ISSN: 1694-3414

MSCL

The Medical and Surgical Centre Limited

2017 ANNUAL REPORT

In 1972, following Dr Darné's appointment by the Mauritian Government as ambassador of Mauritius to France, the clinique was taken over by a private company and started trading as

'The Medical and Surgical Centre Limited'

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Always committed to **an extra mile** in the high quality care

CHAIRPERSON'S **STATEMENT**

Dear Shareholder,

This financial year ended 30 June 2017 marked a real turning point for The Medical and Surgical Centre Limited ("MSCL") with the acquisition of Wellkin Hospital (formerly known as Apollo Bramwell), a 200-bedded capacity medical facility in Moka in January 2017.

The consolidation of Wellkin Hospital's operations within MSCL is an important strategic move for the company. MSCL now manages 265 operational beds, including 9 operating theaters, and medical and paramedical services across 40 specialties.

While the acquisition of Wellkin Hospital brought expected short-term challenges, it offers many long-term opportunities for all our stakeholders starting with our patients. Our vision is indeed to nurture excellence within both our operations, Fortis Clinique Darné and Wellkin Hospital and together create a regional medical hub. We believe MSCL, being the leading private healthcare provider in Mauritius, can develop specialties, centers of excellence, and ultimately improve the access to quality healthcare services in the country and for the region.

Performance

This financial year ended saw an increase of our turnover up to Rs. 1.2 billion and a drop of our profit after tax down to negative Rs. 24 million. These results are explained primarily by the acquisition of Wellkin Hospital which led to an increase of our revenue but negatively impacted our profitability with exceptional acquisition costs and operational losses incurred during the period under the review.

Fortis Clinique Darné has posted a satisfactory performance and continued to invest in the modernisation of its facilities with the relaunch of the Level III Neonatal Intensive Care Unit, and the acquisition of a new mammograph which will be in operation soon. Management has also reinforced internal processes and some specialties for a better patient experience including the ISO accreditation of the laboratory.

During the year 2016-2017, MSCL acquired Wellkin Hospital for a consideration of Rs. 700 million and invested Rs. 29 million in Fortis Clinique Darné to continue shaping our future.

Moving Forward

The management team is focused on turning around Wellkin Hospital operations, our immediate priority. The Hospital's reorganisation is ongoing with the view to optimise our operations and offer a better patient care and experience. Our two medical facilities will also be looking at increasing synergies to benefit from our scale.

We strongly believe that the combination of an established medical institution like Fortis Clinique Darné, which has been operating successfully for the past 64 years, coupled with a modern hospital like Wellkin Hospital is opening avenues for potential collaboration on the clinical & medical front in the first place, and secondly, from an administrative perspective.

Our actions will be driven in the coming months to nourish our core objectives which are:

- Excellence in patient care;
- Advanced medical and surgical procedures;
- Continuous improvement of our internal processes;
- Talent acquisition and retention.

Appreciation

I would like first to thank the fellow Directors of MSCL for their trust and support. I seize the opportunity to thank the team at Fortis Clinique Darné for their hard work during the year to maintain their leading position. I also thank the newly integrated team of Wellkin Hospital that we are pleased to welcome onboard to embrace this new and promising chapter for MSCL.

We will continue to focus on relationships with staff and doctors as we deeply think that our people is our greatest value: our administrative staff, doctors, nurses and the rest of the medical staff who work hard together on a day-to-day basis to deliver excellent medical care and services and positively contribute to the development of our two hospitals.

Last but not least, I would like to thank all our patients for their trust in our teams. We will do our best to continue nurturing a patient-centric culture within our medical facilities and improve on the medical care and services provided.

Helene Echevin
Chairperson
21 September 2017

TOGETHER WE MAKE A DIFFERENCE

1250+
Dedicated Staff

Specialists
190+

40+
Specialities

300,000+
Persons treated yearly

46,000+
Emergency cases handled effectively yearly

1500+
Births yearly

CORPORATE INFORMATION

BOARD OF DIRECTORS

DIRECTORS

Hélène Echevin, **Chairperson**
Guy Adam
Alex Alexander (Resigned on 31 October 2017)
Ashish Bhatia
L. J. Jérôme De Chasteauneuf
Rajiv Puri
Christine Sauzier
Antoine Michel Thomas

BOARD COMMITTEES

CORPORATE GOVERNANCE, NOMINATION AND REMUNERATION COMMITTEE

Ashish Bhatia, **Chairperson**
Guy Adam
Christine Sauzier

AUDIT AND RISK COMMITTEE

L. J. Jérôme De Chasteauneuf, **Chairperson**
Rajiv Puri
Antoine Michel Thomas

CHIEF OPERATING OFFICERS

Sukhmeet Sandhu,
Group Head – International Operations & Strategic Alliances, Fortis India

Unnati Negi,
Fortis Clinique Darné

Mohit Singh,
Wellkin Hospital

COMPANY SECRETARY

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

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

REGISTERED OFFICE

C/o Fortis Clinique Darné
Georges Guibert Street, Floréal
Mauritius
Tel : +230 601 2300
Fax: +230 696 3612

BANKERS

The Mauritius Commercial Bank Limited

Bank One Limited

Five Pillars of Excellence

Over the last 12 months, Fortis Clinique Darné (FCD) has continued to consolidate its five pillars of excellence – **Patient Centricity, Integrity, Ownership, Teamwork** and **Innovation**. These core values translate into putting our patients at the heart of everything we do, being open and sincere in providing compassionate care, in creating a sense of belonging and participation among our patients and team of professionals, in continuously investing in new technologies and advanced protocols, and being constantly ahead of the learning curve in pursuit of clinical excellence.

Staying Ahead of the Learning Curve

Fortis Clinique Darné has stayed ahead of the learning curve, encouraging new initiatives and spurring innovation, in a bid for continuous improvement.

- Implementation of the Fortis Operating System (FOS) which is designed to ensure that treatment is undertaken exactly as planned, a powerful initiative that has given FCD a competitive edge and confirmed it as a patient centric organization
- Introduction of new tests at the Laboratory, such as Insulin and Epstein Barr IgM detecting infection, Protein and Hemoglobin Electrophoresis, Automated Urine Microscopic Analysis, and Influenza Virus Antigen for types A, B and H1N1
- Breakthroughs with constant First Surgeries conducted over the island where FCD broke new grounds in the field of Electrophysiology & Cardiology, Pediatric Urology, Vascular and Thoracic Surgery, Urology and Colorectal Surgery

- Certified provider by Ministry of Health and Quality of Life for Continuing Development Programme to keep doctors up-to-date with medical advances
- Crystallography Laboratory Information Management System (CLIMS): Joint venture between Sisco Research Laboratories Pvt. Ltd. (SRL), India and FCD with an objective to bring in efficiencies in Laboratory services

Putting Patients First

At FCD, we are committed to delivering compassionate and individualized care to our patients each and every day. Our Strategic Plan reflects this with a priority that focuses on becoming the leader in the provision of patient and family-centered care. Now our efforts have been kicked into higher gear, and we are proud to have accomplished the following:

- Creation of a binding link between patients and all services of the clinic to ensure a seamless hospital experience with the appointment of Floor Coordinators and Surgery Counselling representative
- Interim billing has been introduced whereby patients and relatives can keep track of their bills daily, and can thus make better planning for payment. They are helped with any queries they might have and thus allowing for the fast tracking of the billing and discharge process

OPERATIONS REVIEW

- Implementing e-ticketing for laboratory and pharmacy to increase efficiency and effectiveness, and enhance patient satisfaction

- Upgrade of infrastructure for enhanced patient comfort

- Following up on our commitment towards the safety of our patients and personnel, building evacuation plans have been displayed throughout the clinic along with strategies for Emergency safety systems and enhanced fire safety systems.

- In our bid to constantly improve nursing care, alarms for IV drips have been introduced in nurses' station

Building Staff Capacity and Strengthening Accountability

FCD continuously evaluates, refines and improves its people development strategies in order to maximise the potential of its staff.

- The FY 16/17 has been focused on training to ensure safe operations in the workplace and towards reducing injuries and healthful work place

CERTIFICATE OF ACCREDITATION

This is to certify that

FORTIS CLINIQUE DARNÉ LABORATORY

Testing Laboratory No. T029

1) During the implementation process of ISO 15189:2012 Medical Laboratory, our staff in laboratory were provided with the following training for requirements for Quality and Competence: Corporate strategic focus, measuring customer satisfaction, internal audit, occupational health and safety risk assessment

2) Housekeeping Department in collaboration with the Infection Control Committee conducted trainings for our staff on personal hygiene, careful hand washing, effective cleaning methods and basic microbiology courses on the transmission of diseases, surface contamination and the cross-transmission of organisms

3) Nursing staff were assessed for their job requirement needs and they were proposed the following training for continuing education, career planning and personal growth: Meeting Patients Expectations, IV Therapy & Blood transfusion, Staffing level & skill mix and Workshop on Joint Application Development

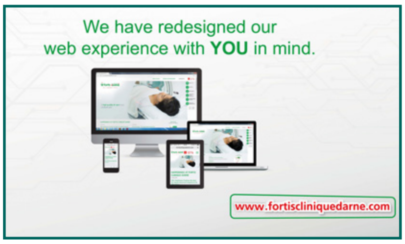
- The Sparkle Project, which is a Fortis initiative, is based on the 5s concept (sort, shine, sustain, set), is developed to keep hospitals infection free and to encourage employees to adopt a standardized approach to cleanliness. Champions, housekeeping and maintenance wizards were nominated to continue to work towards a healthier organization by promoting the project.

- Reinforcing team spirit and fostering relations outside the clinic by organizing a day at "Cocotown" for all our employees with their families

- Fostering innovative ideas for employee engagement through organisation contests and awards through:

1) Reward programs based on cost effectiveness contests for employees were carried out

2) Living Our Values (LOV) campaign where staff were invited to reflect on FCD values, promoted motivation to improve, and encouraged colleagues at all levels to challenge the status quo

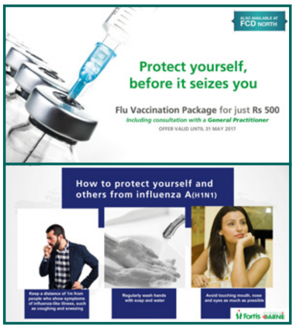


3 HR Portal was launched on website to attract high standard talent at FCD

Communication and Community Engagement

FCD's commitment to promote good health to the community to enjoy the healthiest lifestyle possible continued through initiatives below

- Continuous education and complimentary community awareness sessions by our doctors through the initiative A nu mett enn dialog (Let's Talk) to share key health messages through a series of monthly talks with the public at large



- Intensive mass awareness campaign on the prevention of influenza, A (H1N1) and A (H2N3), vaccination and management including guidelines on protection

- Facebook Health Page was launched to provide increase engagement through consistent dynamic posts on general health tips for our patients

- Re-designing of the website to provide an interactive platform with detailed information on our services, doctor's schedules, admission and discharge process, patient information leaflets and feedback section for patients and their relatives

- Sustaining our commitment to adopt a proactive approach to health in view of optimizing wellness, industry specific packages are designed, awareness talks are provided by our specialists and Corporate Health Surveillance Programs are conducted on site to corporates

- In the spirit of community and giving back to society, our collaboration with service clubs (Rotary Clubs), NGOs (Cancer Association of Mauritius - CANMA & Muscular Dystrophy Association - MDA), and government organisations (Mauritius Police Force - MPF) helped us to provide medical assistance over the island as well as beyond our shores (Madagascar)

- Medical coverage for international and local Sports Events (Ferney Trail, Mauritius marathon, World Cup Rugby 10s, Squash Necker, Radio One Trail, ABMO) with stationary, mobile medical teams and Physiotherapists to provide treatment not only for minor injuries and minor trauma but also for medical emergencies, such as cardiac events and major trauma

- Providing a yearly platform in collaboration with Blood Donors Association to build wider public and in-house awareness of the need for regular blood donation in order to maintain an adequate supply of blood for all patients requiring transfusion where 69 pints of blood were collected by our staff solely.

OPERATIONS REVIEW

Patient Centricity and Clinical Excellence at Wellkin Hospital

Over the last 6 months, we have shown a steady growth in patient footfalls and revenue. The key levers of our growth are **'Patient Centricity, Clinical Excellence, Talent engagement** and **Community Connect'**. We are driven by our values. Our commitment to 'best outcomes and experience' for our patients. Our patients' needs come first. We continuously innovate to exceed expectations and proactively support each other to operate as one team. We take initiatives and go beyond the call of duty to deliver on our commitments.

Staying Ahead of the Learning Curve

Wellkin Hospital Medical Directorate launched the STEMI and FAST Pathways to improve medical outcomes for Cardiac and Stroke patients.

STEMI pathway: for Acute Heart Attack (Myocardial Infarction)

FAST pathway: for Acute Stroke (Cerebrovascular Accident)

Pathways are multidisciplinary management tool based on evidence based practice for a specific group of patients with a predictable clinical course, in which the different interventions by the professionals involved in the patient care are carried out in a defined, optimized, sequential and timely manner.

Other initiates from the Medical Directorate:

- Medical Operating System (MOS)
- Clinical Excellence Scorecard (CESC)

Clinical Outcomes: are the globally agreed upon, evidence based measurable changes in health or quality of life resulting from patient care. Reporting of outcomes and its continuous monitoring provides an opportunity for both assessing and improving quality of patient care. To start, Patients with following interventions are being reported and followed-up:

- Coronary Artery Bypass Grafting (CABG)
- Percutaneous Trans-luminal Coronary Angioplasty (PTCA)
- Total Knee Replacement (TKR)

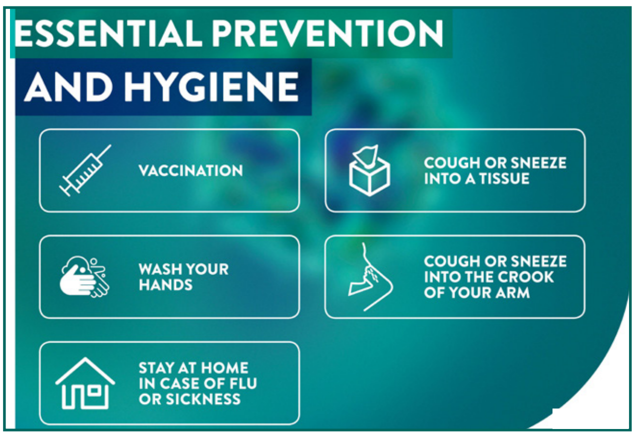
Putting Patients First

The Patient Care Services Department and Patient Welfare Department was set up to offer swift and efficient services to patients through constant communication and interaction with patients and relatives.

Continuous Improvement and Learning

Wellkin Hospital aims to align individual goals and performance with the organisation's overall vision and goals. Gap analysis is carried out to identify relevant training needs of each staff.

- Introduction of 'One Fortis' induction sessions targeted to all employees
- Training Need Analysis survey and In service Education and Departmental trainings started based on the TNA findings to keep up with the Hospital standard and refreshing existing and new staff knowledge on clinical and behavioral skills
- Hand Hygiene Campaign for awareness and compliance
- Nursing Quality Indicators Tracking Monitoring, Evaluation and corrective measures for improvements
- Capturing Area wise Nursing Indicators under MOS and CESC



Building Employee Engagement through Employee Connect Programmes

Employee engagement programmes were initiated to ensure smooth transition to the new company and brand. Focus groups and Townhall Meetings with employees were part of this rebranding process. Following the launch, sharing sessions on corporate values, mission and vision were held with all the staff.

This was followed by the setting up of the Employee Connect Committee which manages engagement initiatives such as monthly celebration of staff birthdays, diversity, national events, and international health days namely Nursing Day, Hand hygiene day amongst others.

Nursing Connect and Doctors' Connect committees were set up for the organisation of monthly forums for clinical staff to appraise their duties and to conduct team building initiatives. Nursing has initiated inter departmental activiries to raise awareness on high impact issues.

Communication and Community Engagement

Community Connect Programmes are conducted to create awareness on health issues, share knowledge and information to the public at large to change lives for the better.

- World Kidney day at the Bagatelle Mall of Mauritius. Hundreds of shoppers at Bagatelle were screened for free at this event.
- Cancer Summit was held in collaboration with the Rotary Club of Flacq. We solicited the participation of Cancer specialists at this event. The summit attracted a large number of audience.
- A Mega health camp was organized in collaboration with the Rotary Club of Ebene. Hundreds of people were screened at this mega health camp along with other NGOs and health organisations.

Rebranding of former Apollo Bramwell Hospital to Wellkin Hospital on 8th May 2017

A grand function was organised for the launch of Wellkin Hospital brand name on 8th of May. 500 guests attended the event. The function was graced by Chief Guest, Honourable Deputy Prime Minister and Minister for Energy and Public Utilities of Mauritius, Mr Ivan Collendavelloo. The new logo was unveiled through an emotional and engaging film produced with the help of the hospital staff. Wellkin Hospital's motto "All for Life", the Vision: " Achieve excellence in healthcare to enhance people's lives" and Mission: "Deliver best-in-class medical services with passionate care were unveiled and presented on this occasion". The event was followed by the rebranding of the building and a nationwide launch campaign.

LIFE IS A MIRACLE

Life is a miracle.
It is a beautiful journey. It is a gift.
Life is fragile, life is precious, every second, every breath, every heartbeat...

Life is for living.

CORPORATE GOVERNANCE REPORT 2017

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

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

Reporting Period: Financial year ended 30 June 2017

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 sections 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 Officers 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, yet he brings an independent opinion to any discussions and decisions taken up at the level of the said committee.

4. **Sections 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.

Hélène Echevin
Chairperson

L. J. Jérôme De Chasteauneuf
Director/Chairman of the Audit and Risk Committee

Dated this: 21 September 2017

Compliance

The Board of Directors (the "Board") of The Medical and Surgical Centre Limited ("MSCL" or the "Company") continues to be fully committed to maintaining a high standard of corporate governance within the Company and its subsidiary, Le Café du Volcan Ltée (collectively defined as the "Group") through its support and application of the principles and best practices in corporate governance as set out in the Code of Corporate Governance for Mauritius (the "Code").

The Board is pleased to report on the extent to which the principles and best practices of the Code were applied throughout the financial year ended 30 June 2017 as submitted below, inclusive of other statutory disclosures of the Companies Act 2001.

Governance Framework

By putting in place the right governance framework, the Board of MSCL has set a culture of integrity, transparency and accountability that permeates throughout the Group. The Board believes that such a framework is the roadmap to achieve the Company's strategic objectives within compliance requirements and by balancing the interests of the stakeholders, minimising and avoiding conflicts of interest, and practising good corporate behaviour.

MSCL's corporate governance framework is shown below:

BOARD OF DIRECTORS

Unitary Board structure

Chairperson

Mrs. Hélène Echevin,

Non-Executive Director

Composition

5	+	1	+	2	=	8
Non-Executive Directors		Executive Director		Independent Directors		Board Directors

Change in Chairmanship/ Directorship

- Appointment of Hélène Echevin as Director of MSCL and its subsidiary, Le Café du Volcan Ltée in replacement of Mr. Jean-Pierre Dalais who submitted his resignation, effective date: 5 June 2017.

At a Board Meeting held on 5 June 2017, the Board of Directors unanimously approved the said change in Directors and in addition, appointed its new Chairperson.
Mrs. Christine Sauzier who was elected Chairperson of MSCL on 10 June 2015, handed over the mandate of Chairmanship to Mrs. Hélène Echevin.

Composition of the Board and its Committees

Board of Directors

Hélène Echevin
Non-Executive
Chairperson

Guy Adam
Independent

Alex Alexander
Non-Executive

Ashish Bhatia
Executive

L. J. Jérôme De Chasteauneuf
Non-Executive

Rajiv Puri
Non-Executive

Christine Sauzier
Non-Executive

Michel Thomas
Independent

Audit and Risk Committee

L. J. Jérôme De Chasteauneuf
Chairperson

Rajiv Puri

Michel Thomas

Corporate Governance, Nomination and Remuneration Committee

Ashish Bhatia
Chairperson

Guy Adam

Christine Sauzier

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 Officers and of other Senior Executives of its two clinics during Board discussions and deliberations.

Role of the Board

Each member of the Board is collectively responsible and accountable to the Company's shareholders and stakeholders for the long-term success of the Group. Through the Board's leadership and direction, management runs the Group's day-to-day business. The Board leads and oversees the management of the Company by focusing and reserving its powers in the most significant matters of the Group, including:

Responsibilities of the Board

- Drives MSCL's strategy
- Accountable to shareholders and other stakeholders for the performance of the Company and its subsidiary.
- Provides effective leadership based on an ethical foundation of responsibility, accountability, fairness, and transparency.
- Endeavours to ensure that the Company strategy, risk, performance, and sustainability are managed in an integrated way that creates sustainable value for the Group and its stakeholders.
- Instructs and oversees the organisation's management and control structure.
- Sets performance goals, and manages and monitors their achievement.
- Oversees the preparation and fair presentation of the Company's annual financial statements and other key information presented to shareholders.
- Approves the Company's annual budget and capital expenditure.

The Board of MSCL functions within the ambit of the Companies Act 2001, the Company's Constitution and the Code.

Board Charter

The Board of Directors acknowledges the importance of having a charter which would provide the terms of reference for the Board and describe how the Board should operate. Much emphasis is on implementing a board charter by the end of the calendar year 2017, in line with the new National Code of Corporate Governance for Mauritius (2016) which will be binding as from the financial year ending 30 June 2018.

Profiles of the Directors

The Board of MSCL possesses a wide range of expertise and experience in strategic, financial, legal, commercial, insurance and healthcare activities.

The names and biographical details of all Board members (including details of their relevant experience and list of their directorships in other listed companies) are set out as below:

Hélène Echevin
(40 years old)

Appointed Director and Chairperson as from 5 June 2017

- Holder of a degree in Food Sciences and Technology from Polytech Engineering School, Montpellier, France and followed Management Executive Program at INSEAD.
- Been president of the MCCI, Mauritius Chamber of Commerce in Industry in 2015/2016.
- Joined CIEL Group in March 2017 as Chief Officer – Operational Excellence after 17 years of working experience in similar position.
- Main mission: Supporting the consolidation and growth of the global operations of CIEL Group through the deployment of new principles and tools of operational excellence; and heading the Healthcare cluster of the Group.

Directorship in other listed companies of the Stock Exchange of Mauritius Ltd ("SEM"):

- Sun Limited

Guy Adam
(67 years old)

Appointed Director on 25 May 2009

- Fellow of the Association of Surgeons of Great Britain & Ireland.
- Been practicing as a General Surgeon in Mauritius since 1988.
- Medical Advisor to Swan Health Insurance.
- Member of the Board of Directors of Rogers and Company Limited since 1994.

Directorship in other listed companies of the Stock Exchange of Mauritius Ltd ("SEM"):

- Rogers and Company Limited

Alex Alexander
(39 years old)

Appointed Director on 10 June 2015

- Holder of a Bachelor's degree in Commerce from Delhi University and an MBA specializing in Finance from the University of Lincoln, UK.
- Managing Director of CIEL Healthcare Africa, fully-owned subsidiary of CIEL Healthcare Limited *(in association with Fortis)*.
- Result-oriented professional specialized in strategy, finance, and operational execution within the healthcare market segment across Sub-Saharan Africa, Mauritius and India.
- Holds over fifteen 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.
- In his capacity, as General Manager at International Hospital Kampala (IHK), he successfully turned around the said hospital in a short span of twenty months.

Directorship in other listed companies of the Stock Exchange of Mauritius Ltd ("SEM"):

- None

Ashish Bhatia
(55 years old)

Appointed Director on 27 September 2011

- Currently holds the position of Chief Operating Officer, Region North & East with Fortis Healthcare Limited, India.
- Been associated with Fortis Healthcare Limited since its inception and has held many key positions within the Fortis Group during the past fifteen 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.
- Aspiration: To lead the large and dynamic teams of Fortis Hospitals to continuously provide world-class healthcare with patient centricity as its goal.

Directorship in other listed companies of the Stock Exchange of Mauritius Ltd ("SEM"):

- None

L. J. Jérôme De Chasteauneuf
(51 years old)

Appointed Director on 10 June 2015

- Chartered Accountant of England and Wales and holder of a BSC honours in Economics from the London School of Economics and Political Science.
- Joined CIEL Group in 1993 as Corporate Finance Advisor and became Head of Finance of the CIEL Group in 2000.
- 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.
- Nominated Executive Director of CIEL on 14 February 2014 and subsequently on 1 January 2017, as its Group Finance Director.

Directorship in other listed companies of the Stock Exchange of Mauritius Ltd ("SEM"):

- Alteo Limited
- CIEL Limited
- CIEL Textile Limited
- Harel Mallac & Co. Ltd
- Sun Limited

Rajiv Puri
(47 years old)

Appointed Director on 4 June 2014

- Accounting Professional with over 22 years of experience in advising clients across industries on Governance, Risk Management, Audit and Control practices.
- Currently Head of Risk & Audit function at Fortis Healthcare Limited, India.
- Before joining Fortis Group, worked as Associate Director in Advisory Services with EY, India assisting clients across geographies in Risk Management and Internal Audit function.

Directorship in other listed companies of the Stock Exchange of Mauritius Ltd ("SEM"):

- None

Christine Sauzier
(51 years old)

Appointed Director on 4 June 2014 and Chairperson as from 10 June 2015 up to 5 June 2017

- Holder of an LLB (Hons) from the University of Mauritius and a Licence en droit privé from the Faculté des Sciences Juridiques, Université de Rennes, France, Attorney-at-Law.
- Head of Legal of CIEL Group.
- Advising 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.
- Been instrumental in dealings with the regulators like Bank of Mauritius, Financial Services Commission and with the SEM.
- 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.
- Been involved in cross border deals in various countries notably in Sub-Saharan Africa, Indian Ocean and Asia.

Directorship in other listed companies of the Stock Exchange of Mauritius Ltd ("SEM"):

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

Michel Thomas
(58 years old)

Appointed Director on 25 May 2009

- Holder of a Master of Laws (UK), Fellow of the Chartered Insurance Institute (UK), Associate member of the Chartered Institute of Arbitrators, Chartered Insurer (UK) and Member of the British Insurance Law Association.
- Chief Operations Officer (COO) as well as a board member of Swan General Limited.
- Responsible for the Short-Term Operations of the Swan Group.
- Principal areas of specialisation: Insurance and Reinsurance contract law including policy drafting.
- Having extensive experience and skill in the handling of complex liability claims including medical negligence/malpractice claims.
- Been working 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.
- Been specialising in arbitration law and alternative dispute resolution (ADR) procedures.

Directorship in other listed companies of the Stock Exchange of Mauritius Ltd ("SEM"):

- Swan General Ltd

Induction of the Directors

The Company provides a tailored induction programme, including a letter of appointment, for all new Directors upon joining the Board. This programme provides a broad introduction to the Company's businesses to ensure new Directors develop a quick insight and understanding of the business; and to assist them in understanding their fiduciary duties. The induction programme is co-ordinated by the Chairperson and supported by the Company Secretary.

New Directors would meet the members of senior management team to discuss the Group's businesses, strategy and core function and would be invited to visit the clinics of the Company to familiarise themselves with the operations of the Company.

Generally, Directors of MSCL have no fixed term of appointment. In line with its Constitution, the Directors, including the chairperson, are re-elected annually and individually by the shareholders at the Annual Meeting of shareholders.

Training of Directors

The Directors of the Company were provided with an induction session on the new National Code of Corporate Governance for Mauritius (2016), on 21 March 2017, through the initiative of CIEL Corporate Services Ltd, Company Secretary, in collaboration with the Mauritius Institute of Directors.

Board Evaluation

No board evaluation was conducted for the financial year under review. Pursuant to the Code, the Board affirmed the value of Board evaluation and agreed that a similar evaluation should be conducted every year to evaluate its own performance and that of its committees and individual Directors with the aim of improving effectiveness.

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

Access to information and professional advice

The Directors have unrestricted access to all Company information, records, documents, and property. Directors are entitled, at the Company's expense, to seek professional advice about the affairs of the Company. This can be procured independently or co-ordinated through the Company Secretary.

Board Meetings

The Board met 4 times during the financial year ended 30 June 2017. Prior to each Board meeting, the Company Secretary draws up the agenda in consultation with the management teams and the Chairperson. Comprehensive Board papers are sent to all Directors by latest 3 working days in advance of each Board meeting to allow sufficient time for review of discussion topics.

Board decisions are voted on at Board meetings and supplemented by circulation of written resolutions between Board meetings in accordance with Clause 7 of the Eighth Schedule of the Companies Act 2001. Matters to be decided at meetings are decided by a majority of votes from the voting Directors, although the usual practice is that decisions reflect the unanimous consensus of the Board.

The Company Secretary keeps detailed minutes of each meeting, and records all matters considered by the Board, the decisions reached and any concerns raised or dissenting views expressed by each Director.

Key activities of the Board during the financial year ended 30 June 2017

1. The reports from the Chairpersons of Board Committees with respect to matters debated at the committee meetings
2. Approval of the audited accounts for the 15 months period ended 30 June 2016 and the relevant abridged version
3. Discussion/Decision on Expansion plan at FCD
4. Discussion/Decision on the potential acquisition of Apollo Bramwell Hospital (now known as Wellkin Hospital)
5. Approval of interim dividend for the financial year ended 30 June 2017
6. Integration/Turnaround plan of Wellkin Hospital
7. Budget for the financial year ending 30 June 2018

Board Committees

The Board of Directors delegates certain responsibilities to the Board Committees, namely the Audit and Risk Committee and the Corporate Governance, Nomination and Remuneration Committee in order to enhance business efficacy and operational efficiency.

These two committees have written terms of reference and the Board receives reports of their proceedings and deliberations. A summary of the responsibilities of each Board Committee is shown in the table below:

Committee	Audit and Risk Committee ("ARC")	Corporate Governance, Nomination and Remuneration Committee ("CGNRC")
Composition	Three members: Two Non-Executives and One Independent	Three members: One Executive, One Non-Executive and One Independent
Members	• L. J. Jérôme De Chasteauneuf, Chairperson* • Rajiv Puri • Michel Thomas	• Ashish Bhatia, Chairperson* • Guy Adam • Christine Sauzier
Regular attendees by invitation	• Chief Operating Officers • Head of Finance • Head of other departments when deemed necessary • External auditor of the Company • Internal auditor of the Company	• Chief Operating Officers • Head of other departments when deemed necessary
Quorum	Two members of the Committee	Two members of the Committee
Number of meetings held during the FY 30 June 2017	Five meetings	Three meetings
Summarised Terms of reference	• Reviewing the Company's interim and audited financial statements, accounting policies and any formal announcements relating to the Company's financial performance, before submission to the Board for approval. • Reviewing the effectiveness of the Company's internal control and risk management systems. • Overseeing relations with the external auditors. • Monitoring and reviewing the effectiveness of the Company's internal audit function; approving the appointment/termination of the internal auditors. • Maintaining lines of communication between the Board and the internal/external auditors.	• Determining, agreeing and developing the Company's and Group's general policies and strategies on corporate governance in accordance with the recommendations of the Code. • Reviewing the Board structure, size and composition and making recommendations to the Board with regards to any adjustments that are deemed necessary; • 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.
Key activities during the FY 30 June 2017	• Update on the outstanding balances pertaining to Doctors' fees. • Follow up on internal audit points remaining to be closed. • Operations review/Audited accounts for the 15 months period ended 30 June 2016/Unaudited accounts for the quarters ended 30 September 2016, 31 December 2016 and 31 March 2017; and Abridged versions of these accounts. • Internal audit reports – HR review, FCD North review, Follow up review, Review of patient welfare and marketing departments. • Recommendation of interim dividend figures for the financial year ended 30 June 2017 to the Board.	• Corporate Governance Report for the financial year ended 30 June 2016. • Annual increments for FCD employees for the calendar year 2017. • Change in Board Composition.

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

* The Code recommends that the Chairperson of the Audit and Risk Committee should be an Independent Director.

Mr. De Chasteauneuf, despite being a Non-Executive Director of MSCL, with his financial experience, brings an independent mind-set to the discussions and decisions taken up at the level of the Audit and Risk Committee meetings of MSCL.

Similarly, in line with the Code, the Chairperson of the Corporate Governance, Nomination and Remuneration Committee should be an independent non-executive director. Mr. Bhatia is seen as an Executive Director; yet he 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.

Attendance of meetings

The attendance of the Directors, which was either in person or through electronic means of communication, at the Annual Meeting of Shareholders ("AMS"), Board and Board Committees meetings during the financial year ended 30 June 2017 were as follows:

Board Member	AMS	Board Meetings	ARC Meetings	CGNRC Meetings
Christine Sauzier, Chairperson	1 out of 1	4 out of 4	N/A	3 out of 3
Alex Alexander	1 out of 1	4 out of 4	N/A	N/A
Guy Adam	1 out of 1	3 out of 4	N/A	2 out of 3
Ashish Bhatia	X	2 out of 4	N/A	3 out of 3
Jean-Pierre Dalais	1 out of 1	4 out of 4	N/A	N/A
L. J. Jérôme De Chasteauneuf	1 out of 1	4 out of 4	5 out of 5	N/A
Rajiv Puri	1 out of 1	3 out of 4	5 out of 5	N/A
Michel Thomas	1 out of 1	4 out of 4	5 out of 5	N/A

Directors' dealings with the Company's securities

The Company operates a closed period policy in line with DEM rules. During closed periods, directors and officers of the Company and its subsidiary are prohibited from dealing in MSCL's shares. Parties who may have access to confidential or price-sensitive information are cautioned against the possibility of insider trading during these periods.

As at 30 June 2017, none of the Directors of MSCL held any shares in the Company whether directly and indirectly.

Directors' Disclosure on Conflict of Interest

Directors are required to avoid a situation where they may have a direct or indirect interest that conflicts with the Company's interest. Where conflicts of interest may exist, Directors are requested to excuse themselves from discussions/decisions at such Board meetings or Board Committees meetings.

Directors present an updated list of their directorships and interests to the Company Secretary on an annual basis, or when a change has occurred.

For the financial year ended 30 June 2017, all Directors have fulfilled their disclosure requirements.

Company Secretary

The Company Secretary reports to the Chairperson and the Chief Operating Officers on governance matters. Balancing efficacy and the importance of good corporate governance, the role of the Company Secretary includes the reviews and implements corporate governance practices in line with the Code and processes as well as initiating improvements. Acting as Secretary to the Board as well as to the Board Committees, the Company Secretary is responsible to the Board in respect of Board procedures and processes. The Directors of MSCL have direct access to the advice and support of the Company Secretary on such matters.

The Company Secretary is also responsible for advising and keeping the Board and its Committees up to date on legislative, regulatory and governance matters. In addition, the Company Secretary facilitates induction and professional development of the Directors.

The role of Company Secretary is assumed by CIEL Corporate Services Limited.

The Roles of the Non-Executive Chairperson and Chief Operating Officers and Division of Responsibilities

- Chairperson of MSCL
  Mrs. Hélène Echevin *(as from 5 June 2017)*
- Chief Operating Officer of Fortis Clinique Darné
  Mrs. Unnati Negi *(as from 1 February 2015)*
- Chief Operating Officer of Wellkin Hospital
  Mr. Mohit Singh *(as from 31 July 2017)*

There is a clear division of the responsibilities in the Company between the running of the Board and the executives responsible for the running of the Company's business.

Non-Executive Chairperson

The Chairperson leads the Board and is responsible for ensuring that both the Board and individual Directors perform their duties effectively and make active contributions to the Board's affairs. The Chairperson also ensures the formation of constructive relations between the management teams and the Directors so that decisions made by the Board fairly reflect a consensus.

The Chairperson keeps abreast of the development and operations of the Company and its subsidiary via her frequent communication with the Chief Operating Officers and other senior executives, which takes place on average at least once every month. With the assistance of the Company Secretary, the Chairperson also ensures that good corporate practices and procedures are established and implemented throughout the Group.

Chief Operating Officer

The Chief Operating Officer leads the day-to-day management of the respective facilities – FCD and Wellkin. He/She is responsible for implementing strategies and policies agreed by the Board, and leading the management to fulfil the objectives set by the Board. The Board has entrusted the Chief Operating Officers with the authority to operate the business and he/she is accountable to and reports to the Board on the performances of the business. Each Chief Operating Officer is supported by a dedicated team of senior executives. This management structure facilitates clear reporting and provides the Board with high quality information and recommendations to enable informed decisions in all aspects of the Company's business and strategy.

Fortis CLINIQUE DARNÉ

Fortis Clinique Darné ("FCD")

FCD is one of the oldest, yet, one of the most modern private hospitals in Mauritius situated at Floréal, Curepipe. With a 112-bedded capacity and being fully equipped with Operating Theatres, Cardiac Catheterisation Lab, a 13-bedded Critical Care Unit, 2-bedded Isolation Intensive Care Unit and 15-day care beds, FCD offers medical and paramedical services across 30 key specialties, all under one roof.

In line with its expansion plan, FCD implanted a Day Care Centre at Grand Bay La Croisette, under the name of Fortis Clinique Darné North ("FCD North"), offering a wide range of services in the primary healthcare, other than operating a 24/7 Emergency department backed by an Advanced Cardiac Life Support Ambulance.

Vision
of FCD

To be a globally respected healthcare organisation known for Clinical Excellence and Distinctive Patient Care.

Mission
of FCD

To provide professional health services in a caring and friendly environment.

Wellkin Hospital ("Wellkin")

From Apollo Bramwell Hospital ("Apollo") to Wellkin, the said hospital went through some pivotal operational/managerial changes as summarised below:

Apollo, opened in 2009, was the newest private hospital strategically located in the district of Moka. With a 200-bedded capacity and equipped with state-of-the-art equipment, Apollo offered medical and paramedical services across 40 key specialties, all under one roof.

Apollo was initially part of the BAI Group. However, following political and financial difficulties encountered by the BAI Group in April 2015, Apollo was put under administration and since then, was being managed by the National Insurance Company Ltd ("NIC"), a state-owned company which was trying to sell the business of Apollo since June 2015.

Following a tender process, CIEL Healthcare Africa Limited, the management company of the CIEL Healthcare cluster was confirmed as the preferred bidder by the NIC on 6 December 2016. After due consideration, the senior management team of CIEL Healthcare cluster strongly believed that the acquisition of Apollo by MSCL would prove beneficial to FCD. Objective: To maximise economies of scale and to optimise on the operational synergies between Apollo and FCD.

In its endeavour to always striving to meet the growing needs of its patients and providing a high quality and consistent healthcare service, the Board of Directors of MSCL, at a Board Meeting held in December 2016, unanimously approved the acquisition of Apollo's business operations and an annual rent for the land and buildings subject to due diligence, execution of final agreements, regulatory and shareholders' approvals.

On 19 December 2016, the shareholders of the Company approved the said acquisition and on 20 January 2017, the shareholder and the public at large were informed of the completion of the transaction process pertaining to the acquisition of Apollo's business operations by MSCL through a communiqué issued in line with DEM rules and published in two widespread local newspapers.

On 8 May 2017, Apollo was re-branded as **Wellkin Hospital,** a new name with a new purpose having as motto **"All for Life".**

The team of Wellkin is committed to bringing together world-class expertise and medical technology to deliver quality healthcare services and patient care.

Vision
of Wellkin

Achieve excellence in healthcare to enhance people's lives.

Mission
of Wellkin

Deliver best-in-class medical services with passionate care.

Management team

Through the management contract held with Fortis Healthcare International Limited for the day-to-day operational activities of the Company, the two hospitals are supported by two distinct Chief Operating Officers headed by a Senior Officer (designated by Fortis) and backed by a management team as summarised below:

MSCL

Sukhmeet Sandhu

Head of International Operations & Strategic Alliances

- Joined MSCL in February 2017 as Head of International Operations.
- Healthcare professional with 34 years of rich experience in the field of Business Operations, Administration, Channel Management and Business Development with Fortis Healthcare Limited and TATA Steel.
- Been working as Head of Business Development at Fortis Healthcare Limited and was responsible for growth and international operations for all Fortis Group of Companies.
- Been also working as Head of Retail Management, customer product, optimization initiatives; Total Operational Performance task force at TATA Steel, Kolkata.

Clive Chung

Head of Human Resources

- Joined MSCL in April 2017 as Head of Human Resources.
- Holder of a Master's Degree in Business Administration and a BSc (Honours) Management.
- Been working in the fields of Human Resources, Training and Quality for the past 16 years and having local and international exposure in the fields of hospitality and financial services industries.
- Formerly the Head of Human Resources of an international financial services company based in South Africa.

FCD

Unnati Negi

Chief Operating Officer

- Healthcare professional with over 20 years of work experience.
- 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).
- Prior to joining FCD, worked at Fortis Memorial Research Institute (FMRI), Gurgaon, India, as Head-Operations (FMRI Allied Hospitals) and been leading on three Hospitals: Fortis-CDOC, Fortis Aashlok Hospital, New Delhi and Kalyani Hospital, Gurgaon.
- Been closely associated with the healthcare industry since year 2003 and played pivotal roles in starting up Medanta Medicity – multispeciality hospital and Max Cancer Centre across 5 locations.

Wellkin

Mohit Singh

Chief Operating Officer

- Holder of a Masters in Information Technology and a Postgraduate diploma in Hospital and Healthcare Management.
- Having over 16 years of enriching experience in sales and operations at a national and international level.
- Contributed his expertise as Unit Head-Administration and Facility Director at Fortis Escorts Hospital, Faridabad.
- Being part of the International business team of Fortis Healthcare Limited.

Dr Ashish Sharma
Head of Medical Services

- Joined FCD as Deputy Medical Superintendent in July 2011.
- Holder of a Diploma in Healthcare Management from Symbiosis, Pune and an M.D from the Higher Medical Institute, Pleven, Bulgaria.
- Having more than 12 years of working experience as a Medical Officer providing inpatient care in Hematology, Oncology, Cardiology as well as Renal department.
- Been Ward in Charge at Fortis Hospital, Mohali and House Surgeon at the Government Multispecialty Hospital, Chandigarh, India.
- Also held the position of Assistant Manager-Materials at Fortis Hospital, Mohali with a rich experience in Clinical Patient Care, material management and profit margin achievement with Fortis Healthcare Limited.

Dr Deepak Singh
Head of Medical Services

- Joined Wellkin in May 2017 as Head of Medical Services.
- Holder of a MD (Doctor in Medicine) in Internal Medicine.
- Having 6 years of enriching experience at Fortis Healthcare Limited.
- Previously, served in a clinical stint of 4 years at Fortis-Vasant Kunj, New Delhi and moved to an administrative role as Medical Superintendent at Fortis Escorts Hospital (Delhi-NCR).
- Been contributing in the license for Kidney Transplant program and was also part of the Doctors' team to Nigeria, Congo, and Rwanda and contributed in international business development.

MSCL has recruited a Head of Finance who will be responsible to oversee the finance operations at both FCD and Wellkin, due to start on 16 October 2017. A Finance Manager will also be appointed at FCD.

In the meantime, the services of BDO & Co have been solicited to ensure the accounting management functions at FCD whilst Wellkin was being provided with the additional support of CIEL Healthcare Africa Limited ("CHAL"), the management company of CIEL Healthcare Limited ("CHL"), through Ms. Shirley Chung, who was acting as Chief Finance Officer of Wellkin.

Ms. Shirley Chung is a Chartered Certified Accountant and holds a BSC Honours in Accounting from the University of Mauritius. Previously Corporate Finance Executive at CIEL Corporate Services Ltd, at CHAL, in her capacity as Executive-Strategy & Finance, Ms. Chung is primarily responsible for the whole finance function of CHL and its subsidiary companies. Other than overseeing the monthly reporting of these subsidiaries and performance follow-up and providing operational support, she also assists the Managing Director of CHAL with developing and executing the strategic plans and participating in and driving decision-making.

Constitution

The Constitution of the Company complies 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 Limited
5th Floor, Ebène Skies,
Rue de l'Institut, Ebène.

Some of its salient features are highlighted as below:

Article 12

Transfer and Transmission of shares

There shall be no restrictions on the transfer of fully paid up shares in the Company.

Article 19.7.

Voting at a meeting of shareholders

In case of an equality of votes, the Chairperson of a shareholders' meeting shall not be entitled to a casting vote.

Article 21.

Appointment and Removal of Directors

The minimum number of directors shall be three (3) and the maximum number shall be twelve (12).

Article 19.6.2.

Quorum for a meeting of shareholders

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.

Article 24.6.

Quorum for a meeting of the Board

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.

Shareholding

Register date

30 June 2017

Issued share capital

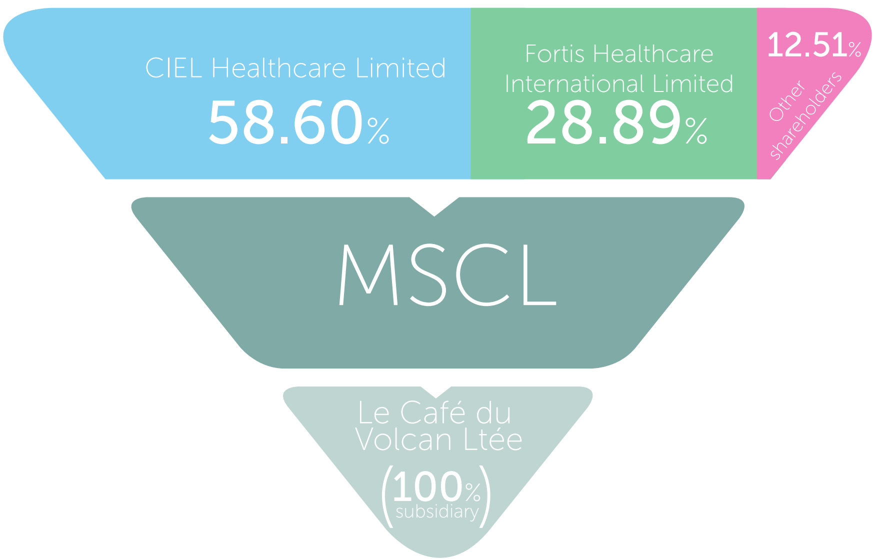
569,940,822

no par value ordinary shares worth in total

Rs. **289, 801,318/-**

Holding Structure

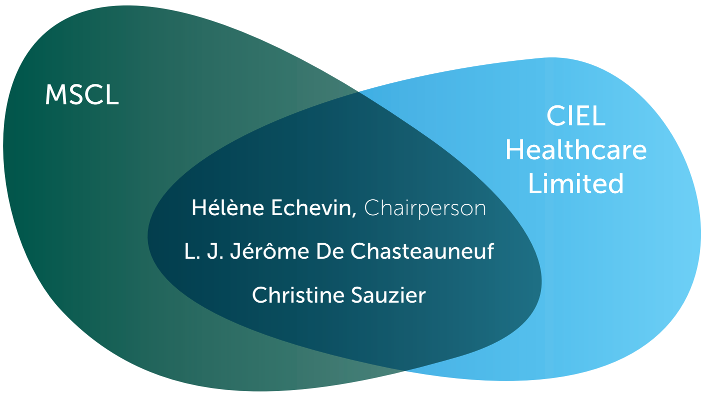
The holding structure of MSCL as at 30 June 2017 was as follows:



Common Directors

The common Directors within the holding structure of the Company as at 30 June 2017 were as follows:

Name of Directors



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

Substantial Shareholders

As at 30 June 2017, the shareholders holding more than 5% of the issued share capital of the Company were:

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

Share Ownership

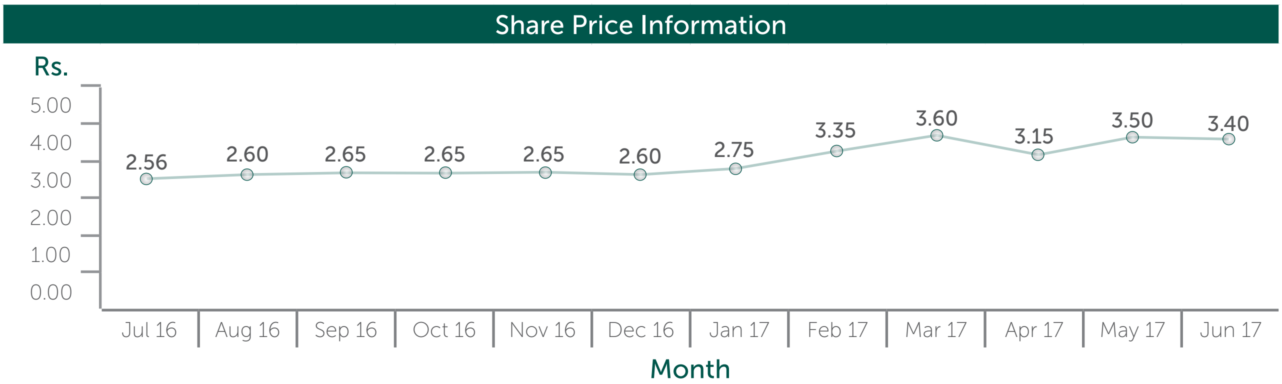
The share ownership and a breakdown of the category of shareholders as at 30 June 2017 was as follows:

Number of shareholders	Size of shareholding	Number of shares owned	% Holding
85	1 - 500 shares	7,305	0.00
21	501 - 1,000 shares	20,200	0.00
38	1,001 - 5,000 shares	114,760	0.02
15	5,001 - 10,000 shares	116,400	0.02
29	10,001 - 50,000 shares	789,828	0.14
4	50,001 - 100,000 shares	284,200	0.05
12	100,001 - 250,000 shares	1, 987,400	0.35
2	250,001 - 500,000 shares	707,820	0.12
2	500,001 - 1,000,000 shares	1,750,000	0.31
9	Over 1,000,000 shares	564,162,909	98.99
217		569, 940,822	100.00

Number of shareholders	Category of shareholders	Number of shares owned	% Holding
177	Individuals	2,255,255	0.40
2	Insurance and Assurance Companies	30,000,000	5.26
1	Pensions and Provident Funds	48,500	0.01
9	Investment and Trust Companies	18,804,431	3.30
28	Other Corporate Bodies	518,832,636	91.03
217		**569,940,822**	**100.00**

Share Price Information

The shares of the Company are listed on the DEM of the SEM since August 2006. The chart below shows the evolution of the price of these shares during the financial year ended 30 June 2017.



Investor relations and communication with shareholder

In line with good corporate governance, the Company adopts an open and transparent policy in respect of its relationship with its shareholders and investors. The Company communicates with its shareholders and investors through the annual report, Annual Meeting of the Shareholders ("AMS"), press releases and through the website of its clinics:

Fortis Clinique Darné: http://www.fortiscliniquedarne.com

Wellkin Hospital: http://www.wellkinhospital.com

In addition, the timely public announcements made by the Company through the SEM and the quarterly/yearly financial results released by the Company provide shareholders and investors with an overview of the Company's and its subsidiary's performance and operations. The Company, where appropriate, also provides clarifications and response to queries submitted by shareholders, investors and analysts in relation to any of the official reports or announcements.

The AMS remains the primary platform engaging the shareholders to communicate directly with the Directors and the management teams of the Company.

Key dates for the financial year ending 30 June 2018 (indicative):

Publication of audited accounts for the year ended 30 June 2017	September 2017
Publication of unaudited accounts for the quarter ending 30 September 2017	November 2017
Annual Meeting of Shareholders	December 2017
Declaration of Interim Dividend*	December 2017
Payment of Interim Dividend*	January 2018
Publication of unaudited accounts for the six months ending 31 December 2017	February 2018
Publication of unaudited accounts for the nine months ending 31 March 2018	May 2018
Declaration of Final Dividend*	May/June 2018
Payment of Final Dividend*	June/July 2018

** Subject to the approval of the Board of Directors*

Dividend Policy

It is highlighted that the Company has no formal dividend policy but strives at ensuring sustained growth and financial stability. 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.

On 14 December 2016, the Board of MSCL declared an interim dividend of 3 cents per ordinary share in respect of the financial year ended 30 June 2017 for a total amount of Rs. 17,098,224.66/-

Share Registry and Transfer Office

For enquiries about share transfer and registration 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 Company's Share Registry and Transfer Office:

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

Agreements

The Company holds the following agreements with:

- CIEL Healthcare Limited for the provision of the following services either directly or through the support of CIEL Corporate Services Ltd:

Strategic support & Group Strategy and Harmonisation	Corporate Governance	Company Secretary	Legal Support	
Corporate Finance	Corporate Sustainability	Communication Support	Human Resources Support	Payroll

- 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;
- Azur Financial Services Limited for its treasury management services;
- NIC Healthcare Ltd, National Insurance Co Ltd, British American Hospitals Enterprise Ltd and CIEL Healthcare Africa Ltd for the acquisition of the business operations of Apollo Bramwell Hospital (now known as Wellkin Hospital) – the Asset Purchase Agreement; and
- National Insurance Co Ltd for the sublease of the land and the lease of the Hospital Building and Infrastructure in respect of Wellkin Hospital – the Lease and Sublease Agreement.

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

The Company did not enter into any other major agreements other than those in the ordinary course of business, namely pertaining to the acquisition of the business operations of Wellkin, 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 BDO & Co who plays an important part in the assessment of effectiveness of the Company's risk management and internal control systems and reports to the Audit and Risk Committee on a regular basis.

Internal audit reports on control effectiveness are submitted to the Audit and Risk Committee in line with the agreed audit plan. BDO & Co conducts risk based internal audit reviews at both operational and corporate levels. Plans and tools for corrective actions and improvements are identified with the management teams to address any shortfalls arising from the audit findings.

As a recurrent item on the agenda of the Audit and Risk Committee meetings, management briefed the members of the said committee on the audit findings arising from the last internal audit reports which remained to be corrected. The internal auditors also conduct follow-up reviews on the audit exercises conducted to ensure that necessary actions are being taken promptly and whether more extensive monitoring is needed.

For the financial year ended 30 June 2017, the following internal audit reports were tabled at the Audit and Risk Committee meetings of MSCL:

- Human Resource Management review at FCD
- FCD North review
- Follow-up review on the previous audit reports namely

Open or partially closed issues from FCD Follow up review performed in March 2015	IT review	Health & Safety review
Human Resource Management review	FCD North	Review of patient welfare and marketing departments at FCD

Risk Management and Internal Control

Risks are inherent in every business and the challenge is in identifying and managing them so that they are managed, mitigated, transferred, avoided or understood and accepted. Effective risk management is and has been an integral part of the overall achievement of the Company's strategic objectives.

The Board of MSCL acknowledges that it is ultimately responsible for establishing and maintaining appropriate risk management and internal control systems for the business of the Group and to assess their effectiveness on a regular basis. To achieve this, the Board ensures that there is a robust framework of ongoing risk management process in identifying, evaluating and managing significant risk faced by the Company to promote its long-term success.

The Board has delegated the responsibility for overseeing the adequacy and effectiveness of risk management and internal controls to the Audit and Risk Committee.

The risk management framework of MSCL is illustrated as below:

The system and processes that have been put in place are designed to manage MSCL's risks and not eliminate all risks. As with all systems, it does not provide an absolute shield against factors such as unpredictable risks, uncontrollable events such as natural catastrophes, fraud, and errors of judgement.

Some of those unpredictable 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 27 of the Financial Statements.

Operational

Operational risks are 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

The Financial Statements for the year under review have been audited by Ernst & Young who was re-appointed as external auditor of the Group in accordance with Section 200 of the Companies Act 2001 at the last AMS held in December 2016.

The external auditor provides independent challenges to the levels of assurance given by the different businesses and operations as well as the internal auditor particularly on any material internal control over financial reporting issues identified in the course of its audit work.

The external auditor would report on any control weakness to the Audit and Risk Committee.

Statement of Remuneration Philosophy

The Board has delegated to the Corporate Governance, Nomination and Remuneration Committee of the Company the responsibility of reviewing the remuneration packages of the medical and non-medical staff of the Company, the Senior Executives as well as the Directors.

The Committee recognises that there is a competitive market for successful executive talent and believes that remuneration packages being offered must be set competitively with the market and at the right level to attract and retain the Company's executives.

MSCL's remuneration policy has been tailor-made from a Fortis model by endorsing the following key guiding principles:

√ Linking pay to business results, market practice and non-financial goals.	√ Ensuring compensation and benefits programmes are legally compliant, locally relevant, and globally consistent.	√ Providing a total remuneration package that rewards good performers competitively by considering market movements and business performance.	√ Promoting internal equity to ensure employees performing similar roles within the same market are rewarded fairly.

It is highlighted that the remuneration packages of the senior personnel of MSCL, namely the Chief Operating Officers, are determined and reviewed at the level of Fortis, pursuant to the Management Agreement with Fortis Healthcare International Limited.

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

Material Related Party Transactions

Details of material related party transactions which were undertaken in the ordinary and usual course of business are set out in note 23 to the Financial Statements.

Employee Retirement Benefits

Details of the Group's employee retirement benefits are shown in note 13 to the Financial Statements.

Code of Business Conduct and Ethics

The Board of MSCL recognises that good governance emanates from effective and responsible leadership, which is characterised by the ethical values of responsibility, accountability, fairness and transparency. Both facilities of MSCL, FCD and Wellkin, are committed to a policy of fair dealing and integrity in the conduct of their business, and all employees are expected to share the Board's commitment to high moral, ethical and legal standards.

The Company's Code of Business Conduct and Ethics (the "Code of BCE") articulates the Company's policy regarding conflicts of interest, gifts, confidentiality, fair dealings and the protection and appropriate use of the Company's assets. The Code of BCE applies to Directors, executives, management, employees, and any other person seen as representing or being associated with the Company.

The Board is committed to ensuring that such Code is consistently applied within the Group and several initiatives are used by management to entrench the Code of BCE's principles including:

Induction of the new staff members/Directors to the Code of BCE.	Implementation of in-house Committees – Clinical Governance Committee at FCD and Ethics Committee at Wellkin to look into the ethics of the operations of the Company.	Conducting Employment satisfaction surveys to track any loopholes affecting the state of mind of the employees for onward remedial actions.	Collection of feedback from patients to track the shortfalls for further improvement.

Environment, Health and Safety

Being a healthcare service provider, MSCL recognises its role in providing a healthy, sound and secure working environment for all its patients, employees, visitors and any authorised parties on its premises.

In compliance with the Health and Safety legislation, the Company has implemented the recommended policies and practices to ensure that the plants, machinery and equipment are safe to operate; information, instructions and trainings are provided to enable its employees to perform their duties efficiently and safely; its patients are treated and served in the best conditions; and continuous improvement in the performance of its Health and Safety management system are maintained.

Sustainability

The Company's commitment to social, environmental and economic sustainability is central to the business culture of FCD and Wellkin and underpins all activities of the Company and its subsidiary.

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

Dated this: 21 September 2017

Other Statutory Disclosures

(Pursuant to Section 221 of the Companies Act 2001)

Nature of Business

MSCL is a public company incorporated on 17 July 1972 with the Registrar of Companies, Mauritius. It is listed on the DEM of the SEM and is registered as a reporting issuer with the Financial Services Commission since the promulgation of the Securities Act 2005. 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 through two established private hospitals offering medical and paramedical services across a wide range of specialties all under one roof – Fortis Clinique Darné and Wellkin Hospital; and one Day Care Centre, operating under the name of FCD North, offering a wide range of services in primary healthcare including a 24/7 Emergency service backed by an Advanced Cardiac Life Support ambulance.

Directors' Emoluments

As recommended by the Corporate Governance, Remuneration and Nomination Committee of MSCL and approved by the Board, the fees received by the Directors from the Company for the financial year ended 30 June 2017 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

Nominees of Fortis:

Ashish Bhatia and Rajiv Puri

- CIEL Healthcare Limited Directors: Rs. 50,000 per board meeting
Fees paid/payable to CIEL Healthcare Limited

Nominees of CIEL Healthcare Limited:

Hélène Echevin,
Alex Alexander,
L. J. Jérôme De Chasteauneuf and
Christine Sauzier

During the year under review, 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.

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 in general at Fortis Clinique Darné.

Mrs Hélène Echevin 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

No Director or any substantial shareholder was materially interested, either directly or indirectly, in a contract of significance entered into by the Company or its subsidiary.

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 to Rs. 300M.

Donations

For the year under review, MSCL did not contribute to the CSR Fund since it has benefited from the accumulated tax losses of Wellkin.

External Audit Fees

External audit fees payable during the year were as follows:

	Company		Subsidiary	
	Rs.	Rs.	Rs.	Rs.
	2016/2017	2015/2016*	2016/2017	2015/2016*
Audit fees to:				
Ernst & Young	1,440,000	900,000	25,000	25,000
Out-of-scope services	500,000			
Fees paid for other services provided by:				
Ernst & Young	2,615,000	417,500	10,000	11,000

Note: Fees are exclusive of VAT | * *For fifteen months period 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		Subsidiary	
	Rs.	Rs.	Rs.	Rs.
	2016/2017	2015/2016*	2016/2017	2015/2016*
Internal Audit fees to:				
BDO & Co	2,500,000	750,000	-	-
Fees paid for other services provided by:				
BDO & Co (Fixed Asset Count)	1,500,000	1,967,000	-	-
Secondment	200,000	-	-	-

Note: Fees are exclusive of VAT | * *For fifteen months period 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

Hélène Echevin
Chairperson

L. J. Jérôme De Chasteauneuf
Director/Chairman of the Audit and Risk Committee

Dated this: 21 September 2017

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Directors acknowledge their responsibilities for:

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

(ii) the preparation of financial statements which fairly present the state of affairs of the Company as at the end of the financial year and the 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

Hélène Echevin
Chairperson

L. J. Jérôme De Chasteauneuf
Director/Chairman of the Audit and Risk Committee

Dated this: 21 September 2017

COMPANY SECRETARY'S CERTIFICATE

MSCL
The Medical and Surgical Centre Limited

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 2017, 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

Dated this: 21 September 2017


HELPING HEALTHCARE
TAKE A STEP FORWARD

INDEPENDENT AUDITORS' REPORT 2017

INDEPENDENT AUDITORS' REPORT

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of The Medical and Surgical Centre Limited (the "Company") and its subsidiary (the "Group") set out on page 47 to 96 which comprise the statement of financial position as at 30 June 2017, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements, including significant accounting policies.

In our opinion, the financial statements give a true and fair view of, the financial position of the Group and Company as at 30 June 2017, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001 and the Financial Reporting Act 2004.

Basis for Opinion

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

Key Audit Matters

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

For each matter below, our description of how our audit addressed the matter is provided in that context.

Key Audit Matter	How the matter was addressed in the audit
Accounting treatment of the acquisition of Wellkin Hospital (Ex-Apollo Bramwell Hospital)	We have ensured that the acquisition meets the definition of a business combination which consists of inputs and processes applied to those inputs that have the ability to create outputs. The acquisition meets the definition of a business combination.
The Company has acquired the operations of the Wellkin Hospital on 6 January 2017 which consist of equipment, furniture and fittings, motor vehicles, hardware and software forming part of the IT systems, consumables and inventories and patient data and employee database for a purchase consideration of Rs. 619.8 M.	• We have checked that the effective acquisition date is 6 January 2017, being the signature of the Asset Purchase Agreement where the Company obtains control of Wellkin Hospital. • We have checked the purchase price allocation (PPA) exercise which involves recognising and measuring the identifiable assets acquired and the liabilities assumed as set out below: We have checked whether the fair valuation of the identifiable assets has been properly done. The procedures are as follows: **Plant and equipment** 1 We have checked whether the independent valuer has the relevant experience and expertise. 2 For major equipment, we have requested the quotation of material equipment to supplier to ensure that the revalued prices are correct. **Employee benefit liability** 1 We have checked completeness of data sent to actuary 2 We had a discussion with the actuary to understand the assumptions used 3 We have requested the latest audited financial statements of the pension fund and discussed with the actuary whether the portion taken as part of the Company's share of planned assets is correct. **Recognition of deferred tax assets** 1 We have reviewed the feasibility the business plan for the recognition of assets 2 We tested the reasonableness of the methodology and assumptions used including projections on future income (including a comparison of forecast to actual results), terminal growth rate assumptions, discount rates and sensitivity analyses to determine the impact of those assumptions.

Key Audit Matter	How the matter was addressed in the audit
Recoverability of goodwill As detailed in Note 25 of the consolidated financial statements, the Group's goodwill is allocated to cash generating units (CGUs) that are identified generally at a segment level. The valuation and recoverability of significant goodwill involves complex judgements and estimates, including projections of future income, terminal growth rate assumptions, and discount rates. These assumptions and estimates can have a material impact on the valuations and impairment decisions reflected in the consolidated financial statements of the Group.	We assessed and tested the design and operating effectiveness of selected key controls over projections of future income, terminal growth rate assumptions, and discount rates related to the recoverability of goodwill. In relation to the particular matters set out above, our substantive testing procedures included the following: • Corroborated the justification of the CGUs defined by management for goodwill allocation. • Tested the principles and integrity of the Group's discounted cash flow model that supports the value-in-use calculations in order to assess the appropriateness of the methodology applied in the Group's annual impairment assessment. • Tested the reasonableness of the methodology and assumptions used including projections on future income (including a comparison of forecast to actual results), terminal growth rate assumptions, discount rates and sensitivity analyses to determine the impact of those assumptions. • We also considered whether any reasonably possible change in the key assumptions required disclosures under IAS 36 – Impairment of Assets. • Engaged our internal valuation experts to assist in the testing of the discount factor.

Other Information

The directors are responsible for the other information. The other information comprises the statement of Directors' responsibilities, certificate from the Company secretary and corporate governance report. These reports are expected to be made available to us after the date of this auditor's report.

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and the Company to express an opinion on the Group and Company financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Other matter

This report is made 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Report on Other Legal and Regulatory Requirements

Companies *Act* 2001

We have no relationship with or interests in the 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.

Financial Reporting *Act* 2004

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

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, F.C.A, F.C.C.A
Licensed by FRC

Date: 21 September 2017

118 RESCUE

1 LIFE. 1 DECISION.

MAKE THE RIGHT EMERGENCY CALL

CALL 118

24*7 EMERGENCY TEAM
FULLY EQUIPPED ICU
ADVANCED CARDIAC LIFE SUPPORT AMBULANCE

FINANCIAL STATEMENTS 2017

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2017

	Notes	THE GROUP 2017 Rs.	THE GROUP 2016 Rs.	THE COMPANY 2017 Rs.	THE COMPANY 2016 Rs.
ASSETS					
Non-current assets					
Property, plant and equipment	4	**846,230,356**	522,265,755	**845,995,736**	522,200,949
Intangible assets	5	**361,023,922**	7,801,197	**361,023,922**	7,801,197
Investment in subsidiary	6	**-**	-	**25,000**	25,000
Deferred tax assets	14	**54,512,990**	-	**54,512,990**	-
		1,261,767,268	530,066,952	**1,261,557,648**	530,027,146
Current Assets					
Inventories	7	**82,514,168**	36,260,081	**82,254,049**	36,020,747
Trade and other receivables	8	**162,448,825**	61,752,386	**163,702,902**	63,646,444
Income tax receivable	21(c)	**2,663,805**	-	**2,663,805**	-
Cash in hand and at banks	9	**71,973,709**	256,380,944	**71,374,559**	255,907,785
		319,600,507	354,393,411	**319,995,315**	355,574,976
Total assets		**1,581,367,775**	884,460,363	**1,581,552,963**	885,602,122
EQUITY AND LIABILITIES					
Equity					
Issued capital	10	**289,801,318**	289,801,318	**289,801,318**	289,801,318
Revaluation reserve	11	**243,616,787**	146,622,302	**243,616,787**	146,622,302
Retained earnings		**158,767,256**	201,896,415	**159,570,539**	203,794,082
Total equity		**692,185,361**	638,320,035	**692,988,644**	640,217,702
Non-current liabilities					
Other payables	15	**60,000,000**	-	**60,000,000**	-
Loans and borrowings	12	**450,710,568**	1,650,601	**450,710,568**	1,650,601
Employee benefit liabilities	13	**73,565,557**	39,607,850	**73,565,557**	39,607,850
Deferred tax liability	14	**-**	17,817,326	**-**	17,817,326
		584,276,125	59,075,777	**584,276,125**	59,075,777
Current liabilities					
Trade and other payables	15	**235,825,450**	125,924,283	**235,207,355**	125,168,375
Dividend payable	29	**-**	22,797,633	**-**	22,797,633
Income tax liability	21(c)	**-**	12,673,231	**-**	12,673,231
Loans and borrowings	12	**69,080,839**	25,669,404	**69,080,839**	25,669,404
		304,906,289	187,064,551	**304,288,194**	186,308,643
Total equity and liabilities		**1,581,367,775**	884,460,363	**1,581,552,963**	885,602,122

These financial statements were approved by the Board of Directors on 21 September 2017

Hélène Echevin
Chairperson

L. J. Jérôme De Chasteauneuf
Director/Chairman of the Audit and Risk Committee

The notes on pages 53 to 96 form an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2017

	Notes	THE GROUP		THE COMPANY	
		Year ended 30 June 2017	15 months period ended 30 June 2016	Year ended 30 June 2017	15 months period ended 30 June 2016
		Rs.	Rs.	Rs.	Rs.
Revenue	16	1,227,020,726	993,960,469	1,216,423,455	980,923,599
Cost of sales		(693,776,932)	(547,066,513)	(689,135,977)	(540,779,490)
Gross profit		533,243,794	446,893,956	527,287,478	440,144,109
Other operating income	17	11,478,990	4,376,200	12,170,326	5,090,875
Administrative expenses		(548,853,384)	(332,774,419)	(544,682,788)	(327,062,326)
Operating (loss)/profit	18	(4,130,600)	118,495,737	(5,224,984)	118,172,658
Finance income	19	4,162,255	7,029,432	4,162,255	7,029,432
Finance costs	20	(13,194,774)	(132,037)	(13,194,774)	(132,037)
(Loss)/profit before tax		(13,163,119)	125,393,132	(14,257,503)	125,070,053
Income tax expense	21(a)	(10,437,159)	(18,558,399)	(10,437,159)	(18,558,399)
(Loss)/profit for the period		(23,600,278)	106,834,733	(24,694,662)	106,511,654
Other comprehensive Income:					
Other comprehensive Income not to be reclassified to profit or loss in subsequent periods:					
Revaluation of land and buildings	4	97,689,969	-	97,689,969	-
Tax effect of revaluation gain on buildings		(695,484)	-	(695,484)	-
Re-measurement loss on defined benefit obligations	13(c)	(2,928,501)	(5,027,740)	(2,928,501)	(5,027,740)
Tax effect of re-measurement loss on defined benefit obligations	14(b)	497,845	854,716	497,845	854,716
		94,563,829	(4,173,024)	94,563,829	(4,173,024)
Total comprehensive income for the period, attributable to equity holders		70,963,551	102,661,709	69,869,167	102,338,630
Basic and diluted (loss)/earnings per share (Rs.)	22	(0.04)	0.19		

The notes on pages 53 to 96 form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2017

	Issued Capital (Note 10)	Revaluation reserve (Note 11)	Retained earnings	Total
	Rs.	Rs.	Rs.	Rs.
THE GROUP				
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 loss	-	-	(4,173,024)	(4,173,024)
Total comprehensive income	-	-	102,661,709	102,661,709
Dividend declared (Note 29)	-	-	(56,994,082)	(56,994,082)
At 30 June 2016	289,801,318	146,622,302	201,896,415	638,320,035
At 1 July 2016	**289,801,318**	**146,622,302**	**201,896,415**	**638,320,035**
Loss for the year	-	-	(23,600,278)	(23,600,278)
Other comprehensive income	-	96,994,485	(2,430,656)	94,563,829
Total comprehensive income	-	96,994,485	(26,030,934)	70,963,551
Dividend declared (Note 29)	-	-	**(17,098,225)**	**(17,098,225)**
At 30 June 2017	**289,801,318**	**243,616,787**	**158,767,256**	**692,185,361**

The notes on pages 53 to 96 form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2017

	Issued Capital (Note 10)	Revaluation reserve (Note 11)	Retained earnings	Total
	Rs.	Rs.	Rs.	Rs.
THE COMPANY				
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 loss	-	-	(4,173,024)	(4,173,024)
Total comprehensive income	-	-	102,338,630	102,338,630
Dividend declared (Note 29)	-	-	(56,994,082)	(56,994,082)
At 30 June 2016	289,801,318	146,622,302	203,794,082	640,217,702
At 1 July 2016	**289,801,318**	**146,622,302**	**203,794,082**	**640,217,702**
Loss for the year	-	-	(24,694,662)	(24,694,662)
Other comprehensive income	-	96,994,485	(2,430,656)	94,563,829
Total comprehensive income	-	96,994,485	(27,125,318)	69,869,167
Dividend declared (Note 29)	-	-	(17,098,225)	(17,098,225)
At 30 June 2017	**289,801,318**	**243,616,787**	**159,570,539**	**692,988,644**

The notes on pages 53 to 96 form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2017

		THE GROUP		THE COMPANY	
	Notes	Year ended 30 June 2017	15 months period ended 30 June 2016	Year ended 30 June 2017	15 months period ended 30 June 2016
		Rs.	Rs.	Rs.	Rs.
Operating activities					
(Loss)/profit before tax		**(13,163,119)**	125,393,132	**(14,257,503)**	125,070,053
Non-cash adjustment to reconcile (loss)/ profit before tax to net operating cash flows:					
Depreciation of property, plant and equipment	4	**75,795,465**	48,207,205	**75,764,802**	48,188,183
Amortisation of intangible assets	5	**3,705,239**	7,388	**3,705,239**	7,388
Loan and borrowings written off		**(560,000)**	-	**(560,000)**	-
Gain on disposal of plant and equipment	17	**(558,500)**	(356,500)	**(558,500)**	(356,500)
Movement in employee benefit liability	13(c)	**10,528,781**	7,564,466	**10,528,781**	7,564,466
Impairment of receivables	8	**14,055,172**	8,042,665	**14,055,172**	8,042,665
Finance income	19	**(4,162,255)**	(7,029,432)	**(4,162,255)**	(7,029,432)
Finance costs	20	**13,194,774**	132,037	**13,194,774**	132,037
Transaction cost		**13,897,784**	-	**13,897,784**	-
Net foreign exchange differences		**(744,633)**	(703,070)	**(744,633)**	(703,070)
Working capital adjustments					
- Inventories		**(18,728,171)**	(2,548,540)	**(18,707,386)**	(2,500,998)
- Trade and other receivables		**(114,350,237)**	(7,749,079)	**(113,710,256)**	(7,503,890)
- Trade and other payables		**92,901,167**	49,166,283	**93,038,980**	49,112,572
		71,811,467	220,126,555	**71,484,999**	220,023,474
Defined benefits paid	13(c)	**(547,184)**	(2,091,560)	**(547,184)**	(2,091,560)
Tax paid	21(c)	**(15,282,797)**	(15,509,343)	**(15,282,797)**	(15,509,343)
Net cash flows from operating activities		**55,981,486**	202,525,652	**55,655,018**	202,422,571
Investing activities					
Interest received		**4,162,255**	7,029,432	**4,162,255**	7,029,432
Purchase of property, plant and equipment	9	**(49,409,722)**	(37,316,916)	**(49,209,245)**	(37,311,446)
Purchase of intangible asset	5	**(2,943,247)**	(300,610)	**(2,943,247)**	(300,610)
Acquisition of business	24	**(619,799,377)**	-	**(619,799,377)**	-
Transaction cost paid	24	**(13,897,784)**	-	**(13,897,784)**	-
Proceeds from disposal of property, plant and equipment		**1,215,125**	356,500	**1,215,125**	356,500
Net cash flows used in investing activities		**(680,672,750)**	(30,231,594)	**(680,472,273)**	(30,226,124)
Financing activities					
Payment of finance lease liabilities	12	**(454,002)**	(442,892)	**(454,002)**	(442,892)
Proceeds from borrowings	12	**890,479,591**	-	**890,479,591**	-
Repayment of borrowings		**(440,479,591)**	-	**(440,479,591)**	-
Dividends paid	29	**(39,895,858)**	(34,196,449)	**(39,895,858)**	(34,196,449)
Receipt of deposit		**-**	10,000,000	**-**	10,000,000
Interest paid		**(13,093,020)**	(132,037)	**(13,093,020)**	(132,037)
Net cash generated from/(used in) financing activities		**396,557,120**	(24,771,378)	**396,557,120**	(24,771,378)
Net (decrease)/ increase in cash and cash equivalents		**(228,134,144)**	147,522,680	**(228,260,135)**	147,425,069
Cash and cash equivalents at 1 July/1 April		**231,064,615**	82,838,865	**230,591,456**	82,463,317
Net foreign exchange differences		**343,259**	703,070	**343,259**	703,070
Cash and cash equivalents at 30 June	9	**3,273,730**	231,064,615	**2,674,580**	230,591,456

notes on pages 53 to 96 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 year ended 30 June 2017 were authorised for issue in accordance with a resolution of the Directors on 21 September 2017. 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, Floréal.

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 15 months from 1 April 2015 to 30 June 2016 while the current year covers 12 month. 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 2017.

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	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 July 2016:

		Effective for accounting period beginning on or after
Amendments		
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to IAS 27	Equity Method in Separate Financial Statements	1 January 2016
Amendments to IAS 1	Disclosure Initiative	1 January 2016

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

Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)

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

- 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
- 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

2 ACCOUNTING POLICIES (CONT'D)

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONT'D)

The amendments are applied prospectively and do not have any impact on the Group, given that it has not used a revenue-based method to depreciate its non-current assets.

Equity Method in Separate Financial Statements (Amendments to IAS 27)

This amendment permits investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.

This amendment does not have any impact on the Group's financial statements because the Group does not intend to change its current accounting method which is at cost.

Disclosure Initiative (Amendments to IAS 1)

The amendment 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 the all parts of the financial statements, and even when a standard requires a specific disclosure, materiality considerations do apply	Clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and clarification that an entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss	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

These amendments do not have material impact on the Group.

2.3. ACCOUNTING STANDARDS AND INTERPRETATIONS 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 Company has not early adopted them and intends to adopt those standards when they become effective.

New or revised standards and interpretations:

	Effective for accounting period beginning on or after
New or revised standards	
IFRS 9 Financial Instruments	1 January 2018
IFRS 15 Revenue from Contracts with Customers	1 January 2018
IFRS 16 Leases	1 January 2019

2 ACCOUNTING POLICIES (CONT'D)

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

Amendments

Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendment to IAS 7	Disclosure Initiative	1 January 2017

IFRS 9 Financial Instruments – Classification and measurement of financial assets, Accounting for financial liabilities and derecognition

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:

(a) Classification and measurement of financial assets

The Group does not expect a significant impact on its balance sheet or equity on applying the classification and measurement requirements of IFRS 9. It expects to continue measuring at fair value all financial assets currently held at fair value.

The equity shares in non-listed companies are intended to be held for the foreseeable future. The Group does not expect to apply the option to present fair value changes in OCI, and, therefore, believes the application of IFRS 9 would not have a significant impact. If the Group were not to apply that option, the shares would be held at fair value through profit or loss, which would increase the volatility of recorded profit or loss.

Loans as well as trade receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. Thus, the Group expects that these will continue to be measured at amortised cost under IFRS 9. However, the Group will analyse the contractual cash flow characteristics of those instruments in more detail before concluding whether all those instruments meet the criteria for amortised cost measurement under IFRS 9.

(b) Impairment

IFRS 9 requires the Group to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses on all trade receivables. The Group will need to perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements to determine the extent of the impact.

Hedge accounting

As IFRS 9 does not change the general principles of how an entity accounts for effective hedges, this will not have an impact on the Group as it does not have any hedge.

The Group is in the process of assessing the impact of the standard.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted.

The Group is in the process of assessing the impact of the standard.

2 ACCOUNTING POLICIES (CONT'D)

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

IFRS 16 Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will also be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

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

IAS 7 Disclosure Initiative – Amendments to IAS 7

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

IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

If an entity applies the amendments for an earlier period, it must disclose that fact. These amendments are not expected to have any impact on the Group.

2 ACCOUNTING POLICIES (CONT'D)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Business combination and goodwill

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

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration recognised as an asset or liability that is a financial instrument and within the scope of IAS 39 Financial Instruments: Recognition and Measurement, is measured at fair value with the changes in fair value recognised in profit or loss.

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

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

(b) Foreign currencies

The consolidated financial statements are presented in Mauritian Rupee, which is the Group'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).

2 ACCOUNTING POLICIES (CONT'D)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) 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 separately. 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.

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 every two years and management makes an assessment of revaluation of land and buildings 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	Furniture and fittings	Equipment	Motor vehicles
2%-10%	10%-25%	10%-50%	10%-25%

An item of property, plant and equipment 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.

(d) Investment in subsidiary

Subsidiary is an entity (including structured entities) over which the Group has control. Subsidiary is fully consolidated from the date on which control is transferred to the Group. It is deconsolidated from the date that control ceases.

Separate financial statements

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

2 ACCOUNTING POLICIES (CONT'D)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(e) 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.

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

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

Computer software - 4 years

(f) 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, which are classified as 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)

(f) Financial instruments (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 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.

2 ACCOUNTING POLICIES (CONT'D)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(f) Financial instruments (CONT'D)

(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.

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, classified as 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

2 ACCOUNTING POLICIES (CONT'D)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Financial instruments (CONT'D)

(v) Fair value measurement (CONT'D)

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

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing 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.

(g) 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

2 ACCOUNTING POLICIES (CONT'D)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Impairment of non-financial assets (CONT'D)

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.

(h) 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.

(i) 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.

(j) Retirement Benefit Obligations

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

Defined benefits schemes

The Group participates in United Mutual Fund and the BAI Group Pension 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 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	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

2 ACCOUNTING POLICIES (CONT'D)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Retirement Benefit Obligations (CON'T'D)

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.

(k) 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.

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.

2 ACCOUNTING POLICIES (CONT'D)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Taxes (CONT'D)

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.

(l) 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.

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.

(m) 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 for pharmaceutical products and sales of food and beverages

(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 is recognized once the patient is discharged

(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 other operating income 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)

2 ACCOUNTING POLICIES (CONT'D)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) 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.

(o) 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.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

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:

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.

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 2017 is Rs. 80.1M (2016: Rs. 39.6M). Further details are set out in Note 13.

Accounting treatement of the acquisition of Wellkin Hospital (Ex Apollo Bramwell Hospital)

Management has made an assessment in accordance with the criteria set out in IFRS3 –Business Combinations-of whether the acquisition of Wellkin Hospital has to be considered as a business combination or an asset acquisition. The group concluded that the acquisition meets the definition of a business combination which consists of inputs and processes applied to those inputs that have the ability to create outputs.

Management determined that the inputs relate to equipment and human resources, processes relate to operational processes associated with healthcare services delivery and output relates to revenues from healthcare services delivery.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

Estimates and assumptions (CONT'D)

Estimated impairment of goodwill

In determining the carrying amount of goodwill, the Group carries out the test on impairment of goodwill on an annual basis. This exercise requires the value in use of the cash generating units to which goodwill is allocated. The value in use calculation requires management to estimate the future cash flows expected to arise from the cash generating units and a suitable discount rate in order to calculate present value.

These calculations use cash flow projections based on financial budgets approved by management. Cash flows are extrapolated using the estimated growth rates. Management does not expect that the growth rate to exceed the long term average growth rate in which the CGU operates. Management believe that any reasonably possible change in key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash generating unit. Management have reviewed the carrying amount of the goodwill at the end of the reporting period and is in the opinion, they have not been impaired. Further details are provided in note 25.

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. Further details are provided in note 8.

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.

Recognition of deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that is probable that taxable profit will be available against which losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Please refer to note 14 for more details.

4 (a)

PROPERTY, PLANT AND EQUIPMENT

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 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
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
At 1 July 2016	69,200,000	290,900,000	21,019,817	405,381,255	14,488,443	2,012,500	803,002,015
Additions	-	-	2,239,447	43,225,275	3,945,000	-	49,409,722
Transfer	-	-	-	2,012,500	-	(2,012,500)	-
Acquisition of business operations (Note 24)	-	-	75,633,700	167,932,000	9,751,300	-	253,317,000
Revaluation	34,500,000	47,750,000	-	-	-	-	82,250,000
Disposal	-	-	-	-	(1,531,000)	-	(1,531,000)
Scrapped	-	-	(1,467,905)	(22,076,201)	-	-	(23,544,106)
At 30 June 2017	**103,700,000**	**338,650,000**	**97,425,059**	**596,474,829**	**26,653,743**	**-**	**1,162,903,631**
DEPRECIATION							
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
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**
At 1 July 2016	-	8,800,106	14,442,276	246,320,206	11,173,672	-	280,736,260
Charge for the year	-	6,639,864	6,780,029	59,492,454	2,883,118	-	75,795,465
Revaluation	-	(15,439,970)	-	-	-	-	(15,439,970)
Disposal	-	-	-	-	(874,374)	-	(874,374)
Scrapped	-	-	(1,467,905)	(22,076,201)	-	-	(23,544,106)
At 30 June 2017	**-**	**-**	**19,754,400**	**283,736,459**	**13,182,416**	**-**	**316,673,275**
NET BOOK VALUES							
At 30 June 2017	**103,700,000**	**338,650,000**	**77,670,659**	**312,738,370**	**13,471,327**	**-**	**846,230,356**
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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

PROPERTY, PLANT AND EQUIPMENT (CONT'D)

4 (b)

THE COMPANY	Freehold Land	Freehold Buildings	Furniture & Fittings	Equip-ment	Motor Vehicles	Construction in progress	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
COST OR VALUATION							
At April 1, 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
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
At 1 July 2016	69,200,000	290,900,000	20,998,418	404,810,848	14,488,443	2,012,500	802,410,209
Additions	-	-	2,163,537	43,100,708	3,945,000	-	49,209,245
Transfer	-	-	-	2,012,500	-	(2,012,500)	-
Acquisition of business operations (Note 24)	-	-	75,633,700	167,932,000	9,751,300	-	253,317,000
Revaluation	34,500,000	47,750,000	-	-	-	-	82,250,000
Disposal	-	-	-	-	(1,531,000)	-	(1,531,000)
Scrapped	-	-	(1,467,905)	(22,076,201)	-	-	(23,544,106)
At 30 June 2017	**103,700,000**	**338,650,000**	**97,327,750**	**595,779,855**	**26,653,743**	**-**	**1,162,111,348**
DEPRECIATION							
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
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
At 1 July 2016	-	8,800,106	14,420,926	245,814,556	11,173,672	-	280,209,260
Charge for the year	-	6,639,864	6,773,845	59,467,975	2,883,118	-	75,764,802
Revaluation	-	(15,439,970)	-	-	-	-	(15,439,970)
Disposal	-	-	-	-	(874,374)	-	(874,374)
Scrapped	-	-	(1,467,905)	(22,076,201)	-	-	(23,544,106)
At 30 June 2017	**-**	**-**	**19,726,866**	**283,206,330**	**13,182,416**	**-**	**316,115,612**
NET BOOK VALUES							
At 30 June 2017	**103,700,000**	**338,650,000**	**77,600,884**	**312,573,525**	**13,471,327**	**-**	**845,995,736**
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

4(c)

The carrying amount of motor vehicles held under finance leases as at 30 June 2017 and 2016 were as follows:

	THE GROUP AND THE COMPANY	
	Motor Vehicles	
	2017	2016
	Rs.	Rs.
Cost	2,107,500	2,107,500
Accumulated depreciation	(800,749)	(669,031)
Net book value	1,306,751	1,438,469

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

There has been no addition during the year (2016: Rs. 920,000) for assets held under finance leases.

4(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.

The group's land and building are stated at their revalued amounts. The land and building were valued in June 2017. The valuation was performed by an independent valuer Noor Dilmohamed & Associates, Certified Practising Valuer, who has the appropriate qualification and experience in the fair value measurement of properties in the relevant location. 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. In 2016, the fair value of the land and building was not performed by an independent valuer. However, management has made an assessment of the fair value of land and building as the assets valued have not experienced volatile changes in fair value.

Land

	2017	2016
Significant unobservable valuation input:	Range (Rs.)	Range (Rs.)
Price per metre square	4,000 - 4,850	2,000 - 3,200

Buildings

	2017	2016
Significant unobservable valuation input:	Range (Rs.)	Range (Rs.)
Price per metre square	11,000 - 16,000	10,000 - 15,000

PROPERTY, PLANT AND EQUIPMENT (CONT'D)

4 (d)

Below is the fair value measurement hierarchy for assets as at 30 June,

THE GROUP AND THE COMPANY	Fair value measurement using:		
	Level 1	Level 2	Level 3
	Rs.	Rs.	Rs.
2017			
Revalued land and buildings	**-**	**-**	**442,350,000**

THE GROUP AND THE COMPANY	Fair value measurement using:		
	Level 1	Level 2	Level 3
	Rs.	Rs.	Rs.
2016			
Revalued land and buildings	-	-	351,299,894

The reconciliation is shown below:	2017	2016
	Rs.	Rs.
At 1 July/1 April	**351,299,894**	360,100,000
Depreciation	**(6,639,864)**	(8,800,106)
Fair value movement	**97,689,970**	-
At 30 June	**442,350,000**	351,299,894

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis at 30 June 2017 and 2016 are shown below:

	Valuation technique(s) and key input(s)	Sensitivity used	Effect on fair value	
			2017	2016
Land	on-market comparables	1% increase in price	**1,037,000**	695,460
		1% decrease in price	**(1,037,000)**	(695,460)
Building	on-market comparables	1% increase in price	**3,386,500**	2,923,545
		1% decrease in price	**(3,386,500)**	(2,923,545)

4(e)

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

	THE GROUP AND THE COMPANY	
	2017	2016
	Rs.	Rs.
Cost	282,437,305	282,437,305
Accumulated depreciation	(86,085,935)	(79,446,071)
Net carrying amount	196,351,370	202,991,234

5 INTANGIBLE ASSETS

	THE GROUP			THE COMPANY		
		Computer			Computer	
	Goodwill	software	Total	Goodwill	software	Total
COST	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
At 1 April 2015	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
At 1 July 2016	7,507,975	427,610	7,935,585	7,507,975	300,610	7,808,585
Additions	-	2,943,247	2,943,247	-	2,943,247	2,943,247
Acquisition of business operations (Note 25)	335,376,817	18,607,900	353,984,717	335,376,817	18,607,900	353,984,717
At 30 June 2017	**342,884,792**	**21,978,757**	**364,863,549**	**342,884,792**	**21,851,757**	**364,736,549**
AMORTISATION						
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
At 1 July 2016	-	134,388	134,388	-	7,388	7,388
Charge for the year		3,705,239	3,705,239		3,705,239	3,705,239
At 30 June 2017	-	3,839,627	3,839,627	-	3,712,627	3,712,627
NET BOOK VALUES						
At 30 June 2017	**342,884,792**	**18,139,130**	**361,023,922**	**342,884,792**	**18,139,130**	**361,023,922**
At 30 June 2016	7,507,975	293,222	7,801,197	7,507,975	293,222	7,801,197

For impairment assessment of goodwill, refer to Note 25.

6 INVESTMENT IN SUBSIDIARY

	THE COMPANY	
	2017	2016
	Rs.	Rs.
At 30 June,	**25,000**	25,000

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

Name	% 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	
	2017	2016	**2017**	2016
	Rs.	Rs.	**Rs.**	Rs.
Drugs	**58,352,446**	31,409,033	**58,352,446**	31,409,033
Consumables	**22,378,507**	3,151,560	**22,131,657**	2,912,226
Chemicals and X-ray films	**1,043,996**	848,661	**1,043,996**	848,661
Stationery	**739,219**	850,827	**725,950**	850,827
	82,514,168	36,260,081	**82,254,049**	36,020,747

Other consumables comprise of food and cleaning materials.

There is an amount of Rs. 267,700 written down inventories recognised as an expense in the cost of sales (2016: nil).

8 TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2017	2016	2017	2016
	Rs.	Rs.	Rs.	Rs.
Trade receivables	136,900,691	54,217,922	136,900,691	54,217,922
Other receivables	8,832,765	2,698,779	8,712,195	2,689,524
Prepayments	12,560,123	4,829,685	12,554,896	4,815,959
Amount receivable from related party (Note 23)	4,155,246	6,000	5,535,120	1,923,039
	162,448,825	61,752,386	163,702,902	63,646,444

Other receivables are unsecured, non-interest bearing and have an average term of 3 months. They include part payments made in respect of purchase of property, plant and equipment which have not yet been delivered at year end.

Prepayment relates to payments made in advance for insurance, licence fees and maintenance fees.

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.

Movement in the provision for impairment of receivables:

	THE GROUP AND THE COMPANY	
	2017	2016
	Rs.	Rs.
At 1 July	23,039,897	14,997,232
Charge for the year	14,055,172	8,042,665
At 30 June	37,095,069	23,039,897

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

			Past due but not impaired			
	Total	Neither past due nor impaired	30-90 days	90-180 days	180-365 days	>1year
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
THE GROUP AND THE COMPANY						
30 June 2017	136,900,691	44,696,057	41,199,913	23,581,745	19,248,560	8,174,416
30 June 2016	54,217,922	25,808,347	13,005,489	6,325,794	3,396,079	5,682,213

As at 30 June 2017, amount receivable from related party was neither past due nor impaired (2016: nil).

9 CASH IN HAND AND AT BANKS

	THE GROUP		THE COMPANY	
	2017	2016	**2017**	2016
	Rs.	Rs.	**Rs.**	Rs.
Cash in hand and at banks	**71,973,709**	256,380,944	**71,374,559**	255,907,785

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

Cash at banks includes a balance of Rs. 1,870,746 (2016: Rs. 1,050,083) which relates to deposit with a related party (Note 24).

For the purpose of the statement of cash flow, cash and cash equivalents comprise the following as at 31 June:

	THE GROUP		THE COMPANY	
	2017	2016	**2017**	2016
	Rs.	Rs.	**Rs.**	Rs.
Cash in hand and at banks	**71,973,709**	256,380,944	**71,374,559**	255,907,785
Bank overdrafts (Note 12)	**(68,699,979)**	(25,316,329)	**(68,699,979)**	(25,316,329)
	3,273,730	231,064,615	**2,674,580**	230,591,456

At 30 June 2017, the Group had available Rs. 56,024,304 (2016: Rs. 15,000,000) of undrawn bank overdraft facility.

NON-CASH TRANSACTIONS

Part of the acquisition of property, plant and equipment was financed by leases as follows:

	THE GROUP		THE COMPANY	
	2017	2016	**2017**	2016
	Rs.	Rs.	**Rs.**	Rs.
Total amount acquired (Note 4)	**49,409,722**	38,241,916	**49,209,245**	38,236,446
Amount financed by leases	**-**	(925,000)	**-**	(925,000)
Financed by cash	**49,409,722**	37,316,916	**49,209,245**	37,311,446

10 ISSUED CAPITAL

	THE GROUP AND THE COMPANY			
Authorized, Issued and fully paid	**2017**	2016	**2017**	2016
Ordinary shares at no par value	**Number**	Number	**Rs.**	Rs.
At 30 June,	**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

		Effective interest rate (%)	Maturity	THE GROUP AND THE COMPANY	
				2017	2016
Current				**Rs.**	Rs.
Short term loan	(f)			-	-
Bank overdraft	(d)	6.25%	N/A	**68,699,979**	25,316,329
Obligations under finance leases	(c)	7.65% - 8%	2016/2017	**380,860**	353,075
				69,080,839	25,669,404
Non-current					
3% unsecured loan	(a)	-	see below	-	22,000
Interest free unsecured loans	(a)	-	see below	-	205,000
Redeemable debentures	(b)	see below	see below	-	333,000
Obligations under finance leases	(c)	7.65% - 8%	2019	**710,568**	1,090,601
Bank loan	(e)	4.65%	2027	**450,000,000**	-
				450,710,568	1,650,601
Total borrowings				**519,791,407**	27,320,005

12 CASH IN HAND AND AT BANKS (CONT'D)

(a) There are no fixed repayment terms for the unsecured loans. The balance has been waived during the financial year.

(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 balance has been waived during the financial year.

(c) 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	
Finance lease liabilities - minimum lease payments	2017	2016
	Rs.	Rs.
Within one year	452,486	452,485
After one year and before five years	756,509	1,217,112
Total minimum lease payments	1,208,995	1,669,597
Future finance charges on finance leases	(117,567)	(225,921)
Present value of minimum lease payments	1,091,428	1,443,676

	THE GROUP AND THE COMPANY	
	2017	2016
	Rs.	Rs.
The present value of minimum lease payments may be analysed as follows:		
Within one year	380,860	353,075
After one year and before five years	710,568	1,090,601
	1,091,428	1,443,676

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% - 8% (2016: 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.

12 CASH IN HAND AND AT BANKS (CONT'D)

(e) Bank loan

The Group has taken a new loan of Rs. 450M mainly to finance the acquisition of Wellkin Hospital (Ex-Apollo Bramwell Hospital). The loan is for a period of 10 years with a moratorium period of 2 years. Interest will be payable on a monthly basis on amount outstanding from the date of first distribution until end of moratorium period. The interest rate is variable and is market related. The fair value of the bank loan is Rs. 451,220,980.

Valuation was performed using on-market comparable method.

Below is the fair value measurement hierarchy for liability as at 30 June,

	Fair value measurement using:		
THE GROUP AND THE COMPANY	Level 1	Level 2	Level 3
	Rs.	Rs.	Rs.
2017			
Bank loan	-	451,220,980	-

(f) The short term loan amounting to Rs. 440,479,591 was taken during the year to finance the acquisition of Ex-Apollo. The loan was repaid in full during the year using the new bank loan of Rs. 450M.

13 EMPLOYEE BENEFIT LIABILITIES

(a) Pension scheme

The Group contributes in pension funds as follows:

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

The Pension schemes and the other post-requirement benefits are governed by the Trust Deed dated 22 February 2007 which stipulates that BAI Group Pension Fund was established between British American Hospitals Enterprise Ltd (BAHEL) and trustees of BAI Group Pension Fund (BGPF). Following acquisition of Wellkin Hospital (Ex-Apollo Bramwell Hospital) by the Medical and Surgical Centre Limited, all employees of BAHEL who were in employment with the hospital as at 31 December 2016 were transferred to MSCL together with terms and conditions which were not less favorable than those enjoyed prior to the sale. Since January 2017, MSCL has continued to contribute to the BGPF on behalf of the employees.

The BAI Group Pension Fund has continued to be run by the Trustees of the Fund despite the events affecting the BAI Group in March/April 2015. There are two Defined-Benefit (DBBA and DBML) sections and one Defined-Contribution (DCUL) section.

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.

13 EMPLOYEE BENEFIT LIABILITY (CONT'D)

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

	THE GROUP AND THE COMPANY	
	2017	2016
	Rs.	Rs.
Defined benefit obligation	81,444,074	45,232,810
Fair value of plan assets	(7,878,517)	(5,624,960)
Net defined benefit liability	73,565,557	39,607,850

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

	THE GROUP AND THE COMPANY	
	2017	2016
	Rs.	Rs.
At 1 July/April,	39,607,850	29,107,204
Liability assumed through acquisition of business operations (Note 24)	21,047,609	-
Amount recognised in profit or loss (note d)	10,528,781	7,564,466
Amount recognised in other comprehensive income (note e)	2,928,501	5,027,740
Direct benefits paid	(547,184)	(2,091,560)
At 30 June,	73,565,557	39,607,850

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

	THE GROUP AND THE COMPANY	
	2017	2016
	Rs.	Rs.
Current service cost	7,611,302	5,086,021
Net interest cost	2,917,479	2,478,445
Net benefit expense	10,528,781	7,564,466

13 EMPLOYEE BENEFIT LIABILITY (CONT'D)

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

	THE GROUP AND THE COMPANY	
	2017	2016
	Rs.	Rs.
Actuarial losses on obligation arising from financial assumptions	(3,228,022)	(4,613,748)
Actuarial gains/(losses) on plan assets arising from financial assumptions	299,521	(413,992)
	(2,928,501)	(5,027,740)

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

	THE GROUP AND THE COMPANY	
	2017	2016
	Rs.	Rs.
At 1 July/April,	5,624,960	7,813,795
Assets acquired through business combination	1,406,586	-
Interest on plan assets	547,450	587,548
Benefits paid out of plan assets	-	(2,362,391)
Actuarial gain/(loss) on plan assets	299,521	(413,992)
At 30 June,	7,878,517	5,624,960

(g) Changes in present value of the defined benefit obligation are as follows:

	THE GROUP AND THE COMPANY	
	2017	2016
	Rs.	Rs.
At 1 July/April,	45,232,810	36,920,999
Liability assumed through acquisition of business operations	22,454,195	-
Current service cost	7,611,302	5,086,021
Interest cost	3,464,929	3,065,993
Benefits paid	(547,184)	(4,453,951)
Actuarial loss on obligation	3,228,022	4,613,748
At 30 June,	81,444,074	45,232,810
Present value of the defined benefit obligation is as follows:		
Funded portion	7,878,517	5,624,960
Unfunded portion	73,565,557	39,607,850
Present value of defined benefit obligation	81,444,074	45,232,810

13 EMPLOYEE BENEFIT LIABILITY (CONT'D)

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

	THE GROUP AND THE COMPANY	
	2017	2016
Local	Rs.	Rs,
- Equities	2,477,378	1,726,863
- Property	56,202	-
- Debt maturity >=12 months	2,772,777	2,204,984
- Cash & debts maturity, 12 months	1,045,386	309,373
Overseas (including direct holdings and related mutual funds)		
- Equities	1,323,269	1,175,616
- Property	-	11,250
- Debt maturity >=12 months	165,348	151,874
- Cash & debts maturity, 12 months	38,157	45,000
Total	7,878,517	5,624,960

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

	THE GROUP AND THE COMPANY	
	2017	2016
	%	%
Discount rate	6	6.25
Future salary increases	5.5	5.5
Actuarial table for employee mortality	PMA 92-PFA 92	PMA 92-PFA 92

(j) A quantitative sensitivity analysis for signifcant assumption as at 30 June 2017 and 2016 is shown as follows below:

Assumptions	Discount rate		Future salary increase		Life expectancy	
Sensitivty Level	1% increase	1% decrease	1% increase	1% decrease	1 year increase	1 year decrease
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
2017						
Impact on defined benefit obligation	(15,484,754)	19,420,148	15,808,807	(12,798,041)	(665,506)	635,820
2016						
Impact on defined benefit obligation	(7,764,621)	9,713,027	7,855,352	(6,356,188)	(293,108)	281,541

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 10.2 years (2016: 11.1 yrs).

14 DEFERRED TAX (ASSETS)/LIABILITIES

Deferred income taxes are calculated on all temporary differences under the liability method at 17% (2016: 17%).

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

	THE GROUP AND THE COMPANY	
	2017	2016
	Rs.	Rs.
At 1 July,	17,817,326	24,166,171
Acquisition through business combination (Note 24)	(83,019,353)	-
Over/(under)provision of deferred tax (Note 21)	2,583,249	(1,068,868)
Deferred tax charge for the year	8,105,788	(5,279,977)
At 30 June,	(54,512,990)	17,817,326

(b) Deferred income tax at 30 June relates to the following:

THE GROUP AND THE COMPANY	Statement of financial position		Statement of profit or loss		Statement of other comprehensive income	
	2017	2016	2017	2016	2017	2016
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Deferred tax liability						
Accelerated depreciation	43,786,086	31,063,083	12,027,518	(3,145,483)	695,484	-
	43,786,086	31,063,083	12,027,518	(3,145,483)	695,484	-
Deferred tax assets						
Retirement benefit obligation	(8,928,052)	(6,733,335)	(1,696,871)	(930,394)	(497,845)	(854,716)
Qualifying tax losses	(83,019,353)	-	-	-	-	-
Provision for expired drugs	(45,509)	(51,000)	5,491	(51,000)	-	-
Provision for fidelity discounts	-	(271,999)	271,999	-	-	-
Provision for doubtful debts	(6,306,162)	(6,189,423)	(116,739)	(1,367,252)	-	-
	(98,299,076)	(13,245,757)	(1,536,120)	(2,348,646)	(497,845)	(854,716)
Net deferred tax (assets)/liabilities	(54,512,990)	17,817,326				
Deferred income tax raised/released			10,491,398	(5,494,129)	197,639	(854,716)

(c) The qualifying tax losses recognised relates to accumulated tax losses transferred to the Company on acquisition of Wellkin Hospital (Ex-Apollo Bramwell Hospital) which may be set off against future taxable income of the company. Based on the forecast, only Rs. 488M of tax losses can be used to offset against taxable income. The tax losses can be carried forward till financial year 2021/2022. The tax losses not recognised as deferred tax asset is Rs. 623M.

15 TRADE AND OTHER PAYABLES

		THE GROUP		THE COMPANY	
	Current	2017	2016	2017	2016
		Rs.	Rs.	Rs.	Rs.
(a)	Trade payables	77,185,458	52,506,017	76,921,032	51,831,224
(b)	Other payables and accruals	117,024,394	50,751,862	116,670,725	50,647,147
(c)	Amounts payable to related party (Note 23)	41,615,598	22,666,404	41,615,598	22,690,004
		235,825,450	125,924,283	235,207,355	125,168,375
	Non-Current				
(d)	Other payables	60,000,000	-	60,000,000	-
	Total Trade & Other Payables	295,825,450	125,924,283	295,207,355	125,168,375

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

(b) Other payables and accruals are non-interest bearing. In addition to the above, they include mainly staff cost payable of Rs. 24,765,068, payable for utilities of Rs. 7,580,259, maintenance fees of Rs. 10,409,540 and professional fees of Rs. 18,909,233.

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

(d) Other payables includes an amount of Rs. 77M (Current: Rs. 17M and Non Current: Rs. 60M) which relates to acquisition of Wellkin Hospital and is payable in 4 yearly installments as from January 2018. The payable relates to the outstanding lease balance for medical equipment of the previous owner of Wellkin Hospital that the group has agreed to settle as part of the business acquisition.

16 REVENUE

	THE GROUP		THE COMPANY	
	2017	2016	2017	2016
	Rs.	Rs.	Rs.	Rs.
Healthcare services	1,149,625,263	922,001,801	1,149,625,263	921,180,351
Pharmacy - out patient	63,914,460	55,804,913	63,914,460	55,804,913
Sales of food and beverages	13,481,003	16,153,755	2,883,732	3,938,335
	1,227,020,726	993,960,469	1,216,423,455	980,923,599

17 OTHER OPERATING INCOME

	THE GROUP		THE COMPANY	
	2017	2016	2017	2016
	Rs.	Rs.	Rs.	Rs.
Rental income	3,075,192	2,704,268	3,075,192	2,704,268
Gain on disposal on motor vehicle	558,500	356,500	558,500	356,500
Miscellaneous items (note (a))	7,845,298	1,315,432	8,536,634	2,030,107
	11,478,990	4,376,200	12,170,326	5,090,875

(a) The miscellaneous items includes commission fee charged, sponsorships being received, wifi charges to doctors and write off of long term borrowings.

18 OPERATING (LOSS)/PROFIT

		THE GROUP		THE COMPANY	
		2017	2016	2017	2016
		Rs.	Rs.	Rs.	Rs.
Included in cost of sales:					
Costs of sales recognised as an expense		433,075,098	371,376,668	428,434,143	365,110,645
Staff costs	(a)	260,701,834	175,689,845	260,701,834	175,668,845

		THE GROUP		THE COMPANY	
		2017	2016	2017	2016
		Rs.	Rs.	Rs.	Rs.
Included in administrative expenses:					
Staff costs	(a)	149,592,061	90,580,371	149,565,631	88,142,117
Depreciation on property, plant and equipment	4	75,795,465	48,207,205	75,764,802	48,188,183
Amortisation of intangible assets	5	3,705,239	7,388	3,705,239	7,388
Retirement benefit expense		10,528,781	7,564,466	10,528,781	7,564,466
Lease expenses		454,002	442,892	454,002	442,892

(a) Staff costs

	THE GROUP		THE COMPANY	
	2017	2016	2017	2016
	Rs.	Rs.	Rs.	Rs.
Wages and salaries	386,430,914	254,417,468	386,430,914	252,114,408
Social security cost	16,888,186	9,749,166	16,888,186	9,624,072
Pension cost	6,974,795	2,103,582	6,948,365	2,072,482
	410,293,895	266,270,216	410,267,465	263,810,962

19 FINANCE INCOME

	THE GROUP AND THE COMPANY	
	2017	2016
	Rs.	Rs.
Interest income	4,162,255	7,029,432
	4,162,255	7,029,432

20 FINANCE COSTS

	THE GROUP AND THE COMPANY	
	2017	2016
	Rs.	Rs.
Finance charges paid under finance leases	101,754	132,037
Interest on bank overdraft	404,544	-
Interest on bank loan	12,688,476	-
	13,194,774	132,037

21 TAXATION

The major components of income tax expense for the year ended 30 June 2017 and year ended 30 June 2016 are:

(a)

	THE GROUP		THE COMPANY	
	2017	2016	2017	2016
	Rs.	Rs.	Rs.	Rs.
Statement of profit or loss and other comprehensive income				
Current income tax				
Current income tax charge	-	22,736,655	-	22,736,655
Overprovision of income tax for prior year	(54,239)	(1,715,799)	(54,239)	(1,715,799)
Corporate social responsibility	-	3,031,672	-	3,031,672
Deferred tax:				
Over/(under) provision of deferred tax	2,583,249	(1,068,868)	2,583,249	(1,068,868)
Relating to origination and reversal of temporary differences	7,908,149	(4,425,261)	7,908,149	(4,425,261)
Income tax expense	10,437,159	18,558,399	10,437,159	18,558,399

21 TAXATION (CONT'D)

(b)

Reconciliation of accounting profit to income tax expense:	THE GROUP 2017 Rs.	THE GROUP 2016 Rs.	THE COMPANY 2017 Rs.	THE COMPANY 2016 Rs.
Accounting profit before income tax	(13,163,119)	125,393,132	(14,257,503)	125,070,053
At statutory income tax rate of 17% (2016: 17%)	(2,237,730)	21,316,832	(2,423,776)	21,261,909
Expenses not deductible for tax purposes	3,924,024	81,157	3,924,024	81,157
Tax loss utilised	(186,046)	(54,923)	-	-
Over/(under) provision of deferred tax	2,583,249	(1,068,868)	2,583,249	(1,068,868)
Deferred tax not recognised	6,471,099	-	6,471,099	-
Non taxable income	(63,198)	-	(63,198)	-
Overprovision of income tax for prior year	(54,239)	(1,715,799)	(54,239)	(1,715,799)
At the effective income tax rate	10,437,159	18,558,399	10,437,159	18,558,399

Expenses not deductible for tax purpose include mainly legal and professional fees, bad debts written off and marketing expenses.

(c)

	THE GROUP AND THE COMPANY 2017 Rs.	THE GROUP AND THE COMPANY 2016 Rs.
Income tax payable		
At 1 July,	12,673,231	4,130,046
Tax charge for the year	-	22,736,655
Overprovision of income tax for prior year	(54,239)	(1,715,799)
Corporate social responsibility	-	3,031,672
Paid during the period/year	(15,282,797)	(15,509,343)
At 30 June,	(2,663,805)	12,673,231
Disclosed as follows:		
Income tax payable/(receivable)	(2,663,805)	12,673,231

22 EARNINGS PER SHARE

	THE GROUP 2017 Rs.	THE GROUP 2016 Rs.
(Loss)/profit attributable to equity holders	(23,600,278)	106,834,733
Average number of ordinary shares in issue	569,940,822	569,940,822
(Loss)/earnings per share (Basic and Diluted)	(0.04)	0.19

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	Amount owed by related parties	Deposits with related parties
	Rs.	Rs.	Rs.	Rs.	Rs.
2017					
Entity with significant influence over the Group: Fortis Healthcare International Limited	-	70,198,335	23,845,773	-	-
Fellow related party: Escorts Heart Institute and Research Centre Ltd.	-	-	1,240,070	-	-
Fellow related party: Bank One Limited	-	-	-	-	1,870,746
Fellow related party: Ciel Corporate Services Ltd	(167,291)	10,900,000	16,500,000	-	-
Fellow related party: Azur Financial Services	-	-	29,755	4,155,246	-
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	-	-

THE COMPANY	Sales/ (purchases) of goods or services	Management fees expenses	Amount owed to related parties	Amount owed by related parties	Deposits with related parties
2017					
Entity with significant influence over the Group: Fortis Healthcare International Limited	-	70,198,335	23,845,773	-	-
Fellow related party: Escorts Heart Institute and Research Centre Ltd.	-	-	1,240,070	-	-
Fellow related party: Bank One Limited	-	-	-	-	1,870,746
Fellow related party: Ciel Corporate Services Ltd	(167,291)	10,900,000	16,500,000	-	-
Fellow related party: Azur Financial Services	-	-	29,755	4,155,246	-
Subsidiary: Café du Volcan	3,575,068	1,800,000	-	1,379,874	-
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	-

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.

23 RELATED PARTY DISCLOSURES (CONT'D)

There has been no guarantees provided or received for any related party receivables or payables. For the year ended 30 June 2017, the Group has not recorded any impairment of receivables relating to amount owed by related parties (2016: 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.

(a) Key Management personnel compensation

	2017	2016
	Rs.	Rs.
Salaries and short term employee benefits	26,210,670	26,142,582
Post retirement benefits	591,178	213,284
	26,801,848	26,355,866

24 BUSINESS COMBINATIONS

On 6 January 2017, the Company acquired the business operations of Ex-Apollo Bramwell Hospital ("ABH"), now known as Wellkin Hospital, which are run from premises located at Moka, Mauritius. It includes the acquisition of equipment, furniture and fittings, motor vehicles, hardware and software forming part of the IT Systems, consumable and inventories and patient data and employee database. The final consideration paid is Rs. 619M.

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of Wellkin Hospital as at the date of acquisition were:

	Fair value recognised on acquisition
	Rs.
Assets	
Plant and equipment	253,317,000
Intangible assets	18,607,900
Deferred tax assets	83,019,353
Inventories	27,525,916
	382,470,169
Liabilities	
Employee benefit obligations	21,047,609
Lease liability	77,000,000
	98,047,609
Total identifiable net assets at fair value	284,422,560
Goodwill arising on acquistion	335,376,817
Purchase consideration transferred	619,799,377
Purchase consideration transferred	619,799,377
Goodwill arising on acquisition	335,376,817

24 BUSINESS COMBINATIONS (CONT'D)

Assets acquired and liabilities assumed (CONT'D)

(a) Plant and equipment and intangibles have been revalued by an independent valuer which has the relevant expertise in the field.

(b) The deferred tax asset recognised relates to accumulated tax losses transferred to the Company on acquisition of Wellkin Hospital which may be set off against future taxable income of the company.

(c) The employee benefit obligations have been calculated by an independent qualified actuary as at 6 January 2017.

The goodwill of Rs. 335,376,817 is largely based on estimated future income, synergies and non-recognisable intangible assets generated by the acquisition. The goodwill is mainly attributable to future growth expectations of Wellkin Hospital, the assembled workforce and know how, customer relationships, expected synergies and economies of scale from combining the operations of Fortis Clinique Darné and Wellkin Hospital.

Transaction costs of Rs. 13,897,784 were expensed and are included in administrative expenses.

From the date of acquisition, Wellkin Hospital contributed Rs. 380,017,529 of revenue and Rs. 114,432,247 to loss before tax from continuing operations of the Group.

As the initial accounting of the business combination can be determined provisionally by the end of this accounting year, the goodwill calculation is based on provisional amounts. Adjustment to provisional amounts, and recognition of the new identified assets and liabilities if any, will be made within one year from the acquisition date.

25 IMPAIRMENT TESTING OF GOODWILL

Goodwill acquired through business combinations are allocated to the Departments of Cardiac Sciences and Critical Care, which arose on amalgamation of the Company's previous subsidiary, and Wellkin Hospital, which arose on acquisition of ABH (note 24), which forms part of the healthcare services, are used for impairment testing.

Carrying amount of goodwill

	Departments of Cardiac Sciences and Critical Care	Wellkin Hospital	Total
2017	Rs.	Rs.	Rs.
Goodwill	7,507,975	335,376,817	342,884,792
2016			
Goodwill	7,507,975	-	7,507,975

The recoverable amount of Departments 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 10% (2016: 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.

Wellkin Hospital

The recoverable amount of Wellkin Hospital has been determined based on value in use calculation using the cash flow projections from financial budgets approved by senior management covering a five-year period. The pre-tax discount rate applied to cash flow projections is 11%. As a result of the analysis, management did not identify any impairment.

The key assumptions used for the VIU impairment calculation are:

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

25 IMPAIRMENT TESTING OF GOODWILL (CONT'D)

Discount rate: Discount rate represents the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and specific risk of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on specifc circumtances of the Company and its operating segments and is derived from its weighted average cost of capital (WACC). The WACC takes into consideration both debt and equity. The cost of equity is derived by using comparable industries data and adjust for the country risk and size for the company. The cost of debt is based on the interest bearing borrowings.

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 rate of 3.9% and a growth rate of 8% - 10% during the discretionary period.

	Departments of Cardiac Sciences and Critical Care	Wellkin Hospital
	Rs. 'M	Rs. 'M
Sensitivity to changes in assumptions		
Discount factor +0.5% point	(132)	63
Discount factor -0.5% point	156	73
Growth rate +0.5% point	55	37
Growth rate -0.5% point	(54)	(8)

26 COMMITMENTS AND CONTIGENCIES

CAPITAL COMMITMENTS

The Group has Rs. 128,696,039 capital commitments at end of reporting date (2016: Nil).

CONTINGENT LIABILITY

At 30 June 2017, the Group has contingent liabilities in respect of bank and other guarantees of Rs. 1,205,000 (30 June 2016: Rs. 925,000).

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

OPERATING LEASE COMMITMENTS

Motor vehicles

The Group has operating lease agreements on motor vehicles with lease term of five years.

Rental of building

The Group leases hospital and office spaces under an operating lease agreement. The lease has varying terms, escalation clauses and renewable rights.

Future minimum rental payable under operating leases as at 30 June 2017 and 2016, are as follows:

	THE GROUP AND THE COMPANY	
	2017	2016
	Rs.	Rs.
Within one year	61,954,004	863,149
After one year but not more than five years	245,208,048	1,991,893
More than five years	270,000,000	-
	577,162,052	2,855,042

27 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, except for bank loans, approximates their fair values due to short term nature. Bank loans' carrying amount approximates fair value due to the interest rate being variable and market related.

(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 risks 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.

THE GROUP AND THE COMPANY	Increase/ (decrease) basis points	Increase/ (decrease) on profit before tax
		Rs.
30 June 2017		
Interest-bearing loans and borrowings	**+50**	**5,089,562**
	-50	**(1,289,825)**
30 June 2016		
Interest-bearing loans and borrowings	+50	269,997
	-50	(188,469)

(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. 8,498,658 (2016: Rs. 14,449,973) and trade receivable balance of Rs. 9,442,420 (2016: Rs. 3,355,237) 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. 897,054 on profit before tax (2016: Rs. 890,235). 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 27.

27 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(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 years	> 5 years	Total
THE GROUP	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
2017						
Trade and other payables	-	235,825,450	-	60,000,000	-	295,825,450
Interest-bearing loans and borrowings	68,699,979	5,344,150	16,033,336	224,728,385	338,834,620	653,640,470
Financial guarantee	-	-	-	1,205,000	-	1,205,000
	68,699,979	241,169,600	16,033,336	285,933,385	338,834,620	950,670,920
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
Financial guarantee	-	-	-	-	-	-
	25,316,329	126,037,435	339,364	1,777,112	-	153,470,240
THE COMPANY						
2017						
Trade and other payables	-	235,207,355	-	60,000,000	-	295,207,355
Interest-bearing loans and borrowings	68,699,979	5,344,150	16,033,336	224,728,385	338,834,620	653,640,470
Financial guarantee	-	-	-	1,205,000	-	1,205,000
	68,699,979	240,551,505	16,033,336	285,933,385	338,834,620	950,052,825
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

27 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(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 gearing ratios at 30 June 2017 and 2016 were as follows:

	THE GROUP		THE COMPANY	
	2017	2016	2017	2016
	Rs.	Rs.	Rs.	Rs.
Debt	450,710,568	1,650,601	450,710,568	1,650,601
Cash in hand and at bank	(3,273,730)	(231,064,615)	(2,674,580)	(230,591,456)
Net debt	447,436,838	(229,414,014)	448,035,988	(228,940,855)
Equity	289,801,318	289,801,318	289,801,318	289,801,318
Total capital plus debt	737,238,156	60,387,304	737,837,306	60,860,463
Gearing ratio	61%	N/A	61%	N/A

28 SEGMENT INFORMATION

2017	Cafeteria	Healthcare	Total
	Rs.	Rs.	Rs.
Revenue	13,481,003	1,213,539,723	1,227,020,726
Operating profit/(loss)	1,094,384	(5,224,984)	(4,130,600)
Finance income	-	4,162,255	4,162,255
Finance cost	-	(13,194,774)	(13,194,774)
Segment assets			
Total assets	1,219,686	1,580,148,089	1,581,367,775
Segment liabilities			
Total liabilities	618,095	888,564,319	889,182,414
Other segment items			
Capital expenditure	200,477	302,526,245	302,726,722
Depreciation	(30,663)	(75,764,802)	(75,795,465)
2016			
Revenue	16,153,754	977,806,715	993,960,469
Operating 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)

The Group has determined its operating segments based on reports reviewed by the Chief Operating Officer that are used to make strategic decisions. ZAn 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) 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.

28 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.

29 DIVIDENDS

	THE GROUP AND THE COMPANY	
	2017	2016
	Rs.	Rs.
Declared and paid during the year/period:		
Dividends on ordinary shares:		
Dividends: 3 cents per share (2016: 6 cents)	**17,098,225**	34,196,449
	17,098,225	34,196,449
Proposed and declared:		
Dividends: Nil (2016: 4 cents per share)	-	22,797,633
Total	**17,098,225**	56,994,082
Total dividend paid during the period	**39,895,858**	34,196,449

30 EVENTS AFTER THE REPORTING DATE

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

NOTICE OF ANNUAL MEETING TO SHAREHOLDERS

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 8 December 2017 at 10.00 hours, to transact the following business:

1. To receive, consider and approve the Group's and the Company's Financial Statements for the financial year ended 30 June 2017, including the Annual Report and the Auditors' Report, in accordance with section 115(4) of the Companies Act 2001.

2. To appoint, as Director of the Company to hold office until the next Annual Meeting, Mrs. Hélène Echevin, who has been nominated by the Board of Directors on 5 June 2017.

3. 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:

   3.1 Dr. Guy Adam
   3.2 Mr. Ashish Bhatia
   3.3 Mr. L. J. Jérôme De Chasteauneuf
   3.4 Mr. Rajiv Puri
   3.5 Mrs. Christine Sauzier
   3.6 Mr. Michel Thomas

4. To appoint Pricewaterhouse Coopers Ltd as auditors of the Company in accordance with section 200 of the Companies Act 2001 for the financial year ending 30 June 2018 and to authorise the Board of Directors of the Company to fix their remuneration.

5. To ratify the remuneration paid to the auditors for the financial year ended 30 June 2017.

By Order of the Board

CIEL Corporate Services Ltd
Company Secretary

6 November 2017

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 9 November 2017.

v. The minutes of proceedings of the Annual Meeting of the shareholders held on 14 December 2016 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.

vi. The profiles and categories of the Directors appointed/re-elected are available in the Corporate Governance section of this report.

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 Limited
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 Limited ("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.

PROXY FORM

I/We...
of ....
being shareholder(s) of THE MEDICAL AND SURGICAL CENTRE LIMITED ("the Company") do hereby appoint ....
....
of ....
or, failing him/her ....
of ....
or, failing him/her, the Chairperson of the Meeting as my/our proxy to represent me/us and 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 8 December 2017 at 10.00 hours, to transact, and at any adjournment thereof, the following business.

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

	RESOLUTIONS	FOR	AGAINST
1.	To receive, consider and approve the Group's and the Company's Financial Statements for the financial year ended 30 June 2017, including the Annual Report and the Auditors' Report, in accordance with section 115(4) of the Companies Act 2001.		
2.	To appoint, as Director of the Company to hold office until the next Annual Meeting, Mrs. Hélène Echevin, who has been nominated by the Board of Directors on 5 June 2017.		
3.	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:		
3.1	Dr. Guy Adam		
3.2	Mr. Ashish Bhatia		
3.3	Mr. L. J. Jérôme De Chasteauneuf		
3.4	Mr. Rajiv Puri		
3.5	Mrs. Christine Sauzier		
3.6	Mr. Michel Thomas		
4.	To appoint Pricewaterhouse Coopers Ltd as auditors of the Company in accordance with section 200 of the Companies Act 2001 for the financial year ending 30 June 2018 and to authorise the Board of Directors of the Company to fix their remuneration.		
5.	To ratify the remuneration paid to the auditors for the financial year ended 30 June 2017.		

Signed this .... day of .... 2017.

Signature/s ....

Notes:

i. 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. A proxy need not be a shareholder of the Company.

ii. 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.

The Medical and Surgical Centre Limited

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www.fortiscliniquedarne.com | www.wellkinhospital.com