MSCL

The Medical and Surgical Centre Limited and its subsidiary

ANNUAL REPORT 2018

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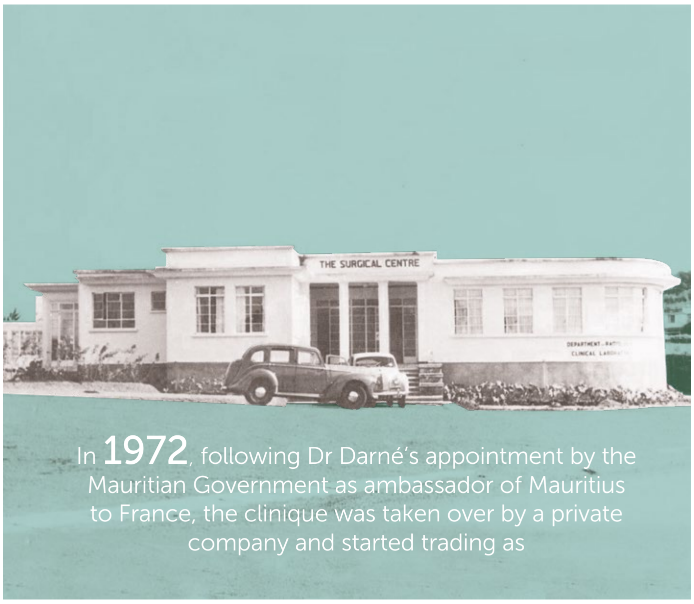

In 1972, following Dr Darné's appointment by the Mauritian Government as ambassador of Mauritius to France, the clinique was taken over by a private company and started trading as

'The Medical and Surgical Centre Limited'

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

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CHAIRPERSON'S **STATEMENT**

Dear Shareholder,

The financial year ended 30 June 2018 showed an increase in our Group's turnover of Rs. 510 million, from Rs. 1.22 billion in financial year 2017 to Rs. 1.73 billion for financial year 2018, attributable to the full year consolidation of Wellkin Hospital for FY2018 (6 months for FY2017). Our after-tax loss as at 30 June 2018 stands at Rs. 19.6 million, compared to Rs. 23.6 million for the previous financial year.

During the financial year under review, the Group's operating profit has improved by Rs. 11M compared to the corresponding period last year which is explained by the sustainable performance at FCD, with a constant high occupancy rate of 84%, coupled with better results for Wellkin, whose performance during FY2018 has shown significant improvement, namely with a growth in occupancy rate from 45% to 58%.

These figures illustrate the successful implementation of strategies at both our facilities to achieve excellence in patient care through continuous improvement of our internal processes along with advanced medical and surgical procedures. They also illustrate the efforts of our Management Team who makes a more effective use of our expenses while ensuring that the level of service never falters.

Operational excellence remains at the heart of our strategy. Indeed, since 2017, we have been working relentlessly to consolidate Wellkin Hospital within The Medical and Surgical Centre Limited ("MSCL") from an operational standpoint while starting to work on group advantages and synergies. We have thus reinforced the Executive Management Team with the appointment of Nursing, Quality, Supply Chain, Finance, HR and IT functions at MSCL Level.

As announced previously, the partnership agreement between CIEL Healthcare and Fortis Healthcare will reach an end on 31 December 2018. This strategic partnership with Fortis Healthcare International Limited ("FHIL") has been beneficial for both entities. On behalf of the Board, I would like to thank Fortis for their commitment during the past 10 years and for bringing in the knowledge and processes that were needed to reinforce our operations. Moving forward, MSCL's Board of Directors has decided to undertake the direct management of both hospitals as from 1 January 2019 with the Executive Management Team. MSCL and Fortis Healthcare will continue to collaborate on technical matters, while Fortis Healthcare will play an advisory role through its nominees on the Board.

In line with the strategy that we have laid out over the past months, we have appointed Olivier Schmitt, current Chief Operating Officer at Fortis Clinique Darné, to the position of Chief Executive Officer of MSCL, that is, of both Wellkin and Darné. He will take over his position as from 1 January 2019. Olivier comes with 20 years of experience in the private health sector which gives us the confidence of a smooth transition.

Building upon the foundation designed so far, he will be guiding the Executive Management Team to continuously work towards boosting the quality of care and the quality of service provided by both hospitals. This is reflected in the acquisition of new equipment and the quest to enhance patients' experience with the launch of Patient Delight Management, a custom-made cloud based software for feedback collection. This digital platform, aims to make the patient experience more enriching and leads us towards our goal of ensuring that the patient journey is significantly improved and our patients are satisfied with their experience.

Moving forward

Our health care institution continues to open doors to new opportunities for growth, while pursuing the same focus that has characterised our service over the past six decades. Indeed, our commitment towards our shareholders remains our unflinching mission to always provide higher levels of medical care and to build a position of leader in the regional healthcare industry.

One of the first things on which we shall focus during the financial year 2019 is our "People at Heart" journey by reinforcing our proximity with our teams and training our people, a vital requirement in our pursuit of offering quality services to patients. We are also upgrading our Hospital Information System at both Welkin Hospital and Fortis Clinique Darné to have one common IT system to enhance the patient's journey.

Another aspect of our operations on which we are laying additional emphasis is quality control, with the aim of getting both our facilities accredited in the medium-term.

Last but not least, we shall be working even more closely with our medical staff, especially our doctors, so as to continuously improve the care and the processes to meet the needs of patients and to provide healthcare which is at par with international standards along with the services available in hospitals worldwide.

Appreciation

This would not have been possible without the support of the Directors of MSCL, the Fortis team and that of the Management Team of FCD and WH, who have been able to translate the Board's vision into reality. I also have a special thank you for all our staff who are constantly giving their best to help us realise our ambitions. We also remain committed to our insurance partners, who continue to provide tailor-made solutions to their clients for an overall better care access in Mauritius.

At last, I would like to thank all those patients for their continued trust in our teams and our services. As we shift towards a new operating environment, we shall put in every effort to continuously reinforce this patient-centric culture that people in Mauritius and in the region have come to associate with FCD and WH over time.

Hélène Echevin
Chairperson
19 September 2018

Defined by **our** **commitment** to achieve new **milestones**

CORPORATE INFORMATION

BOARD OF DIRECTORS

DIRECTORS

Hélène Echevin, **Chairperson**
André Ackerman (Appointed on 19 September 2018)
Guy Adam
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
Hélène Echevin
Christine Sauzier

AUDIT AND RISK COMMITTEE

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

OPERATIONAL EXCELLENCE COMMITTEE

Hélène Echevin, **Chairperson**
Ashish Bhatia
Clive Chung
Harold Mayer
Nicholas Rous
Sukhmeet Sandhu
Olivier Schmitt
Dev Sewgobind
Mohit Singh

FORTIS INTERNATIONAL OPERATIONS

Sukhmeet Sandhu, **Head - International Operations, Fortis Healthcare, India**

CHIEF OPERATING OFFICERS

Olivier Schmitt, **Fortis Clinique Darné**
Mohit Singh, **Wellkin Hospital**

COMPANY SECRETARY

CIEL Corporate Services Ltd
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

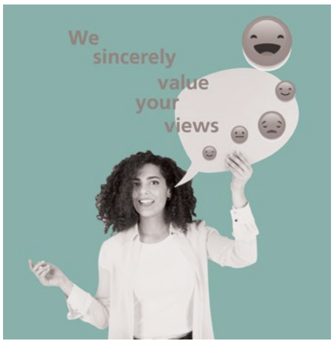
The Mauritius Commercial Bank Limited
Bank One Limited
AfrAsia Bank Limited

Fortis Clinique Darné

Fortis Clinique Darné (FCD) has been escalating the path to operational excellence. Last year has been both hugely heartening and challenging. The organisation has continued on its journey of improvement, with significant steps forward in quality, performance and improving employee morale. The new set of reviewed processes and reporting activities have been formalised to help staff and Doctors prepare, manage, and optimise their operations. Our team – the doctors, nurses, managers, professionals of all departments – show extraordinary commitment day in, day out in providing quality care.

Staying Ahead of the Learning Curve

Ensuring quality service and care is fundamental. Our constant focus is to constantly innovate and provide solutions to our patients. We have introduced new tests and continued to perform surgeries that is a First at FCD which improved the patient experience and maintain the highest standards of clinical excellence in every patient journey.



- Launched in January 2018 at both entities (FCD & Wellkin Hospital (WH)), the collection of electronic feedback which can be accessed and reviewed in real time. A complete end to end feedback mechanism which touches all the areas of operations such as OPD, IPD, ER, Pharmacy amongst others. For all complaints, a ticket is issued to the relevant department and corrective actions are taken accordingly.
- First Surgeries conducted over the island where FCD broke new grounds in the field of Electrophysiology & Cardiology, Paediatric Surgery, Vascular and Thoracic Surgery.
- In our continuous endeavour to provide world class diagnosis tools, we have put new equipment at the disposal of our Doctors namely Picture Archiving & Communication system (PACS), Digital Panoramic X-ray, Digital Mammography with Stereotactic Biopsy, High definition Ultrasound machine, C-Arm and Digital X-Ray at FCDN.
- New tests have been introduced at the Laboratory, such as Haemoglobin Electrophoresis, Protein Electrophoresis and Troponin I. We have also introduced UF-4000 which is an Automated Urine Microscopy Analyser and we are the first Laboratory to have it in Africa. There has also been the acquisition of a New Haematology analyser - XN – 350. There has been an increased focus on the repertoire of tests done In-House where by only 0.2% tests are now being referred outside.

Putting Patients First

FCD is committed to being part of providing the best medical facilities coupled with quality care while creating real sustainable value for all stakeholders. In the current year, we continued our focus on 'patient centricity'. Several measures have been implemented to achieve corporate goals.

- Continued focus on improvement of Patient Care Services and Patient Satisfaction, through the implementation of Meet & Greet Service to offer a seamless experience from admission to discharge. Floor Coordinators accompany the patients from the Admission Desk to the room, room allocation one-day prior for all planned surgeries, planned discharge and communication with patient/relatives post discharge.
- Up-gradation of Emergency and ICU Waiting Area & Procedure rooms and 2 standard rooms converted into deluxe rooms to enhance patient comfort.
- Installation of new Nurse Call System, also referred to as the "call bell" system on Level 4 in June 2018 which allows patients to alert a nurse or other health care staff member remotely of their need for help.

Building Staff Capacity and Strengthening Accountability

Our people have continuously work towards making a difference in our patient's lives. At FCD, we recognise their efforts and commitments. Our Team constantly evaluates, refines and improves its people development strategies in order to maximise their potential.

- Training Programs focused on employee growth and future performance.

- July 17: Our Nurses were trained on "Patient fall prevention risk management" which is related at fall prevention in hospital.

- August 17 & January 18: The staff also benefitted from a Customer Service Skills Programme on "Meeting patient expectation".

- March 18: Our Doctors were also part of the ECG interpretation, Basic Cardiac Life Support & Advanced Cardiac Life Support which is an advanced training carried out by Dr Dinah Shah (Emergency Medicine Specialist) from Fortis Healthcare Limited.

- January & February 18: "Self-Motivation & Inspiring my Team" Program for Nurses to promote Team work.

- We recognise and highly value our Nurses who are the heart and soul of our organisation. Their contribution in providing support and care to our patients are unmatched. A series of activities (e.g. Community visit at Couvent Bon Secours, Interdepartmental competition on the Theme of Nurses Day, Quiz, leisure activities competition: Carom, Domino, Ludo, Snakes & Ladders among others) were organised over a week to celebrate their dedicated efforts. They were also rewarded during the Excellence Awards Ceremony – Time to Shine.

- Fostering and promoting team dynamics has been high on the agenda and same was promoted since September 2017 through networking initiatives like 'Nursing Connect' & 'Doctors Connect'.

- Starting as from September 2017, every last Friday of the month, all staff along with the Management Team join together for the TGIF Employees Connect - One Time Gathering. This is a team bonding initiative where various activities (skits, song performances, indoor games, cultural shows and ends with an open buffet) are carried out. This initiative has enhanced inter-departmental employee engagement.

Community Engagement & Brand Awareness

We are committed in engaging with the community to promote good health for them to enjoy the healthiest lifestyle possible. Our Team worked towards various outreach activities the resulted in meaningful involvement of all stakeholders.

- In the spirit of giving back to society, we collaborated with service clubs (Rotary Clubs), NGOs (Cancer Association of Mauritius - CANMA & Muscular Dystrophy Association - MDA) to provide medical services over the island. Free Medical Screening was even provided to the inhabitants of Dubreuil and members of the Diocesan Church House.

- Medical Partner for Sports Events (Club Hippique de Maurice, Ferney Trail, Necker Pro Squash Open 2018, Rugby World Club 10s, Royal Raid, Necker Pro Squash, Soroptimist Tilapia IT Afterschool Event, Indian Food & Handicraft Charity Mela, Association Sportive Vacoas Phoenix (ASVP) Treasure Hunt, Cancer Association of Mauritius – (CANMA) Cancer Competition) with mobile medical teams and Physiotherapists to provide emergency treatment for all medical emergencies, such as cardiac events and major trauma.

- Mental Preparation & Training of Doctors & Paramedics for Jeux des Iles de l'Océan Indien (JIOI) 2019.

- Ongoing education and complimentary community awareness sessions by our doctors through the initiative "A nu mett enn dialog" to share key health messages through a series of monthly talks with the public at large along with high focus of preventive tips on Social Media.

- Supporting our initiatives to preventive health, industry specific health surveillance programmes are designed and conducted on site, awareness sessions (e.g. Healthy Lifestyle, Cardiovascular diseases, Nutrition – Impact on health, Healthy eating & Hygiene, Ergonomics, Osteoporosis) by our Specialists are also provided to promote education on health related issues.

Wellkin Hospital – Putting patients first

Over a span of just one year, Wellkin Hospital showed a turnaround and has registered the highest occupancy ever since the inception of the hospital. This speaks volumes about the commitment to Clinical Excellence and mission towards "Saving and enriching lives". We continuously focus on our medical programmes, clinical outcomes, optimized processes and clinical pathways to ensure the maintenance of the highest standards of Clinical Excellence in every patient experience.

Our staff are what makes us unique. We are constantly monitoring and improving our connection with our employees with an aim to grow our business together. Last year, we have been working on building confidence with our teams. We are now going a step further to show employees that we care and that together, we can deliver excellent patient care services and shape a sustainable business.

Focus on improvement of Patient Care services and satisfaction

Patient Welfare team coverage is now extended 7/7 and consolidated steps are being taken to reach the highest standards of Patient satisfaction. Individual daily meetings with each patient by the Welfare team to quickly solve issues on the spot. Patients are reassured and feel comfortable as we have eliminated multiple touchpoints and therefore significantly improved Patient Satisfaction.

Patient Delight Management System (PDMS)

An electronic PDMS has been successfully implemented since the beginning of this year. A complete end-to-end feedback mechanism which touches base with all the areas of operations starting from OPD, IPD, ER, Pharmacy. The feedback is collected in real time. All the feedbacks are registered, and reports are generated to establish an action plan to reduce recurrent complaints.

Shangri-La's
Le Touessrok Resort & Spa
MAURITIUS

Medical Post at Shangri-La's Le Touessrok Resort & Spa

A new medical unit was launched by Wellkin at the Shangri-La's Le Touessrok Resorts and Spa in January 2018. Wellkin Hospital provides a 7/7 cover with a doctor and nurse on site to cater for emergency medical needs of hotel guests and employees.

Doctor's engagement journey

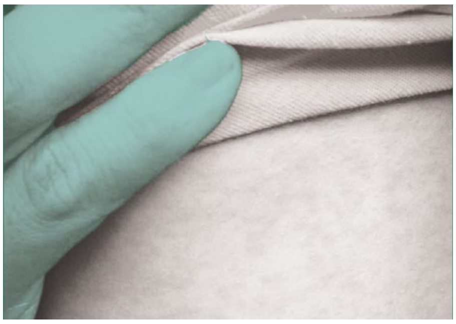
Wellkin Hospital sponsored the Private Medical Practitioner's yearly meeting in November 2017. Eminent specialists in various fields participated in this two-day seminar where presentations were made on latest services offered at Wellkin Hospital in the fields of Orthopaedics and Urology.

Wellkin Celebrates its First Anniversary!

On 8th of May 2018, Wellkin celebrated the rebranding first anniversary of the hospital. Employees and management gathered together for a cake cutting ceremony. Management thanked the staff and spoke highly about the achievements of the team and how the past year has been a challenging but a very fruitful and successful one!

Official Medical Partner

Wellkin Emergency Medical team was solicited for the management of injured players during the prestigious sporting events: Afrasia International Golf Tournament in Nov 2017 and the Beachcomber Club 10 International Rugby tournament in June 2018.



Rash Clinic launched

There has recently been an outbreak of measles on the island. Being a highly contagious virus, chances of catching the infection are high, regardless of having been vaccinated earlier. Therefore, a Rash Clinic was set up to prevent further spread of the disease affecting both adults and children.

Childbirth Education Class

The Maternity Department of Wellkin has launched the Ante-Natal class which is led by our experienced midwife. This educational forum on childbirth is held every last Friday of the month. It is open to anyone interested and is free of cost. It helps future mothers to be informed and confidently prepared for childbirth.

Emphasis on Women's Disease at Corporate Level

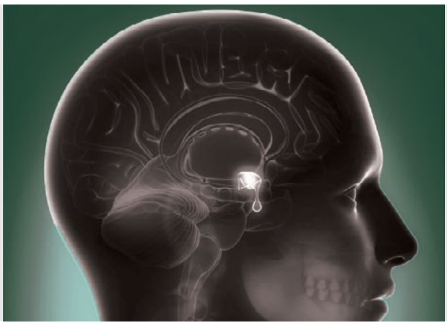
A series of health talks has been initiated for company employees. The talks are led by Wellkin specialists and emphasis is laid on topics such as women's health, cardiac disease and other non-communicable diseases. These talks are held regularly once a week at the company premises.

World Environment Day

#BeatPlasticPollution was the theme for 2018 World Environment Day. A massive clean-up around the exterior of the hospital was held on this occasion to increase awareness. Trees were planted in the hospital yard to symbolize our commitment to preserving our environment. The hospital catering services is also taking measures to reduce the use of plastic bottles, cups, takeaways boxes and disposable cutlery within the hospital in collaboration with FCD.

Community Engagement

2017 World Heart Day was marked by a grand awareness and training workshop for the Mauritius Police Force. 500 policemen included the SMF and National Coast Guard officers attended this training at Wellkin to gain knowledge on Basic Life Support. The training was conducted by Wellkin emergency doctors. This is a step forward to public private partnerships in rescue operations.



STEMI and FAST Pathways

Wellkin Hospital Medical Directorate consolidated 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). An awareness clip for the public was also launched on World Hypertension Day in May 2017. The clip 'Stop Brain Attack, Act F.A.S.T'. released on Wellkin Facebook page was shared spontaneously by fans reaching a total of 100,000 views within a week.

First time in Mauritius: Nerve Monitor launched

Wellkin Hospital acquired the NIM-ECLIPSE® Nerve Monitoring System which is used in spinal surgeries. This new equipment reduces the risk of spinal cord, nerve and blood vessel injury during surgeries. This monitoring system will also help in reducing risk of nerve damage.

Holmium Laser launched at Wellkin

Wellkin acquired the Holmium laser equipment for Urology procedures in May 2018. Less invasive procedures in Urology are now possible without significant pain, scars or bleeding. It is mainly used to treat benign prostatic hyperplasia (BPH) in men, urinary cancers, kidney and other urinary stones.

Continuous Medical Education

Ace Emergency Medicine Specialist – Dr Dina Shah of Fortis healthcare India imparted her knowledge and expertise during a week training in March 2018 at Wellkin Hospital. She trained the ambulance and emergency doctors of both units on the latest advancements in emergency medicine with emphasis on Advanced Cardiac Life Support and Basic Life Support.

TGIF - enhancing employee engagement

TGIF refers to a monthly get-together with activities (skits, song performances, indoor games, cultural shows) held on the last Friday of each month for employees by employees along with an open buffet. This initiative has enhanced interdepartmental employee engagement.

Full week of nursing activities

2018 International Nursing day was marked with a whole week of nursing activities ranging from leisure activities, community outreach events, rewards, recognition, motivational videos from staff to educational workshops and trainings. This colourful week dedicated to nurses was celebrated with great fervour and joy for the first time on a grand scale.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE REPORT
FINANCIAL YEAR ENDED 30 JUNE 2018

INTRODUCTION

Name

The Medical and Surgical Centre Limited
("MSCL" or the "Company")

Status

- Public company incorporated on 17 July 1972 with the Registrar of Companies, Mauritius
- Ordinary Shares of no par value listed on the Development and Enterprise Market ("DEM") of the Stock Exchange of Mauritius Ltd ("SEM") since August 2006
- Reporting Issuer with the Financial Services Commission ("FSC") since the promulgation of the Securities Act 2005
- Public Interest Entity as defined by the Financial Reporting Act 2004

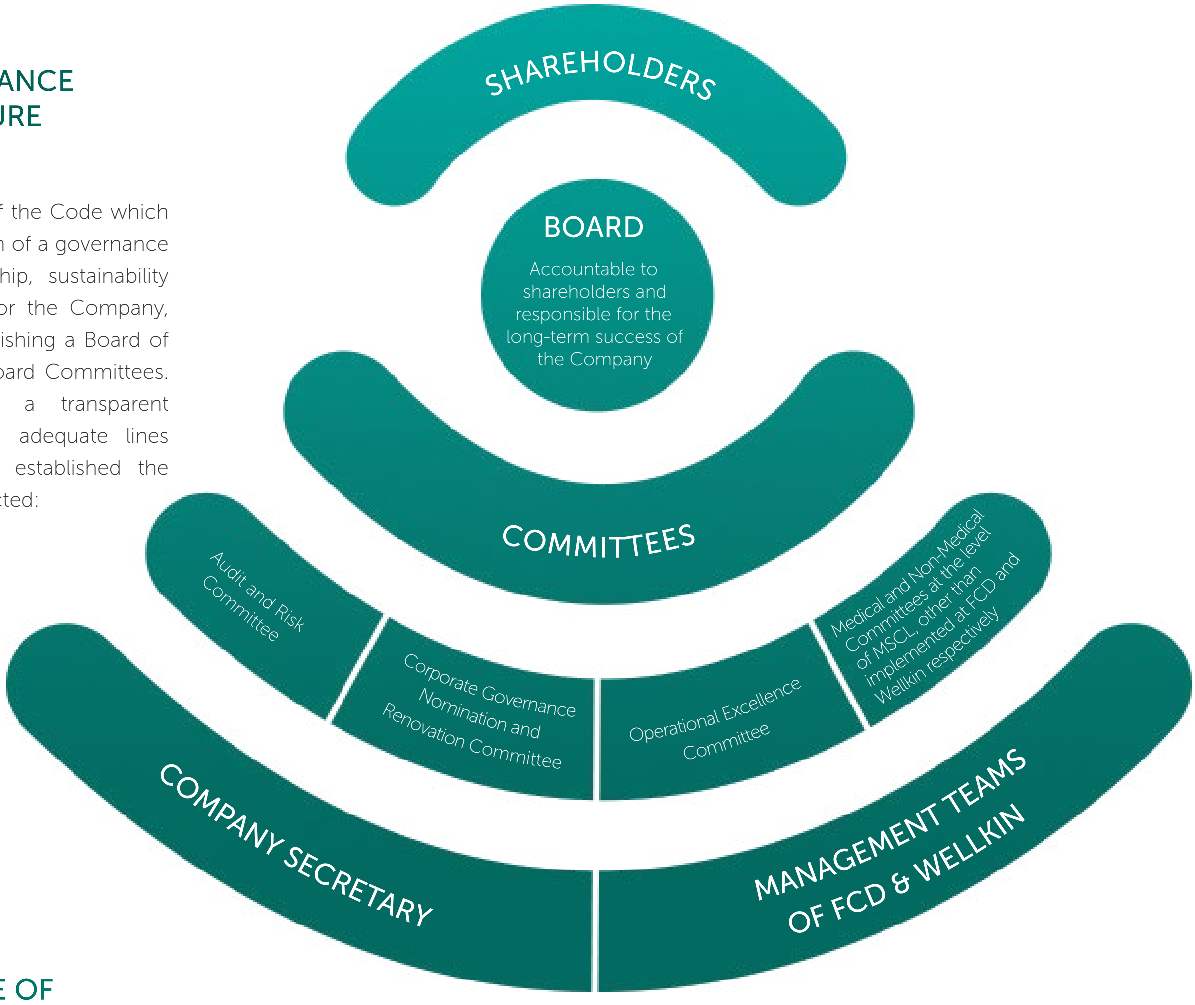
COMPLIANCE WITH THE NATIONAL CODE OF CORPORATE GOVERNANCE FOR MAURITIUS (2016)

The Board of Directors (the "Board") is accountable to the Company's shareholders for ensuring the sound management and long-term success of the Company and its subsidiary, Le Café du Volcan Ltée (the "Group"). This can only be achieved if the Board is supported by appropriate processes to ensure that the Group is managed responsibly and with integrity, fairness, transparency and accountability. This Corporate Governance Report describes the key elements of MSCL's corporate governance framework and how the Board applied the main principles of the National Code of Corporate Governance for Mauritius (2016) (the "Code") and complied with its provisions, for the financial year ended 30 June 2018.

PRINCIPLE 1
GOVERNANCE STRUCTURE

GOVERNANCE STRUCTURE

MSCL recognises the value of the Code which advocates the implementation of a governance structure supporting leadership, sustainability and corporate citizenship. For the Company, this includes, inter alia, establishing a Board of Directors with appropriate Board Committees. Therefore, in support of a transparent organisational structure and adequate lines of responsibility, MSCL has established the governance structure as depicted:



THE ROLE OF THE BOARD

The Board is responsible for the long-term success of the Company, setting the Company's strategy, financial objectives and risk appetite, providing leadership to the business including on culture, values and ethics, monitoring the Company's overall financial performance and ensuring effective corporate governance and succession planning. This includes responsibility for reviewing and guiding corporate strategy through the establishment of key policies and objectives. In this endeavour, a Board Charter, setting out the key roles and responsibilities of the Board, its Directors including the Chairperson of the Board and the composition of the Board, has been drafted. This key document would be submitted to the Corporate Governance, Nomination and Remuneration Committee of MSCL for review prior to recommending same to the Board of Directors for approval.

In the absence of a board charter during the year under review, the Board, nevertheless, confirms that it has performed within the ambit of the provisions of the Shareholders' agreement[1] and the Constitution[2] of the Company, other than the applicable legislations and regulations.

1 There is a shareholders' agreement in place between the two substantial shareholders of the Company namely CIEL Healthcare Limited and Fortis Healthcare International Limited which regulates the relationship between the shareholders, the management of the Company, ownership of the shares and the protection of the shareholders. This legally binding document also governs the way in which the Company is run.

2 The Constitution of the Company is in conformity with the provisions of the Companies Act 2001 and the DEM Rules. There are no clauses deemed material enough for special disclosure. A copy is available upon written request to the Company Secretary or is available for consultation on the websites of the Company.

RESPONSIBILITIES AND ACCOUNTABILITIES

Statement of Accountabilities

The Board of MSCL retains full and effective control of the Company and is ultimately accountable and responsible for the performance of the Company. In discharging its responsibilities, the Board is supported by senior management, together with the various board committees and other governance forums and panels (in-house committees) which have been established at the facilities of MSCL. These committees have distinct terms of reference, appropriately skilled members, senior management participation and access to specialist advice when considered necessary. The board committees report to the Board on a quarterly basis. The senior management team headed by the Chief Operating Officer ("COO") is the principal decision-making platform on all day-to-day business of the Company and operates under clear guidelines and delegated authorities approved by the Board.

Various mechanisms such as strategies, policies, processes and documents have been/would be implemented and are/would be used to drive and support good governance in practice. Distinct statements detailing the respective roles and responsibilities of the key senior governance positions namely the Chairperson and the Company Secretary have been drafted and would be submitted to the Corporate Governance, Nomination and Remuneration Committee of MSCL for review before submitting to the Board of Directors for approval.

Division of responsibilities

Chairperson

Responsible for leadership of the Board, ensuring its effectiveness in all aspects of its role and for setting the Board agenda in conjunction with the COO and Company Secretary. Ensures effective communication with shareholders and that the Board is aware of the views of major shareholders. Facilitates the contribution of the Directors through a culture of openness and debate, and ensures constructive relations between the Board and the COO/management team.

Chief Operating Officer

Responsible for the day-to-day management of the Group and executing the strategy, once agreed by the Board. Creates a framework of strategy, values, organisation and objectives to ensure the successful delivery of results, and allocates decision making and responsibilities accordingly. Manages the risk profile in line with the risk appetite identified and accepted by the Board. Takes a leading role, with the Chairperson, in the relationship with all external agencies and in promoting MSCL.

Code of Business Conduct and Ethics, Values and Purpose Statement

Conducting business in an honest, fair and legal manner is a fundamental guiding principle in MSCL, which is actively endorsed by the Board and management, ensuring that the highest standards are maintained in all dealings with stakeholders. The Company's commitment to ethical standards is set out in its values and is supported by the Company's Code of Business Conduct and Ethics ("the Code of BCE") which articulates the Company's policy regarding conflicts of interest, gifts, confidentiality, fair dealings and the protection and appropriate use of the Company's assets. This Code of Business Conduct and Ethics applies to Directors, Executives, Management, Employees, and any other person seen as representing or being associated with the Company. New staff members/Directors are briefed on this key document as part of their induction process.

MSCL recognises its duty of care as an employer and is committed to protecting the rights of all staff to achieve their full potential in an environment which values cultural diversity and is free from all forms of discrimination, harassment and intimidation. Management recognises that everyone has the right to dignity and respect and to a safe and healthy workplace.

Each facility of MSCL has earmarked its own vision, mission and values; yet has one common purpose statement:

"To deliver the highest quality care provided by highly trained and skilled professionals coupled with state-of-the-art medical technology in a caring and friendly environment."

Two links are available to the shareholders of MSCL to consult the key documents guiding the governance structure of the Company:

http://www.fortiscliniquedarne.com
http://www.wellkinhospital.com

PRINCIPLE 2
BOARD SIZE AND STRUCTURE

Unitary Board Structure

3 Non-Executives
+
2 Executives
+
2 Independent

7 Directors

Board Tenure

- 0-2 years : 1 Director
- 2-4 years : 1 Director
- 4-6 years : 2 Directors
- 6+ years : 3 Directors

Board Balance

- 2 Women
- 5 Men

Areas of Expertise

Healthcare, Financial services (accounting, insurance, internal audit), Legal, Food Sciences and Technology

COMPOSITION OF THE BOARD AND PROFILES OF THE DIRECTORS

Hélène Echevin

Executive Chairperson, appointed Director and Chairperson as from 5 June 2017

Age: 40

Nationality/Country of Residency: Mauritian/ Mauritius

Committee memberships: Corporate Governance, Nomination and Remuneration Committee, Operational Excellence Committee (Chairperson)

Skills and Experience:

- Holder of a degree in Food Sciences and Technology from Polytech Engineering School, Montpellier, France and followed Management Executive Program at INSEAD.
- 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.
- Been president of the MCCI, Mauritius Chamber of Commerce in Industry in 2015/2016.

Directorships in other listed companies of the SEM*: CIEL Textile Limited and Sun Limited

Guy Adam

Independent Director, appointed Director on 25 May 2009

Age: 68

Nationality/Country of Residency: Mauritian/ Mauritius

Committee memberships: Corporate Governance, Nomination and Remuneration Committee

Skills and Experience:

- 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 SEM*: Rogers and Company Limited

Ashish Bhatia

Executive Director, appointed Director on 27 September 2011

Age: 56

Nationality/Country of Residency: Indian/India

Committee memberships: Corporate Governance, Nomination and Remuneration Committee (Chairperson), Operational Excellence Committee

Skills and Experience:

- 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.

Directorships in other listed companies of the SEM*: None

L. J. Jérôme
De Chasteauneuf

Non-Executive Director, appointed Director on 10 June 2015

Age: 51

Nationality/Country of Residency: Mauritian/Mauritius

Committee memberships: Audit and Risk Committee (Chairperson)

Skills and Experience:

- 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.

Directorships in other listed companies of the SEM*: Alteo Limited, CIEL Textile Limited, CIEL Limited, Harel Mallac & Co. Ltd and Sun Limited

Rajiv Puri

Non-Executive Director, appointed Director on 4 June 2014

Age: 47

Nationality/Country of Residency: Indian/India

Committee memberships: Audit and Risk Committee

Skills and Experience:

- 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 Ernst & Young, India assisting clients across geographies in Risk Management and Internal Audit function.

Directorships in other companies listed on the SEM*: None

Christine Marie Isabelle Sauzier

Non-Executive Director, appointed Director on 4 June 2014 and Chairperson as from 10 June 2015 up to 5 June 2017

Age: 51

Nationality/Country of Residency: Mauritian/Mauritius

Committee memberships: Corporate Governance, Nomination and Remuneration Committee

Skills and Experience:

- 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.
- Qualified Attorney-at-Law since 1994 having more than 15 years' experience in private practice and nearly 12 years as in-house lawyer.
- 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.

Directorships in other companies listed on the SEM*: IPRO Growth Fund Ltd and IPRO Funds Ltd (IPRO African Market Leaders Fund – Class (I2) Institutional Class)

Michel Thomas

Independent Director, appointed Director on 25 May 2009

Age: 58

Nationality/Country of Residency: Mauritian/Mauritius

Committee memberships: Audit and Risk Committee

Skills and Experience:

- 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.

Directorships in other companies listed on the SEM*: Swan General Ltd

* The Board of Directors of MSCL has decided to disclose only directorships in listed companies.

The ages of the Directors provided herein are as at the last date of the financial year under review, being 30 June 2018.

The Board complies with the Code's recommendation that it should include an appropriate combination of executive directors, independent directors and non-executive directors; and with its current composition, the Board considers itself as effective, well-balanced and complementary for the nature, complexity and strategic demands of the business.

The Company's Chairperson, Mrs. Hélène Echevin, is not considered to be an independent Director given her close involvement in the operations of the Company but makes her best endeavour to bring independence of mind and honesty to her role as Chairperson of the Board of Directors of the Company, in the best interest of the Company and its stakeholders.

Company Secretary

CIEL Corporate Services Ltd ensures the role of Company Secretary through a service agreement the Company holds with its major shareholder, CIEL Healthcare Limited. The duties and responsibilities of the Company Secretary have been defined in a distinct statement and would be submitted for approval by the Board after having been reviewed by the Corporate Governance, Nomination and Remuneration Committee of the Company.

Board Meetings

Board meetings provide a forum for challenging and constructive debates. The Board usually meets at least four times during the financial year and on ad hoc basis. Board decisions are also approved by way of written resolutions, signed by all Directors in accordance with Clause 7 of the Eighth Schedule of the Companies Act 2001.

- *Quorum in line with the Constitution of the Company:* Fixed by the Board and if not so fixed, shall be a majority of the directors.

Principal activities of the Board during the financial year ended 30 June 2018:

- Reports from the Chairpersons of the respective Board Committees with respect to the key agenda items debated at these committee meetings.
- Approval of the audited accounts for the financial year ended 30 June 2017 and its abridged version.
- Updates on the ERP implementation project.
- Expansion plan of FCD North.
- Forecast for the FY 30 June 2018, Budget for the FY 30 June 2019 and Business Plan.

Board Committees

The Board has delegated authority to the Board committees to carry out certain tasks on its behalf, in order to operate efficiently and give the right level of attention and consideration to relevant matters, while reserving the authority to approve certain key matters, as documented in the Board Charter. The key responsibilities of the Board committees, namely the Audit and Risk Committee, the Corporate Governance, Nomination and Remuneration Committee and the Operational Excellence Committee are summarised on the following page. During the year under review, the Board approved the constitution of the Operational Excellence Committee as a Board committee.

COMMITTEE	AUDIT AND RISK COMMITTEE ("ARC")
Composition	3 members: 2 Non-Executive Directors 1 Independent Director
Members	L. J. Jérôme De Chasteauneuf, Chairperson
	Rajiv Puri
	Michel Thomas

Recommendation of the Code: The Chairperson of the ARC should be an independent director.

Although the role of the Chairperson of the ARC of MSCL is assumed by a Non-Executive Director of MSCL, Mr. De Chasteauneuf with his financial experience, aims at bringing an independent mind-set to the discussions and decisions taken up at the level of the Company.

Regular attendees by invitation	Chief Operating Officers
	Finance Manager
	Head of other departments when deemed necessary
	External auditor of the Company
	Internal auditor of the Company
Quorum	2 members
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.
Number of meetings held during the FY 30 June 2018	6 meetings
Principal activities during the FY 30 June 2018	Update on the outstanding balances pertaining to Doctors' fees.
	Follow up on outstanding internal audit points remaining to be closed.
	Operations review/Audited accounts for the FY 30 September 2017/Quarters ended 30 September 2017/31 December 2017/31 March 2018 Abridged versions of these accounts.
	Key audit matters for FY 30 June 2017.
	Revaluation of land and buildings of FCD as at 30 June 2017.
	Management letter from Ernst & Young.
	Internal audit reports - FCD: Procurement, Billing cycle, Follow-up reviews; Wellkin: Billing procedures, Procurement and Inventory reviews.
	Change of both external and internal auditors of the Company.
	MSCL risk report.
	Provision for bad debts and write-off policy/Stock policy.

COMMITTEE	CORPORATE GOVERNANCE, NOMINATION AND REMUNERATION COMMITTEE ("CGNRC")
Composition	4 members: 2 Executive Directors 1 Independent 1 Non-Executive
Members	Ashish Bhatia, Chairperson Guy Adam Hélène Echevin Christine Sauzier

Aspiration of the Code: The Chairperson of the CGNRC should be an Independent Non-Executive Director. Mr. Bhatia performs an executive role in the Company by virtue of the management contract between the MSCL and Fortis Healthcare International Limited; yet he performs his duties in a clearly defined and transparent manner in the best interest of the Company and its stakeholders.

Regular attendees by invitation	Chief Operating Officers Head of Human Resources Head of other departments when deemed necessary
Quorum	2 members
Summarised Terms of Reference	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.
Number of meetings held during the FY 30 June 2018	5 meetings
Principal activities during the FY 30 June 2018	Corporate Governance Report for the FY 30 June 2017. Annual increments for the calendar year 2018. Different scenarios pertaining to the mode of practice of the medical consultants at the facilities of MSCL. Implementation of Ways of Working to promote synergies between FCD and Wellkin. Streamlining the in-house committees at FCD and Wellkin. Medical schemes for the employees of MSCL. Organisational structure of MSCL – Ideal structure v/s FCD v/s Wellkin. Performance Appraisal System/Remuneration policy with the introduction of a variable pay.

COMMITTEE	OPERATIONAL EXCELLENCE COMMITTEE ("OPEX")
Composition	9 members: Directors of MSCL, Members from the management team of MSCL and other key persons from CIEL Group
Members	Hélène Echevin, Chairperson
	Ashish Bhatia
	Harold Mayer (Chief Executive Officer of CIEL Textile Limited)
	Dev Sewgobind (Chief Officer – Talent and Culture of CIEL Corporate Services Ltd)
	Nicholas Rous (Finance and Administrative Manager of CIEL Healthcare Limited)
	Sukhmeet Sandhu
	Olivier Schmitt
	Mohit Singh
	Clive Chung
Regular attendees by invitation	Head of other departments when deemed necessary
Quorum	3 members
Summarised Terms of Reference	To constantly review, evaluate, benchmark the ultimate KPIs – Customer satisfaction/Quality of the teams/Financial results.
	To constantly review, evaluate and enhance the root KPIs – People processes/Management infrastructure/Corporate cultures and values/Innovation and digitalisation/Strategic business plan.
	To review the sustainability plan.
	To promote cross-fertilisation of best practices on operational excellence and root KPIs with other clusters of CIEL Group.
Number of meetings held during the FY 30 June 2018	1 meeting
Principal activities during the FY 30 June 2018	Review and approval of the Terms of Reference.
	Review of existing KPIs – Financial/Operational and Customer satisfaction.

Each committee confirmed that it has discharged its responsibilities, for the year under review, in compliance with its terms of reference. The Board committees remain accountable to the Board for any acts, recommendations and decisions. The Board receives reports of their proceedings and deliberations at each Board Meeting.

Other Committees

Other than the Board Committees, there are several in-house committees which have been set up at both the facilities of MSCL namely Hospital Medical Council (Wellkin Hospital), Clinical Governance Committee (Fortis Clinique Darné) and Health & Safety Committee (at both), amongst others, to promote best medical and operational practices.

Attendance of meetings

Directors are expected to attend each Board Meeting and each meeting of the Board committees of which they are members, unless there are exceptional circumstances that prevent them from doing so.

The table summarises the attendance of the Directors, which was either in person or through electronic means of communication at the Board and Board committees meetings during the financial year ended 30 June 2018:

BOARD/ BOARD COMMITTEE MEMBER	BOARD MEETINGS	ARC MEETINGS	CGNRC MEETINGS	OPEX MEETINGS[3]
Hélène Echevin, Chairperson[2]	5 out of 5	-	4 out of 4[2]	1 out of 1
Guy Adam	5 out of 5	-	5 out of 5	-
Ashish Bhatia	4 out of 5	-	5 out of 5	1 out of 1
L. J. Jérôme De Chasteauneuf[1]	4 out of 5[1]	6 out of 6	-	-
Rajiv Puri	5 out of 5	5 out of 6	-	-
Christine Sauzier	4 out of 5	-	4 out of 5	-
Michel Thomas	5 out of 5	6 out of 6	-	-

1 At the Board Meeting held in June 2018, Mr. De Chasteauneuf was not physically present but he was represented by Mr. Jean-Pierre Dalais as his alternate.

2 Mrs. Echevin was appointed member of the CGNRC in November 2017.

3 First meeting held in May 2018.

Senior management team

The senior management team of MSCL serves an executive function and is the custodian of the MSCL strategy as approved by the Board and is responsible for its execution. The team provides the Board and the Board committees with sound information, advice and recommendations on the organisational structure, objectives, strategies, plans and policies of MSCL to enable the Board and its Board committees to make informed decisions.

By virtue of the management contract held with Fortis Healthcare International Limited for the day-to-day operational activities of the Company, the Company is headed by a Senior Officer who has been designated by the Fortis team supported by two distinct Chief Operating Officers at the two facilities of MSCL as summarised on next page:

MSCL

SUKHMEET SANDHU

Head - International Operations,
Fortis Healthcare, India

- Joined MSCL on February 2017 as Head of International Operations.
- Healthcare professional with 35 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.

Fortis Clinique Darné

Olivier Schmitt

Chief Operating Officer

- Joined FCD on 1 April 2018
- Holder of an MBA and Engineering Degree in Biomedical/Biomaterial Sciences.
- Having a successful track record of more than 15 years in the French Private Hospitals.
- Wide experience in large private hospital operational management through the implementation of relevant re-organisational processes (operating theatres, inpatient services, logistics...)

Wellkin Hospital

Mohit Singh

Chief Operating Officer

- Joined Wellkin on 31 July 2017
- 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 national and international level.
- Contributed his expertise as Unit Head Administration and Facility Director at Fortis Escort Hospital, Faridabad.
- Being part of the International business team of Fortis Healthcare Limited.

www

The following documents are available on the websites of the Company for consultation:

- Profiles of the Directors
- Profiles of the management team at both FCD and Wellkin
- Terms of Reference of the Board committees

PRINCIPLE 3

DIRECTOR APPOINTMENT PROCEDURES

Appointment of Directors

The appointment of new Directors is led by the CGNRC. In recommending appointments to the Board, the said committee has a vital role in ensuring that the Board has the right mix of skills and experience to drive the strategies of MSCL and for identifying the leaders of tomorrow. Upon approval from the Board, new Directors hold office until the next Annual Meeting of shareholders of the Company at which their appointment is submitted for approval by the shareholders of the Company.

No new Board appointment was made during the year under review.

Appointment of Director post Balance Sheet date of 30 June 2018

Upon the recommendation of the GNRC, the Board of Directors of MSCL ratified the nomination of Mr. André Ackerman as Non-Executive Director at the Board Meeting held on 19 September 2018. The said nomination will be submitted for approval by the shareholders of the Company at the forthcoming Annual Meeting of the shareholders to be held in December 2018.

Below is a brief profile of the new Director:

André Ackerman

Non-Executive Director, appointed Director on 19 September 2018
Age: 48
Nationality/Country of Residency: South African/Uganda
Skills and Experience:

- Chartered Accountant of South Africa and holder of a BSC Honours in Commerce as well as a Certificate in the Theory of Accountancy from the University of Johannesburg.
- Currently Chief Executive Officer of the International Medical Group Limited ("IMG"), Kampala, Uganda.
- Expert in business strategy and finance, with extensive executive manager and board member experience.
- Before joining IMG, was the Chief Executive Officer of Lenmed.

Re-election of Directors

The Directors of MSCL have no fixed term of appointment. In line with the Company's Constitution, the Directors, including the Chairperson, are re-elected annually and individually by the shareholders at the Annual Meeting of shareholders.

Time commitments

The Directors of MSCL may serve on other boards of directors, provided that they can demonstrate that any such appointment will not interfere with their time commitment to the Company.

Induction of Directors/Ongoing training and development

The Chairperson, with the support of the Company Secretary, is responsible for the induction of new Directors and ongoing development of all Directors.

By way of example, a summary of the tailored programme undertaken by new Directors on joining the Board of MSCL is as follows:

Meetings with the Chairperson and other Board members

Induction pack detailing the fiduciary and statutory duties as Director and briefing from the Company Secretary

Meetings with the COOs and other members of the senior management team

Site visits

The Board is kept up to date on legal, regulatory and governance matters at Board meetings. Relevant training is available on request, where appropriate, so that Directors can update their skills and knowledge as applicable.

Succession planning

The Board acknowledges the importance of succession planning for both Board members and senior management. The CGNRC has the responsibility, as delegated by the Board, in reviewing succession plans, development and talent management for the senior management team as well as considering the balance, skills and diversity of the Board.

PRINCIPLE 4
DIRECTORS' DUTIES REMUNERATION AND PERFORMANCE

Legal duties

It is important that Directors are kept up to date with details of applicable rules and regulations, the Companies Act 2001, the Code and other obligations they have to comply with; and have the required understanding of their fiduciary and statutory duties. The Company Secretary acts as a watchdog to ensure that the Directors fulfill their duties and responsibilities within the legal and governance framework.

Conflicts of Interest/Related Party Transactions

In accordance with the Companies Act 2001 and the Company's Constitution, in situations where Directors may have a direct or indirect interest that conflicts with the Company's interest, such Directors may attend the Board or Board committee meeting but shall neither be included among the Directors present at the meeting for the purpose of a quorum nor be allowed to vote on that transaction and, if he/she does vote, his/her vote shall not be counted. Any declaration of interest proclaimed by a particular Director is then entered into the Company's Interest register which is safeguarded by the Company Secretary. The Company Secretary also ensures that Directors complete detailed interest disclosures on appointment which are thereafter reviewed annually or when a change has occurred.

Details of related party transactions which have been concluded in the ordinary course of business during the year under review is disclosed under the 'Notes' section of the Financial Statements.

In its endeavour to promote best practices and uphold good governance, the Board is strongly contemplating to implement a Conflict of Interest/ Related Party Transactions Policy which will articulate the appropriate guidance on what constitutes a conflict of interest and a related party transaction and how they will be managed. In the same line, a policy to ensure the proper use of the Company's assets, fair dealing with stakeholders, and also to govern the practice on giving and receiving gifts, facilitation payments as well as procurement would be defined to uphold adherence of the Directors/employees of the Company to good governance practice.

Directors' dealings in the Company's securities

In line with the DEM rules, the Company's procedure on dealings in MSCL shares prohibits directors and senior management of the Company from trading during price-sensitive or closed periods which are communicated by the Company Secretary.

The Company Secretary is currently working on a distinct Share Dealing policy which will provide clear guidance to Officers of MSCL on the practice to be followed when dealing in shares of the Company to prevent the abuse of price-sensitive information (insider dealing).

As at 30 June 2018, none of the Directors of MSCL held any shares in the Company.

Information, Information Technology and Information Security Governance

The Head of Information Technology ("IT") of MSCL, with the support of the Chief Information Officer of Fortis India ensures that there is a proper system of checks and balances in place which curtails and protects the IT framework of MSCL. To improve on its IT systems, the support of an IT consultant, other than that from Fortis, has been solicited by management to contemplate the "AS IS" status of the current systems at both FCD and Wellkin and to then propose the way forward. A sub-committee has been constituted to follow-up on its initiative with regular reporting to the Board which remains the final adviser and decision-maker.

At this stage, no distinct policy guiding the information security of MSCL has been implemented. Nevertheless, the Board ensures that management is aware of its committed responsibility to protect the Company's and third-party information in line with the new data protection laws. Management usually refers to the Global IT Policy from Fortis which is a detailed handbook with the appropriate IT policies and procedures. This is further entrenched through ongoing user training, security awareness programmes and trainings in information security.

The internal auditor is another external source providing the relevant assurance to the Board on the design and operating effectiveness of the controls implemented over the IT processes at MSCL by highlighting any anomalies prone to risks through audit reviews.

A budget for information technology is allocated annually in the capital expenditure, based on the business needs for the financial year. The Head of IT is responsible in driving the IT projects from start to end, whilst adhering to a cost/time effective approach.

In compliance with the data protection laws - EU General Data Protections Regulations and the Data Protection Act 2017, MSCL is strongly contemplating to implement a Data Privacy Policy with a view to promote a privacy culture within the Company and its subsidiary and to ensure that all business units as well as the employees protect the privacy of personal information of individuals/patients in their daily operational activities. In the meantime, the Company refers to the Group Data Privacy Policy which has been implemented at the level of CIEL Limited as general guideline.

Board Information

The Board is provided with regular and timely information on the Company's operational and financial performance, amongst other matters pertaining to the business operations of the Company.

The Company Secretary, being the secretary to the Board and Board Committees, ensures that the relevant papers are made available to the Directors, sufficiently in advance of each meeting. All Directors have access to the services of the Company Secretary and may seek independent professional advice, in connection with their role as Directors, at the expense of the Company.

Directors' and Officers' Liability Insurance

The Company has provided for both indemnities and directors' & officers' insurance to its Directors in respect of their duties and responsibilities.

A group cover has been subscribed by CIEL Limited covering its subsidiaries, including MSCL.

Board evaluation and development

No board evaluation was conducted for the financial year under review. The Board feels that the composition of the Board and its Board committees is stable and efficient in managing and monitoring the affairs of the Company.

The Board, nevertheless, acknowledges the recommendation of the Code and strongly anticipates in implementing an evaluation process through self-evaluation questionnaires to assess its own performance and that of its committees and individual directors, to be conducted on an annual basis.

Statement of remuneration

The CGNRC, as mandated by the Board, is responsible to review the yearly average salary increments of the employees of the Company including the senior management team; and the Directors' fees. For the year under review, increments at FCD and Wellkin were determined by 1) a statutory increase imposed by the Government of Mauritius; 2) cost of living adjustment and 3) the individual and company performance. The Company has embarked on an initiative to develop a remuneration policy and structure for each facility as well as a new people performance management system.

Directors' Emoluments

For the financial year ended 30 June 2018, the following fees were paid/payable to the Directors.

Independent Directors

Fixed fee per year:
Rs. 200,000
and

Board Committees:
Rs. 25,000
per attendance

Executive/Non-Executive Directors

Fortis Healthcare International Limited ("FHIL") Directors:

Rs. 25,000
per board meeting

(Nominees of FHIL: Ashish Bhatia and Rajiv Puri)

CIEL Healthcare Limited ("CHL") Directors:

Rs. 50,000 per board meeting - fees paid/payable to CHL

(Nominees of CHL: Hélène Echevin, L. J. Jérôme De Chasteauneuf and Christine Sauzier)

By virtue of the service agreement with CHL, no fees have been paid to the CHL nominees sitting on the Board of MSCL for the financial year ended 30 June 2018.

PRINCIPLE 5
RISK GOVERNANCE AND INTERNAL CONTROL

Internal Control and Risk Management

The Board is responsible for the Company's systems of risk management and internal control, including those established to identify, manage and monitor risk. These systems are designed to mitigate, but cannot completely eliminate, the risks faced by the Company. The Board has delegated responsibility for overseeing the implementation of these systems to the ARC.

The Company's governance structure of risk management is illustrated below:

Responsible for the Company's system of corporate governance, strategy, risk management and financial performance

Responsible for reviewing and approving the adequacy and effectiveness of the Company's risk management and internal controls

Supports the COO in managing the Company's business and activities

Responsible for identifying, assessing, implementing and managing risks within their departments

The Code recommends that all publicly listed companies should implement an enterprise risk management framework. During the year under review, the Group Risk Officer of CIEL helped the management team of MSCL in carrying out a risk assessment exercise which involved the participation of the key management personnel of MSCL and its Board of Directors. From a tailor-made questionnaire as per the operational activities of the Company, each participant was invited to vote on those risks which have been earmarked by them, by impact and likelihood as well as to vote on the control processes currently in place to mitigate these risks.

The risk management process is designed to manage rather than eliminate the risk of failure to achieve the Company's business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The Enterprise Risk Management ("ERM") governance structure is characterised into three lines of defences:

FRONT LINE	SECOND LINE	THIRD LINE
Employees are responsible for managing their day-to-day risks. Among these are the appointed risk champions who express leadership characteristics and are ERM optimists. Risk champions periodically assess, control, monitor and report on the risks associated with their designated line of business.	The Risk Oversight Committees ensure that key risks are objectively prioritised. In addition, they are there to highlight the steps taken to address the key risks, drive the implementation of control measures and to ensure risks are reported on in a timely, presentable and accurate manner.	Audit & Risk Committee with the support of internal and external audit. The primary role of this line of defence is to obtain reasonable assurance that the ERM system is effective. The Board of Directors take full responsibility for the effectiveness of the ERM system.

The next steps which are actively in progress are:

1. Earmarking the risk champions at each facility which would be led by a Head of Risk Champion.

2. Setting up a distinct Risk Oversight Committee at each facility.

The Board receives updates on risk management and internal controls from the Chairperson of the ARC in his reporting who confirms that the ARC has reviewed the effectiveness of the system of internal controls and has ensured that any required remedial action on any identified weaknesses has been or is being deployed.

Some of the prominent risks faced by the Company in its daily operational activities are summarised as:

Financial

Financial risks, market risks including currency risks and price risks, credit risks and liquidity risks as detailed under the 'Notes' section of the Financial Statements.

Operational

Risks of loss and/or opportunity foregone resulting from inadequate or failed internal processes, people and systems or from external events.

Compliance

Risks to which the Company is exposed for not complying with laws, regulations and policies.

Reputational

Risks of losses due to unintentional or negligent failure to meet a professional obligation towards stakeholders.

Climate

Risk resulting from climate change, affecting systems and regions. A changing climate is a threat to the quality and continuity of care provided at healthcare facilities due to more frequent and severe extreme weather events and increased health risks from a range of other climate hazards including food, water, vector-borne and zoonotic diseases and poor air quality. Hence, healthcare facilities are increasingly vulnerable to impacts from climate change without adaptation. The facilities within the Company are encouraged to train their healthcare professionals and equip their facilities to diagnose and treat new and emerging diseases and to respond to a wider range of climate-related public health emergencies.

Strategic

Risks relating to the uncertainties and untapped opportunities embedded in the corporate strategy.

Medical malpractice

Any act or omission by a physician during treatment of a patient that deviates from accepted norms of practice in the medical community and causes an injury to the patient.

With the support of CIEL's Group Risk Officer, a business continuity plan has also been defined and implemented to ensure that business processes can continue during a time of emergency or disaster. Such emergencies or disasters might include a fire or any other case where business is not able to occur under normal conditions.

Whistleblowing

The Company has an internal whistleblowing policy to ensure that an appropriate process exists that supports the resolution of matters raised in response to any disclosure of wrongdoings or any irregularities in a matter which is fair, expedient and discreet.

PRINCIPLE 6
REPORTING WITH INTEGRITY

The Board acknowledges its responsibility in presenting a fair, balanced and understandable assessment of the Company's financial, environmental, social and governance position, performance and outlook in its annual report to ensure transparency to its shareholders. A Statement of Directors' responsibilities is signed off upon the approval of the audited financial statements.

Environment, Health and Safety

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

MSCL is aware that some of its activities have the potential to affect the environment and the public at large. For this reason, the Company strives to continuously improve its environmental performance and minimise the impact of its operations. To this end, MSCL has adopted an HSE (Health, Safety and Environment) management system which has been developed in compliance with the local rules and regulations as well as with the best international safety standards and tailor-made as per the Company's day-to-day operations.

Overview of the external environment

Competition

- Upgradation of Govt. Health Services
  - 5 new hospitals announced by the Govt of Mauritius
  - New Cancer Hospital
  - 5 new emergency cardiac ambulances launched
  - Private wing in the Govt Hospital
- Opening of new ICUs in smaller clinics such as in Chisty Shifa (4 bedded ICU to be launched soon)

Economic

- GDP growth of 4.4% for 2018

The Potential Growth of the economy is at 4.1% indicating an expected inflation rate of 3.8% in 2018, as compared to 3.5% in 2017. On employment, the MCCI expects further decreases in the unemployment rate to reach 7% in 2017 and 6.8 % in 2018

Technology

- Govt focus on turning Mauritius into a Medical Hub
- High tech services being launched in the Govt Hospitals (e.g. NICU,MRI, ACLS ambulance)

Social

- Ageing pollution: 20% of the Mauritian population will be above 65 years by 2025
- Drop in births: Mauritius is on the verge of facing a demographic crisis, according to latest figures published by statistics Mauritius. The low birth rate, coupled with an ageing population will lead to higher dependency ratio which will then place greater strain on public finances

Business Model

Our Outcome deliverables	• World-Class Clinical Results	• World-Class Patient Experience	• Sustainable Financial Results
What we will focus on for now to build our reputation	• Medical Programmes, clinical Outcomes	• Build Centers of Excellence	• Deliver cost savings, eliminate waste and make efficiency improvements
Our Internal process priorities the processes we must excel at internally	• Optimize Processes and Clinical Pathways – end to end patient journey • Built strategic partnerships – with doctors and partner organizations • Maintain quality standards and accreditations • Roll out Hospitality programme • Marketing: Build domestic and 'focused' regional demand and brand • Use IT systems as a business enabler – implement new system		
Our people priorities	• Recruit Retain and develop our talent	• Boost morale, engage staff and communicate effectively	• Create a strategic HR function
Our values and behaviours	• Excellence, Dedication, Patient Centricity, Humane Teamwork, Innovation, Integrity, Ownership		

Sustainability

MSCL is committed to managing its business in a sustainable way.

The overseeing of the sustainable development of the Company is championed by CIEL Healthcare Limited. Discussions/debates are collectively 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.

Donations

For the year under review, MSCL did not contribute to the CSR Fund. No funds was allocated to any political parties.

www

A copy of the Corporate Governance Report, included in the full set of the Annual Report of the Company for the financial year ended 30 June 2018, is available for consultation on the following websites of the Company:

http://www.fortiscliniquedarne.com
http://www.wellkinhospital.com

PRINCIPLE 7
AUDIT

Internal audit

During the year under review, the ARC monitored progress against the agreed internal audit plan. Results from each internal audit report were discussed by the ARC, together with actions taken by management. BDO & Co, the out-sourced internal auditor, completed and submitted the following internal audit reports:

Wellkin Hospital | Fortis

- Review of the billing procedures
- Review of Procurement
- Review of Inventory

Fortis Clinique Darné

- Review of Procurement
- Review of the Billing cycle
- Follow-up review

Before each audit, BDO & Co agreed the scope of review, timetable and resources required with management. During the performance of its duties, BDO & Co has unrestricted access to the Company's records and employees and maintains a direct communication line with the ARC members for reporting purposes.

Other than the follow-up reviews conducted by the internal auditor to assess the extent to which management have implemented the audit recommendations highlighted from previous audit reports, the members of the ARC follow up regularly with the management team until all open/outstanding audit issues are closed; and also to ensure that those areas already audited and for which remedial actions have been duly implemented, remain safe from any potential risks.

For the year under review, the ARC acknowledged that the internal audit function has been effective in discharging its duties and believed that BDO & Co has maintained its independence and objectivity by virtue of being a third party service provider.

New Internal auditor

Through a limited tender exercise for the appointment of new internal auditors carried out at the level of CIEL, two key audit forms have been short-listed. At the last ARC meeting of the Company held in May 2018, the members of the ARC of MSCL went through the proposals submitted by these two audit firms and came forward with the recommendation of Ernst & Young ("EY") as the new internal auditor of the Company for a period of three years starting as from the financial year ending 30 June 2019. The said recommendation was then approved by the Board of Directors at a meeting held in June 2018.

Internal Audit Fees

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

	COMPANY Rs.		SUBSIDIARY Rs.	
	2017/2018	2016/2017	2017/2018	2016/2017
Internal Audit fees to:				
BDO & Co	**750,000**	2,500,000	-	-
Fees paid for other services provided by:				
BDO & Co (Fixed Asset Count)	-	1,500,000	-	-
Secondment	**920,000**	200,000	-	-

Note: Fees are exclusive of VAT

External audit

At the last Annual Meeting of shareholders of the Company held in December 2017, PricewaterhouseCoopers Ltd ("PwC") was appointed external auditor of the Company for the financial year ended 30 June 2018, in accordance with Section 200 of the Companies Act 2001, in replacement of Ernst & Young in line with the recommendations of the Code and the Financial Reporting Act 2004.

The external auditor, whose report is included in the audited financial statements, is responsible for providing an independent opinion on the financial statements. The external audit function offers reasonable, but not absolute, assurance on the fair presentation of the financial disclosures. To adhere to the new and revised Auditor Reporting Standards comprise, amongst others, the new ISA 701, the auditor's report also includes the Key Audit Matters which are those matters that, in the external auditor's professional judgement, are of the most significance in the audit of the financial statements. The list of these Key Audit Matters are taken up for discussion with the members of the ARC in the presence of the management team prior to finalising. In line with the Code, a meeting has also been scheduled in September 2018 for the members of the ARC to meet the team of PwC without management's presence.

External Audit Fees

External audit fees payable during the year were as follows:

	COMPANY Rs.	SUBSIDIARY Rs.		COMPANY Rs.	SUBSIDIARY Rs.
	2017/2018			2016/2017	
Audit fees to:			**Audit fees to:**		
PwC	**1,132,500**	-	Ernst & Young	1,440,000	25,000
Out-of-scope services	-	-	**Out-of-scope services**	500,000	-
Fees paid for other services provided by:			Fees paid for other services provided by:		
PwC	**2,324,875**		Ernst & Young	2,615,000	10,000

Note: Fees are exclusive of VAT

The non-audit services paid to PwC, referred to the review of debtors and tax computation for 2017/2018.

PRINCIPLE 8
RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS

Shareholding

Register date

30 June 2018

Issued share capital

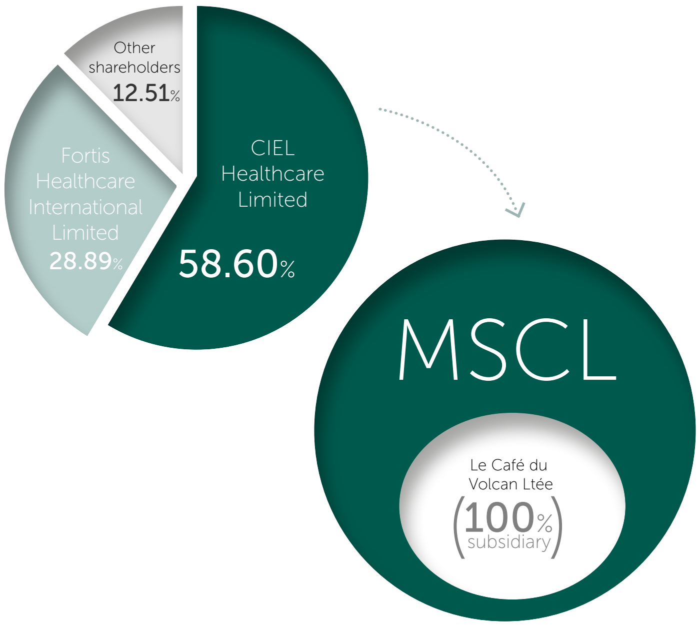
569,940,822

no par value ordinary shares worth in total

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

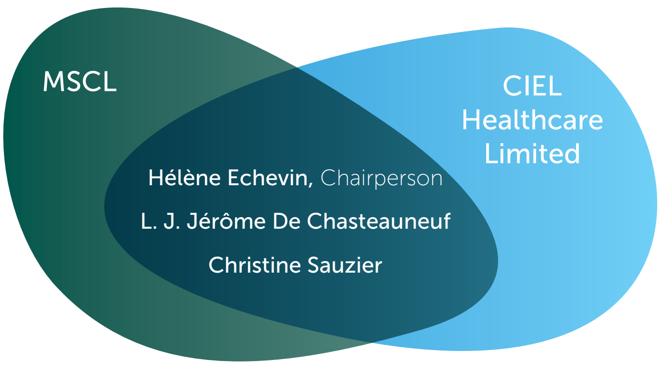
Holding structure

The holding structure of MSCL as at 30 June 2018 was as follows:



Common Directors

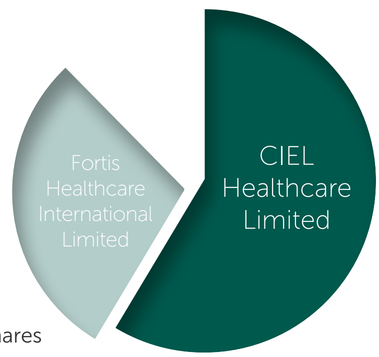
For the year under review, the common Directors within the holding structure of the Company were as follows:



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

Substantial Shareholders

The shareholders holding more than 5% of the issued share capital of the Company as at 30 June 2018 were:



Number of shares owned

334,004,488

% Holding

58.60%

Number of shares owned

164,670,801

% Holding

28.89%

Shareholding profile

The share ownership and a breakdown of the category of shareholders as at 30 June 2018 was as below tables:

Number of shareholders	Size of shareholding	Number of shares owned	% Holding
87	1-500 shares	7,703	0.0014
19	501 - 1,000 shares	18,500	0.0032
46	1,001 - 5,000 shares	148,560	0.0261
19	5,001 - 10,000 shares	144,900	0.0254
35	10,001 - 50,000 shares	906,030	0.1590
5	50,001 - 100,000 shares	380,200	0.0667
9	100,001 - 250,000 shares	1,277,400	0.2241
3	250,001 - 500,000 shares	1,144,620	0.2008
2	500,001-1,000,000,000 shares	1,750,000	0.3070
9	Above 1,000,000,000 shares	564,162,909	98.9862
234		**569, 940,822**	**100.00**

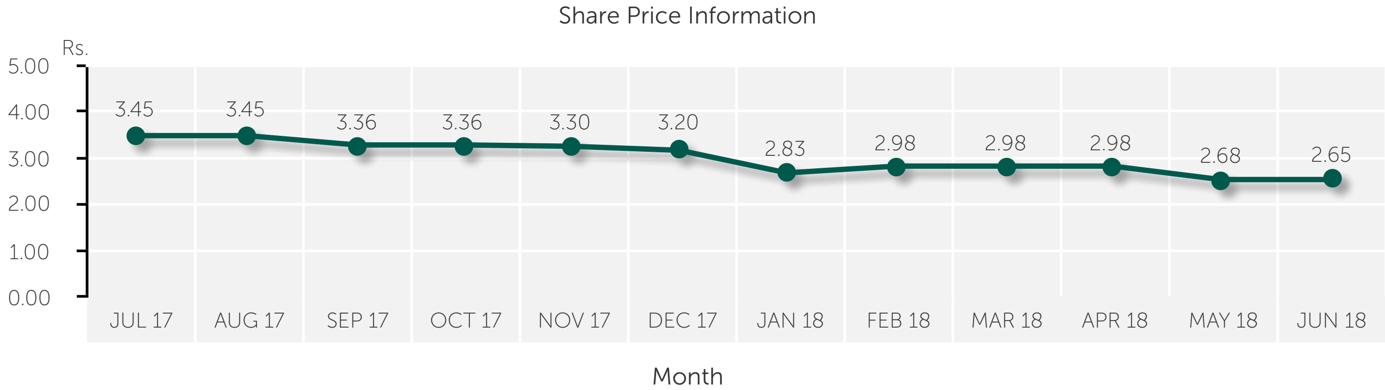
Number of shareholders	Category of shareholders	Number of shares owned	% Holding
194	Individuals	2,231,055	0.391
2	Insurance and Assurance Companies	30,000,000	5.264
14	Investment and Trust Companies	19,546,031	3.429
1	Pension and Provident Funds	48,500	0.009
23	Other Corporate Bodies	518,115,236	90.907
204		**569,940,822**	**100.00**

Shares in public hands

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

Share Price Information

The price movement of the Company's ordinary shares which are listed on the DEM since August 2006 for the financial year ended 30 June 2018 is graphically represented as follows:



Shareholders' Relations and Communications

MSCL recognises its accountability to its stakeholders namely the shareholders, patients, doctors, medical and non-medical employees, suppliers, legal authorities, financial institutions, investors and the community, amongst others. Effective communication is fundamental in maintaining MSCL's corporate reputation as a trusted and respected provider of healthcare services.

Collection of feedbacks from patients/suppliers as well as from employees through employment satisfaction surveys is one of the key tools to track any shortfalls for further improvement. Similarly, the Board uses the Annual Meeting of shareholders as an opportunity to communicate with the shareholders of the Company, who are invited to attend, ask questions and meet the Directors, management team and the Company's external auditor.

To engage shareholders more effectively, pursuant to the DEM rules and the Securities Act 2005, the Company publishes abridged versions of its unaudited quarterly and audited financial statements, dividend declarations and other shares-related information in the press. The publication of these documents are also the relevant avenues to strengthen the collaboration of the investors.

Key calendar planning for the financial year ending 30 June 2019 (indicative):

Publication of audited accounts for the year ended 30 June 2018	SEP 2018
Publication of unaudited accounts for the quarter ending 30 September 2018	NOV 2018
Annual Meeting of Shareholders	DEC 2018
Declaration of Interim Dividend*	DEC 2018
Payment of Interim Dividend*	JAN 2019
Publication of unaudited accounts for the six months ending 31 December 2018	FEB 2019
Publication of unaudited accounts for the nine months ending 31 March 2019	MAY 2019
Declaration of Final Dividend*	MAY/JUN 2019
Payment of Final Dividend*	JUN/JUL 2019

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

Dividend

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

No dividend was declared and paid during the financial year ended 30 June 2018.

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

Shareholders' agreements

There is a shareholders' agreement in place between the two substantial shareholders of the Company namely Fortis Healthcare International Limited and CIEL Healthcare Limited.

Other Agreements

The Company holds the following agreements with:

- Azur Financial Services Limited for its treasury management services.
- 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; and
√ Payroll

- Fortis Healthcare International Limited for the management of the day-to-day operational activities of the Company.
- MCB Registry & Securities Ltd for the administration of the Company's Share Registry and Transfer department.
- 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.

The Company did not enter into any other major agreements other than those in the ordinary course of business 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.

This report has been approved by the Board upon recommendation of the Corporate Governance, Remuneration and Nomination Committee.

Hélène Echevin
Chairperson

L. J. Jérôme De Chasteauneuf
Director

DATE: 19 SEPTEMBER 2018

OTHER STATUTORY DISCLOSURES
(Pursuant to Section 221 of the Companies Act 2001)

Nature of Business

The Medical & Surgical Centre Limited is a public company incorporated and domiciled in Mauritius. The registered office of the Company is Georges Guibert Street, Floréal. The Company is engaged in the provision of the best healthcare services across Mauritius through highly trained and motivated staff, state-of-the art equipment, progressive clinical care and collaborative teamwork.

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 FCD.

Mrs Hélène Echevin and Mr Olivier Schmitt are the Directors of Le Café du Volcan Ltée.

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.

Directors' Service Contracts

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

Contract of Significance

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

Employee Share Option Scheme

The Company has no specific employee share option plan.

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

DATE: 19 SEPTEMBER 2018

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

DATE: 19 SEPTEMBER 2018

MSCL
The Medical and Surgical Centre Limited

COMPANY SECRETARY'S CERTIFICATE

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 2018, 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: 19 September 2018

MSCL
The Medical and Surgical Centre Limited

STATEMENT OF COMPLIANCE

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

Name of Public Interest Entity ("PIE"): THE MEDICAL AND SURGICAL CENTRE LIMITED

Reporting Period: 1 July 2017 to 30 June 2018

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 was compliant with the obligations and requirements under the National Code of Corporate for Mauritius (2016), save for the following exceptions:

Principles not complied with
Principle 2: The Structure of the Board and its Committees
Board Committees:
1. The Chairperson of each of the Board Committees should not normally be the Chairperson of the Board.
2. The Chairperson of the Audit Committee should be an independent director.
3. The Chairperson of the Remuneration Committee/Nomination Committee should be an independent non-executive director.
Principle 4: Director Duties, Remuneration and Performance
Board Evaluation and Development

Hélène Echevin
Chairperson

L. J. Jérôme De Chasteauneuf
Director

DATE: 19 SEPTEMBER 2018

CARDIAC SCIENCES | WOMEN & CHILD CARE | ORTHOPAEDICS
GENERAL SURGERY | UROLOGY | OPHTHALMOLOGY | NEUROSCIENCES
GASTROENTEROLOGY | PLASTIC AND COSMETIC SURGERY

WELCOME TO HEALTHCARE EXCELLENCE

Combining highly skilled and experienced specialists with cutting-edge medical technology and state-of-the-art infrastructure, Wellkin Hospital's super-speciality centres provide world-class medical care for a wide range of health conditions.

Welcome to the comforting world of Wellkin Hospital. Where we deliver compassionate patient care. Where your total experience leaves you with very pleasant memories.

INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

To the shareholders of the Medical and Surgical Centre Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Our Opinion

In our opinion, the consolidated and separate financial statements give a true and fair view of the financial position of The Medical and Surgical Centre Limited (the "Company") and its subsidiary (together the "Group") and of the Company standing alone as at 30 June 2018, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and in compliance with the Mauritian Companies Act 2001.

What we have audited

The Medical and Surgical Centre Limited's consolidated and separate financial statements set out on pages 53 to 96 comprise:

- the consolidated and separate statements of financial position as at 30 June 2018;
- the consolidated and separate statements of profit or loss and other comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes, comprising significant accounting policies and other explanatory information.

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 and Separate Financial Statements" section of our report.

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

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Key Audit Matters

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

INDEPENDENT AUDITORS' REPORT

To the shareholders of the Medical and Surgical Centre Limited

Report on the Audit of the Consolidated and Separate Financial Statements (Cont'd)

	KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
1	**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 as being the Wellkin Hospital and the Department of Cardiac Science and Critical Care. The valuation and recoverability of 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 have corroborated the justification of the CGUs defined by management for goodwill allocation. We tested the principles and integrity of the Group's discounted cash flow models that supports the fair value less cost to sell calculations in order to assess the appropriateness of the methodology applied in the Group's annual impairment assessments. 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 analysis to determine the impact of those assumptions. We also considered whether any possible change in the key assumptions required disclosures under IAS 36 – Impairment of Assets was required. We also engaged our internal valuation experts to assist in the testing of the discount rates and terminal growth rates.
2	Deferred tax assets As disclosed in note 14 to the consolidated financial statements as at 30 June 2018, the Group has recognised significant deferred tax assets of Rs. 53.7 million in the consolidated statement of financial position. The recognition of the deferred tax assets arose as a result of the prior year acquisition of Wellkin and the associated losses. The deferred tax assets was recognised to the extent of future available projected taxable profits at the date of acquisition. The recoverability of deferred tax assets is judgemental and is based on a number of factors including whether there will be sufficient taxable profits in the future to support the recognition.	**We have performed the following procedures in relation to Management's assessment of the recoverability of deferred tax assets:** • Evaluating management's forecast of future profitability supporting the recognition of the deferred tax assets and assessment of the key assumptions in light of current performance; • We have challenged management on the current losses and how these support the recognition of the deferred tax assets given the current chargeable income; • We have also analysed the tax position of the Group in the current year and challenged management on the recognition of further deferred tax assets in light of unrecognised tax losses of Rs. 216M.

Other Information

The directors are responsible for the other information. The other information comprises the corporate governance report, the statement of directors' responsibilities, the company secretary's certificate and the statement of compliance but does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. Our reporting responsibilities regarding the corporate governance report is dealt with in the "Report on Other Legal and Regulatory Requirements "section of this report."

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate 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, 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 Consolidated and Separate Financial Statements

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

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

The directors are responsible for overseeing the Group's and Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 consolidated and separate 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 consolidated and separate 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 and Company's internal control.

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the 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 and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Mauritian Companies Act 2001

The Mauritian Companies Act 2001 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

(a) we have no relationship with or interests in the Company or its subsidiary other than in our capacity as auditor, tax and business advisors of the Company;

(b) we have obtained all the information and explanations we have required; and

(c) in our opinion, proper accounting records have been kept by the Company as far as 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 (the "Code") as disclosed in the annual report on pages 16 to 41 and on whether the disclosure is consistent with the requirements of the Code.

In our opinion, the disclosure in the annual report on pages 16 to 41 is consistent with the requirements of the Code.

Other Matter

This report, including the opinion, has been prepared for and only for the Company's shareholders, as a body, in accordance with Section 205 of the Mauritian Companies Act 2001 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers

Olivier Rey, licensed by FRC

19 September 2018


Together
we make a
difference

FINANCIAL STATEMENTS

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2018

	Notes	THE GROUP			THE COMPANY		
		2018	Restated 2017	Restated 2016	2018	Restated 2017	Restated 2016
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
ASSETS							
Non-current assets							
Property, plant and equipment	4	**801,004,051**	846,230,356	522,265,755	**800,759,486**	845,995,736	522,200,949
Intangible assets	5	**361,393,768**	361,023,922	7,801,197	**361,393,768**	361,023,922	7,801,197
Investment in subsidiary	6	-	-	-	**25,000**	25,000	25,000
Deferred tax assets	14	**53,740,485**	54,512,990	-	**53,740,485**	54,512,990	-
		1,216,138,304	1,261,767,268	530,066,952	**1,215,918,739**	1,261,557,648	530,027,146
Current assets							
Inventories	7	**70,027,520**	82,514,168	36,260,081	**69,815,677**	82,254,049	36,020,747
Trade and other receivables	8	**272,453,756**	220,360,820	100,803,491	**274,671,234**	221,614,897	102,697,549
Income tax receivable	21(c)	-	2,663,805	-	-	2,663,805	-
Cash in hand and at banks	9	**153,860,378**	71,973,709	256,380,944	**151,839,771**	71,374,559	255,907,785
		496,341,654	377,512,502	393,444,516	**496,326,682**	377,907,310	394,626,081
Total assets		**1,712,479,958**	1,639,279,770	923,511,468	**1,712,245,421**	1,639,464,958	924,653,227
EQUITY AND LIABILITIES							
Equity							
Issued capital	10	**289,801,318**	289,801,318	289,801,318	**289,801,318**	289,801,318	289,801,318
Revaluation reserve	11	**243,616,787**	243,616,787	146,622,302	**243,616,787**	243,616,787	146,622,302
Retained earnings		**124,568,660**	158,767,256	201,896,415	**125,351,288**	159,570,539	203,794,082
Total equity		**657,986,765**	692,185,361	638,320,035	**658,769,393**	692,988,644	640,217,702
Non-current liabilities							
Other payables	15	**40,000,000**	60,000,000	-	**40,000,000**	60,000,000	-
Loans and borrowings	12	**450,301,771**	450,710,568	1,650,601	**450,301,771**	450,710,568	1,650,601
Employee benefit liabilities	13	**92,305,192**	73,565,557	39,607,850	**92,305,192**	73,565,557	39,607,850
Deferred tax liability	14	-	-	17,817,326		-	17,817,326
		582,606,963	584,276,125	59,075,777	**582,606,963**	584,276,125	59,075,777
Current liabilities							
Trade and other payables	15	**455,343,441**	293,737,445	164,975,388	**454,326,276**	293,119,350	164,219,480
Dividend payable	29	-	-	22,797,633	-	-	22,797,633
Income tax liability	21(c)	-	-	12,673,231	-	-	12,673,231
Loans and borrowings	12	**16,542,789**	69,080,839	25,669,404	**16,542,789**	69,080,839	25,669,404
		471,886,230	362,818,284	226,115,656	**470,869,065**	362,200,189	225,359,748
Toal liabilities		**1,054,493,193**	947,094,409	285,191,433	**1,053,476,028**	946,476,314	284,435,525
Total equity and liabilities		**1,712,479,958**	1,639,279,770	923,511,468	**1,712,245,421**	1,639,464,958	924,653,227

These financial statements were approved by the Board of Directors on: 19 September 2018

Hélène Echevin
Chairperson

L. J. Jérôme De Chasteauneuf
Director

The notes on pages 57 to 96 form an integral part of these financial statements.

CONSOLIDATED AND SEPARATE STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2018

	Notes	THE GROUP		THE COMPANY	
			Restated		Restated
		Year ended 30 June 2018	Year ended 30 June 2017	Year ended 30 June 2018	Year ended 30 June 2017
		Rs.	Rs.	Rs.	Rs.
Revenue	16	**1,736,941,987**	1,227,020,726	**1,726,405,289**	1,216,423,455
Cost of sales		**(1,154,650,427)**	(794,812,483)	**(1,148,213,270)**	(790,171,528)
Gross profit		**582,291,560**	432,208,243	**578,192,019**	426,251,927
Other operating income	17	**5,069,330**	11,478,990	**5,069,276**	12,170,326
Administrative expenses		**(580,372,038)**	(447,817,833)	**(576,293,248)**	(443,647,237)
Operating profit/(loss)	18	**6,988,852**	(4,130,600)	**6,968,047**	(5,224,984)
Finance income	19	**663,822**	4,162,255	**663,822**	4,162,255
Finance costs	20	**(23,446,891)**	(13,194,774)	**(23,446,891)**	(13,194,774)
Loss before tax		**(15,794,217)**	(13,163,119)	**(15,815,022)**	(14,257,503)
Income tax expense	21(a)	**(3,770,048)**	(10,437,159)	**(3,769,898)**	(10,437,159)
Loss for the period		**(19,564,265)**	(23,600,278)	**(19,584,920)**	(24,694,662)
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	**(17,631,724)**	(2,928,501)	**(17,631,724)**	(2,928,501)
Tax effect of re-measurement loss on defined benefit obligations	14(b)	**2,997,393**	497,845	**2,997,393**	497,845
		(14,634,331)	94,563,829	**(14,634,331)**	94,563,829
Total comprehensive income for the period, attributable to equity holders		**(34,198,596)**	70,963,551	**(34,219,251)**	69,869,167
Basic and diluted loss per share (Rs.)	22	**(0.03)**	(0.04)		

The notes on pages 57 to 96 form an integral part of these financial statements.

CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2018

	Issued Capital (Note 10)	Revaluation reserve (Note 11)	Retained earnings	Total
	Rs.	Rs.	Rs.	Rs.
THE GROUP				
At 1 July 2016	289,801,318	146,622,302	201,896,415	638,320,035
Loss for the period	-	-	(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
At 1 July 2017	**289,801,318**	**243,616,787**	**158,767,256**	**692,185,361**
Loss for the year	**-**	**-**	**(19,564,265)**	**(19,564,265)**
Other comprehensive income	**-**	**-**	**(14,634,331)**	**(14,634,331)**
Total comprehensive income	**-**	**-**	**(34,198,596)**	**(34,198,596)**
At 30 June 2018	**289,801,318**	**243,616,787**	**124,568,660**	**657,986,765**

The notes on pages 57 to 96 form an integral part of these financial statements.

	Issued Capital (Note 10)	Revaluation reserve (Note 11)	Retained earnings	Total
	Rs.	Rs.	Rs.	Rs.
THE COMPANY				
At 1 July 2016	289,801,318	146,622,302	203,794,082	640,217,702
Loss for the period	-	-	(24,694,662)	(24,694,662)
Other comprehensive loss	-	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
At 1 July 2017	**289,801,318**	**243,616,787**	**159,570,539**	**692,988,644**
Loss for the year	**-**	**-**	**(19,584,920)**	**(19,584,920)**
Other comprehensive income	**-**	**-**	**(14,634,331)**	**(14,634,331)**
Total comprehensive income	**-**	**-**	**(34,219,251)**	**(34,219,251)**
At 30 June 2018	**289,801,318**	**243,616,787**	**125,351,288**	**658,769,393**

The notes on pages 57 to 96 form an integral part of these financial statements.

CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2018

	Notes	THE GROUP Year ended 30 June 2018 Rs.	THE GROUP Year ended 30 June 2017 Restated Rs.	THE COMPANY Year ended 30 June 2018 Rs.	THE COMPANY Year ended 30 June 2017 Restated Rs.
Operating activities					
Loss before tax		**(15,794,217)**	(13,163,119)	**(15,815,022)**	(14,257,503)
Non-cash adjustment to reconcile loss before tax to net operating cash flows:					
Depreciation of property, plant and equipment	4	**113,806,386**	75,795,465	**113,757,380**	75,764,802
Amortisation of intangible assets	5	**7,654,941**	3,705,239	**7,654,941**	3,705,239
Loan and borrowings written off		**-**	(560,000)	**-**	(560,000)
Gain on disposal of plant and equipment	17	**(51,154)**	(558,500)	**(51,154)**	(558,500)
Movement in employee benefit liability	13	**2,485,246**	10,528,781	**2,485,246**	10,528,781
Impairment of receivables	8	**2,304,128**	14,055,172	**2,304,128**	14,055,172
Finance income	19	**(663,822)**	(4,162,255)	**(663,822)**	(4,162,255)
Finance costs	20	**23,446,891**	13,194,774	**23,446,891**	13,194,774
Transaction cost		**-**	13,897,784	**-**	13,897,784
Net foreign exchange differences		**-**	(744,633)	**-**	(744,633)
Working capital adjustments					
• Inventories		**5,514,609**	(18,728,171)	**5,466,333**	(18,707,386)
• Trade and other receivables		**(54,397,214)**	(153,401,342)	**(55,360,465)**	(152,761,361)
• Trade and other payables		**158,605,996**	131,952,272	**158,206,927**	132,090,085
		242,911,790	71,811,467	**241,431,383**	71,484,999
Defined benefits paid	13	**(1,377,335)**	(547,184)	**(1,377,335)**	(547,184)
Tax refund	21(c)	**2,663,805**	(15,282,797)	**2,663,805**	(15,282,797)
Net cash flows from operating activities		**244,198,260**	55,981,486	**242,717,853**	55,655,018
Investing activities					
Interest received		**663,822**	4,162,255	**663,822**	4,162,255
Purchase of property, plant and equipment	4	**(69,544,025)**	(49,409,722)	**(69,485,075)**	(49,209,245)
Purchase of intangible asset	5	**(342,650)**	(2,943,247)	**(342,650)**	(2,943,247)
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		**305,000**	1,215,125	**305,000**	1,215,125
Net cash flows used in investing activities		**(68,917,853)**	(680,672,750)	**(68,858,903)**	(680,472,273)
Financing activities					
Payment of finance lease liabilities	12	**(380,861)**	(454,002)	**(380,861)**	(454,002)
Proceeds from borrowings	12	**-**	890,479,591	**-**	890,479,591
Repayment of borrowings		**-**	(440,479,591)	**-**	(440,479,591)
Repayment of other payables		**(17,000,000)**	-	**(17,000,000)**	-
Dividends paid	29	**-**	(39,895,858)	**-**	(39,895,858)
Receipt of deposit		**-**	-	**-**	-
Interest paid		**(23,446,891)**	(13,093,020)	**(23,446,891)**	(13,093,020)
Net cash (used in)/generated from financing activities		**(40,827,752)**	396,557,120	**(40,827,752)**	396,557,120
Net increase/(decrease) in cash and cash equivalents		**134,452,655**	(228,134,144)	**133,031,198**	(228,260,135)
Cash and cash equivalents at 1 July		**3,273,730**	231,064,615	**2,674,580**	230,591,456
Net foreign exchange differences		**-**	343,259	**-**	343,259
Cash and cash equivalents at 30 June	9	**137,726,385**	3,273,730	**135,705,778**	2,674,580

The notes on pages 57 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 2018 were authorised for issue in accordance with a resolution of the Directors on 19 September 2018. The Medical and Surgical Centre Limited is a limited liability company incorporated and domiciled in Mauritius, whose shares are publicly traded on the Stock Exchange of Mauritius (Development Enterprise Market). The address of its registered office is George Guibert Street, Curepipe.

The Board of Directors of The Medical and Surgical Centre Limited has approved the change in accounting date of the Company and its subsidiary from 31 March to 30 June to align the Company's accounting year to its holding company, CIEL Healthcare Services.

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 2018.

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

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

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

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- 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.

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 NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP AND THE COMPANY

The Group and Company have applied the following standards and amendments for the first time for their annual reporting period commencing 01 July 2017:

2 ACCOUNTING POLICIES (CONT'D)

2.2 NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP AND THE COMPANY (CONT'D)

Amendment to IAS 7 – Cash flow statements - In January 2016, the International Accounting Standards Board (IASB) issued an amendment to IAS 7 introducing an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment responds to requests from investors for information that helps them better understand changes in an entity's debt. This amendment applies prospectively.

There are no other IFRS or IFRIC interpretations that are effective during the year that would be expected to have a material impact on the Group and the Company.

2.3 NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS ISSUED BUT NOT EFFECTIVE FOR THE FINANCIAL YEAR BEGINNING AFTER 1 JULY 2017 AND NOT ADOPTED EARLY

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 July 2017, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Company, except the following set out below:

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The directors are currently assessing the impact of this standard on the financial statements.

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The directors are currently assessing the impact of this standard on the financial statements.

IFRS 16, 'Leases' will result in all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. As at the reporting date, the group has non-cancellable operating lease commitments of **Rs. 488,107,730** (2017 – Rs. 577,162,052), see note 26. However, the group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the group's profit and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under IFRS 16.

The standard is mandatory for financial years commencing on or after 01 January 2019. At this stage, the group does not intend to adopt the standard before its effective date.

IFRS 17 was issued in May 2017 as replacement for IFRS 4 Insurance Contracts. It requires a current measurement model where estimates are re-measured each reporting period. Contracts are measured using the building blocks of:

- discounted probability - weighted cash flows
- an explicit risk adjustment, and
- a contractual service margin ("CSM") representing the unearned profit of the contract which is recognised as revenue over the coverage period.

The standard allows a choice between recognising changes in discount rates either in the income statement or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under IFRS 9. An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for short duration contracts, which are often written by non-life insurers. There is a modification of the general measurement model called the 'variable fee approach' for certain contracts written by life insurers where policyholders share in the returns from underlying items. When applying the variable fee approach the entity's share of the fair value changes of the underlying items is included in the contractual service margin. The results of insurers using this model are therefore likely to be less

2 ACCOUNTING POLICIES (CONT'D)

2.3 NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS ISSUED BUT NOT EFFECTIVE FOR THE FINANCIAL YEAR BEGINNING AFTER 1 JULY 2017 AND NOT ADOPTED EARLY (CONT'D)

volatile than under the general model. The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features. The standard is effective for annual periods beginning on or after 1 January 2021 and earlier application is permitted. The directors are currently assessing the impact of this standard on the financial statements.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2.4 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. 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 qualified 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).

(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

2 ACCOUNTING POLICIES (CONT'D)

2.4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Property, plant and equipment (Cont'd)

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 three 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
2%-10%

Furniture and fittings
10%-25%

Equipment
10%-50%

Motor Vehicles
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.

(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. NThe 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

2 ACCOUNTING POLICIES (CONT'D)

2.4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Financial instruments (Cont'd)

(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.

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.

(i) Financial assets

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.

2 ACCOUNTING POLICIES (CONT'D)

2.4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Financial instruments (Cont'd)

(ii) Impairment of financial assets (Cont'd)

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

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognized in profit or loss. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to profit or loss.

(iii) Financial liabilities initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

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

The principal or the most advantageous market must be accessible 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.

2 ACCOUNTING POLICIES (CONT'D)

2.4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Financial instruments (Cont'd)

(v) Fair value measurement (Cont'd)

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

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

(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.

The following asset has specific characteristics for impairment testing:

Goodwill

Goodwill is tested for impairment annually 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.

2 ACCOUNTING POLICIES (CONT'D)

2.4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Retirement Benefit Obligations (Cont'd)

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, and
- The date that the Group recognises restructuring-related costs.

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

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

Other retirement benefits

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

(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 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. Revenue is recognised as and when services are provided to the patient. At year end, ungenerated revenue from patients who were admitted prior to year end but not yet discharged at year end are recognised as revenue.

(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 recognised as it accrues (taking into account the effective interest rate on the asset).

(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.

Employee 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 2018 is **Rs. 92.3M** (2017: Rs. 73.6M). Further details are set out in Note 13.

Accounting treatment 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.

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. The Group also provide for an allowance for possible deductions upon receipt of payment from insurance companies. 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 PROPERTY, PLANT AND EQUIPMENT
(a)

THE GROUP	Freehold Land	Freehold Buildings	Furniture & Fittings	Equipment	Motor Vehicles	Asset in progress	Total
COST or VALUATION	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
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
At 1 July 2017	**103,700,000**	**338,650,000**	**97,425,059**	**596,474,829**	**26,653,743**	**-**	**1,162,903,631**
Additions	**-**	**-**	**1,478,219**	**63,765,806**	**-**	**4,300,000**	**69,544,025**
Disposal	**-**	**-**	**-**	**-**	**(300,000)**	**-**	**(300,000)**
Adjusted against goodwill	**-**	**-**	**(359,721)**	**(350,377)**	**-**	**-**	**(710,098)**
At 30 June 2018	**103,700,000**	**338,650,000**	**98,543,557**	**659,890,258**	**26,353,743**	**4,300,000**	**1,231,437,558**
DEPRECIATION							
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
At 1 July 2017	**-**	**-**	**19,754,400**	**283,736,459**	**13,182,416**	**-**	**316,673,275**
Charge for the year	**-**	**7,348,708**	**12,088,212**	**90,423,934**	**3,945,532**	**-**	**113,806,386**
Disposal	**-**	**-**	**-**	**-**	**(46,154)**	**-**	**(46,154)**
At 30 June 2018	**-**	**7,348,708**	**31,842,612**	**374,160,393**	**17,081,794**	**-**	**430,433,507**
NET BOOK VALUES							
At 30 June 2018	**103,700,000**	**331,301,292**	**66,700,945**	**285,729,865**	**9,271,949**	**4,300,000**	**801,004,051**
At 30 June 2017	103,700,000	338,650,000	77,670,659	312,738,370	13,471,327	-	846,230,356

Asset in progress of **Rs. 4,300,000** (2017: Rs Nil) comprises medical equipments purchased before year end but not yet in use.

4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(b)

THE COMPANY	Freehold Land	Freehold Buildings	Furniture & Fittings	Equipment	Motor Vehicles	Asset in progress	Total
COST or VALUATION	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
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
At 1 July 2017	**103,700,000**	**338,650,000**	**97,327,750**	**595,779,855**	**26,653,743**	**-**	**1,162,111,348**
Additions	**-**	**-**	**1,478,219**	**63,706,856**	**-**	**4,300,000**	**69,485,075**
Disposal	**-**	**-**	**-**	**-**	**(300,000)**	**-**	**(300,000)**
Adjusted against goodwill	**-**	**-**	**(359,721)**	**(350,378)**	**-**	**-**	**(710,099)**
At 30 June 2018	**103,700,000**	**338,650,000**	**98,446,248**	**659,136,333**	**26,353,743**	**4,300,000**	**1,230,586,324**
DEPRECIATION							
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
At 1 July 2017	**-**	**-**	**19,726,866**	**283,206,330**	**13,182,416**	**-**	**316,115,612**
Charge for the year	**-**	**7,348,708**	**12,080,620**	**90,382,520**	**3,945,532**	**-**	**113,757,380**
Disposal	**-**	**-**	**-**	**-**	**(46,154)**	**-**	**(46,154)**
At 30 June 2018	**-**	**7,348,708**	**31,807,486**	**373,588,850**	**17,081,794**	**-**	**429,826,838**
NET BOOK VALUES							
At 30 June 2018	**103,700,000**	**331,301,292**	**66,638,762**	**285,547,483**	**9,271,949**	**4,300,000**	**800,759,486**
At 30 June 2017	103,700,000	338,650,000	77,600,884	312,573,525	13,471,327	-	845,995,736

Asset in progress of **Rs. 4,300,000** (2017: Rs. Nil) comprises medical equipments purchased before year end in use.

4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(c)

The carrying amount of motor vehicles held under finance leases as at 30 June 2018 and 2017 were as follows:

	THE GROUP AND THE COMPANY	
	Motor Vehicles	
	2018	2017
	Rs.	Rs.
Cost	2,107,500	2,107,500
Accumulated depreciation	(1,840,562)	(1,327,629)
Net book value	266,938	779,871

Leased assets are pledged as security for the related finance leases (Note 12).
There has been no addition during the year (2017: Nil) for assets held under finance leases.
Borrowings are guaranteed by fixed and floating charges over the assets of the Group.

(d) Revaluation of land and buildings

The revalued land and buildings consist of office and clinic premises. 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 2018, 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	2018	2017
Significant unobservable valuation input:	Range Rs.	Range Rs.
Price per metre square	4,000 - 4,850	4,000 - 4,850

Buildings	2018	2017
Significant unobservable valuation input:	Range Rs.	Range Rs.
Price per metre square	11,000 - 16,000	11,000 - 16,000

4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(d) Revaluation of land and buildings

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
2018	Rs.	Rs.	Rs.
Revalued land and buildings	**-**	**-**	**435,001,292**
2017			
Revalued land and buildings	-	-	442,350,000

The reconciliation is shown below:

	2018	2017
	Rs.	Rs.
At 1 July	**442,350,000**	351,299,894
Depreciation	**(7,348,708)**	(6,639,864)
Fair value movement	**-**	97,689,970
At 30 June	**435,001,292**	442,350,000

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 2018 and 2017 are shown below:

	Valuation technique(s) and key input(s)	Sensitivity used	Effect on fair value	
			2018	2017
Land	on-market comparables	1% increase in price	**1,037,000**	1,037,000
		1% decrease in price	**(1,037,000)**	(1,037,000)
Buildings	on-market comparables	1% increase in price	**3,386,500**	3,386,500
		1% decrease in price	**(3,386,500)**	(3,386,500)

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

	THE GROUP AND THE COMPANY	
	2018	2017
	Rs.	Rs.
Cost	**282,437,305**	282,437,305
Accumulated depreciation	**(93,434,643)**	(86,085,935)
Net carrying amount	**189,002,662**	196,351,370

5 INTANGIBLE ASSETS

(a)

	THE GROUP			THE COMPANY		
	Computer			Computer		
	Goodwill	Software	Total	Goodwill	Software	Total
COST	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
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
At 1 July 2017	**342,884,792**	**21,978,757**	**364,863,549**	**342,884,792**	**21,851,757**	**364,736,549**
Additions	**-**	**342,650**	**342,650**	**-**	**342,650**	**342,650**
Acquisition of business operations (Note 25)	**7,682,137**	**-**	**7,682,137**	**7,682,137**	**-**	**7,682,137**
At 30 June 2018	**350,566,929**	**22,321,407**	**372,888,336**	**350,566,929**	**22,194,407**	**372,761,336**
AMORTISATION						
At 1 July 2016	-	134,388	134,388	-	7,388	7,388
Charge for the period	-	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
At 1 July 2017	-	**3,839,627**	**3,839,627**	**-**	**3,712,627**	**3,712,627**
Charge for the year		**7,654,941**	**7,654,941**		**7,654,941**	**7,654,941**
At 30 June 2018	**-**	**11,494,568**	**11,494,568**	**-**	**11,367,568**	**11,367,568**
NET BOOK VALUES						
At 30 June 2018	**350,566,929**	**10,826,839**	**361,393,768**	**350,566,929**	**10,826,839**	**361,393,768**
At 30 June 2017	342,884,792	18,139,130	361,023,922	342,884,792	18,139,130	361,023,922

For impairment assessment of goodwill, refer to Note 25.

6 INVESTMENT IN SUBSIDIARY

	THE COMPANY	
	2018	2017
	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	
	2018	2017	2018	2017
	Rs.	Rs.	Rs.	Rs.
Drugs	**53,610,248**	58,352,446	**53,610,248**	58,352,446
Consumables	**11,676,807**	22,378,507	**11,464,964**	22,131,657
Chemicals and X-ray films	**4,197,961**	1,043,996	**4,197,961**	1,043,996
Stationery	**542,504**	739,219	**542,504**	725,950
	70,027,520	82,514,168	**69,815,677**	82,254,049

There is an amount of **Rs. 3,329,000** written down inventories recognised as an expense in the cost of sales (2017: Rs. 267,700).

8 TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2018	Restated 2017	2018	Restated 2017
	Rs.	Rs.	Rs.	Rs.
Trade receivables	**238,556,824**	194,812,686	**238,556,824**	194,812,686
Other receivables	**14,863,739**	8,832,765	**14,753,633**	8,712,195
Prepayments	**18,629,120**	12,560,123	**18,623,148**	12,554,896
Amount receivable from related party (Note 23)	**404,073**	4,155,246	**2,737,629**	5,535,120
	272,453,756	220,360,820	**274,671,234**	221,614,897

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

The maximum exposure to credit risk at the end of the reporting period is the carrying value of each class of receivables mentioned above.

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 mainly 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	
	2018	2017
	Rs.	Rs.
At 1 July	**37,095,069**	23,039,897
Charge for the year	**2,304,128**	14,055,172
Write off during the year	**(21,782,877)**	-
At 30 June	**17,616,320**	37,095,069

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	> 1 year
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
THE GROUP AND THE COMPANY						
30 June 2018	**238,556,824**	**105,134,911**	**67,603,513**	**29,556,389**	**27,311,575**	**8,950,436**
30 June 2017	194,812,686	102,608,052	41,199,913	23,581,745	19,248,560	8,174,416

As at 30 June 2018, amount receivable from related party was neither past due nor impaired (2017: nil).

Trade receivables that are past due but not impaired relate to balances due from customers for whom there is no recent history of default.

9 CASH IN HAND AND AT BANKS

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs.	Rs.	Rs.	Rs.
Cash in hand and at banks	**153,860,378**	71,973,709	**151,839,771**	71,374,559

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

Cash at banks includes a balance of **Rs. 1,833,761** (2017: Rs. 1,870,746) which relates to deposit with a related party (Note 23).

For the purpose of the statement of cash flow, cash and cash equivalents comprise the following as at 30 June:

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs.	Rs.	Rs.	Rs.
Cash in hand and at banks	**153,860,378**	71,973,709	**151,839,771**	71,374,559
Bank overdrafts (Note 12)	**(16,133,993)**	(68,699,979)	**(16,133,993)**	(68,699,979)
	137,726,385	3,273,730	**135,705,778**	2,674,580

At 30 June 2018, the Group had available **Rs. 98,866,007** (2017: Rs. 56,024,304) of undrawn bank overdraft facility.

NON-CASH TRANSACTIONS

No additions to property, plant and equipment was financed by leases during the year:

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs.	Rs.	Rs.	Rs.
Total amount acquired (Note 4)	-	49,409,722	-	49,209,245
Amount financed by leases	-	-	-	-
Financed by cash	-	49,409,722	-	49,209,245

10 ISSUED CAPITAL

	THE GROUP AND THE COMPANY			
Authorized, issued and fully paid	2018	2017	2018	2017
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 the fair value of land and buildings as a result of revaluation exercise performed by an independent valuer. An increase in fair value is recognised in other comprehensive income and accumulated in equity under the heading of 'revaluation surplus'. However, the increase shall be recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

12 LOANS AND BORROWINGS

				THE GROUP AND THE COMPANY	
				2018	2017
Current		Effective interest rate (%)	Maturity	Rs.	Rs.
Bank overdraft	(b)	6.25%	-	**16,133,993**	68,699,979
Obligations under finance leases	(a)	7.65% - 8%	2018/2019	**408,796**	380,860
				16,542,789	69,080,839
Non-current					
Obligations under finance leases	(a)	7.65% - 8%	2020	**301,771**	710,568
Bank loan	(c)	4.65%	2027	**450,000,000**	450,000,000
				450,301,771	450,710,568
Total borrowings				**466,844,560**	519,791,407

12 LOANS AND BORROWINGS (CONT'D)

(a) 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	2018	2017
	Rs.	Rs.
Within one year	449,778	452,486
After one year and before five years	314,878	756,509
Total minimum lease payments	764,656	1,208,995
Future finance charges on finance leases	(54,089)	(117,567)
Present value of minimum lease payments	710,567	1,091,428

	THE GROUP AND THE COMPANY	
	2018	2017
	Rs.	Rs.
The present value of minimum lease payments may be analysed as follows:		
Within one year	408,796	380,860
After one year and before five years	301,771	710,568
	710,567	1,091,428

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%** (2017 : 7.65% - 8%).

	THE GROUP		THE COMPANY	
NET DEPT RECONCILIATION - THE GROUP AND THE COMPANY	2018	2017	2018	2017
	Rs.	Rs.	Rs.	Rs.
Cash and cash equivalent (Note 9)	(137,726,385)	(3,273,730)	(135,705,778)	(2,674,580)
Borrowings - repayable within one year	408,796	380,860	408,796	380,860
Borrowings - repayable after one year	450,301,771	450,710,568	450,301,771	450,710,568
Net debt	312,984,182	447,817,698	315,004,789	448,416,848

12 LOANS AND BORROWINGS (CONT'D)

(a)

	Cash/bank overdraft	Finance Lease within 1 year	Finance Lease after 1 year	Borrowings due within 1 year	Borrowings due after 1 year	Total
THE COMPANY						
Net debt as at 30 June 2016	(230,591,456)	353,075	1,090,601	-	560,000	(228,587,780)
Cashflows	227,916,876	-	(454,002)	-	450,000,000	677,462,874
Other non-cash movements	-	27,785	73,969	-	(560,000)	(458,246)
Net debt as at 30 June 2017	**(2,674,580)**	**380,860**	**710,568**	**-**	**450,000,000**	**448,416,848**
Cashflows	**(133,031,198)**	**-**	**(380,861)**	**-**	**-**	**(133,412,059)**
Other non-cash movements	**-**	**27,936**	**(27,936)**	**-**	**-**	**-**
Net debt as at 30 June 2018	**(135,705,778)**	**408,796**	**301,771**	**-**	**450,000,000**	**315,004,789**
THE GROUP						
Net debt as at 30 June 2016	(264,484,989)	353,075	1,090,601	-	560,000	(262,481,313)
Cashflows	261,211,259	-	-	-	450,000,000	711,211,259
Other non-cash movements	-	27,785	(380,033)	-	(560,000)	(912,248)
Net debt as at 30 June 2017	**(3,273,730)**	**380,860**	**710,568**	**-**	**450,000,000**	**447,817,698**
Cashflows	**(134,452,655)**	**-**	**(380,861)**	**-**	**-**	**(134,833,516)**
Other non-cash movements	**-**	**27,936**	**(27,936)**	**-**	**-**	**-**
Net debt as at 30 June 2018	**(137,726,385)**	**408,796**	**301,771**	**-**	**450,000,000**	**312,984,182**

(b) Bank overdraft

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

(c) Bank loan

In prior year, the Group has taken a 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 is 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 & 2018			
Bank loan	-	**451,220,980**	-

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.

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

	THE GROUP AND THE COMPANY	
	2018	2017
	Rs.	Rs.
Defined benefit obligation	99,488,173	81,444,074
Fair value of plan assets	(7,182,981)	(7,878,517)
Net defined benefit liability	92,305,192	73,565,557

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

	THE GROUP AND THE COMPANY	
	2018	2017
	Rs.	Rs.
At 1 July	73,565,557	39,607,850
Liability assumed through acquisition of business operations (Note 24)	-	21,047,609
Amount recognised in profit or loss (note d)	2,485,246	10,528,781
Amount recognised in other comprehensive income (note e)	17,631,724	2,928,501
Direct benefits paid	(1,377,335)	(547,184)
At 30 June,	92,305,192	73,565,557

13 EMPLOYEE BENEFIT LIABILITIES (CONT'D)

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

	THE GROUP AND THE COMPANY	
	2018	2017
	Rs.	Rs.
Current service cost	10,958,438	7,611,302
Net interest cost	3,497,263	2,917,479
Curtailment and Settlement loss on obligation	(11,970,455)	-
Net benefit expense	2,485,246	10,528,781

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

	THE GROUP AND THE COMPANY	
	2018	2017
	Rs.	Rs.
Actuarial losses on obligation arising from financial assumptions	(17,363,116)	(3,228,022)
Actuarial (losses)/gains on plan assets arising from financial assumptions	(268,608)	299,521
	(17,631,724)	(2,928,501)

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

	THE GROUP AND THE COMPANY	
	2018	2017
	Rs.	Rs.
At 1 July,	7,878,517	5,624,960
Assets acquired through business combination	-	1,406,586
Interest on plan assets	576,907	547,450
Benefits paid out of plan assets	(1,003,835)	-
Actuarial (gain)/loss on plan assets	(268,608)	299,521
At 30 June,	7,182,981	7,878,517

13 EMPLOYEE BENEFIT LIABILITIES (CONT'D)

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

	2018	2017
	Rs.	Rs.
At 1 July,	81,444,074	45,232,810
Liability assumed through acquisition of business operations		22,454,195
Current service cost	10,958,438	7,611,302
Interest cost	4,074,170	3,464,929
Benefits paid	(2,381,170)	(547,184)
Curtailment and settlement gain on obligation	(11,970,455)	-
Actuarial loss on obligation	17,363,116	3,228,022
At 30 June,	99,488,173	81,444,074
Present value of the defined benefit obligation is as follows:		
Funded portion	7,182,981	7,878,517
Unfunded portion	92,305,192	73,565,557
Present value of defined benefit obligation	99,488,173	81,444,074

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

	2018	2017
	Rs.	Rs.
Local		
• Equities	2,335,943	2,477,378
• Property	40,687	56,202
• Debt maturity >=12 months	2,415,762	2,772,777
• Cash & debts maturity, 12 months	907,053	1,045,386
Overseas (including direct holdings and related mutual funds)		
• Equities	1,258,454	1,323,269
• Property	-	-
• Debt maturity >=12 months	115,583	165,348
• Cash & debts maturity, 12 months	109,500	38,157
Total	7,182,982	7,878,517

13 EMPLOYEE BENEFIT LIABILITIES (OBLIGATIONS) (CONT'D)

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

	2018	2017
	%	%
Discount rate	5.75	6
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 2018 and 2017 is shown as follows below:

Assumptions	Discount rate		Future salary increase		Life expectancy	
Sensitivity Level	1% increase	1% decrease	1% increase	1% decrease	1 year increase	1 year decrease
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
2018						
Impact on defined benefit obligation	**(18,843,426)**	**23,733,361**	**20,225,906**	**(16,232,626)**	**(633,605)**	**593,859**
2017						
Impact on defined benefit obligation	(15,484,754)	19,420,148	15,808,807	(12,798,041)	(665,506)	635,820

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.

The average duration of the defined benefit plan obligation at the end of the reporting period is 9.2 years (2017: 10.2 yrs).

14 DEFERRED TAX (ASSETS)/LIABILITIES

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

The movement on the deferred tax account is as follows:	THE GROUP AND THE COMPANY	
	2018	2017
	Rs.	Rs.
At 1 July,	(54,512,990)	17,817,326
Acquisition through business combination (Note 24)	-	(83,019,353)
(Under)/over provision of deferred tax (Note 21)	(1,134)	2,583,249
Deferred tax charge for the year	773,639	8,105,788
At 30 June,	(53,740,485)	(54,512,990)

(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	
	2018	2017	2018	2017	2018	2017
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Deferred tax liability						
Accelerated depreciation	(1,878,252)	43,786,086	(17,878,031)	12,027,518		695,484
	(1,878,252)	43,786,086	(17,878,031)	12,027,518	-	695,484
Deferred tax assets						
Retirement benefit obligation	(12,113,789)	(8,928,052)	(188,345)	(1,696,871)	(2,997,393)	(497,845)
Qualifying tax losses	(36,708,161)	(83,019,353)	18,526,021	-	-	-
Provision for expired drugs	(45,509)	(45,509)	-	5,491	-	-
Provision for fidelity discounts	-	-	-	271,999	-	-
Provision for doubtful debts	(2,994,774)	(6,306,162)	3,311,387	(116,739)	-	-
	(51,862,233)	(98,299,076)	21,649,063	(1,536,120)	(2,997,393)	(497,845)
Net deferred tax (assets)/liabilities	(53,740,485)	(54,512,990)				
Deferred income tax raised/released			3,771,032	10,491,398	(2,997,393)	197,639

(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. The directors have assessed the financial situation of the business and are of the view that Rs. 216M of tax losses will be utilised in the next 4 years. The tax losses can be carried forward till financial year 2021/2022. The tax losses not recognised as deferred tax asset is **Rs. 618M** (2017 : Rs. 623M) which can be carried forward till financial year 2021/2022.

15 TRADE AND OTHER PAYABLES

		THE GROUP		THE COMPANY	
	Current	2018	Restated 2017	2018	Restated 2017
		Rs.	Rs.	Rs.	Rs.
(a)	Trade payables	**226,811,239**	77,185,458	**226,105,065**	76,921,032
(b)	Other payables and accruals	**158,886,773**	174,936,389	**158,575,782**	174,582,720
(c)	Amounts payable to related party (Note 23)	**69,645,429**	41,615,598	**69,645,429**	41,615,598
		455,343,441	293,737,445	**454,326,276**	293,119,350
	Non-Current				
(d)	Other payables	**40,000,000**	60,000,000	**40,000,000**	60,000,000
	Total Trade & Other Payables	**495,343,441**	353,737,445	**494,326,276**	353,119,350

(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. 41,854,839** (2017: Rs. 24,765,068), payable for utilities of **Rs. 4,218,000** (2017: Rs. 7,580,259), maintenance fees of **Rs. 2,051,924** (2017: Rs. 10,409,540) and professional fees of **Rs. 3,437,251** (2017: Rs. 18,909,233).

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

(d) Other payables include as amount of MUR 60M (Current: MUR 20M & Non Current: 40M) which relates to acquisition of Wellkin Hospital and is payable in 3 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	
	2018	2017	2018	2017
	Rs.	Rs.	Rs.	Rs.
Healthcare services	**1,630,675,276**	1,149,625,263	**1,631,236,620**	1,149,625,263
Pharmacy - outpatient	**92,218,361**	63,914,460	**92,218,359**	63,914,460
Sales of food and beverages	**14,048,350**	13,481,003	**2,950,310**	2,883,732
	1,736,941,987	1,227,020,726	**1,726,405,289**	1,216,423,455

17 OTHER OPERATING INCOME

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs.	Rs.	Rs.	Rs.
Rental income	**5,018,176**	3,075,192	**5,018,122**	3,075,192
Gain on disposal on motor vehicle	**51,154**	558,500	**51,154**	558,500
Miscellaneous items (note (a))	**-**	7,845,298	**-**	8,536,634
	5,069,330	11,478,990	**5,069,276**	12,170,326

(a) The miscellaneous items mainly relate to write off of long term borrowings.

18 OPERATING PROFIT/(LOSS)

		THE GROUP		THE COMPANY	
		2018	2017	2018	2017
		Rs.	Rs.	Rs.	Rs.
Included in cost of sales:					
Costs of sales		745,608,741	433,075,098	739,171,584	428,434,143
Staff costs	(a)	409,041,686	260,701,834	409,041,686	260,701,834
Included in administrative expenses:					
Staff costs	(a)	200,056,725	149,592,061	196,262,802	149,565,631
Depreciation on property, plant and equipment	4	113,806,386	75,795,465	113,757,380	75,764,802
Amortisation of intangible assets	5	7,654,941	3,705,239	7,654,941	3,705,239
Retirement benefit expense		2,485,246	10,528,781	2,485,246	10,528,781
Lease expenses		380,861	454,002	380,861	454,002

(a) Staff costs

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs.	Rs.	Rs.	Rs.
Wages and salaries	577,469,923	386,430,914	573,828,552	386,430,914
Social security cost	24,236,254	16,888,186	24,111,326	16,888,186
Pension cost	7,392,234	6,974,795	7,364,610	6,948,365
	609,098,411	410,293,895	605,304,488	410,267,465

19 FINANCE INCOME

	THE GROUP AND THE COMPANY	
	2018	2017
	Rs.	Rs.
Interest income	663,822	4,162,255

20 FINANCE COSTS

	THE GROUP AND THE COMPANY	
	2018	2017
	Rs.	Rs.
Finance charges paid under finance leases	71,627	101,754
Interest on bank overdraft	1,693,422	404,544
Interest on bank loan	21,681,842	12,688,476
	23,446,891	13,194,774

21 TAXATION

The major components of income tax expense for the year ended 30 June 2018 and 30 June 2017 are:

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs.	Rs.	Rs.	Rs.
(a) Statement of profit or loss and other comprehensive income				
Current income tax				
Overprovision of income tax for prior year	-	(54,239)	-	(54,239)
Deferred income tax charge:				
(Under)/over provision of deferred tax	**(1,134)**	2,583,249	**(1,134)**	2,583,249
Relating to origination and reversal of temporary differences	**3,771,182**	7,908,149	**3,771,032**	7,908,149
Income tax expense	**3,770,048**	10,437,159	**3,769,898**	10,437,159

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
(b) Reconciliation of accounting profit to income tax expense:	Rs.	Rs.	Rs.	Rs.
Accounting profit before income tax	**(15,794,217)**	(13,163,119)	**(15,815,022)**	(14,257,503)
At statutory income tax rate of 17% (2017: 17%)	**(2,685,017)**	(2,237,730)	**(2,688,554)**	(2,423,776)
Expenses not deductible for tax purposes	**841,548**	3,924,024	**841,548**	3,924,024
Tax loss utilised	-	(186,046)	-	-
(Under)/over provision of deferred tax	**(1,134)**	2,583,249	**(1,134)**	2,583,249
Deferred tax not recognised	**1,911,561**	6,471,099	**1,914,948**	6,471,099
Non taxable income	-	(63,198)		(63,198)
Deferred tax asset written off on provision for doubtful debts	**3,703,090**	-	**3,703,090**	-
Overprovision of income tax for prior year	-	(54,239)		(54,239)
At the effective income tax rate	**3,770,048**	10,437,159	**3,769,898**	10,437,159

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

	THE GROUP AND COMPANY	
	2018	2017
(c) Income tax payable/(receivable)	Rs.	Rs.
At 1 July,	**(2,663,805)**	12,673,231
Overprovision of income tax for prior year	-	(54,239)
Refund/(paid) during the year	**2,663,805**	(15,282,797)
At 30 June,	-	(2,663,805)
Disclosed as follows:		
Income tax payable/(receivable)	-	(2,663,805)

22 EARNINGS PER SHARE

	THE GROUP	
	2018	2017
	Rs.	Rs.
Loss attributable to equity holders	(19,564,265)	(23,600,278)
Average number of ordinary shares in issue	569,940,822	569,940,822
Loss per share (Basic and Diluted)	(0.03)	(0.04)

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 (from)/ with related parties
	Rs.	Rs.	Rs.	Rs.	Rs.
2018					
Entity with significant influence over the Group: Fortis Healthcare International Limited	-	90,627,155	60,745,233	-	-
Fellow related party: Escorts Heart Institute and Research Centre Ltd.	-	-	1,527,568	-	-
Fellow related party: Ciel Healthcare Ltd	-	15,000,000	1,437,500	-	-
Fellow related party: Azur Financial Services	-	155,289	-	-	1,833,761
Fellow related party: Reinette Facilities Management Ltd	28,833,392	-	5,935,128	404,073	-
2017	28,833,392	105,782,444	69,645,429	404,073	1,833,761
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	-
	(167,291)	81,098,335	41,615,598	4,155,246	1,870,746

23 RELATED PARTY DISCLOSURES (CONT'D)

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
	Rs.	Rs.	Rs.	Rs.	Rs.
30 June 2018					
Entity with significant influence over the Group: Fortis Healthcare International Limited	-	90,627,155	60,745,233	-	-
Fellow related party: Escorts Heart Institute and Research Centre Ltd.	-	-	1,527,568	-	-
Fellow related party: Ciel Healthcare Ltd	-	15,000,000	1,437,500	-	-
Fellow related party: Azur Financial Services	-	155,289	-	-	1,833,761
Fellow related party: Reinette Facilities Management Ltd	28,833,392	-	5,935,128	-	-
Subsidiary: Café du Volcan	3,511,652	1,800,000	-	2,737,629	-
	32,345,044	107,582,444	69,645,429	2,737,629	1,833,761
30 June 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	-
	3,407,777	82,898,335	41,615,598	5,535,120	1,870,746

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

There has been no guarantees provided or received for any related party receivables or payables. For the year ended 30 June 2018, the Group has not recorded any impairment of receivables relating to amount owed by related parties (2017: 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	2018	2017
	Rs.	Rs.
Salaries and short term employee benefits	30,160,866	26,210,670
Post retirement benefits	383,527	591,178
	30,544,393	26,801,848

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 acquisition	335,376,817
Purchase consideration transferred	619,799,377
Purchase consideration transferred	619,799,377
Goodwill arising on acquisition	335,376,817

(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 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 during financial year ended 30 June 2018.

24 BUSINESS COMBINATIONS (CONT'D)

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 and it has been adjusted for in the current financial year. The revised goodwill amount is as follows:

	Fair value recognised on acquisition
	Rs.
Assets	
Plant and equipment (Note 4)	252,606,901
Intangible assets (Note 5)	18,607,900
Deferred tax assets (Note 14)	83,019,353
Inventories	20,553,878
	374,788,032
Liabilities	
Employee benefit obligations (Note 13)	21,047,609
Lease liability	77,000,000
	98,047,609
Total identifiable net assets at fair value	276,740,423
Goodwill arising on acquisition	343,058,954
Purchase consideration transferred	619,799,377
Purchase consideration transferred	619,799,377
Goodwill arising on acquisition	343,058,954

25 IMPAIRMENT TESTING OF GOODWILL

Goodwill acquired through business combinations are allocated to

(i) the Department of Cardiac Sciences and Critical Care
(ii) Wellkin Hospital, which arose on acquisition of ABH (note 24)

Carrying amount of goodwill

	Department of Cardiac Science and Critical Care	Wellkin Hospital	Total
2018	Rs.	Rs.	Rs.
Goodwill	**7,507,975**	**343,058,954**	**350,566,929**
2017			
Goodwill	7,507,975	335,376,817	342,884,792

25 IMPAIRMENT TESTING OF GOODWILL (CONT'D)

The recoverable amount of Department of Cardiac Sciences and Critical Care Cash Generating Unit has been determined based on its fair value less cost to sell. 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 12.3 % (2017: 10.0%). 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 fair value less cost to sell 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 % (2017: 11%). As a result of the analysis, management did not identify any impairment.

The key assumptions used for the 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.

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 **5.7%** (2017: 8% - 10%)

	Department of Cardiac Science and Critical Care	Wellkin Hospital
	Rs. 'M	Rs. 'M
Sensitivity to changes in assumptions		
2018		
Discount factor +0.5% point	**(132)**	**227**
Discount factor -0.5% point	**156**	**(167)**
Growth rate +0.5% point	**55**	**203**
Growth rate -0.5% point	**(54)**	**(150)**
2017		
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 no capital commitment at end of reporting date (2017: Rs. Nil).

CONTINGENT LIABILITY

At 30 June 2018, the Group has contingent liabilities in respect of bank and other guarantees of Rs. 2,025,000 (30 June 2017: Rs. 1,205,000).

A plaint with summons was recently served on the company emanating from Metropolis Bramser Lab Services (Mtius) Ltd claiming for allegedly interalia wrongful termination of their contract. The company is strongly disputing this claim and has retained services of counsel and attorney. Based on legal advice obtained, management and the board have reasonable grounds to expect that no material financial impact will arise for the company.

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 2018 and 2017, are as follows:

	THE GROUP AND THE COMPANY	
	2018	2017
	Rs.	Rs.
Within one year	**62,972,812**	61,954,004
After one year but not more than five years	**245,134,918**	245,208,048
More than five years	**180,000,000**	270,000,000
	488,107,730	577,162,052

27 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal liabilities comprise of overdrafts, bank loans, 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, foreign exchange 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 reasonable possible change in interest rates, with all other variables held constant, of the Group's loss before taxation (through the impact of variable rate borrowing) and on equity. There is no tax impact on equity.

THE GROUP	Increase/(decrease) basis points	Increase/(decrease) on profit before tax
		Rs.
30 June 2018		
Interest-bearing loans and borrowings	**+50**	**(1,492,310)**
	-50	**1,492,310**
30 June 2017		
Interest-bearing loans and borrowings	+50	5,089,562
	-50	(1,289,825)
THE COMPANY		
30 June 2018		
Interest-bearing loans and borrowings	**+50**	**(1,482,207)**
	-50	**1,482,207**
30 June 2017		
Interest-bearing loans and borrowings	+50	5,089,562
	-50	(1,289,825)

(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. 4,910,119** (2017: Rs. 8,498,658) and trade receivable balance of **Rs. 12,504,706** (2017: Rs. 9,442,420) 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. 870,741** on profit before tax (2017: Rs. 897,054). 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 and the Company transact only with highly reputable financial institutions having the rating of Baa3. The credit quality of the financial assets can be assessed by the historical information about the financial strengths of the financial institutions that the Group and the Company is dealing with. In the opinion of the directors, there is no associated risks as these are the reputable institutions in the industry. 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 (v).

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 yrs	> 5 yrs	Total
THE GROUP	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
30 June 2018						
Trade and other payables	-	455,343,441	-	40,000,000	-	495,343,441
Interest-bearing loans and borrowings	16,133,993	-	408,796	271,115,576	270,870,938	558,529,303
Financial guarantee	-	-	-	1,985,000	-	1,985,000
	16,133,993	455,343,441	408,796	313,100,576	270,870,938	1,055,857,744
30 June 2017						
Trade and other payables	-	293,737,445	-	60,000,000	-	353,737,445
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	299,081,595	16,033,336	285,933,385	338,834,620	1,008,582,915
THE COMPANY						
30 June 2018						
Trade and other payables	-	454,326,276	-	40,000,000	-	494,326,276
Interest-bearing loans and borrowings	16,133,993	-	408,796	271,115,576	270,870,938	558,529,303
Financial guarantee	-	-	-	1,985,000	-	1,985,000
	16,133,993	454,326,276	408,796	313,100,576	270,870,938	1,054,840,579
30 June 2017						
Trade and other payables	-	239,119,350	-	60,000,000	-	299,119,350
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	244,463,500	16,033,336	285,933,385	338,834,620	953,964,820

(vi) Fair values

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

(vii) Capital Management

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

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

The Group includes within net debt, interest bearing loans and borrowings, less cash and cash equivalents. Total capital is calculated as "equity" as shown in the statement of financial position. The group's strategy was to maintain a gearing ratio of 60% for the year ended 30 June 2018 (2017: 60%).

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

The gearing ratios at 30 June 2018 and 2017 were as follows:

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Debt (Note 12)	466,844,560	519,791,407	466,844,560	519,791,407
Cash in hand and at bank (Note 9)	(153,860,378)	(71,973,709)	(151,839,771)	(71,374,559)
Net debt	312,984,182	447,817,698	315,004,789	448,416,848
Equity	657,986,765	692,185,361	658,769,393	692,988,644
Total capital plus debt	970,970,947	1,140,003,059	973,774,182	1,141,405,492
Gearing ratio	32%	39%	32%	39%

28 SEGMENT INFORMATION

30 June 2018	Cafeteria	Healthcare	Total
	Rs.	Rs.	Rs.
Revenue	14,048,350	1,722,893,637	1,736,941,987
Operating profit	20,805	6,968,047	6,988,852
Finance income	-	663,822	663,822
Finance cost	-	(23,446,891)	(23,446,891)
Segment assets			
Total assets	234,537	1,712,245,421	1,712,479,958
Segment liabilities			
Total liabilities	1,017,165	1,053,476,028	1,054,493,193
Other segment items			
Capital expenditure	58,950	69,485,075	69,544,025
Depreciation	(49,006)	(113,757,380)	(113,806,386)
30 June 2017			
Revenue	13,481,003	1,213,539,723	1,227,020,726
Operating profit	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)

28 SEGMENT INFORMATION (CONT'D)

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

(i) Cafeteria sales

(ii) 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.

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	
	2018	2017
	Rs.	Rs.
Declared and paid during the year/period:		
Dividends on ordinary shares:		
Dividends: Nil cents per share (2017: 3 cts)	-	17,098,225
	-	17,098,225
Proposed and declared:		
Dividends: Nil cents per share (2017: 3 cts)	-	-
Total	-	17,098,225
Total dividend paid during the period	-	39,895,858

30 EVENTS AFTER THE REPORTING DATE

The Board of Directors of The Medical and Surgical Centre Limited ("MSCL") announced on 21 August 2018 the end of the 10-year Operation and Management Agreement ("O&M Agreement") between MSCL and Fortis Healthcare International Limited. The executive management team of the Company will assume the direct management of both Wellkin Hospital and Fortis Clinique Darné as from 01 January 2019.

31 RESTATEMENT OF FINANCIAL STATEMENTS

In line with the requirements of IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, the Directors have booked the following prior year reclassifications.

(i) Fees that are outstanding from insurance companies for visiting doctors were netted off in other receivables within 'Trade and other receivables' in the financial statements. The payable amount should have been recognised separately as the Company has no right of offset and does not intend to settle on a net basis.

(ii) Expenses borne to generate revenue were wrongly classified within 'administrative expenses' in prior year figured and have been restated accordingly.

The effect of the above restatement are shown as in the table below:

	THE GROUP			THE COMPANY		
	As previously reported	Effect of restatement/ reclassification	As Restated	As previously reported	Effect of restatement/ reclassification	As Restated
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Statement of financial position						
As at 30 June 2017						
Trade and other Receivables	162,448,825	57,911,995	220,360,820	163,702,902	57,911,995	221,614,897
Trade and other Payables	235,825,450	57,911,995	293,737,445	235,207,355	57,911,995	293,119,350
Statement of Profit or Loss and Other Comprehensive Income						
As at 30 June 2017						
Cost of Sales	(693,776,932)	(101,035,551)	(794,812,483)	(689,135,977)	(101,035,551)	(790,171,528)
Administrative Expenses	(548,853,384)	101,035,551	(447,817,833)	(544,682,788)	101,035,551	(443,647,237)
Statement of financial position						
As at 30 June 2016						
Trade Receivables	61,752,386	39,051,105	100,803,491	63,646,444	39,051,105	102,697,549
Trade Payables	125,924,283	39,051,105	164,975,388	125,168,375	39,051,105	164,219,480

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 11 December 2018 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 2018, 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, Mr. André Ackerman, who has been nominated by the Board of Directors on 19 September 2018.

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

4. To take note of the automatic re-appointment of PricewaterhouseCoopers Ltd as auditor of the Company in accordance with section 200 of the Companies Act 2001 for the financial year ending 30 June 2019 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 2018.

By Order of the Board

Reshma Curpen, ACIS
Per CIEL Corporate Services Ltd
Company Secretary

1 November 2018

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 19 November 2018.

v. The minutes of proceedings of the Annual Meeting of the shareholders held on 8 December 2017 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 Ltd
C/o MCB Registry & Securities Ltd
2nd Floor, MCB Centre
Sir William Newton Street
Port Louis, Mauritius

Dear Sir/Madam,

Re: Authorisation to receive electronic communications

I/We, ...

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

National Identity Card Number/Passport Number (for individuals)

Business Registration Number (for corporate bodies)

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

Email address

Yours faithfully,

....

Name of signatory

....

Signature/s

Contact number: ....

Date: ....

Terms and Conditions:

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

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 11 December 2018 at 10.00 hours**, to transact, and at any adjournment thereof, the following business.

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 2018, 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, Mr. André Ackerman, who has been nominated by the Board of Directors on 19 September 2018.		
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 Mrs. Hélène Echevin		
3.2 Dr. Guy Adam		
3.3 Mr. Ashish Bhatia		
3.4 Mr. L. J. Jérôme De Chasteauneuf		
3.5 Mr. Rajiv Puri		
3.6 Mrs. Christine Sauzier		
3.7 Mr. Michel Thomas		
4. To take note of the automatic re-appointment of PricewaterhouseCoopers Ltd as auditor of the Company in accordance with section 200 of the Companies Act 2001 for the financial year ending 30 June 2019 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 2018.		

Signed this .... day of .... 2018.

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.