual recipients, and interest earned on such investments is passed to the eventual recipients.

A transfer only qualifies for derecognition if:

- The Group has transferred substantially all the risks and rewards of the asset.
- The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset."

In relation to the above, the Group considers the control to be transferred if, and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass–through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in it. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

The Group also derecognises a financial asset, in particular, a loan to customer when the terms and conditions have been renegotiated to the extent that it substantially became a new loan, with the difference, i.e difference between the original loan's carrying amount and the new loan's carrying amount (present value), recognised as impairment in the profit or loss.

Financial Liabilities

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

(m) Impairment of financial assets

Financial assets carried at amortised cost

The Group assesses at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset, or a group of financial assets, is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred loss event) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include: indications that the borrower or a group of borrowers is experiencing significant financial difficulty; the probability that they will enter bankruptcy or other financial reorganisation; default or delinquency in interest or principal payments; and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

2.5 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Impairment of financial assets (continued)

Financial assets carried at amortised cost (continued)

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant.

If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original EIR.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income (recorded as finance income in the statement of profit or loss) continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans, together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to profit or loss.

The Group's impairment loss provision is established to recognise incurred impairment losses either on specific assets or within a portfolio of financial assets. Individually impaired financial assets are those against which individual impairment provisions have been raised. Portfolio impairment provision cover the inherent losses in the portfolio that exist at the reporting date, but have not been individually identified.

(n) Offsetting of financial instruments

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

(o) Determination of fair value

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

Level 1 - Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Group has access to at the measurement date. The Group considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available at the reporting date.

Level 2 - Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire year of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Group will classify the instruments as Level 3.

Level 3 - Those that include one or more unobservable inputs that are significant to the measurement as whole.

2.5 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Cash and cash equivalents

Cash consists of cash in hand and cash at bank. Cash equivalents are short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. For the purpose of the cash flow statements, cash and cash equivalent consist of cash and cash equivalents as defined above net of any outstanding overdrafts.

(q) Share Capital

Ordinary shares are classified as equity.

(r) Segment reporting

Segmental reporting is based on the internal reports regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess their performance. There is only one operating segment which is the property segment and located in Mauritius. Revenue from related parties is disclosed in note 19.

3. FINANCIAL RISK MANAGEMENT

Whilst risk is inherent in normal activities, it is managed through an integrated risk management framework, including ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability and each individual within the Group is accountable for the risk exposures relating to his or her responsibilities. The Group is exposed to credit risk, liquidity risk and market risk.

The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and control, and to monitor the risks and adherence to limits by means of reliable and up-to-date administrative and information systems.

The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice. The Board recognises the critical importance of having efficient and effective risk management policies and systems in place. To this end, there is a clear organisational structure with delegated authorities and responsibilities from the Board, executives and senior management. Individual responsibility and accountability are designed to deliver a disciplined, conservative and constructive culture of risk management and control.

3.1 Financial risk factors

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

The Group's activities expose it to a variety of financial risks, which consist of market risks, credit risk and liquidity risk. Market risk include foreign currency risk, interest rate risk and equity price risk. The Group is not exposed to significant currency risk and equity price risk at the reporting date.

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. Written principles have been established throughout the Group for overall risk management.

Market risk

(a) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair value of financial instruments. The Group's did not have significant floating interest rate bearing financial assets and liabilities at the reporting date.

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FOR THE YEAR ENDED 30 SEPTEMBER 2018

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(b) Credit risk

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's credit risk is primarily attributable to its trade and other receivables and cash and cash equivalents.

Trade and other receivables

The Group manages and control its credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties. The Group has policies in place to ensure that credit facilities are granted to customers with appropriate credit history. Credit facilities to customers are monitored and the Group identifies defaults and recovers amounts due according to its policies.

Credit quality of a customer is assessed based on internally defined criteria including the financial position of the counterparties and the business sector they operate. Outstanding customer receivables are regularly monitored. The Group's receivables include amounts due from related entities which are disclosed in note 19. The maximum exposure to credit risk at the reporting date equals the carrying amount of the respective financial assets.

The aged analysis of trade receivables is disclosed in Note 14.

With respect to cash and cash equivalents, the Group's exposure to credit risk arises from the default of the counter party with a maximum exposure equal to the carrying value of the instrument of **Rs 85,620,000** (2017: Rs 10,643,000) for Group and **Rs 47,558,000** (2017: Rs nil) for Company. Cash at banks are held with reputable financial institutions.

(c) Liquidity risk

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

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding from an adequate amount of credit facilities to settle amounts as they fall due. The Company aims at maintaining flexibility in funding by keeping committed credit lines available and monitors its cash flow through forecasting tools.

The Company's financial liabilities are classified into relevant maturity based on the remaining year at the end of the reporting year to the contractual maturity date.

The maturity of the Company's financial liabilities is as follows:

	GROUP		COMPANY	
	30-Sep-18	30-Sep-17	**30-Sep-18**	30-Sep-17
	Rs 000	Rs 000	**Rs 000**	Rs 000
Trade and other payables				
On demand	**18,037**	53,234	**3,147**	44,698
Within 3 months	**32**	9,057	**-**	-
Borrowings				
3 to 12 months	**-**	70,001	**-**	-
Between 1 to 5 years	**-**	81,895	**-**	51,895
	18,069	214,187	**3,147**	96,593

(d) Price risk

Equity price risk is the risk that the fair value of equity securities fluctuates as a result of the changes in the prices of those securities. The Company is not exposed to significant equity price risks as it does not have any significant equity financial assets.

(e) Foreign exchange risk

Foreign exchange risk is the risk that the fair value of future cash flows of financial instrument will fluctuate due to changes in foreign exchange rates. The Company is not exposed to foreign exchange risk as it does not have any significant financial instrument in foreign currencies at the reporting date.

3.2 Capital management

The primary objective of the Group's capital management is to maximise shareholders' value. The company aim at distributing an adequate dividend whilst ensuring that sufficient resources are maintained to continue as a going concern and for expansion.

The Group and the Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The ratio of net debt to equity is used to monitor capital and the ratio is kept at a reasonable level. For the purpose of capital management, net debt consists of borrowings net of cash and cash equivalent. Equity consists of stated capital, retained earnings and other reserves. There were no changes in the Company's approach to capital management during the year.

	GROUP		COMPANY	
	30-Sep-18	30-Sep-17	**30-Sep-18**	30-Sep-17
	Rs 000	Rs 000	**Rs 000**	Rs 000
Total borrowings	**-**	151,896	**-**	51,896
Less: Cash and cash equivalent (note 15)	**(85,620)**	(10,644)	**(47,558)**	-
Borrowings net of cash	**(85,620)**	141,252	**(47,558)**	51,896
Total equity	**1,536,568**	964,774	**1,025,370**	516,651
Debt to equity ratio	**0.00%**	14.64%	**0.00%**	10.04%

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future years.

In the process of applying the Group's accounting policies, management has made the following judgements and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Existing circumstances and assumptions about future developments may change due to circumstances beyond the Group's control and are reflected in the assumptions if and when they occur.

Items with the most significant effect on the amounts recognised in the financial statements with substantial management judgement and/or estimates are collated below with respect to judgements/estimates involved.

Impairment of non-financial assets

Assets are considered for impairment if there is a reason to believe that impairment may be necessary. Factors taken into consideration in reaching such a decision include the economic viability of the asset itself and where it is a component of a larger economic unit, the viability of that unit itself.

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

Fair value of investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in profit or loss. The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of investment properties recorded in the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values.

The Group engaged independent valuation specialists to determine the fair value of its investment properties.

The key assumptions used to determine the fair value are further explained in Note 11.

Deferred tax

The investment properties consisting land and building are held within a business model whose objective is to consume substantially all of the economic benefits embodied in the building over time through rental, rather than through sale. The presumption that the Group will recover the carrying amount of the investment properties entirely through sale is rebutted for the buildings which are depreciable. Accordingly deferred tax has been provided for on the fair value gain arising on the building. However, since the land is not depreciable, the recovery through sale would not be rebutted for the land. No deferred tax has been recognised on the land as there is no capital gains tax imposed on sale of land.

5. OTHER INCOME

	GROUP	
	30-Sep-18	30-Sep-17
	Rs 000	Rs 000
Service charge	**19,783**	18,927
Interest income	**8,951**	105
Profit on disposal of investment properties	**-**	2,763
Recharge to tenants	**5,329**	2,257
	34,063	24,052

6. OPERATING EXPENSES

	GROUP	
	30-Sep-18	30-Sep-17
	Rs 000	Rs 000
Property and centre management fees	**11,961**	10,970
Syndic fees	**7,741**	7,740
Security fees	**6,150**	5,754
Utilities	**1,740**	1,889
Repairs and maintenance	**7,812**	3,416
Amortisation of intangible assets	**814**	246
Others	**2,137**	1,667
	38,355	31,682

"Others" consist primarily of insurance and licence costs.

7. ADMINISTRATIVE EXPENSES

	GROUP		COMPANY	
	30-Sep-18	30-Sep-17	**30-Sep-18**	30-Sep-17
	Rs 000	Rs 000	**Rs 000**	Rs 000
Legal and professional fees	**3,942**	3,313	**321**	1,247
Management fees	**6,051**	4,567	**4**	2
Staff costs	**15,726**	4,606	**-**	-
Rental expense	**2,518**	3,402	**-**	-
IT expenses	**393**	516	**-**	-
Others	**1,336**	884	**4**	-
	29,966	17,288	**329**	1,249

8. FINANCE COSTS

	GROUP		COMPANY	
	30-Sep-18	30-Sep-17	**30-Sep-18**	30-Sep-17
	Rs 000	Rs 000	**Rs 000**	Rs 000
Interest expense on loan from holding company	**39**	7,756	**-**	1,401

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9. INCOME TAX

(a) Income tax expense

	GROUP		COMPANY	
	30-Sep-18	30-Sep-17	30-Sep-18	30-Sep-17
	Rs 000	Rs 000	Rs 000	Rs 000
Income tax charge on the adjusted profit for the year at 15% (2017: 15%)	9,414	9,884	2,186	-
Overprovision of income tax in previous years	(1,238)	-	-	-
Deferred tax (d)	3,750	9,874	-	-
Underprovision of deferred tax in previous years	1,848	-	-	-
Corporate Social responsibility tax (2%)	1,248	1,318	291	-
Corporate Social responsibility tax under provided in previous year	145	944	-	-
	15,167	22,020	2,477	-

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

	GROUP		COMPANY	
	30-Sep-18	30-Sep-17	30-Sep-18	30-Sep-17
	Rs 000	Rs 000	Rs 000	Rs 000
Profit before tax	81,427	145,118	5,662	(2,650)
Tax calculated at a rate of 17% (2017: 17%)	13,842	24,670	963	(450)
Fair value gain on land	(246)	(5,136)	1,524	-
Expenses not deductible for tax purposes	286	665	24	449
Overprovision in previous years	(1,238)	-	-	-
Corporate Social responsibility tax under provided in previous year	145	944	-	-
Underprovision of deferred tax in previous years	1,848	876	-	-
Utilisation of tax losses	(24)	-	-	-
Deferred tax not recognised	554	1	(34)	1
Tax charge (Note (a))	15,167	22,020	2,477	-

(c) Current tax liabilities

	GROUP		COMPANY	
	30-Sep-18	30-Sep-17	30-Sep-18	30-Sep-17
	Rs 000	Rs 000	Rs 000	Rs 000
At 1 October	6,127	6,499	-	-
Charge during the year	9,414	9,884	2,186	-
Paid during the year	(4,558)	(7,576)	-	-
Overprovision in previous year	(1,238)	-	-	-
Tax deducted at source	(10,576)	(4,942)	-	-
Refund during the year	1,300	-	-	-
Corporate social responsibility	1,393	2,262	291	-
At 30 September	1,862	6,127	2,477	-

9. TAXATION (CONTINUED)

(d) Deferred income tax

Deferred income taxes are calculated on all temporary differences under the liability method at 17% (2017: 17%).

The movement in deferred tax liability during the period is as follows:

Deferred tax liability

	Fair value gains	Accelerated tax depreciation	Total
	Rs 000	Rs 000	Rs 000
At 1 October 2016	1,601	11,530	13,131
Charged to profit or loss	8,629	1,245	9,874
At 1 October 2017	10,230	12,775	23,005
Charged to profit or loss	**(154)**	**5,752**	**5,598**
At 30 September 2018	**10,076**	**18,527**	**28,603**

10. EARNINGS PER SHARE

	GROUP	
	30-Sep-18	30-Sep-17
Profit for the year (Rs 000)	**66,260**	123,098
Weighted average number of ordinary shares	**485,399**	519,465
Basic/diluted earnings per share (Rs)	**136.51**	236.97

11. INVESTMENT PROPERTIES

	GROUP		COMPANY	
	30-Sep-18	30-Sep-17	**30-Sep-18**	30-Sep-17
	Rs 000	Rs 000	**Rs 000**	Rs 000
At 1 October	**1,025,615**	914,660	**-**	-
Additions	**210,863**	41,541	**168,965**	-
Disposals	**-**	(1,450)	**-**	-
Increase/(Decrease) in fair value	**551**	70,864	**(8,965)**	-
At 30 September	**1,237,029**	1,025,615	**160,000**	-

11. INVESTMENT PROPERTIES (CONTINUED)

(a) The Group's investment properties are accounted for at their fair value based on a valuation done during the year by JPW International Property Consultants, an independent chartered valuer which has a recognised and relevant professional qualification and with numerous years of experience in locations and categories of the investment properties being valued.

The different valuation methods used are:

(i) Market Comparison Approach; and

(ii) Depreciated Replacement Cost Approach.

The investment properties are subject to fixed and floating charges in favour of lenders for borrowings taken by the holding Company.

Details of the Group's investment properties, which are classified as level 3 on the fair value hierarchy as at 30 September 2018 are as follows:

	GROUP	
	30-Sep-18	30-Sep-17
	Rs 000	Rs 000
Land	**721,130**	564,230
Buildings	**515,899**	461,385
	1,237,029	1,025,615

(b) Main inputs used in the valuation of the properties are as follows:

	Range	Range
	2018	2017
	Rs	Rs
Land (Price per square metre)	**2,000 - 55,000**	2,000 - 91,000
Buildings (Price per square metre)	**8,000 - 85,000**	4,000 - 91,000

Any increase/decrease in the price per square metre would result in a corresponding effect on the fair value of the investment properties. The price per square metre referred to is the market price of similar properties where available.

(c) The following amounts have been recognised in the profit or loss:

	GROUP	
	30-Sep-18	30-Sep-17
	Rs 000	Rs 000
Rental income	**115,173**	106,928
Service charge	**19,783**	18,927
Operating expenses generating income	**38,355**	31,682

12. INTANGIBLE ASSETS

GROUP	Leasehold Rights Rs 000	Computer software Rs 000	Total Rs 000
COST			
At 1 October 2016	-	1,159	1,159
Additions	45,800	216	46,016
At 30 September 2017	45,800	1,375	47,175
Additions	-	**-**	-
At 30 September 2018	**45,800**	**1,375**	**47,175**
Amortisation/Impairment			
At 1 October 2016	-	811	811
Charge for the year	-	246	246
At 30 September 2017	-	1,057	1,057
Charge for the year	**655**	**159**	**814**
At 30 September 2018	**655**	**1,216**	**1,871**
Net Book Value as at 30 September 2018	**45,145**	**159**	**45,304**
Net Book Value as at 30 September 2017	45,800	318	46,118

Amortisation charge has been included in operating expenses.

13. INVESTMENT IN SUBSIDIARIES

	COMPANY	
	30-Sep-18	30-Sep-17
	Rs 000	Rs 000
At 1 October	**495,800**	450,000
Additions	**-**	45,800
At 30 September	**495,800**	495,800

Details of investment in subsidiaries

Investment	Activity	Class of shares held	Carrying Value 30-Sep-18	 30-Sep-17	Ownership
			Rs 000	Rs 000	
Lavastone Properties Ltd	Property	Ordinary	**450,000**	450,000	100%
Belle Mare SPV Ltd	Property	Ordinary	**-**	45,800	100%
B59 Ltd	Property	Ordinary	**45,800**	-	100%
Plato Holdings Ltd	Property	Ordinary	**-**	-	100%

All the subsidiaries listed above are incorporated in Mauritius.

The Company had acquired 100% of Belle Mare SPV Ltd (formerly known as New Fashion Style and Design Ltd) in 2017. The acquisition did not meet the definition of a business combination as the assets and liabilities did not constitute a business. The assets acquired which consist of a leasehold right was accounted as an acquisition of an intangible asset (note 12).

14. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	30-Sep-18	30-Sep-17	**30-Sep-18**	30-Sep-17
	Rs 000	Rs 000	**Rs 000**	Rs 000
Trade receivables	**686**	570	**-**	-
Less allowance for doubtful debts	**-**	-	**-**	-
	686	570	**-**	-
Amount receivable from related companies	**197,149**	69,635	**310,751**	77,445
Prepayments	**8,141**	8,309	**1,667**	-
Income tax deducted at source receivable	**1,933**	6,848	**-**	-
Other receivables	**9,240**	40,354	**15,218**	40,000
	217,149	125,716	**327,636**	117,445

Other receivables consist principally of refundable deposit made towards the acquisition of property.

The amount receivable from group companies are unsecured, interest free and receivable on demand. The Group trades only with recognised, creditworthy related parties. It is the Group's policy that all related parties who wish to trade on credit terms are subject to credit verification procedures.

Prepayments consist of advance payments made for projects.

(a) The ageing analysis of these receivables is as follows:

	GROUP		COMPANY	
	30-Sep-18	30-Sep-17	**30-Sep-18**	30-Sep-17
	Rs 000	Rs 000	**Rs 000**	Rs 000
Current - Neither past due nor impaired	**282**	234	**-**	-
1 to 3 months - Past due but not impaired	**158**	268	**-**	-
Over 3 months - Past due but not impaired	**246**	68	**-**	-
	686	570	**-**	-

(b) The carrying amount of trade and other receivables approximate their fair value due to their short term nature.

Trade receivables are non interest bearing and are generally on terms of 30 to 90 days.

No provision for impairment were recognised on trade and other receivables.

15. CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents included in the statement of cash flows comprise of the following:

	GROUP		COMPANY	
	30-Sep-18	30-Sep-17	**30-Sep-18**	30-Sep-17
	Rs 000	Rs 000	**Rs 000**	Rs 000
Cash in hand and at bank	**85,620**	10,644	**47,558**	-
Bank overdraft (note 17)	**-**	(1)	**-**	(1)
	85,620	10,643	**47,558**	(1)

15. CASH AND CASH EQUIVALENTS (CONTINUED)

(b) ***Non-cash transactions***

The following non-cash transactions occurred during the year:

	GROUP		COMPANY	
	30-Sep-18	30-Sep-17	**30-Sep-18**	30-Sep-17
	Rs 000	Rs 000	**Rs 000**	Rs 000
Reduction of share capital against receivables	**69,466**	-	**69,466**	-

The Group made a capital reduction of 69,466 shares equivalent to Rs 69,466,000 through the cancellation of the shares against the amount receivable from the shareholder.

Share application monies

The share application monies of Rs 575,000,000 include Rs 102,494,000 as cash injection. The remaining balances were non-cash transactions as disclosed below:

	GROUP		COMPANY	
	30-Sep-18	30-Sep-17	**30-Sep-18**	30-Sep-17
	Rs 000	Rs 000	**Rs 000**	Rs 000
Current account with related parties	**472,506**	-	**472,506**	-

	GROUP		COMPANY	
	30-Sep-18	30-Sep-17	**30-Sep-18**	30-Sep-17
	Rs 000	Rs 000	**Rs 000**	Rs 000
Loans capitalised	**151,895**	-	**-**	-

Loans capitalised were part of restructuring mentioned in note 22. The loans were held with the holding company.

16. SHARE CAPITAL

GROUP AND COMPANY	30-Sep-18 Number of shares	30-Sep-18 Rs 000	30-Sep-17 Number of shares	30-Sep-17 Rs 000
Issued and fully paid ordinary shares of no par value				
At 1 October	**519,466**	**519,466**	519,466	519,466
Reduction in capital	**(69,466)**	**(69,466)**	-	-
At 30 September	**450,000**	**450,000**	519,466	519,466

The Group made a capital reduction of 69,466 shares equivalent to Rs 69,466,000 through the cancellation of the shares against the amount receivable from the shareholder.

SHARE APPLICATION MONIES	GROUP		COMPANY	
	30-Sep-18	30-Sep-17	**30-Sep-18**	30-Sep-17
	Rs 000	Rs 000	**Rs 000**	Rs 000
Movement during the year	**575,000**	-	**575,000**	-
	575,000	-	**575,000**	-

The share application monies relate to contribution towards equity shares in Lavastone Ltd from Cim Financial Services Ltd which were not yet issued at the reporting date.

17. BORROWINGS

	GROUP		COMPANY	
	30-Sep-18	30-Sep-17	**30-Sep-18**	30-Sep-17
	Rs 000	Rs 000	**Rs 000**	Rs 000
Current				
Loan from holding company	**-**	70,000	**-**	-
Bank overdraft	**-**	1	**-**	1
	-	70,001	**-**	1
Non-current				
Loan from holding company	**-**	81,895	**-**	51,895
Total borrowings	**-**	151,896	**-**	51,896

The loan from holding company is unsecured and bears interest at the rate of 6.00% per annum (2017: 6.00%). The carrying value of the loan from holding company approximates the fair value since the rate of interest has been determined based on the rate prevailing on the market.

18. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	30-Sep-18	30-Sep-17	**30-Sep-18**	30-Sep-17
	Rs 000	Rs 000	**Rs 000**	Rs 000
Trade payables	**4,612**	3,566	**1**	-
Amounts due to related parties	**176**	52,606	**2,886**	44,698
Other payables	**13,281**	6,119	**260**	-
	18,069	62,291	**3,147**	44,698

Trade payables are non interest bearing and are generally settled on an average term of 30 to 90 days.

Amounts due to related parties are unsecured, repayable on demand and bear interest at the rate of 6.00% per annum.

The carrying amounts of payables approximate their fair values due to their short term nature.

Oher payables consist of accrual for management fees, refundable deposits made by tenants and VAT payable.

19. RELATED PARTY DISCLOSURES

	Rental income	**Other income**	**Management fees**	**Finance cost**	**Amount owed by related parties**	**Amount owed to related parties**	**Loan from related party**
	Rs 000	**Rs 000**	**Rs 000**	**Rs 000**	**Rs 000**	**Rs 000**	**Rs 000**
30-Sep-18							
Holding company	**-**	**-**	**-**	**39**	**-**	**176**	**-**
Fellow subsidiaries	**23,742**	**8,699**	**6,051**	**-**	**68,167**	**-**	**128,982**
Companies with common shareholders	**30,553**	**-**	**-**	**-**	**-**	**-**	**-**

	Rental income	Other income	Management fees	Finance cost	Amount owed by related parties	Amount owed to related parties	Loan from related party
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
30-Sep-17							
Holding company	-	105	-	7,756	69,467	52,226	151,896
Fellow subsidiaries	42,352	10,141	9,128	-	167	78	-
Companies with common shareholders	28,743	-	-	-	1	302	-

19. RELATED PARTY DISCLOSURES (CONTINUED)

THE GROUP

Key management personnel remuneration

	30-Sep-18	30-Sep-17
	Rs	Rs
Short - term employee benefit	**14,758,527**	3,891,727
Post-employment benefit	**967,118**	298,904
	15,725,645	4,190,631

THE COMPANY

	Finance cost	Amount owed by related parties	Amount owed to related parties	Loan from related party
	Rs 000	Rs 000	Rs 000	Rs 000
30-Sep-18				
Fellow Subsidiaries	-	81,769	2,886	228,982
30-Sep-17				
Holding Company	1,401	17,741	41,893	51,895
Fellow Subsidiaries	-	7,809	-	-
Subsidiaries	-	-	2,805	-

(a) The terms and conditions in respect of receivables and payables have been disclosed under respective notes.

All sales and purchases made within the Group are made at commercial rates. Outstanding balances at the year-end are unsecured and settlement occurs in cash. For the year ended 30 September 2018, no provision has been recognised in relation to impairment of related party. This assessment is undertaken each financial year through examining the financial position of each related party and the market in which the related party operates.

20. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	GROUP		COMPANY	
	30-Sep-18	30-Sep-17	30-Sep-18	30-Sep-17
	Rs 000	Rs 000	Rs 000	Rs 000
At 1 October	**151,895**	130,000	**51,895**	-
Loan received	**-**	81,895	**-**	51,895
Loan paid	**-**	(60,000)	**-**	-
Loans capitalised	**(151,895)**	-	**-**	-
Interest accrued	**14,956**	7,756	**-**	1,401
Interest paid	**-**	(7,756)	**-**	-
Interest payable classified under trade and other payables	**(14,956)**	-	**-**	(1,401)
At 30 September	**-**	151,895	**51,895**	51,895

Loans capitalised are in respect of the restructuring as mentioned in note 22.

21. HOLDING AND ULTIMATE HOLDING COMPANY

At 30 September 2018, the holding company is Cim Financial Services Ltd and its ultimate holding company is Elgin Ltd. Both companies are incorporated in Mauritius.

22. EVENTS AFTER THE REPORTING DATE

In May 2018, the board of directors of Cim Financial Services Limited (CFSL) resolved the spinning off of the property segment of the CFSL group with the eventual listing of Lavastone Ltd on the Development and Enterprise Market (DEM) of the Stock Exchange of Mauritius subject to the approval from the relevant authority.

On 15 October 2018, after having received the relevant approval, CFSL proceeded with the restructuring of the property segment in view of the eventual distribution and listing of the shares of Lavastone Ltd. All entities under the property segment have been regrouped under Lavastone Ltd in exchange of additional shares issued by Lavastone Ltd for Rs 575,000,000 (Note 16) . In addition, further investments of Rs203,450,000 were made by CFSL in the Company. The main active entities which were previously held by CFSL and have been restructured under Lavastone Ltd are Edith Cavell Properties Ltd, Le Morne Development Corporation Ltd and South West Safari Group Limited. The remaining entities are dormant entities.

On 14 December 2018, the approval for the listing by the Executive Committee of the Stock Exchange of Mauritius was received for the listing of the Company and the Admission Document of Lavastone Ltd on the DEM of the Stock Exchange of Mauritius was issued.

23. COMMITMENTS

Operating lease commitments - Group as a lessor

The Group has entered into operating lease for investment properties consisting of buildings for business rental. These leases have terms ranging from one to 10 years. The leases include escalation clause to enable upward revision of the rental charge. The escalation relates to Consumer Price Index (CPI) only. Future minimum rental receivable under non-cancellable operating leases as at the reporting date are as follows:

	30-Sep-18	30-Sep-17
	Rs 000	Rs 000
Within one year	**95,594**	88,272
After one year but not more than five years	**231,279**	171,562
More than five years	**103,436**	4,168
	430,309	264,002

Lavastone Ltd

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