Fortis CLINIQUE DARNÉ

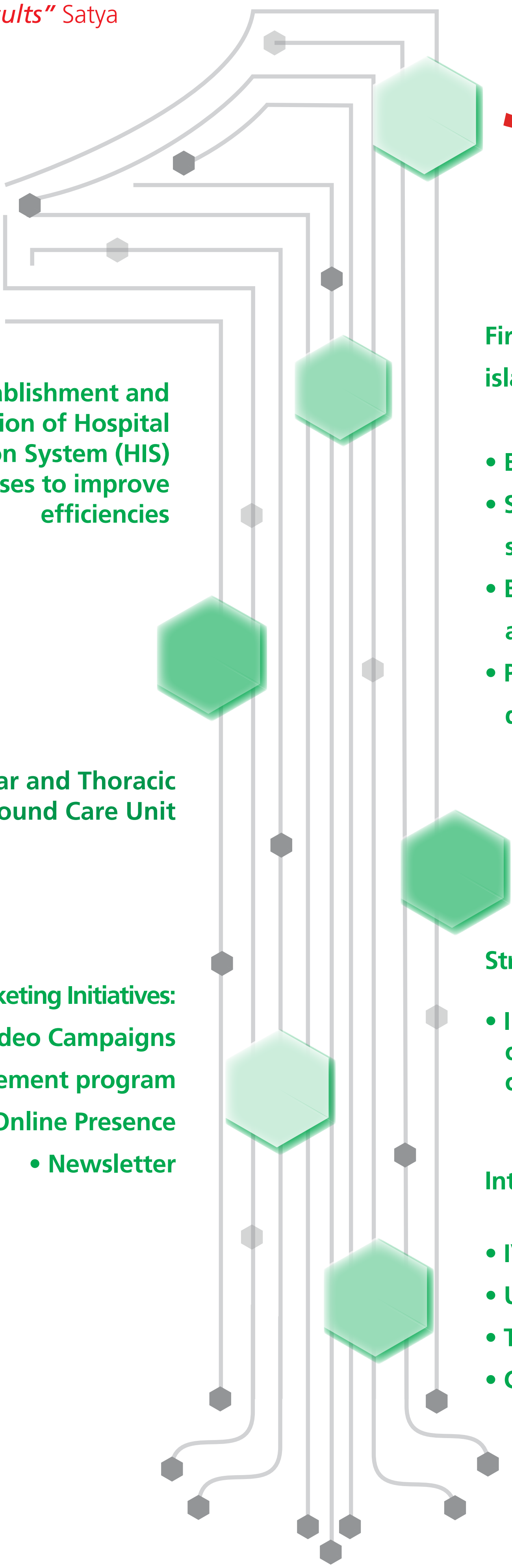
The Medical and Surgical Centre
Limited and Its Subsidiary

MEDICAL CARE

HEALTH

# Annual Report 2016

*"A little progress everyday adds up to big results"* Satya



# st in 2016

**First surgeries performed on the island:**

- Endoprosthesis surgery
- Soave's trans-anal pull-through surgery
- Biolitec laser surgery for high anal fistula
- Prosthetic Implant for erectile dysfunction

**Establishment and implementation of Hospital Information System (HIS) and Processes to improve efficiencies**

**Launch of Vascular and Thoracic Clinic & Wound Care Unit**

**Strengthened patient care services:**

- Introduction of floor coordinators for prompt complaints resolutions

**Strengthened Marketing Initiatives:**

- Video Campaigns
- Community engagement program
- Digital/Online Presence
- Newsletter

**Introduction of:**

- IVUS (Intravascular Ultrasound)
- Urodynamic Lab
- Thin-Prep Pap Test
- Cerec - Single Tooth restorations

Dear Shareholder,

The Board of Directors ("the Board") of The Medical and Surgical Centre Limited ("the Company") is pleased to present the Annual Report of the Company and its subsidiary ("The Group") for the fifteen months period ended 30 June 2016. The Audited Financial Statements of the Company and its subsidiary as well as the Corporate Governance Report and Other Statutory Disclosures made pursuant to Section 221 of the Companies Act 2001, have been approved by the Board at a meeting held on 22 September 2016.

On behalf of the Board, I invite you to go through the Annual Report and join me at the Annual Meeting of the shareholders of the Company which will be held on **14 December 2016 at 14.00 hours at CIEL's Offices, 5th Floor, Ebène Skies, Rue de l'Institut, Ebène.**

Yours sincerely,

Mrs Christine Sauzier
Chairperson

# #healthfirst

**Prevention** is better than cure

Notice is hereby given that the Annual Meeting ("the Meeting") of the shareholders of THE MEDICAL AND SURGICAL CENTRE LIMITED ("the Company") will be held at CIEL's Offices, 5th Floor, Ebène Skies, Rue de l'Institut, Ebène on **14 December 2016** at **14.00 hours**, to transact the following business:

1. To receive, consider and approve the Group's and the Company's Financial Statements for the fifteen months period ended ended 30 June 2016, including the Annual Report and the Auditors' Report, in accordance with section 115(4) of the Companies Act 2001.
2. To re-elect, as Directors of the Company and by way of separate resolutions, to hold office until the next Annual Meeting, the following persons who offer themselves for re-election:

2.1 Mrs Christine Sauzier*
2.2 Dr Guy Adam*
2.3 Mr Alex Alexander*
2.4 Mr Ashish Bhatia*
2.5 Mr Jean-Pierre Dalais*
2.6 Mr Jérôme De Chasteauneuf*
2.7 Mr Rajiv Puri*
2.8 Mr Michel Thomas*

3. To take note of the automatic re-appointment of Messrs. Ernst & Young as auditors of the Company in accordance with section 200 of the Companies Act 2001 for the ensuing year and to authorize the Directors to fix their remuneration.
4. To ratify the remuneration paid to the auditors for the fifteen months period ended 30 June 2016.

By Order of the Board

CIEL Corporate Services Ltd
Company Secretary

21 November 2016

Notes:

i. A shareholder of the Company entitled to attend and vote at the Meeting may appoint a proxy, whether a member or not, to attend and vote in his/her stead.

ii. Proxy forms should be deposited at the Share Registry and Transfer Office of the Company, MCB Registry & Securities Limited, 2nd Floor, MCB Centre, Sir William Newton Street, Port Louis, not less than twenty-four hours before the start of the Meeting, and in default, the instrument of proxy shall not be treated as valid.

iii. A proxy form is included in this Annual Report and is also available at the following address: 5th Floor, Ebène Skies, Rue de l'Institut, Ebène.

iv. For the purpose of this Annual Meeting, the Directors have resolved, in compliance with section 120(3) of the Companies Act 2001, that the shareholders who are entitled to receive notice and vote at the Meeting, shall be those shareholders whose names are registered in the share register of the Company as at 16 November 2016.

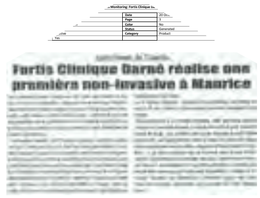
v. The minutes of proceedings of the Annual Meeting of the shareholders held on 29 September 2015 are available for inspection at the following address, Attention: The Secretary, 5th Floor, Ebène Skies, Rue de l'Institut, Ebène, during normal trading office hours.

* The profiles and categories of the Directors are set out on pages 24 to 25 of the Annual Report 2016.

## FORTIS CLINIQUE DARNÉ

**For a healthier future**

We touch above **100,000**
lives in one year









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## ANÉVRISME DE L'AORTE : FORTIS CLINIQUE DARNÉ RÉALISE UNE PREMIÈRE

Deux patients porteurs d'anévrisme de l'aorte abdominale ont subi avec succès une intervention s'appuyant sur la technique dite endovasculaire encore jamais pratiquée à Maurice. Cette première chirurgicale a été réalisée à Fortis Clinique Darné. L'anévrisme de l'aorte est caractérisé par un gonflement avec un risque de rupture de l'aorte, la plus grosse artère du corps qui s'étend du cœur à l'abdomen en passant par le thorax.

L'intervention réalisée par Dr Reuben Veerapen a consisté à placer un stent à l'intérieur de la zone dilatée de l'aorte pour faciliter la circulation sanguine. L'option endovasculaire, sans ouverture chirurgicale, permet la pose de la prothèse vasculaire à travers les vaisseaux sanguins. Pour les deux patients pris en charge par Fortis Clinique Darné, les interventions endovasculaires ont duré entre ... heures dépendant de la taille et de l'é...


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| Category | Industry – FCD's doctor featured |
| Url link | http://www.defimedia.info/dr-aniff-yearoo-cardiologue-un-taux-de-reussite-...-chirurgicaux |

...cardiologue : «un taux de réussite de plus de 90% pour les pontages chirurgicaux»

**...Aniff Yearoo, cardiologue: «un taux de réussite de plus de 90% pour les pontages chirurgicaux»**

23 octobre 2016 by jean-marie st cyr

Les maladies cardiovasculaires sont la première cause de décès dans le monde, selon l'Organisation mondiale de la santé. À Maurice, elles se classent en deuxième position, derrière le diabète, selon la National Health Report 2015. Le point avec le Dr Aniff Yearoo, cardiologue à la Fortis clinique Darné.

**De quoi parle-t-on quand on évoque les troubles cardiaques et les maladies cardiovasculaires ?**

Les troubles cardiaques font partie des maladies cardiovasculaires. Une autre maladie tout aussi fréquente est ...cident vasculaire cérébral, qui provoque une paralysie d'ordre circulatoire. Les maladies coronariennes et ... vasculaires cérébraux sont les maladies cardiovasculaires les plus fréquentes. Les atteintes card... ...r l'angine de poitrine (la poitrine qui se serre par un rétrécissement d'une artère) et ... ...rde provenant d'une occlusion totale d'une artère irriguant le cœur.

**...plus communes à Maurice ?**

...le désordre : les troubles cardiov...


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...relation de confian...


*Selon le chirurgien, les parents reçoivent un soutien psychologique pour les aider dans leur prise de décision.*

La chirurgie pédiatrique est une intervention délicate souvent source d'angoisse pour les parents. Bien que ce sentiment soit légitime, le Dr Kevin Teeroovengadum, chirurgien pédiatre et néonatal, tient à les rassurer.

« Les parents sont souvent angoissés dans la mesure où ils doivent décider pour leur enfant », constate le Dr Kevin Teeroovengadum. « Dans le cas d'un adulte, c'est le patient lui-même qui décide. En pédiatrie, il revient aux parents de décider pour leurs enfants et ils craignent parfois de ne pas prendre la bonne décision ou de ne pas faire le bon choix. Qu'ils se rassurent : le chirurgien pédiatre n'est pas seul car il a toute une équipe pour l'assister. »

Il explique qu'à la clinique Fortis Darné, toute une équipe encadre et assiste le chirurgien pédiatre. Il peut compter sur des anesthésistes et des pédiatres expérimentés ainsi que sur des infirmières spécialisées en pédiatrie pour exercer avec une sécurité maximale. « Les parents peuvent leur faire entièrement confiance. La clinique dispose de matériels ...icaux et d'équipements de pointe pour effectuer une chirurgie complexe sur les enfants. Les salles d'opération ...équipées et nous disposons d'un service de soins intensifs pour les enfants et les nouveau-nés. »

...pas en reste, car ils bénéficient d'un accompagnement psychologique pour les ... à prendre leur décision. « Souvent, les parents réclament des explication... ...ordons un délai de réflexion avant d'aller de l'avant », ajoute ...

...énagée avec une salle de jeu ; des infirmi... ...ans cette période difficile. « La ... ...doit pas souffrir an... ...t les paren...


TABLE OF CONTENT

## BOARD OF DIRECTORS

Christine Sauzier, Chairperson
Guy Adam
Alex Alexander
Ashish Bhatia
Jean-Pierre Dalais
Jérôme De Chasteauneuf
Rajiv Puri
Antoine Michel Thomas

## BOARD COMMITTEES

### CORPORATE GOVERNANCE, NOMINATION AND REMUNERATION COMMITTEE

Ashish Bhatia, Chairperson
Guy Adam
Christine Sauzier

### AUDIT AND RISK COMMITTEE

Jérôme De Chasteauneuf, Chairperson
Rajiv Puri
Antoine Michel Thomas

## CHIEF OPERATING OFFICER

Unnati Negi

## COMPANY SECRETARY

CIEL Corporate Services Ltd
5th Floor, Ebène Skies
Rue de l'Institut, Ebène
Mauritius
Tel : +230 404 2200
Fax: +230 404 2201

## REGISTERED OFFICE

C/o Fortis Clinique Darné
Georges Guibert Street, Floréal
Mauritius
Telephone: +230 601-2300
Fax: +230 696-3612
Email:
clinique@cliniquedarne.com

## SHARE REGISTRY AND TRANSFER OFFICE

If you are a shareholder and have inquiries regarding your account, wish to change your name and address, or have questions about lost certificates, share transfers or dividends, please contact our Share Registry and Transfer Office:

MCB Registry & Securities Limited
2nd Floor, MCB Centre
Sir William Newton Street, Port Louis
Mauritius
Tel: +230 202 5397
Fax: +230 208 1167

## BANKERS

The Mauritius Commercial Bank Limited

Bank One Limited

## EXTERNAL AUDITORS

Ernst & Young

## INTERNAL AUDITORS

BDO & Co

Dear Shareholder,

On behalf of the Board of Directors, I am pleased to report that the 15 months period ended 30 June 2016 was successful in many ways.

During that period, we have maintained our focus on understanding and meeting the changing needs of our patients. As stated in my message at the beginning of this year, our mission has been to unfold a vision of excellence. In order to achieve this, we empowered management to increase the level of care whilst placing people in the centre of its preoccupations and focus. We have invested for the future and introduced new services at different touch points. Despite very high occupancy levels, our already excellent clinical metrics continue to improve. Patients' and consultants' satisfaction levels reached new heights and our dedicated staff reported record levels of engagement. This outstanding clinical performance was reflected in our financial figures. The revenue for the 15 months period ended 30 June 2016 is Rs. 994M (Rs. 643M for the year ended 31 March 2015) and profit after tax of Rs. 106.8M (Rs. 57.4M for the year ended 31 March 2015). This sound financial situation allowed the Company to maintain a good dividend pay-out and a positive cash flow.

These outcomes have been achieved through the skill, dedication and hard work of our management team and staff and reflect the benefit of our long-term major investment programme. During the year we invested a further Rs. 38M on a mixture of upgrading existing facilities, new developments in technology and launching new services while taking proactive actions to streamline certain activities with lower growth prospects.

During the year, we also improved good governance and ethics and revisited the structure, composition and terms of reference of the different board committees. We are developing a Board Charter and already have a Code of Business Conduct and Ethics in place.

I am proud that FCD has a diverse culture. This is essential to ensure that we remain inclusive, innovative and focused on the needs of our extremely diverse customer base across multiple geographies. FCD's success is built on our people's commitment and their relentless focus on improving our customers' experience.

Looking ahead, we are committed to expanding our activities on the island and are considering different options that would allow us to offer improved and state of the art facilities for our patients and doctors.

On a personal note, I wish to thank all my fellow directors for their valuable contribution and support during the year.

Finally, on behalf of the Board, I would like to thank and extend our appreciation to all the staff, management and doctors for their hard work and relentless commitment over the period under review.

Mrs Christine Sauzier

Chairperson

From Left to Right (Standing):

**Vikram Dookayka**

**Yajna Seewooruthun-Dabee**

**Unnati Negi** (Chief Operating Officer)

**Ashish Sharma**

From Left to Right (Sitting):

**Andy Hau Kee Hee**

**Dhiraj Buruth**

**Arun Sethi**

**Christine Sauzier**
Non-Executive Chairperson

**Guy Adam**
Independent Director

**Alex Alexander**
Non-Executive Director

**Ashish Bhatia**
Executive Director

**Jean-Pierre Dalais**
Non-Executive Director

**Jérôme De Chasteauneuf**
Non-Executive Director

**Rajiv Puri**
Non-Executive Director

**Michel Thomas**
Independent Director

During the past year, Fortis Clinique Darné (FCD) has continued to upgrade its resources in line with its core values of Patient Centricity, Integrity, Ownership, Teamwork and Innovation. These values are the very raison d'être of our company and govern our drive to deliver quality in everything we undertake while strengthening our leadership position. The team pursues a relentless effort to uphold these values while ensuring they benefit all its stakeholders.

Fortis Clinique Darné has, throughout its existence, stayed ahead of the curve by delivering quality care to patients and will continue to look at new approaches to further improve patient care.

## MEDICAL EXCELLENCE

The patient remains at the core of any new development. In order to maintain its leading position, FCD focused on the recruitment of new medical talent and the expansion of its medical services during the year under review.

Fortis Clinique Darné responded to the market demand and launched its Vascular & Thoracic Clinic, speaheaded by a new consultant. The clinic provides comprehensive services for patients with peripheral vascular disorders, including Abdominal Aortic Aneurysm Surgery. Vascular surgery is an evolving specialty where new minimally-invasive techniques are being used thus ensuring faster recovery for patients.

The year was also marked by a series of major breakthroughs across specialities - the relaunch of Neonatal Intensive Care Unit Level III (NICU) – our whole team at the NICU worked hard to save the lives of premature babies, including the case of a baby with pneumothorax. The team also provided post-operative care to a 5-month baby with the insertion of ventriculo-peritoneal shunt. We also successfully operated a 3 weeks old baby with functional obstruction of the rectum in 1-stage Soave's transanal pull-through.

Fortis Clinique Darné also launched a blood storage facility for safe storage and handling of blood supplies. This helps the clinic to be more self-sufficient while speeding up the procedures in any emergency situation where blood is readily avilable.

Our Renal Sciences Department saw the launch of a Urodynamic Lab, enabling us to cater to patients with urinary dysfunction. A series of specialised tests have been made available to diagnose the functional problems of the urinary system.

## ENHANCING PATIENT EXPERIENCE

With a view to providing an even better patient experience, a new Hospital Information System (HIS) was launched in June to manage all aspects of the hospital's operations. HIS has enabled to considerably improve turn-around time, reducing waiting time for patients. The system also facilitates monitoring of supplies, inventory and medicines, enabling for a better financial control and policy compliance.

At Fortis Clinique Darné, we have always believed that there is more to patients' experience than good medical outcomes. Further to our patient feedback, we introduced the concept of Floor Coordinators on each floor who act as the link between the patient and all the services of the hospital to ensure that their concerns are addressed promptly.

One of our aims remain to improve all customer touch-points for an overall positive impact across the value chain. The Pharmacy was recently segregated into In-patients and Out-patients, resulting in improved and smoother service delivery. Moreover, an insurance Helpdesk was implemented where representatives of Insurance Companies can interact with insured patients to assist them in their discharge process. This concept was put in place following feedback received from our patients.

## CONTINUOUS IMPROVEMENT AND LEARNING

Putting our people at the heart of our enterprise is how we believe we can deliver the best of service to our patients. With this in mind, staff training and development programmes remain the focus of our Training Department with an emphasis on nursing skills.

In its continuous efforts to facilitate the transfer of expertise and make learning opportunities available to medical and paramedical personnel alike, the hospital received, to that effect, the visit of Mr. Michael Moorhead, Chief Nursing Officer from Fortis Healthcare, India. The visit focused on developing nursing competencies and future collaboration within the Fortis network. Laboratory staff, on the other hand, received training on safe operations at the workplace.

With the Doctor Connect initiative, the aim is to keep the physicians from different faculties updated about constant changes in various medical disciplines. A series of clinical meetings are also held at the clinic on a monthly basis.

In order to provide better support to its newly established wound care unit, two nursing staff received training at the University Clinic Madrid Podiatry on the latest knowledge and practices, with emphasis on the care of diabetic, oncological and ulcerative wounds. The Wound care clinic was set up in partnership with Convatec, world famous equipment manufacturer specializing in stoma and wound healing.

Regular training is undertaken to educate employees on safety and welfare issues, and how to identify and mitigate risks. Fire wardens have been identified where regular evacuation drills are held, ensuring adequate preparation in the event of a fire emergency. The Health and Safety Committee, together with its employee representatives, ensures that all policies and procedures are adhered to.

## EMPLOYEE ENGAGEMENT

Fortis Clinique Darné is constantly looking at ways to enhance the sense of belonging to the organisation. The Live Our Values (LOV) campaign was launched with a view to sustaining the connection between the staff and the core values of the institution.  An Employee Relationship Forum was introduced in synch with our spirit of a caring employer. The Forum is a platform that enables staff members to engage with the senior team and provides suggestions to improve their welfare.

## CONTINUOUS GROWTH

Fortis Clinique Darné has seen constant growth for the 15 months ended 31 May 2016 (FY 2015 – 2016). The group reported a turnover of Rs 994 Mn (against Rs 643 Mn in 2015) and Profits after Tax of 106.83 Mn compared to 57.42 Mn in 2014 – 2015.

## A HEALTHY ENVIRONMENT

Cleanliness is an important component in the delivery of healthcare services and directly impacts the image of the organisation. In line with this, Fortis Clinique Darné launched a network-driven initiative known as Sparkle. The long-term goal of this initiative is to keep working towards a clean and infection-free organisation. FCD has been divided in 15 different zones, each led by a Champion to ensure that proper processes are put in place to achieve this goal.

Furthermore, an infection control committee was set up under the Chairmanship of Dr Guy Adam. The role of the task force is to prevent and control nosocomial infections, and to provide directions to minimize risk to patients, employees and visitors.

## Community Engagement Initiatives


As a socially responsible and service conscious healthcare organisation, Fortis Clinique Darné takes social activities very close to heart. Its belief is that proper healthcare should be accessible to each and every individual and we are committed to go that extra mile in providing that support to the community on a regular basis. In line with this, a series of efforts was undertaken, characterized by a true sense of partnership and stakeholder engagement. After a first awareness session on 'Fibroids', the Doctor's Chat, « A nu mett enn dialogue », has become over the months an eagerly awaited event at Fortis Clinique Darné. Moreover, a monthly program "Suivez le guide" has been introduced in February 2016 to sensitize the public on various specialties of the clinic and is broadcasted on MBC3 & MBC Sat each last Monday of the month.

An Electrophysiology Support Group, headed by Dr Aparna Jaswal and assisted by FCD Cardiologists, was set up to provide patients a platform where they can share experience and everyday challenges that their conditions imply.

Fortis Clinique Darné maintained its commitment to the community through a series of awareness talks on health-related topics for the general public. The clinic's annual blood donation day conducted in collaboration with the Blood Donors Association once more underscored the public's as well as its staff's readiness to donate blood and save life. Further activities were carried out throughout the year, including a free screening with Rotary Club of Vacoas & Ebene at Kendra St Pierre, where our staff even conducted a live CPR demonstration for the public. On the occasion of Wolrd Cancer Day, the FCD Team was also present at Gymkhana in association with CANMA where we provided free consultations by our General Practitioner and dieticians.

## INTERNATIONAL PATIENTS

Thanks to its world-class facilities, Fortis Clinique Darné is fast becoming an attractive proposition for medical travel. The clinic's International Desk handles a growing flow of international patients, offering a complete suite of services to facilitate and support our international patients during their stay and treatment at Fortis Clinique Darné. This includes booking of medical appointments, booking of air tickets and visa arrangements, facilitating accommodation for accompanying relatives, and a post clinical follow up with their treating doctors.

FCD welcomed over 12,000 international patients from various countries over the past years and has become a reference in the region for patients that seek compassionate care and clinical excellence.


GIFT YOUR HEART THE ATTENTION IT DE
HEALTHY HEART, HEALTHY YOU.
PREVENTIVE HEART CHECK PACKAGE
3,000
PREVENTIVE HEART CHECK PACKAGE
5,000


Clinical Excellence and
Compassionate Care,
Our Ethos


Cervical
Cancer
ARE YOU HAVING
THESE SYMPTOMS?


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Emergency and Ambulance Services (24/7)
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Rs 1500


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# Corporate Governance Report

## 2016

## CORPORATE GOVERNANCE REPORT 2016

The Medical and Surgical Centre Limited ("MSCL" or the "Company") is a public company incorporated on 17 July 1972 with the Registrar of Companies, Mauritius; with its registered office at Georges Guibert Street, Floreal; whose shares have been listed on the Development & Enterprise Market ("DEM") of the Stock Exchange of Mauritius Ltd ("SEM") since August 2006; and is registered as a Reporting Issuer with the Financial Services Commission ("FSC") since the promulgation of the Securities Act 2005.

MSCL endorses the Code of Corporate Governance for Mauritius (the "Code") and hereby submits its Corporate Governance Report for the fifteen months period ended 30 June 2016, inclusive of other statutory disclosures of the Companies Act 2001 (the "Report").

### Introduction to the Company

MSCL, operating under the name of Fortis Clinique Darné ("FCD"), is strategically located in the centre of Mauritius and has been a leader in the provision of specialist healthcare services for more than 63 years. Over the years, the clinic has expanded its services and provides medical and paramedical services across a wide range of specialties, all under one roof. Currently, FCD runs a 128 bedded capacity and is fully equipped with 4 Operating Theatres, a Cardiac Catheterisation Lab, a 13-bedded Critical Care Unit, a 11-bedded Neonatal Intensive Care Unit, a 2-bedded Isolation Intensive Care Unit and 15 day care beds.

FCD has established an excellent reputation across the society for its high commitment to patient care, staff satisfaction and quality improvement. The clinic is committed to delivering the highest quality care provided by highly trained and skilled professionals coupled with state-of-the-art medical technology in a caring and friendly environment.

In its endeavour to always striving to meet the growing needs of its patients and providing a high quality and consistent healthcare service, the Company successfully launched a new Day Care Centre in the North of Mauritius in January 2014 under the name of FCD North. Located at Grand Bay La Croisette, the new outpatient medical facility which operates a 24/7 Emergency department backed by an Advanced Cardiac Life Support Ambulance, also offers a wide range of services in the primary healthcare.

### Governance Framework

MSCL remains committed to maintaining strict principles of good corporate governance to ensure that its business is managed responsibly and with integrity, fairness, transparency and accountability. Responsibility for the governance and control of MSCL is distributed between the shareholders, the Board of Directors, its appointed committees and the management team of the Company. The Company's governance framework is designed to ensure that the Company is effectively managed, that statutory obligations are met and that the culture of personal and corporate integrity to uphold its motto "*To provide professional health services in a caring and friendly environment*" is reinforced. The governance of MSCL is based on external and internal governance instruments.

The external governance framework includes the Companies Act 2001, the Securities Act 2005, the DEM Rules and Securities (Disclosure Obligations of Reporting Issuers) Rules 2007, the Code of Corporate Governance for Mauritius, amongst other rules and regulations.

The internal binding governance instruments include the Constitution of the Company, Terms of reference of the Board Committees, the Company's core values and the Code of Conduct.

The Board is committed to complying with all applicable legislations and regulations and is kept informed of changes to standards, codes and relevant sector developments that could potentially affect the Company and its operations.

The Board of Directors of MSCL continuously reviews the implications of corporate governance best practices and hereby confirms that the Company has strived to comply in all material aspects with the principles of the Code, established policies and procedures, applicable laws and other regulatory guidelines. Any deviations, namely from disclosures required under the Code, have been explained where practical and appropriate. This enables stakeholders to evaluate how the principles of the Code were applied and assess the statements of the extent of compliance or non-compliance.

## Constitution

The Constitution of the Company is in conformity with the provisions of the Companies Act 2001 and the DEM Rules. A copy is available upon written request to the Company Secretary at the following address: CIEL Corporate Services Ltd, 5th Floor, Ebène Skies, rue de l'Institut, Ebène.

Its salient features are:

- There shall be no restrictions on the transfer of fully paid up shares in the Company.
- Subject to the provisions of Section 61 of the Companies Act 2001 and the other requirements thereof, the Board may, without the need for an approval of the shareholders by Ordinary Resolution, authorise a distribution by the Company;
- A quorum for a meeting of shareholders shall be present where three shareholders holding shares of the Company carrying voting rights at the meeting are present and/or represented and/or participating by means of audio, or audio and visual or any communication by which all shareholders can simultaneously hear each other throughout the meeting;
- In case of an equality of votes, the Chairperson of a shareholders' meeting shall not be entitled to a casting vote;
- The minimum number of directors shall be three (3) and the maximum number shall be twelve (12);
- A quorum for a meeting of the Board shall be fixed by the Board and if not so fixed shall be a majority of the directors.

## Change in financial year

Upon approval from the relevant authorities, the Company proceeded with a change of its financial year from 31 March to 30 June.

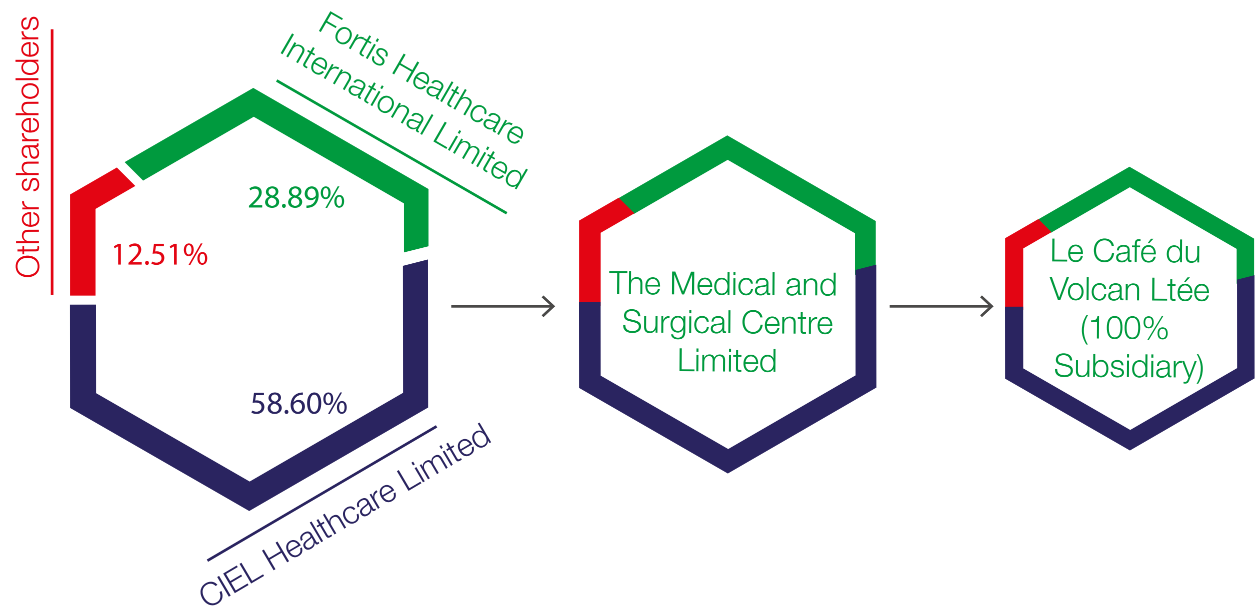
The shareholders of the Company and the public at large were informed of the said change as per a Communiqué dated 29 September 2015 which was issued in the press in line with the DEM Rule 21.1.

Shareholding

- Register date: 30 June 2016
- Issued share capital: 569,940,822 no par value ordinary shares worth in total Rs. 289, 801,318

## Holding Structure

The holding structure of MSCL as at 30 June 2016 was as follows:



### Common Directors

For the year under review, the common Directors within the holding structure of the Company were as follows:

| Name of Directors of MSCL | | CIEL Healthcare Limited |
|---|---|---|
| | Jean-Pierre Dalais | |
| | Christine Sauzier | |
| | Jérôme De Chasteauneuf | |

The representatives of Fortis Healthcare Limited, Messrs Ashish Bhatia and Rajiv Puri are not Directors of Fortis Healthcare International Limited.

### Substantial Shareholders

The shareholders holding more than 5% of the issued share capital of the Company as at 30 June 2016 were:

| Shareholders | Number of shares owned | % Holding |
|---|---|---|
| CIEL Healthcare Limited | 334,004,488 | 58.60% |
| Fortis Healthcare International Limited | 164,670,801 | 28.89% |

### Shareholding Profile

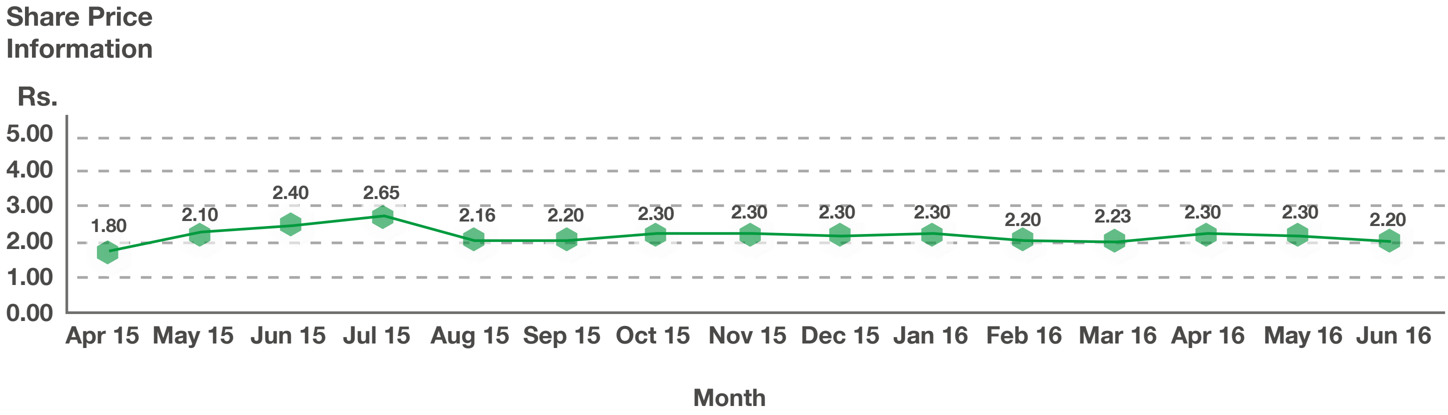
A breakdown of the category of shareholders and the share ownership as at 30 June 2016 is set out as below:

| Number of shareholders | Size of shareholding | Number of shares owned | % Holding |
|---|---|---|---|
| 83 | 1-500 shares | 6,808 | 0.0012 |
| 17 | 501 - 1,000 shares | 16,500 | 0.0029 |
| 36 | 1,001 - 5,000 shares | 115,160 | 0.0202 |
| 15 | 5,001 - 10,000 shares | 117,200 | 0.0206 |
| 26 | 10,001 - 50,000 shares | 675,795 | 0.1186 |
| 2 | 50,001 - 100,000 shares | 127,000 | 0.0223 |
| 11 | 100,001 - 250,000 shares | 1,950,300 | 0.3422 |
| 3 | 250,001 - 500,000 shares | 1,019,150 | 0.1788 |
| 11 | Over 500,000 shares | 565,912,909 | 99.2933 |
| **204** | | **569,940,822** | **100.00** |

| Number of shareholders | Category of shareholders | Number of shares owned | % Holding |
|---|---|---|---|
| 164 | Individuals | 1,918,554 | 0.3366 |
| 2 | Insurance and Assurance Companies | 30,000,000 | 5.2637 |
| 1 | Investment and Trust Companies | 6,469,483 | 1.1351 |
| 12 | Pension Provident Funds | 48,500 | 0.0085 |
| 25 | Other Corporate Bodies | 531,504,285 | 93.2560 |
| **204** | | **569,940,822** | **100.0000** |

## Share Price Information

The price movement of the Company's ordinary shares for the year under review is graphically represented as follows:




## Shareholders' Relations and Communication

The Company attaches great importance to promoting effective two-way communication with both individuals and institutional shareholders. The Board of Directors together with the management team strongly believe that continued engagement is key to building increased understanding between the Company and the shareholders of the views, opinions and concerns of each other.

The Annual Meeting of the Shareholders ("AMS") is the principal forum for dialogue with shareholders. Shareholders are encouraged to participate in the AMS and directly communicate with the Directors and management team in order to stay abreast of the Company's strategies and goals. To engage shareholders more effectively, pursuant to DEM rules and Securities Act 2005, the Company publishes its unaudited quarterly and audited financial statements, dividend declarations and other shares-related information in the press.

In addition, the Company's website hosted at *http://www.fortiscliniquedarne.com* has been revamped to be more user-friendly and interactive to facilitate and enhance the communication line with the stakeholders of the Company.

## 2015 AMS

At the last AMS held on 29 September 2015 at CIEL's offices, 5th Floor, Ebène Skies, rue de L'Institut, Ebène, there were four shareholders present in person or represented by proxy. As per the Company's Constitution, the quorum for a meeting of shareholders shall be three shareholders of the Company carrying voting rights, present in person, and/or represented and/or participating by means of audio or visual communication.

In accordance with the Constitution of the Company and the Companies Act 2001, the Company arranges for the notice of the AMS setting out details of each proposed resolution and other relevant information and the Annual Report to be posted to shareholders so as to allow at least 14 working days for consideration prior to the AMS.

All the Directors of the Company and the management team were present at the 2015 AMS to attend to any queries from the shareholders. Messrs Ernst & Young, the Company's external auditors, was also present to answer questions from any shareholder relating to the audit of the Company's Financial Statements.

The Chairperson of the Board of Directors acted as Chairperson of the AMS in line with Clause 19.2.1 of the Constitution of the Company and proceeded with the meeting whereby resolutions were passed on the following topics:

- Approval of the Company's Financial Statements for the year ended 31 March 2015;
- Appointment of two new Directors of the Company – Messrs Alex Alexander and Jérôme De Chasteauneuf
- Mrs Christine Sauzier, Chairperson of the Board, and Board members Dr Guy Adam, Messrs Ashish Bhatia, Jean-Pierre Dalais, Rajiv Puri and Michel Thomas were re-elected.
- Messrs Ernst & Young were re-appointed as auditors until the end of 2016 AMS; and
- Ratification of the remuneration paid to the auditors for the year ended 31 March 2015.

## 2016 AMS

The forthcoming AMS of the Company will be held in December 2016.

## Other Information to Shareholders

Important dates for the financial year ending 30 June 2017 have been earmarked as follows:

| | | |
|---|---|---|
| Publication of audited accounts for the fifteen months period ended 30 June 2016 | — | **September 2016** |
| Publication of unaudited accounts for the quarter ending 30 September 2016 | — | **November 2016** |
| Annual Meeting of Shareholders | — | **December 2016** |
| Declaration of Interim Dividend* | — | **December 2016** |
| Payment of Interim Dividend* | — | **January 2017** |
| Publication of unaudited accounts for the six months ending 31 December 2016 | — | **February 2017** |
| Publication of unaudited accounts for the nine months ending 31 March 2017 | — | **May 2017** |
| Declaration of Final Dividend* | — | **May/June 2017** |
| Payment of Final Dividend* | — | **June/July 2017** |

* Subject to the approval of the Board of Directors

## Dividend Policy

The Company has no formal dividend policy. Dividends are declared and paid subject to the profitability of the Company, its cash flow, its foreseeable investment, capital expenditure/working capital requirements or as otherwise decided by the Board.

For the fifteen months period ended 30 June 2016, the following dividends were declared:

- 16 December 2015: Declaration of interim dividend of 3 cents per share and paid on 15 January 2016; and
- 3 June 2016: Declaration of final dividend of 4 cents per share and paid on 8 July 2016.

The Board of Directors ensures that the Company satisfies the solvency test for each declaration of dividend and signs a certificate of compliance, in accordance with the provisions of the Companies Act 2001.

The Company remains steadfast in its commitment to maximising shareholder value through dividend pay-out. The table below summarises the dividends declared and paid during the last two years in parallel with the figures for the fifteen months ended 30 June 2016:

| | FY 2015/2016 (15 months ended 30 June 2016) | FY 2014/2015 (12 months ended 31 March 2015) | FY 2013/2014 (12 months ended 31 March 2014) |
|---|---|---|---|
| Total number of ordinary shares | **569,940,822** | **569,940,822** | **569,940,822** |
| **Interim Dividend** | | | |
| Amount declared per ordinary share | **3 cents** | **1 cent** | **1 cent** |
| Total amount paid | **Rs. 17,098,225** | **Rs. 5,699,408** | **Rs. 5,699,408** |
| **Final Dividend** | | | |
| Amount declared per ordinary share | **4 cents** | **3 cents** | **3 cents** |
| Total amount paid | **Rs. 22,797,633** | **Rs. 17,098,225** | **Rs. 17,098,225** |
| **Total Dividend paid** | **Rs. 39,895,858** | **Rs. 22,797,633** | **Rs. 22,797,633** |

## Share Registry and Transfer Office

The Share Registry and Transfer Office of the Company is overseen by MCB Registry and Securities Limited.

For any queries regarding an account and/or change in name or address, and/or questions about lost share certificates, share transfers or dividends, shareholders are kindly invited to contact the MCB Registry and Securities Limited as per the details below:

MCB Registry & Securities
2nd Floor, MCB Centre
9-11 Sir William Newton Street
Port Louis
Tel: +230 202 5397
Fax: +230 208 1167

## Shares in Public Hands

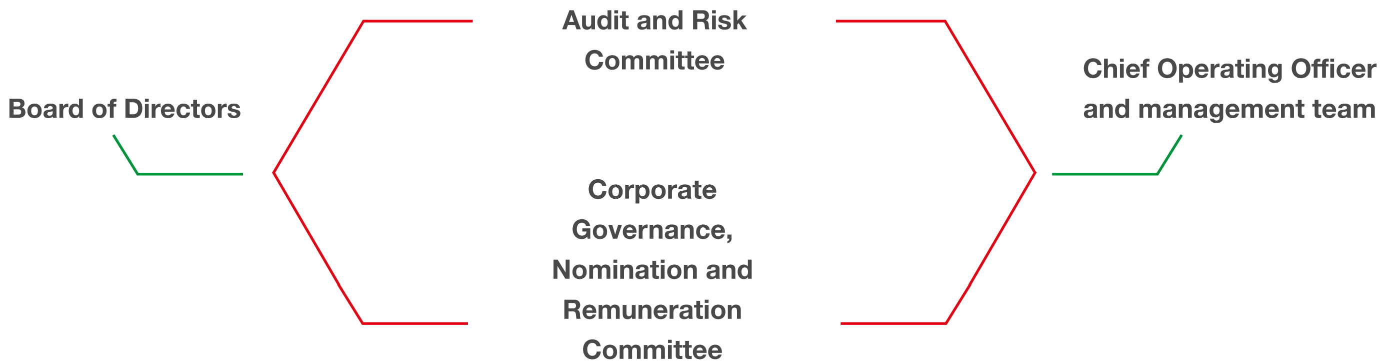
In accordance with the DEM Rules of the SEM, more than 10% of the shareholding of MSCL is in the hands of the public.

## Board of Directors

The Board of Directors of MSCL promotes and supports high standards of corporate governance, integrity and ethics that will contribute towards the on-going sustainability of the Company, facilitate long-term shareholder value and enhance benefits that all other stakeholders derive from the Company's continued success.

The Board is ultimately responsible for ensuring that governance standards are met and is assisted in this regard by the management team who aims to instil a culture of compliance and good governance throughout the Company. To achieve this, the Company continues to enhance and align its governance structures, policies and procedures to support its operating environment and strategy.

The Board is the custodian of corporate governance and is structured to perform this function effectively. Two distinct committees have been established to assist the Board in its oversight function. In a nutshell, the governance structure of MSCL is illustrated as below:



## Role of the Board

The role of the Board of Directors of MSCL is to provide leadership of the Company and direction for management. It is collectively responsible and accountable to the Company's shareholders and stakeholders for the long term success of the Company. While the management team is delegated to run the Company's day-to-day business, the Board focuses on and reserves powers in the most significant matters of the Company, including:

- formulating long and short term strategic directions of the Company, including development strategy, major investments, acquisitions and disposal of major assets;
- preparing and approving financial statements, annual and interim reports, and making judgements that are fair and reasonable in the preparation of the Company's disclosure statements;
- approving the Company's annual budgets and forecasts;
- authorising material borrowings and expenditures;
- performing corporate governance functions in accordance with the Code, including determining the Company's corporate governance policies, and reviewing and monitoring the corporate governance practices of the Company; and
- overseeing and reviewing the effectiveness of the risk management and internal control systems of the Company through review of reports from the Audit & Risk Committee.

The duties of the Board of Directors are regulated in the Companies Act 2001, the Company's Constitution and the Code.

## Composition of the Board and its Committees

The Board of MSCL currently comprises of eight directors elected for the period up until the AMS 2016, out of which six were re-elected and two newly appointed at the AMS 2015.

The composition of the board included five non-executive directors, one executive director and two independent directors. The Board believes that the recommendation of the Code to have at least two executive directors is met through the attendance and participation of the Chief Operating Officer and of other Senior Executives during Board discussions and deliberations.

The Board ensures that no individual has unfettered powers of decision-making and authority, and that shareholder interests are protected. The Board considers that there is an appropriate balance of knowledge, expertise and collective experience among its members.

### Board of Directors

**Non- Executive**

Christine Sauzier, Chairperson
Alex Alexander
Jean-Pierre Dalais
Jérôme De Chasteauneuf
Rajiv Puri

**Executive**

Ashish Bhatia

**Independent**

Guy Adam
Michel Thomas

### Board Committees

**Audit and Risk Committee**

Jérôme De Chasteauneuf, Chairperson
Rajiv Puri
Michel Thomas

**Corporate Governance, Nomination and Remuneration Committee**

Ashish Bhatia, Chairperson
Guy Adam
Christine Sauzier

## Directors' profiles

The biographical details of all the Directors, including the list of their directorships in other listed companies are as follows:

**Christine Sauzier -** Non-Executive Chairperson – Appointed Director on 4 June 2014 and Chairperson as from 10 June 2015

Christine Sauzier was appointed Director on 4 June 2014. She is the Head of Legal of CIEL Group. Christine Sauzier is an Attorney-at-Law, holds an LLB (Hons) from the University of Mauritius and a Licence en droit privé from the Faculté des Sciences Juridiques, Université de Rennes, France. She advises the Board on compliance, deal structuring and shareholder matters, while also liaising with international and local lawyers in drafting, reviewing and negotiating commercial contracts and other legal documents. She has also been instrumental in dealings with the regulators like Bank of Mauritius, Financial Services Commission and with the Stock Exchange of Mauritius. Christine Sauzier has been involved in various Mergers & Acquisitions transactions for the Group with exposure to diverse industries like Banking, Hotels, Property, Healthcare, Private Equity, Textile, Agro Business and Fiduciary. She has also been involved in cross border deals in various countries notably in Sub-Saharan Africa, Indian Ocean and Asia.

Directorships in other companies listed on the SEM:

Official Market:
- IPRO Growth Fund Ltd
- IPRO Funds Ltd (IPRO African Market Leaders Fund – Class (I2) Institutional Class)

**Guy Adam -** Independent Director – Appointed Director on 25 May 2009

Guy Adam, born in 1950, is a Fellow of the Association of Surgeons of Great Britain & Ireland and has been practicing as a General Surgeon in Mauritius since 1988. For most of his medical career in Mauritius, he has been closely associated with MSCL. Dr. Adam is also a Medical Advisor to Swan Health Insurance and a member of the Board of Directors of Rogers and Company Limited since 1994.

Directorships in other companies listed on the SEM:

Official Market:
- Rogers and Company Limited

**Alex Alexander -** Non-Executive Director – Appointed Director on 10 June 2015

Alex Alexander, born in 1978, is a result-oriented professional specialized in strategy, finance and operational execution within the healthcare market segment across Sub-Saharan Africa, Mauritius and India. He has over thirteen years of rich and varied experience across the streams of Corporate Finance, Accounting, Business Development and Operations in the healthcare sector. A majority of this experience has been with Fortis Healthcare Limited where he led a variety of finance, marketing, business development and operational teams. Through Fortis' association with the CIEL Group, Alex Alexander was deputed as the General Manager at International Hospital Kampala (IHK). Following the successful turnaround of IHK in a short span of twenty months, he is now the Managing Director of CIEL Healthcare Africa, fully-owned subsidiary of CIEL Healthcare Limited (in association with Fortis). Alex Alexander holds a Bachelor's degree in Commerce from Delhi University and an MBA specializing in Finance from the University of Lincoln, UK.

Directorships in other companies listed on the SEM: • None

**Ashish Bhatia -** Executive Director – Appointed Director on 27 September 2011

Ashish Bhatia, born in 1962, currently holds the position of Chief Operating Officer, Region North & East with Fortis Healthcare Limited, India. He has been associated with Fortis Healthcare Limited since its inception and has held many key positions within the Fortis Group during the past fourteen years. From being appointed Director Administration of Fortis Hospital Mohali in 2002, with his zeal and dedication towards his responsibilities and astute knowledge of the region and its people, he was promoted to Chief Operating Officer of the said hospital within a short span of four years. Under his leadership, among other achievements, Fortis Hospital Mohali became the first hospital of the network to receive the prestigious international "Joint Commission International" ("JCI") accreditation. As from November 2007, Ashish Bhatia assumed responsibility as Chief Operating Officer of Fortis Escorts Heart Institute, India – one of the world's largest stand-alone cardiac institutions and has helped to create a valuable enterprise with his vision, innovative skills and commitment towards quality healthcare delivery. Ashish Bhatia held the position of Regional Director for three years and was responsible for the management of three Fortis hospitals in New Delhi, namely Fortis Escorts Heart Institute, Fortis La Femme and Fortis Hospital Vasant Kunj in addition to Fortis Hospital Mohali and Fortis Escorts Hospital Amritsar. His aspiration is to lead the large and dynamic teams of Fortis Hospitals to continuously provide world-class healthcare with patient centricity as its goal.

Directorships in other companies listed on the SEM: • None

**Jean-Pierre Dalais -** Non-Executive Director – Appointed Director on 25 May 2009

With an MBA from The International University of America, Jean-Pierre Dalais acquired working experience from Arthur Andersen (Mauritius and France) before joining the CIEL Group. He plays an active role in the management and development of the Group's operations both in Mauritius and internationally. Jean-Pierre Dalais also supervises closely the Hotels & Resorts, Financial Services and Healthcare clusters of the group. He was nominated Executive Director of CIEL on 14 February 2014.

Directorships in other companies listed on the SEM:

Official Market: • Alteo Limited • CIEL Limited • Phoenix Beverages Limited (Alternate Director) • Sun Limited
DEM: • CIEL Textile Limited

**Jérôme De Chasteauneuf -** Non-Executive Director – Appointed Director on 10 June 2015

Jérôme De Chasteauneuf, born in 1966, is a Chartered Accountant of England and Wales and holds a BSC honours in Economics from the London School of Economics and Political Science. He joined CIEL Group in 1993 as Corporate Finance Advisor and became Head of Finance of the CIEL Group in 2000. He has been closely involved with the corporate affairs of the CIEL Group together with the financial reengineering which accompanied its development over those years in office. Jérôme De Chasteauneuf was nominated Executive Director of CIEL on 14 February 2014.

Directorships in other companies listed on the SEM:

Official Market: • Alteo Limited • CIEL Limited • Harel Mallac & Co. Ltd • Sun Limited
DEM: • CIEL Textile Limited

**Rajiv Puri -** Non-Executive Director – Appointed Director on 4 June 2014

Rajiv Puri, born in 1970, is currently the Head of Risk & Audit function at Fortis Healthcare Limited, India. He is an Accounting Professional with over 22 years of experience in advising clients across industries on Governance, Risk Management, Audit and Control practices. Before joining Fortis Group, Rajiv Puri was working as Associate Director in Advisory Services with EY, India assisting clients across geographies in Risk Management and IA function.

Directorships in other companies listed on the SEM: • None

**Antoine Michel Thomas -** Independent Director – Appointed Director on 25 May 2009

Michel Thomas, born in 1959, holds a Master of Laws (UK) and is a Fellow of the Chartered Insurance Institute (UK) as well as an Associate member of the Chartered Institute of Arbitrators. He is also a Chartered Insurer (UK) and a member of the British Insurance Law Association. He was appointed Operations Executive in 2005 and is responsible for the Short-Term Operations of the Swan Group. Michel Thomas is presently the Chief Operations Officer (COO) as well as a board member of Swan General Limited.

His principal areas of specialisation are insurance and reinsurance contract law including policy drafting. He has extensive experience and skill in the handling of complex liability claims including medical negligence/malpractice claims. He has worked with international law firms and barristers on a variety of high value casualty and engineering claims as well as on reinsurance conflict of laws and coverage issues. He has also been specialising in arbitration law and alternative dispute resolution (ADR) procedures.

Directorships in other companies listed on the SEM:

Official Market: • Swan General Ltd

## The roles of the Non-Executive Chairperson and the Chief Operating Officer

The roles and duties of the non-executive chairperson and the chief executive officer are separated and clearly defined.

Mrs Christine Sauzier, the non-executive Chairperson, provides guidance and leadership to the Board and also ensures that the Board functions effectively, focussed and as a unit.

The Chairperson's role includes:

- encouraging debate and constructive criticism;
- setting agendas for board meetings in conjunction with the Chief Operating Officer and the Company Secretary;
- leading the Board's and individual director's performance assessments;
- facilitating the relationship between the Board and the Chief Operating Officer/management team; and
- ensuring that adequate time is allocated for discussion on strategic issues.

The Chief Operating Officer, Mrs Unnati Negi, reports to the Board and is responsible for the day-to-day business of the Company as well as the formulation and implementation of strategies once approved by the Board. She is assisted in this regard by members of the management team that heads the various divisions and departments within the Company.

The Chief Operating Officer's role includes:

- developing and recommending to the Board of Directors business plans and annual budgets that support the Company's long-term strategy;
- ensuring that business performance is consistent with business principles, as well as legal and ethical standards;
- ensuring that robust management succession and management development plans are in place and presented to the Board of Directors;
- developing an organizational structure and establishing processes and systems to ensure the efficient organization of resources; and
- ensuring that flow of information to the Board is accurate, timely and clear.

## Board Charter

In line with draft Code of Corporate Governance for Mauritius (2016), the Board of Directors is focusing on implementing a Board Charter.

This charter would set out the powers of the Board and would provide a clear division of the responsibilities and the accountability of the board members, both collectively and individually.

Once finalised, the charter would be reviewed by the members of the Corporate Governance, Nomination and Remuneration Committee prior to being submitted to the Board for approval and onward application.

## Induction of Directors and on-going updates

It is important that directors are kept up to date regarding their duties and with changes occurring in the Company. On appointment, new directors are briefed and have the required understanding of their fiduciary and statutory duties, the Company's structure, operations and policies to enable them to fulfil their duties and responsibilities as directors.

New directors are also provided with details of applicable rules and regulations, the Companies Act 2001, the Code and other obligations that they have to comply with.

The Company Secretary assists the Chairperson with the induction of directors.

In addition, all directors are entitled to seek independent professional advice at the expense of the Company as required in the furtherance of their duties and in relation to their functions (including Board Committee functions).

## Board Evaluation

In line with the Code, the Board is encouraged to perform a formal evaluation of its own performance and that of its committees and individual directors; the size and composition of the Board; relationship between the Board and management and produce a development plan on an annual basis.

No such board evaluation was conducted for the financial period under review. The Directors feel that the composition of the Board is stable and efficient in managing and monitoring the affairs of the Company.

## Board Meetings

Board Meetings provide a forum for challenging and constructive debates and Directors are expected to attend each Board Meeting and each meeting of the Committees of which they are members, unless there are exceptional circumstances that prevent them from doing so.

The Board has full and effective control of the Company and all material resolutions have to be approved by the Board. The Board usually meets at least four times per financial year and on ad hoc basis and, if required, measures exist to accommodate any resolutions that may have to be approved between meetings by way of written resolutions, signed by all the Directors in accordance with Clause 7 of the Eighth Schedule of the Companies Act 2001.

Detailed agenda together with relevant board papers are prepared and circulated for each meeting of the Board to the Directors. These include sufficient information from the management team on financial, business and corporate issues to enable the Directors to be properly briefed on issues to be considered at the Board Meetings.

## Board Committees

The Board has delegated certain matters to specific committees namely Audit and Risk Committee and Corporate Governance, Nomination and Remuneration Committee.

Each Committee reports its decisions and recommendations to the Board and seeks the Board's prior approval on specific reserved matters.

The Board Committees operate within clearly defined Terms of Reference which were recently reviewed, amended where relevant and thereafter approved by the Board of Directors, pursuant to the provisions of the Code.

The following is a summary of the Terms of Reference of each Board Committee:

### Audit and Risk Committee

**Main responsibilities:**

- Reviewing the Company's interim and audited financial statements and any formal announcements relating to the Company's financial performance, before submission to the Board for approval;
- Recommending dividend declarations;
- Reviewing the effectiveness of the Company's internal control and risk management systems;
- Monitoring and reviewing the effectiveness of the Company's internal audit function; approving the appointment or termination of the internal auditor;
- Approving the remuneration and terms of engagement of the external auditors; and
- Maintaining lines of communication between the Board and the internal/external auditors.

**Members and Chairperson:**

- The Chairperson of the Committee should be an independent non-executive director.
- The Committee should be entirely composed of non-executive directors.
- The Chairperson of the Board should not be a member of the committee.

**Regular Attendees by Invitation:**

- Chief Operating Officer
- Head of Finance
- Head of other departments when deemed necessary
- External auditor of the Company
- Internal auditor of the Company

**Quorum:**

- Two members of the Committee

**Number of meetings per year:**

- Four meetings a year and additionally as required.

## Corporate Governance, Nomination and Remuneration Committee

**Main responsibilities:**

- Determine, agree and develop the Company's and Group's general policies and strategies on corporate governance in accordance with the recommendations of the Code;
- Ensure that disclosures on corporate governance, whether in the annual report or on an on-going basis, are made in accordance with the principles of the Code;
- Review the Board structure, size and composition and make recommendations to the Board with regards to any adjustments that are deemed necessary;
- Ensure that the right balance of skills, expertise and independence is maintained;
- Determine specific remuneration packages for the medical and non-medical staff of the Company, including but not limited to basic salary, benefits in kind, any annual bonuses, performance-based incentives, share incentive pensions and other benefits; and
- Determine any criteria necessary to measure the performance of the medical and non-medical staff in discharging their functions and responsibilities.

**Members and Chairperson:**

- The Chairperson of the Committee should be an independent non-executive director.
- The Committee should be composed of a majority of non-executive directors and where possible independent directors whilst ensuring a gender mix.
- The non-independent Chairperson of the Board can be a member of the committee, but not the Chairperson.

**Regular Attendees by Invitation:**

- Chief Operating Officer
- Head of other departments when deemed necessary

**Quorum:**

- Two members of the Committee

**Number of meetings per year:**

- At least twice a year or at any other time

Each Committee confirmed that it had discharged its responsibilities for the year under review in compliance with its terms of reference.

## Chairperson of the Board Committees

### Audit and Risk Committee

Although the role of the Chairperson of the Audit and Risk Committee is assumed by a non-executive Director, Mr Jérôme De Chasteauneuf, with his financial expertise, aims at bringing an independent mind-set to the discussions and decisions taken up at the level of the Audit and Risk Committee.

### Corporate Governance, Nomination and Remuneration Committee

In line with the Code, the aspiration is that the Chairperson of the Corporate Governance, Nomination and Remuneration Committee should be an independent non-executive director.

Following the implementation of the Clinical Governance Committee, an in-house committee chaired by Dr. Guy Adam, the Board of Directors, after due consideration, handed over the post of Chairperson of the Corporate Governance, Nomination and Remuneration Committee of the Company to Mr Ashish Bhatia to ensure a proper segregation of powers and responsibilities.

Despite being an executive director, Mr Ashish Bhatia performs his duties in a clearly defined and transparent manner in the best interest of the stakeholders of the Company.

Both Chairpersons fulfil their roles within the ambit of the respective terms of reference of the Board Committees and remain accountable to the Board for any acts, recommendations and decisions.

## Work during the year 2015/2016

The table below provides the number of meetings held during the year under review and the key items considered by the Directors at these meetings.

| | No. of meetings held | Key Items on the agenda |
|---|---|---|
| Board | Five (5) | **Board**<br>• Approval of the audited accounts of the Company and its Subsidiary for the year ended 31 March 2015 and the abridged version<br>• Approval of the interim accounts for the financial year ended 30 June 2016 and the respective abridged versions<br>• Change in financial year end from 31 March to 30 June<br>• Reports from the Chairperson of the respective Board Committees<br>• Review of Board/Board Committees composition and the Terms of Reference of the Board Committees<br>• Budget for the fifteen months period ended 30 June 2016<br>• Potential expansion plans of Fortis Clinique Darné<br>• Budget/Proposed capex for the twelve months ending 30 June 2017<br>• Declaration of final dividend for the fifteen months period ended 30 June 2016 |
| Audit and Risk Committee | Six (6) | • Audited accounts of the Company for the financial year ended 31 March 2015 and interim accounts for the financial year ended 30 June 2016; and the respective abridged versions<br>• Internal audit plan for the financial year ended 30 June 2016<br>• Internal audit reports – IT review, Follow up review, Health & Safety<br>• Progress on open points from the internal audit reports<br>• Report on Enterprise Risk Management Framework<br>• Recommendation of interim/final dividend figures for the financial year ended 30 June 2016 to the Board |
| Corporate Governance, Nomination and Remuneration Committee | Two (2) | • Corporate Governance Report for the financial year ended 31 March 2015<br>• Annual increments for FCD employees for the calendar year 2016 |

## Attendance of meetings for the fifteen months period ended 30 June 2016

### Attendance of Board Meetings

| Board Member | Jun 2015 | Sep 2015 | Oct 2015 | Feb 2016 | Jun 2016 |
|---|---|---|---|---|---|
| Christine Sauzier, Chairperson | √ | √ | √ | √ | √ |
| Alex Alexander | √ | √ | √ | √ | √ |
| Guy Adam | √ | √ | √ | √ | √ |
| Ashish Bhatia | √ | √ | √ | √ | √ |
| Jean-Pierre Dalais | √ | √ | √ | X | √ |
| Jérôme De Chasteauneuf | √ | √ | √ | √ | √ |
| Rajiv Puri | √ | √ | √ | √ | √ |
| Michel Thomas | √ | √ | √ | √ | √ |

### Attendance of Audit and Risk Committee meetings

| Committee Member | Jun 2015 | Aug 2015 | Sep 2015 | Nov 2015 | Feb 2016 | May 2016 |
|---|---|---|---|---|---|---|
| Jérôme De Chasteauneuf, Chairperson | √ | √ | √ | √ | √ | √ |
| Rajiv Puri | √ | √ | √ | √ | √ | √ |
| Michel Thomas | √ | √ | √ | √ | √ | √ |

### Attendance of the Corporate Governance, Nomination and Remuneration Committee meetings

| Committee Member | Jun 2015 | Jan 2016 |
|---|---|---|
| Ashish Bhatia, Chairperson | √ | √ |
| Guy Adam | √ | √ |
| Christine Sauzier | √ | √ |

### Dealing in Securities

In line with the DEM rules, the Company's procedure on dealings in MSCL shares prohibits directors and senior management of the Company from trading during price-sensitive or closed periods which are communicated by the Company Secretary. Furthermore, directors and senior management are not allowed to trade in the Company's shares, unless prior approval of the Chairperson has been obtained.

As at 30 June 2016, none of the Directors of MSCL held any shares in the Company whether directly and indirectly.

### Company Secretary

CIEL Corporate Services Ltd, Company Secretary is responsible for providing guidance to the Board collectively and to the Directors individually with regard to their duties, responsibilities and powers; making them aware of the legislation and regulations relevant to the Company; and ensuring the proper administration of the proceedings and matters relating to the Board, the Company and the shareholders of the Company in accordance with applicable legislation and procedures.

The Board has unlimited access to the Company Secretary, who advises the Board and the Board Committees on relevant matters, including compliance with the Company's policies and procedures, the DEM rules and other relevant legislation and statutory regulations.

## Company Secretary (Continued)

The Company Secretary attends all Board Meetings, Committee meetings and Shareholder meetings and work on the minutes accordingly. The Company Secretary also assists the Board in implementing and strengthening good governance practices and processes to maximize shareholder value.

The Company Secretary is also the primary channel of communication between the Company and the regulatory bodies.

## Management Team

The Board delegates the responsibility for the day-to-day management of the Company to the Chief Operating Officer who is assisted by senior executives who report to her.

The management team is the principal decision-making platform on all day-to-day business of the Company and operates under clear guidelines and delegated authorities approved by the Board. The team is responsible for making recommendations to the Board and Board Committees on strategic and operating matters and making recommendations on matters reserved for the Board. The main responsibilities of the management team are as follows:

- To review and monitor day-to-day operations and business affairs of the Company;
- To conduct business development; and
- To formulate strategic objectives and action plans covering corporate and financial structure, strategic investment/expansion plans, major investments and disinvestments, operational efficiency, marketing and branding, human resources and risk mitigation.

The table below sets out the composition of the management team reporting directly to the Chief Operating Officer.

**Management team**

| | |
|---|---|
| Chief Operating Officer | **Unnati Negi** |
| Head of Medical Services | **Ashish Sharma** |
| Head of Finance | **Dhiraj Buruth** |
| Head of Marketing | **Vikram Dookayka** |
| HR Manager | **Andy Hau** |
| Head of Patient Care Services | **Yajna Seewooruthun - Dabee** |
| Head of Support Services | **Arun Sethi** |

## Profiles of the Management Team

### Unnati Negi – Chief Operating Officer

Unnati Negi is a healthcare professional with over 20 years of work experience; she has held significant positions in Healthcare Industry in India as well as internationally. In her career, she has handled business development, marketing and project management for National and International organisations, including British High Commission, National Health Services (UK) and General Dental Council (UK). She has represented the NHS as ‹Country Head - India› based out of British Foreign and Commonwealth Office before going to work in regulatory team at London for General Dental Council. Prior to joining Fortis Clinique Darné, she was working at Fortis Memorial Research Institute (FMRI), Gurgaon, India, as Head - Operations (FMRI Allied Hospitals) and was leading on three Hospitals - Fortis- CDOC, Fortis Aashlok Hospital, New Delhi and Kalyani Hospital, Gurgaon. She has been associated with the healthcare industry since year 2003 and has played pivotal roles in starting up Medanta Medicity – multispeciality hospital and Max Cancer Centre across 5 locations. She attended executive education programs at Harvard Business School on Healthcare Management and Indian Institute of Management (IIM, Joka) on Brand Management. She has also attended several trainings on Advance Management, Effective Selling, Marketing and Communication from several reputed International Institutions.

### Ashish Sharma – Head of Medical Services

Dr. Ashish Sharma joined MSCL as Deputy Medical Superintendent in July 2011. He completed his Diploma in Healthcare Management from Symbiosis, Pune and also holds an M.D from the Higher Medical Institute, Pleven, Bulgaria. Dr. Sharma brings with him 12 years of experience whereby he has worked as a Medical Officer providing inpatient care in Hematology, Oncology, Cardiology as well as Renal department. He was also Ward in Charge at Fortis Hospital, Mohali and House Surgeon at the Government Multispecialty Hospital, Chandigarh, India. Dr. Sharma also held the position of Assistant Manager- Materials at Fortis Hospital, Mohali and has a rich experience in Clinical Patient Care, material management and profit margin achievement with Fortis Healthcare Limited.

### Dhiraj Buruth – Head of Finance

Dhiraj Buruth joined Fortis Clinique Darné (FCD) in April 2016 as Head of Finance. Dhiraj is a Chartered Certified Accountant with over 12 years of post-qualification experience in the field of Accounting and Finance. Dhiraj started his career with Kemp Chatteris Deloitte & Touche as auditor. Prior to joining Fortis Clinique Darné, he occupied the post of Deputy Chief Financial Officer at the British American Hospitals Enterprise Ltd (Apollo Bramwell Hospital) and brings with him 5 years of experience at management level in the field of private healthcare industry. During his tenure, he had been involved in several key assignments including hospital information system reporting and business services review that had led to improvement in the performance of the hospital. He has also worked as Chief Financial Officer - Tourism & Leisure Division at Hot Springs Investment Holdings Ltd where the company had investments in various sectors in the tourism field. Dhiraj is performance driven and passionate about achieving results for the strategic objectives of the company.

**Vikram Dookayka –** Head of Marketing

Vikram Dookayka joined MSCL in 2011 as Head of International Sales and in 2012 he was appointed as Head of Sales and Marketing; as Head Marketing and Patient Care Services in 2014 and as Head Marketing in 2016 where his remit is to help Fortis Clinique Darné in delivering excellent services to exceed customer expectations at all times. The early years of his career were focused on the application of technology to the Medical sector. Being highly trained by Global firms such as ABBOTT Laboratories helped him in implementing cutting edge technology in both public and private hospitals. He successfully managed the Mauritian arm of a South African Medical company from 2004 to 2009. His business and management acumen was recognized when he was appointed as the Business Development Manager by Apollo Bramwell Hospital in 2009. Within two years in this role, Vikram Dookayka developed the facility start up to a fully operational private hospital.

**Andy Hau –** Human Resources Manager

Andy Hau joined Fortis Clinique Darné (FCD) in September 2015 as Human Resources Manager. Andy holds a BSc with Honours in Human Resource Management from the University of Technology, Mauritius and graduated with an MBA from the University of Pisa, Italy. Andy Hau is passionate at running centralized and strategic initiatives in the area of Training and Development to educating, aligning, and engaging people for the achievement of the organisational objectives. With nearly 11 years of working experience in the field of Human Resources, mainly in the hospitality and commercial sector in major economic key players in Mauritius, Andy has for main objective the strengthening of HR processes and systems related to people management at FCD. In this respect, he has identified Talent Management as being the perennial top priority of the clinic.

In 2013, Andy was awarded the HR Excellence Award for his commitment to HR by the Human Resource Development Council and he is currently a member of the National Labour Advisory Council under the aegis of the Ministry of Employment and Industrial Relations.

**Yajna Seewooruthun-Dabee –** Head of Patient Care Services

Yajna Seewooruthun joined MSCL as Marketing Executive in June 2010. She completed her BA in Applied Communications with Management from the University of Newcastle Upon Tyne and holds an MSc in Marketing from the University of Leeds. Yajna worked in the marketing department of The Authentic Food Company, a food manufacturer based in Manchester for 3 years before joining the marketing department at MSCL. She was closely involved in internal branding at The Authentic Food Company and worked on various projects involving the development of new products. At MSCL she worked with the marketing team to help build the Fortis brand in Mauritius and was responsible amongst other projects, for the revamping of the new website and also developed 'The Nest' brand for The Mother and Child department of FCD. After completing 3 years in the department, she then moved on as Administrator to help set up the Outpatient Facility in the north and came back to join the team in Floréal as Head of Patient Care Services where she is closely working on processes for a better patient experience, looking at the direct impact that changes in processes have on service.

**Arun Sethi –** Head of Support Services

Arun Sethi is a mechanical engineer by profession with 31 years of rich experience in Projects & maintenance in healthcare and petrochemical industries. Before joining Fortis Clinique Darné, he worked at M/S Fortis; its flagship facility known as FMRI at Gurgaon (India) since August 2012 as Chief Engineer. Arun Sethi was managing the complete engineering services of the facility and worked in accordance with the Standard Operating Procedures of the hospital in order to maintain patient and staff satisfaction. He was also in charge of engineering services of three other Fortis hospitals, C-DOC, La Femme and Ashlok. Before joining M/S Fortis, he worked with M/S Voltas ltd, a TATA group company for almost five years where he was Project Head (MEP) for two big projects namely Formula-1 car racing track and HVAC work in three stadiums for common wealth games.

## Agreements

The Company holds the following agreements with:

- CIEL Corporate Services Ltd for the provision of secretarial, legal and communication services;
- MCB Registry & Securities Ltd for the administration of the Company's Share Registry and Transfer department;
- Fortis Healthcare International Limited for the management of the day-to-day operational activities of the Company; and
- Azur Financial Services Limited for its treasury management services.

There is also a shareholders agreement in place between Fortis Healthcare International Limited and CIEL Healthcare Limited.

Other than those in the ordinary course of business, no major agreements were concluded by the Company during the year under review.

Save for the above, the Company is not aware of any agreement which affects the governance of the Company by the Board.

## Internal Audit

The Company's internal audit function is performed by Messrs BDO & Co who plays an important part in the assessment of effectiveness of the Company's internal control system and the risks facing the Company.

The scope of the work of the internal auditors encompasses the following:

- Identification of risk areas and evaluation of the level of risk of each risk area;
- Review of internal control processes and making appropriate recommendations thereon to the Audit and Risk Committee and to the management team; and
- Monitoring the implementation of these recommendations for onward reporting to the Audit & Risk Committee.

The internal auditors have unrestricted access to the Company's records and information, as well as to employees and the management team to enable them to deliver effectively.

Internal audit reports are tabled at the Audit and Risk Committee meetings in line with the agreed audit plan. Other than the follow-up exercises conducted by the internal auditors to assess the extent to which management have implemented the audit recommendations highlighted in the previous audit reports, the members of the Audit and Risk Committee ensure an on-going follow up with the management team until all open/outstanding audit issues are closed; and also to ensure that those areas already audited and for which remedial actions had been duly implemented, remained safe from any potential risks.

The internal auditors submitted the following reports to the members of the Audit and Risk Committee for consideration during the year under review:

- Follow up on the below reports
  - Procurement cycle review
  - Legal and compliance review
  - Billing and collection review
  - Medical inventory management review
  - HR and payroll review
- IT review
- Health and Safety review
- Human Resource Management review

## Internal Control and Risk Management

The Board is ultimately accountable for the Company's risk management process and system of internal control. In terms of a mandate by the Board, the Audit and Risk Committee monitors the risk management process and systems of internal control of the Company. The Board oversees the activities of the Audit and Risk Committee, the Company's internal and external auditors and the Company's risk management function as delegated to the Company's Audit and Risk Committee.

The Company's risk management and internal control systems are designed to meet the Company's needs and manage the risks to which it is exposed, including the risk of failure to achieve business objectives. It should however be noted that such risks cannot be completely eliminated and that systems can only provide reasonable, but not absolute outcomes. The systems can never completely protect against such factors as unforeseeable events, fraud and errors in judgement even after due consideration.

## Internal Control and Risk Management (Continued)

The Board confirms that there is a framework of on-going processes in place for identifying, evaluating and managing significant risks faced by the Company. These processes are regularly reviewed by the Board and the Audit and Risk Committee as appropriate.

In its endeavour to monitor and mitigate the risks to which the Company is exposed, with the support of the Board, management has implemented:

- A risk assessment system developed by the team of Ernst & Young and tailor-made as per the operations of the Company whereby a risk assessment tool was provided to the management team to help in identifying/monitoring the risks; and
- Clinical Governance Committee to look into the ethics of the operations of the Company, for onward reporting to the Board on any anomalies identified and the corrective actions taken/to be taken.

Some of those prominent risks faced by the Company are:

- Financial: The Company, in its daily operations, is exposed to a wide range of financial risks, market risks including currency risks and price risks, credit risks and liquidity risks as detailed in Note 25 of the Financial Statements.
- Operational: Operational risks are referred to risks of loss and/or opportunity foregone resulting from inadequate or failed internal processes, people and systems or from external events.
- Compliance: Compliance and non-conformance risks are risks to which the Company is exposed for not complying with laws, regulations and policies.
- Reputational: Reputational risks refer to risks of losses due to unintentional or negligent failure to meet a professional obligation towards stakeholders.

## External Audit

Messrs Ernst and Young were re-appointed as the statutory auditors of the Company in accordance with Section 200 of the Companies Act 2001 at the last AMS held on 29 September 2015 for the year under review.

The statutory auditors, whose report is included in the audited financial statements, is responsible for providing an independent opinion on the financial statements. The external audit function offers reasonable, but not absolute, assurance on the fair presentation of the financial disclosures.

The statutory auditors were present at each and every Audit and Risk committee meeting where the interim/audited accounts of the Company were tabled.

Fees paid to the external auditors for both audit and non-audit services performed during the year are set out on Page 38 of this Annual Report. The provision of these non-audit services was not in conflict with the role of the external auditors or their independence.

## Statement of Remuneration Philosophy

MSCL's remuneration policy aims to ensure that the Company remunerates its personnel that supports the achievement of the vision, mission and strategic objectives of the Company, while attracting and retaining scarce skills and rewarding high levels of performance. This is accomplished by means of establishing remuneration practices that are fair, reasonable and market-related while at the same time maintaining an appropriate balance between employee and shareholder interest.

The Board has delegated to the Corporate Governance, Nomination and Remuneration Committee the responsibility of reviewing the remuneration packages for the medical and non-medical staff of the Company, the Senior Executives and the Directors. Through the Management Agreement with Fortis Healthcare International Limited, the remuneration packages of the top personnel, namely the Chief Operating Officer, are determined and reviewed at the level of the Fortis Group.

In line with Fortis model, the Company has implemented a distinct performance indicator to determine the salary review of its medical/non-medical employees as per their respective job responsibilities and defined Key Results Areas.

No particular criteria have been used to determine the remuneration of the Executive Director as he is not approaching retirement.

## Directors' Disclosure on Conflict of Interest

The Board members of the Company and its subsidiary are required to disclose their shareholding whether directly or indirectly in the Company upon appointment and on an annual basis; other directorships; and any potential conflict of interests which are monitored by the Company Secretary.

Where a potential conflict of interests exists, directors are expected to excuse themselves from relevant discussions and decisions.

## Related Party Transactions

Transactions with related parties are disclosed in details in note 23 of the Financial Statements.

## Retirement Benefit Obligation

The details of the amount of provisions booked or otherwise recognised by the Company for the payment of pensions are provided under note 13 of the Financial Statements.

## Code of Business Conduct and Ethics

The Board is responsible to ensure that management embeds a culture of ethical conduct and sets the values which Fortis Clinique Darné abides by. As such, the Company's code of conduct (the "code") commits employees to the highest standards of integrity, ethics and business conduct. The code is available at *www.fortiscliniquedarne.com*.

Allegiance to the code of conduct is the starting point from which the employees draw guidance for behaviour within the Company. The code sets out policies and procedures to be followed in all aspects of the Company's professional, clinical and business dealings and establishes a set of standards. It guides employees in their behaviour towards supporting medical professionals, patients, customers, suppliers, shareholders, co-workers and the society in which the Company operates. The code of conduct also extends to safety, health, security, conflicts of interest, environmental issues and human rights.

New staff members are familiarised with the guiding principles contained within the code, as part of their induction.

Employees are encouraged to report any concerns regarding serious misbehaviour including theft, fraud, breach of policies, dishonesty, harassment, bullying, unlawful discrimination, unethical or negligent behaviour, workplace safety hazards and medical negligence to the Clinical Governance Committee which has been set up to look into those anomalies.

## Environment, Health and Safety

MSCL ensures the highest health and safety standards for all its patients, employees, visitors and any authorised parties on its premises and those of its subcontractors in all geographical areas of operations, and faces all challenges by applying its core values – Patient Centricity, Integrity, Teamwork, Ownership and Innovation; which stress how being safe and healthy equates to being more efficient in terms of business performance.

The management team with the support of the Board aims at creating a strong safety culture throughout the Company by turning its leaders into safety leaders. Much emphasis is on training its employees to ensure compliance with the relevant regulations; streamlining the principles of communication and promoting interaction; and enhancing health and safety prevention and protection.

MSCL is also aware that some of its activities have the potential to affect the environment and the public at large. For this reason, the Company strives to continuously improve its environmental performance and minimise the impact of its operations.

To this end, MSCL adopts an HSE (Health, Safety and Environment) management system which has been developed in compliance with the local rules and regulations as well as with the best international safety standards and tailor-made as per the Company's day-to-day operations.

## Sustainability

MSCL is committed to managing its business in a sustainable way. This means considering not only the Company's financial performance and risk profile, but also its social, environmental and economic impact.

The overseeing of sustainable development of the Company is taken up at the level of the holding company, CIEL Limited which has established a distinct Corporate Sustainability Committee to ensure compliance with the relevant sustainability policies and practices.

CIEL Corporate Services Ltd
Company Secretary

22 September 2016

## Other Statutory Disclosures

*(Pursuant to Section 221 of the Companies Act 2001)*

### Nature of Business

The Medical and Surgical Centre Limited is a public company incorporated and domiciled in Mauritius. The registered office of the Company is Georges Guibert Street, Floréal. The Company is engaged in the provision of the best healthcare services across Mauritius. It combines sophisticated state-of-the art technology with personalized, patient-centered care to create a healing environment where patients feel safe, secure and supported.

### Directors' Emoluments

For the year under review, the actual remuneration and benefits received by the Directors were as follows:-

**Independent Directors**

- Fixed fee per year: Rs. 200,000; and
- Board Committees: Rs. 25,000 per attendance

**Executive/ Non-Executive Directors**

- Fortis Directors: Rs. 25,000 per board meeting; and
  *Fortis Directors: Ashish Bhatia and Rajiv Puri*
- CIEL Healthcare Limited Directors: Rs. 50,000 per board meeting
  Fees paid/payable to CIEL Healthcare Limited
  *CIEL Healthcare Limited Directors: Christine Sauzier, Alex Alexander, Jean-Pierre Dalais and Jérôme De Chasteauneuf*

None of the Independent, Executive and Non-Executive Directors who served as directors of the subsidiary company received any emolument from MSCL or its subsidiary for the fifteen months ended 30 June 2016.

### Directorship of Subsidiary Company

Le Café du Volcan Ltée is wholly owned by the Company. It is responsible for the catering needs of the visitors and the staff of the Company.

Mr Jean-Pierre Dalais and Mrs Unnati Negi are the Directors of Le Café du Volcan Ltée.

### Directors' Service Contracts

There was no service contract between the Company and its subsidiary and any of its Directors during the year under review.

### Contract of Significance

There was no contract of significance subsisting during the year to which MSCL or its subsidiary was a party and in which a Director of MSCL was materially interested, either directly or indirectly.

### Employee Share Option Scheme

The Company has no specific employee share option plan.

### Directors' Indemnity and Insurance

A directors' and officers' liability insurance policy has been subscribed by the holding company, CIEL Limited which also covers all its subsidiary companies including MSCL.

The total annual cover amounted for Rs. 300M.

## Donations

As a healthcare service provider, MSCL takes its social and moral responsibility at heart.

During the year under review, MSCL contributed Rs. 917,273 to Fondation CIEL Nouveau Regard, the Corporate Social Responsibility vehicle of the CIEL Group. The aim of Fondation CIEL Nouveau Regard is to promote universal values such as tolerance, non-discrimination and equal opportunity across the Mauritian community. It has over the years supported and partnered with several NGOs in community development, social housing, education, environmental, sports and health initiatives.

## External Audit Fees

External audit fees payable during the year were as follows:

| | Company (Rs.) | | Subsidiary (Rs.) | |
|---|---|---|---|---|
| | **2015/2016*** | **2014/2015** | **2015/2016*** | **2014/2015** |
| *Audit fees to:* | | | | |
| Ernst & Young | 900,000 | 900,000 | 25,000 | 25,000 |
| *Fees paid for other services provided by:* | | | | |
| Ernst & Young | **417,500** | 347,500 | **11,000** | 11,000 |

*Note: Fees are exclusive of VAT*

** 2015/2016 represents for the fifteen months ended 30 June 2016*

The non-audit services refer to review of tax computation and quarterly reviews.

## Internal Audit Fees

Audit fees payable by the Company in respect of the internal audit for the year under review were as per table below:

| | Company (Rs.) | | Subsidiary (Rs.) | |
|---|---|---|---|---|
| | **2015/2016*** | **2014/2015** | **2015/2016*** | **2014/2015** |
| *Internal Audit fees to:* | | | | |
| BDO & Co | 750,000 | 709,500 | - | - |
| *Fees paid for other services provided by:* | | | | |
| BDO & Co (Independent Advisory fees) | **1,967,000** | 800,000 | - | - |

*Note: Fees are exclusive of VAT*

** 2015/2016 represents for the fifteen months ended 30 June 2016*

## Appreciation

The Board expresses its appreciation and thanks to all those involved for their contribution during the year.

ON BEHALF OF THE BOARD

Chairperson

Director

22 September 2016

Directors acknowledge their responsibilities for:

(i) adequate accounting records and maintenance of effective internal control systems;

(ii) the preparation of financial statements which fairly present the state of affairs of the Company as at the end of the financial year and the cash flows for that period and which comply with International Financial Reporting Standard (IFRS) and Companies Act 2001;

(iii) the use of appropriate accounting policies supported by reasonable and prudent judgements and estimates.

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

The Directors report that:

(i) adequate accounting records and an effective system of internal controls and risk management have been maintained;

(ii) appropriate accounting policies supported by reasonable and prudent judgements and estimates have been used consistently;

(iii) International Financial Reporting Standards have been adhered to. Any departure has been disclosed, explained and quantified.

(iv) the Code of Corporate Governance has been adhered to in all material aspects and reasons provided for non-compliance.

ON BEHALF OF THE BOARD

Chairperson

Director

22 September 2016

Fortis CLINIQUE DARNÉ
For a Healthier Future

In our capacity as Company Secretary of The Medical and Surgical Centre Limited ("the Company''), we hereby confirm that, to the best of our knowledge and belief, the Company has lodged with the Registrar of Companies as at 30 June 2016, all such returns as are required for a company in terms of the Companies Act 2001, and that such returns are true, correct and up to date.

CIEL Corporate Services Ltd
Company Secretary

Registered Office:
5th Floor, Ebène Skies
Rue de l'Institut
Ebène
Mauritius

22 September 2016

## Statement of Compliance

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

Name: THE MEDICAL AND SURGICAL CENTRE LIMITED ("the PIE")

Reporting Period: Fifteen months period ended 30 June 2016

On behalf of the Board of Directors of The Medical and Surgical Centre Limited, we confirm, to the best of our knowledge that the PIE has complied with all its obligations and requirements under the Code of Corporate Governance ("the Code") except with respect to section 2.2.3, 2.10.3, 3.9.1, 3.9.2, 3.9.4 and 3.9.5.

The reasons for non-compliance with these sections are:

### 1. Section 2.2.3 – Composition of the Board

The recommendation of the Code is to have at least two executive directors.

The Board of Directors is of view that the recommendation of the Code is met through the attendance and participation of the Chief Operating Officer and of other Senior Executives during Board deliberations.

### 2. Section 2.10.3 – Board and Director Appraisal

Pursuant to the Code, Directors should be assessed both individually, and collectively as a board.

The Directors feel that the composition of the Board is stable and efficient in monitoring the affairs of the Company.

### 3. Section 3.9.1 – Composition of the Audit Committee

The Code recommends that the chairman of the Audit Committee should be an independent non-executive director.

The Chairperson of the Audit and Risk Committee of the PIE is a non-executive director but yet he brings an independent opinion to any discussions and decisions taken up at the level of the said committee.

### 4. Section 3.9.2, 3.9.4 & 3.9.5 – Composition of the Corporate Governance, Nomination and Remuneration Committee

The aspiration of the Code is that the Chairperson should be an independent non-executive director.

The Chairperson of the Corporate Governance, Nomination and Remuneration Committee is an executive director but he performs his duties in a clearly defined and transparent manner in the best interest of the stakeholders of the Company.

Chairperson

Director

22 September 2016

# This is a
# **Violence free Abuse free**
# facility

*Please show kindness and respect in your words and actions towards each other*

## NOTICE

THE ATTENTION OF THE PUBLIC IS DRAWN TO THE EMPLOYMENT RIGHTS ACT 2008 Act No. 33 of 2008

PART XI – VIOLENCE AT WORK 54. Violence at work (1) No person shall – (a) harass, sexually or otherwise; (b) assault; (c) verbally abuse, swear at or insult; (d) express the intention to cause harm to; (e) bully or use threatening behaviour towards; (f) use aggressive gesture indicating intimidation, contempt or disdain towards; (g) by words or act, hinder, a worker, in the course of or as a result of his work.

Amended by Act No. 6 of 2013 (2) Any person who contravenes subsection (1) shall commit an offence and shall, on conviction, be liable to a fine not exceeding 75,000 rupees and to imprisonment for a term not exceeding 2 years.

Fortis CLINIQUE DARNÉ

# Independent Auditor's Report

2016

## Report on the Financial Statements

We have audited the financial statements of The Medical and Surgical Centre Limited (the "Company") and its subsidiary (the "Group") on pages 48 to 91 which comprise the statements of financial position as at 30 June 2016 and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the period then ended and a summary of significant accounting policies and other explanatory notes.

### *Directors' Responsibility for the Financial Statements*

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Companies Act 2001 and Financial Reporting Act 2004 for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

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

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

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

### *Opinion*

In our opinion, the financial statements on pages 48 to 91 give a true and fair view of the financial position of the Group and the Company as at 30 June 2016 and of their financial performance and their cash flows for the period then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001 and Financial Reporting Act 2004.

### *Other matter*

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

## Report on Other Legal and Regulatory Requirements

### *Companies Act 2001*

We have no relationship with or interests in the Group and the Company other than in our capacities 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.

## Report on the Financial Statements (Continued)

*Financial Reporting Act 2004*

The directors are responsible for preparing the Corporate Governance Report and making disclosures required by Section 8.4 of the Code of Corporate Governance of Mauritius (the "Code"). Our responsibility is to report on these disclosures. In our opinion, the disclosures in the Corporate Governance Report are consistent with the requirements of the Code.

ERNST & YOUNG
Ebène, Mauritius

LI KUNE LAN POOKIM, A.C.A, F.C.C.A
Licensed by FRC

22 September 2016


## Every second counts
## Closer to your health needs

## Emergency and Ambulance Services (24/7) at Fortis Clinique Darné North

In any emergency, care is given at the centre in the north by our medical team and supported by our Department of Radiology and Medical Laboratory. The Centre is also manned by specialists on call in various specialties for emergency treatment while our Advanced Cardiac Life Support (ACLS) ambulance remains available to transfer any patient requiring operative care at the full-fledged facility in Floréal.

Our team of experienced doctors and paramedical staff ensure that prompt medical care starts even before the patient reaches the clinique, improving the chances of survival. Our team touches the lives of over 400 patients in the Emergency Department per month at the north with various complaints including injuries from road traffic accidents, chest pain, respiratory distress, injuries at work, sprains and fractures, abdominal pain, seizures, cardiac emergencies and eye injuries amongst others.

Strategically located at Grand Bay La Croisette, the Centre offers a wide range of services in primary healthcare. The Emergency Department backed by our ambulance, operational 24/7 is fully geared with two observation beds and one procedure room to deal with medical emergencies accompanied by round-the-clock medical cover.

Woven into the fabric of Fortis Clinique Darné is the ethos of service with a focus on the well-being of patients backed by a team who continues to strive for a healthier future for everyone.

***Senior consultants include:***

- Cardiologist
- Dermatologist
- ENT Surgeon
- Gastroenterologist
- General Surgeon
- Gynaecologist
- Internal Medicine
- Orthopaedic Surgeon
- Paediatrician
- Psychiatrist
- Rheumatologist

***Services offered:***

- 24/7 Emergency Department backed by an Advanced Cardiac Life Support Ambulance (ACLS)
- Outpatient Services (Doctor Consultations)
- Radiology (XRay, Ultrasound)
- Laboratory Services
- Non-interventional Cardiology (Stress Test & Echography)
- Preventive health check-ups
- Endoscopy
- Doctor Home Visits
- Dietetics and Nutrition
- Physiotherapy Department

**In case of accidents, trauma or life-threatening emergencies, dial 118 for our Emergency Service, available 24/7**

# Financial Statements

2016

## STATEMENTS OF FINANCIAL POSITION as at 30 June 2016

| | Notes | THE GROUP 30 June 2016 Rs. | THE GROUP 31 March 2015 Rs. | THE COMPANY 30 June 2016 Rs. | THE COMPANY 31 March 2015 Rs. |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Non-current assets** | | | | | |
| Property, plant and equipment | 4 | **522,265,755** | 532,231,044 | **522,200,949** | 532,152,686 |
| Intangible assets | 5 | **7,801,197** | 7,507,975 | **7,801,197** | 7,507,975 |
| Investment in subsidiary | 6 | **-** | - | **25,000** | 25,000 |
| | | **530,066,952** | 539,739,019 | **530,027,146** | 539,685,661 |
| **Current assets** | | | | | |
| Inventories | 7 | **36,260,081** | 33,711,541 | **36,020,747** | 33,519,749 |
| Trade and other receivables | 8 | **61,752,386** | 62,045,972 | **63,646,444** | 64,185,219 |
| Bank deposits | 9(a) | **-** | 10,000,000 | **-** | 10,000,000 |
| Cash in hand and at banks | 9(b) | **256,380,944** | 96,915,058 | **255,907,785** | 96,539,510 |
| | | **354,393,411** | 202,672,571 | **355,574,976** | 204,244,478 |
| **Total assets** | | **884,460,363** | 742,411,590 | **885,602,122** | 743,930,139 |
| **EQUITY AND LIABILITIES** | | | | | |
| **Equity** | | | | | |
| Issued capital | 10 | **289,801,318** | 289,801,318 | **289,801,318** | 289,801,318 |
| Revaluation reserve | 11 | **146,622,302** | 146,622,302 | **146,622,302** | 146,622,302 |
| Retained earnings | | **201,896,415** | 156,228,788 | **203,794,082** | 158,449,534 |
| **Total equity** | | **638,320,035** | 592,652,408 | **640,217,702** | 594,873,154 |
| **Non-current liabilities** | | | | | |
| Loans and borrowings | 12 | **1,650,601** | 1,252,234 | **1,650,601** | 1,252,234 |
| Employee benefit liability | 13 | **39,607,850** | 29,107,204 | **39,607,850** | 29,107,204 |
| Deferred tax liability | 14 | **17,817,326** | 24,166,171 | **17,817,326** | 24,166,171 |
| | | **59,075,777** | 54,525,609 | **59,075,777** | 54,525,609 |
| **Current liabilities** | | | | | |
| Trade and other payables | 15 | **125,924,283** | 76,758,000 | **125,168,375** | 76,055,803 |
| Dividend payable | 27 | **22,797,633** | - | **22,797,633** | - |
| Income tax liability | 21(c) | **12,673,231** | 4,130,046 | **12,673,231** | 4,130,046 |
| Loans and borrowings | 12 | **25,669,404** | 14,345,527 | **25,669,404** | 14,345,527 |
| | | **187,064,551** | 95,233,573 | **186,308,643** | 94,531,376 |
| **Total equity and liabilities** | | **884,460,363** | 742,411,590 | **885,602,122** | 743,930,139 |

These financial statements were approved by the Board of Directors on : 22 September 2016

Chairperson

*The notes on pages 52 to 91 form an integral part of these financial statements.*

| | Notes | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|---|
| | | **15 months period ended 30 June 2016** | **Year ended 31 March 2015** | **15 months period ended 30 June 2016** | **Year ended 31 March 2015** |
| | | **Rs.** | Rs. | **Rs.** | Rs. |
| Revenue | 16 | **993,960,469** | 642,690,426 | **980,923,599** | 633,456,637 |
| Cost of sales | | **(547,066,513)** | (362,713,450) | **(540,779,490)** | (358,304,370) |
| **Gross profit** | | **446,893,956** | 279,976,976 | **440,144,109** | 275,152,267 |
| Other operating income | 17 | **4,376,200** | 3,360,926 | **5,090,875** | 4,083,158 |
| Administrative expenses | | **(332,774,419)** | (214,068,606) | **(327,062,326)** | (210,180,147) |
| **Operating profit** | 18 | **118,495,737** | 69,269,296 | **118,172,658** | 69,055,278 |
| Finance income | 19 | **7,029,432** | 484,100 | **7,029,432** | 484,100 |
| Finance costs | 20 | **(132,037)** | (73,960) | **(132,037)** | (73,960) |
| | | **125,393,132** | 69,679,436 | **125,070,053** | 69,465,418 |
| **Profit before tax** | | **125,393,132** | 69,679,436 | **125,070,053** | 69,465,418 |
| Income tax expense | 21 | **(18,558,399)** | (12,259,761) | **(18,558,399)** | (12,259,761) |
| Profit for the period/year | | **106,834,733** | 57,419,675 | **106,511,654** | 57,205,657 |
| Other comprehensive Income: | | | | | |
| *Other comprehensive Income not to be reclassified to profit or loss in subsequent periods:* | | | | | |
| Revaluation of land and buildings | 4 (a) | **-** | 23,923,371 | **-** | 23,923,371 |
| Tax effect of revaluation gain on land and buildings | | **-** | (6,233,287) | **-** | (6,233,287) |
| Re-measurement loss on defined benefit obligations | 13 (e) | **(5,027,740)** | (3,510,311) | **(5,027,740)** | (3,510,311) |
| Tax effect of re- measurement loss on defined benefit obligations | | **854,716** | 596,753 | **854,716** | 596,753 |
| | | **(4,173,024)** | 14,776,526 | **(4,173,024)** | 14,776,526 |
| **Total comprehensive income for the period/year, attributable to equity holders** | | **102,661,709** | 72,196,201 | **102,338,630** | 71,982,183 |
| Basic and diluted earnings per share (Rs) | 22 | **0.19** | 0.10 | | |

*The notes on pages 52 to 91 form an integral part of these financial statements.*

## **STATEMENTS OF CHANGES IN EQUITY** for the period ended 30 June 2016

| | **Issued Capital (Note 10)** | **Revaluation reserve (Note 11)** | **Retained earnings** | **Total** |
|---|---|---|---|---|
| | **Rs.** | Rs. | **Rs.** | Rs. |
| **THE GROUP** | | | | |
| As at 1 April 2014 | 289,801,318 | 128,932,218 | 124,520,304 | 543,253,840 |
| Profit for the year | - | - | 57,419,675 | 57,419,675 |
| Other comprehensive income | - | 17,690,084 | (2,913,558) | 14,776,526 |
| Total comprehensive income | - | 17,690,084 | 54,506,117 | 72,196,201 |
| Dividend paid (Note 27) | - | - | (22,797,633) | (22,797,633) |
| As at 31 March 2015 | 289,801,318 | 146,622,302 | 156,228,788 | 592,652,408 |
| As at 1 April 2015 | **289,801,318** | **146,622,302** | **156,228,788** | **592,652,408** |
| Profit for the period | **-** | **-** | **106,834,733** | **106,834,733** |
| Other comprehensive income | **-** | **-** | **(4,173,024)** | **(4,173,024)** |
| **Total comprehensive income** | **-** | **-** | **102,661,709** | **102,661,709** |
| Dividend (Note 27) | **-** | **-** | **(56,994,082)** | **(56,994,082)** |
| As at 30 June 2016 | **289,801,318** | **146,622,302** | **201,896,415** | **638,320,035** |

| | **Issued Capital (Note 10)** | **Revaluation reserve (Note 11)** | **Retained earnings** | **Total** |
|---|---|---|---|---|
| | **Rs.** | Rs. | **Rs.** | Rs. |
| **THE COMPANY** | | | | |
| As at 1 April 2014 | 289,801,318 | 128,932,218 | 126,955,068 | 545,688,604 |
| Profit for the year | - | - | 57,205,657 | 57,205,657 |
| Other comprehensive income | - | 17,690,084 | (2,913,558) | 14,776,526 |
| Total comprehensive income | - | 17,690,084 | 54,292,099 | 71,982,183 |
| Dividend paid (Note 27) | - | - | (22,797,633) | (22,797,633) |
| As at 31 March 2015 | 289,801,318 | 146,622,302 | 158,449,534 | 594,873,154 |
| **As at 1 April 2015** | **289,801,318** | **146,622,302** | **158,449,534** | **594,873,154** |
| Profit for the period | - | - | 106,511,654 | 106,511,654 |
| Other comprehensive income | - | - | (4,173,024) | (4,173,024) |
| **Total comprehensive income** | - | - | 102,338,630 | 102,338,630 |
| Dividend (Note 27) | - | - | (56,994,082) | (56,994,082) |
| **As at 30 June 2016** | **289,801,318** | **146,622,302** | **203,794,082** | **640,217,702** |

*The notes on pages 52 to 91 form an integral part of these financial statements.*

| | Notes | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|---|
| | | **15 months period ended 30 June 2016** | **Year ended 31 March 2015** | **15 months period ended 30 June 2016** | **Year ended 31 March 2015** |
| | | **Rs.** | Rs. | **Rs.** | Rs. |
| **Operating activities** | | | | | |
| Profit before tax | | **125,393,132** | 69,679,436 | **125,070,053** | 69,465,418 |
| Non-cash adjustment to reconcile profit before tax to net cash flows: | | | | | |
| Depreciation of property, plant and equipment | 4 | **48,207,205** | 35,339,829 | **48,188,183** | 35,299,378 |
| Amortisation of intangible assets | 5 | **7,388** | 10,180 | **7,388** | - |
| (Gain)/loss on disposal of plant and equipment | 17 | **(356,500)** | (199,000) | **(356,500)** | (199,000) |
| Scrapped items | | **-** | 1,375 | **-** | 1,375 |
| Movement in employee benefit liability | 13(d) | **7,564,466** | 2,687,806 | **7,564,466** | 2,687,806 |
| Impairment of receivables | 8 | **8,042,665** | 3,939,394 | **8,042,665** | 3,939,394 |
| Finance income | 19 | **(7,029,432)** | (484,100) | **(7,029,432)** | (484,100) |
| Finance costs | 20 | **132,037** | 73,960 | **132,037** | 73,960 |
| Net foreign exchange differences | | **(703,070)** | (270,353) | **(703,070)** | (270,353) |
| *Working capital adjustments* | | | | | |
| - Inventories | | **(2,548,540)** | (6,577,499) | **(2,500,998)** | (6,561,515) |
| - Trade and other receivables | | **(7,749,079)** | 3,413,242 | **(7,503,890)** | 3,891,457 |
| - Trade and other payables | | **49,166,283** | 12,847,496 | **49,112,572** | 12,801,305 |
| | | **220,126,555** | 120,461,766 | **220,023,474** | 120,645,125 |
| Defined benefits paid | 13( c ) | **(2,091,560)** | (108,335) | **(2,091,560)** | (108,335) |
| Tax paid | 21( c ) | **(15,509,343)** | (4,958,434) | **(15,509,343)** | (4,958,434) |
| **Net cash flows from operating activities** | | **202,525,652** | 115,394,997 | **202,422,571** | 115,578,356 |
| **Investing activities** | | | | | |
| Interest received | | **7,029,432** | 484,100 | **7,029,432** | 484,100 |
| Purchase of property, plant and equipment | 9 | **(37,316,916)** | (25,358,993) | **(37,311,446)** | (25,358,993) |
| Purchase of intangible asset | 5 | **(300,610)** | - | **(300,610)** | - |
| Proceeds from disposal of property, plant and equipment | | **356,500** | 199,000 | **356,500** | 199,000 |
| **Net cash flows used in investing activities** | | **(30,231,594)** | (24,675,893) | **(30,226,124)** | (24,675,893) |
| **Financing activities** | | | | | |
| Payment of finance lease liabilities | | **(442,892)** | (570,518) | **(442,892)** | (570,518) |
| Dividends paid | 27 | **(34,196,449)** | (22,797,633) | **(34,196,449)** | (22,797,633) |
| Receipt of deposit | | **10,000,000** | - | **10,000,000** | - |
| Interest paid | | **(132,037)** | (73,960) | **(132,037)** | (73,960) |
| **Net cash used in financing activities** | | **(24,771,378)** | (23,442,111) | **(24,771,378)** | (23,442,111) |
| **Net increase in cash and cash equivalents** | | **147,522,680** | 67,276,993 | **147,425,069** | 67,460,352 |
| Cash and cash equivalents at 1 April | | **82,838,865** | 15,291,519 | **82,463,317** | 14,732,612 |
| Net foreign exchange differences | | **703,070** | 270,353 | **703,070** | 270,353 |
| Cash and cash equivalents at 30 June | 9 (c) | **231,064,615** | 82,838,865 | **230,591,456** | 82,463,317 |

*The notes on pages 52 to 91 form an integral part of these financial statements.*

## 1. CORPORATE INFORMATION

The financial statements of The Medical and Surgical Centre Limited (the "Company") and its subsidiary (the "Group") for the period ended 30 June 2016 were authorised for issue in accordance with a resolution of the Directors on 22 September 2016. The Medical and Surgical Centre Limited is a limited liability company incorporated and domiciled in Mauritius, whose shares are publicly traded on the Stock Exchange of Mauritius (Development Enterprise Market). The address of its registered office is George Guibert Street, Curepipe.

The Board of Directors of The Medical and Surgical Centre Limited has approved the change in accounting date of the Company and its Subsidiary from 31 March to 30 June to align the Company's accounting year to its holding company, CIEL Healthcare Limited. The comparatives cover the year ended 31 March 2015 while the current period covers 15 months from 1 April 2015 to 30 June 2016. The comparative figures for the statements of financial position, statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows and related notes are therefore not comparable.

The activities of the Group are to provide healthcare services and cafeteria sales at the clinic.

## 2. ACCOUNTING POLICIES

### 2.1 BASIS OF PREPARATION

The financial statements of The Medical and Surgical Centre Limited (the "Company") and its subsidiary (the "Group") have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements have been prepared on a historical cost basis, except for land and buildings that have been measured at fair value. The consolidated financial statements are presented in Mauritian Rupees ('Rs'), and all values are rounded to the nearest rupee, except where otherwise indicated.

Basis of consolidation

The consolidated financial statements comprise the financial statements of The Medical and Surgical Centre Limited and its subsidiary as at 30 June 2016.

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
- 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.

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.

## 2. ACCOUNTING POLICIES (Cont'd)

### 2.1 BASIS OF PREPARATION (Cont'd)

Basis of consolidation (Cont'd)

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
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings as appropriate.

### 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted are consistent with those of the previous financial year except for the following new and amended IFRS and IFRIC interpretations adopted in the year commencing 1 April 2015:

| **Amendments** | **Effective for accounting period beginning on or after** |
|---|---|
| Defined Benefit Plans: Employee Contributions (Amendments to IAS 19) | 1 July 2014 |
| Annual Improvements 2010-2012 Cycle | 1 July 2014 |
| Annual Improvements 2011-2013 Cycle | 1 July 2014 |

Where the adoption of the standard or interpretation or improvement is deemed to have an impact on the financial statements or performance of the Company, its impact is described below:

#### Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)

This amendment clarifies the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service, in that contributions, can, but are not required, to be recognised as a reduction in the service cost in the period in which the related service is rendered.

This amendment did not have an impact on the financial position or performance of the Group.

#### Annual Improvements 2010-2012 Cycle - effective 1 July 2014

The annual improvements 2010-2012 Cycle make amendments to the following standards:

- **IFRS 2** - Amends the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition';
- **IFRS 3** - Require contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting date;
- **IFRS 8** - Requires disclosure of the judgements made by management in applying the aggregation criteria to operating segments, clarify reconciliations of segment assets only required if segment assets are reported regularly;
- **IFRS 13** - Clarify that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis (amends basis for conclusions only);
- **IAS 16** and **IAS 38** - Clarify that the gross amount of property, plant and equipment is adjusted in a manner consistent with a revaluation of the carrying amount; and
- **IAS 24** - Clarify how payments to entities providing management services are to be disclosed.

## 2. ACCOUNTING POLICIES (Cont'd)

### 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Cont'd)

#### Annual Improvements 2010-2012 Cycle - effective 1 July 2014 (Cont'd)

**IAS 24** Related Party Disclosures - clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

Additional disclosure has been made in the financial statements of the Group to cater for this amendment.

#### Annual Improvements 2010-2013 Cycle - effective 1 July 2014

The annual improvements 2011-2013 Cycle make amendments to the following standards:

- **IFRS 1** - Clarify which versions of IFRSs can be used on initial adoption (amends basis for conclusions only);
- **IFRS 3** - Clarify that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself;
- **IFRS 13** - Clarify the scope of the portfolio exception in paragraph 52; and
- **IAS 40** - Clarifying the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property.

The above annual improvements did not have an impact on the financial position or performance of the Group.

### 2.3 STANDARD ISSUED BUT NOT YET EFFECTIVE

The following standards, amendments to existing standards and interpretations were in issue but not yet effective. They are mandatory for accounting periods beginning on the specified dates, but the Group has not early adopted them:

#### New or revised standards and interpretations:

| New or revised standard | Effective for accounting period beginning on or after |
|---|---|
| **IFRS 9** Financial Instruments | 1 January 2018 |
| **IFRS 14** Regulatory Deferral Accounts | 1 January 2016 |
| **IFRS 15** Revenue from Contracts with Customers | 1 January 2018 |
| **IFRS 16** Leases | 1 January 2019 |

#### New or revised standards and interpretations:

| Amendments | Effective for accounting period beginning on or after |
|---|---|
| Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11) | 1 January 2016 |
| Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38) | 1 January 2016 |
| Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41) | 1 January 2016 |
| Equity Method in Separate Financial Statements (Amendments to IAS 27) | 1 January 2016 |
| Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) | **Effective date deferred indefinitely** |
| Annual Improvements 2012 – 2014 Cycle | 1 January 2016 |
| Disclosure Initiative (Amendments to IAS 1) | 1 January 2016 |
| Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28) | 1 January 2016 |
| Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12) | 1 January 2017 |
| Disclosure Initiative (Amendment to IAS 7) | 1 January 2017 |

## 2. ACCOUNTING POLICIES (Cont'd)

### 2.3 STANDARD ISSUED BUT NOT YET EFFECTIVE (Cont'd)

### New or revised standards and interpretations: (Cont'd)

### New or revised standards

### IFRS 9 Financial Instruments - effective 1 January 2018

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.

IFRS 9 introduces new requirements for classifying and measuring financial assets, as follows:

***Classification and measurement of financial assets***

All financial assets are measured at fair value on initial recognition, adjusted for transaction costs if the instrument is not accounted for at fair value through profit or loss (FVTPL).

Debt instruments are subsequently measured at FVTPL, amortised cost or fair value through other comprehensive income (FVOCI), on the basis of their contractual cash flows and the business model under which the debt instruments are held. There is a fair value option (FVO) that allows financial assets on initial recognition to be designated as FVTPL if that eliminates or significantly reduces an accounting mismatch. Equity instruments are generally measured at FVTPL. However, entities have an irrevocable option on an instrument-by-instrument basis to present changes in the fair value of non-trading instruments in other comprehensive income (OCI) (without subsequent reclassification to profit or loss).

For financial liabilities designated as FVTPL using the FVO, the amount of change in the fair value of such financial liabilities that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other IAS 39 Financial Instruments: Recognition and Measurement classification and measurement requirements for financial liabilities have been carried forward into IFRS 9, including the embedded derivative separation rules and the criteria for using the FVO.

***Impairment***

The impairment requirements are based on an expected credit loss (ECL) model that replaces the IAS 39 incurred loss model. The ECL model applies to: debt instruments accounted for at amortised cost or at FVOCI; most loan commitments; financial guarantee contracts; contract assets under IFRS 15; and lease receivables under IAS 17 Leases. Entities are generally required to recognise either 12-months' or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition (or when the commitment or guarantee was entered into). For some trade receivables, the simplified approach may be applied whereby the lifetime expected credit losses are always recognised.

***Hedge accounting***

Hedge effectiveness testing is prospective, without the 80% to 125% bright line test in IAS 39, and, depending on the hedge complexity, can be qualitative. A risk component of a financial or non-financial instrument may be designated as the hedged item if the risk component is separately identifiable and reliably measureable.

The time value of an option, any forward element of a forward contract and any foreign currency basis spread, can be excluded from the designation as the hedging instrument and accounted for as costs of hedging. More designations of groups of items as the hedged item are possible, including layer designations and some net positions.

The application of IFRS 9 may change the measurement and presentation of many financial instruments, depending on their contractual cash flows and business model under which they are held. The impairment requirements will generally result in earlier recognition of credit losses. The new hedging model may lead to more economic hedging strategies meeting the requirements for hedge accounting.

The Company plans to adopt the new standard on the required effective date.

## 2. ACCOUNTING POLICIES (Cont'd)

2.3 STANDARD ISSUED BUT NOT YET EFFECTIVE (Cont'd)

### New or revised standards (Cont'd)

### IFRS 14 Regulatory Deferral Accounts - effective 1 January 2016

IFRS 14 permits an entity which is a first-time adopter of International Financial Reporting Standards to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements.

This new standard will not have an impact, as the Group is not a first time adopter of IFRS.

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

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

The five steps in the model are as follows:

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

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

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

### IFRS 16 Leases - effective 1 January 2019

The IASB has redrafted this new leasing standard that would require lessees to recognise assets and liabilities for most leases. Lessees applying IFRS would have a single recognition and measurement model for all leases (with certain exemptions). Lessors applying IFRS would classify leases using the principle in IAS 17; in essence, lessor accounting would not change. The IASB and the FASB have made different decisions about lease classification and the recognition, measurement and presentation of leases for lessees and lessors.

The Group is still assessing the impact of this new standard.

### Amendments

### Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11) - effective 1 January 2016

Amends IFRS 11 Joint Arrangements to require an acquirer of an interest in a joint operation in which the activity constitutes a business (as defined in IFRS 3 Business Combinations) to:

- Apply all of the business combinations accounting principles in IFRS 3 and other IFRSs, except for those principles that conflict with the guidance in IFRS 11; and
- Disclose the information required by IFRS 3 and other IFRSs for business combinations.

The amendments apply both to the initial acquisition of an interest in joint operation, and the acquisition of an additional interest in a joint operation (in the latter case, previously held interests are not remeasured).

The amendment will not have an impact since the Group does not have any interests in joint operations.

## 2. ACCOUNTING POLICIES (Cont'd)

2.3 STANDARD ISSUED BUT NOT YET EFFECTIVE (Cont'd)

### Amendments (Cont'd)

### Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38) - effective 1 January 2016

Amends IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets to:

- Clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment;
- Introduce a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated; and
- Add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

The amendment will not have an impact since the Group does not use a depreciation method based on revenue for its plant and equipment.

### Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41) - effective 1 January 2016

Amends IAS 16 Property, Plant and Equipment and IAS 41 Agriculture to:

- Include 'bearer plants' within the scope of IAS 16 rather than IAS 41, allowing such assets to be accounted for a property, plant and equipment and measured after initial recognition on a cost or revaluation basis in accordance with IAS 16;
- Introduce a definition of 'bearer plants' as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales; and
- Clarify that produce growing on bearer plants remains within the scope of IAS 41.

The amendment will not have an impact as the Group does not recognise 'bearer plants'.

### Amendments to IAS 27: Equity Method in Separate Financial Statements – 1 January 2016

Amends IAS 27 Separate Financial Statements to permit investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.

The Group is still assessing the impact of this new standard.

### Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) - Effective date deferred indefinitely

The amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture, as follows:

- require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 Business Combinations)
- require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognised only to the extent of the unrelated investors' interests in that associate or joint venture.

These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occurs by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves.

This amendment will not have an impact on the Group as it does not hold investment in associates or joint venture.

## 2. ACCOUNTING POLICIES (Cont'd)

### 2.3 STANDARD ISSUED BUT NOT YET EFFECTIVE (Cont'd)

**Amendments (Cont'd)**

**Annual Improvements 2012 – 2014 Cycle - 1 July 2016**

The following amendments were made to these standards:

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

The Group is still evaluating the effect of these new or revised standards and interpretations on the presentation of its financial statements.

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

The amendment will address perceived impediments to preparers exercising their judgement in presenting their financial reports by making the following changes:

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

The Group is still evaluating the effect of these new or revised standards and interpretations on the presentation of its financial statements

**Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28) – 1 January 2016**

The amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investments in Associates and Joint Ventures (2011) will address issues that have arisen in the context of applying the consolidation exception for investment entities by clarifying the following points:

- The exemption from preparing consolidated financial statements for an intermediate parent entity is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all of its subsidiaries at fair value.
- A subsidiary that provides services related to the parent's investment activities should not be consolidated if the subsidiary itself is an investment entity.
- When applying the equity method to an associate or a joint venture, a non-investment entity investor in an investment entity may retain the fair value measurement applied by the associate or joint venture to its interests in subsidiaries.
- An investment entity measuring all of its subsidiaries at fair value provides the disclosures relating to investment entities required by IFRS 12.

The amendment will not have an impact as the Group is not an investment entity or a subsidiary of an investment entity.

## 2. ACCOUNTING POLICIES (Cont'd)

### 2.3 STANDARD ISSUED BUT NOT YET EFFECTIVE (Cont'd)

**Amendments (Cont'd)**

**Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)**

Amends IAS 12 Income Taxes to clarify the following aspects:

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

The Group is still assessing the impact of this new standard, but it is not expected to have a significant effect on financial position of the Group.

**Disclosure Initiative (Amendments to IAS 7)**

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

The Group is still evaluating the effect of these new or revised standards and interpretations on the presentation of its financial statements.

No early adoption is intended by the Board of directors.

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**(a) Foreign currencies**

The consolidated financial statements are presented in Mauritian Rupee, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency, which is the Mauritian Rupee.

*Transactions and balances*

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

**(b) Property, plant and equipment**

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

## 2. ACCOUNTING POLICIES (Cont'd)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (b) Property, plant and equipment (Cont'd)

Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised at the date of revaluation. Valuations are performed maximum five years or shorter to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

A revaluation surplus is recorded in other comprehensive income and credited to the asset revaluation reserve in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Depreciation is calculated on a straight line basis over the useful life of the assets as follows:

| | | | | |
|---|---|---|---|---|
| Freehold buildings | - | 2% | - | 10% |
| Furniture and fittings | - | 10% | - | 25% |
| Equipment | - | 10% | - | 50% |
| Motor vehicles | - | 10% | - | 25% |

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

### (c) Investment in subsidiary

Investment in subsidiary company is carried at cost which is the aggregate of the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The carrying amount is reduced to recognise any impairment in the value of an individual investment. The impairment loss is taken to profit or loss.

### (d) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is charged against profits in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. 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 period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the profit or loss in the expense category consistent with the function of the intangible asset.

The estimated useful lives of intangible assets with finite useful lives are as follows:

| | | |
|---|---|---|
| Computer software | - | 4 years |

## 2. ACCOUNTING POLICIES (Cont'd)

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### (d) Intangible assets (Cont'd)

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Gains and 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 profit or loss when the asset is derecognised.

Goodwill

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.

### (e) Financial instruments

#### *(i) Financial assets*

*Initial recognition and measurement*

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss. 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.

The Group's financial assets include cash and cash equivalent, deposits and trade and other receivables, recognised under loans and receivables.

*Subsequent measurement*

The subsequent measurement of financial assets depends on their classification as follows:

*Loans and receivables*

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 ("EIR") method, less impairment. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. 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 the statement of profit or loss and other comprehensive income. The losses arising from impairment are recognised in profit or loss.

## 2. ACCOUNTING POLICIES (Cont'd)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### (e) Financial instruments (Cont'd)

***(i) Financial assets (Cont'd)***

*Derecognition*

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

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

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

***(ii) Impairment of financial assets***

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 has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event 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 debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

*Trade and other receivables*

For amounts due from customers carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are individually not significant. If the Group determines that no objective evidence of impairment exists for 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.

If there is objective evidence that an impairment loss has incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial assets original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognized in profit or loss. 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.

***(iii) Financial liabilities***

*Initial recognition and measurement*

Financial liabilities within the scope of IAS 39 are classified 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. The Group determines the classification of its financial liabilities at initial recognition.

## 2. ACCOUNTING POLICIES (Cont'd)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### (e) Financial instruments (Cont'd)

***(iii) Financial liabilities (Cont'd)***

*Initial recognition and measurement (Cont'd)*

All financial liabilities are recognised initially at fair value plus, in the case of loans and borrowings, directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, bank overdrafts and loans and borrowings, recognised under loans and borrowings.

*Subsequent measurement*

The measurement of financial liabilities depends on their classification as follows:

*Loans and borrowings*

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate method ("EIR") amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

*Derecognition of financial liabilities*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, 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 in the respective carrying amounts is recognised in profit or loss.

***(iv) Offsetting of financial instruments***

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

***(v) Fair value measurement***

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

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

The principal or the most advantageous market must be accessible to by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

## 2. ACCOUNTING POLICIES (Cont'd)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### (e) Financial instruments (Cont'd)

#### *(v) Fair value measurement (Cont'd)*

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

External valuers are involved for valuation of significant assets, such as land and buildings. Involvement of external valuers is decided upon every 3 years. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group decides, after discussions with their external valuers, which valuation techniques and inputs to use for each case.

### (f) 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 cash-generating unit's (CGU) fair value less costs of diposal and its value in use. 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.

Impairment losses of continuing operations, including impairment on inventories are recognised in profit or loss in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

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

The following asset has specific characteristics for impairment testing:

***Goodwill***

Goodwill is tested for impairment, annually (as at 30 June) and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units), to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than their carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

### (g) Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted at purchase cost on a first in, first out basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

## 2. ACCOUNTING POLICIES (Cont'd)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### (h) Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less. Cash and cash equivalents are measured at amortised cost.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

### (i) Retirement Benefit Obligations

The Group operates both a defined contribution plan and a defined benefit plan.

*Defined benefits schemes*

The Group participates in the United Mutual Fund, a pension plan registered under the Private Pension Schemes Act 2012, the assets of which are held independently. The pension plan is funded by payments from the employees and the Group, taking into account the recommendations of independent qualified actuaries.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding net interest and the return on plan assets (excluding net interest), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognises restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under 'administration expenses' in consolidated statement of profit or loss (by function):

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income.

*Other retirement benefits*

The present value of other retirement benefits in respect of the Employment Rights Act 2008 is recognized in the statement of financial position as a non current liability. Actuarial gain or losses are recognised using the same policy as described above.

*Defined contributions schemes*

Payments to defined contribution retirement plans are charged as an expense as they fall due.

### (j) Taxes

*Current income tax*

Current income tax assets and liabilities for the current period 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 or in other comprehensive income is recognised directly in equity or in other comprehensive income and not in profit or loss. Management periodically 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.

## 2. ACCOUNTING POLICIES (Cont'd)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### (j) Taxes (Cont'd)

*Deferred tax*

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

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income 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 income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax 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.

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

Corporate Social Responsibility

In line with the definition within the Income Tax Act 1995, Corporate Social Responsibility (CSR) is regarded as a tax and is therefore subsumed with the income tax shown within the Statement of Profit or Loss and Other Comprehensive Income and the income tax liability on the Statement of Financial Position.

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

### (k) Lease

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

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

## 2. ACCOUNTING POLICIES (Cont'd)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### (k) Lease (Cont'd)

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

Leases which does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

### (l) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The specific recognition criteria described below must also be met before revenue is recognised.

*(i) Sale of goods*

Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

*(ii) Rendering of services*

Revenue from rendering of services is recognised by reference to the stage of completion. In the healthcare industry, the service is only considered complete once the patient is discharged, and hence revenue from services is only recognised once the patient is discharged. The Group's turnover reflects the invoiced values derived from healthcare services.

*(iii) Rental income*

Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms and is included in revenue due to its operating nature.

*(iv) Interest income*

Interest income is recognized as it accrues (taking into account the effective interest rate on the asset) unless collectability is in doubt.

### (m) Operating segment

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating decision-maker. The Group presents segmental information using business segments as its primary reporting format.

### (n) Related parties

For the purposes of these financial statements, parties are considered to be related to the Group if they have the ability, directly or indirectly, to control the Group or exercise significant influence over the Group in making financial and operating decisions, or vice versa, or where the Group is subject to common control or common significant influence. Related parties may be individuals or other entities.

## 2. ACCOUNTING POLICIES (Cont'd)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### (o) Current versus non-current classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset as current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period

Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

***Judgements***

In the process of applying the Group's accounting policies, management has made the following judgement, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements:

***Going concern***

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

***Estimates and assumptions***

The key 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, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Cont'd)

***Retirement benefits obligations***

The cost of defined benefit pension plans and related provision, as disclosed in Note 13 to the financial statements requires the use of actuarial valuations. The actuarial valuation involves the use of significant estimate in respect of inter-alia, discount rate, future salary increases, mortality rate and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long term nature of these plans, such estimates are subject to significant uncertainty. The net employee liability at 30 June 2016 is Rs. 39.6M (2015: Rs. 29.1 M). Further details are set out in Note 13.

***Goodwill impairment test***

In determining the carrying amount of goodwill, the Group carries out the test on impairment of goodwill on an annual basis. This exercise requires estimation of the "value in use" of the cash generating units to which goodwill is allocated. Estimating a value in use amount requires management to make an estimate of the expected future cashflows from the cash generating unit and also to choose a suitable discount rate in order to compute the present value of future cashflows. The carrying amount of goodwill as at 30 June 2016 amounts to Rs. 7.5M (2015: Rs. 7.5M). Further details are set in Note 5.

***Allowance for doubtful debts***

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

***Revaluation of property, plant and equipment***

The Group measures land and buildings at revalued amounts with changes in fair value being recognised in other comprehensive income. The Group engaged independent valuation specialists to determine fair value. The valuations are strictly based on the definition of the open market value, taking full cognisance of transactions taking place in the locality. The key assumptions used to determine the fair value of the land and buildings are provided in note 4.

## 4. PROPERTY, PLANT AND EQUIPMENT

| (a) THE GROUP | Freehold Land | Freehold Buildings | Furniture & fittings | Equipment | Motor Vehicles | Construction in progress | Total |
|---|---|---|---|---|---|---|---|
| **COST or VALUATION** | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| At 1 April 2014 | 68,340,000 | 285,120,395 | 17,572,829 | 376,887,514 | 14,845,043 | - | 762,765,781 |
| Additions | - | - | 1,315,923 | 23,811,383 | 1,187,500 | - | 26,314,806 |
| Revaluation | 860,000 | 5,779,605 | - | - | - | - | 6,639,605 |
| Disposal | - | - | - | - | (930,000) | - | (930,000) |
| Scrapped | - | - | - | (476,778) | - | - | (476,778) |
| | | | | | | | - |
| At 31 March 2015 | 69,200,000 | 290,900,000 | 18,888,752 | 400,222,119 | 15,102,543 | - | 794,313,414 |
| At 1 April 2015 | 69,200,000 | 290,900,000 | 18,888,752 | 400,222,119 | 15,102,543 | - | 794,313,414 |
| Additions | - | - | 2,131,065 | 33,178,351 | 920,000 | 2,012,500 | 38,241,916 |
| Revaluation | - | - | - | | - | - | - |
| Disposal | - | - | - | (1,125,000) | (1,534,100) | - | (2,659,100) |
| Scrapped | - | - | - | (26,894,215) | - | - | (26,894,215) |
| | | | | | | | - |
| **At 30 June 2016** | 69,200,000 | 290,900,000 | 21,019,817 | 405,381,255 | 14,488,443 | 2,012,500 | 803,002,015 |
| **DEPRECIATION** | | | | | | | |
| At 1 April 2014 | - | 11,369,372 | 12,105,661 | 210,636,507 | 11,320,170 | - | 245,431,710 |
| Charge for the year | - | 5,914,394 | 984,245 | 27,366,856 | 1,074,334 | - | 35,339,829 |
| Revaluation | - | (17,283,766) | - | - | - | - | (17,283,766) |
| Disposal | - | - | - | - | (930,000) | - | (930,000) |
| Scrapped | - | - | - | (475,403) | - | - | (475,403) |
| At 31 March 2015 | - | - | 13,089,906 | 237,527,960 | 11,464,504 | - | 262,082,370 |
| At 1 April 2015 | - | - | 13,089,906 | 237,527,960 | 11,464,504 | - | 262,082,370 |
| Charge for the period | - | 8,800,106 | 1,352,370 | 36,811,461 | 1,243,268 | - | 48,207,205 |
| Revaluation | - | - | - | - | - | - | - |
| Disposal | | | | (1,125,000) | (1,534,100) | - | (2,659,100) |
| Scrapped | - | - | - | (26,894,215) | - | - | (26,894,215) |
| At 30 June 2016 | - | 8,800,106 | 14,442,276 | 246,320,206 | 11,173,672 | - | 280,736,260 |
| **NET BOOK VALUES** | | | | | | | |
| **At 30 June 2016** | 69,200,000 | 282,099,894 | 6,577,541 | 159,061,049 | 3,314,771 | 2,012,500 | 522,265,755 |
| | | - | | | | | |
| At 31 March 2015 | 69,200,000 | 290,900,000 | 5,798,846 | 162,694,159 | 3,638,039 | - | 532,231,044 |

## 4. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

| (b) THE COMPANY | Freehold Land | Freehold Buildings | Furniture & fittings | Equipment | Motor Vehicles | Construction in progress | Total |
|---|---|---|---|---|---|---|---|
| **COST or VALUATION** | **Rs.** | **Rs.** | **Rs.** | **Rs.** | **Rs.** | **Rs.** | **Rs.** |
| At 1 April 2014 | 68,340,000 | 285,120,395 | 17,551,430 | 376,322,577 | 14,845,043 | - | 762,179,445 |
| Additions | - | - | 1,315,923 | 23,811,383 | 1,187,500 | - | 26,314,806 |
| Revaluation | 860,000 | 5,779,605 | - | - | - | - | 6,639,605 |
| Disposal | - | - | - | - | (930,000) | - | (930,000) |
| Scrapped | - | - | - | (476,778) | - | - | (476,778) |
| At 31 March 2015 | 69,200,000 | 290,900,000 | 18,867,353 | 399,657,182 | 15,102,543 | - | 793,727,078 |
| At 1 April 2015 | **69,200,000** | **290,900,000** | **18,867,353** | **399,657,182** | **15,102,543** | **-** | **793,727,078** |
| Additions | **-** | **-** | **2,131,065** | **33,172,881** | **920,000** | **2,012,500** | **38,236,446** |
| Revaluation | **-** | **-** | **-** | | **-** | **-** | **-** |
| Disposal | **-** | **-** | **-** | **(1,125,000)** | **(1,534,100)** | **-** | **(2,659,100)** |
| Scrapped | **-** | **-** | **-** | **(26,894,215)** | **-** | **-** | **(26,894,215)** |
| | | | | | | | - |
| **At 30 June 2016** | **69,200,000** | **290,900,000** | **20,998,418** | **404,810,848** | **14,488,443** | **2,012,500** | **802,410,209** |
| **DEPRECIATION** | | | | | | | |
| At 1 April 2014 | - | 11,369,372 | 12,085,297 | 210,189,344 | 11,320,170 | - | 244,964,183 |
| Charge for the year | - | 5,914,394 | 983,345 | 27,327,305 | 1,074,334 | - | 35,299,378 |
| Revaluation | - | (17,283,766) | - | - | - | - | (17,283,766) |
| Disposal | - | - | - | - | (930,000) | - | (930,000) |
| Scrapped | - | - | - | (475,403) | - | - | (475,403) |
| At 31 March 2015 | - | - | 13,068,642 | 237,041,246 | 11,464,504 | - | 261,574,392 |
| At 1 April 2015 | **-** | **-** | **13,068,642** | **237,041,246** | **11,464,504** | **-** | **261,574,392** |
| Charge for the period | **-** | **8,800,106** | **1,352,284** | **36,792,525** | **1,243,268** | **-** | **48,188,183** |
| Revaluation | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| Disposal | | | | **(1,125,000)** | **(1,534,100)** | **-** | **(2,659,100)** |
| Scrapped | **-** | **-** | **-** | **(26,894,215)** | **-** | **-** | **(26,894,215)** |
| | | | | | | | - |
| At 30 June 2016 | **-** | **8,800,106** | **14,420,926** | **245,814,556** | **11,173,672** | **-** | **280,209,260** |
| **NET BOOK VALUES** | | | | | | | |
| **At 30 June 2016** | **69,200,000** | **282,099,894** | **6,577,492** | **158,996,292** | **3,314,771** | **2,012,500** | **522,200,949** |
| At 31 March 2015 | 69,200,000 | 290,900,000 | 5,798,711 | 162,615,936 | 3,638,039 | - | 532,152,686 |

## 4. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

**(c)** The carrying amount of motor vehicles held under finance leases as at 30 June 2016 and 31 March 2015 were as follows:

| | THE GROUP AND THE COMPANY | |
|---|---|---|
| | Motor Vehicles | |
| | **30 June 2016** | **31 March 2015** |
| | **Rs.** | Rs. |
| Cost | **2,107,500** | 2,562,500 |
| Accumulated depreciation | **(669,031)** | (1,565,177) |
| Net book value | **1,438,469** | 997,323 |

Lease assets are pledged as security for the related finance leases (Note 12).

There has been an addition amounting to Rs. 920,000 (2015: Rs. 1,187,000) during the year for assets held under finance leases.

**(d) Revaluation of land and buildings**

The revalued land and buildings consist of office, clinic premises and the outbuilding. Management determined that these constitute one class of assets under IFRS 13, based on the nature, characteristics and risks of the property.

In the previous financial year, the Group has revalued its land and building. The Directors have considered the valuation report provided and have decided to discount of 33% on the values arrived at by the valuer to reflect the highest and best use of the assets from a market participant's perspective.The Group engaged Noor Dilmohamed & Associates, Certified Practising Valuer, to perform the fair value of its freehold land and buildings. Valuation is performed by the valuer using on-market comparable method, i.e it is based on latest available market prices, significantly adjusted for difference in nature, location or condition of the specific property.

No revaluation was done in the current period since the assets valued have not experience volatile changes in fair value.

| | **30 June 2016** | **31 March 2015** |
|---|---|---|
| | **Range (Rs.)** | Range (Rs.) |
| **Land** | | |
| **Significant unobservable valuation input:** | | |
| Price per metre square | - | 2,500-3,000 |
| **Buildings** | **30 June 2016** | **31 March 2015** |
| **Significant unobservable valuation input:** | **Range (Rs.)** | Range (Rs.) |
| Price per metre square | - | 3,200- 24,000 |

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

The Group has assessed that the highest and best use of its properties approximates its current use.

Below is the fair value measurement hierarchy for assets as at 30 June/31 March.

| | Fair value measurement using: | | |
|---|---|---|---|
| | **Level 1** | **Level 2** | **Level 3** |
| **THE GROUP AND THE COMPANY** | **Rs.** | **Rs.** | **Rs.** |
| **30 June 2016** | | | |
| **Revalued land and buildings** | **-** | **-** | **351,299,894** |
| 31 March 2015 | | | |
| Revalued land and buildings | - | - | 360,100,000 |

## 4. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

**(e)** If land and buildings were stated at historical cost, the carrying amount would have been as follows:

| | THE GROUP AND THE COMPANY | |
|---|---|---|
| | **30 June 2016** | **31 March 2015** |
| | **Rs.** | Rs. |
| Cost | **282,437,305** | 282,437,305 |
| Accumulated depreciation | **(79,446,071)** | (70,645,971) |
| Net carrying amount | **202,991,234** | 211,791,334 |

## 5. INTANGIBLE ASSETS

**(a)**

| | THE GROUP | | | THE COMPANY | | |
|---|---|---|---|---|---|---|
| | Goodwill | Computer software | Total | Goodwill | Computer software | Total |
| **COST** | Rs. | Rs. | **Rs.** | Rs. | Rs. | **Rs.** |
| At 1 April 2015 and at 1 April 2014 | 7,507,975 | 127,000 | 7,634,975 | 7,507,975 | - | 7,507,975 |
| Additions | - | 300,610 | 300,610 | - | 300,610 | 300,610 |
| **At 30 June 2016** | **7,507,975** | **427,610** | **7,935,585** | **7,507,975** | **300,610** | **7,808,585** |
| **AMORTISATION** | | | | | | |
| At 1 April 2014 | - | 116,820 | 116,820 | - | - | - |
| Charge for the year | - | 10,180 | 10,180 | - | - | - |
| At 31 March 2015 | - | 127,000 | 127,000 | - | - | - |
| At 1 April 2015 | - | 127,000 | 127,000 | - | - | - |
| Charge for the period | - | 7,388 | 7,388 | - | 7,388 | 7,388 |
| **At 30 June 2016** | **-** | **134,388** | **134,388** | **-** | **7,388** | **7,388** |
| **NET BOOK VALUES** | | | | | | |
| **At 30 June 2016** | **7,507,975** | **293,222** | **7,801,197** | **7,507,975** | **293,222** | **7,801,197** |
| At 31 March 2015 | 7,507,975 | - | 7,507,975 | 7,507,975 | - | 7,507,975 |

### (b) Impairment testing of goodwill

Goodwill represents the surplus of purchase consideration over the fair value of the assets acquired as at the date of acquisition. Goodwill has been assessed as having an indefinite life and has been allocated to the following cash generating unit for impairment testing:

- Centre de Cardiologie des Mascareignes Limitée, its former subsidiary (referred below as "Department of Cardiac Sciences and Critical Care Cash Generating Unit").

### Carrying amount of goodwill:

| | THE GROUP AND THE COMPANY | |
|---|---|---|
| | **30 June 2016** | **31 March 2015** |
| | **Rs.** | Rs. |
| Department of Cardiac Sciences and Critical Care | **7,507,975** | 7,507,975 |

## 5. INTANGIBLE ASSETS (Cont'd)

(b) Impairment testing of goodwill (Cont'd)

The recoverable amount of Department of Cardiac Sciences and Critical Care Cash Generating Unit has been determined based on its value in use. These calculations use cash flow projections based on financial budgets approved by senior management covering a five-year period. The discount rate applied to the cash flow projections is 15% (2015: 15.0%). Management has used its past experience in determining the value of each assumption. As a result of the analysis, management did not identify any impairment.

### (c) Key assumptions used in value in use calculation

The calculation of value in use of the cash generating unit is most sensitive to the following assumptions:

***Operating profit margin*** Operating profit margin is based on average values achieved in the year preceeding the start of the budget period.

***Discount rate*** Discount rate reflects management's estimate of the risks specific to the unit. In determining appropriate discount rate, regard has been given to the equity factor of the cash generating unit.

***Growth rate estimates*** Rates are based on management's best estimates of the Group's and industry's growth rate. Management has used a terminal growth rate of 2% and a growth rate of 8% during the discretionary period.

### (d) Sensitivity to changes in assumptions

With regards to the assessment of the value in use of Department of Cardiac Sciences and Critical Care cash generating unit, management believes that no reasonable possible change in any of the above key assumptions would cause the carrying value of the units to materially exceed its recoverable amount.

## 6. INVESTMENT IN SUBSIDIARY

| | THE COMPANY | |
|---|---|---|
| | **30 June 2016** | **31 March 2015** |
| | **Rs.** | Rs. |
| At 30 June,/31 March, | **25,000** | 25,000 |

Details of the subsidiary company included in the Group financial statements are as follows:

| | % holding | Class of shares held | Issued capital | Country of incorporation | Main business |
|---|---|---|---|---|---|
| | | | Rs. | | |
| Le Café du Volcan Ltée | 100% | Ordinary | 25,000 | Mauritius | Sale of food and beverages |

At the reporting date, the directors have considered internal and external sources of information and have concluded that there are no indicators of impairment.

## 7. INVENTORIES

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **30 June 2016** | **31 March 2015** | **30 June 2016** | **31 March 2015** |
| | **Rs.** | Rs. | **Rs.** | Rs. |
| **At cost** | | | | |
| Drugs | **31,409,033** | 29,602,617 | **31,409,033** | 29,602,617 |
| Laboratory consumables | **2,450,830** | 1,849,422 | **2,450,830** | 1,849,422 |
| Chemicals and X-ray films | **848, 661** | 413,799 | **848,661** | 413,799 |
| Stationery | **850,827** | 878,266 | **850,827** | 878,266 |
| Other consumables | **700,730** | 967,437 | **461,396** | 775,645 |
| | **36,260,081** | 33,711,541 | **36,020,747** | 33,519,749 |

Other consumables comprise of food and cleaning materials.

There is no amount of written down inventories recognised as an expense in the cost of sales (2015: nil).

## 8. TRADE AND OTHER RECEIVABLES

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **30 June 2016** | **31 March 2015** | **30 June 2016** | **31 March 2015** |
| | **Rs.** | Rs. | **Rs.** | Rs. |
| Trade receivables | **54,217,922** | 56,027,066 | **54,217,922** | 56,027,066 |
| Other receivables and prepayments | **7,534,464** | 6,018,906 | **7,511,483** | 5,900,256 |
| Amount receivable from related party | **-** | - | **1,917,039** | 2,257,897 |
| | **61,752,386** | 62,045,972 | **63,646,444** | 64,185,219 |

For terms and conditions relating to related party, refer to Note 23.

Trade receivables are unsecured, non - interest bearing and are generally on 60-day terms.

As at 30 June 2016, trade receivables of Rs. 23,039,987 (2015: Rs. 14,997,232) were provided. See below for the movement in the provision for impairment of receivables

| | THE GROUP AND THE COMPANY | |
|---|---|---|
| | **30 June 2016** | **31 March 2015** |
| | **Rs.** | Rs. |
| **At 1 April** | **14,997,232** | 24,426,344 |
| Charge for the period/year | **8,042,665** | 3,939,394 |
| Utilised | **-** | (13,368,506) |
| **At 30 June** | **23,039,897** | 14,997,232 |

## 8. TRADE AND OTHER RECEIVABLES (Cont'd)

As at 30 June, the ageing analysis of trade receivables is as follows:

| | Total | Neither past due nor impaired | Past due but not impaired 30-90 days | 90-180 days | 180-365 days | >1year |
|---|---|---|---|---|---|---|
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| **THE GROUP AND THE COMPANY** | | | | | | |
| At 30 June 2016 | **54,217,922** | **25,808,347** | **13,005,489** | **6,325,794** | **3,396,079** | **5,682,213** |
| At 31 March 2015 | 56,027,066 | 23,716,510 | 13,991,529 | 6,178,164 | 6,983,357 | 5,157,506 |

As at 30 June 2016, amount receivable from related party was neither past due nor impaired.

## 9. CASH AND DEPOSITS

| | THE GROUP 30 June 2016 | THE GROUP 31 March 2015 | THE COMPANY 30 June 2016 | THE COMPANY 31 March 2015 |
|---|---|---|---|---|
| | **Rs.** | Rs. | **Rs.** | Rs. |
| **9(a)** : Bank deposits | | | | |
| Bank deposits | - | 10,000,000 | - | 10,000,000 |

The deposit of Rs10,000,000 (2015: Rs. 10,000,000 ) bears an interest rate of 4.25% ( 2015: 4.25% - 5.00%) and has a maturity of more than three months.

| | **Rs.** | Rs. | **Rs.** | Rs. |
|---|---|---|---|---|
| **9(b)** : Cash in hand and at banks | | | | |
| Cash in hand and at banks | **256,380,944** | 96,915,058 | **255,907,785** | 96,539,510 |

Cash at banks earn interest at floating rates based on daily bank deposit rates.

**9(c)** : For the purpose of the statement of cash flow, cash and cash equivalents comprise the following as at 31 March:

| | THE GROUP 30 June 2016 | THE GROUP 31 March 2015 | THE COMPANY 30 June 2016 | THE COMPANY 31 March 2015 |
|---|---|---|---|---|
| | **Rs.** | Rs. | **Rs.** | Rs. |
| Cash in hand and at banks | **256,380,944** | 96,915,058 | **255,907,785** | 96,539,510 |
| Bank overdrafts (Note 12) | **(25,316,329)** | (14,076,193) | **(25,316,329)** | (14,076,193) |
| | **231,064,615** | 82,838,865 | **230,591,456** | 82,463,317 |

At 30 June 2016, the Group had available Rs. 15,000,0000 (2015: Rs. 15,000,000) of undrawn bank overdraft facility.

## 9. CASH AND DEPOSITS (Cont'd)

### NON-CASH TRANSACTIONS

Part of the acquisition of property, plant and equipment was financed by trade-in value from equipment disposed as follows:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **30 June 2016** | **31 March 2015** | **30 June 2016** | **31 March 2015** |
| | **Rs.** | Rs. | **Rs.** | Rs. |
| Total amount acquired *(Note 4)* | **38,241,916** | 26,314,806 | **38,236,446** | 26,314,806 |
| Amount financed by leases | **(925,000)** | (955,813) | **(925,000)** | (955,813) |
| Financed by cash | **37,316,916** | 25,358,993! | **37,311,446** | 25,358,993 |

## 10. ISSUED CAPITAL

| | THE GROUP AND THE COMPANY | | | |
|---|---|---|---|---|
| **Authorized, Issued and fully paid** | **30 June 2016** | **31 March 2015** | **30 June 2016** | **31 March 2015** |
| Ordinary shares at no par value | Number | Number | **Rs.** | Rs. |
| At 30 June/31 March, | **569,940,822** | 569,940,822 | **289,801,318** | 289,801,318 |

## 11. REVALUATION RESERVE

The revaluation reserve is principally used to record changes in fair value of freehold land and buildings following revaluation exercises performed by an independent valuer. It is also used to record impairment losses to the extent that such losses relate to increase on the same asset previously recognised in revaluation reserve.

## 12. LOANS AND BORROWINGS

| | | | | THE GROUP AND COMPANY | |
|---|---|---|---|---|---|
| | | **Effective interest rate (%)** | **Maturity** | **30 June 2016** | **31 March 2015** |
| | | | | **Rs.** | Rs. |
| **Current** | | | | | |
| Bank overdraft | (d) | 8.65% | | **25,316,329** | 14,076,193 |
| Obligations under finance leases | (c) | 8%-9.75% | 2016/2017 | **353,075** | 269,334 |
| | | | | **25,669,404** | 14,345,527 |
| **Non-current** | | | | | |
| 3% unsecured loan | (a) | - | *see below* | **22,000** | 22,000 |
| Interest free unsecured loans | (a) | - | *see below* | **205,000** | 205,000 |
| Redeemable debentures | (b) | *see below* | *see below* | **333,000** | 333,000 |
| Obligations under finance leases | (c) | 7.65%-9.75% | 2019 | **1,090,601** | 692,234 |
| | | | | **1,650,601** | 1,252,234 |
| Total borrowings | | | | **27,320,005** | 15,597,761 |

## 12. LOANS AND BORROWINGS (Cont'd)

**(a)** : There are no fixed repayment terms for the unsecured loans.

**(b)** : Redeemable debentures bear interest of 4% per annum and are redeemable by annual instalments of Rs. 11,000 starting 30 June 1976. No repayment of capital has been effected since 30 June 2008. Management has thereby classified this balance as non current.

The Group has finance leases on certain motor vehicles with average lease terms of five years. At the end of the lease period, the Group has the option to purchase the vehicles at a residual value.

| | THE GROUP AND THE COMPANY | |
|---|---|---|
| | **30 June 2016** | **31 March 2015** |
| **(c)** Finance lease liabilities - minimum lease payments | **Rs.** | Rs. |
| Within one year | **452,485** | 333,832 |
| After one year and before five years | **1,217,112** | 794,343 |
| Total minimum lease payments | **1,669,597** | 1,128,175 |
| Future finance charges on finance leases | **(225,952)** | (166,607) |
| Present value of minimum lease payments | **1,443,645** | 961,568 |
| The present value of minimum lease payments may be analysed as follows: | | |
| Within one year | **353,075** | 269,334 |
| After one year and before five years | **1,090,570** | 692,234 |
| | **1,443,645** | 961,568 |

Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default. The rates of interest on the leases vary between 7.65% - 9.75%.

### (d) Bank overdraft

The bank overdraft arose mainly on cheques drawn at year end that are subsequently cleared by the bank.

## 13. EMPLOYEE BENEFIT LIABILITY

### (a) Pension scheme

The Group participates in the United Mutual Superannuation Fund, a pension plan registered under the Private Pension Schemes Act 2012, the assets of which are held independently. The pension plan is funded by payments from the employees and the Group, taking into account the recommendations of an independent actuary, Feber Associates Limited. After 31 December 2007, the Group shifted from a defined benefit plan to a defined contribution plan, with a residual defined benefit top up arrangement for those employees who were members of the previous defined benefit scheme.

The unfunded obligation relates to retirement gratuity in accordance with Employment Rights Act 2008. It entitles the employee at retirement to 15/26 of the final monthly benefit for each year of service.

The Group's obligations under the defined benefit plan are only for employees under the scheme up to 31 December 2007.

## 13. EMPLOYEE BENEFIT LIABILITY (Cont'd)

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

| | THE GROUP AND THE COMPANY | |
|---|---|---|
| | **30 June 2016** | **31 March 2015** |
| | **Rs.** | Rs. |
| Defined benefit obligation | **9,011,801** | 9,430,554 |
| Fair value of plan assets | **(5,624,960)** | (7,813,795) |
| | **3,386,841** | 1,616,759 |
| Present value of unfunded obligation | **36,221,009** | 27,490,445 |
| **Benefit liability** | **39,607,850** | 29,107,204 |

**(c)** Movement in the liability recognised in the statement of financial position:

| | THE GROUP AND THE COMPANY | |
|---|---|---|
| | **30 June 2016** | **31 March 2015** |
| | **Rs.** | Rs. |
| At 1 April | **29,107,204** | 23,017,422 |
| Amount recognised in profit or loss (note d) | **7,564,466** | 2,687,806 |
| Amount recognised in other comprehensive income (note e) | **5,027,740** | 3,510,311 |
| Direct benefits paid | **(2,091,560)** | (108,335) |
| At 30 June | **39,607,850** | 29,107,204 |

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

| | THE GROUP AND THE COMPANY | |
|---|---|---|
| | **30 June 2016** | **31 March 2015** |
| | **Rs.** | Rs. |
| Current service cost | **5,086,021** | 3,083,002 |
| Past service cost (Note (i)) | **-** | (2,232,340) |
| Net interest cost | **2,478,445** | 1,837,144 |
| **Net benefit expense** | **7,564,466** | 2,687,806 |

Past service cost results from the alignment of normal retirement age to the Employment Rights Act.

**(e)** The amounts recognised in other comprehensive are as follows:

| | THE GROUP AND THE COMPANY | |
|---|---|---|
| | **30 June 2016** | **31 March 2015** |
| | **Rs.** | Rs. |
| Actuarial gains/(losses) on obligation arising from financial assumptions | **(4,613,748)** | (3,287,678) |
| Actuarial gains/(losses) on plan assets arising from financial assumptions | **(413,992)** | (222,633) |
| Net impact on prior years' adjustment in other comprehensive income (note (i)) | **-** | - |
| | **(5,027,740)** | (3,510,311) |

## 13. EMPLOYEE BENEFIT LIABILITY (Cont'd)

**(f)** Movement in the fair value of plan assets are as follows:

| | THE GROUP AND THE COMPANY | |
|---|---|---|
| | **30 June 2016** | **31 March 2015** |
| | **Rs.** | Rs. |
| At 1 April | **7,813,795** | 7,441,137 |
| Interest on plan assets | **587,548** | 595,291 |
| Benefits paid out of plan assets | **(2,362,391)** | - |
| Actuarial (loss)/ gain on plan assets | **(413,992)** | (222,633) |
| At 30 June | **5,624,960** | 7,813,795 |

**(g)** Movement in the fair value of plan assets are as follows:

| | THE GROUP AND THE COMPANY | |
|---|---|---|
| | **30 June 2016** | **31 March 2015** |
| | **Rs.** | Rs. |
| At 1 April | **36,920,999** | 30,458,559 |
| Current service cost | **5,086,021** | 3,083,002 |
| Past service cost | **-** | (2,232,340) |
| Interest cost | **3,065,993** | 2,432,435 |
| Benefits paid | **(4,453,951)** | (108,335) |
| Actuarial loss/ (gain) on obligation | **4,613,748** | 3,287,678 |
| At 30 June | **45,232,810** | 36,920,999 |

**(h)** The major categories of plan asset of the fair value of total plan assets are as follows:

| | THE GROUP AND THE COMPANY | |
|---|---|---|
| | **30 June 2016** | **31 March 2015** |
| | **Rs.** | Rs. |
| **Investments quoted in active markets:** | | |
| Local equities | **1,574,989** | 2,109,725 |
| **Unquoted investments:** | | |
| Local equities | **151,874** | 234,414 |
| Overseas equities | | |
| Real estate funds | **-** | 78,138 |
| Other funds | **1,164,367** | 1,719,034 |
| Local debt > 12 months | | |
| Government debts | **922,493** | 703,242 |
| Corporate debts | **1,316,241** | 2,266,000 |
| Overseas debt > 12 months | **174,374** | 234,414 |
| Local cash and debt maturity < 12 months | **320,622** | 468,828 |
| Total market value of assets | **5,624,960** | 7,813,795 |

## 13. EMPLOYEE BENEFIT LIABILITY (Cont'd)

**(i)** The principal actuarial assumptions used for accounting purposes were

| | THE GROUP AND THE COMPANY | |
|---|---|---|
| | **30 June 2016** | **31 March 2015** |
| | % | % |
| Discount rate | **6.25%** | 7.0% |
| Future salary increases | **5.50%** | 5.5% |
| Actuarial table for employee mortality | **PMA 92-PFA 92** | PMA 92-PFA 92 |

**(j)** A quantitative sensitivity analysis for significant assumption as at 30 June 2016 is shown as follows below:

| **Assumptions** | **Discount rate** | | **Future salary increase** | | **Life expectancy** | |
|---|---|---|---|---|---|---|
| | **1%** | **1%** | **1%** | **1%** | **1 year** | **1 year** |
| **Sensitivty Level** | **increase** | **decrease** | **increase** | **decrease** | **increase** | **decrease** |
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| **30 June 2016** | | | | | | |
| Impact on defined benefit obligation | (7,764,621) | 9,713,027 | 7,855,352 | (6,356,188) | 293,108 | (281,541) |
| 31 March 2015 | | | | | | |
| Impact on defined benefit obligation | (6,059,079) | 7,517,976 | 5,691,333 | (9,518,463) | 264,709 | (276,423) |

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

No contributions are expected to be paid to the defined benefit plan obligation in future years.

The average duration of the defined benefit plan obligation at the end of the reporting period is 11.1 years (2015: 12.3 yrs).

## 14. DEFERRED TAX LIABILITIES

Deferred income taxes are calculated on all temporary differences under the liability method at 17% (31 March 2015: 17%).

Deferred income tax at 30 June /31 March relates to the following:

| **THE GROUP AND THE COMPANY** | **Statement of financial position** | | **Statement of profit or loss and other comprehensive income** | | **Statement of changes in equity** | |
|---|---|---|---|---|---|---|
| | **30 June 2016** | **31 March 2015** | **30 June 2016** | **31 March 2015** | **30 June 2016** | **31 March 2015** |
| | **Rs.** | Rs. | **Rs.** | Rs. | **Rs.** | Rs. |
| **Deferred tax liability** | | | | | | |
| Accelerated depreciation | **31,063,083** | 34,208,566 | **(3,145,483)** | 5,667,886 | **-** | 6,233,287 |
| | **31,063,083** | 34,208,566 | **(3,145,483)** | 5,667,886 | **-** | 6,233,287 |
| **Deferred tax assets** | | | | | | |
| Retirement benefit obligation | **(6,733,335)** | (4,948,225) | **(930,394)** | (898,859) | **(854,716)** | (596,753) |
| Provision for expired drugs | **(51,000)** | - | **(51,000)** | - | **-** | - |
| Provision for fidelity discounts | **(271,999)** | (271,999) | **-** | (32,000) | **-** | - |
| Provision for doubtful debts | **(6,189,423)** | (4,822,171) | **(1,367,252)** | (1,158,224) | **-** | - |
| | **(13,245,757)** | (10,042,395) | **(2,348,646)** | (2,089,083) | **(854,716)** | (596,753) |
| Net deferred tax liabilities | **17,817,326** | 24,166,171 | | | | |
| **Deferred income tax raised/released** | | | **(5,494,129)** | 3,578,803 | **(854,716)** | 5,636,534 |

(b) Deferred tax asset has not been recognised in respect of unused tax losses for the subsidiary as in the opinion of Directors, it is not probable that future taxable profits will be available against which the losses can be utilised. Tax losses of Rs. 227,729 can be carried forward till financial year 2017/2018.

## 15. TRADE AND OTHER PAYABLES

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | 30 June 2016 | 31 March 2015 | 30 June 2016 | 31 March 2015 |
| | Rs. | Rs. | Rs. | Rs. |
| Trade payables | 52,506,017 | 34,911,609 | 51,831,224 | 34,727,618 |
| Other payables and accruals | 50,806,050 | 30,725,265 | 50,724,935 | 30,207,059 |
| Amounts payable to related party | 22,612,216 | 11,121,126 | 22,612,216 | 11,121,126 |
| | 125,924,283 | 76,758,000 | 125,168,375 | 76,055,803 |

Trade payables are non-interest bearing and are normally settled on 60 days terms.

Other payables are non-interest bearing.

For terms and conditions relating to related party, refer to Note 23.

## 16. REVENUE

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | 30 June 2016 | 31 March 2015 | 30 June 2016 | 31 March 2015 |
| | Rs. | Rs. | Rs. | Rs. |
| Healthcare services | 922,001,801 | 595,914,623 | 921,180,351 | 595,914,623 |
| Pharmacy - out patient | 55,804,913 | 34,476,475 | 55,804,913 | 34,476,475 |
| Sales of food and beverages | 16,153,755 | 12,299,328 | 3,938,335 | 3,065,539 |
| | 993,960,469 | 642,690,426 | 980,923,599 | 633,456,637 |

## 17. OTHER OPERATING INCOME

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | 30 June 2016 | 31 March 2015 | 30 June 2016 | 31 March 2015 |
| | Rs. | Rs. | Rs. | Rs. |
| Rental income | 2,704,268 | 2,154,796 | 2,704,268 | 2,154,796 |
| Gain on disposal on motor vehicle | 356,500 | 199,000 | 356,500 | 199,000 |
| Miscellaneous items | 1,315,432 | 1,007,130 | 2,030,107 | 1,729,362 |
| | 4,376,200 | 3,360,926 | 5,090,875 | 4,083,158 |

## 18. OPERATING PROFIT

| | | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|---|
| | | 30 June 2016 | 31 March 2015 | 30 June 2016 | 31 March 2015 |
| | | Rs. | Rs. | Rs. | Rs. |
| Included in cost of sales: | | | | | |
| Costs of inventories recognised as an expense | | 303,692,079 | 194,305,379 | 298,604,475 | 191,644,831 |
| Staff costs | (a) | 175,689,845 | 129,414,924 | 175,668,845 | 129,414,924 |
| Included in administrative expenses: | | | | | |
| Staff costs | (a) | 90,580,371 | 57,944,608 | 88,142,117 | 56,191,860 |
| Depreciation on property, plant and equipment | 4 | 48,207,205 | 35,339,829 | 48,188,183 | 35,299,378 |
| Amortisation of intangible assets | 5 | 7,388 | 10,180 | 7,388 | - |
| Retirement benefit obligations | 13 | 7,564,466 | 2,687,806 | 7,564,466 | 2,687,806 |

## 18. OPERATING PROFIT (Cont'd)

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **30 June 2016** | **31 March 2015** | **30 June 2016** | **31 March 2015** |
| | **Rs.** | Rs. | **Rs.** | Rs. |
| (a) Staff costs | | | | |
| Wages and salaries | **254,417,468** | 178,933,370 | **252,114,408** | 177,294,837 |
| Social security cost | **9,749,166** | 6,857,125 | **9,624,072** | 6,765,677 |
| Pension cost | **2,103,582** | 1,569,037 | **2,072,482** | 1,546,270 |
| | **266,270,216** | 187,359,532 | **263,810,962** | 185,606,784 |

## 19. FINANCE INCOME

| | THE GROUP AND THE COMPANY | |
|---|---|---|
| | **30 June 2016** | **31 March 2015** |
| | **Rs.** | Rs. |
| Interest on deposits | **7,029,432** | 484,100 |
| | **7,029,432** | 484,100 |

## 20. FINANCE COSTS

| | THE GROUP AND THE COMPANY | |
|---|---|---|
| | **30 June 2016** | **31 March 2015** |
| | **Rs.** | Rs. |
| Finance charges paid under finance leases | **132,037** | 73,960 |

## 21. TAXATION

The major components of income tax expense for the period ended 30 June 2016 and year ended 31 March 2015 are:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **30 June 2016** | **31 March 2015** | **30 June 2016** | **31 March 2015** |
| | **Rs.** | Rs. | **Rs.** | Rs. |
| **(a) Statement of profit or loss and other comprehensive income** | | | | |
| **Current income tax** | | | | |
| Current income tax charge | **22,736,655** | 7,168,871 | **22,736,655** | 7,168,871 |
| (Overprovision)/underprovision of income tax for prior year | **(1,715,799)** | 658,265 | **(1,715,799)** | 658,265 |
| Corporate social responsibility | **3,031,672** | 853,822 | **3,031,672** | 853,822 |
| ***Deferred tax*:** | | | | |
| Relating to origination and reversal of temporary differences | **(5,494,129)** | 3,578,803 | **(5,494,129)** | 3,578,803 |
| Income tax expense | **18,558,399** | 12,259,761 | **18,558,399** | 12,259,761 |

## 21. TAXATION (Cont'd)

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **30 June 2016** | **31 March 2015** | **30 June 2016** | **31 March 2015** |
| | **Rs.** | Rs. | **Rs.** | Rs. |
| **(b) Reconciliation of accounting profit to income tax expense:** | | | | |
| Accounting profit before income tax | **125,393,132** | 69,679,436 | **125,070,053** | 69,465,418 |
| At statutory income tax rate of 17% (2015: 17%) | **21,316,832** | 11,845,504 | **21,261,909** | 11,809,121 |
| Expenses not deductible for tax purposes | **81,157** | 158,812 | **81,157** | 158,812 |
| Tax loss utilised | **(54,923)** | (36,383) | **-** | - |
| Corporate social responsibility | **-** | (102,025) | **-** | (102,025) |
| Underprovision of deferred tax liability | **(1,068,868)** | (264,412) | **(1,068,868)** | (264,412) |
| (Overprovision)/ underprovision of income tax for prior year | **(1,715,799)** | 658,265 | **(1,715,799)** | 658,265 |
| At the effective income tax rate | **18,558,399** | 12,259,761 | **18,558,399** | 12,259,761 |

| | THE GROUP AND THE COMPANY | |
|---|---|---|
| | **30 June 2016** | **31 March 2015** |
| | **Rs.** | Rs. |
| **(c) Income tax payable** | | |
| At 1 April | **4,130,046** | 407,522 |
| Tax charge for the period | **22,736,655** | 7,168,871 |
| (Overprovision)/underprovision of income tax for prior year | **(1,715,799)** | 658,265 |
| Corporate social responsibility | **3,031,672** | 853,822 |
| Paid during the period/year | **(15,509,343)** | (4,958,434) |
| At 30 June,/31 March, | **12,673,231** | 4,130,046 |
| Disclosed as follows: | | |
| Income tax receivable | **-** | - |
| Income tax payable | **12,673,231** | 4,130,046 |
| | **12,673,231** | 4,130,046 |

## 22. EARNINGS PER SHARE

| | THE GROUP AND THE COMPANY | |
|---|---|---|
| | **30 June 2016** | **31 March 2015** |
| | **Rs.** | Rs. |
| Profit attributable to equity holders | **106,834,733** | 57,419,675 |
| Average number of ordinary shares in issue | **569,940,822** | 569,940,822 |
| Earnings per share (Basic and Diluted) | **0.19** | 0.10 |

Basic earnings per share are calculated by dividing net profit for the year attributable to ordinary equity holders by the weighted average number of ordinary shares in issue. There have been no transactions involving ordinary shares or potential dilutive ordinary shares between the reporting date and date of authorisation of these financial statements.

## 23. RELATED PARTY DISCLOSURES

| THE GROUP | Sales/ (Purchases) of goods or services | Management fees expenses | Amount owed to related parties | Trade payables | Amount owed by related parties | Trade receivables | Deposits with related parties |
|---|---|---|---|---|---|---|---|
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| **30 June 2016** | | | | | | | |
| *Entity with significant influence over the Group:* Fortis Healthcare International Limited | **-** | **76,503,246** | **16,152,479** | **-** | **-** | **-** | **-** |
| *Fellow related party:* Escorts Heart Institute and Research Centre Ltd. | **(1,038,635)** | **-** | **859,736** | **-** | **-** | **-** | **-** |
| *Entity with significant influence over the Group:* CIEL Healthcare Limited | | | | | | | **185,943,763** |
| *Fellow related party:* Bank One Limited | **-** | **-** | **-** | **-** | **6,000** | **-** | **1,050,083** |
| *Fellow related party:* Ciel Corporate Services Ltd | **(219,720)** | **5,600,000** | **5,607,040** | **-** | **-** | **-** | **-** |
| *Fellow related party:* Azur Financial Services | **-** | **-** | **47,149** | **-** | **-** | **-** | **-** |
| **31 March 2015** | | | | | | | |
| *Entity with significant influence over the Group:* Fortis Healthcare International Limited | - | 47,562,909 | 10,542,588 | - | - | - | - |
| *Fellow related party:* Escorts Heart Institute and Research Centre Ltd. | (795,745) | - | 578,538 | - | - | - | - |
| *Fellow related party:* Bank One Limited | - | - | - | - | - | 6,000 | 10,829,651 |
| *Fellow related party:* Ciel Capital Ltd | - | - | - | 115,000 | - | - | - |
| *Fellow related party:* Ciel Corporate Services Ltd | (526,938) | - | - | 151,527 | - | - | - |

## 23. RELATED PARTY DISCLOSURES (Cont'd)

| THE COMPANY | Sales/ (Purchases) of goods or services | Management fees expenses | Amount owed to related parties | Trade payables | Amount owed by related parties | Trade receivables | Deposits with related parties |
|---|---|---|---|---|---|---|---|
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| **30 June 2016** | | | | | | | |
| *Entity with significant influence over the Group:* Fortis Healthcare International Limited | **-** | **76,503,246** | **16,152,479** | **-** | **-** | **-** | **-** |
| *Fellow related party:* Escorts Heart Institute and Research Centre Ltd. | **(1,038,635)** | **-** | **859,736** | **-** | **-** | **-** | **-** |
| *Entity with significant influence over the Group:* CIEL Healthcare Limited | | | | | | | **185,943,763** |
| *Fellow related party:* Bank One Limited | **-** | **-** | **-** | **-** | **6,000** | **-** | **1,050,083** |
| *Fellow related party:* Ciel Corporate Services Ltd | **(219,720)** | **5,600,000** | **5,607,040** | **-** | **-** | **-** | **-** |
| *Fellow related party:* Azur Financial Services | **-** | **-** | **47,149** | **-** | **-** | **-** | **-** |
| *Subsidiary:* Café du Volcan | **4,919,350** | **2,250,000** | **23,600** | **-** | **1,917,039** | **-** | **-** |
| **31 March 2015** | | | | | | | |
| *Entity with significant influence over the Group:* Fortis Healthcare International Limited | - | 47,562,909 | 10,542,588 | - | - | - | - |
| *Fellow related party:* Escorts Heart Institute and Research Centre Ltd. | (795,745) | - | 578,538 | - | - | - | - |
| *Fellow related party:* Bank One Limited | - | - | - | - | - | 6,000 | 10,829,651 |
| *Fellow related party:* Ciel Capital Ltd | - | - | - | 115,000 | - | - | - |
| *Fellow related party:* Ciel Corporate Services Ltd | (526,938) | - | - | 151,527 | - | - | - |
| *Subsidiary:* Café du Volcan | 3,880,920 | 1,800,000 | - | 7,660 | 2,257,897 | - | - |

The transactions between related parties have been made on normal commercial terms and in the normal course of business. Outstanding balances at the end of reporting date are unsecured, interest free and settlement occurs in cash.

There has been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2016, the Group has not recorded any impairment of receivables relating to amount owed by related parties (2015: nil). The assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

| | 30 June 2016 | 31 March 2015 |
|---|---|---|
| | **Rs.** | Rs. |
| **(a) Key Management personnel compensation** | | |
| Salaries and short term employee benefits | **26,142,582** | 21,843,816 |
| Post retirement benefits | **213,284** | 194,742 |
| | **26,355,866** | 22,038,558 |

## 24. COMMITMENTS AND CONTIGENCIES

### CAPITAL COMMITMENTS

The Group has no capital commitments at end of reporting date (2015: Nil).

### CONTINGENT LIABILITY

At 30 June 2016, the Group has contingent liabilities in respect of bank and other guarantees of Rs. 925,000 (31 March 2015: Rs. 2,940,746).

There are pending litigations in respect of claims lodged by the Group of which the outcomes are unknown as at financial statement date.

### OPERATING LEASE COMMITMENTS

During the previous financial year, the Group has entered into an operating lease on a motor vehicle with lease term of five years. The Group has the option to renew the lease on such terms and conditions to be mutually agreed. Future minimum rental payable under operating leases as at 30 June 2016/31 March 2015, are as follows:

| | THE GROUP AND THE COMPANY | |
|---|---|---|
| | **30 June 2016** | **31 March 2015** |
| | **Rs.** | Rs. |
| Within one year | **863,149** | 1,079,160 |
| After one year but not more than five years | **1,991,893** | 4,046,850 |
| More than five years | **-** | - |
| | **2,855,042** | 5,126,010 |

## 25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal liabilities comprise of overdrafts, finance leases and trade payables and other payables. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has trade and other receivables and cash and deposits that are derived directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

Financial assets and liabilities, which are accounted for at amortised cost, approximate their fair values due to their short term nature.

***(i) Market risk***

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk and other price risk, such as equity risk.

***(ii) Interest Rate Risk***

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before taxation (through the impact of variable rate borrowing) and on equity. There is no tax impact on equity.

## 25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

| THE GROUP AND COMPANY | Increase/ (decrease) basis points | Increase / (decrease) on profit before tax |
|---|---|---|
| **30 June 2016** | +50 | 269,997 |
| Interest-bearing loans and borrowings | -50 | (188,469) |
| 31 March 2015 | +50 | 14,767 |
| Interest-bearing loans and borrowings | -50 | (16,415) |

***(iii) Foreign exchange risk***

The Group has transactions mainly in Mauritian Rupee. All financial assets and liabilities are in Rupee except for cash balance of Rs. 14,449,973 (2015 : Rs. 22,607,235) and trade receivable balance of Rs. 3,355,237 (2015: Rs. 4,858,799) which are denominated in EURO. Consequently, the Group's exposure to the risk that foreign exchange rate to Mauritian Rupee increases by 5% , assuming all other variable held constant,will have an effect of Rs. 890,235 on profit before tax and equity ( 2015: Rs. 1,455,954). An equal and opposite effect will occur with a 5% decrease.

***(iv) Credit risk***

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the statement of financial position are net of allowances for credit losses, estimated by the Group's management based on prior experience and the current economic environment. The Group has a dedicated debtors recovery team that monitors its debtors balances. Where applicable, the Group takes necessary legal actions in order to recover its balances from the debtors. The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties.

With respect to credit risk arising from deposit and cash at bank, investment is made only with reputable financial institutions.The Group's maximum exposure is the carrying amount of the financial assets as presented on the statement of financial position. As for financial guarantee, the maximum exposure is noted in note 24.

***(v) Liquidity risk***

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and finance leases.

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

| | On demand | < 3 months | 3 to 12 months | >1 yr < 5 yrs | Total |
|---|---|---|---|---|---|
| | Rs. | Rs. | Rs. | Rs. | Rs. |
| **GROUP** | | | | | |
| **30 June 2016** | | | | | |
| Trade and other payables | **-** | **125,924,283** | **-** | **-** | **125,924,283** |
| Interest-bearing loans and borrowings | **25,316,329** | **113,152** | **339,364** | **1,777,112** | **27,545,957** |
| | **25,316,329** | **126,037,435** | **339,364** | **1,777,112** | **153,470,240** |
| 31 March 2015 | - | 76,758,000 | - | - | 76,758,000 |
| Trade and other payables | 14,076,193 | 160,734 | 173,098 | 1,354,343 | 15,764,368 |
| Interest-bearing loans and borrowings | | | | | |
| | 14,076,193 | 76,918,734 | 173,098 | 1,354,343 | 92,522,368 |

## 25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

| | On demand | < 3 months | 3 to 12 months | >1 yr < 5 yrs | Total |
|---|---|---|---|---|---|
| **COMPANY** | **Rs.** | **Rs.** | **Rs.** | **Rs.** | **Rs.** |
| **30 JUNE 2016** | | | | | |
| Trade and other payables | **-** | **125,168,375** | **-** | **-** | **125,168,375** |
| Interest-bearing loans and borrowings | **25,316,329** | **113,152** | **339,364** | **1,777,112** | **27,545,957** |
| | **25,316,329** | **125,281,527** | **339,364** | **1,777,112** | **152,714,332** |
| 31 March 2015 | | | | | |
| Trade and other payables | - | 76,055,803 | - | - | 76,055,803 |
| Interest-bearing loans and borrowings | 14,076,193 | 160,734 | 173,098 | 1,354,343 | 15,764,368 |
| | 14,076,193 | 76,216,537 | 173,098 | 1,354,343 | 91,820,171 |

***(vi) Fair values***

Except where stated elsewhere, the fair values for both financial and non-financial assets and liabilities approximate their carrying values.

***(vii) Capital Management***

The primary objective of the Group, when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or sell assets to reduce debt.

The Group includes within net debt, interest bearing loans and borrowings, less cash and cash equivalents. Total capital is calculated as ''equity" as shown in the statement of financial position. The Group and the Company is not geared as at 30 June 2016 and 31 March 2015.

## 26. SEGMENT INFORMATION

The major of components of income tax expense for the period ended 30 June 2016 and year ended 31 March 2015.

| | Cafeteria | Pharmacy Out Patient | Healthcare | Total |
|---|---|---|---|---|
| **30 June 2016** | Rs. | Rs. | Rs. | Total |
| **Revenue** | 16,153,754 | 55,804,913 | 922,001,802 | 993,960,469 |
| Operating (loss)/profit | 323,077 | - | 118,172,660 | 118,495,737 |
| Finance income | - | - | 7,029,432 | 7,029,432 |
| Finance cost | - | - | (132,037) | (132,037) |
| **Segment assets** | | | | |
| Total assets | 926,060 | - | 883,534,303 | 884,460,363 |
| **Segment liabilities** | | | | |
| Total liabilities | 858,088 | - | 245,282,240 | 246,140,328 |
| **Other segment items** | | | | |
| Capital expenditure | 5,470 | - | 38,236,446 | 38,241,916 |
| Depreciation | (19,022) | - | (48,188,183) | (48,207,205) |

| | Cafeteria | Pharmacy Out Patient | Healthcare | Total |
|---|---|---|---|---|
| | Rs. | Rs. | Rs. | Total |
| 31 March 2015 | | | | |
| Revenue | 12,350,674 | 34,476,475 | 595,863,277 | 642,690,426 |
| Operating (loss)/profit | 214,018 | - | 69,055,278 | 69,269,296 |
| Finance income | - | - | 484,100 | 484,100 |
| Finance cost | - | - | (73,960) | (73,960) |
| Segment assets | | | | |
| Total assets | 764,348 | - | 741,647,242 | 742,411,590 |
| Segment liabilities | | | | |
| Total liabilities | 709,857 | - | 149,049,325 | 149,759,182 |
| Other segment items | | | | |
| Capital expenditure | - | - | 26,314,806 | 26,314,806 |
| Depreciation | (40,451) | - | (35,299,378) | (35,339,829) |

The Group has determined its operating segments based on reports reviewed by the Chief Operating officer that are used to make strategic decisions. An operating segment is a distinguishable component of an entity that is engaged in providing an individual product or service or a group of related products or services and that is subject to risks and returns that are different from those of other operating segments. Management monitors segment performance mainly on the revenue generated per segment. The Group has identified the following operating segments:-

(i) Cafeteria sales
(ii) Pharmacy sales from outpatient
(iii) Healthcare services

Cafeteria sales relate to revenue generated by the subsidiary, Le Café du Volcan, only. It represents the only difference between Group and Company's segment.

NOTES TO THE FINANCIAL STATEMENTS **for the period ended 30 June 2016**

## 26. SEGMENT INFORMATION (Cont'd)

Segment assets consist primarily of property, plant and equipment, inventories, trade and receivables and prepayments and include cash and cash equivalents. All non current assets are located in the country of domicile.

Segment liabilities comprise operating liabilities and include items such as taxation. Capital expenditure comprises additions to property, plant and equipment.

All revenues from external customers are attributable to the country of domicile. There is no single customer who generates more than 10% of the revenues of the Group and the Company. There is no foreign revenue.

## 27. DIVIDENDS

| | THE GROUP AND THE COMPANY | |
|---|---|---|
| | **30 June 2016** | **31 March 2015** |
| | **Rs.** | Rs. |
| Declared and paid during the period/year: | | |
| Dividends on ordinary shares: | | |
| Dividends: 6 cents per share (2015: 4 cts) | **34,196,449** | 22,797,633 |
| | **34,196,449** | 22,797,633 |
| Proposed and declared:<br>Dividends: 4 cents per share | **22,797,633** | - |

## 28. EVENTS AFTER THE REPORTING DATE

There were no events after the reporting date which require disclosures in or amendments to these financial statements.

# Proxy Form

I/We ..........................................................................................................................................

of ..........................................................................................................................................

being a shareholder of THE MEDICAL AND SURGICAL CENTRE LIMITED ("the Company") hereby

appoint ..........................................................................................................................................

of ..........................................................................................................................................

or, failing him/her . ..........................................................................................................................................

of ..........................................................................................................................................

as my/our proxy to vote for me/us and on my/our behalf at the Annual Meeting of the shareholders of the Company ("the Meeting") to be held at CIEL's Offices, 5th Floor, Ebène Skies, Rue de l'Institut, Ebène on 14 December 2016 at 14.00 hours and at any adjournment thereof.

I/We direct my/our proxy to vote in the following manner (Please vote with a tick).

| RESOLUTIONS | FOR | AGAINST |
|---|---|---|
| 1 | | |
| 2.1 | | |
| 2.2 | | |
| 2.3 | | |
| 2.4 | | |
| 2.5 | | |
| 2.6 | | |
| 2.7 | | |
| 2.8 | | |
| 3 | | |
| 4 | | |

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

Signature/s .....................................................................

Notes:

1. Any member of the Company entitled to attend and vote at the Meeting, may appoint a proxy, whether a member or not, to attend and vote in his/her stead.

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 discretion as to whether, and, if so, how he/she votes. Proxy forms should be deposited at the Share Registry and Transfer Office of the Company, MCB Registry & Securities Limited, 2nd Floor, MCB Centre, Sir William Newton Street, Port-Louis not less than twenty-four hours before the start of the Meeting, and in default, the instrument of proxy shall not be treated as valid.

# Application Form

Should you wish to receive by e-mail, future notice of shareholders' meetings, annual reports, accounts, credit advices and any other documents made available to you in your capacity as shareholder of The Medical and Surgical Centre Limited, thank you for filling the below section and return to:

*The Medical and Surgical Centre Ltd*
*C/o MCB Registry & Securities Ltd*
*2nd Floor, MCB Centre*
*Sir William Newton Street*
*Port Louis, Mauritius*

---

Dear Sir/Madam,

**Re: Authorisation to receive electronic communications**

I/We,

……………………………………………………………………………………………………………………………………………………………

Name of shareholder *(primary shareholder in case of joint holding)*

| | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|

National Identity Card Number/Passport Number
(for individuals)

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|

Business Registration Number
(for corporate bodies)

agree to receive by e-mail, notice of shareholders' meetings, annual reports, accounts, credit advices and other shareholder documents made available to me/us in my/our capacity as shareholder of Medical and Surgical Centre Ltd ("MSCL") and also agree to receive notification that documents such as annual reports and circulars have been posted on MSCL's website for consultation. I/we also agree to abide to the Terms and Conditions defined below.

| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|

Email address

Yours faithfully,

………………………………………………………………………………………………………… ………………………………………………………………………………………

Name of signatory Signature/s

Contact number: …………………………………………………………………........... Date: ……………………………………………………………………………….

**Terms and Conditions:**

- Upon approval of my/our request, issuance of paper notice of meetings, annual reports, accounts, credit advices and other shareholder documents shall be discontinued. However, in particular circumstances, I/we understand that MSCL reserves the right to send documents or other information to the shareholders in hard copy rather than by e-mail.
- MSCL cannot be held responsible for any failure in transmission beyond its control any more than it can for postal failures.
- My/our instruction will also apply to any shares that I/we may hold jointly.
- In case of joint holders, the person named first in the share register will be eligible to fill in and sign this document.
- In case of companies, the person/s authorised will be eligible to fill in and sign this document, and, as a corporate shareholder, we shall ensure that the e-mail address provided shall easily be read by/accessible to employees responsible for our shareholding in MSCL and that any de-activation of the said e-mail address will be notified promptly to MSCL, C/o MCB Registry & Securities Ltd, 2nd floor, MCB Centre, Sir William Newton Street, Port Louis, Mauritius.
- I/We shall be responsible for updating the designated e-mail address details, as and when necessary, to MSCL, C/o MCB Registry & Securities Ltd, 2nd floor, MCB Centre, Sir William Newton Street, Port Louis, Mauritius.
- I/We further undertake to hold MSCL and/or its agents harmless in the execution of my/our present instructions and not to enter any action against the aforesaid parties and hereby irrevocably renounce to any rights I/We might have accordingly.
- The present authorisation shall remain valid until written revocation by me/us is sent to MSCL, C/o MCB Registry & Securities Ltd, 2nd floor, MCB Centre, Sir William Newton Street, Port Louis, Mauritius.
- This instruction supersedes any previous instruction given to MSCL regarding the dispatch of the documents mentioned above.

**INTEGRATING DIVERSE HEALTH SERVICES UNDER ONE ROOF**

THE MEDICAL & SURGICAL CENTRE LTD
HEAD OFFICE: Georges Guibert Street, Floréal, 74111, Mauritius
Tel: (230) 601 2300 | Fax (230) 696 3612 (Administration) / (230) 696 1209 (Medical)

FCD NORTH: Office C, C0 - 05A& C2 - 204, La Croisette Mall,
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Email: clinique@cliniquedarne.com | www.fortiscliniquedarne.com | www.facebook.com/fortiscliniquedarne

24/7 Emergency and Ambulance Services: Dial 118