BlueLife

THE FUTURE OF DEVELOPMENT

20/18

ANNUAL REPORT

Dear Shareholder,

The Board of Directors of BlueLife Limited is pleased to present its Annual Report for the period ended June 30, 2018. This report was approved by the Board of Directors on September 21, 2018.

On behalf of the Board of Directors of BlueLife Limited, we would like to invite you to go through the Annual Report and to attend the Special Meeting of the Company which will be held on:

Date: Friday, December 21, 2018
Time: 9 hours 00
Venue: L'Ibeloise
6th Floor, IBL House
Caudan Waterfront
Port Louis

We look forward to seeing you.

Yours sincerely,

Sunil Banymandhub
Chairman

Christine Marot
Chief Executive Officer

TABLE OF
CONTENTS

LIVE AS A
FAMILY

"The freedom our children have is priceless. After school, they can play a game of tennis or beach volley with the other kids. I don't have to worry about safety or driving 30 minutes to pick them up. It's all right here at Azuri."

ONLY EXCELLENCE

IS GOOD ENOUGH.

1

WE INTERACT WITH INTEGRITY & RESPECT.

2

WE EMBRACE CHALLENGE & NEVER GIVE UP.

3

WE SUCCEED THROUGH TEAMWORK & COLLABORATION

GROUP
STRUCTURE

PRE RIGHTS ISSUE

Shareholders of BlueLife:

- ACTIS PARADISE JERSEY LIMITED — 21.06%
- GML INEO LTEE — 7.45%
- IBL LTD — 48.99%
- OTHER SHAREHOLDERS — 22.5%

BlueLife
THE FUTURE OF DEVELOPMENT

Subsidiaries of BlueLife:

- 100% OCEAN EDGE PROPERTY MANAGEMENT COMPANY LTD
- 100% CIRCLE SQUARE HOLDING COMPANY LTD
- 100% HAUTE RIVE HOLDINGS LTD
- 100% LES HAUTS CHAMPS 2 LTD
- 60% PL RESORT LTD
- 100% LIFE IN BLUE LIMITED

Subsidiaries of HAUTE RIVE HOLDINGS LTD:

- 100% AZURI WATCH LTD
- 100% AZURI ESTATE MANAGEMENT LTD
- 100% AZURI SERVICES LTD
- 100% HR GOLF HOLDING LTD
  - 100% AZURI GOLF MANAGEMENT LTD
- 100% HAUTE RIVE OCEAN FRONT LIVING LTD
- 100% HAUTE RIVE IRS COMPANY LTD
- 100% HAUTE RIVE PDS COMPANY LTD
- 62.9% HAUTE RIVE AZURI HOTEL LTD
- 100% AZURI SUITES LTD

FINANCIAL
INDICATORS

Following the Rights Issue and the mandatory offer from IBL Ltd, BlueLife Limited is now a subsidiary of IBL Ltd. The Company's financial year end has been changed to June 30, 2018 in order to have a year-end coterminous with that of its holding company. BlueLife is therefore reporting for the 6 months period ended June 30, 2018.

BLUELIFE AT A GLANCE

MUR 4.21 BN
Total Assets

MUR 698M
Turnover for 6 months

17
Companies

451
Employees

2
Hotels in Operations

200
Rooms in Operation

79%
Combined Occupancy Rate in hotels

60,142
Guests hosted in hotels

403
Residential units built and sold since 2012

0
Construction on site next start 2019

88
Residential units for sale in Rive Droite

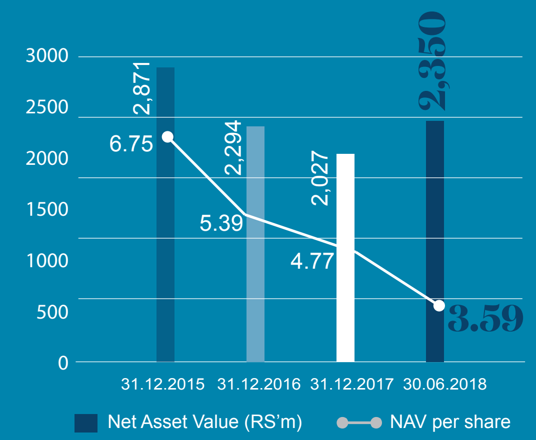
1
9 hole Par 3 Signature opening in 2020

3
Companies engaged in Facilities Management Services

2
Companies engaged in Rental Management

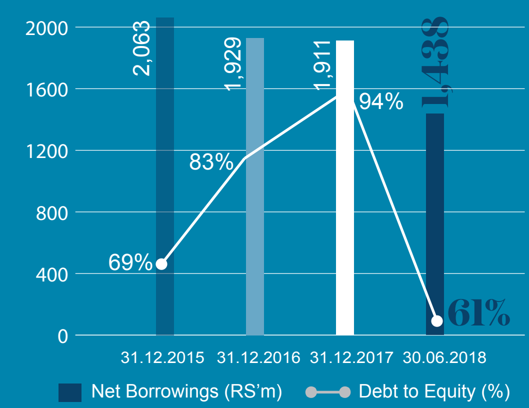
FINANCIAL INDICATORS

NET ASSET VALUE (Rs'M)



The Net Asset Value increased to MUR 2,350m through the combined effect of a MUR 450m capital increase as a result of the rights issue and operating losses, fair value losses as well as impairment recognised during the 6 months period to June 30, 2018

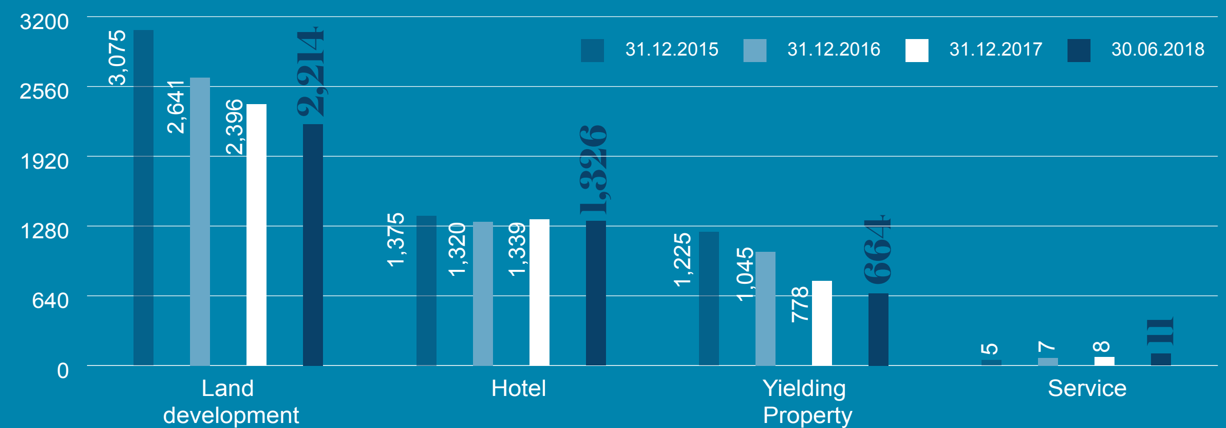
NET BORROWINGS AND DEBT-TO-EQUITY (RS'M)



The proceeds of the rights issue having mainly been used towards the restructuring of the Group's indebtedness, the net borrowings reduced to MUR 1.44 Bn as at June 30, 2018.

We have paid interest of MUR 47.7m for the 6 months period ended June 30, 2018 as compared with MUR 87.2M for same period in 2017 or MUR 133m in 2017.

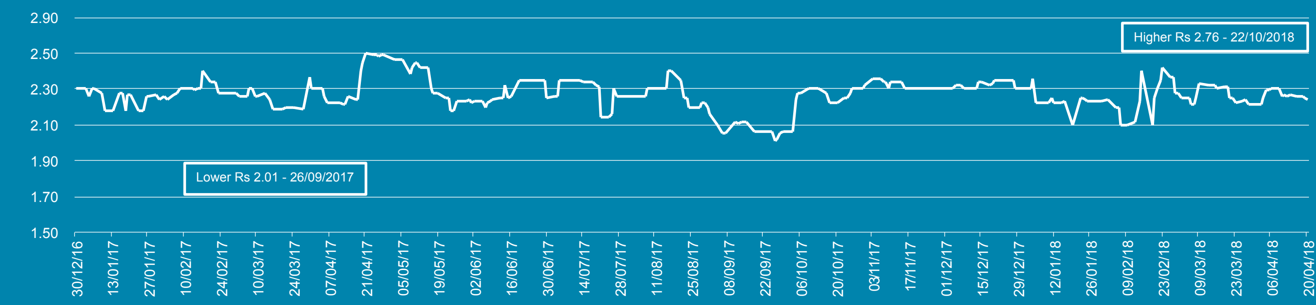
ASSET UNDER MANAGEMENT



BlueLife's total assets value went down from MUR 4.5 billion to MUR 4. 2 billion from December 31, 2017 to June 30, 2018. This drop is attributable to the cumulative effect of the sale of assets in 2018, the reduction in inventory value and land development cost on completion of residential development, posted to the Group's Income Statement, as well as the fair value losses and impairment on assets.

The land development segment continues to carry the value of the 403 arpents of freehold land bank for future development as well as the initial expenditure in relation to the recently launched project of Rive Droite. No work-in-progress is currently reflected as we have completed and sold in full the Riviera project and the carried Work-in-progress cost has been released to the Income Statement.

SHARE PRICE



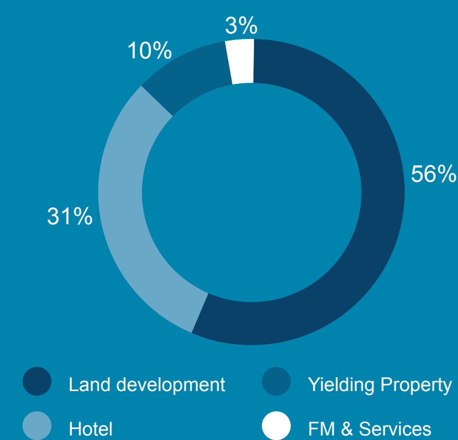
Turnover amounted to MUR 698M for the six month period to June 30, 2018. The reporting period has been modified following the Rights Issue. Our hospitality segment continues to improve with a turnover reported at MUR 220m for the period under consideration (was MUR 191m for the equivalent period in 2017), a 15% increase despite the fact that the Azuri hotel was closed 3 weeks in June 2018 for soft refurbishments.

The land development segment recognised revenue from the percentage completion of sold units in the Riviera IRS project under VEFA and from the full contractual amount of construction contracts for clients not under VEFA. Low inventory and reduced projects being executed led to revenue of MUR 388m for the 6 months period to be significantly lower to previous periods.

The operations in the Yielding Property segment are becoming marginal as a result of our strategy to sell assets to reduce the Group indebtedness and to focus on property development. In 2018, the reported turnover is distorted by the proceeds on the sale of the plots in the 4th floor of Harbour by the various Societes owning the property accounted for in the Revenue line.

Our facilities management and other services segment, although marginal, kept growing and will shortly generate revenue above the one of the Yielding Property segment.

TURNOVER PER ASSET SEGMENT (RS'M)



MUR
698M

TURNOVER FOR THE 6 MONTHS TO JUNE 30, 2018 WAS MUR 889.5M FOR THE SAME PERIOD TO JUNE 30, 2017

LIVE AS A

COMMUNITY

When I first arrived in Mauritius, I was anxious about not making any friends. I will never regret choosing to live in AZURI, as I have never felt alone since the day we settled in. The people here are so welcoming, like a family!

BOARD OF DIRECTORS

01 CHRISTOPHE BARGE

Independent Non-Executive Director

Non-citizen and non-resident of Mauritius

Appointed:
31/03/2016 (Board)
09/11/2016 (Chairman: Corporate Governance Committee)

Skills & Experience
- Has worked for 20 years in public affairs, for a Government ministry and for private companies.
- CEO of a Smart City Group, a company specialized in Smart Cities.
- Accompanies many cities in France on these aspects and collaborates with Fnac, the Caisse des Dépôts et Consignations and Roland Berger strategy firm on these issues.

Qualifications & Professional Development
- Graduate Sciences Po, Aix en Provence
- Master's Degree in Information Systems, Paris 8

Core Competences
- Expert in new information technologies, in the field of smart cities and digital business transformation.

External appointments
- None.

02 CHRISTINE MAROT

Executive Director

Citizen and resident of Mauritius

Appointed:
31/12/2013 (Board)

Skills & Experience
- Is the current Chief Executive Officer of BlueLife Limited.
- Started her career with De Chazal Du Mée & Co.
- Was Finance Executive – Corporate and Accounting at GML Management Ltée where she was involved at a senior level in businesses across the GML Group, now IBL Group.

Qualifications & Professional Development
- Accountant by profession.
- Completed the One-Year ESSEC General Management Program.

Core Competences
- Business and finance, deal structuring, strategic business development, real estate management

External appointments
- Is a member of the Board of Fondation Joseph Lagesse.
- Is a member of the governing committees of IBL Pension Fund.

03 KISHORE SUNIL BANYMANDHUB

Chairman

Citizen and resident of Mauritius

Appointed:
05/09/2016 (Board)
06/10/2017 (Chairman)
09/11/2016 (Member: Corporate Governance Committee)

Skills & Experience
- Occupied senior positions in the private sector in Mauritius.
- In 1990, launched a transport company which he controls.
- Between 2001 and 2008, was CEO of CIM Group, engaged in financial and international services

Qualifications & Professional Development
- Associate of the Institute of Chartered Accountants of England and Wales
- Master's Degree in Business Studies, London Business School
- B.Sc. Honours First Class in Civil Engineering, UK

Core Competences
- Strategic development, business and finance

External appointments
- Is a member of the Board of Directors of several major listed and non-listed companies.

04 JEAN-LUC WILAIN

Non-Executive Director

Non-citizen and resident of Mauritius

Appointed:
23/02/2018 (Board)

Skills & Experience
- Is the Head of Business Development – Strategic Initiatives and Integration of IBL Ltd.
- Works on developing the Group's strategies and integration projects.
- Responsible for Sustainable Development, Central Purchasing, Trademarks and Consulates.
- Worked as a consultant or executive in several countries and in various fields, including re-engineering, supply chain, IT, Sales and marketing as well as manufacturing. Was general Manager in Czech Republic and in France.

Qualifications & Professional Development
- Graduated from Ecole Nationale Supérieure des Mines
- Diploma in Advanced Management Program (AMP)

Core Competences
- Group strategies and integration projects, re-engineering, IT, sales and marketing

External appointments:
- Is a member of the Board of companies of the IBL Group.

Note: A detailed list of external appointments of the Directors of BlueLife is available on the website of the Company on www.bluelife.mu

BOARD OF **DIRECTORS**

05

ARNAUD LAGESSE

Non-Executive Director

Citizen and resident of Mauritius

Appointed:
31/12/2013 (Board)
10/03/2014 (Member: Corporate Governance Committee)

Skills & Experience

Arnaud Lagesse is the Group CEO of IBL Ltd, the largest business group in Mauritius. He is one of the young leaders of the Mauritian Private Sector and has been known to drive the Group he leads with innovative and challenging undertakings. Two years ago, he initiated the merger of GML Investissement Ltée and Ireland Blyth Limited, creating a successful Group and substantial shareholders value for all stakeholders since its introduction on the local stock market.

Qualifications & Professional Development

- Breakthrough Executive Program, Egon Zehnder-Mobius, Portugal.
- Advanced Management Program (AMP180), Harvard Business School, Boston, USA.
- Executive Education Program at INSEAD, France
- Master's in Management, Université d'Aix-Marseille, France and graduated from the Institut Supérieur de Gestion de Paris.

Core Competences

- Business and finance, deal structuring, strategic business development

External appointments

- Chairman of Fondation Joseph Lagesse, Alteo Limited, Lux Island Resorts Ltd, Phoenix Beverages Limited, and Phoenix Investment Company Limited
- Member of the Board of Directors of several major listed companies including IBL Ltd, The United Basalt Products Ltd and non-listed Mauritian companies.

06

JAN BOULLÉ

Non-Executive Director

Citizen and resident of Mauritius

Appointed:
23/02/2018 (Board)

Skills & Experience

- Is appointed Chairman of IBL Ltd on July 01, 2016.
- Has worked for Constance Group from 1984 to 2016 and occupied various executive positions and directorships.
- Was the Group Head of Projects and Development at the Constance Group.

Qualifications & Professional Development

- Qualified as an « Ingénieur Statisticien Economiste » France
- Holds a « Diplôme de 3ème Cycle en Sciences économiques » – Université de Laval, Canada

Core Competences

- Strategic development, expertise in hospitality and real estate development

External appointments

- Is a member of the Board of Directors of several major listed companies of the IBL Group including the following companies listed on the Stock Exchange: IBL Ltd (Chairman), Alteo Ltd, Phoenix Beverages Ltd, Lux Island Resorts Ltd and The Bee Equity Partners Ltd.

07

ISABELLE DE GAALON DECAILLOT (ISABELLE DE WAVRECHIN)

Independent Non-Executive Director

Non-citizen and non-resident of Mauritius

Appointed:
23/02/2018 (Board)
23/03/2018 (Chairman: Audit and Risk Committee)

Skills & Experience

- Was the CEO for Pierre & Vacances Real Estate Investment for 18 years.
- Member of the Executive Committee of the Group Pierre & Vacances Center Parcs (PVCP) since 1996.
- Chairman and CEO of Worldwide Invest Management (W2-IM), London since 2014.
- Received the French Legion of Honour

Qualifications & Professional Development

- Institute of Business Administration – IAE: PhD in Management studies
- Certified trilingual guide specialised in Van Gogh and the Roman period

Core Competences

- Strong knowledge of European and Asian markets, expertise in the analysis of real estate projects and marketing and commercial strategy

External appointments:

- None

08

RAVI PRAKASH HARDIN

Non-Executive Director

Citizen and resident of Mauritius

Appointed:
23/02/2018 (Board)
23/03/2018 (Member: Audit and Risk Committee)

Skills & Experience

- Is the current Chief Executive Officer of Bloomage Ltd, a property fund fully owned by IBL Ltd.
- Has more than 15 years' experience at senior level in multiple geographies, working for Shell, Rogers and ENL.
- Has spent the last 10 years focusing on the real estate sector.

Qualifications & Professional Development

- B-Tech in Chemical Engineering, Indian Institute of Technology
- MBA, University of Surrey

Core Competences

- Strategic business development, real estate development and management

CHAIRMAN'S MESSAGE

KISHORE SUNIL BANYMANDHUB
CHAIRMAN

Dear Stakeholders,

It is once again my duty and privilege to present to you my second Integrated Report of BlueLife Limited for the six-month period ended June 30, 2018.

A UNIQUE OPERATING ENVIRONMENT

I shall begin this message by once again underlining the particularities of the market we operate in.

No two projects within the property development market are the same. However, most of them go through virtually the same cycle before being handed over to the owners. It takes years to bring a project from the initial planning stage to final completion, and it is vital that a developer tries to anticipate any variations in the sales and production environment which may intervene during the long cycle.

The property market has always performed cyclically, as far back as Greek and Roman times. This still holds true now. Its cycle is governed by macroeconomic trends in our target markets, often unpredictable owing to short-term events, which can override the most optimistic of expectations formed at the initial planning stage.

There are different market segments, each with its own rationale. People buy as a primary or secondary residence, or for rental. It is therefore important that we address the demands of each market segment in our design and our pricing. Whatever their motivation, however, property has long been, and will continue to be, a good asset to invest for the long term. As Mark Twain famously said, "Buy land, they aren't making any more."

RENEWED DYNAMICS

The restructuring of BlueLife and its integration within the IBL Group has steadied the ship, which had known years of turbulent seas. We are now striving to achieve synergies with other entities within the IBL group, as well as benefit from the impressive resource and skills base which IBL have put in place over the past years.

Our new Board composition and the establishment of new Committees have equipped us to do justice to our governance responsibilities, and steer the company on the right course. With this newfound momentum, whilst launching the next phase of development with the Northern Precinct, we have an eye on an exciting long term Master Plan to create the Azuri of 2025 and beyond.

CHAIRMAN'S MESSAGE

"Managing urban areas is one of the greatest challenges of our times. The world is experiencing urbanisation at an unprecedented rate, with billions of people aspiring to a modern city life."

THE AZURI OF TOMORROW

Managing urban areas is one of the greatest challenges of our times. The world is experiencing urbanisation at an unprecedented rate, with billions of people aspiring to a modern city life. The United Nations projects that the global urban population will jump from 55% today to 68% by 2050. Which begs the question, what kind of cities do we want to build?

Set between the ocean and a golf course, Azuri incorporates all the characteristics of a desirable place to live, work, and play. In response to emerging global trends, we are redefining our vision for Azuri through a Master Plan that spans the next ten years. We have identified six distinct moods, each one describing a distinct consumer group with unique preferences. Yet, together, they all share the same general commitments—to nature, to health, to environmental sustainability, to human connection. Our Chief Executive will further detail these six moods in her report.

The scale of the task may seem daunting, but we at BlueLife have begun with the building blocks of cities: communities. To thrive, a community must be connected, resilient and inspiring. It must meet the needs of people across all dimensions of human life: better infrastructure, security, transportation, education, healthcare, access to culture, and due regard to environmental protection.

Any visitor to our village will experience the beginning of a "buzz", with a community of distinctive, authentic character that seamlessly melds into its surroundings and fuses the shades of live, work and play. With only 26% of the land area already developed, and 380 units sold, Azuri is already unique in Mauritius. It is not difficult to imagine what the end game will look like, in ten years or more: a lively yet healthy and tasteful village setting with all the modern facilities of a city.

And often, it is beauty where we least expect it that inspires delight. The pull of Azuri goes beyond infrastructure. It focuses on instilling a sense of belonging that has faded away with development trends over the latter half of the 20th century. We recognize that while we can give a place structure and access, it is the community that gives it soul and vibrancy. In Jen Gehl's wise words, "First we shape the cities, then they shape us."

PURSUING A SUSTAINABLE, DIGITIZED FUTURE

What has become abundantly clear in recent years is that millennials, through sheer force of numbers, are the most influential cohorts of our time. Their prime imperatives, Technology and Sustainability, are redefining our future. With our Digitalisation and Sustainability Committee in place, we have managed to embed these priorities at the executive level, and cascade them throughout the broader organisation, to become integral components of our Master Plan.

With the aid of IBL consultants, we have outlined an ambitious Digital Agenda structured around three goals. The first involves the digitalisation of the entire lifecycle of our operations, from project planning and design through to completion. The second relates to how we market our products; through an upscaling of our website and the exploitation of social media tools, we seek to connect more meaningfully with our customers and increase our visibility. The third goal is the deployment of technology for a more efficient management of the Village, its resources and its residents. Outfitting residences with the Internet of Things will enable us to automate maintenance activities, monitor energy consumption and ultimately, support an improved quality of life.

35%

OF SHARES OWNED BY IBL

The need to be resourceful has never been greater, and we are rising to the challenge. Gunter Pauli, author of 'The Blue Economy' and Thierry Huau, acclaimed landscape architect and urban planner, have spearheaded our initiatives of developing a Smart Sustainable City from the ground up. Through more effective waste, water and energy management, we aim to build more sustainable living environments, and more resilient communities.

This complex undertaking calls for the cooperation of all stakeholders, from architects and engineers to technology and other suppliers, and of course, eventually to the cooperation of the residents of the village. Hopefully, this modest beginning can light a path for future generations to become stewards of the legacy that we intend to leave behind.

LOOKING AHEAD

As we enter a new year, we will continue to develop concepts that meet the needs of today's value-driven buyers. Our journey will not be plain sailing, but we look forward to embarking on a continuous journey of holistic improvement, the value of which will be felt for years to come.

I wish to thank our Chief Executive Officer, Christine Marot, the Management team, and all our employees, who continue to work tirelessly to bring us closer to Excellence.

I would also like to thank the various authorities, our shareholders, partners and customers for their continued support and trust in BlueLife.

Sunil Banymandhub

LIVE AT
LEISURE

"Great location, great food, and great hospitality! I am a fan of both Radisson Blu resorts, the one in Poste Lafayette for its simplicity and soothing atmosphere, and the one in Azuri for its vibrancy and cosmopolitan vibe!"

CEO'S REPORT

CHRISTINE MAROT
CEO

Dear Partners,

It is with great pleasure that I present to you our Annual Report for the six months ended June 30, 2018.

The six months starting 1st January 2018 have been eventful, with the capital restructuring and subsequent arrival of IBL Ltd as our majority shareholder, which sparked an appetite for change, new ways of thinking, and newfound dynamism within BlueLife. Upon becoming an IBL subsidiary, our first order of business was to change our financial year-end in order to be coterminous with that of the Group. This way, BlueLife has reaffirmed its values, mindset and sense of purpose, all of which are aligned with those of its parent company. IBL's indisputable legacy of excellence, pioneering spirit and creative innovation are already ushering us into the next phase of our transformation.

New additions to our Board and Executive team, who brought with them a depth of knowledge and new dynamics, have enabled us to make great strides in reorienting our focus on where we can truly excel. Our strategy was fuelled by two engines—Projects and People—that will drive our success and help us build the best BlueLife possible. Now begins a new chapter in our story.

THE COMPLEXITY OF THE PROPERTY DEVELOPMENT INDUSTRY

An annual report is often considered a requirement, born out of compliance, whose purpose is to provide comprehensive details of a company's performance over a financial year. However, in today's ever-evolving environment, it is more important than ever to periodically review how we report. As a company that operates in a highly volatile and complex market, where projects can span several years, we became aware that our financials do not always reflect our progress. Through interim six-month reports, we seek to draw your attention to the significant strides we are making towards our goals. This way, you can make better sense of any disparities and the causes behind them.

Carrying on from our Chairman's statements, I would like to emphasise the intricacies of the property development cycle, which help in understanding the variations in our performance. Our market, due to its inherent features, is intrinsically prone to upturns and downturns, reflected in the ebbs and flows of our results over the last few years. Several empirical studies illustrate its persistent cyclical movements, characterised by a boom, a slump and inevitable recovery before the next boom.

Another major feature of our market is that property has a reputation for being one of the slowest-moving asset classes, with developments generally carried out over more than one accounting period. Before the construction work itself begins, several other activities have to be undertaken, from technical planning to permit approval by relevant authorities and sales to reach

CEO'S REPORT

> What draws people to Mauritius, and Azuri in particular, is the proximity to nature. Azuri offers the best of both worlds.

the break-even point. Often, these can be considerably lengthy. Besides, revenues arising from sales are accounted for at varying points in time: sales can be made upon launching a project, during the construction phase or even after completion of a project. Similarly, expenses are not always accounted for in the accounting period in which the property development activities are conducted. This explains last year's performance, which included the cash generated from the sale of the Riviera Villas, resulting in an increased turnover. With no projects in the construction phase for the six months under review, we have little to no residences in our portfolio to sell. The outcome? Financial statements that may, at first glance, alarm investors. However, with heightened sensitivity about our market's predictable trends, this also means that we are at the beginning of the next phase.

HOSPITALITY: A POSITIVE OUTLOOK

I am pleased to report that we are overcoming the setbacks in our Hospitality segment, comprising Radisson Blu Poste Lafayette and Radisson Blu Azuri, and experiencing notable progress in both hotels. For the six months under review, our Poste Lafayette hotel has maintained a high occupancy rate of over 85%, a slight increase over last year. Having undergone a three-week long refurbishment in June, Azuri hotel's performance is trailing behind, but we are extremely confident in our ability to turn the situation around by December 2018.

Another important indicator that measures and tracks a hotel's success is the TRevPAR. Both our hotels have recorded an increase of 14% and 7% in TRevPAR, an improvement that reflects the quality of not only our rooms, but also our Food & Beverage and overall service. I would also like to point out that the change in our accounting year-end means that the TRevPAR covers the six-month period ended June 2018, which as we know is a low season—and therefore, a relatively unprofitable period—in our industry.

Our good standing in the industry was also exemplified by a number of accolades we received this year, including the TripAdvisor 2018 Certificate of Excellence and the Safe Hotels Certificate 2018 achieved for both hotels. Radisson Blu Poste Lafayette was also granted the HolidayCheck 2018 Award. I am certain that with our winning combination of competent staff, a solid growth strategy and a desire to continue meeting the needs of discerning guests, we will continue surpassing ourselves in this segment.

AZURI: REDEFINING LIFESTYLES

Our newest addition to the Azuri Ocean & Golf Village is Rive Droite, a neighbourhood at the heart of a splendid, one-of-a-kind golf. What draws people to Mauritius, and Azuri in particular, is the proximity to nature. Azuri offers the best of both worlds. Rive Droite comprises three distinct residential clusters: Ocean River Golf View, Ennéa, and Amara. Eighty-eight penthouses, villas, and apartments are set near the river's elevation, affording breathtaking views of the golf course. Here the land is invaluable, offering attractive investment opportunities to potential international buyers.

Travel and Tourism have long been one of Mauritius' established and high-performing sectors. The island of Mauritius is mainly promoted as a desirable place to visit, a vacation destination, and not so much a place to live year-round. Over the last

decade, the Property Development industry has contributed to the increased visibility of Mauritius as a place to invest. Although we still have a long way to go to compete with certain destinations across the world, Azuri is striving to position Mauritius as a premier second-home destination with unique island living opportunities.

Our Sales & Marketing team recently conducted a market survey that included homeowners, tenants, team members and external partners, the results of which confirmed Azuri's position as an established village and community that promote the island lifestyle Mauritius is renowned for. Ultimately, Property Development is only one aspect of what Azuri stands for today. Over the years, we have included in our business model the need to be a service provider for stress-free ownership. We endeavour to expand and innovate our portfolio with, for instance, a 9-Hole Par-3 golf course and Rive Droite, a new neighbourhood. At the end of the day, we do more than just develop land—we imagine and create enticing lifestyles. The repositioning of Azuri as an Ocean & Golf Village is evidence of our dynamic and driven community, and our vision for the longer term.

AZURI: THE WAY FORWARD

Knowing this, now is the best time for us to reconsider our value creation strategy. In the age of knowledge, technology has engendered radical changes in consumer habits: they are better-informed, ultra-connected and multichannel. This is in addition to new, competing destinations. At the same time, we are acutely aware that our insularity places us at the forefront of the global battle against climate change. With this context in mind, we are developing a Master Plan for Azuri that will allow us to create a lasting competitive advantage that sets us apart, regardless of where we are in the property development cycle.

Six years ago, a bold decision was taken—one that would redesign the East Coast seascape—to lay the foundations of what would become an iconic seaside destination. With its luxury residences, a beach, bustling restaurants and cafes, a golf and a fitness club, Azuri Village inspires residents to savour a serene life in a way that today's urban existence rarely allows. Now, we find ourselves on the cusp of a new era to secure Azuri's future: Smart Island Living.

Mapping out the path for our Master Plan calls for multi-faceted considerations and vigorous innovation. Fundamentally, we envision a place where the thoughtful application of technology addresses the challenges of sustainability. The Azuri of tomorrow is safe, sustainable, bustling, connected, inclusive, and healthy. It is powered by technology, emboldened with a creative spirit and connected to its rich Mauritian roots. A vibrant lifestyle destination that combines retail, nature, art and cultural experiences, and the island's finest residences. Life's daily needs are a stroll or bicycle ride away. Above all, it is designed through a sustainability lens, in a way that it balances priorities across the economy, community needs, and the environment. Ultimately, we are looking to build a living space that is people-centric, smart and resilient, where communities can thrive.

IBL Group's overarching digitalisation strategy has allowed us to embark on our own transformative digital journey that will shape our future. Under the leadership of IBL consultants, we conducted an assessment of our digital maturity, which revealed a clearer picture of our current standing and key areas for improvement. Our digital agenda, spanning the next five years, is centred around three priorities.

In a world where the physical and virtual environments are fusing, how we engage with customers across the entire customer journey matters. Our first priority thus relates to enhancing this journey at every touchpoint, namely through our sales and marketing channels. This begins with expanding our web presence and visibility. To take things further, our digital initiatives are expected to make sweeping changes in the lives of our homeowners and residents. Beyond state-of-the-art technology, smart homes are about delivering an enhanced quality of life. Our second priority involves translating data into insights and actions, enabled by the Internet of Things (IoT). Smart homes are no longer a thing of the past; instead, they are now a reality with our Riviera Villas, which we delivered in 2018, carrying on with the 88 units of Rive Droite, set for completion in 2020. The third key initiative involves the digitisation of the project-planning process, from its conception to completion. The digitalisation of this process is also meant to help in effective property management, through systems that seamlessly integrate facilities management, maintenance, and technical interventions.

With over half the world population expected to live in cities by 2030, resolving energy challenges is a responsibility we take seriously. We have selected a Smart & Water Management system that will help us deploy smart meters to record energy, water, and natural gas consumption in all homes, and adjust the consumption mode accordingly. We have embodied a wider sense of stewardship for our ecosystem, as manifested through our participation in World Clean Up Day, as well as our value proposition for Azuri 2020. Our ties with IBL have unlocked great synergistic opportunities with other construction-related businesses within the Group. Gunter Pauli, an innovator known as 'The Steve Jobs of Sustainability,' inspired us to position ourselves as a laboratory for environmental innovation. With his help, we rethought our current and future projects, and how best to manage our water, energy and waste.

> We live in an era where machines are replacing human tasks. As we come to grips with these implications, there is a dire need for humanity to take centre stage in our systems and endeavours.

CREATING A HIGH-PERFORMING COMPANY CULTURE

We live in an era where machines are replacing human tasks. Companies that have flourished in this decade are united by a common thread: they achieve success not because of their financial capacity, but because they place People at the heart of their corporate strategy. For us, this means acknowledging the very humanness of People—the people we collaborate with, the people who work with us, the people we serve, the people who are a part of the community surrounding us—and providing meaning and purpose to their creativity, talent, dreams and aspirations.

At BlueLife, we strongly believe that a company's performance is the sum of what each employee achieves individually. While good businesses are built around processes, great businesses are built around people. From the moment they join our organisation, we want our employees to feel connected to our values and motivated to perform at their peak. In devising our higher purpose, 'Happiness inspires the lifestyles we create,' we have endeavoured to cultivate a meaningful culture that puts employees first and recognises their contribution to our success.

To lead this shift, our Human Resource function has taken on a new role, from mere talent management to designing experiences for our employees. BlueLife is now built around more empowered teams, who are driven by team engagement and, as a result, increase their 'discretionary effort.' Being part of a team allows strong employee connections to be built. In the process, people uncover their individual strengths, and are inspired to go beyond their call of duty, engaging in tasks that aren't a part of their job description—not because it is a requirement, but simply because they have the company's best interests at heart. Through a series of empowerment workshops, we offer a range of learning initiatives designed to support our people in advancing their careers.

> BlueLife is now built around more empowered teams, who are driven by team engagement and, as a result, increase their 'discretionary effort.' Being part of a team allows strong employee connections to be built.

ACKNOWLEDGMENTS

As I lay out our exciting trajectory for the next decade, I am aware that it will take hundreds of people, working and innovating together, to achieve our goals. I would like to thank each one of our employees, whose fighting spirit has enabled us to overcome our setbacks.

To the Board, and our Chairman, thank you for your counsel and unwavering support. Your experience and sound judgment are invaluable.

Our journey to be future-ready has certainly begun; let us not settle for anything short of fully realising our vision.

Christine Marot
CEO

MANAGEMENT
PROFILE

01.
CHRISTOPHE DE FROBERVILLE
Sales Manager

02.
MICHELE ANNE ESPITALIER NOEL
Chief Financial Officer

03.
NICOLAS REY
Asset and Operations Manager

04.
CHRISTINE MAROT
Chief Executive Officer and Executive Director

05.
GUY REGIS FANCHETTE
Azuri Estate Manager

06.
ISABELLE JACQUES
Office and ICT Manager

07.
HUGUES LAGESSE
Head of Projects and Strategic Property Development

Photo taken in the Roche Bobois store at Circle Square Retail Park in Forbach, Mauritius.

MANAGEMENT PROFILE

01

CHRISTOPHE DE FROBERVILLE

Sales Manager

Christophe holds a Bachelor's degree in Management Accounting and Marketing from the University of Western Australia (UWA) in Perth and a Masters in International Business from INSEEC Business School in Paris. He started his career in product management in Paris, working for France's largest online wine retailer. Back in Mauritius, Christophe spent three years in the sales and marketing department of Constance Hotels & Resorts, both at corporate and operational level, between Mauritius and Seychelles. He joined BlueLife Limited in February 2016 as Sales Manager and is now responsible for business development, focusing on lead generation and the optimisation of the group's market intelligence and CRM (customer relationship management) tools.

02

MICHELE ANNE ESPITALIER NOEL

Chief Financial Officer

Michele Anne is presently the Chief Finance Officer of BlueLife Limited. She joined IOREC in January 2010 as Corporate Finance Executive to provide direction to the financial function of the company, including corporate finance, planning and administration and became CFO upon amalgamation of IOREC with BlueLife. She is a graduate from Ecole Supérieure de Commerce (E.S.C.A.E) of Clermont Ferrand, France with specialization in audit, accounting and finance management and passed the Mauritius Stockbrokers Examination organised by the Stock Exchange Commission and the Mauritius Examination Syndicate. She completed the One-Year ESSEC General Management Program designed for GML Executives.

03

NICOLAS REY

Asset & Operations Manager

Nicolas holds a BCom (double major in accounting and finance) from Curtin University in Australia and qualified with the Association of Chartered Certified Accountants (ACCA) in 2014. He started his career at Ernst & Young in the audit department before moving into the offshore sector in Mauritius. Nicolas joined Bluelife Limited in 2013 as a financial analyst, then as a Financial Controller. Nicolas has recently moved to Azuri where he is notably responsible for the managements of Azuri Services Ltd, a company that offers property management services to the homeowners from contracting services to maintenance services to lifestyle and events services.

04

CHRISTINE MAROT

Chief Executive Officer and Executive Director

Christine Marot, born in 1969 and an accountant by profession, joined BlueLife Limited in May 2015. She started her career with De Chazal Du Mée & Co, Chartered Accountants in Mauritius before joining IBL (formerly GML). She acquired vast experience working at IBL Management Ltée, where she acted as Finance Executive – Corporate and Accounting, up to April 2015. She has been a member of the Board of Directors as well as Committees of the Board of several quoted as well as unquoted companies, involved in the financial services industry, human capital management, telecommunication and property management. Christine Marot is still a member of the governing committees of IBL Pension Fund.

05

GUY REGIS FANCHETTE

Azuri Estate Manager

After graduating from the University of Mauritius in Physics, Guy-Regis has started his working career as a secondary school teacher. During this time he completed an MSC in Environmental Engineering. Moving into the business environment, he joined a young technico-commercial company and was instrumental to its development. Building up his skills he completed an MBA from the University of Surrey. He then joined ENATT, an ENL group company, managing retail and commercial assets. In March 2016, Guy-Regis joined BlueLife as the Manager for Azuri Estate Management Ltd, set up as the "private municipality" of Azuri and General Manager of Ocean Edge Property Management Ltd, the syndic management company of BlueLife.

06

ISABELLE JACQUES

Office and ICT Manager

Isabelle joined BlueLife Limited in July 2015 as Office and ICT Manager. Isabelle studied economics at the University of Cape Town and worked in the IT sector in South Africa and the UK. In 2002 she moved back to Mauritius where she worked in the insurance sector as an IT / HR / Admin Manager. She is now responsible for BlueLife's IT infrastructure, software and support. She also heads up the Group's HR function and its office management.

07

HUGUES LAGESSE

Head of Projects and Strategic Property Development

Hugues holds a diploma in administration and finance from "Ecole Supérieure de Gestion et Finance" in Paris, France. In September 2007, he followed a course on Management at INSEAD in Fontainebleau, France and a course in Real Estate development in Paris and at Harvard Business School in Boston, USA. He completed the One-Year ESSEC General Management Program designed for GML Executives. He participates in the strategy and planning processes and is responsible for identifying potential development and area for growth He is also in charge of following up on a project's life cycle from conceptualisation and design through to project management and closure.

ORGANISATIONAL CHART AND STATEMENT OF ACCOUNTABILITY

- **CHIEF EXECUTIVE OFFICER & EXECUTIVE DIRECTOR**
  Christine Marot
  - **HEAD OF PROJECTS AND STRATEGIC PROPERTY DEVELOPMENT**
    Hugues Lagesse
  - **CHIEF FINANCIAL OFFICER**
    Michele Anne Espitalier Noel
  - **SALES MANAGER**
    Christophe de Froberville
  - **OFFICE & ICT MANAGER**
    Isabelle Jacques
  - **ASSET & OPERATIONS MANAGER**
    Nicolas Rey
  - **AZURI ESTATE MANAGER**
    Guy Regis Franchette

OUR

BUSINESS

OBJECTIVES, ACHIEVEMENTS AND PRIORITY INDICATORS

	STRATEGIC OBJECTIVES	ACHIEVEMENTS BY 30 JUNE 2018	PRIORITIES IN 2018-2019
FINANCE	• Restore profitability in loss making subsidiaries • Maintain conservative loan to value ratios and terms of indebteness within sustainable limits to maintain our ability to seize investment opportunities	• Significan improvement in the hospitality segment operating results • Completion of the Rights Issue of MUR 450 million • Debt restructuring with banks to re-align with subsidiaries' cash flow and operating results"	• Further reduction in borrowings by the sale of earmarked assets • Restore cash flow surplus
PROPERTY DEVELOPMENT	• Continue to promote AZURI as the grandest lifestyle destination in Mauritius. • Advance AZURI's Work, Live and Play concept. • Ensure profitability and sustainbility in all our projects	• Sale of the last 3 units of RIVIERA • Completion and Handing over of the RIVIERA villas to their respective buyers" • Finalised the AZURI masterplan and detailed road map for AZURI 2017 – 2020 with the launch of RIVE DROITE development comprising 88 residential units and 1 9 Hole Par 3 Signature Golf course • Developed new marketing strategy and tools in respect of digital marketing	• Finalise AZURI masterplan in order to implement through review and agreement on the detailed road map to launch phases as established to meet the various markets. • Implement of new Customer Sales Management cloud based • Re-enforce sales team • Launch of the Ennea and Amara residential mix (Apartment, Penthouses and villas) • Reach break even for construction start in Golf View Villas in Q2 2019
YIELDING ASSETS	• Master our asset portfolio to increase our assets' value and assess maturity profile of assets in view of sales options. • Adjust the positioning of Circle Square to become a residential, leisure and retail destination	• Sale of the 4th floor of Harbour Front • Completed the refurbishment of the 8th floor of Harbour Front" • Filled in the 8th Floor - Occupancy reached 86.4% in Harbour Front • Work on creative alternative options for Circle Square reconversion, parcelisation or outright sale	• Complete the sale of Circle Square property • Fill in the 203 m² vacant space in Harbour Front and sell to yield looking buyer
HOTELS	• Return to profitability for the hotel cluster	• Completing the Property Improvement Plan for Azuri Hotel and ensured increase in rates in March/April negotiations • Restored profitability in Operational profits • GOPPAR increased by 21% between Dec17 and Jun18	• Continue the increase in Operational Revenue, GOP and EBITDA • Further impovement of operational profits to achieve net profits
FACILITIES MANAGEMENT & SERVICES	• Promote the use of latest technologies and systems for improved efficiencies • Be smart in our service proposals to stakeholders • Promote green initiatives in Azuri	• Engaged with service providers for the implementation of the smart and digital water management system, set the scene, received proposals • Participated to the BIM Word 2018 in Paris to meet with potential service providers for Computerised Maintenance Management Systems (CMMS) • Implemented the first step of an overall waste recycling processes in Azuri with the sorting of PET and Glass waste at source • Jointly with other IBL Group companies and under the leadership of Gunter Pauli, the champion of the "blue economy", we identified areas of interest for synergies in the valorisation of by-products and waste.	• Increase client base and profitability of our 2 companies involved in facilities management and services • Select the partner for implementation of the smart and digital water mangemment system; install equipment and system • "Engage with selected service providers in CMMS with the aim of optimising resources for field interventions and better service to residents. • Finalise the waste recycling channels and valorise waste collected
HUMAN CAPITAL	• Recruit, Reward, Retain • Talent management" • Effective Performance Management System (PMS)	• Further strengthen our organisation through team building workshops • Recrutments on-going	• Develop PMS which will promote talent management, retention and reward. • Recruit new talent to assit the future of development
RISK	• Establish a governance structure (board, board sub-committees, executive responsibilities, risk management functions) • Systematically manage to leverage risk information into decision making process. Accepts, transfers or mitigates identified risks	• Created Committees as the Property Development Committee and the Digital & Sustainability Committee to work closely with the management and promoter better risk management • Started to review the risk register dashboard to adjust on main businesses	• Complete the reviewing of the Risk register dashboard • Disseminate the culture of risk within the organisation with specific seminars and training.

OPERATIONS

PROPERTY DEVELOPMENT,

Where and How we Build

In the Property Development industry, turnover is generated through a simple business model: we develop and sell residential properties to generate income, and in the process, create integrated homes for a diverse, vibrant community of Mauritians and foreigners. Previously we developed 20 residential units at Les Hauts Champs. Our focus, however, remains on Haute Rive: in 2012, Azuri was just a dream. Fast-forward 6 ½ years, Azuri is a dynamic, carefully thought-out Ocean and Golf Village. In that short lapse of time, we have managed to sell all 383 units, 163 of which were designed for the IRS segment, and 220 for the local market.

In the past six months, our portfolio has contained few villas for sale. As reported in the previous Annual Report dated December 2017, we have completed and handed over the RIVIERA project. The sale of the last 3 under reservation at that date has been duly registered. The sale, conducted under the VEFA scheme, generated MUR 259m.

In the period under review, we have also accounted for revenue generated by a special contract for the construction of villas outside the VEFA scheme on serviced lands we sold in 2016, increasing total turnover of this segment to MUR 388m.

As from July 1, 2018, we do not have any projects in the construction phase, and will therefore only be able to report the Income Statement based on a percentage of completion once the construction of the new phases mentioned below is underway.

It is worth noting that property developments are dynamic environments; they are always works in progress. With this in mind, our Sales and Marketing department conducted a market survey and repositioned Azuri as an Ocean and Golf Village. We are passionate about what Azuri stands for today. It is defining what it means to live in a progressive, multicultural, and driven community. Azuri is an established, reputable brand with a focus on home-ownership and the benefits and happiness that stem from owning property at Azuri. Our new Sales Office is up and running, and will serve to strengthen Azuri's new position as an Ocean & Golf Village.

To be an engine for growth, we must continuously identify new market segments. We recently launched a new phase of residences, Rive Droite, set around a 9-hole signature par-3 golf course, the first of its kind in Mauritius. 88 residential units are currently being marketed to the foreign market, which has shown encouraging signs of renewed vitality after the somewhat disheartening year 2017.

The Ocean River Golf View, Ennea, and Amara clusters offer a wide range of residences, from 2-bedroom apartments to custom-designed villas. We are confident in our ability to reach the break-even point in 2019 and set in motion 2 of the 3 clusters (the last one is scheduled for 2020).

We have developed a deep understanding of how to create value throughout the lifecycle of a real estate project. We are committed to the strategic asset management of our land and continue to build a high performing property portfolio that achieves sustainable and profitable growth. While it can be difficult to focus on the whole portfolio and easy to lose sight of broader goals, our masterplan involves comprehensive strategies that balance long-term value-creation and the appropriate risk considerations. We continue to conceive and implement measures that improve processes and operations and create value across our entire portfolio.

HOSPITALITY AND YIELDING ASSETS,

What we Own and How we Operate

In the past, we have shown great resilience in the face of the below par performance of our Hospitality and Commercial segments. In 2017, however, we noted some progress, which has carried out throughout the 6-month period under review. Our Poste Lafayette hotel has sustained a high occupancy, and we expect our Azuri hotel to attain a similar occupancy rate to that of last year by the end of 2018.

After a 41% and 57% increase in TRevPAR for the Radisson Blu Poste Lafayette and Radisson Blu Azuri respectively (December 31, 2017), we have noted an increase of 14% and 7% respectively for this period (June 30, 2017). Azuri's lower rates - both in terms of Occupancy (72%) and TrevPAR growth, in comparison to our Poste Lafayette hotel, is explained by the hotel's 3-week closure in June 2018 for a light refurbishment.

Following the change in the accounting year, we reported the TRevPAR over a six-month period (ended June 2018), which in the Hospitality industry, is a relatively low-season, and therefore not the most profitable semester. We are confident in our operator's ability to increase the TRevPAR by December 2018, especially for our Azuri hotel. We expect its TRevPAR to climb to MUR 7,250 for the 12-month period leading to December 2018, which represents a 15% increase in comparison to 2017.

79%

AVERAGE OCCUPATION RATE OVER 6 MONTHS UP TO JUNE 2018 (83% IN 2017). ALTHOUGH AZURI WAS CLOSED FOR 3 WEEKS IN JUNE 2018.

11%

REVENUE GENERATED BY WEB AND DIRECT SALES FOR RB AZURI HOTEL

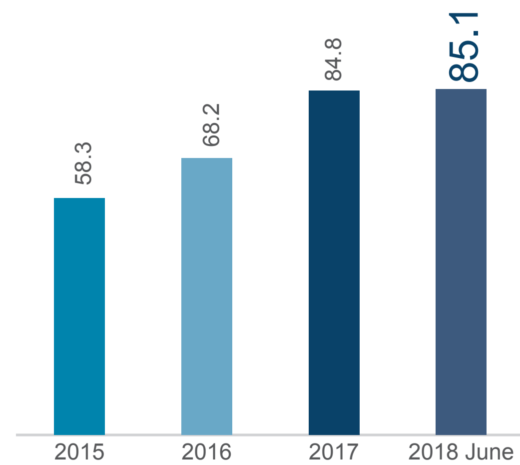
MUR **6,068**

COMBINED TREVPAR OVER 6 MONTHS UP TO JUNE 2018. 19.8% INCREASE IN COMPARISON TO JUNE 2017

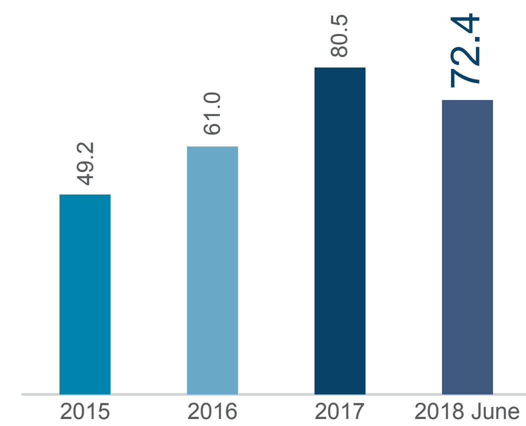
OPERATIONS

OCCUPANCY

RB POSTE LAFAYETTE

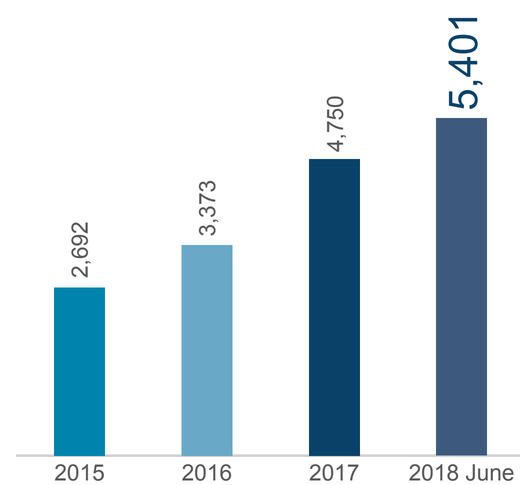


RB AZURI HOTEL

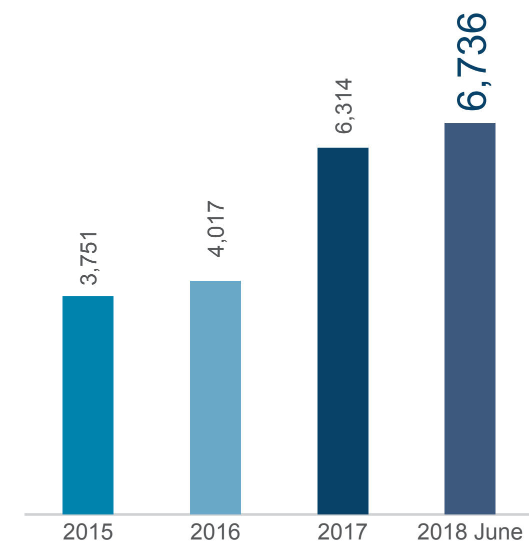


TREVPAR

RB POSTE LAFAYETTE



RB AZURI HOTEL



IN 2018

- Trip Advisor 2018 Certificate of Excellence for both hotels
- HolidayCheck 2018 Award for Radisson Blu Poste Lafayette Resort & Spa
- Safe Hotels Certificate 2018 for both hotels
- No 1 Guest Satisfaction 2017 Award for Middle East, Turkey and Africa within Radisson Blu Hotels.

As Azuri grows into an Ocean & Golf Village with a vibrant community of people that live, work, and play at Azuri, we expect our commercial outlets to grow considerably as they play an essential role in fostering a community life and offering around-the clock-convenience.

FACILITIES MANAGEMENT & SERVICES,

What and How we Manage

We favour specialist ancillary services to support our property sales by offering our homeowners hassle-free ownership where maintenance, housekeeping and rental services are taken care of.

While the contribution of these services to the Group remain negligible for the time being, we consider their value as essential in the long-run. Essentially, they provide immense support to our homeowners, whether they live full-time in their homes, spend a few months per year or rent them out. We expect revenue generated by this particular segment to grow significantly in the medium- and long-term.

Our Facilities Management and Services cluster comprises a range of services.

We are currently formalising a joint venture under the name of Life in Blue Ltd, an entity that will develop, market, and operate several rental options for Azuri homeowners. Rental pool, seasonal and other short-term rentals secure returns to owners who may still benefit from their property for a number of days per year. Azuri homeowners who have opted to rent their units long-term are seeing consistent returns. Resale of residential units can be done through various real estate agents. However, Life in Blue has the advantage of being located at the heart of Azuri, and the number of resales through Life in Blue is on the rise.

Azuri Services Ltd is a subsidiary that provides household, maintenance, and repair services to residents, ensuring a stress-free ownership. Our team provides internal, hands-on technical support but also the possibility to outsource these services from our preferred partners. In 2018, we reorganised the structure in order to increase returns and revenue in the medium-term. The revenue generated by Azuri Services, though negligible for BlueLife, nonetheless totalled MUR 5.7M for the six-month period leading up to June 30, 2018, a 79% increase in comparison to the same period in 2017.

37

LONG TERM RENTALS THROUGH LIFE IN BLUE SINCE JANUARY 2017

79%

INCREASE IN REVENUE FOR THE 6 MONTH TO JUNE 2018 COMPARED TO SAME PERIOD IN 2017

OPERATIONS

Ocean Edge Property Management Ltd continues to provide syndic services to Azuri with the use of professional syndic management software and a solid structure.

As at June 30, 2018, Ocean Edge administrates 14 co-ownerships totalling 715 lots that range from smaller size ones (16 co-owners) to larger ones (151 co-owners).

After five years of focusing on co-ownership management at Azuri, we are considering bringing our expertise outside of Azuri and establishing ourselves as a reference in the syndic services market.

All along, Azuri has been forward-thinking in its development model. The maintenance of infrastructure, utilities and equipment common to all Azuri Village stakeholders and residents is currently ensured by Azuri Estate Management Ltd. It acts as an authority and a supervisory body that ensures the Azuri Village is safe, well-maintained and fully operational at all times. Azuri Estate Management Ltd is

The underlying principles are that Azuri Estate Management Ltd is a not-for-profit organisation that operates according to an open book policy. The amendment of the Code Civil Mauricien to modernise the current regime of copropriété and associations syndicales, which dates back to 1978, and adapt it to the modern realities of the local real estate sector, has been recently voted by the Parliament. We, therefore, expect our co-ownership management and Azuri Estate Management Ltd will have to adap to the newly reformed code.

715

LOTS OF CO-OWNERSHIPS UNDER MANAGEMENT

MUR **38.3m**

OF BUDGET FOR CO-OWNERSHIPS' OPERATIONAL EXPENSES UNDER MANAGEMENT

HUMAN CAPITAL

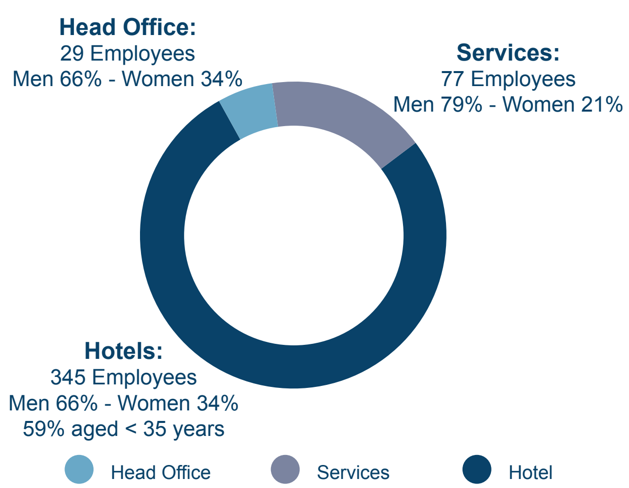
The Group's existing workforce numbered 451 employees at the end of this financial period, a 6% decrease in comparison to December 31, 2017. Although the number of hotel employees has decreased, that particular segment represents our largest unit with a total of 345 employees, 66% of whom are men.

Gender representation remains unchanged, with men making up 66% of our overall workforce, and women 34%. The gap pertains to the nature of our business with men making up 79% of our Services department, which includes maintenance, repairs, and syndic. Women, however, make up 66% of our Head Office workforce.

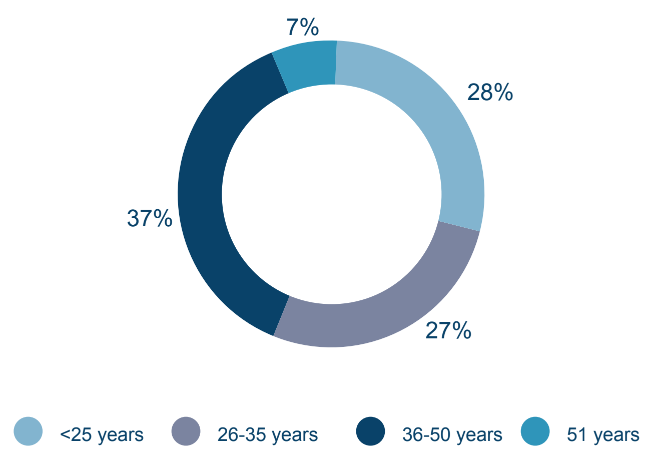
We believe in the dynamism of our youth and the experience and commitment of our eldest. Our workforce, which comprises different generations, is disruptive in its ability to turn obstacles into opportunities. Our hotel workforce is young, with 59% under 35 years of age, while in our Services department and Head Office, 42% are under 35. 55% of our overall workforce is under 35 years of age. We count on them to solve this era's issues, namely Sustainability and Digital and be a creative force in every project we undertake.

In the last 6 months, we focused our efforts on reworking the composition of our workforce at the middle management level and in the Facilities Management and Services segments. In light of the launch of the new Rive Droite phase and the sale of 88 residences, we are looking to strengthen our Sales Team.

Employment by Segment



Age Range



Since our last report, the major changes that have occured are as follows:

- Hiba Vergnaud – Customer Relationship Manager, Gwénaël de Fontenay – Syndic Operations Manager and Martine Lelong – Housekeeping Services Manager – have joined the Group in our Facilities Management and Services departments to improve Customer Satisfaction and contribute to our Revenue Growth Strategy.
- After 4 ½ years as Financial Controller of the company, Nicolas Rey has accepted the position of Asset and Operations Manager. He will oversee and develop the revenue and returns generated by Azuri Services Ltd. As an Owner's Representative, he is overseeing our Retail, Hospitality, and Services departments.

We intend to further strengthen our organisation through team building with a focus on carrying out our values, which in turn will generate synergies between our teams. Our upper and middle management employees have participated in workshops based on the following theme: *mieux se connaître pour progresser agilement ensemble*. The series of workshops will continue in the upcoming months and trickle down our organisation.

Certain members of our Senior Management are currently undergoing coaching to foster team synergy.

As we now form part of the IBL Group, we are able to partake in seminars organised by IBL. Recently, we attended a talk conducted by Gunter Pauli, an advocate of the "Blue economy", as well as a *Leadership Service Excellence Summit* headed by Ron Kaufman, one of the world's most sought-after thought-leaders on the topic of building great service culture.

SMART

INITIATIVES:

The Solution for a More Livable Future

Since its inception over four years ago, Azuri Ocean & Golf Village has metamorphosed into a vibrant seaside community with all the modern facilities of a city. With access to a secluded beach, a bustling café, an array of restaurants, boutiques, a delicatessen, a spa, a farmer's market and a signature 9-hole golf course, Azuri meets the growing demand for alternative living opportunities.

At the same time, our global urban population is growing at an alarming rate. This rampant urban sprawl, caused by a lack of strategic planning, has become a rallying cry for a new era of sustainable development. As property developers whose livelihood depends on limited land, we are aware that we are living on a planet with finite resources. The way we currently live and consume is simply untenable. In mapping out a Master Plan for a new Azuri, under the stewardship of IBL-hired consultants, it became apparent that Azuri is ideally positioned to be at the forefront of an urban transformation for two reasons. The first is that Azuri is still in its infancy phase of development, which means game-changing measures can still be implemented; the second is that there already exists a high level of community involvement amongst homeowners and partners at Azuri, without which our initiatives will fall short of expectations.

We envision an Azuri that is technologically savvy and intelligently adaptive to its residents' needs, with the ultimate goal of improving energy efficiency, environmental sustainability and citizen engagement. Integrating sustainability in all that we do is tied to the idea of building a resilient legacy that can be handed down to future generations.

While Technology and Sustainability are seemingly mutually exclusive concepts, the reality is that they are mutually reinforcing. In essence, a city is a connection of networks: networks of people, technologies and infrastructure. And when these networks work together, they minimise their impact on the environment and improve the quality of life. Our answer lies in a combination of digital prowess and sustainable practices, which are the two engines that will fuel Azuri 2020 and beyond.

DIGITAL

It is important to understand that technology is merely an enabler to our initiatives. Technology, by itself, is not the determinant of success; it is a means to an end, the end being a more efficient, sustainable and environmentally sound Azuri. We also aim to improve the awareness and behaviour of those involved in the daily activities of Azuri, from homeowners to guests, commercial operators to employees. It is this drive for user accountability that will lead to an incremental, but sure, change in how we approach energy management.

To this end, we have identified a new measure that holds the promise of a new paradigm for a new Azuri: Smart Use of Water.

Currently, water is provided to Azuri by the Central Water Authority, then distributed throughout the Village via a complex network of pipes, which has made it difficult to manage individual water use and locate leakages. Smart metering has emerged as the best solution in the fight to preserve water supplies. We plan to achieve this in the first quarter of 2019, through two steps.

The first is to replace conventional analogue meters by a Smart Water Metering system using connected meters and a software that allows for efficient management of the water distribution network throughout Azuri. This system accurately records consumption in each residential block and even each individual housing unit. An automatic customer leak detector provides the precise location of a leak. The second step is paramount to the success of our endeavours. While smart meter water data can be used to correct behaviour, its greatest use is preventative and educational. Each household will have access to an analysis of their individual meter data, which provides an accurate reading of consumption. Through an 'alert' procedure, they will be notified when they are in danger of exceeding a specific limit. Identifying inefficiencies at an early stage will allow providers and users to react to usage patterns, avoid further wastage and effectively reduce their water usage.

1.5

TONNES OF TRASH COLLECTED ON ENVIRONMENT CLEANING DAY IN AZURI

SUSTAINABILITY

Concerns over climate change have triggered a need for sustainable urban planning and for livable, self-sustaining communities. A United Nations report defines sustainability as "a development that meets the needs of the present without compromising the ability of future generations to meet their own needs." With this in mind, we engaged with Gunter Pauli, author of 'The Blue Economy,' to implement Smart solutions and attitudes at Azuri. This begins with effective Waste Management.

Currently, full-time sanitation workers collect 280 trash bins per day from across the village, including the hotel, restaurants, and residences. With a growing number of residents and activities at Azuri, there has been a significant increase in waste over the years. We have shifted into a higher gear to reuse and recycle waste across the Village, achieved through three initiatives: reconditioning, salvaging and reprocessing.

The first step was to install two separate bins in the boatyard area: one for glass, and one for PET materials. Citizens are expected to dispose of relevant waste in these bins, which will then be transported to recycling venues. As part of our commitment to the planet, our second step involves the disposal of organic waste, with designated areas for collection. The waste then undergoes composting, a procedure that merges the three fundamental R's—Reduce, Reuse, and Recycle. Meanwhile, the explosive growth in the electronics industry has led to a new global hazard: e-waste. The third step, therefore, involves the removal of e-waste, which includes anything from televisions to computer, phones, batteries and other peripherals. Through these measures, we hope to make Azuri a working model for sustainable living, where proprietors and facilitators advocate an exemplary lifestyle. In doing so, BlueLife establishes itself as a driving force for sustainable projects in the region, and across Mauritius.

SOCIAL CONTRIBUTIONS

At BlueLife, the notion of being socially responsible goes beyond donations. During the last months of 2018, over 2 million rupees were donated as our social contribution fund through several activities and events in the region. It is about taking into account the needs of our internal and external environments, being transparent and ethical, operating in a way that benefits society, and above all, empowering our most vulnerable communities. After all, a business is only as strong as the community surrounding it.

This year, our efforts were focused on Education, Training and Sports programs amongst others. For instance, we helped individuals set up their businesses through financial and administrative support, supplied classrooms with textbooks and bins, renovated and upgraded schools and sports fields, participated in activities relating to sports, outings for the elderly, cultural events, a talk on drug abuse and recreational activities for disabled children. We also regularly organise Market Days in the village centre to help local entrepreneurs promote their products. By engaging in continuous dialogues with our stakeholders, we intend to continue addressing each beneficiary's specific needs and providing adequate solutions.

This year was also marked by major environmental undertakings within Azuri, in line with our commitment to operating in a manner respectful of our local and marine environment. During our beach clean up days, volunteers were able to collect and dispose of 1,5 tonnes of trash from the beach and lagoon further away from Azuri. Moreover, a team of volunteers gathered to clean up the fast-disappearing mangrove forests, ecosystems that are vital to our livelihood and that of countless other species. The turnout and results of these events are evidence that there truly is strength in numbers and power in unity.

RECENTLY LAUNCHED PROJECTS

AZURI

Azuri, Ocean & Golf Village, as it has recently been rebranded, is more than ever the perfect village location to settle in on the east coast. A vibrant community where the residents feel safe and happy, and where as the days pass the genuine community life develops itself. After all property development is not only about Brick and Mortar, its first and foremost about creating happy lifestyles where our homeowners feel at home. Azuri recently launched a new neighbourhood called Rive Droite.

RIVE DROITE, THE GOLF NEIGHBOURHOOD

88 Residences, Villas, Penthouses & Apartments

RIVE DROITE - THE GOLF NEIGHBOURHOOD

Picture this. A peaceful neighbourhood. A quiet street lined with gorgeous, intimate homes. Lots of greenery—the fairways of a beautiful 9-hole, Par-3 golf course. Welcome to Rive Droite, a neighbourhood at the heart of a splendid golf.

What draws people to Mauritius and Azuri in particular is the proximity to nature. Whether you fantasize about owning a beach house or a lavish villa near a golf course, Azuri offers the best of both worlds. Rive Droite, Azuri's newest neighbourhood comprises three distinct residential clusters: Ocean River Golf View, Ennéa, and Amara. Eighty-eight classic penthouses, villas, and apartments are set near the river's elevation, affording breathtaking views of the golf course, and in the distance, mountains. Here the land is invaluable, offering attractive investment opportunities to potential international buyers looking for a first or second residence. Each of these luxurious compounds come with their own eco-friendly electric buggy, which can be used to drive over to the Village, but also a transferable golf membership.

Ocean River Golf View, Ennéa, and Amara each have their own identities and vibes. But what they do have in common is perpetual tranquility, and all the benefits that come with living by a golf course.

A SIGNATURE PAR-3 9-HOLE GOLF COURSE

Mauritius has, over the years, become a renowned golf destination. Azuri's 9-hole, Par-3 executive golf course offers golfers of all levels a chance to perfect their game, play a round between meetings, and challenge themselves. We have partnered with industry leaders including IMG, one of the world's leading golf designers, and expert Marc Amelot of Green Sun Management, to conceive this unique course and maintain and manage it on a daily basis. The course brings immense value to Azuri's land and puts Azuri in IMG's network of top global golf destination.

Azuri's signature Par-3, 9-hole course adds immense value to the land and homes at Azuri. Not to mention, it offers homeowners a chance to play their favorite sport within a minute-walk from their house. The conception of a golf course also places nature at the heart of the community, ensuring spaciousness and a legacy for years to come.

ENNÉA

Located on 1.25 hectares of prime property facing fairways #7 and #8 of the Azuri Golf, Ennéa adjoins the existing vibrant village to the new Rive Droite neighbourhood. Ennéa consists of a collection of high-end residences ranging from two-bedroom apartments to three-bedroom villas with views of the west and northwest part of the island. These exquisite residences are ideal for a family of golfers and investors alike.

AMARA

Nestled at the heart of Rive Droite—a short buggy ride from the bustling Village—, the Amara residences are designed for those seeking understated luxury and tranquility. The variety of properties include 7 island villas, 17 villas, 4 penthouses, and 12 apartments. With views of the majestic river and golf course, Amara is the quintessential island home.

OCEAN RIVER GOLF VIEW VILLAS

The sixteen iconic Golf View Villas are situated on 2.5 hectares of land on the northern part of the golf course, and face the southwest and southeast. These exquisitely-designed, light-filled residences combine modernity with outdoor living, inherent to life in the tropics. Built on a single plan, the residence is designed so you may gaze at the tropical gardens from the inside of your home as well. Adjacent to the swimming pool and deck in a sunken gazebo, ideal for entertaining. The luxuriant tropical garden borders the greens of the course, immersing you in nature.

LIVE AMIDST DYNAMIC

PROFESSIONALS

"As a business, we could not hope for a better location than Circle Square to set up our activity. It takes me 10 minutes to get to work. I have many facilities around—restaurants, snacks, meeting places, and my kids' school is just up the road. We have for sure improved the quality of life of our collaborators by moving here."

RISK
MANAGEMENT

Risk management is a valuable process where the preparedness to uncertainties, the reactiveness and the decision-making are key elements for the success of organisations.

The conduct of our businesses and activities inherently exposes our organisation to risks. This is why it is essential that the whole organisation is made aware of the risks involved, and of the need to install a proper Risk Management System to manage, monitor, and control risk. We:

- Ensure that the Management Team in all divisions develop a risk awareness culture and that all procedures are in place to identify, assess, report and monitor the major risks in our day-to-day operations.
- Structure the reporting and decision-making processes, adopting collegial decision making with respect to some critical areas.
- Promote increased exchange of relevant information between the various clusters in the Group, particularly with formalised structured meetings where risks can be anticipated at early stages and mitigating actions taken

RISK MANAGEMENT FRAMEWORK

Risk is managed at various levels in our organisation and our risk framework is being set on the 3 lines of defence approach moving up to the Board of Directors acting as overseeing body. The Board establishes a governance structure as defined in the table below, identifying any desirable changes to the risk culture into the organisation and ensuring that management takes all steps required to address those changes. The framework is illustrated below:

BOARD

AUDIT AND RISK COMMITTEE

SENIOR MANAGEMENT & EXECUTIVES

	1st Line of defence Risk owners Take and manage risk	2nd Line of defence Review and challenge Set risk policy and monitor	3rd Line of defence Independant assurance Validate
Roles	Business management	Risk management and compliance functions, specialist departments	Internal audit function / other assurance providers
Ownership & Responsibilities	Ownership, responsibility and accountability for identifying and managing risk & control	Support Management in identifying and managing risk & control	• Internal Independent from operations and finance • Highlight control weakness and inefficencies to management
Activities	Own and operate	Design, support & challenge	Assurance
	• Identify, manage, mitigte and report on different risks • Ensure operations are operated within agreed policies and risk limits • Report and escalate risk limits breaches	• Design the overall RM framework • Develop risk policies and procedures • Monitor adherence to framework and strategy	• Provide independant testing & verification of efficacy of corporate standard and business line compliance • Provide assurance that the risk management process is functioning as designed and identify

Various committees exist as 1st line of defence with the senior management with cross-fertilisation between the various departments and activities so that any risk related occurrence can be addressed immediately and be escalated to the 2nd line of defence. Regular discussions have favoured the development of the risk awareness culture at management level and we are look that same be disseminated to the operational levels.

In 2017, we reported that the management continued its stringent monitoring of risks through regular review of the risk register and management of those risks with changes in ratings. For the 6 months to June 30, 2018, we have undertaken a review of the risk reporting classification and model and this led to a new presentation below.

We are reporting the risks we are facing in our present situation: for example adding or increasing risks relating to the planning, design and costing stages of a project as we are currently presenting our new development to the market engaging ourselves for the one to three year period and removing or reducing risks pertaining to construction. Although the later are significant risk for a property developer, we do not have presently any project under construction. These risks will increase when our project will be at ground breaking stage with construction starting.

RISK MANAGEMENT

OUR PRINCIPAL RISKS IN THE PRESENT SITUATION AND CHANGES FROM LAST YEAR

Risks Relating to Residential development & Sales as the potential events or conditions that result in the failure to meet a sales objective or goal.

RISK DESCRIPTION	PRESENT RISK RATING	CHANGE FROM LY	TRIGGER EVENT / INDICATOR	CONTROL PROCESS TO MITIGATE RISK
Competition Competition is a risk at the opportunity, account and product level. We face competition from other residential development projects (locally & abroad)	HIGH	↑	• Any oversupply of residential development in the same market segment may adversely affect our sales program, price targets and sales revenue. • The development of the resale market with an increased inventory has generated new competition. • Our inventory was till recently limited to one type of villas.	• Ensuring a robust development project screening process is in place • Adopting competitive pricing strategies • Ensuring the permanent adequacy of our offerings to customers' needs. • Favour the proper diversification of the Group's activities by having a blend of property, office and retail development.
Resources Losing top performing sales people to a competitor who then attract your customers to competing products. An unpopular incentive plan that causes several top performers to leave your sales team. Lack of qualified sales people	HIGH	NEW	• No sales team in place at a critical selling point in project cycle • Recruitment unsuccessful with candidates refusing our employment proposals • Underperforming sales team	• Succession planning and staff retention plans introduced across the group • Offering market-related salaries and benefits (commissions scheme clear and fair) • Keep database of interesting CVs & contacts
Sales Channels Sales channels not properly defined Representatives in the various channels not managed efficiently Conflicts with representatives in the sales channels. Example : sales channel representatives consider promoter's sales team as a competitor or is not satisfied with commissioning structure The best local sales channels representatives working on exclusivity with competing promoters	HIGH	NEW	• Reduction in leads registered through the specific sales channel	• Research new channels for qualifying lead generation • Implement digital marketing strategy to obtain direct lead generation • Implement CRM to collect and store market information in order to constitute a client database favouring B2C business • Improve the sales efficiency by formal lessons-learned at the end of each project

RISK DESCRIPTION	PRESENT RISK RATING	CHANGE FROM LY	TRIGGER EVENT / INDICATOR	CONTROL PROCESS TO MITIGATE RISK
Customer Needs Conception issue Shifting customer needs and perceptions so that developed projects are out of market price ranges or do not match to market demand. This would result in less demand for our products.	HIGH	↑	• Time lag in achieving break even sales upon launching of project • Negative comments from the market on concept and design	• Implement a Project Development Committee to centralise all ideas, opportunities and concepts for new projects development, to think ahead, communicate and evaluate portfolio of projects • Review, confirm maximum input received from market researcher • Sales team brought at early stage of design to ensure product and pricing in line with market • Ensure a robust development project screening process in place • Ensure the permanent adequacy of our offerings to customers' needs. • Test the market of end-users before entering into the commitment to actual starting of construction of a project while ensuring a certain rate of pre-letting or pre-selling before starting construction.
Lead Qualification Negotiation Objection Handling Poor handling of leads with failure establish at early stages whether the sales leads are disqualifying for the product. For example: leads which do not actually have financial ability to purchase the property. This includes clients who do not have the budget, ability to transfer the money as a result of exchange control in their country of origin, doubtful source of funds, etc..... A negotiation that fails to lead to closing a deal. For example: misreading customer motivation, poor objection handling resulting in failure to close the deal, etc....	MEDIUM	NEW	• Delay in converting leads • Delay in signing Contrats de Reservation Préliminaires (CRPs) • Delay in funding deposit or calls of funds	• Review marketing strategies / targetted market segment / Engage further markets • Increase marketing activity and sales initiatives • Appoint additional sales force • Pursue [pre-let/pre-sale] & [tenant/buyer] demand driven development projects • Review the outcome from the commercialisation phase regularly • Increase incentives, reduce prices • Think about a Plan B"
Macro-Economic An economic downturn or recession that results in customers freezing new spending. Financial market turmoil leading to continued low occupier demand and pricing correction	MEDIUM	↔	• Political changes in local or key markets • Slowdown in the IRS market in 2017 • Competition from other markets on the residential segment (For example: Portugal, St Kitts & Nevis)	• Build attractive residences on prime sites to enhance demand • Look at new markets [Africa, Far East]

The current risk in respect of residential sales is on the high side since we in an off-plan sales phase. All built units have been sold and the high risks is attributable to the need of reaching sales levels which allow the launching of the various Rive Droite components. At this stage, we rely largely on the ability of design and concepts to be attractive, the right range and pricing of products as well as performing sales team and channels.

RISK MANAGEMENT

Risks Relating to Sales in our Hospitality segment regarding the potential events or conditions that result in the failure to meet a sales objective or goal.

RISK DESCRIPTION	PRESENT RISK RATING	CHANGE FROM LY	TRIGGER EVENT / INDICATOR	CONTROL PROCESS TO MITIGATE RISK
Reputation Reputational risks such as a hotel that receives bad publicity due to a guest service incident. With reviews on the internet becoming the norm for rating guests' satisfaction, the high impact of trusted guests' reviews can rapidly and significantly affect the bookings	HIGH	NEW	• Declining reviews, rankings and bookings. • Bad press	• Reputation management at 2 levels • - Understanding what's said about the hotels online • - Actively working on improving the hotel's reputation • Social media monitoring to quickly address negative reviews and encourage happy guests to write positive reviews • Keep and test a Crisis Management procedure
Macro-Economic A decline in the attractiveness of Mauritius to international visitors, a depressed Hospitality Industry, increased cost of air tickets reduced air access which result in a reduction in tourists arrival and a shift in demand to hotels operating in other segments or for other types of residential offerings (3* / going to bungalows would have a material adverse effect on our hotel revenue levels.)	MEDIUM	↔	• Declining bookings and reduction in business on the book figures for previous comparative periods with pressure on prices.	• Pricing strategy aligned on market demand • Develop strong relationship with TOs • Tackle various markets to position our hotel offers

With current increased occupation and rates in our hospitality cluster as well as improved general rating on social media, the risk is considered as being contained.

Risks Relating to Revenue in respect of the potential events or conditions that result in the failure to meet revenue objectives, to generate cash flows to support operating, investing and financing needs of the organisation

RISK DESCRIPTION	PRESENT RISK RATING	CHANGE FROM LY	TRIGGER EVENT / INDICATOR	CONTROL PROCESS TO MITIGATE RISK
Low inventory and low market offering of residential projects Low inventory and lack of residential projects lead to the reduced funds to ensure funding of working capital as well as no contribution to Group Results (which were highly compensated by profit on development in 2016 & 2017)	HIGH	↑	• Inventory Stock low • Long lead time in bringing residential projects to market	• Reduce lead time to develop new projects without compromising on milestones procedures to ensure that risks are contained • Ensure full adequacy to market demand • Optimise phasing of projects to promote flexibility in product adjustments/customisation as well as possibility of launching construction of individual project components. • Construction of demo unit to test design and quality as well as tool to promote sales
Accounts Receivable Owners or Tenants payment default Difficulty in collecting revenue may impact the Group revenue and lead to losses	HIGH	↔	• Tenants' insolvency/bankruptcy • Growing defaulting tenants in paying of rent and other charges due	• Credit control to assess and regularly monitor tenants' risk profile and engagement • Systematic risk assessment profile of tenants prior lease agreement signature • Tenants' arrears closely monitored and termination of non-performing tenants' leases • Credit control measures to curb bad debt
Budget and cash flow forecasts The budget should provide an accurate forecast of anticipated revenues and a roadmap for appropriate spending. Budgets in cyclical industries lead to difficulties in establishing revenue targets while expenses must be as precise as possible to ensure that cash needs are fulfilled	MEDIUM	↔	• Variances between Budget actual Actual figures	• Efficient budget control procedures to ensure monthly monitoring of realised vs budget as well as rolling budgets and business plans • Close monitoring of budgets and focus on room pricing for our hospitality segment and costs savings • Local sales team more dynamic towards yield management • Operating and financial costs control and savings strategies implemented
Exchange Rate Risk The value of foreign sales can decline due to exchange rate fluctuations. Such fluctuations can also affect the competitiveness of products on foreign markets.	MEDIUM	↔	• Significant currency fluctuations in major currencies	• Develop markets which rely on different base currencies for sale of properties, hotel operations and for sourcing of materials

RISK MANAGEMENT

RISK DESCRIPTION	PRESENT RISK RATING	CHANGE FROM LY	TRIGGER EVENT / INDICATOR	CONTROL PROCESS TO MITIGATE RISK
Unexpected increases in material costs during construction Management of variation orders in projects Construction cost is a key factor in property development and is more critical for projects sold off plans with sales price already fixed. Any increase in construction cost when construction start several months after sales will affect profitability. In addition, the mismanagement of variation orders may lead to significant increase in cost, delay in the delivery and dispute with clients	MEDIUM	↓	• Increase in world price of fuel and key construction products • Increase in labour cost	• Favour a detailed design - Built methodology to ensure costing are made on detailed designs • Treat the general contractor as a trusted adviser or partner, leverage to ensure proper costing at start • Use controlled pricing mechanisms when entering into construction contracts • Ensure a Construction Change Order process is in place from Day 1 of the construction • For Buyers initiated Change order, ensure proper costing, approval prior to give orders

Currently we don't have project under construction. Although the Revenue risks related to unexpected increases in cost or managing change orders during construction are therefore reduced, they will raise again at the time of the Rive Droite development will be on ground.

Risks Relating to Project Development and Construction as the potential for a project to fail. More broadly, it is the potential for a project to cause business losses.

RISK DESCRIPTION	PRESENT RISK RATING	CHANGE FROM LY	TRIGGER EVENT / INDICATOR	CONTROL PROCESS TO MITIGATE RISK
Project Estimates Budget Commercial Appraisal Projections of costs, task completion times and resource needs for a project are the basis for plans, decisions and schedules and their accuracy is critical. Inaccuracy of assumptions and estimates built into a budget results in budget control issues such as cost overruns.	HIGH	↑	• Inability to sign contracts at terms and prices used for estimates • Additional unseen costs to projects	• Ensure the designs are detailed enough for proper estimates • Make necessary provision in the Commercial Appraisals for costs subject to increases • Use experience to assess risks of increases and refine Commercial Appraisal modelling accordingly • Add this point in the checklist and agenda of the Project Development Committee • Rigorous Progress and PM meetings to ensure the construction costs are contained.
Reliable business partners Professionals, contractors & sub-contractors as well as service providers are partners on which success of a project relies. Unless due care is applied in their selection there is a risk that a project does not progress smoothly and it may lead to delays, budgeting errors , cost overruns and resulting shortfall in benefit.	MEDIUM	↑	• xxx	• Establish the criteria and process to shortlist reliable contractors, sub-contractors, suppliers and service providers. Selection criterias to include but not limited to financial stability, capacity and references from previous employers. • Establish and monitor a database of contractors, sub-contractors, suppliers and service providers • Ensure that selection of contractors, sub-contractors, suppliers and service providers is undertaken by a panel/committee • Keep abreast of of capacity and availability of the key players on the market (industry forum, newspapers, etc…)
Architecture & Technical Designs While a proper project brief is required, architects, engineers and other professionals must provide quality and detailed designs to ensure that construction is feasible, efficient and up to expected client standards. Poor design may manifest itself as functional defects or hurdles to development that impede project progress.	MEDIUM	NEW	• xxx	• Project brief clearly setting the required product and standards • Meticulous selection of professionals • Internal Project Review Committee, including executives from operations departments, review concept and detailed plans to reduce possible issues • Clear framework checklist to ensure steps followed • Review of projects by Project Development Committee constituted

RISK MANAGEMENT

RISK DESCRIPTION	PRESENT RISK RATING	CHANGE FROM LY	TRIGGER EVENT / INDICATOR	CONTROL PROCESS TO MITIGATE RISK
Planning & Permits Delay in obtaining permits will lead to project being delayed and cost overruns.	MEDIUM	NEW	• Delay in obtaining relevant permits or application rejected	• Keep abreast with changes in legislation in relation to planning and development • Select competent professionals to ensure that all planning guidelines are followed in project development • Submit complete files to relevant authorities in order to avoid delays which are linked to incomplete files
Regulations Failure to comply to laws and regulations can result in significant costs and penalties. Compliance to laws and regulation must be ensured at all times. Changes in laws and regulations must be monitored and impact assessed on past and future projects. Failures may lead to costs being incurred for of changing the product, revocation of licence or Stop Orders / suspension of operations	MEDIUM	↔	• Health and safety or environmental issues found by authorities on a project • Being made aware of failures to comply with the law/ regulations through Criminal / Civil prosecution	• Assess, on a regular-basis, the legal and regulatory framework in relation to the industry • Keep abreast with changes in the legal framework though relationships with other industry players (forum, formal or informal meetings) • Establish internal procedures and controls to comply with prevalent legislations

At the current stage of development of Rive Droite where the sales are carried out at off plans per set designs, there is a risk linked to the alignment of the product to the market and potential need to review the product in case of slow sales process. In addition, while contracts must still be negotiated with contractors/suppliers and selling prices are fixed based on cost plans, there is a risk of construction costs increasing beyond contingencies. Those two risks associated with property development could impact our capacity to meet targets in terms of sales, breakeven, start of construction and our ability to generate cash for our businesses and profits for our shareholders.

Risks Relating to Assets in respect of the potential for loss, damage or destruction of an asset (people, property and information) as a result of a threat exploiting a vulnerability, intentionally or accidentally.

RISK DESCRIPTION	PRESENT RISK RATING	CHANGE FROM LY	TRIGGER EVENT / INDICATOR	CONTROL PROCESS TO MITIGATE RISK
Reputation damage Reputation being one of the company's biggest assets, it must be preserved in order to maintain confidence of the stakeholders and general public in the company.	HIGH	↔	• Bad press • Negative campaigns in social media • Compliance and Health & Safety issues • Declining reviews, rankings and bookings in the hospitality cluster	• Behave in an ethical and fair manner with all stakeholders • Observe high standards • Reputation management at 2 levels - Understanding what's said about the hotels online - Actively working on improving the hotel's reputation • Social media monitoring to quickly address negative reviews and encourage happy guests to write positive reviews • Develop strong relationship and permanent communication lines • Keep and test a Communication Crisis Management procedure with support of PR agency
Internal fraud Acts of fraud committed internally against the interests of the company. Losses can result from intent to defraud, tax non-compliance, misappropriation of assets, forgery, bribes, deliberate mismarking of positions and theft.	MEDIUM	↔	• Whistle blowing with respect to unethical behaviours by employees involved in bribery, misrepresentation, side businesses, etc… • Internal or external audits detecting fraud • Internal dysfunctional behaviours of employees such as, withholding information, under delivering and overpromising, misrepresenting results, use of company data for personal use, etc.	• Establish a Group's Code of Ethics and ensure all employees from top to bottom levels are made aware of the corporate culture • Ensure the strict adherence to the Code of Ethics embracing the Group's values, ethical considerations and principles • Create procurement norms and rules and ensure controls are in place and signatories of authority established
Insurance The insurance cover might not be adequate resulting in net replacement cost in case of breakdown or destruction of assets.	MEDIUM	↔	• Losses suffered as a result of events due to absence of or inadequacy of insurance cover	• Ensure that insurance policies cover both our assets, employees and loss of revenue, as far as possible • Permanent control of policy specifications and insured limits • Undertake annual detailed and full review of risks and insurance cover to adjust policies and sums insured accordingly

RISK MANAGEMENT

RISK DESCRIPTION	PRESENT RISK RATING	CHANGE FROM LY	TRIGGER EVENT / INDICATOR	CONTROL PROCESS TO MITIGATE RISK
Business disruption and systems failures Inability to be back in operations in the event of unexpected disruptions and disasters as well as loss of critical management information and delays in billing and collection of revenues	MEDIUM	↔	• Natural disaster impacting our sites, buildings and operations • Theft, destruction of information and breaching the system security like hacking • Server breakdown	• Cloud based solutions hosted by reliable service providers for key databases and mails • Daily backups of information • Virtualised server environment • Guaranteed uptime in terms of service level agreements • Insurance cover • Contingency and recovery plans for core services, key systems and priority business processes have been developed and are revisited as part of existing management processes to ensure that continuity strategies and plans remain relevant
People resource Risk of losing key skills in case of employee resignation will impact the smooth running of operations and could lead to reduction in results	MEDIUM	↔	• Resignation of Employees • Difficulty in recruiting new talents	• Succession planning and staff retention plans introduced across the group • Offering market-related salaries and benefits • Keep database of interesting CVs & contacts
Damage to physical asset Losses could be incurred upon damages caused to physical assets as a result of natural disasters or other events like terrorism and vandalism. Property including critical infrastructure could also be damaged due to lack of assets' supervision & maintenance, leading to business interruptions, financial loss etc..	MEDIUM	↔	• Deterioration in the buildings quality as a result of incidents or due to construction defects	• Maintain an up-to-date list of all equipment, including serial numbers and cost. This should also be duplicated and backed up, as it will prove very useful if it becomes necessary to make an insurance claim. • Regular monitoring and adequate insurance cover • CCTV cameras monitoring and security protocols implemented • Regular interaction between owners and facilities managers with tenants • Regular site visits and inspection • Maintenance contracts with service providers on expiry of guarantee period • Backup plans for utilities and engagement with local authorities

As a property developer, we own a certain number of physical assets and we need to ensure that they are properly built and maintained. Any damages or deterioration will lead to business interruptions, operating losses and impairment of the assets values. Access and readiness of information and data is key for the running of operations and we have enforced security and backup procedures. Our people are a key asset and we permanently invest in the training of our staff, in the recognition of their individual and collective talents, ensuring to develop a safe, pleasant and inspiring work environment.

Risks Relating to Financing & Investing in respect of the potential that operating losses and cash shortages can result in our inability to finance, service and invest and ultimately to our insolvency.

RISK DESCRIPTION	PRESENT RISK RATING	CHANGE FROM LY	TRIGGER EVENT / INDICATOR	CONTROL PROCESS TO MITIGATE RISK
Exceeded facilities limits Cash flow shortages The risk that the company's available cash will not be sufficient will impact the ability to make full and timely payments. There is a need for operating capital to keep the company in business and to avoid disruption of operations. It is also essential that the company meets its financial obligations to avoid any case of insolvency and bankruptcy.	HIGH	↔	• Unavailability of cash to fund the business and meet our obligations • OD limits reached • Reduction in revenues – Increasing Accounts Receivable • Increasing Accounts Payable	• Maintaining a sufficiently large liquidity buffer • Manage cash position and available funding headroom • Work on immediate solutions to raise cash particularly through the sale of assets • Increase revenue and cut off expenses
Debt servicing & debt covenants The bank facilities are subject to some restrictions and covenants that may limit our flexibility in business operations.	HIGH	↔	• Limitation in our ability to access, engage into transactions or projects • Deterioration of the covenant ratios • Financial institutions exposure to real estate or to the majority shareholder's group, limiting lending capacity of some institutions	• Maintaining conservative loan to value ratios • Manage cash position and available funding headroom • Diversification of funding providers • Spread the maturity profile of debt evenly • Maintain a sufficiently large liquidity buffer • Regular liquidity stress testing and scenario analysis • Maintain adequate contingency funding plans

The funds raised in the financial restructuring undertaken in 2018 have been used essentially towards the restructuring of the Group's indebtedness. Further reduction of gearing in planned through realisation of some Group assets sale. Sales proceeds from earmarked assets are also intended to fund the seed money for the various projects in the pipeline as well as to support the overheads until the project money flows in upon progress.

RISK MANAGEMENT

Risks Relating to Health & Safety in respect of potential that our business activities will have a negative effect on human health or wellbeing.

RISK DESCRIPTION	PRESENT RISK RATING	CHANGE FROM LY	TRIGGER EVENT / INDICATOR	CONTROL PROCESS TO MITIGATE RISK
Unguarded machinery & Use of equipment Working at heights Unguarded machinery can cause serious injuries from serious cuts, crushing injuries, fractures and amputations. Machinery not locked out that starts up unexpectedly, especially during clean up or maintenance, can cause serious injuries.	HIGH	↔	• Accident / Fatal Accident on Site • Injuries	• Occupational health and safety regulations • Set up safe work procedures on how work is to be carried out safely. • Ensure that workers receive H&S education, training and adequate supervision. • Set aside time for regular workplace safety inspections. • Incident investigations to ensure that the same incident will not happen again.
Security / injury In the Azuri village, risk of safety, minor, serious, or fatal injuries on site, burglary in residences in case of lack of security may lead to the following consequences: - Damage to reputation impacts long-term growth and sustainability - Legal prosecutions, claims.	MEDIUM	↔	• Injuries / accidents on site • Burglary	• CCTV cameras monitoring and security protocols in place • Ensure full compliance from 3rd parties (Operators / Bars & Resto / Hotel etc…) • Zero tolerance for non-compliance to safety rules • Insurance cover • Regular Staff training for First Aid • Implement Crisis management protocols / Inform Communication agency
Chemical exposure Many chemicals used in workplaces may cause, by inhalation, ingestion, and skin contact, irritation or even serious injury or disease	MEDIUM	↔	• Injuries, poisoning on site • Unexpected dissemination or contamination in specific areas	• Follow safe work procedures. • Read the labels and the safety data sheets (SDSs) that accompany chemicals. • When handling chemicals, use personal protective equipment as recommended by the manufacturers and required by the employer. • Store chemicals in a properly ventilated, locked area and post warning signs.
Staff / Client Transportation Each one of our carriers creates the possibility of a supply chain disruption or worse, unwanted liability and damage to our reputation if they are involved in an accident or fail to perform as promised.	MEDIUM	↔	• Accident on site • Accident off site	• Select trustworthy companies to ensure transport of staff/clients • Control and monitor performance and adherence to safety measures

We are committed to provide an healthy and safe environment to our staff and throughout the developments we undertake. Our Health and Safety Policy's aim is to ensure a safe and healthy working environment, system of work and equipment for employees. We ensure that adequate resources are provided to achieve the health and safety objectives for our people.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT

The Directors are responsible for preparing the Annual Report and financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements in accordance with International Financial Reporting Standards for each financial year. The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period and the external auditors are responsible for reporting on whether the financial statements are fairly presented. In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State that International Financial Reporting Standards have been adhered to, subject to any material departures being disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business; and
- Comply with the Code of Corporate Governance and provide reasons in case of non-compliance with any requirement of the Code.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose, with reasonable accuracy at any time, the financial position of the Company and the Group. They are responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are also responsible for maintaining an effective system of internal control and risk management.

Approved by the Board of Directors on September 21, 2018 and signed on its behalf by

Sunil Banymandhub

Christine Marot

LIVE IN HEALTHY

LIFESTYLE

“When I think about Wellness, I imagine a sun-salutation, an early morning jog, spa time, a tennis match with friends, hitting the gym, and a dip in the sea. Azuri has all this and more.”

CORPORATE GOVERNANCE

REPORT

Six-month period ended June 30, 2018

INTRODUCTION

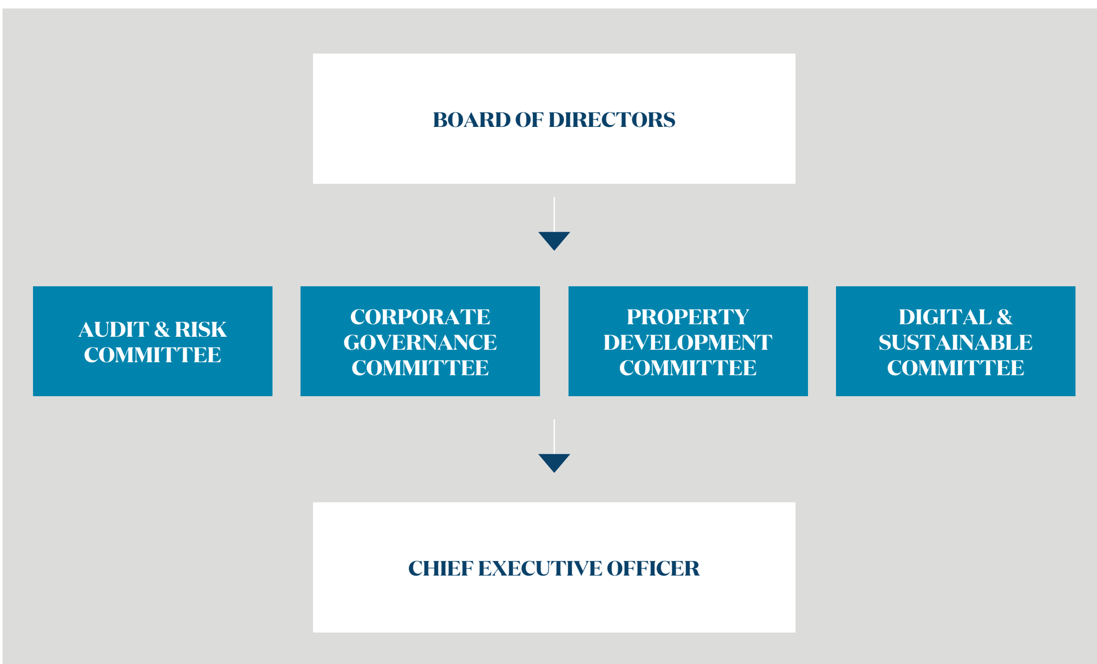
The Board of BlueLife Limited is committed to achieving high standards of corporate governance and recognizes the importance of good governance to ensure continued growth, success and to enhance investors' confidence. This corporate governance report sets out BLL's approach under the new Code and how it has applied the principles during the period under review.

This report which forms part of the Annual Report is available on the website of the Company on **www.bluelife.mu**.

GOVERNANCE STRUCTURE

The Board is collectively responsible for the long-term success of the Company and for its leadership, strategy, values, standards, control and management. Through sound leadership, the Board seeks to promote a culture of openness and innovation, relying upon a framework of corporate governance and internal controls which are designed to protect the Company's assets. A Board Charter setting out the governance framework has been adopted by the Board. A copy of this Charter is available on the website of the Company on www.bluelife.mu.

The Board functions independently of management, with a clear division of responsibilities between the Chairman and the Chief Executive Officer. The day-to-day management of the business is delegated to the Executive Director and Senior Management. The Board has also specific matters reserved to it for decision, such as strategic long-term objectives and it delegates some of its duties to Committees, each of which has clearly written terms of reference. The relevant Committee Charters are available on the website of the Company.



PROFILES OF KEY GOVERNANCE OFFICERS

CHRISTINE MAROT

Chief Executive Officer

Appointed as CEO on 01/05/2015

Skills & Experience

- Started her career with De Chazal Du Mée & Co.
- Was Finance Executive - Corporate and Accounting at GML Management Ltée where she was involved at a senior level in businesses across the GML Group, now IBL Group.
- Has a strong financial background having been involved in complex financial transactions, including group restructurings.
- Was appointed Acting CEO of BlueLife Limited in November 2014.

Qualifications

- Accountant by profession.
- Completed the One-Year ESSEC General Management Program.

MICHELE ANNE ESPITALIER NOEL

Chief Finance Officer

Appointed as CFO on 31/12/2013

Skills & Experience

- Joined IOREC as Corporate Finance Executive to provide direction to the financial function of the company, including corporate finance, project finance, planning and administration.
- Appointed CFO of BlueLife Limited upon the amalgamation of IOREC with BlueLife.

Qualifications

- Graduate from Ecole Supérieure de Commerce (E.S.C.A.E), Clermont Ferrand, France with specialization in audit, accounting and finance management.
- Passed the "Stockbrokers' Examination organised by the Stock Exchange Commission and the Mauritius Examination Syndicate.
- Completed the One-Year ESSEC General Management Program.

CORPORATE GOVERNANCE REPORT

Six-month period ended June 30, 2018

PROFILES OF KEY GOVERNANCE OFFICERS

HUGUES LAGESSE

Head of Projects and Strategic Property Development

Appointed as Head of Projects and Strategic Property Development on 01/03/2018

Skills & Experience

- Started his career at IOREC as Project Executive.
- Is now involved in the strategy and planning processes.
- Is responsible for identifying potential development and area for growth.
- Is in charge of following up on a project's life cycle from conceptualisation and design through to project management and closure.

Qualifications

- Diploma in Administration and Finance from "Ecole Supérieure de Gestion et Finance", Paris, France
- Management course at INSEAD in Fontainebleau, France.
- Real estate development course in Paris, France and at Harvard Business School in Boston, USA.
- Completed the One-Year ESSEC General Management Program.

THE STRUCTURE OF THE BOARD AND ITS COMMITTEES

The Board

The Board of BlueLife Limited is currently managed by a unitary Board of eight Directors, comprising the Chairman who is a Non-Executive Director, one Executive Director, two Independent Non-Executive Directors and four Non-Executive Directors.

Key roles and responsibilities

Chairman: Sunil Banymandhub	**Executive Director: Christine Marot**
Key responsibilities (i) Providing leadership to the Board (ii) Ensuring its effectiveness (iii) Setting its agenda (iv) Ensuring effective links between shareholders, the Board and management	Key responsibilities (i) Developing the Company's strategic direction (ii) Implementing policies and strategies as decided by the Board (iii) Managing the Company's business
Non-Executive Directors: Jan Boullé, Ravi Prakash Hardin, Arnaud Lagesse & Jean Luc Wilain	**Independent Directors: Isabelle de Gaalon Decaillot & Christophe Barge**
Key responsibilities (i) Constructively challenge the Executive Directors (ii) Monitor the delivery of the agreed strategy within the risk and control framework set by the Board.	Key responsibilities (i) Constructively challenge the Executive Directors (ii) Monitor the delivery of the agreed strategy within the risk and control framework set by the Board.

Company Secretary: IBL Management Ltd

Key responsibilities

(i) Guiding the Board as regards their duties and responsibilities;

(ii) Advising the Board on matters of corporate governance;

(iii) Ensuring good information flows with the Board and its Committees;

(iv) Ensuring that Board procedures are followed and that applicable laws and regulations are complied with;

(v) Primary channel of communication between the Company and its shareholders and interacts also with the relevant regulatory authorities.

CORPORATE GOVERNANCE REPORT

Six-month period ended June 30, 2018

Balance and Gender Diversity

The Directors believe that given the size of its Board, the gender composition is adequate. The current Board comprises 2 women out of a total of 8 Directors. The Board strongly believes that its 2 non-citizens and non-resident Directors, namely Isabelle de Gaalon Decaillot and Christophe Barge contribute further to the diversity of the Board.

Independence

The two Independent Non-Executive Directors are deemed to be independent based on the criteria of independence as set out in the Code.

Skills and experience

Given the size and the sector of activities of the Company, the Directors consider that the current Board is of a reasonable size and possesses the right mix of skills and experience to provide leadership, integrity and judgement in managing the affairs of the Company.

Major activities for the period 1st January 2018 to 30th June 2018

Date	Event/Activity	Details
23 February 2018	Rights Issue	Approval by the Board on the issue and allotment of 229,599,782 new ordinary shares.
26 February 2018	Mandatory Offer	Notification by IBL Ltd of its firm intention to make a mandatory offer to acquire all the minority shares not already held by it.
6 March 2018	Rights Issue	1st day of trading of the new ordinary shares on the Official Market of the SEM.
23 March 2018	Change in Chairmanship	Sunil Banymandhub appointed as Chairman in replacement of Arnaud Lagesse.
30 March 2018	Abridged audited annual results	Publication of the abridged audited results for the year ended 31 December 2017.
18 April 2018	Mandatory Offer	Approval by the Board[1] of a Reply Document to BLL's shareholders.
3 May 2018	Change in financial year end	Communique published in the press following the approval of the authorities for a change in financial year end from 31 December to 30 June.
4 May 2018	Mandatory Offer	Posting of the Reply Document to BLL's shareholders.
14 May 2018	Q1 Results	Publication of the abridged unaudited results for the 1st quarter ended 31 March 2018.
28 May 2018	Closure of the Mandatory Offer	Following the completion of the Mandatory Offer, IBL's stake in BLL increased from 34.48 % to 48.99 %.

1 Board members who are representatives of IBL Ltd did not attend that Board meeting and did not participate in discussions and voting.

Agenda setting process

Matters considered by the Board in the period 1st January 2018 to 30th June 2018

Board meetings are scheduled by all Directors in advance and are held on a quarterly basis to devise, implement, review and monitor strategies, procedures and controls for the smooth running of operations and to ensure compliance with various legislations and regulatory requirements. Further to the completion of the Rights Issue and the Mandatory Process, a new Board of BLL has been constituted.

For the period under review, there were four Board meetings. Decisions were also taken by way of written resolutions signed by all the Directors.

CORPORATE GOVERNANCE REPORT

Six-month period ended June 30, 2018

Matters considered by the Board during the year are set out below.

FINANCIAL MATTERS

- 2018 half-year Budget
- Quarterly financial statements
- Half-year results
- Results of the Rights Issue & allotment of shares

CORPORATE GOVERNANCE MATTERS

- Appointment of new Directors
- Review and approval of Directors' Fees
- Review and approval of the Corporate Governance Report
- Review and approval of the relevant Charters

REGULAR AGENDA ITEMS

- CEO's report
- Committee Chairmen's report
- Risk report

STRATEGIC MATTERS

- Approval of master planning for Azuri
- Review and approval of relevant projects

RISK MANAGEMENT MATTERS

- Review of internal control systems
- Review of IT processes and operations
- Review of the risk register

Attendance at Board meetings for the period 1st January 2018 to 30th June 2018

	23/02/18	23/03/18	18/04/18	24/05/18	Total no. of meetings attended
Sunil Banymandhub	√	√	√	√	4
Christophe Barge	√	√	√	√	4
Jan Boullé[2]	-	√	X	√	2
Isabelle de Gaalon Decaillot[2]	-	√	√	√	3
Michele Anne Espitalier Noel[3]	√	√	√	-	3
Ravi Prakash Hardin[2]	-	√	X	√	2
Arnaud Lagesse	√	√	X	√	3
Benoit Lagesse[1]	-	√	X	√	2
Christine Marot	√	√	√	√	4
Kevindra Teeroovengadum[3]	√	√	√	-	3
Jean-Luc Wilain[2]	-	√	X	√	2

[1] Interested Directors, namely those representing IBL Ltd did not attend this Board meeting.

[2] Appointed as Director on 23/02/2018

[3] Resigned as Director on 15/05/2018

[4] Appointed as Director on 23/02/2018 & resigned on 18/07/2018.

The Committees of the Board

The Board is assisted by two sub-Committees: one covering Audit and Risk, and the second covering Corporate Governance which also acts as the Remuneration and Nomination Committee. However, the Board remains collectively responsible for the decisions and actions taken by the two sub-committees. These two Committees operate within defined terms of reference and may not exceed the authority delegated by the Board. The sub-Committees are chaired by experienced Chairmen who report to the Board on the issues discussed at each of their meetings. The Secretary of the Board acts also as the Secretary of the Board Committees.

Two additional committees have also been created to further assist the Board. These two committees, namely the Property Development Committee and the Digital and Sustainable Committee operate with a defined mandate and appropriate terms of reference. Any referred Administrative Officer within the Company nominated at the outset of each meeting may act as Secretary of the Committee.

Audit and Risk Committee

The Audit and Risk Committee assists the Board in fulfilling its oversight responsibilities. It is the Committee's responsibility to review the integrity of the financial statements and the effectiveness of

CORPORATE GOVERNANCE REPORT

Six-month period ended June 30, 2018

the internal and external auditor. A copy of the Terms of Reference of the Audit and Risk Committee is available on the website of the Company on www.bluelife.mu.

The Audit and Risk Committee confirms that, in accordance with its terms of reference, it has met its key objectives and fulfilled its responsibilities for the period under review.

Composition

The Audit and Risk Committee is chaired by Isabelle de Gaalon Decaillot who is an Independent Non-Executive Director. The other members of the Committee are Benoit Lagesse *(resigned on 18 July 2018)* and Ravi Prakash Hardin, who are Non-Executive Directors. The meetings are also attended by the Chief Executive and the Chief Financial Officer. When required, the internal and external auditors are invited to attend and report on matters relevant to their scope of work.

Matters considered by the Committee

The Audit and Risk Committee met twice during the period under review to consider, inter alia, the following issues:

Matters considered
The review and recommendation to the Board for approval: • The audited annual financial statements for the year ended December 31, 2017 • Q1 results for the period ended March 31, 2018
External audit report from Messrs. BDO & Co on the full year audited financial statements.
Risk register
Indebtedness, cash flow and financial restructuring of debt

Audit and Risk Committee Attendances

	22/03/2018	09/05/2018	Total
Christophe Barge	√	-	1
Isabelle de Gaalon Decaillot	-	√	1
Benoit Lagesse	-	√	1
Ravi Prakash Hardin	-	√	1
Kevindra Teeroovengadum	√	X	1

Note: On 23 March 2018, the Board upon the recommendation of the Nomination Committee, appointed Isabelle de Gaalon Decaillot as Chairman and Benoit Lagesse and Ravi Prakash Hardin as members of the Audit and Risk Committee. Kevindra Teeroovengadum resigned from the Board and Audit and Risk Committee on 15 May 2018.

Corporate Governance Committee

The Corporate Governance Committee was set up by the Board of Directors to determine, agree and develop the Company's general policy on corporate governance in accordance with the provisions of the Code of Corporate Governance. The Committee also acts as Remuneration Committee and Nomination Committee as and when required.

The Corporate Governance Committee confirms that, in accordance with its terms of reference, it has fulfilled its responsibilities for the year under review. A copy of the Terms of Reference of the Committee is available on the website of the Company on www.bluelife.mu.

Composition

This Committee is chaired by Christophe Barge, an Independent Non-Executive Director. The other members of the Committee are Sunil Banymandhub and Arnaud Lagesse, Non-Executive Directors. The Chief Executive is invited to attend meetings of the Committee.

Matters considered by the Committee

The Corporate Governance Committee met three times during the year and the issues considered by the Committee were:

Matters considered
Approval of the corporate governance report
Senior management & staff salary review
Appointment of new Directors on the Board of BlueLife and of the subsidiary companies of the BLL Group
Review of Directors' fees
Review and approval of the relevant charters

Corporate Governance Committee Attendances

Name	09/02/2018	23/03/2018	24/05/2018	Total
Christophe Barge	√	√	√	3
Sunil Banymandhub	√	√	√	3
Arnaud Lagesse	√	√	√	3

Property Development Committee

The Property Development Committee has been created to assist the management and the Board of Directors in its oversight of the Company's real estate development programs. This Committee met four times since its creation and its Terms of Reference is available on the website of the Company on www.bluelife.mu.

CORPORATE GOVERNANCE REPORT

Six-month period ended June 30, 2018

Composition

The Committee is chaired by Jan Boullé and the other members of the Committee are Isabelle de Gaalon Decaillot, Sunil Banymandhub and Christine Marot. The Chief Finance Officer and the Head of Projects and Strategic Property Development are also invited to attend meetings of the Committee.

Property Development Committee Attendances

Name	23/04/2018	08/05/2018	10/05/2018	22/05/2018	Total
Jan Boullé	√	√	√	√	4
Isabelle de Gaalon Decaillot	√	√	√	√	4
Sunil Banymandhub	√	√	√	√	4
Christine Marot	√	√	√	√	4

Digital and Sustainable Committee

The Digital and Sustainable Committee has been created to assist the management and the Board in fulfilling its responsibilities in relation to the digitalisation and sustainability strategy, policy and practices of the Group. A copy of the Terms of Reference of the Committee is available on the website of the Company on www.bluelife.mu.

Composition

According to its Charter, the Committee shall comprise 2 members of the Board and 2 other members with relevant skills and holding corporate positions at IBL.

Digital and Sustainable Committee Attendances

No meeting was held during the period under review.

Director Appointment Procedures

Appointment and re-election

In line with its terms of reference, the Corporate Governance Committee, in its capacity as Nomination Committee, makes recommendations to the Board on all new Board and Senior Executive nominations.

According to the clause 19 of the Constitution of the Company, the Directors have power, at any time and from time to time, to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors but the total number of Directors shall not at any time exceed the number fixed in accordance with the Constitution. As a listed entity, BlueLife is required to submit to the regulators the relevant documents pertaining to a newly appointed Director. The Director appointed to fill up the vacancy shall hold office only until the next following Annual Meeting and shall then be eligible for re-election.

Board induction

Directors newly appointed to the Board and/or its Committees receive a complete induction pack from the Company Secretary. A leaflet detailing the duties and responsibilities of new Directors under the respective legislations is also provided upon appointment. Onsite visits are organised for newly appointed Directors so that they may familiarise themselves with the operations of the Company and the Group.

Professional development and training

Directors are encouraged to keep themselves up to date with latest professional practices. They are also encouraged to participate in various workshops organised by the holding Company, IBL Ltd.

Succession plan

One of the responsibilities of the Board is to ensure that there exists a succession plan for appointments to the Board and senior management positions within the Company.

In order to avoid the risk of a company suffering from an unplanned vacancy in leadership, processes are in place to ensure the best mix of directors and executive officers so as to address the company's goals which are subject to a changing environment. Processes have also been established to ensure that there is business continuity with respect to key aspects dealt by key management personnel.

Directors' duties, remuneration and performance

Directors' Duties

Directors are aware of their legal duties. Once appointed on the Board, a leaflet detailing the duties and responsibilities is provided to the Director. In addition, a newly appointed Director receives the following documents:

a) The Terms of Reference of the Board sub-committees

b) The Constitution

c) Salient features of the Listing Rules and the Securities Act

Interests' Register, conflicts of interest and related party transactions policy

The Directors of BLL have disclosed any potential conflict of interest in accordance with the law in the event that companies in which they are Directors are engaged or may become engaged in real estate developments substantially of the same nature as the Company. Such disclosure is recorded in an interests' register maintained by the Company Secretary, which is available for consultation to shareholders upon written request made.

A document setting out the salient points of what is a conflict of interest and how to identify and disclose any potential conflict of interest is available to the Directors of BLL. The proper procedure for declaring a conflict of interest is set out in the document. As per the procedures, when a Director is conflicted, the latter does not participate in Board discussions and does not vote on the matter. Any declaration of interest is formally minuted.

The Directors confirm that there exists no conflict between their duty to act in the best interests of the Company and their own personal interest.

The Directors also confirm that they have followed the principles of the Model Code for Securities Transactions as detailed in Appendix 6 of the Mauritius Stock Exchange Listing Rules. For the financial year under review, the Directors did not deal in the shares of the Company.

Directors are aware of situations which may trigger related party transactions. A document identifying related parties and related party transactions has been made available to the Directors.

Remuneration policy

The Board has entrusted the Corporate Governance Committee which also acts as Remuneration Committee with the responsibility of determining the remuneration of the Directors, Senior Management and employees whilst taking into consideration prevailing market conditions, benchmarking within the industry and the Company's results.

No pre-determined criteria have been set up for remunerating the Executive Director approaching retirement. This will be determined by the Board as and when required.

Remuneration policy (cont'd)

At the Annual Meeting of shareholders held in June 22, 2018, the following schedule of fees had been approved by the shareholders.

CORPORATE GOVERNANCE REPORT

Six-month period ended June 30, 2018

BLL Board	Annual Fees (MUR)	Attendance Fees per Meeting (MUR)
Chairman	500,000	25,000
Local Directors	150,000	25,000
Foreign Directors	300,000	25,000
Corporate Governance Committee		
Chairman	50,000	Nil
Members	25,000	Nil
Audit and Risk Committee		
Chairman	50,000	Nil
Members	25,000	Nil

Upon the recommendation of the Remuneration Committee, the Board has approved the schedule of fees relating to the Property Development Committee and the Digital and Sustainability Committee as follows:

Property Development Committee	Annual Fees (MUR)	Attendance Fees per Meeting
Chairman	Nil	MUR 10,000
Local Members	Nil	MUR 10,000
Foreign Members	Nil	EUR 2,500
Digital & Sustainable Committee		
Chairman	Nil	EUR 2,500
Members	Nil	MUR 5,000
Foreign Members	Nil	EUR 2,500

The table below depicts the remuneration received by the Board members for the period January 1, 2018 to June 30, 2018. Fixed fees refer to annual fees and variable fees to attendance fees.

	Board Fees (MUR)		Audit & Risk Committee Fees (MUR)		Corporate Governance Fees (MUR)		Total Fees (MUR)
Directors	Fixed	Variable	Fixed	Variable	Fixed	Variable	
Sunil Banymandhub[1]	250,000	100,000	Nil	Nil	12,500	Nil	362,500
Christophe Barge	150,000	100,000	12,500	Nil	25,000	Nil	287,500
Jan Boullé[2/5]	62,500	50,000	Nil	Nil	Nil	Nil	112,500
Isabelle de Gaalon Decaillot[5]	125,000	75,000	16,667	Nil	Nil	Nil	216,667
Michele Anne Espitalier Noel[3]	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Ravi Prakash Hardin[2/5]	62,500	50,000	8,333	Nil	Nil	Nil	120,833
Arnaud Lagesse[2]	75,000	75,000	Nil	Nil	12,500		162,500
Benoit Lagesse[4/5]	62,500	50,000	8,333	Nil	Nil	Nil	120,833
Christine Marot[3]	Nil	Nil		Nil	Nil	Nil	Nil
Kevindra Teeroovengadum[5/5]	62,500	75,000	6,250	Nil	Nil	Nil	143,750
Jean-Luc Wilain[2/5]	62,500	50,000	Nil	Nil	Nil	Nil	112,500

Note:

[1] Fees paid to ACTIS

[2] Fees paid to IBL Ltd

[3] Executive Directors are not entitled to receive fees for attending Board and Committee meetings.

[4] Fees paid to GML Ineo Ltée

[5] Fees paid on a pro-rata basis.

Fees are not paid to the Chairman and the members of the Audit and Risk Committee and the Corporate Governance Committee.

Remuneration and benefits paid to the Executive Director under employment contract

	Total Fees (MUR)
Executive Director	6,061,262

Note: For reasons of confidentiality and due to commercial sensitivity of such information, total remuneration has been disclosed.

CORPORATE GOVERNANCE REPORT

Six-month period ended June 30, 2018

Long term incentive plan

BlueLife does not have a long-term incentive plan. However the implementation of such a plan is being considered by the Board.

Board evaluation

In view of the various Board changes at the beginning of 2018, a Board evaluation exercise will be conducted at a later stage.

Information, information technology and information security governance

Information monitoring

Financial and other company data is an asset of the BlueLife Group. As such the asset is preserved through policies and procedures to ensure that the information is properly updated, monitored and safeguarded.

Board Information

Board information is sent to the Directors at least one week before each Board meeting. Information is sent by the Management who remain at the disposal of the Board members should they wish to obtain further clarification. The Company Secretary acts as a liaison between the Management and the Board.

Information to Shareholders and Investors

Information to external parties is communicated regularly on BlueLife's website, which contains news and press releases. Quarterly interim reports are published externally and are supplemented by investor meetings attended by the Group Executive Management. In addition, there is an established agenda for communicating information on shareholder meetings and other information to investors. The Annual Report is made available to shareholders and the general public, both as a printed version and on BlueLife's website.

Information Technology and Information Security Governance

Treatment and keeping information rely substantially on information and communication technology ('ICT'). In some specific cases, expenditures and investment in IT, falling under the scope of work of the Digital and Sustainable Committee shall be discussed and put to the Board for approval.

ICT Policies and Procedures are handled by the management and overseen by the Audit and Risk Committee.

Through policies, including internet and computer usage policy as well as social media policy included in the staff handbook, principles are established for the management of information technology.

BlueLife has designed a policy to ensure that its operations can run smoothly. The policy document is designed to create employee awareness of aspects which impact the smooth running of ICT operations to promote easy adherence by BlueLife employees to the policy. It includes:

- Computer and Internet Usage Policy
- Mobile Usage Policy
- BYOD Policy
- Social Media & Data Privacy Policy

Information Security Governance has the objective to minimize the risk of damage by preventing security incidents whether internal or external, deliberate or accidental and to enable BlueLife to recover as quickly and efficiently as possible and is set:

In the obligations set on employees for usage and access

- In the determination of access rights and relevant login and passwords
- In the Password Protection Enforcement Policy
- In Internal IT procedures for backups
- In an IT Business Continuity Policy

The Internal audit plan for 2018/2019 provides for a full review of ICT and Information Security Policies in place as well as a control of procedures in place and adherence to the policy and procedures.

A plan is being developed in view of establishing alignment of ICT with the business as well as its ability to maximizes benefits while being properly managed.

Risk governance and internal control

The Directors are responsible for maintaining an effective system of internal control and risk management. Whilst these two functions are delegated to the Audit and Risk Committee, the governance of risk, the nature and risk appetite of the Company remain the ultimate responsibility of the Board. The Directors are also responsible in ensuring that:

- Adequate accounting records are kept and effective internal control systems are maintained.
- Accounts are prepared in order to fairly present the state of affairs of the company and the results of its operations and that those accounts comply with International Financial Reporting Standards (IFRS).
- Appropriate accounting policies are applied, supported by reasonable and prudent judgements.
- Appropriate whistle-blowing rules and procedures are in place.

While it is not possible to identify or anticipate every risk due to the changing business environment, the Company has an established risk management process to manage and mitigate those key risks which it believes could have an impact on its activities. The Company's process for identifying and managing risks is set by the Board and delegated to the Audit and Risk Committee. Risks are managed and reviewed on a quarterly basis by the members of the Audit and Risk Committee and reported accordingly to the Board.

A detailed report on the key risks facing the Company, the potential impact of these risks and the mitigating actions and controls in place are set out under the Section "Risk Management" of the Annual Report.

Internal controls and procedures are in place to mitigate the risks in relation to the various operations in which we are involved. The culture of risk awareness is being endangered within the Company and improved reporting processes are promoting better anticipation of risks, leading to more timely corrective action. While the group suffered from a media campaign which had important reputational consequences, attention was devoted to the establishment of protocols to mitigate reputational and communication risk issues.

Whistleblowing

BLL is committed to the highest possible standards of openness, probity, accountability and ethics. In line with that commitment, employees and business partners, who have serious concerns about any aspect of the Company's affairs, are strongly recommended to report any suspected or presumed incidents of illegal behaviour in the activities of the Company or of serious misconduct or serious infringement of the rules, policies or guidelines to which the Company must adhere, or any action that is or could be harmful to the mission or reputation of the Company.

Procedures relevant to whistleblowing are set out in the Employee Handbook. A copy of the whistleblowing procedures is available on the website of the Company.

Reporting with integrity

Financial and operational performance

The financial and operational performance of the Company is detailed in the section "Financial Indicators" of the Annual Report.

CORPORATE GOVERNANCE REPORT

Six-month period ended June 30, 2018

Environment

BLL is committed to sustainability and protecting the environment for future generations. As such, the Company ensures that it adheres to environmental regulations regarding emissions into the atmosphere as well as the quality of liquid industrial effluents disposed of through water courses.

Code of Ethics

BLL has no specific Code of Ethics other than the one integrated into the Employee Handbook. BLL is committed to the highest standards of integrity and ethical conduct when dealing with all its stakeholders. The value system presently in place dictates that all employees maintain high standards of integrity and ethics when dealing with suppliers, tenants, business partners, government, other stakeholders and society at large.

Procedures relevant to Ethics are set out in the Employee Handbook.

Social Responsibility

BLL believes in the welfare of its employees. The Company strives to maintain a high standard of professionalism and its employees are thus encouraged to attend regular training and refresher courses.

BLL believes that the Company should provide an effective leadership based on ethical foundations and taking into account its stakeholders and the society as a whole. As such, it conducts its business activities in a responsible manner with due consideration to all its stakeholders including but not limited to its shareholders, employees, contractors, suppliers and the local community so as ensure the sustainability of the environment for the future.

Health and Safety

BlueLife believes in providing and maintaining a safe and healthy work environment for all its employees. The Group through its established policies encourages the enhancement of safety and health standards in the workplace. A copy of these policies is available on the website of the Company.

Audit

Internal Audit

The Board recognizes its ultimate responsibility for the Group's system of internal control, which is designed to provide reasonable assurance against material misstatement and loss. The Company maintains a system of financial control that is designed to provide assurance regarding the keeping of proper accounting records and the reliability of financial information used within the business and for publication. It also ensures compliance with internal procedures, statutory guidelines and regulations, accounting and financial reporting standards.

The internal audit function has been outsourced to Messrs. PwC and the audit plan covers the areas of risks that may arise in the business activities of the Group. Audit reports submitted by Messrs. PwC are circulated to the management and members of the Audit and Risk Committee. These reports are thereafter submitted to the Board for analysis and discussions.

No restrictions are been placed on the right of access to the records, management and employees. The audit activities have been designed in accordance with International Standards of Auditing and the audit process involves the following:

- A pre-audit phase, which comprises the audit notification and the audit preparation;
- Fieldwork where audit tests target risk areas; and
- Reporting phase.

Given the major corporate restructuring with the rights issue, the mandatory offer made by IBL Ltd and the change in its financial year, no internal audit has been carried out during the period under review. A new internal audit programme for the financial year 2018-2019 shall be devised and finalised by the Audit and Risk Committee in the next quarter.

External Auditors

The Audit and Risk Committee is responsible for reviewing, with the external auditors, before the audit commences, the auditors' letter of engagement, the terms, nature and audit scope and approach and ensure no unjustified restrictions or limitations have been placed on the scope. At least once a year, the external auditors meet the members of the Committee and have direct access to the members should they wish to discuss any matters privately. The current auditors have been appointed in 2013 and tenure in office will be reviewed in due course according to best practice.

The Committee is also responsible for monitoring the auditors' independence, objectivity and compliance with ethical, professional and regulatory requirements and also for maintaining control over the provision of non-audit services, where applicable. The external auditors are prohibited from providing non-audit services where their independence might be compromised by later auditing their own work. Any other non-audit services provided by the external auditors are required to be specifically approved by the Audit and Risk Committee.

For the period under review, other services provided by the external auditors related to the review of abridged financial statements, financial information for inclusion in the Prospectus/Listing Particulars issued to the shareholders in respect of the Rights Issue.

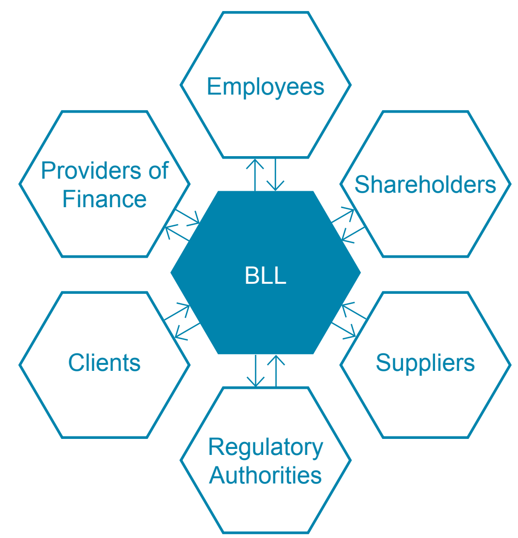
Auditors' Independence

The Board is responsible for the appointment and the removal of the external auditors. Audit fees are set in a manner that enables an effective external audit on behalf of shareholders. Auditors should ensure that they observe the highest standards of business and professional ethics and, in particular, that their independence is not impaired in any manner.

Relations with shareholders and other key stakeholders

The Board recognises and values greatly the need to deliver a programme of engagement that offers all shareholders the opportunity to receive Company communications and to share their views with the Board. The Group has a diverse range of shareholders and investors and its website enables access to documents and communications as soon as they are published.

BLL's key stakeholders



CORPORATE GOVERNANCE REPORT

Six-month period ended June 30, 2018

Main shareholders

As at June 30, 2018, there were 2,917 shareholders recorded in the share register of the Company. The 10 largest shareholders as at that period are set out below.

Main Shareholders	Number of shares owned	% Holding
IBL Ltd	320,865,201	48.9914
Actis Paradise Jersey Limited	137,934,082	21.0605
GML Ineo Ltée	48,808,448	7.4523
Mon Souci Ltée	6,285,679	0.9597
Mon Désir Limited	4,642,432	0.7088
Espérance Holding Ltd	4,560,904	0.6964
The MCB Ltd (A/C Compagnie du Vas Ltée)	4,514,961	0.6894
Mr. M. J. Jean Lagesse	4,475,533	0.6833
Espérance & Cie Ltée	3,568,049	0.5448
M. I. Kathrada & Sons Ltd	2,828,657	0.4319

Substantial shareholders

The substantial shareholders of BlueLife as at June 30, 2018 were:

Name of Shareholder	Percentage Held (%)
IBL Ltd	48.9914
Actis Paradise Jersey Limited	21.0605
GML Ineo Ltée	7.4523

Shareholders' agreement

There exists no Shareholders' Agreement to the knowledge of the Company.

Breakdown of share ownership as at the date of this report

Main Shareholders	Number of shares owned	% Holding	% Holding
466	1 - 500 shares	114,097	0.017
251	501 - 1,000 shares	207,250	0.032
719	1,001 - 5,000 shares	1,942,694	0.297
337	5,001 - 10,000 shares	2,457,324	0.375
698	10,001 - 50,000 shares	16,252,633	2.482
205	50,001 - 100,000 shares	14,412,139	2.201
148	100,001 - 250,000 shares	24,438,651	3.731
49	250,001 - 500,000 shares	16,688,907	2.548
44	Over 500,000 shares	578,428,404	88.317
2,917		654,942,099	

Main Shareholders	Number of shares owned	% Holding	% Holding
2,673	Individuals	96,164,483	14.683
6	Insurance and Assurance Companies	2,247,760	0.343
68	Pension and Provident Funds	4,465,820	0.682
41	Investment and Trust Companies	5,088,686	0.777
128	Other Corporate Bodies	546,954,889	83.512
2,917		654,942,099	
2,917		654,942,099	

CORPORATE GOVERNANCE REPORT

Six-month period ended June 30, 2018

Shares in Public Hands

Following the closure of the mandatory offer, the percentage shareholding of BLL in public hands has fallen below the 25 % requirement as required by the Listing Rules of the SEM. BLL has provided an undertaking to the SEM that it would be restoring this percentage to 25 % within a 5-year period.

Communication with shareholders

Any major announcement in relation to the activities of the Company, interim quarterly financial statements or abridged audited annual financial statements, as required by the Listing Rules and the Securities Act, are disclosed to the shareholders in a timely manner and posted on the website of the Company.

Calendar of forthcoming shareholders' events

In order to align its financial year end to that of its holding company, BLL has changed its balance sheet date from 31 December to 30 June.

A special meeting of shareholders has been scheduled on December 21, 2018 to approve the audited financial statements of BLL for the period ended June 30, 2018. The shareholders entitled to receive notice of the meeting are those registered at close of business on November 27, 2018.

If a shareholder is unable to attend in person the Special Meeting to be held on December 21, 2018, he may vote by proxy through an authorised person of his choice. The Proxy Form should be then deposited with the Share Registry and Transfer Office of the Company at least 24 hours before the holding of the meeting.

Share Registry and Transfer Office

Abax Corporate Administrators Ltd is the Share Registry and Transfer Office of the Company and is responsible for maintaining the Company's register of shareholders.

Any enquiries regarding the shareholding of the Company can be addressed, in writing, to Ocorian Corporate Administrators Limited, 6th Floor, Tower A, 1 Cyber City, Ebène, Mauritius or alternatively, by telephone on (230) 403 6000.

Dividend Policy

The Company does not have any predetermined dividend policy and the dividend payout is subject to the performance of the Company. BLL did not declare any dividend for the year under review.

Approved by the Board of Directors on September 21, 2018 and signed on its behalf by

Sunil Banymandhub

Christine Marot

STATEMENT OF COMPLIANCE

Six months period ended June 30, 2018

STATEMENT OF COMPLIANCE

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

Name of PIE: BlueLife Limited

Reporting Period: June 30, 2018

We, the Directors of BlueLife Limited, confirm that to the best of our knowledge, the Company has not applied the following principles of the Code of Corporate Governance, for the reasons stated below:

Areas of non-application of the Code		Explanation for non-application
Principle 1	Reassessment of Charters by the Board.	The frequency at which the Board will assess the Charters has not yet been discussed.
Principle 2	Affirmation that Directors do not have a relationship with the organisation.	Out of the 9 Directors, 4 are executives and/or Directors of IBL Ltd, a related party and the major shareholder of the Company.
Principle 4	The Board has not conducted an evaluation of the effectiveness of the Board, its committees and its individual directors.	In view of the recent Board changes, an evaluation exercise will be conducted at a later stage.

Sunil Banymandhub

Christine Marot

September 21, 2018

SECRETARY'S
CERTIFICATE
Six months period ended June 30, 2018

CERTIFICATE FROM COMPANY SECRETARY

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

Doris Dardanne, FCIS
Per IBL Management Ltd
Company Secretary

September 21, 2018

STATUTORY
DISCLOSURES
Six months period ended June 30, 2018

(Pursuant to Section 221 of the Companies Act 2001 and Section 88 of the Securities Act 2005)

Principal Activities

The principal activities of BlueLife Limited are land promotion, property development and hotel and leisure.

Directors

The name of the Directors of the Company and its subsidiaries as at June 30, 2018 were as follows:

Name of Subsidiary	Name of Director	Date of Appointment during the period under review	Date of Resignation during the period under review
BlueLife Limited	Sunil Banymandhub		
	Christophe Barge		
	Jan Boullé	23/02/2018	
	Isabelle de Gaalon Decaillot	23/02/2018	
	Michele Anne Espitalier Noel		15/05/2018
	Ravi Prakash Hardin	23/02/2018	
	Arnaud Lagesse		
	Benoit Lagesse	23/02/2018	
	Christine Marot		
	Louis Mynhardt		23/02/2018
	Kevin Teeroovengadum		15/05/2018
	Jean-Luc Wilain	23/02/2018	
Azuri Golf Management Ltd (formerly HR Educational Properties Ltd)	Christine Marot		
	Sunil Banymandhub	24/05/2018	
	Jan Boullé	24/05/2018	
Azuri Estate Management Ltd	Michele Anne Espitalier Noel		
	Christine Marot		
	Sunil Banymandhub	24/05/2018	
Azuri Services Ltd	Michele Anne Espitalier Noel		
	Christine Marot		
	Sunil Banymandhub	24/05/2018	
Azuri Suites Ltd	Michele Anne Espitalier Noel		
	Christine Marot		
	Sunil Banymandhub	24/05/2018	

STATUTORY DISCLOSURES

Six months period ended June 30, 2018

(Pursuant to Section 221 of the Companies Act 2001 and Section 88 of the Securities Act 2005)

Name of Subsidiary	Name of Director	Date of Appointment during the period under review	Date of Resignation during the period under review
Azuri Watch Ltd	Michele Anne Espitalier Noel		
	Christine Marot		
Circle Square Holding Company Ltd	Michele Anne Espitalier Noel		
	Christine Marot		
Haute Rive Azuri Hotel Ltd	Sunil Banymandhub	24/05/2018	
	Olivier Fayolle		
	Arnaud Lagesse	24/05/2018	
	Thierry Lagesse		
	Christine Marot		
	Louis Mynhardt		23/02/2018
	Kevin Teeroovengadum		
Haute Rive Holdings Ltd	Sunil Banymandhub	24/05/2018	
	Christophe Barge	24/05/2018	
	Jan Boullé		
	Isabelle de Gaalon Decaillot	24/05/2018	
	Ravi Prakash Hardin	24/05/2018	
	Arnaud Lagesse		
	Thierry Lagesse		
	Christine Marot		
	Louis Mynhardt		23/02/2018
	Kevin Teeroovengadum		15/05/2018
	Jean-Luc Wilain	24/05/2018	
Haute Rive IRS Company Limited	Sunil Banymandhub	24/05/2018	
	Jan Boullé	24/05/2018	
	Arnaud Lagesse		24/05/2018
	Thierry Lagesse		
	Christine Marot		
	Kevin Teeroovengadum		15/05/2018

Name of Subsidiary	Name of Director	Date of Appointment during the period under review	Date of Resignation during the period under review
Haute Rive Ocean Front Living Ltd	Sunil Banymandhub	24/05/2018	
	Jan Boullé	24/05/2018	
	Arnaud Lagesse		24/05/2018
	Thierry Lagesse		
	Christine Marot		
	Kevin Teeroovengadum		15/05/2018
Haute Rive PDS Company Ltd	Sunil Banymandhub	24/05/2018	
	Jan Boullé	24/05/2018	
	Michele Anne Espitalier Noel		15/05/2018
	Christine Marot		
HR Golf Holding Ltd (formerly HR Educational Holding Ltd)	Sunil Banymandhub	24/05/2018	
	Jan Boullé	24/05/2018	
	Christine Marot		
Les Hauts Champs 2 Ltd (formerly Riverside Centre Holding Company Ltd)	Michele Anne Espitalier Noel		
	Christine Marot		
Life in Blue Limited	Michele Anne Espitalier Noel		
	Christine Marot		
	Nicolas Rey		
	Sebastien Bax de Keating		
	Gregory Mayer		
	Harold Mayer		
Ocean Edge Property Management Company Ltd	Sunil Banymandhub	24/05/2018	
	Michele Anne Espitalier Noel		
	Christine Marot	24/05/2018	
PL Resort Ltd	Sunil Banymandhub	24/05/2018	
	Olivier Fayolle		
	Arnaud Lagesse		
	Thierry Lagesse		
	Christine Marot		
	Louis Mynhardt		23/02/2018
	Kevin Teeroovengadum		

STATUTORY DISCLOSURES

Six months period ended June 30, 2018

(Pursuant to Section 221 of the Companies Act 2001 and Section 88 of the Securities Act 2005)

Directors' and Senior Officers' Interests in Shares

No debt securities are issued by the Company. The direct and indirect interests of the Directors and the Senior Officers in the equity securities of the Company as at June 30, 2018 were as follows:

	Direct Interest	Indirect Interest
Directors	%	%
Sunil Banymandhub	-	-
Christophe Barge	-	-
Jan Boullé	-	0.015
Isabelle de Gaalon Decaillot	-	-
Ravi Prakash Hardin	-	-
Benoit Lagesse	0.417	0.479
Arnaud Lagesse	-	0.251
Christine Marot	-	-
Jean-Luc Wilain	-	-
Senior Officers	%	%
IBL Management Ltd	-	-
Michele Anne Espitalier Noel	0.0001	0.0002
Hugues Lagesse	-	0.254

Directors' Remuneration and Benefits

Total remuneration and benefits received by the Directors from the Company and its subsidiaries were:

	From the Company		From Subsidiaries	
	2018 (6 months)	2017	2018 (6 months)	2017
	Rs.	Rs.	Rs.	Rs.
Executive	6,016,262	14,289,432	-	-
Non-Executive	1,537,500	1,775,000	712,500	1,000,000

Directors' service contracts

None of the Directors of the Company and of its subsidiary companies have service contracts that need to be disclosed under section 221 of the Companies Act.

Contract of significance

There exists no contract of significance, save as disclosed above, between the Company and its Directors.

Directors' Insurance

The Directors benefit from an indemnity insurance to cover the liabilities which may be incurred while performing their duties to the extent permitted by law.

Political and Charitable Donations

BLL did not make any political or charitable donations during the year under review.

Auditors' remuneration

For the year under review, the fees paid to the Auditors for audit services and non-audit services were as follows:

	Audit Services		
	2018 (6 months)	Feb 2018[1]	2017
	Rs.	Rs.	Rs.
BDO & Co The Company	730,000	325,000	780,000
Subsidiaries of the Company			
• PL Resort Ltd	200,000	125,000	225,000
• Circle Square Holding Company Ltd	45,000	45,000	85,000
• Haute Rive Holdings Ltd	90,000	75,000	105,000
• Haute Rive Azuri Hotel Ltd	200,000	125,000	225,000
• Haute Rive IRS Company Limited	90,000	75,000	105,000
• Haute Rive Ocean Front Living Ltd	50,000	25,000	75,000
• Haute Rive PDS Ltd	50,000	25,000	50,000
• Ocean Edge Property Management Company Ltd	75,000		75,000
• Azuri Services Ltd	75,000		75,000
• Azuri Estate Management Ltd	75,000		75,000
• Azuri Suites Ltd	50,000		67,500
• Azuri Watch Litd	25,000		25,000
• HR Golf Holding Ltd	25,000		25,000
• Les Hauts Champs 2 Ltd	25,000		25,000

[1] Following the change in the shareholding structure as a result of the rights issue on 28 February 2018, it has been required to perform an audit of BlueLife Limited and its subsidiaries and to provide audit clearance on:

- Balance sheet of the Group as at 28 February 2018
- Profit and Loss and other comprehensive income of the Group for the period from 1 March 2018 to 30 June 2018

STATUTORY DISCLOSURES

Six months period ended June 30, 2018

(Pursuant to Section 221 of the Companies Act 2001 and Section 88 of the Securities Act 2005)

Auditors' remuneration (cont'd)

	Non-Audit Services			
	Details of Services	Audit Firm	2018 (6 months)	2017
			Rs.	Rs.
The Company	Internal Audit	PwC	-	200,000
	Consultancy	BDO & Co	50,000	150,000
	Rights Issue: Limited Review	BDO & Co		205,000
	Rights Issue: Transaction Advisory Fees	BDO & Co	-	500,000
	Mandatory Offer: Independent Advisor and Valuer Fees	KPMG	850,000	
Subsidiaries of the Company	Internal Audit	PwC	-	400,000
	Rights Issue: Limited Review	BDO & Co	-	605,000

Approved by the Board on September 21, 2018 and signed on its behalf by

Sunil Banymandhub

Christine Marot

LIVE WITH
NATURE

"Les Hauts Champs is countryside living at its best. Sugarcane fields stretch as far as the eye can see. In the distance are the ocean and the smaller islands. Yet, we don't feel isolated. Around us is a vibrant community of neighbours and friends."

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF BLUELIFE LIMITED

Report on the audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of BlueLife Limited (the "Company") and its subsidiaries (the "Group"), and the Company's separate financial statements on pages 108 to 169 which comprise the statements of financial position as at June 30, 2018, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements on pages 108 to 169 give a true and fair view of the financial position of the Group and of the Company as at June 30, 2018, and of their financial performance and their cash flows for the period then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

Basis for Opinion

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

Key Audit Matters

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

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF BLUELIFE LIMITED

The Key Audit Matters of the Group and the Company are detailed below:

KEY AUDIT MATTER	AUDIT RESPONSE
1 Valuation of Goodwill	
Management tests goodwill for impairment annually, and assesses whether there are events or changes in circumstances indicating that the carrying value may be impaired. This test and assessment are largely based on management expectations and estimates of future results of the cash generating units of which the entities acquired in the past form part. During the period ended June 30, 2018, an impairment charge of Rs.31.8m for the Group and Rs.5.3m for the Company has been accounted in the profit or loss.	In our audit approach, we reviewed the analysis of possible indications of impairment and discussed it with management. We reviewed the recoverable amount calculations and reconciled them with expected cash flows as included in the forecast. We also discussed the forecasts for the assets concerned with management, and reviewed the substantiation of the forecasts based on historical information and concluded contracts.
Refer to note 7 of the accompanying financial statements.	

KEY AUDIT MATTER	AUDIT RESPONSE
2 Revenue recognition	
Revenue is an important measure used to evaluate the performance of the Group and the Company. There is a risk that the revenue is presented for amounts higher than what has been actually generated by the Group and the Company. Consequently, we considered revenue recognition to be a significant key audit matter. Revenue from sale of goods and services is measured at the fair value of the consideration received or receivable, after eliminating sales within the Group. Revenue from sale of properties are recognised based on a percentage of completion method as construction progresses.	Our audit procedures to address the risk of material misstatement relating to revenue recognition include: • Testing of design, existence and operating effectiveness of internal control procedures implemented as well as test of details to ensure accurate processing of revenue transactions; • Reviewing the terms and conditions of the agreement with the buyer to determine the accounting treatment with regards to recognition of revenue, that is either based on percentage completion or revenue recognition at completion; • Ensuring completeness of income through substantive tests performed, analytical review procedures and cut off tests on revenue recognised.
Refer to notes 2.19 and 18 of the accompanying financial statements.	

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF BLUELIFE LIMITED

The Key Audit Matters of the Group are detailed below:

KEY AUDIT MATTER	AUDIT RESPONSE
1 Compliance with debt covenant requirements	
As at June 30 2018, one of the subsidiaries of the Group was in breach of certain banking covenants and as such, bank loan amounting to Rs.186m for the Group were classified as current borrowings. The adequate disclosure of the amount in breach of banking covenants were considered a key audit matter. In addition, we consider compliance with debt covenant requirements a key audit matter as this is part of management's assessment of the going concern assumption as such breaches technically gave the right to the Group's lenders to accelerate repayment before scheduled maturity.	Our audit procedures included: • Discussing with management on the continued support of the lenders. • Management confirmed that no such acceleration has taken place as of the date of authorisation of the financial statements. • We have also obtained management representation on this matter.
Refer to note 15 of the accompanying financial statements.	

KEY AUDIT MATTER	AUDIT RESPONSE
2 Fair Value of Investment Properties	
The Group's investment properties of Rs.356.4m, representing 15.2% of its owners' interests, have been carried at fair value, with changes in fair value being recognised in profit or loss. The Group's investment properties have been fair valued either by independent valuation specialists, by Directors or based on latest sales price, as detailed in note 6. When determining the valuation of investment properties, estimates have been developed by the independent valuation specialists and Directors based on the most appropriate source data and are subject to significant judgement.	Our audit procedures included, amongst others: • Reviewing the data used by the valuer in their valuation by: Comparing the current year (2018) actual results with the figures included in the prior year (2017) forecast to consider whether any forecasts included assumptions that, with hindsight, had been optimistic. We found that actual performance was consistent with forecast performance. Challenging the assumptions used by the independent valuation specialists and Directors. • Where recent transaction price have been used for valuing remaining plot of bare land, we have recomputed the value based on latest sales price.
Refer to note 6 of the accompanying financial statements.	

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF BLUELIFE LIMITED

The Key Audit Matters of the Company are detailed below:

KEY AUDIT MATTER	AUDIT RESPONSE
1 Assessment of Impairment - Investment of Subsidiaries	
The Company's investment in subsidiaries amounted to Rs.1,963.1m net of impairment, representing 78.9% of net assets of the Company. We focused on this area due to the size of the investment balance and because the Company's assessment of the 'value in use' of the subsidiaries involves judgements about the future results of the business and the discount rates applied to future cash flow forecasts. The Company's management performed an assessment of impairment of the subsidiaries' investment by: • Comparing some subsidiaries' book values with their net asset values and/or value in use. • Comparing some subsidiaries' book values with their net asset values and/or value in use.	Our audit procedures included, amongst others: • Reviewing the data used by the valuer in their valuation. We evaluated the subsidiaries' cashflow forecasts and the process by which they were developed, including considering the mathematical accuracy of the underlying calculations. • Challenging management with: - the key assumptions for growth rates in the forecasts by comparing them to historical results. - the discount rate used in the model by assessing the cost of capital for the Company by comparing it to market data and industry research.
Refer to note 10 of the accompanying financial statements.	

KEY AUDIT MATTER	AUDIT RESPONSE
2 Recoverability of receivables from related parties	
The Company had receivable from related parties of Rs.347.0m as at June 30, 2018. We focused on this area since the level of provisions for bad debts are considered to be a significant risk due to the pervasive nature of these balances to the financial statements, and the importance of cash collection with reference to the working capital management of the business.	Our audit procedures included, amongst others: • Assessing and challenging management's view of recoverability and questioning management's knowledge of future conditions that may impact expected receipts. • Discussed, evaluated and concluded with management that possible cash streaming will be available from the related companies to repay these debts.
Refer to note 12 of the accompanying financial statements.	

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF BLUELIFE LIMITED

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report (but does not include the Corporate Governance Report, the financial statements and our auditor's report thereon).

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

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

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

Those charged with governance are responsible for overseeing the Group and the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF BLUELIFE LIMITED

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Companies Act 2001

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

We have obtained all information and explanations we have required.

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

Financial Reporting Act 2004

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

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

Other matter

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

BDO & CO Chartered Accountants	Rookaya Ghanty, FCCA Licensed by FRC

Port Louis,
Mauritius.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2018

	Notes	THE GROUP June 30, 2018	THE GROUP December 31, 2017 Restated	THE GROUP At January 1, 2017 Restated	THE COMPANY June 30, 2018	THE COMPANY December 31, 2017 Restated	THE COMPANY At January 1, 2017 Restated
ASSETS		**Rs.**	Rs.	Rs.	**Rs.**	Rs.	Rs.
Non-current assets							
Property, plant and equipment	5	**1,127,868,633**	1,145,026,294	1,181,462,950	**1,841,991**	2,531,499	3,023,166
Investment properties	6	**356,363,386**	951,507,671	1,075,965,159	**93,316,140**	136,526,900	142,446,219
Intangible assets	7	**107,003,542**	143,296,968	209,598,344	**11,710,574**	17,149,696	39,036,353
Land and related development costs	9	**1,604,798,032**	1,611,831,529	1,634,425,724	**-**	-	36,222,387
Investment in subsidiaries	10	**-**	-	-	**1,963,092,959**	2,302,477,749	2,312,079,944
Deferred tax assets	16	**41,880,125**	38,927,895	32,002,719	**543,211**	-	-
Non-current receivables	31	**4,540,970**	1,320,000	1,000,000	**36,122,387**	36,122,387	-
		3,242,454,688	3,891,910,357	4,134,454,896	**2,106,627,262**	2,494,808,231	2,532,808,069
Current assets							
Inventories	8	**7,799,198**	10,982,349	27,731,559	**-**	-	-
Land and related development costs	9	**100,159,303**	199,521,365	286,641,316	**-**	-	-
Trade and other receivables	12	**139,776,482**	257,780,874	121,226,433	**365,348,794**	320,897,697	260,812,959
Cash and cash equivalents	29(b)	**140,255,691**	89,101,154	158,810,968	**4,685,505**	1,410,239	63,425
		387,990,674	557,385,742	594,410,276	**370,034,299**	322,307,936	260,876,384
Non-current assets classified as held for sale	11	**583,925,520**	62,000,000	276,614,300	**342,940,818**	-	276,614,300
Total assets	Rs.	**4,214,370,882**	4,511,296,099	5,005,479,472	**2,819,602,379**	2,817,116,167	3,070,298,753
EQUITY AND LIABILITIES							
Capital and reserves (attributable to owners of the parent)							
Stated capital	14	**3,472,320,310**	3,027,298,338	3,027,298,338	**3,472,320,310**	3,027,298,338	3,027,298,338
Other reserves		**26,080,000**	26,080,000	26,080,000	**-**	-	-
Actuarial reserves		**206,740**	(315,450)	(2,427,055)	**1,325,893**	1,223,939	(1,159,047)
Revenue deficit		**(1,148,158,436)**	(1,025,572,366)	(767,826,704)	**(985,399,523)**	(844,714,909)	(682,073,156)
Owners' interests		**2,350,448,614**	2,027,490,522	2,283,124,579	**2,488,246,680**	2,183,807,368	2,344,066,135
Non-controlling interests	10 (c)	**(9,781,967)**	924,363	31,134,561	**-**	-	-
Total equity		**2,340,666,647**	2,028,414,885	2,314,259,140	**2,488,246,680**	2,183,807,368	2,344,066,135
LIABILITIES							
Non-current liabilities							
Borrowings	15	**623,398,431**	488,570,757	666,763,252	**293,216**	330,995	123,167,232
Retirement benefit obligations	13	**6,287,388**	5,941,476	5,994,255	**1,354,133**	1,146,435	1,989,818
Deferred tax liabilities	16	**-**	3,801,522	11,744,195	**-**	3,590,039	11,744,195
		629,685,819	498,313,755	684,501,702	**1,647,349**	5,067,469	136,901,245
Current liabilities							
Trade and other payables	17	**265,006,630**	463,701,864	585,396,881	**67,037,227**	68,287,548	52,581,162
Current tax liabilities	25	**5,699,324**	9,054,353	-	**-**	-	-
Borrowings	15	**666,466,838**	1,511,811,242	1,421,321,749	**256,169,816**	559,953,782	536,750,211
		937,172,792	1,984,567,459	2,006,718,630	**323,207,043**	628,241,330	589,331,373
Liabilities directly associated with non-current assets classified as held for sale	11	**306,845,624**	-	-	**6,501,307**	-	-
Total liabilities		**1,873,704,235**	2,482,881,214	2,691,220,332	**331,355,699**	633,308,799	726,232,618
Total equity and liabilities	Rs.	**4,214,370,882**	4,511,296,099	5,005,479,472	**2,819,602,379**	2,817,116,167	3,070,298,753

These financial statements have been approved for issue by the Board of Directors on September 21, 2018.

Sunil Banymandhub **Christine Marot**

The notes on pages 113 to 169 form an integral part of these financial statements.

Auditor's report on pages 102 to 107.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE PERIOD ENDED JUNE 30, 2018

	Notes	THE GROUP Six months period ended June 30, 2018	THE GROUP Year ended December 31, 2017 Restated	THE COMPANY Six months period ended June 30, 2018	THE COMPANY Year ended December 31, 2017 Restated
Continuing operations		**Rs.**	Rs.	**Rs.**	Rs.
Revenue	18	**676,697,775**	1,273,003,796	**7,856,017**	292,929,116
Cost of sales	19	**(480,281,447)**	(931,219,595)	**-**	(290,445,015)
Gross profit		**196,416,328**	341,784,201	**7,856,017**	2,484,101
Other income	20	**7,454,037**	18,180,179	**77,378,264**	31,239,972
Other gains/(losses) - net	26	**3,203,198**	(402,421)	**(10,791)**	-
Selling and marketing expenses	19	**(11,808,192)**	(23,578,906)	**-**	-
Administrative expenses	19	**(190,475,722)**	(359,109,197)	**(61,105,857)**	(120,571,724)
Other operating expenses	19	**(6,984,516)**	(1,878,398)	**(470,243)**	(1,878,398)
		(2,194,867)	(25,004,542)	**23,647,390**	(88,726,049)
Net decrease in fair value of investment properties	6(i)	**(37,820,409)**	(26,917,212)	**(43,210,760)**	(6,019,319)
Impairment charges	24	**(31,786,174)**	(61,875,957)	**(112,273,304)**	(35,672,685)
Finance costs	21	**(47,729,823)**	(132,949,329)	**(13,002,072)**	(42,830,474)
Loss before taxation	23	**(119,531,273)**	(246,747,040)	**(144,838,746)**	(173,248,527)
Income tax credit/(charge)	25	**986,792**	(3,672,067)	**4,154,132**	(1,952,750)
Loss for the period/year from continuing operations		**(118,544,481)**	(250,419,107)	**(140,684,614)**	(175,201,277)
Discontinued operations					
(Loss)/profit from discontinued operations net of tax	11 (f)	**(14,927,991)**	(37,461,310)	**-**	12,559,524
Loss for the period/year		**(133,472,472)**	(287,880,417)	**(140,684,614)**	(162,641,753)
Other comprehensive income for the period/year, net of tax					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurements of post employment benefit obligations, net of deferred tax	27	**702,262**	2,036,162	**101,954**	2,382,986
Total comprehensive income for the period/year	Rs.	**(132,770,210)**	(285,844,255)	**(140,582,660)**	(160,258,767)
Loss attributable to:					
Owners of the parent		**(122,586,070)**	(257,745,662)	**(140,684,614)**	(162,641,753)
Non-controlling interests		**(10,886,402)**	(30,134,755)	**-**	-
	Rs.	**(133,472,472)**	(287,880,417)	**(140,684,614)**	(162,641,753)
Total comprehensive income attributable to:					
Owners of the parent		**(122,063,880)**	(255,634,057)	**(140,582,660)**	(160,258,767)
Non-controlling interests		**(10,706,330)**	(30,210,198)	**-**	-
	Rs.	**(132,770,210)**	(285,844,255)	**(140,582,660)**	(160,258,767)
Loss per share (Rs/cs)					
- From continuing and discontinued operations	28	**(0.209)**	(0.572)	**(0.240)**	(0.361)
- From continuing operations	28	**(0.183)**	(0.489)	**(0.240)**	(0.389)

The notes on pages 113 to 169 form an integral part of these financial statements.

Auditor's report on pages 102 to 107.

STATEMENTS OF CHANGES IN EQUITY

FOR THE PERIOD ENDED JUNE 30, 2018

THE GROUP	Notes	Stated capital	Other reserves	Actuarial reserves	Revenue deficit	Total	Non-controlling interests	Total Equity
		Attributable to owners of the parent						
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
At January 1, 2018								
- as previously reported		3,027,298,338	26,080,000	(323,052)	(1,011,343,253)	2,041,712,033	(27,607)	2,041,684,426
- prior year adjustment arising on deferred tax	35	-	-	7,602	(14,229,113)	(14,221,511)	951,970	(13,269,541)
- as restated		3,027,298,338	26,080,000	(315,450)	(1,025,572,366)	2,027,490,522	924,363	2,028,414,885
Loss for the period		-	-	-	(122,586,070)	(122,586,070)	(10,886,402)	(133,472,472)
Other comprehensive income for the period	27	-	-	522,190	-	522,190	180,072	702,262
Total comprehensive income for the period		-	-	522,190	(122,586,070)	(122,063,880)	(10,706,330)	(132,770,210)
Issue of shares		445,021,972	-	-	-	445,021,972	-	445,021,972
At June 30, 2018	Rs.	**3,472,320,310**	**26,080,000**	**206,740**	**(1,148,158,436)**	**2,350,448,614**	**(9,781,967)**	**2,340,666,647**
At January 1, 2017								
- as previously reported		3,027,298,338	26,080,000	(2,485,539)	(757,086,172)	2,293,806,627	30,409,823	2,324,216,450
- prior year adjustment arising on deferred tax	35	-	-	58,484	(10,740,532)	(10,682,048)	724,738	(9,957,310)
- as restated		3,027,298,338	26,080,000	(2,427,055)	(767,826,704)	2,283,124,579	31,134,561	2,314,259,140
Loss for the year		-	-	-	(257,745,662)	(257,745,662)	(30,134,755)	(287,880,417)
Other comprehensive income for the year	27	-	-	2,111,605	-	2,111,605	(75,443)	2,036,162
Total comprehensive income for the year		-	-	2,111,605	(257,745,662)	(255,634,057)	(30,210,198)	(285,844,255)
At December 31, 2017	Rs.	**3,027,298,338**	**26,080,000**	**(315,450)**	**(1,025,572,366)**	**2,027,490,522**	**924,363**	**2,028,414,885**

The notes on pages 113 to 169 form an integral part of these financial statements.

Auditor's report on pages 102 to 107.

STATEMENTS OF CHANGES IN EQUITY

FOR THE PERIOD ENDED JUNE 30, 2018

THE COMPANY	Notes	Stated capital	Actuarial reserves	Revenue deficit	Total
		Rs.	Rs.	Rs.	Rs.
At January 1, 2018					
- as previously reported		3,027,298,338	1,253,431	(840,794,560)	2,187,757,209
- prior year adjustment arising on deferred tax	35	-	(29,492)	(3,920,349)	(3,949,841)
- as restated		3,027,298,338	1,223,939	(844,714,909)	2,183,807,368
Loss for the period		-	-	(140,684,614)	(140,684,614)
Other comprehensive income for the period	27	-	101,954	-	101,954
Total comprehensive income for the period		-	101,954	(140,684,614)	(140,582,660)
Issue of shares		445,021,972	-	-	445,021,972
At June 30, 2018	Rs.	**3,472,320,310**	**1,325,893**	**(985,399,523)**	**2,488,246,680**
At January 1, 2017					
- as previously reported		3,027,298,338	(1,186,976)	(680,663,560)	2,345,447,802
- prior year adjustment arising on deferred tax	35	-	27,929	(1,409,596)	(1,381,667)
- as restated		3,027,298,338	(1,159,047)	(682,073,156)	2,344,066,135
Loss for the year		-	-	(162,641,753)	(162,641,753)
Other comprehensive income for the year	27	-	2,382,986	-	2,382,986
Total comprehensive income for the year		-	2,382,986	(162,641,753)	(160,258,767)
At December 31, 2017	Rs.	**3,027,298,338**	**1,223,939**	**(844,714,909)**	**2,183,807,368**

The notes on pages 113 to 169 form an integral part of these financial statements.

Auditor's report on pages 102 to 107.

STATEMENTS OF CASH FLOWS

FOR THE PERIOD ENDED JUNE 30, 2018

	Notes	THE GROUP Six months period ended June 30, 2018	THE GROUP Year ended December 31, 2017	THE COMPANY Six months period ended June 30, 2018	THE COMPANY Year ended December 31, 2017
		Rs.	Rs.	Rs.	Rs.
Cash flows from operating activities					
Cash generated from/ (absorbed in) operations	29(a)	**79,571,085**	(45,501,289)	**(119,139,738)**	(129,557,481)
Tax paid		**(9,054,345)**	-	**-**	-
Interest paid		**(74,599,678)**	(181,206,136)	**(18,728,098)**	(26,812,995)
Interest received		**28,427**	839,512	**-**	-
Net cash used in operating activities		**(4,054,511)**	(225,867,913)	**(137,867,836)**	(156,370,476)
Cash flows from investing activities					
Purchase of property, plant and equipment, net		**(13,041,208)**	(5,831,489)	**(47,000)**	(460,006)
Purchase of intangible assets		**-**	(200,000)	**-**	(65,000)
Purchase of investment			-	**-**	(4,502,721)
Expenditure incurred on investment properties and non-current receivables		**(10,125,773)**	(5,048,053)	**-**	-
Net proceeds from disposal of non-current assets classified as held for sale		**58,848,000**	262,783,585	**-**	262,783,585
Proceeds from disposal of property, plant and equipment		**-**	86,957	**-**	-
Net cash generated from/(used in) investing activities		**35,681,019**	251,791,000	**(47,000)**	257,755,858
Cash flows from financing activities					
Payment on borrowings		**(297,327,580)**	(132,607,740)	**(238,083,333)**	(116,345,408)
Finance lease capital repayment		**(788,202)**	(1,819,285)	**(35,775)**	-
Issue of shares		**445,021,972**	-	**445,021,972**	-
Net cash generated from/(used in) financing activities		**146,906,190**	(134,427,025)	**206,902,864**	(116,345,408)
Net movement in cash and cash equivalents	Rs.	**178,532,698**	(108,503,938)	**68,988,028**	(14,960,026)
Movement in cash and cash equivalents					
At January 1,		**(354,157,760)**	(244,394,342)	**(270,388,205)**	(255,425,277)
Effect of foreign exchange difference		**2,396,839**	(1,259,480)	**(10,125)**	(2,902)
Increase/(decrease)		**178,532,698**	(108,503,938)	**68,988,028**	(14,960,026)
At June 30,/ December 31,	29(b) Rs.	**(173,228,223)**	(354,157,760)	**(201,410,302)**	(270,388,205)

The notes on pages 113 to 169 form an integral part of these financial statements.

Auditor's report on pages 102 to 107.

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED JUNE 30, 2018

1. GENERAL INFORMATION

BlueLife Limited (the "Company") is a public company limited by shares, incorporated and domiciled in Mauritius. Its registered office is situated at Circle Square Retail Park, Forbach, Mauritius.

The Group changed its reporting date from December 31 to June 30. As a result, the current financial period covers a period of six months starting January 1, 2018 to June 30, 2018. Comparatives are for the year ended December 31, 2017.

These financial statements will be submitted for consideration and approval at the forthcoming Annual Meeting of Shareholders of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements of BlueLife Limited comply with the Companies Act 2001 and have been prepared in accordance with International Financial Reporting Standards (IFRS).

The financial statements include the consolidated financial statements of the parent company and its subsidiary companies (the "Group") and the separate financial statements of the parent company (the "Company"). The financial statements are presented in Mauritian Rupees and all values are rounded to the nearest Rupee, except when otherwise indicated.

Where necessary, comparative figures have been amended to conform with changes in presentation in the current year. The financial statements are prepared under the historical cost convention, except that:

(i) land and buildings are carried at revalued amounts;

(ii) investment properties are stated at fair value; and

(iii) relevant financial assets and liabilities are carried at amortised cost.

The Group had revenue deficit of Rs.1,148.2 million and net current liabilities of Rs.549.2 million and the Company had revenue deficit Rs.985.4 million as at June 30, 2018. In preparing the financial statements, the Board of Directors have given careful consideration to the liquidity of the Group and the Company having regards to:

(1) Master plan implementation is under way with the full launching of the Northern Precinct development in Azuri comprising a nine-hole golf and 88 residences with a sales value of Rs 2.9 billion. This will create value through cash and revenue generation thereby contributing in bringing the holding company back in positive retained earnings.

(2) Contemplated monetization plan on disposal of non-core assets having achieved maturity level.

(3) Continued support from lenders through capital moratorium and rescheduling of repayment terms of loans of certain subsidiaries.

The Board of Directors are confident that the Group would continue as a going concern in the foreseeable future and they consider it appropriate to prepare the financial statements on a going concern basis.

Amendments to published Standards effective in the reporting period

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

Disclosure Initiative (Amendments to IAS 7). The amendments require the entity to explain changes in its liabilities arising from financing activities. This includes changes arising from cash flows (e.g. drawdowns and repayments of borrowings) and non-cash changes such as acquisitions, disposals, accretion of interest and unrealised exchange differences. A reconciliation of the opening and closing carrying amounts for each item for which cash flows have been or would be classified as financial activities is presented in note 29(c).

Annual Improvements to IFRSs 2014-2016 Cycle

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

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED JUNE 30, 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

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

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

At the reporting date of these financial statements, the following were in issue but not yet effective:

IFRS 9 Financial Instruments

IFRS 15 Revenue from Contracts with Customers

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

IFRS 16 Leases

Clarifications to IFRS 15 Revenue from Contracts with Customers

Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)

Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments to IFRS 4)

Annual Improvements to IFRSs 2014-2016 Cycle

IFRIC 22 Foreign Currency Transactions and Advance Consideration

Transfers of Investment Property (Amendments to IAS 40)

IFRS 17 Insurance Contracts

IFRIC 23 Uncertainty over Income Tax Treatments

Prepayment Features with negative compensation (Amendments to IFRS 9)

Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)

Annual Improvements to IFRSs 2015-2017 Cycle

Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)

In July 2014 the IASB issued IFRS 9 Financial Instruments, which is the comprehensive standard to replace IAS 39 "Recognition and measurement", and includes requirements for classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting. The Group is still assessing the impact IFRS 9 as at June 30, 2018.

IFRS 15 Revenue from contracts with customers - effective for annual periods beginning on or after January 1, 2018. IFRS 15 defines principles for recognising revenue and will be applicable to all contracts with customers. However, interest and fee income integral to financial instruments and leases will continue to fall outside the scope of IFRS 15 and will be regulated by the other applicable standards. (e.g. IFRS 9, and IFRS 16 Leases). IFRS 15 provides a single, principle based five step model to be applied to all contracts with customers. Revenue will need to be recognised as goods and services are transferred, to the extent that the transferor anticipates entitlement to goods and services. The standard will also specify a comprehensive set of disclosure regarding nature, extent and timing as well as any uncertainty of revenue and corresponding cash flows with customers. The Group is still assessing the impact of IFRS 15 as at June 30, 2018.

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED JUNE 30, 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Property, plant and equipment

Land and buildings, held for use in the production or supply of goods or for administrative purposes, are stated at their fair value, based on periodic valuations, by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Increases in the carrying amount arising on revaluation are credited to other comprehensive income and shown as revaluation surplus in shareholder’s equity. Decreases that offset previous increases of the same asset are charged against revaluation surplus directly in equity; all other decreases are charged to profit or loss.

Each year, the depreciation based on the revalued carrying amount of the asset charged to the profit or loss and depreciation based on the asset’s original cost is transferred from revaluation surplus to retained earnings.

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

Depreciation is calculated on the straight-line method to write off the cost of the assets to their residual values over their estimated useful lives at the following rates:

- Buildings	2%
- Plant and equipment	10% - 30%
- Furniture, Fixtures and equipment	20% - 25%
- Motor vehicles	20% - 25%

Freehold land is not depreciated.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Gains and losses on disposals of property, plant and equipment are determined by comparing proceeds with carrying amount and are included in the profit or loss.

2.3 Investment property

Investment property, held to earn rentals or for capital appreciation or both and not occupied by the Group, is carried at fair value, representing the open-market value. Changes in fair values are included in the profit or loss. The fair value of certain investment properties are determined by independent valuation specialists while that of others are determined by the directors of the Group.

Properties that are under construction or development to earn rentals or for capital appreciation or both is accounted as investment property. When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

2.4 Intangible assets

(a) Goodwill

Goodwill arising on acquisition of a business is carried at cost as established at the date of the acquisition of the business less accumulated impairment losses, if any.

Goodwill is tested annually for impairment.

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

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the gains and losses on disposal.

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED JUNE 30, 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Intangible assets (cont'd)

(b) Leasehold rights

Leasehold rights represent the amount paid to acquire the rights to the lease of land and is amortised over the period of the lease, that is, 60 years.

(c) Computer software

Acquired computer software licences are capitalised on the basis of costs incurred to acquire and bring to use the specific software and are amortised using straight line method over their estimated useful lives of 3 to 4 years.

Costs associated with developing and maintaining computer software are recognised as an expense as incurred. Costs that are directly associated with the production if identifiable and unique software controlled by the Group and that will generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

2.5 Investment in subsidiaries

Separate financial statements of the investor

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

Consolidated financial statements

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

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interests in the acquiree either at fair value or at the non-controlling interests' proportionate share of the acquiree's net assets.

The excess, of the consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree (if any) over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss as a bargain purchase gain.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Transactions and non-controlling interests

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

Disposal of subsidiaries

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

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED JUNE 30, 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Non-current assets classified as held for sale

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through a continuing use. This condition is regarded as met only, when the sale is highly probable and the asset is available for immediate sale in its present condition.

2.7 Financial assets

(a) Categories of financial assets

The group classifies its financial assets as loans and receivables. The classification depends on the purpose for which it was made. Management determines the classification of their financial assets at initial recognition.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

The Group's loans and receivables comprise of cash and cash equivalents, non-current receivables and trade and other receivables.

Non current receivables with fixed maturity terms are measured at amortised cost using the effective interest rate method, less provision for impairment.

Loans and receivables are carried at amortised cost using effective interest method.

(b) Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

2.8 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of provision is recognised in profit or loss.

2.9 Trade and other payables

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

2.10 Borrowings

Borrowings are recognised initially at fair value being their issue proceeds net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period date.

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED JUNE 30, 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 3 months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statements of financial position.

2.12 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as deduction, net of tax, from proceeds.

2.13 Current and deferred income tax

The tax expense for the period comprises of current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current tax

The current income tax charge is based on taxable income for the year calculated on the basis of tax laws enacted or substantively enacted by the end of the reporting period.

Deferred tax

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

Deferred income tax is determined using tax rates that have been enacted or substantively enacted at the reporting date and are expected to apply in the period when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which deductible temporary differences can be utilised.

Deferred tax (cont'd)

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

2.14 Foreign currencies

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using Mauritian rupees, the currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in Mauritian rupees, which is the Group's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'finance income or cost'. All other foreign exchange gains and losses are presented in profit or loss within 'other gains and losses - net'.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date the fair value was determined.

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED JUNE 30, 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 Leases

(a) Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

(b) Accounting for leases - where Group is the lessee

Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss unless they are attributable to qualifying assets in which case, they are capitalised in accordance with the policy on borrowing costs.

(c) Accounting for leases - where Group is the lessor

Assets leased out under operating leases are included in investment property in the statements of financial position. They are carried at fair value, as determined by external valuers. Rental income is recognised in line with the relevant lease terms.

(d) Operating leases - where Group is the lessor

Payments under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

2.16 Retirement benefit obligations

(a) Defined contribution plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group operates a defined contribution retirement benefit plan for all qualifying employees. Payments to defined contribution retirement plans are charged as an expense as they fall due.

(b) Defined benefit plans

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

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

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), is recognised immediately in other comprehensive income in the period in which they occur. Remeasurements are accumulated in a separate reserve and will not be reclassified to profit or loss in a subsequent period.

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

Service costs comprising of the current service cost, past service cost, as well as gains and losses on curtailments and settlements are recognised immediately in profit or loss.

(c) Retirement gratuity

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

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED JUNE 30, 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.16 Retirement benefit obligations (cont'd)

(d) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawl, or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

2.17 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the first-in, first out (FIFO) method. The cost of consumables comprises of purchase cost and other direct costs but excludes interest expense. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

2.18 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

2.19 Revenue recognition

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

(a) Sale of goods

Sales of goods are recognised when the goods are delivered and titles have passed, at which time all of the following conditions are satisfied:
- the Group has transferred, to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

(b) Rendering of services

Revenue from rendering of services are recognised in the accounting year in which the services are rendered (by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of total services to be provided).

(c) Other revenues earned by the Group are recognised on the following bases:
- Rental income from investment property - recognised in profit or loss on an accrual basis in accordance with the rental agreement.
- Interest income - recognised on a time proportion basis using the effective interest method.
- Dividend income - when the shareholder's right to receive payment is established.

(d) Sale of completed property

A property is regarded as sold when the significant risks and returns have been transferred to the buyer, which is normally on unconditional exchange of contracts. For conditional exchanges, sales are recognised only when all the significant conditions are satisfied.

(e) Sale of property under development

Where property is under development and agreement has been reached to sell such property when construction is complete, the directors consider whether the contract comprises:
- A contract to construct a property, or
- A contract for the sale of a completed property

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED JUNE 30, 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.19 Revenue recognition (cont'd)

(e) Sale of property under development (cont'd)

Where a contract is judged to be for the construction of a property, revenue is recognised using the percentage of completion method as construction progresses.

Where the contract is judged to be for the sale of a completed property, revenue is recognised when the significant risks and rewards of ownership of the real estate have been transferred to the buyer. If, however, the legal terms of the contract are such that the construction represents the continuous transfer of work in progress to the purchaser, the percentage of completion method of revenue recognition is applied and revenue is recognised as work progresses. Continuous transfer of work in progress is applied when:
- The buyer controls the work in progress, typically when the land on which the development is taking place is owned by the final customer, and;
- All significant risks and rewards of ownership of the work in progress in its present state are transferred to the buyer as construction progresses, typically when the buyer cannot put the incomplete property back to the Group.

In such situations, the percentage of work completed is measured based on the costs incurred up until the end of the reporting period as a proportion of total costs expected to be incurred.

2.20 Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of qualifying assets are capitalised until such time as the assets are substantially ready for their intended use or sale. Other borrowing costs are expensed.

2.21 Dividend distribution

Dividend distribution to the Group's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are declared.

2.22 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources, that can be reliably estimated, will be required to settle the obligation.

2.23 Segment reporting

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

2.24 Land and related development costs

Land and related development costs consist of cost of land, infrastructural and other development expenditures. These land and related development costs are released to profit or loss as and when sale or disposal is being effected, that is, when risks and rewards pass on to buyers.

Land and related development costs are classified under current assets when completion is imminent and the assets are likely to be disposed of within the next financial year. Otherwise, it is classified under non-current assets.

The Group uses the 'percentage of completion method' to determine the appropriate amount to recognise in a given period. The stage of completion is measured by reference to the costs incurred up to the end of the reporting period as a percentage of total estimated costs for each project (or by reference to surveys of work performed or completion of a physical proportion of the contract work). Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories, prepayments or other assets, depending on their nature.

The Group presents as an asset the gross amount due from customers for work in progress for which costs incurred plus recognised profits (less recognised losses) exceeds progress billings. Progress billings not yet paid by customers and retention are included within 'trade and other receivables'.

The Group presents as a liability the gross amount due to customers for all work in progress for which progress billings exceed costs incurred plus recognised profits/(losses).

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED JUNE 30, 2018

3. FINANCIAL RISK MANAGEMENT

3.1 Financial Risk Factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow and fair value interest risk), credit risk and liquidity risk.

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

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

(a) Market risk

(i) Currency risk

The Group is exposed to foreign exchange risk arising from currency exposures primarily with respect to the USD, EURO, ZAR and GBP. Foreign exchange risk arises from future currency exposures, commercial transactions and recognised assets and liabilities.

Management has set up a policy to require the Group to manage its foreign exchange risk exposure with treasury performed by IBL Treasury Management Ltd.

Currency profile

The currency profile of the Group and the Company's financial assets and liabilities are summarised below:

THE GROUP	June 30, 2018		December 31, 2017	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
	Rs.	Rs.	Rs.	Rs.
MUR	181,631,716	1,393,380,970	251,999,255	2,293,857,121
USD	28,868,338	15,822,854	36,156,302	63,499
EURO	38,128,030	373,100	46,112,803	3,352,456
ZAR	70,640	-	36,782	-
GBP	5,130,367	-	6,524,179	842,873
Rs.	253,829,091	1,409,576,924	340,829,321	2,298,115,949

THE COMPANY	June 30, 2018		December 31, 2017	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
	Rs.	Rs.	Rs.	Rs.
MUR	405,124,561	310,878,974	356,709,973	605,004,460
USD	65,001	-	60,015	705
Rs.	405,189,562	310,878,974	356,769,988	605,005,165

The figures above exclude prepayments and accruals.

Sensitivity analysis

At the end of reporting date, if the rupee had weakened/strengthened by 5% against the the above foreign currencies with all the variables remaining constant , the impact on post tax result for the year would have been as shown in the table 3.1(a)(i), mainly as a result of foreign exchange gains/losses on translation of foreign currency denominated financial assets and liabilities as detailed above.

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED JUNE 30, 2018

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial Risk Factors (cont'd)

(i) Currency risk (cont'd)

Currency profile (cont'd)

THE GROUP	Six months period ended June 30, 2018		Year ended December 31, 2017	
Impact on post-tax results	Financial assets	Financial liabilities	Financial assets	Financial liabilities
	Rs.	Rs.	Rs.	Rs.
	+	+	+	+
USD	721,708	395,571	1,807,815	3,175
EURO	953,201	9,328	2,305,640	167,623
ZAR	1,766	-	1,839	-
GBP	128,259	-	326,209	42,144

THE COMPANY	Six months period ended June 30, 2018		Year ended December 31, 2017	
Impact on post-tax results	Financial assets	Financial liabilities	Financial assets	Financial liabilities
	Rs.	Rs.	Rs.	Rs.
	+	+	+	+
USD	1,349	-	2,491	29

(ii) Cash flow and fair value interest rate risk

The Group's interest rate risk arises from borrowings. Borrowings issued at variable rates expose the Group to cash flow interest-rate risk. Borrowings issued at fixed rates expose the Group to fair value interest-rate risk. The group maintains its deposits held at bank and borrowings in variable rate instruments and its finance lease obligations at fixed rate.

Cash flow interest rate risk

Sensitivity analysis

At the end of the reporting period, if variable interest rates on borrowings had been 50 basis points higher/lower with all other variables held constant, post-tax result for the year would have changed as shown in the table below.

	THE GROUP		THE COMPANY	
Impact on post-tax results	Six months period ended June 30, 2018	Year ended December 31, 2017	Six months period ended June 30, 2018	Year ended December 31, 2017
	Rs.	Rs.	Rs.	Rs.
	+/-	+/-	+/-	+/-
Liabilities				
Borrowings	3,214,707	9,978,056	640,240	2,799,409

Fair value interest rate risk

At the end of reporting date, if interest rates on fixed rate borrowings had been 50 basis points lower/higher with all variables held constant, the impact on post-tax result for the year would not be material.

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED JUNE 30, 2018

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 FINANCIAL RISK FACTORS (CONT'D)

(b) **Credit risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade receivable. The amounts presented in the statements of financial position are net of allowances for doubtful receivables, estimated by the Group's management based on prior experience and the current economic environment. The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. The Group has policies in place to ensure that sales of services are made to customers with an appropriate credit history.

(c) **Liquidity risk**

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

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Group aims at maintaining flexibility in funding by keeping committed credit lines available.

Management monitors rolling forecasts of the Group's liquidity reserve on the basis of expected cash flow.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting date to the contractual maturity date.

THE GROUP	Less than 1 year Rs.	Between 1 and 2 years Rs.	Between 2 and 5 years Rs.	Over 5 years Rs.
At June 30, 2018				
Borrowings	**732,406,671**	**203,383,981**	**185,989,270**	**355,918,421**
Trade and other payables	**265,006,630**	**-**	**-**	**-**
At December 31, 2017				
Borrowings	1,730,765,249	124,198,647	364,546,795	122,460,248
Trade and other payables	463,701,864	-	-	-

THE COMPANY	Less than 1 year Rs.	Between 1 and 2 years Rs.	Between 2 and 5 years Rs.	Over 5 years Rs.
At June 30, 2018				
Borrowings	**272,145,437**	**97,433**	**220,122**	**-**
Trade and other payables	**67,037,224**	**-**	**-**	**-**
At December 31, 2017				
Borrowings	592,041,741	104,389	265,105	-
Trade and other payables	68,287,548	-	-	-

3.2 Fair value estimation

The nominal value less estimated credit adjustments to trade receivables and payables are assumed to approximate their fair values.

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED JUNE 30, 2018

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.3 CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are:

- to safeguard the Group's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders, and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt to adjusted capital. Net debt is calculated as total debt (as shown in the statement of financial position) less cash and cash equivalents. Adjusted capital comprises all components of equity (i.e, share capital, retained earnings/(revenue deficit) and non-controlling interests).

The debt-to-adjusted capital ratios at June 30, 2018 and December 31, 2017 were as follows:

		THE GROUP		THE COMPANY	
		June 30, 2018	December 31, 2017 Restated	**June 30, 2018**	December 31, 2017 Restated
		Rs.	Rs.	**Rs.**	Rs.
Total debt		**1,289,865,269**	2,000,381,999	**256,463,032**	560,284,777
Less: cash and cash equivalents		**(140,255,691)**	(89,101,154)	**(4,685,505)**	(1,410,239)
Net debt	Rs.	**1,149,609,578**	1,911,280,845	**251,777,527**	558,874,538
Total equity	Rs.	**2,340,666,647**	2,028,414,885	**2,488,246,680**	2,183,807,368
Debt-to-adjusted capital ratio		**0.49:1**	0.94: 1	**0.10:1**	0.26: 1

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) **Estimated impairment of goodwill**

The Group tests annually whether Goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2.4.

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED JUNE 30, 2018

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

4.1 Critical accounting estimates and assumptions (cont'd)

(b) **Revaluation of property, plant and equipment and investment properties**

The Group carries its investment properties at fair value, with changes in fair value being recognised in profit or loss. In addition, it measures land and buildings at revalued amounts with changes in fair value being recognised in other comprehensive income. The Group engaged independent valuation specialists to determine fair value of some of its investment properties as at June 30, 2018. For these investment properties, the valuer used a valuation technique based on capitalisation of net operating income. Other investment properties comprise of bare land held for capital appreciation whose fair values have been determined based on director's valuations on an open market basis.

The determined fair value of the investment properties, with regards to rental properties, is most sensitive to the estimated yield as well as the long term vacancy rate. The key assumptions used to determine the fair value of the investment properties, are further explained in Note 6.

(c) **Limitation of sensitivity analysis**

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

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

(d) **Pension benefits**

The present value of the pension obligations depend on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost/(income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each reporting period. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms the related pension liability.

Other key assumptions for pension obligations are based in part on current market conditions.

(e) **Asset lives and residual values**

Property, plant and equipment are depreciated over its useful life, taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors.

In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. Consideration is also given to the extent of current profits or losses on the disposal of similar assets.

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED JUNE 30, 2018

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

4.1 Critical accounting estimates and assumptions (cont'd)

(f) **Depreciation policies**

Property, plant and equipment are depreciated to their residual values over their estimated useful lives. The residual value of an asset is the estimated net amount that the company would currently obtain from disposal of the asset, if the asset was already of age and in condition expected at the end of its useful life.

The directors therefore make estimates based on historical experience and use best judgement to assess the useful lives of assets and to forecast the expected residual values of the assets at the end of their expected useful lives.

(g) **Impairment of assets**

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

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

The Group utilises the valuation model to determine asset and cash-generating unit values supplemented, where appropriate, by discounted cash flow and other valuation techniques.

(h) **Impairment of investment in subsidiaries and associate**

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

(i) **Revenue recognition**

The percentage of completion method is utilised to recognise revenue on long-term contracts. Management exercises judgement in calculating the deferred revenue reserve which is based on the anticipated cost of repairs over the life cycle of the equipment applied to the total expected revenue arising from maintenance and repair contracts.

In addition, management exercises judgement in assessing whether significant risks and rewards have been transferred to the customer to permit revenue to be recognised.

(j) **Deferred tax on investment property**

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment property, the directors reviewed the Group's investment property and concluded that some properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time and others are recovered through sale. Since the Company has a land promoter and property developer licence, the Group has recognised deferred taxes on changes in fair value of investment properties.

(k) **Going concern**

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

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED JUNE 30, 2018

5. PROPERTY, PLANT AND EQUIPMENT

(a)

THE GROUP - 2018	Freehold land and buildings Rs.	Plant and equipment Rs.	Motor vehicles Rs.	Furniture, Fixtures and equipment Rs.	Capital work in progress Rs.	Total Rs.
COST OR VALUATION						
At January 1, 2018	1,216,615,664	31,179,659	7,931,778	87,835,366	-	1,343,562,467
Additions	7,206,760	1,221,383	-	2,300,350	2,312,715	13,041,208
Disposal	-	-	(1,282,100)	(545,300)	-	(1,827,400)
Transfer to non-current assets classified as held for sales (note 11)	(24,546,976)	(124,606)	-	-	-	(24,671,582)
At June 30, 2018	**1,199,275,448**	**32,276,436**	**6,649,678**	**89,590,416**	**2,312,715**	**1,330,104,693**
DEPRECIATION						
At January 1, 2018	108,597,142	16,223,337	5,718,145	67,997,549	-	198,536,173
Charge for the period	12,382,796	2,270,038	428,704	6,901,960	-	21,983,498
Disposal adjustment	-	-	(1,282,100)	(492,828)	-	(1,774,928)
Transfer to non-current assets classified as held for sales (note 11)	(16,384,501)	-	-	(124,182)	-	(16,508,683)
At June 30, 2018	**104,595,437**	**18,493,375**	**4,864,749**	**74,282,499**	**-**	**202,236,060**
NET BOOK VALUE						
At June 30, 2018	**1,094,680,011**	**13,783,061**	**1,784,929**	**15,307,917**	**2,312,715**	**1,127,868,633**

THE GROUP - 2017	Freehold land and buildings Rs.	Plant and equipment Rs.	Motor vehicles Rs.	Furniture, Fixtures and equipment Rs.	Total Rs.
COST OR VALUATION					
At January 1, 2017	1,216,543,664	24,926,255	8,121,743	86,057,135	1,335,648,797
Additions	72,000	6,253,404	1,599,348	2,149,210	10,073,962
Disposal	-	-	(1,789,313)	(370,979)	(2,160,292)
At December 31, 2017	**1,216,615,664**	**31,179,659**	**7,931,778**	**87,835,366**	**1,343,562,467**
DEPRECIATION					
At January 1, 2017	83,976,069	11,887,606	5,669,744	52,652,428	154,185,847
Charge for the year	24,621,073	4,335,731	1,405,297	15,663,840	46,025,941
Disposal adjustment	-	-	(1,356,896)	(318,719)	(1,675,615)
At December 31, 2017	**108,597,142**	**16,223,337**	**5,718,145**	**67,997,549**	**198,536,173**
NET BOOK VALUE					
At December 31, 2017 Rs.	**1,108,018,522**	**14,956,322**	**2,213,633**	**19,837,817**	**1,145,026,294**

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED JUNE 30, 2018

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

(b)

THE COMPANY - 2018	Plant and equipment Rs.	Motor vehicles Rs.	Furniture, Fixtures and equipment Rs.	Total Rs.
COST				
At January 1, 2018	2,751,355	1,902,100	10,337,990	14,991,445
Additions	47,000	-	-	47,000
Disposal	-	(1,282,100)	(460,800)	(1,742,900)
At June 30, 2018	**2,798,355**	**620,000**	**9,877,190**	**13,295,545**
DEPRECIATION				
At January 1, 2018	2,184,321	1,295,017	8,980,608	12,459,946
Charge for the period	138,498	77,500	436,030	652,028
Disposal adjustment	-	(1,282,100)	(376,320)	(1,658,420)
At June 30, 2018	**2,322,819**	**90,417**	**9,040,318**	**11,453,554**
NET BOOK VALUE				
At June 30, 2018 Rs.	**475,536**	**529,583**	**836,872**	**1,841,991**
THE COMPANY - 2017				
COST				
At January 1, 2017	2,508,349	1,282,100	10,337,990	14,128,439
Additions	243,006	620,000	-	863,006
At December 31, 2017	**2,751,355**	**1,902,100**	**10,337,990**	**14,991,445**
DEPRECIATION				
At January 1, 2017	1,878,789	1,282,100	7,944,384	11,105,273
Charge for the year	305,532	12,917	1,036,224	1,354,673
At December 31, 2017	**2,184,321**	**1,295,017**	**8,980,608**	**12,459,946**
NET BOOK VALUE				
At December 31, 2017 Rs.	**567,034**	**607,083**	**1,357,382**	**2,531,499**

(c) There was no additions to assets held under finance leases during the period ended June 30, 2018 for the group and the company (Year ended December 31, 2017: Rs.Nil).

(d) Leased assets included above comprise of:

	Plant and machinery		Motor vehicles	
	June 30, 2018	December 31, 2017	**June 30, 2018**	December 31, 2017
THE GROUP	**Rs.**	Rs.	**Rs.**	Rs.
Cost-capitalised finance leases	**5,543,342**	5,543,342	**6,375,830**	6,375,830
Accumulated depreciation	**(1,788,323)**	(1,289,705)	**(4,670,683)**	(4,275,023)
Net book value Rs.	**3,755,019**	4,253,637	**1,705,147**	2,100,807

	Motor vehicles	
	June 30, 2018	December 31, 2017
THE COMPANY	**Rs.**	Rs.
Cost-capitalised finance leases	**620,000**	620,000
Accumulated depreciation	**(90,417)**	(12,917)
Net book value	**529,583**	607,083

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED JUNE 30, 2018

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

(e) The Group's freehold land was last revalued on December 31, 2013 by an independent Chartered Valuer, Rhoy Ramlackhan B.Sc (Hons)., M.R.I.C.S., M.M.I.S. The fair value was determined based on open-market value basis primarily derived using the Sales Comparison Approach.

Details of the Group's freehold land measured at fair value and information about the fair value hierarchy as at June 30, 2018 and December 31, 2017 are as follows:

		THE GROUP	
		June 30, 2018	December 31, 2017
		Rs.	Rs.
Level 2			
Freehold land	Rs.	**165,200,000**	165,200,000

The buildings have not been revalued and have been based on construction cost as at December 31, 2014. Management is of the opinion that the cost of the buildings approximate their fair value as at June 30, 2018.

(f) If the land was stated on historical cost basis, the amounts would be as follows:

		THE GROUP	
		June 30, 2018	December 31, 2017
		Rs.	Rs.
Cost	Rs.	**99,200,000**	99,200,000

(g) Bank borrowings are secured by fixed and floating charges on the assets of the Group and the Company including property, plant and equipment.

(h) Depreciation expense for the six months period ended June 30, 2018 of Rs.21,983,498 (Year ended December 31, 2017: Rs.46,025,941) for the Group and Rs.652,028 (Year ended December 31, 2017: Rs.1,354,673) for the Company have been charged in administrative expenses.

6. INVESTMENT PROPERTIES

		THE GROUP		THE COMPANY	
		June 30, 2018	December 31, 2017	**June 30, 2018**	December 31, 2017
Fair value model		**Rs.**	Rs.	**Rs.**	Rs.
At January 1		**951,507,671**	1,075,965,159	**136,526,900**	142,446,219
Additions		**6,584,803**	4,728,053	**-**	-
Decrease in fair value (note 6(i))		**(37,820,409)**	(67,285,541)	**(43,210,760)**	(6,019,319)
Transfer to non-current assets classified as held for sales (note 11)		**(563,908,679)**	(62,000,000)	**-**	-
Transfer from land and related development costs (note 9)		**-**	100,000	**-**	100,000
At June 30/December 31,	Rs.	**356,363,386**	951,507,671	**93,316,140**	136,526,900

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED JUNE 30, 2018

6. INVESTMENT PROPERTIES (CONT'D)

(i) Decrease in fair value of investment properties have been attributable to continuing and discontinued operations as follows:

		THE GROUP		THE COMPANY	
		Six months period ended June 30, 2018	Year ended December 31, 2017	**Six months period ended June 30, 2018**	Year ended December 31, 2017
		Rs.	Rs.	**Rs.**	Rs.
Continuing operations		**37,820,409**	26,917,212	**43,210,760**	6,019,319
Discontinued operations (note 11)		**-**	40,368,329	**-**	-
	Rs.	**37,820,409**	67,285,541	**43,210,760**	6,019,319

(ii) The information about the fair value hierarchy of the investment properties as at June 30, 2018 and December 31, 2017 are as follows:

		THE GROUP		
		Level 2	**Level 3**	**Total**
		Rs.	**Rs.**	**Rs.**
June 30, 2018				
Bare lands at Piton and Riviere du Rempart (note 6 (iii))		28,500,000	-	28,500,000
Industrial building, Riviere du Rempart (note 6 (v))		-	64,816,140	64,816,140
Harbour Front Building, Port Louis (note 6 (vi))		-	96,780,258	96,780,258
Commercial building - Retail (note 6 (vii))		-	166,266,988	166,266,988
	Rs.	**28,500,000**	**327,863,386**	**356,363,386**
December 31, 2017				
Bare lands:				
- Forbach (note 6 (iii))		246,123,666	-	246,123,666
- Piton and Riviere du Rempart (note 6 (iii))		28,500,000	-	28,500,000
Circle Square retail park (note 6 (iv))		-	317,569,959	317,569,959
Industrial building, Riviere du Rempart (note 6 (v))		-	108,026,900	108,026,900
Harbour Front Building, Port Louis (note 6 (vi))		-	84,179,986	84,179,986
Commercial building - Retail (note 6 (vii))		-	167,107,160	167,107,160
	Rs.	**274,623,666**	**676,884,005**	**951,507,671**

		THE COMPANY		
		Level 2	**Level 3**	**Total**
June 30, 2018		**Rs.**	**Rs.**	**Rs.**
Bare lands - Piton and Riviere du Rempart (note 6 (iii))		28,500,000	-	28,500,000
Industrial building, Riviere du Rempart (note 6 (v))		-	64,816,140	64,816,140
	Rs.	**28,500,000**	**64,816,140**	**93,316,140**
December 31, 2017				
Bare lands - Piton and Riviere du Rempart (note 6 (iii))		28,500,000	-	28,500,000
Industrial building, Riviere du Rempart (note 6 (v))		-	108,026,900	108,026,900
	Rs.	**28,500,000**	**108,026,900**	**136,526,900**

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED JUNE 30, 2018

6. INVESTMENT PROPERTIES (CONT'D)

(iii) Bare lands at Forbach, Piton and Riviere Du Rempart have been fair valued in December 2017 by Gexim Real Estate Ltd, an independent professionally qualified valuer. The fair value was determined on an open-market basis by reference to market evidence of transaction prices for similar properties. As at June 30, 2018, the independent professionally qualified valuer has confirmed that there has not been any change in value. Bare Land at Forbach has been classified as non-current asset held for sales as at June 30, 2018.

(iv) As at December 31, 2017, Circle Square Retail Park was valued by Messrs Ernst & Young in September 2017, based on capitalisation of net operating income. The rentals were calculated on a fully let basis, allowing for a long term vacancy provision. The net operating income has then been capitalised at yields representing different characteristics of the centre, including their location, age and tenant mix. Yields range from 7.5% to 9%. As at June 30, 2018, the Circle Square Retail Park was classified as non-current asset held for sales and the directors has assessed any impairment in value of the Circle Square Retail Park. The Directors are of opinion that the carrying amount of Circle Square Retail Park at June 30, 2018 was lower than the potential transaction price.

(v) The industrial building was valued by Messrs Ernst & Young on June 30, 2018, based on capitalisation of net operating income. The rentals were calculated on a fully let basis. The net operating income has been capitalised at yield of 15% representing the default risk of the current tenant, option to redevelop the property and time to replace the current tenant.

(vi) Lots in harbour front building were valued by Messrs Ernst & Young on September 30, 2017, based on capitalisation of net operating income. The rentals were calculated on a fully let basis, allowing for a long term vacancy provision. The net operating income has then been capitalised at yields representing different characteristics of the office, including their location, age and tenant mix. Yields range from 9% to 10%. As at June 30, 2018, the Directors have carried out the valuation of the lots of harbour front building based on similar assumptions.

(vii) The land and buildings were valued by Gexim Real Estate Ltd, an independent professionally qualified valuer on December 26, 2017. The land was valued using the direct market comparison approach and the building was valued using the depreciated replacement costs. The direct market comparison was based on recent transactions for similar properties and adjusted for year of transaction, geographical location, size, etc. As at June 30, 2018, the independent professionally qualified valuer has confirmed that there has not been any change in value. The"Boat" yard and sports facilities were valued by Directors as at December 31, 2017 based on depreciated replacement cost. The Directors are of the opinion that the carrying amount of the boat yard and sports facilities approximate its fair value as at June 30, 2018.

(viii) Bank borrowings are secured by fixed and floating charges on the assets of the Group and the Company including investment properties.

(ix) The following have been recognised in profit or loss:

	THE GROUP		THE COMPANY	
	Six months period ended June 30, 2018	Year ended December 31, 2017	Six months period ended June 30, 2018	Year ended December 31, 2017
Continuing and discontinued operations	Rs.	Rs.	Rs.	Rs.
Rental income	27,733,829	53,988,429	7,856,017	20,362,075
Direct operating expenses arising from investment properties that generate rental income	3,836,886	8,715,966	198,000	1,444,797
Direct operating expenses arising from investment properties that do not generate rental income	618,220	2,782,097	334,078	267,781

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED JUNE 30, 2018

7. INTANGIBLE ASSETS

(a) **THE GROUP**

		Goodwill	Leasehold rights	Computer software	Total
		Rs.	Rs.	Rs.	Rs.
2018					
COST					
At January 1, 2018		267,205,352	61,568,451	14,211,943	342,985,746
Disposal		-	-	(254,120)	(254,120)
Transfer to non-current assets classified as held for sale (note 11)		(2,587,874)	-	-	(2,587,874)
Impairment charges		(31,786,174)	-	-	(31,786,174)
At June 30, 2018		**232,831,304**	**61,568,451**	**13,957,823**	**308,357,578**
AMORTISATION					
At January 1, 2018		181,595,314	6,992,368	11,101,096	199,688,778
Charge for the period		-	615,685	1,287,810	1,903,495
Disposal adjustment		-	-	(238,237)	(238,237)
At June 30, 2018		**181,595,314**	**7,608,053**	**12,150,669**	**201,354,036**
NET BOOK VALUE					
At June 30, 2018	Rs.	**51,235,990**	**53,960,398**	**1,807,154**	**107,003,542**
2017					
COST					
At January 1, 2017		329,081,309	61,568,451	14,011,943	404,661,703
Additions		-	-	200,000	200,000
Impairment charges		(61,875,957)	-	-	(61,875,957)
At December 31, 2017		**267,205,352**	**61,568,451**	**14,211,943**	**342,985,746**
AMORTISATION					
At January 1, 2017		181,595,314	5,760,999	7,707,046	195,063,359
Charge for the year		-	1,231,369	3,394,050	4,625,419
At December 31, 2017		**181,595,314**	**6,992,368**	**11,101,096**	**199,688,778**
NET BOOK VALUE					
At December 31, 2017	Rs.	**85,610,038**	**54,576,083**	**3,110,847**	**143,296,968**

(b) **THE COMPANY**

		Goodwill	Computer software	Total
		Rs.	Rs.	Rs.
COST				
At January 1, 2018		196,480,968	2,312,015	198,792,983
Disposal		-	(254,120)	(254,120)
Impairment charges		(5,273,304)	-	(5,273,304)
At June 30, 2018		**191,207,664**	**2,057,895**	**193,265,559**
AMORTISATION				
At January 1, 2018		179,743,850	1,899,437	181,643,287
Charge for the period		-	149,935	149,935
Disposal adjustment		-	(238,237)	(238,237)
At June 30, 2018		**179,743,850**	**1,811,135**	**181,554,985**
NET BOOK VALUE				
At June 30, 2018	Rs.	**11,463,814**	**246,760**	**11,710,574**

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED JUNE 30, 2018

7. INTANGIBLE ASSETS (CONT'D)

(b) **THE COMPANY**

		Goodwill	Computer software	Total
		Rs.	Rs.	Rs.
COST				
At January 1, 2017		218,047,737	2,247,015	220,294,752
Additions		-	65,000	65,000
Impairment charges		(21,566,769)	-	(21,566,769)
At December 31, 2017		**196,480,968**	**2,312,015**	**198,792,983**
AMORTISATION				
At January 1, 2017		179,743,850	1,514,549	181,258,399
Charge for the year		-	384,888	384,888
At December 31, 2017		**179,743,850**	**1,899,437**	**181,643,287**
NET BOOK VALUE				
At December 31, 2017	Rs.	**16,737,118**	**412,578**	**17,149,696**

(c) The goodwill for the Company was on amalgamation of BlueLife Limited with Indian Ocean Real Estate Company Ltd in prior years and mainly attributable to the cash flows generated from the asset. Impairment of goodwill arising on amalgamation with Indian Ocean Real Estate Company Ltd has been assessed based on discounted cash flow technique, taking into consideration future cash flows expected to be generated on the assets and also the market conditions prevailing. Impairment charges for the Company of Rs.5,273,304 for the period ended June 30, 2018 (Year ended December 31, 2017: Rs.21,566,769) have been charged to profit or loss for the company.

Part of the goodwill for the Group was on amalgamation of BlueLife Limited with Indian Ocean Real Estate Company Ltd in prior year and attributable to the cash flows generated from specific project. The other goodwill has been assessed for impairment based on discounted cash flow techniques, taking into account future cash flows expected to be generated on the assets and also the market conditions prevailing. Based on the assessment of future cash flows of cash generating units, an impairment charges of Rs.31,786,174 for the period ended June 30, 2018 (Year ended December 31, 2017 : Rs.61,875,957) have been charged to profit or loss for the group.

(d) Amortisation charge for the period ended June 30, 2018 of Rs.1,903,495 (Year ended December 31, 2017: Rs.4,625,419) for the Group and Rs.149,935 (Year ended December 31, 2017: Rs.384,888) for the Company has been charged in administrative expenses.

8. INVENTORIES

		THE GROUP	
		June 30, 2018	December 31, 2017
COST		**Rs.**	Rs.
Operating equipment		**1,113,412**	2,449,509
Consumables		**6,685,786**	8,532,840
	Rs.	**7,799,198**	10,982,349

(a) Inventories recognised as expense during the period ended June 30, 2018 amounted to Rs.25,600,761 (Year ended December 31, 2017: Rs.64,920,940).

(b) The bank borrowings are secured by floating charges on the assets of the Group, including inventories.

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED JUNE 30, 2018

9. LAND AND RELATED DEVELOPMENT COSTS

		THE GROUP		
		Non-current	Current	Total
		Rs.	Rs.	Rs.
At January 1, 2018		1,611,831,529	199,521,365	1,811,352,894
Additions		802,880	103,800,158	104,603,038
Transfer		(7,836,377)	7,836,377	-
Transfer to cost of sales		-	(210,998,597)	(210,998,597)
At June 30, 2018	Rs.	**1,604,798,032**	**100,159,303**	**1,704,957,335**
At January 1, 2017		1,634,425,724	286,641,316	1,921,067,040
Additions		13,628,192	309,724,913	323,353,105
Transfer		(36,122,387)	36,122,387	-
Transfer to cost of sales		-	(432,967,251)	(432,967,251)
Transfer to investment properties (note 6)		(100,000)	-	(100,000)
At December 31, 2017	Rs.	1,611,831,529	199,521,365	1,811,352,894

		THE COMPANY	
		Non-current	Total
		Rs.	Rs.
At January 1, 2017		36,222,387	36,222,387
Transfer to non-current receivables		(36,122,387)	(36,122,387)
Transfer to investment properties (note 6)		(100,000)	(100,000)
At December 31, 2017 and June 30, 2018	Rs.	-	-

Land and related development costs comprise of land infrastructure and related development expenditures. The Group develops residential and IRS properties, which it sells in the ordinary course of business and has entered into agreement to sell these properties on completion of construction.

The Group has considered the application of IFRIC 15 to the land and related development costs. The percentage of completion method of revenue recognition has been applied and revenue recognised as work in progress. Development expenditure incurred in respect of work in progress dealt with under the percentage of completion method is recognised in profit or loss in the period incurred.

At June 30, 2018, advance received from customers for development projects is Rs.Nil (December 31, 2017: Rs.120,225,515) for the Group and Rs.Nil (December 31, 2017: Rs.Nil) for the Company.

The amount recognised in cost of sales for the period in respect of land development projects is:

		THE GROUP	
		Six months period ended June 30, 2018	Year ended December 31, 2017
		Rs.	Rs.
In respect of sales recognised on a percentage of completion basis	Rs.	**210,998,597**	432,967,251

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED JUNE 30, 2018

9. LAND AND RELATED DEVELOPMENT COSTS (CONT'D)

The following table provides information about such continuous transfer agreements that are in progress at the reporting date:

		THE GROUP	
		Six months period ended June 30, 2018	Year ended December 31, 2017
		Rs.	Rs.
Aggregate costs incurred and expensed to date		-	1,147,651,742
Profit before tax recognised to date on on-going projects	Rs.	-	300,009,757

10. INVESTMENT IN SUBSIDIARIES - COST

		THE COMPANY	
		June 30, 2018	December 31, 2017
		Rs.	Rs.
At January 1,		**2,302,477,749**	2,312,079,944
Additions		**117,061,756**	4,503,721
Impairment losses (note 24)		**(107,000,000)**	(14,105,916)
Transfer to non-current assets classified as held for sales (note 11)		**(342,889,068)**	-
Transfer to trade and other receivables		**(6,557,478)**	-
At June 30,/December 31,	Rs.	**1,963,092,959**	2,302,477,749

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED JUNE 30, 2018

10. INVESTMENT IN SUBSIDIARIES - COST (CONT'D)

(a) The list of the Company's significant subsidiaries is as follows:

June 30, 2018	Class of shares	Year end	Stated Capital	Proportion of ownership interest		Proportion of ownership interests held by non controlling interests	Proportion of voting power held	Place of registration and operation	Main business
				Direct	Indirect				
Names				%	%		%		
Société des Primevères	Ordinary	June 30, 2018	60,000,000	100.0	-	-	100.0	Mauritius	Property holding
Société de l'Oie	Ordinary	June 30, 2018	1,000	100.0	-	-	100.0	Mauritius	Property holding
Société de la Perruche	Ordinary	June 30, 2018	1,000	100.0	-	-	100.0	Mauritius	Property holding
Société du Héron	Ordinary	June 30, 2018	1,000	100.0	-	-	100.0	Mauritius	Property holding
Société de l'Ibis	Ordinary	June 30, 2018	1,000	100.0	-	-	100.0	Mauritius	Property holding
Société des Cocotiers	Ordinary	June 30, 2018	1,000	100.0	-	-	100.0	Mauritius	Property holding
Société de l'Ecureuil	Ordinary	June 30, 2018	1,000	100.0	-	-	100.0	Mauritius	Property holding
Société des Figuiers	Ordinary	June 30, 2018	1,000	100.0	-	-	100.0	Mauritius	Property holding
Société du Tigre	Ordinary	June 30, 2018	1,000	100.0	-	-	100.0	Mauritius	Property holding
PL Resort Ltd	Ordinary	June 30, 2018	215,000,000	60.0	-	40.0	60.0	Mauritius	Hotel operation
Circle Square Holding Co Ltd	Ordinary	June 30, 2018	450,000,000	100.0	-	-	100.0	Mauritius	Land promoter and property developer
Ocean Edge Property Management Company Ltd	Ordinary	June 30, 2018	100	100.0	-	-	100.0	Mauritius	Management and consultancy activities
Haute Rive Holdings Ltd	Ordinary	June 30, 2018	1,150,000,000	100.0	-	-	100.0	Mauritius	Land promoter and property developer
Haute Rive IRS Company Ltd	Ordinary	June 30, 2018	1	-	100.0	-	100.0	Mauritius	Land promoter and property developer
Haute Rive Ocean Front Living Ltd	Ordinary	June 30, 2018	1,000	-	100.0	-	100.0	Mauritius	Real estate activities
Haute Rive Azuri Hotel Ltd	Ordinary	June 30, 2018	399,000,000	-	62.9	37.1	60.0	Mauritius	Hotel operations
HR Golf Holding Ltd	Ordinary	June 30, 2018	1,000	-	100.0	-	100.0	Mauritius	Development of building projects for sale
Azuri Suites Ltd	Ordinary	June 30, 2018	100	-	100.0	-	100.0	Mauritius	Management and consultancy activities
Azuri Golf Management Ltd	Ordinary	June 30, 2018	100	-	100.0	-	100.0	Mauritius	Development of building projects for sale
Azuri Services Ltd	Ordinary	June 30, 2018	100	-	100.0	-	100.0	Mauritius	Consultancy activities
Azuri Estate Management Ltd	Ordinary	June 30, 2018	100	-	100.0	-	100.0	Mauritius	Consultancy activities
Azuri Watch Ltd	Ordinary	June 30, 2018	100	-	100.0	-	100.0	Mauritius	Consultancy activities
Les Hauts Champs 2 Ltd	Ordinary	June 30, 2018	1,000	-	100.0	-	100.0	Mauritius	Land promoter and property developer
Life in Blue Limited	Ordinary	June 30, 2018	1,000	100.0	-	-	100.0	Mauritius	Real estate activities
Haute Rive PDS Ltd	Ordinary	June 30, 2018	1,000	-	100.0	-	100.0	Mauritius	Real estate activities

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED JUNE 30, 2018

10. INVESTMENT IN SUBSIDIARIES - COST (CONT'D)

(b) The list of the Company's significant subsidiaries is as follows:

December 31, 2017

Names	Class of shares	Year end	Stated Capital	Proportion of ownership interest Direct %	Proportion of ownership interest Indirect %	Proportion of ownership interests held by non controlling interests	Proportion of voting power held %	Place of registration and operation	Main business
Société des Primevères	Ordinary	December 31, 2017	60,000,000	100.0	-	-	100.0	Mauritius	Property holding
Société de l'Oie	Ordinary	December 31, 2017	1,000	100.0	-	-	100.0	Mauritius	Property holding
Société de la Perruche	Ordinary	December 31, 2017	1,000	100.0	-	-	100.0	Mauritius	Property holding
Société du Héron	Ordinary	December 31, 2017	1,000	100.0	-	-	100.0	Mauritius	Property holding
Société de l'Ibis	Ordinary	December 31, 2017	1,000	100.0	-	-	100.0	Mauritius	Property holding
Société des Cocotiers	Ordinary	December 31, 2017	1,000	100.0	-	-	100.0	Mauritius	Property holding
Société de l'Ecureuil	Ordinary	December 31, 2017	1,000	100.0	-	-	100.0	Mauritius	Property holding
Société des Figuiers	Ordinary	December 31, 2017	1,000	100.0	-	-	100.0	Mauritius	Property holding
Société du Tigre	Ordinary	December 31, 2017	1,000	100.0	-	-	100.0	Mauritius	Property holding
PL Resort Ltd	Ordinary	December 31, 2017	215,000,000	60.0	-	40.0	60.0	Mauritius	Hotel operation
Circle Square Holding Ltd	Ordinary	December 31, 2017	335,000,000	100.0	-	-	100.0	Mauritius	Land promoter and property developer
Ocean Edge Property Management Company Ltd	Ordinary	December 31, 2017	100	100.0	-	-	100.0	Mauritius	Management and consultancy activities
Haute Rive Holdings Ltd	Ordinary	December 31, 2017	1,150,000,000	100.0	-	-	100.0	Mauritius	Land promoter and property developer
Haute Rive IRS Company Ltd	Ordinary	December 31, 2017	1	-	100.0	-	100.0	Mauritius	Land promoter and property developer
Haute Rive Ocean Front Living Ltd	Ordinary	December 31, 2017	1,000	-	100.0	-	100.0	Mauritius	Real estate activities
Haute Rive Azuri Hotel Ltd	Ordinary	December 31, 2017	399,000,000	-	62.9	37.1	60.0	Mauritius	Hotel operations
HR Golf Holding Ltd	Ordinary	December 31, 2017	1,000	-	100.0	-	100.0	Mauritius	Development of building projects for sale
Azuri Suites Ltd	Ordinary	December 31, 2017	100	-	100.0	-	100.0	Mauritius	Management and consultancy activities
Azuri Golf Management Ltd	Ordinary	December 31, 2017	100	-	100.0	-	100.0	Mauritius	Development of building projects for sale
Azuri Services Ltd	Ordinary	December 31, 2017	100	-	100.0	-	100.0	Mauritius	Consultancy activities
Azuri Estate Management Ltd	Ordinary	December 31, 2017	100	-	100.0	-	100.0	Mauritius	Consultancy activities
Azuri Watch Ltd	Ordinary	December 31, 2017	100	-	100.0	-	100.0	Mauritius	Consultancy activities
Les Hauts Champs 2 Ltd	Ordinary	December 31, 2017	1,000	-	100.0	-	100.0	Mauritius	Land promoter and property developer
Life in Blue Limited*	Ordinary	December 31, 2017	1,000	100.0	-	-	100.0	Mauritius	Real estate activities
Haute Rive PDS Ltd*	Ordinary	December 31, 2017	1,000	-	100.0	-	100.0	Mauritius	Real estate activities

* Life in Blue Limited and Haute Rive PDS Ltd have been incorporated during the year ended December 31, 2017.

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED JUNE 30, 2018

10. INVESTMENT IN SUBSIDIARIES - COST (CONT'D)

(c) SUBSIDIARIES WITH NON-CONTROLLING INTERESTS

Details of subsidiaries that have non-controlling interests:

	2018		2017 Restated	
Name	**Loss allocated to non-controlling interests during the period**	**Accumulated non-controlling interests at June 30,**	Loss allocated to non-controlling interests during the year	Accumulated non-controlling interests at December 31,
	Rs.	**Rs.**	Rs.	Rs.
PL Resort Ltd	**(712,878)**	**(4,691,974)**	(8,145,192)	(4,021,414)
Haute Rive Azuri Hotel Ltd	**(10,173,524)**	**(5,089,993)**	(21,989,563)	4,945,777
Rs.	**(10,886,402)**	**(9,781,967)**	(30,134,755)	924,363

(d) Summarised financial information of subsidiaries with non-controlling interests

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

June 30, 2018

Name	**Current assets**	**Non-current assets**	**Current liabilities**	**Non-current liabilities**	**Revenue**	**Loss from continuing operations**	**Other comprehensive income for the period**	**Total comprehensive income for the period**
	Rs.	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**
PL Resort Ltd	**56,906,309**	**439,192,494**	**207,714,272**	**300,114,467**	**97,762,088**	**(1,782,196)**	**105,789**	**(1,676,407)**
Haute Rive Azuri Hotel Ltd	**68,714,322**	**772,321,319**	**664,172,501**	**190,582,798**	**122,017,366**	**(27,421,898)**	**371,306**	**(27,050,592)**

December 31, 2017

Restated

Name	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenue	Loss from continuing operations	Other comprehensive income for the year	Total comprehensive income for the year
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
PL Resort Ltd	52,103,743	439,808,824	215,275,709	286,690,394	175,284,504	(20,362,980)	192,076	(20,170,904)
Haute Rive Azuri Hotel Ltd	87,349,912	776,509,152	647,311,028	203,217,100	240,664,099	(59,271,059)	(415,341)	(59,686,400)

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED JUNE 30, 2018

10. INVESTMENT IN SUBSIDIARIES - COST (CONT'D)

(d) **Summarised financial information of subsidiaries with non-controlling interests (cont'd)**

(ii) Summarised cash flow information:

Name	Operating activities	Investing activities	Financing activities	Net increase/ (decrease) in cash and cash equivalents
	Rs.	Rs.	Rs.	Rs.
Six months period ended June 30, 2018				
PL Resort Ltd	**25,284,203**	**(4,283,265)**	**(10,318,513)**	10,682,424
Haute Rive Azuri Hotel Ltd	**19,313,232**	**(8,492,093)**	**(11,133,239)**	(312,100)
Year ended December 31, 2017				
PL Resort Ltd	8,165,353	(1,521,771)	657,868	7,301,450
Haute Rive Azuri Hotel Ltd	17,770,083	(3,380,950)	(928,069)	13,461,064

The summarised financial information above is the amount before intra-group eliminations.

11. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS

	THE GROUP		THE COMPANY	
	June 30, 2018	December 31, 2017	**June 30, 2018**	December 31, 2017
	Rs.	Rs.	**Rs.**	Rs.
(a) At January 1,	**62,000,000**	276,614,300	**-**	276,614,300
Transfer from investment properties (note 6)	**-**	62,000,000	**-**	-
Transfer from investment in subsidiaries (note 10)	**-**	-	**342,889,068**	-
Disposal (note (b) below)	**(62,000,000)**	(276,614,300)	**-**	(276,614,300)
Assets classified as held for sale for Circle Square Holding Co Ltd (note (c) below)	**583,925,520**	-	**-**	-
At June 30,/December 31, Rs.	**583,925,520**	62,000,000	**342,889,068**	-

(b) During the six months period ended June 30, 2018, the Group disposed of its investment property, namely 4th Floor of Harbour Front Building, for an amount of Rs.62m.

During the year ended December 31, 2017, the Company disposed of one of its investment property, namely Riverside Shopping Centre. The disposal was effected in order to generate cash flow for the expansion of the Company's other businesses.

(c) On March 30, 2018, the Board of Directors approved a share purchase agreement with a potential buyer for the disposal of its 100% stake in Circle Square Holding Co Ltd ("CSHL") for a total consideration of Rs.366m (i.e. gross consideration of Rs.655m net of the secured debt). CSHL owns bare land at Forbach and the Circle Square Retail Park. As at reporting date, the assets and liabilities of CSHL for the group has been classified as held for sales and investment in subsidiary for the company has been classified as held for sale. The operations of CSHL has been disclosed as discontinued operations in the statements of profit and loss for the group for the six months period ended June 30, 2018 and comparative figures for the year ended December 31, 2017 have been amended to reflect the discontinued operations.

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED JUNE 30, 2018

11. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS (CONT'D)

(d) Non-current assets classified as held for sale

	THE GROUP		THE COMPANY	
	June 30, 2018	December 31, 2017	**June 30, 2018**	December 31, 2017
	Rs.	Rs.	**Rs.**	Rs.
Property, plant and equipment	**8,162,899**	-	**-**	-
Investment Properties (note 6(iii) & (iv))	**563,908,679**	62,000,000	**-**	-
Investment in subsidiary	**-**	-	**342,889,068**	-
Intangible assets	**2,587,874**	-	**-**	-
Cash and cash equivalents	**3,676,403**	-	**-**	-
Trade and other receivables	**5,589,665**	-	**51,750**	-
	583,925,520	62,000,000	**342,940,818**	-

(e) Liabilities directly associated with non-current assets classifed as held for sale

	THE GROUP		THE COMPANY	
	June 30, 2018	December 31, 2017	**June 30, 2018**	December 31, 2017
	Rs.	Rs.	**Rs.**	Rs.
Trade and other payables	**5,462,637**	-	**6,501,307**	-
Borrowings	**288,853,890**	-	**-**	-
Deferred tax liabilities	**12,529,097**	-	**-**	-
	306,845,624	-	**6,501,307**	-

(f) An analysis of the results of discontinued operations, and the results recognised on the re-measurement the disposal group is as follows:

	THE GROUP		THE COMPANY	
	Six months period ended June 30, 2018	Year ended December 31, 2017	**Six months period ended June 30, 2018**	Year ended December 31, 2017
	Rs.	Rs.	**Rs.**	Rs.
Revenue	**17,426,755**	37,825,126	**-**	4,047,259
Other income	**250,000**	5,479,353	**-**	4,768,278
Decrease in fair value of investment properties	**-**	(40,368,329)	**-**	-
Administrative and other operating expenses	**(11,292,346)**	(19,161,169)	**-**	(4,678,441)
Finance costs	**(8,994,783)**	(31,138,896)	**-**	(2,172,558)
(Loss)/profit before tax of discontinued operations	**(2,610,374)**	(47,363,915)	**-**	1,964,538
Income tax (charge)/credit	**(12,317,617)**	9,902,605	**-**	10,594,986
(Loss)/profit after tax of discontinued operations	**(14,927,991)**	(37,461,310)	**-**	12,559,524

	THE GROUP		THE COMPANY	
	Six months period ended June 30, 2018	Year ended December 31, 2017	**Six months period ended June 30, 2018**	Year ended December 31, 2017
	Rs.	Rs.	**Rs.**	Rs.
(g) Operating cash flows	**18,230,683**	(98,479,858)		(73,622,428)
Investing cash flows	**-**	(225,332)		
Financing cash flows	**(17,171,636)**	(132,606,642)	**-**	-
	1,059,047	(231,311,832)	**-**	(73,622,428)

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED JUNE 30, 2018

12. TRADE AND OTHER RECEIVABLES

		THE GROUP		THE COMPANY	
		June 30, 2018	December 31, 2017	**June 30, 2018**	December 31, 2017
		Rs.	Rs.	**Rs.**	Rs.
Trade receivables		**127,593,676**	140,085,275	**14,662,364**	8,765,319
Less provision for impairment		**(17,337,421)**	(20,843,027)	**(9,371,051)**	(6,804,693)
Net trade receivables		**110,256,255**	119,242,248	**5,291,313**	1,960,626
Receivables from related parties, net of impairment (note 34)		**470,858**	532,343	**346,952,539**	303,326,143
Other receivables, net of impairment		**17,481,104**	131,953,576	**12,137,818**	13,950,593
Prepayments		**11,568,265**	6,052,707	**967,124**	1,660,335
	Rs.	**139,776,482**	257,780,874	**365,348,794**	320,897,697

As at June 30, 2018, trade and other receivables of Rs.18,448,141 (December 31, 2017: Rs.21,943,027) for the Group and Rs.10,481,771 (December 31, 2017: Rs.7,904,693) for the Company were impaired, detailed as follows:

		THE GROUP		THE COMPANY	
		June 30, 2018	December 31, 2017	**June 30, 2018**	December 31, 2017
		Rs.	Rs.	**Rs.**	Rs.
Trade receivables		**17,337,421**	20,843,027	**9,371,051**	6,804,693
Other receivables		**1,110,720**	1,100,000	**1,110,720**	1,100,000
	Rs.	**18,448,141**	21,943,027	**10,481,771**	7,904,693

The amount of the provision as at June 30, 2018 was Rs.18,448,141 (December 31, 2017: Rs.21,943,027) for the Group and Rs.10,481,771 (December 31, 2017: Rs.7,904,693) for the Company. The individually impaired receivables mainly relate to tenants, which are in unexpectedly difficult economic situation. The ageing of these receivables are as follows:

		THE GROUP		THE COMPANY	
		June 30, 2018	December 31, 2017	**June 30, 2018**	December 31, 2017
		Rs.	Rs.	**Rs.**	Rs.
Three to six months		**3,350,386**	9,822,227	**1,949,906**	-
Over six months		**15,097,755**	12,120,800	**8,531,865**	7,904,693
	Rs.	**18,448,141**	21,943,027	**10,481,771**	7,904,693

As of June 30, 2018, trade and other receivables of Rs.25,084,270 (December 31, 2017: Rs.26,807,345) for the Group and Rs.Nil (December 31, 2017: Rs.3,381) for the Company were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables are as follows:

		THE GROUP		THE COMPANY	
		June 30, 2018	December 31, 2017	**June 30, 2018**	December 31, 2017
		Rs.	Rs.	**Rs.**	Rs.
Three to six months		**18,716,644**	22,182,996	**-**	-
Over six months		**6,367,626**	4,624,349	**-**	3,381
	Rs.	**25,084,270**	26,807,345	**-**	3,381

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED JUNE 30, 2018

12. TRADE AND OTHER RECEIVABLES (CONT'D)

Movement on the provision for impairment on trade and other receivables are as follows:

		THE GROUP		THE COMPANY	
		Six months period ended June 30, 2018	Year ended December 31, 2017	**Six months period ended June 30, 2018**	Year ended December 31, 2017
		Rs.	Rs.	**Rs.**	Rs.
At January 1,		**21,943,027**	19,355,267	**7,904,693**	8,125,579
Provision for receivable impairment		**9,060,668**	3,246,448	**2,935,578**	421,989
Receivables written off during the year as uncollectible		**-**	(523,078)	**-**	(54,589)
Unused amounts reversed		**(1,153,753)**	(135,610)	**(358,500)**	(588,286)
Transfer to non-current assets classified as held for sales (note 11)		**(11,401,801)**	-	**-**	-
At June 30,/December 31,	Rs.	**18,448,141**	21,943,027	**10,481,771**	7,904,693

The carrying amounts of the Group's and Company's trade and other receivables approximate their fair values and are denominated in the following currencies:

		THE GROUP		THE COMPANY	
		June 30, 2018	December 31, 2017	**June 30, 2018**	December 31, 2017
		Rs.	Rs.	**Rs.**	Rs.
MUR		**94,974,434**	204,596,135	**365,348,794**	320,897,697
USD		**11,753,821**	10,803,214	**-**	-
GBP		**3,759,054**	5,343,245	**-**	-
EUR		**29,289,173**	37,038,280	**-**	-
	Rs.	**139,776,482**	257,780,874	**365,348,794**	320,897,697

The maximum exposure to credit risk at the end of the reporting date is the fair value of each class of receivable mentioned above.

The other classes within trade and other receivables do not contain impaired assets.

13. RETIREMENT BENEFIT OBLIGATIONS

		THE GROUP		THE COMPANY	
		June 30, 2018	December 31, 2017	**June 30, 2018**	December 31, 2017
		Rs.	Rs.	**Rs.**	Rs.
Amounts recognised in the statements of financial position					
Other post employment benefits	Rs.	**6,287,388**	5,941,476	**1,354,133**	1,146,435
Analysed as follows:					
Non-current liabilities	Rs.	**6,287,388**	5,941,476	**1,354,133**	1,146,435

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED JUNE 30, 2018

13. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

	THE GROUP		THE COMPANY	
	Six months period ended June 30, 2018	Year ended December 31, 2017	Six months period ended June 30, 2018	Year ended December 31, 2017
	Rs.	Rs.	Rs.	Rs.
Amount charged to profit or loss:				
Other post employment benefits	1,192,010	949,706	330,534	576,964
Amount credited to other comprehensive income:				
Other post employment benefits	(846,098)	(2,453,204)	(122,836)	(2,871,066)

(a) **Other post employment benefits**

(i) The plan is a hybrid arrangement in respect of employees who were previously members of a defined benefit plan. These employees have a No Worse Off Guarantee whereby, at retirement, their pension benefits will not be less than what would have been payable under the previous Defined Benefit plan. An employee foregoes this guarantee if he leaves before normal retirement age.

The liability relates to Retirement Gratuities payable under the Employment Rights Act (ERA). The latter provides for a lump sum at retirement based on final salary and years of service. For employees who are members of the Defined Contribution plan, half of any lumpsum and five years of pension (relating to Employer's share of contributions only) payable from the pension fund have been offset from the Retirement Gratuities.

The assets of the plan are part of the IBL Pension Fund which are held independently and administered by Pension Consultants and Administrators Ltd.

The most recent actuarial valuation of the plan assets and the present value of the other post retirement benefits were carried out at June 30, 2018 by Anglo Mauritius (Actuarial Valuer).

The present value of the defined benefit obligations, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

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

	THE GROUP		THE COMPANY	
	June 30, 2018	December 31, 2017	June 30, 2018	December 31, 2017
	Rs.	Rs.	Rs.	Rs.
Present value of unfunded obligations	6,287,388	5,941,476	1,354,133	1,146,435
Liability in the statements in financial position	6,287,388	5,941,476	1,354,133	1,146,435

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED JUNE 30, 2018

13. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(a) **Other post employment benefits (cont'd)**

(iii) The reconciliation of the opening balances to the closing balances for the benefit liability is as follows:

	THE GROUP		THE COMPANY	
	June 30, 2018	December 31, 2017	June 30, 2018	December 31, 2017
	Rs.	Rs.	Rs.	Rs.
At January 1,	5,941,476	5,994,255	1,146,435	1,989,818
Charged to profit or loss	1,192,010	949,706	330,534	576,964
Credited to other comprehensive income	(846,098)	(2,453,204)	(122,836)	(2,871,066)
Contributions paid	-	(715,861)	-	(715,861)
Benefits paid	-	2,166,580	-	2,166,580
At June 30,/December 31,	6,287,388	5,941,476	1,354,133	1,146,435

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

	THE GROUP		THE COMPANY	
	June 30, 2018	December 31, 2017	June 30, 2018	December 31, 2017
	Rs.	Rs.	Rs.	Rs.
At January 1,	5,941,476	7,832,816	1,146,435	3,828,379
Current service cost	1,043,473	218,680	301,873	90,008
Past service cost	-	88,963	-	-
Interest expense	148,537	254,221	28,661	99,114
Remeasurements:				
Actuarial gains arising from experience adjustment	(846,098)	(2,453,204)	(122,836)	(2,871,066)
At June 30,/December 31,	6,287,388	5,941,476	1,354,133	1,146,435

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

	THE GROUP AND THE COMPANY	
	June 30, 2018	December 31, 2017
	Rs.	Rs.
At January 1,	-	1,838,561
Interest income	-	96,380
Cost of insuring risk benefits	-	(233,146)
Contributions by the employer	-	715,861
Scheme expenses	-	(251,076)
Benefits paid	-	(2,166,580)
At June 30,/December 31,	-	-

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED JUNE 30, 2018

13. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(a) **Other post employment benefits (cont'd)**

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

	THE GROUP		THE COMPANY	
	Six months period ended June 30, 2018	Year ended December 31, 2017	**Six months period ended June 30, 2018**	Year ended December 31, 2017
	Rs.	Rs.	**Rs.**	Rs.
Current service cost	**1,043,473**	218,680	**301,873**	90,008
Past service cost	**-**	88,963	**-**	-
Net interest cost	**148,537**	157,841	**28,661**	2,734
Cost of insuring risk benefits	**-**	233,146	**-**	233,146
Scheme expenses	**-**	251,076	**-**	251,076
Total included in employee benefit expense (note 23)	**1,192,010**	949,706	**330,534**	576,964

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

	THE GROUP		THE COMPANY	
	June 30, 2018	December 31, 2017	**June 30, 2018**	December 31, 2017
	Rs.	Rs.	**Rs.**	Rs.
Experience losses/(gains) on liabilities	**2,513,578**	(2,424,315)	**923,712**	(2,860,715)
Changes in assumptions underlying the present value of the scheme	**(3,359,676)**	(28,889)	**(1,046,548)**	(10,351)
	(846,098)	(2,453,204)	**(122,836)**	(2,871,066)

(viii) Cumulative actuarial losses/(gains) recognised:

	THE GROUP		THE COMPANY	
	June 30, 2018	December 31, 2017	**June 30, 2018**	December 31, 2017
	Rs.	Rs.	**Rs.**	Rs.
At January 1,	**1,417,908**	3,871,112	**(1,474,624)**	1,396,442
Actuarial gains recognised for the period/year	**(846,098)**	(2,453,204)	**(122,836)**	(2,871,066)
At June 30/ December 31,	**571,810**	1,417,908	**(1,597,460)**	(1,474,624)

(ix) Principal actuarial assumptions used for accounting purposes were:

	THE GROUP AND THE COMPANY	
	June 30, 2018	December 31, 2017
	%	%
Discount rate	**6.6-6.8**	5.00
Expected return on plan assets	**N/A**	5.00
Future long-term salary increase	**3.00**	3.00
Future expected pension increase	**0.00**	0.00

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED JUNE 30, 2018

13. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(a) Other post employment benefits (cont'd)

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

	THE GROUP		THE COMPANY	
June 30, 2018	**Increase**	**Decrease**	**Increase**	**Decrease**
	Rs.	**Rs.**	**Rs.**	**Rs.**
Discount rate (1% increase)	**-**	**1,414,029**	**-**	**506,630**
Discount rate (1% decrease)	**1,612,800**	**-**	**618,407**	**-**
Future long term salary assumption (1% increase)	**1,827,271**	**-**	**635,343**	**-**
Future long term salary assumption (1% decrease)	**1,472,113**	**-**	**527,131**	**-**
December 31, 2017	Increase	Decrease	Increase	Decrease
	Rs.	Rs.	Rs.	Rs.
Discount rate (1% increase)	-	1,447,099	-	490,852
Future long term salary assumption (1% increase)	1,846,076	-	597,320	-

(xi) An increase/decrease of 1% in other principal actuarial assumptions would not have a material impact on defined benefit obligations at the end of the reporting period.

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

The present value of the defined benefit obligation has been calculated using the projected unit credit method.

The sensitivity analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

The defined benefit pension plan exposes the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

The funding requirements are based on the pension fund's actuarial measurement framework set out in the funding policies of the plan.

(xii) The weighted average duration of the obligation is 17-23 years at the end of the reporting period (December 31, 2017: 18-24 years).

14. STATED CAPITAL

	THE GROUP AND THE COMPANY			
	June 30, 2018	December 31, 2017	**June 30, 2018**	December 31, 2017
Issued and fully paid ordinary shares at no par value	**Number of shares**		**Rs.**	Rs.
At January 1	**425,342,317**	425,342,317	**3,027,298,338**	3,027,298,338
Right issue, net of transaction costs	**229,599,782**	-	**445,021,972**	-
At June 30,/December 31,	**654,942,099**	425,342,317	**3,472,320,310**	3,027,298,338

Fully paid ordinary shares carry one vote per share and carry a right to dividends.

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED JUNE 30, 2018

15. BORROWINGS

	THE GROUP		THE COMPANY	
	June 30, 2018	December 31, 2017	**June 30, 2018**	December 31, 2017
	Rs.	Rs.	**Rs.**	Rs.
Non-current				
Bank and other loans (notes 15(b)&15(g))	**620,384,116**	485,173,593	**-**	-
Finance lease liabilities (notes 15(b)&15(f))	**3,014,315**	3,397,164	**293,216**	330,995
	623,398,431	488,570,757	**293,216**	330,995
Current				
Bank overdrafts	**317,160,317**	443,258,914	**206,095,807**	271,798,444
Bank and other loans (notes 15(b)&15(g))	**257,119,424**	743,227,276	**-**	-
Short term loans	**1,993,500**	210,868,038	**-**	175,000,000
Loans with related parties (note 15(g)&34)	**89,225,269**	113,083,333	**50,000,000**	113,083,333
Finance lease liabilities (notes 15(b)&15(f))	**968,328**	1,373,681	**74,009**	72,005
	666,466,838	1,511,811,242	**256,169,816**	559,953,782
Total	**1,289,865,269**	2,000,381,999	**256,463,032**	560,284,777

(a) As at June 30, 2018, one of the subsidiaries of the Group was in breach of certain banking covenants and as such, bank loans amounting to Rs.186m (December 31, 2017: Rs.534.5m) for the Group were classified as current borrowings. Whilst such breaches technically gave the right to the Group's lenders to accelerate repayment before scheduled maturity, no such acceleration has taken place as of the date of authorisation of the financial statements.

(b) The borrowings as at June 30, 2018 include secured liabilities (leases and bank loans) amounting to Rs.1,185,497,693 (December 31, 2017: Rs.1,636,932,012) for the Group and Rs.206,463,032 (December 31, 2017: Rs.272,201,444) for the Company. The bank borrowings are secured by fixed and floating charges over the property, plant and equipment, inventories and part of the investment properties of the Group and its related parties. Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

(c) The carrying amounts of the borrowings are not materially different from their fair value and are denominated in the following currencies:

	THE GROUP		THE COMPANY	
	June 30, 2018	December 31, 2017	**June 30, 2018**	December 31, 2017
	Rs.	Rs.	**Rs.**	Rs.
MUR	**1,274,722,962**	1,980,552,869	**256,463,032**	560,284,777
USD	**-**	79,822	**-**	-
EUR	**15,142,307**	19,749,308	**-**	-
	1,289,865,269	2,000,381,999	**256,463,032**	560,284,777

(d)(i) The maturity of non-current borrowings is as follows:

	THE GROUP		THE COMPANY	
	June 30, 2018	December 31, 2017	**June 30, 2018**	December 31, 2017
	Rs.	Rs.	**Rs.**	Rs.
- after one year and before two years	**119,581,997**	65,729,555	**78,183**	76,067
- after two years and before five years	**206,820,636**	305,026,665	**215,033**	254,928
- after five years	**296,995,798**	117,814,537	**-**	-
	623,398,431	488,570,757	**293,216**	330,995

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED JUNE 30, 2018

15. BORROWINGS (CONT'D)

(d)(ii) Non-current borrowings can be analysed as follows:

	THE GROUP		THE COMPANY	
	June 30, 2018	December 31, 2017	**June 30, 2018**	December 31, 2017
	Rs.	Rs.	**Rs.**	Rs.
- After one year and before two years				
- Bank and other loans	**118,766,589**	65,000,000	**-**	-
- Finance lease liabilities	**815,408**	729,556	**78,183**	76,067
	119,581,997	65,729,556	**78,183**	76,067
- After two years and before five years				
- Bank loans and other loans	**204,693,241**	302,500,000	**-**	-
- Finance lease liabilities	**2,127,395**	2,526,664	**215,033**	254,928
	206,820,636	305,026,664	**215,033**	254,928
- After five years				
- Bank and other loans	**296,924,286**	117,673,593	**-**	-
- Finance lease liabilities	**71,512**	140,944	**-**	-
	296,995,798	117,814,537	**-**	-
	623,398,431	488,570,757	**293,216**	330,995

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

THE GROUP		Six months or less	6 -12 months	1 - 5 years	Over 5 years	Total
		Rs.	Rs.	Rs.	Rs.	Rs.
At June 30, 2018						
Total borrowings	Rs.	**588,720,030**	**74,784,980**	**310,311,023**	**296,924,286**	**1,270,740,319**
At December 31, 2017						
Total borrowings	Rs.	1,369,241,567	141,195,992	325,000,000	140,424,287	1,975,861,846

THE COMPANY		Six months or less	6 -12 months	1 - 5 years	Over 5 years	Total
		Rs.	Rs.	Rs.	Rs.	Rs.
At June 30, 2018						
Total borrowings	Rs.	**256,095,807**	**-**	**-**	**-**	**256,095,807**
At December 31, 2017						
Total borrowings	Rs.	559,881,777	-	-	-	559,881,777

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED JUNE 30, 2018

15. BORROWINGS (CONT'D)

(f) Finance lease liabilities - minimum lease payments:

		THE GROUP		THE COMPANY	
		June 30, 2018	December 31, 2017	June 30, 2018	December 31, 2017
		Rs.	Rs.	Rs.	Rs.
Not later than one year		1,285,122	1,724,998	92,373	92,373
Later than one year not later than 2 years		1,039,513	1,039,513	92,373	92,373
Later than 2 years not later than 5 years		2,357,483	2,712,256	230,667	277,119
Later than 5 years		72,874	238,121	-	-
		4,754,992	5,714,888	415,413	461,865
Future finance charges on finance leases		(772,349)	(944,043)	(48,188)	(58,865)
Present value of finance lease liabilities	Rs.	3,982,643	4,770,845	367,225	403,000
The present value of finance lease liabilities may be analysed as follows:					
Not later than one year		968,328	1,373,681	74,009	72,005
Later than one year not later than 2 years		815,408	729,556	78,183	76,067
Later than 2 years not later than 5 years		2,127,395	2,526,664	215,033	254,928
Later than 5 years		71,512	140,944	-	-
	Rs.	3,982,643	4,770,845	367,225	403,000

(g) Loans with related parties are unsecured, interest bearing and repayable at call.

(h) The effective interest rates at the end of reporting date were as follows:

	THE GROUP		THE COMPANY	
	June 30, 2018	December 31, 2017	June 30, 2018	December 31, 2017
Bank overdrafts	5.75% - 6.05%	5.75% - 10%	5.75%-6.05%	5.75% - 7.05%
Finance lease liabilities	2.9 - 9.25%	5.5% - 9.25%	5.5%	5.5%
Short term loans	N/A	8.2% - 11.75%	N/A	8.2% - 8.60%
Loan from related parties	8.20% - 11.25%	8.375% - 8.6%	8.20%	8.375% - 8.6%
Bank and other loans	5.75% - 7.80%	5.75%-11.25%	N/A	N/A

16. DEFERRED INCOME TAXES

(a) In prior years, the group and the company used to calculate deferred tax on the actual corporate tax rate prevailing in Mauritius which is at 15%. For the period ended June 30, 2018, it was agreed that the 2% Corporate Social Responsibility (CSR) contribution as imposed by the Government should also be considered in the computation of the deferred tax. Consequently, deferred income tax is calculated on all temporary differences under the liability method at 17% (2017: 15%). CSR Contribution previously accounted under administrative expenses has now been reclassified under tax expense. A prior year adjustment has been made for the change from 15% to 17% (note 35).

Deferred tax assets on tax losses carried forward are recognised only to the extent that realisation of the related tax benefit is probable. The recoverability of tax losses is limited to a period of five years from the relevant year of assessment except for losses attributable to annual allowances claimed in respect of capital expenditure.

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED JUNE 30, 2018

16. DEFERRED INCOME TAXES

(b) There is a legally enforceable right to offset current tax assets against current tax liabilities and deferred income tax assets and liabilities when the deferred income taxes relate to the same fiscal authority on the same entity. The following amounts are shown in the statements of financial position:

	THE GROUP		THE COMPANY	
	June 30, 2018	December 31, 2017 Restated	June 30, 2018	December 31, 2017 Restated
	Rs.	Rs.	Rs.	Rs.
Deferred tax assets	(41,880,125)	(38,927,895)	(543,211)	-
Deferred tax liabilities	-	3,801,522	-	3,590,039
Net deferred tax (assets)/liabilities	(41,880,125)	(35,126,373)	(543,211)	3,590,039

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

	THE GROUP		THE COMPANY	
	Six months period ended June 30, 2018	Year ended December 31, 2017 Restated	Six months period ended June 30, 2018	Year ended December 31, 2017 Restated
	Rs.	Rs.	Rs.	Rs.
At January 1,				
- as previously reported	(48,395,914)	(30,215,834)	(359,802)	10,362,528
- prior year adjustment arising on deferred tax	13,269,541	9,957,310	3,949,841	1,381,667
- as restated	(35,126,373)	(20,258,524)	3,590,039	11,744,195
Charged/(credited) to profit or loss (note 25)	5,631,509	(15,284,891)	(4,154,132)	(8,642,236)
Charged to equity	143,836	417,042	20,882	488,080
Transfer to non-current assets classified as held for sale (note 11)	(12,529,097)	-	-	-
At June 30,/December 31,	(41,880,125)	(35,126,373)	(543,211)	3,590,039

(d) At June 30, 2018, the Group had unused tax losses of Rs.1,049,046,610 (December 31, 2017: Rs. 1,054,536,504) and the Company had unused tax losses of Rs.285,654,478 (December 31, 2017: Rs.267,291,416), available for offset against future profits. A deferred tax asset has been recognised in respect of Rs.200,361,759 (December 31, 2017: Rs.192,387,476) for the Group and Rs.Nil (December 31, 2017: Rs.Nil) for the Company of such losses. No deferred tax asset has been recognised in respect of the remaining Rs. 848,684,851 (December 31, 2017: Rs. 862,149,028) for the Group due to unpredictability of future profit streams. The tax losses expire on a rolling basis over 5 years.

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED JUNE 30, 2018

16. DEFERRED INCOME TAXES (CONT'D)

(e) The movement in deferred tax assets and liablities during the year, without taking into consideration of the offsetting of balances within the same fiscal authority on the same entity is as follows:

(i) **THE GROUP**

	At January 1, 2018						
	As previously reported	Prior year adjustment	As Restated	(Credited)/ charged to to profit or loss	Charged to equity	Transfer to asset Non-current assets held for sale	At June 30, 2018
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Deferred tax liabilities							
Change in fair value of investment properties	-	3,997,819	3,997,819	(3,997,819)	-	-	-
	-	3,997,819	3,997,819	(3,997,819)	-	-	-
Deferred tax assets							
Retirement benefit obligations	(891,226)	(118,828)	(1,010,054)	(202,641)	143,836	-	(1,068,859)
Tax losses	(28,858,120)	(3,847,751)	(32,705,871)	11,173,469	-	(12,529,097)	(34,061,499)
Change in fair value of investment properties	(13,874,563)	13,874,563	-	-	-	-	-
Accelerated tax depreciation	(4,772,005)	(636,262)	(5,408,267)	(1,341,500)	-	-	(6,749,767)
	(48,395,914)	9,271,722	(39,124,192)	9,629,328	143,836	(12,529,097)	(41,880,125)
Rs.	**(48,395,914)**	**13,269,541**	**(35,126,373)**	**5,631,509**	**143,836**	**(12,529,097)**	**(41,880,125)**

	At January 1, 2017					
	As previously reported	Prior year adjustment	As Restated	(Credited)/ charged to profit or loss	Charged to equity	At December 31, 2017
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Deferred tax liabilities						
Accelerated tax depreciation	9,952,182	1,326,956	11,279,138	(11,279,138)	-	-
Change in fair value of investment properties	-	-	-	3,997,819	-	3,997,819
	9,952,182	1,326,956	11,279,138	(7,281,319)	-	3,997,819
Deferred tax assets						
Retirement benefit obligations	(899,139)	(119,883)	(1,019,022)	(408,074)	417,042	(1,010,054)
Tax losses	(26,928,211)	(3,590,429)	(30,518,640)	(2,187,231)	-	(32,705,871)
Change in fair value of investment properties	(12,340,666)	12,340,666	-	-	-	-
Accelerated tax depreciation	-	-	-	(5,408,267)	-	(5,408,267)
	(40,168,016)	8,630,354	(31,537,662)	(8,003,572)	417,042	(39,124,192)
Rs.	**(30,215,834)**	**9,957,310**	**(20,258,524)**	**(15,284,891)**	**417,042**	**(35,126,373)**

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED JUNE 30, 2018

16. DEFERRED INCOME TAXES (CONT'D)

(e)(ii) **THE COMPANY**

	At January 1, 2018					
	As previously reported	Prior year adjustment	As Restated	Credited to profit or loss	Charged to equity	At June 30, 2018
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Deferred tax liabilities						
Accelerated tax depreciation	(187,835)	187,835	-	-	-	-
Change in fair value of investment properties	-	3,997,819	3,997,819	(3,997,819)	-	-
	(187,835)	4,185,654	3,997,819	(3,997,819)	-	-
Deferred tax assets						
Accelerated tax depreciation	-	(212,884)	(212,884)	(100,122)	-	(313,006)
Retirement benefit obligations	(171,967)	(22,929)	(194,896)	(56,191)	20,882	(230,205)
	(171,967)	(235,813)	(407,780)	(156,313)	20,882	(543,211)
Rs.	**(359,802)**	**3,949,841**	**3,590,039**	**(4,154,132)**	**20,882**	**(543,211)**

	At January 1, 2017					
	As previously reported	Prior year adjustment	As Restated	(Credited)/ (charged) to profit or loss	Credited to equity	At December 31, 2017
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Deferred tax liabilities						
Accelerated tax depreciation	10,661,001	1,421,463	12,082,464	(12,082,464)	-	-
Change in fair value of investment properties	-	-	-	3,997,819	-	3,997,819
	10,661,001	1,421,463	12,082,464	(8,084,645)	-	3,997,819
Deferred tax assets						
Accelerated tax depreciation	-	-	-	(212,884)	-	(212,884)
Retirement benefit obligations	(298,473)	(39,796)	(338,269)	(344,707)	488,080	(194,896)
	(298,473)	(39,796)	(338,269)	(557,591)	488,080	(407,780)
Rs.	**10,362,528**	**1,381,667**	**11,744,195**	**(8,642,236)**	**488,080**	**3,590,039**

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED JUNE 30, 2018

17. TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	June 30, 2018	December 31, 2017	**June 30, 2018**	December 31, 2017
	Rs.	Rs.	**Rs.**	Rs.
Trade payables	**49,751,123**	119,467,486	**6,608,791**	12,673,337
Amount due to related parties (note 34)	**47,511,847**	17,439,603	**40,598,896**	25,627,907
Deposit from tenants	**1,932,472**	3,868,012	**1,715,872**	1,273,042
Deposit from buyers	**-**	120,225,515	**-**	-
Accruals	**123,305,319**	165,967,914	**12,621,285**	23,567,160
Other payables	**42,505,869**	36,733,334	**5,492,383**	5,146,102
	265,006,630	463,701,864	**67,037,227**	68,287,548

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

18. REVENUE

	THE GROUP		THE COMPANY	
	Six months period ended June 30, 2018	Year ended December 31, 2017	**Six months period ended June 30, 2018**	Year ended December 31, 2017
	Rs.	Rs.	**Rs.**	Rs.
Revenue from the sale of goods	**73,231,085**	163,135,865	**-**	-
Revenue from the rendering of services	**147,525,604**	272,759,822	**-**	-
Proceeds from sale of apartments (recognised on percentage of completion basis)	**385,304,788**	744,815,822	**-**	-
Management fee income	**2,015,384**	4,168,218	**-**	-
Rental income	**27,199,669**	49,067,490	**7,856,017**	20,362,075
Proceeds from disposal of investment properties	**58,848,000**	76,881,705	**-**	276,614,300
	694,124,530	1,310,828,922	**7,856,017**	296,976,375
Disclosed as follows:				
-Continuing operations	**676,697,775**	1,273,003,796	**7,856,017**	292,929,116
-Discontinued operations (note 11)	**17,426,755**	37,825,126	**-**	4,047,259
	694,124,530	1,310,828,922	**7,856,017**	296,976,375

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED JUNE 30, 2018

19. EXPENSES BY NATURE

	THE GROUP		THE COMPANY	
	Six months period ended June 30, 2018	Year ended December 31, 2017	**Six months period ended June 30, 2018**	Year ended December 31, 2017
	Rs.	Rs.	**Rs.**	Rs.
Depreciation	**21,983,498**	46,025,941	**652,028**	1,354,673
Amortisation	**1,903,495**	4,625,419	**149,935**	384,888
Bad debts written off	**-**	590,799	**-**	-
Assets written off	**352,010**	-	**15,833**	-
Provision for impairment of receivables	**7,906,915**	3,246,448	**11,402,355**	26,473,373
Employee benefit expense (note 23(a))	**106,421,411**	231,342,722	**32,334,685**	67,148,792
Advertising costs	**2,091,698**	3,197,264	**88,632**	-
Business administration and professional fees	**23,017,701**	29,410,558	**14,509,516**	16,037,872
Security expenses	**2,053,360**	6,901,643	**-**	360,355
Syndic levies and snagging costs	**8,064,562**	6,837,334	**485,393**	673,530
Recharge of utilities	**17,369,514**	16,751,633	**-**	3,512,886
Cost of investment properties disposed of	**62,000,000**	290,445,015	**-**	290,445,015
Repairs and maintenance	**38,233,565**	32,801,385	**516,258**	1,015,590
Changes in inventories of finished goods	**(3,183,151)**	(16,749,210)	**-**	-
Consumables and operating equipment	**28,783,912**	49,826,193	**-**	-
Cost of sales (recognised on percentage completion basis)	**315,119,766**	440,646,814	**-**	-
Rental expense paid to villas owners	**9,382,986**	23,542,560	**-**	-
Other expenses	**59,340,981**	165,504,748	**1,421,465**	10,166,604
Total cost of sales, selling and marketing, administrative and other operating expenses	**700,842,223**	1,334,947,266	**61,576,100**	417,573,578
Disclosed as follows:				
-Continuing operations	**689,549,877**	1,315,786,097	**61,576,100**	412,895,137
-Discontinued operations (note 11)	**11,292,346**	19,161,169	**-**	4,678,441
	700,842,223	1,334,947,266	**61,576,100**	417,573,578

20. OTHER INCOME

	THE GROUP		THE COMPANY	
	Six months period ended June 30, 2018	Year ended December 31, 2017	**Six months period ended June 30, 2018**	Year ended December 31, 2017
	Rs.	Rs.	**Rs.**	Rs.
Accounting fees	**55,666**	2,963,126	**1,575,666**	2,963,126
Service fee income from tenants	**-**	1,983,844	**-**	4,767,723
Syndicates fee income	**385,201**	3,333,324	**-**	-
Interest income	**28,427**	839,512	**4,437,119**	6,802,599
Share of profit from societies	**-**	-	**58,128,474**	-
Miscellaneous other income	**7,234,743**	14,539,726	**13,237,005**	21,474,802
	7,704,037	23,659,532	**77,378,264**	36,008,250
Disclosed as follows:				
-Continuing operations	**7,454,037**	18,180,179	**77,378,264**	31,239,972
-Discontinued operations (note 11)	**250,000**	5,479,353	**-**	4,768,278
	7,704,037	23,659,532	**77,378,264**	36,008,250

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED JUNE 30, 2018

21. FINANCE COSTS

	THE GROUP		THE COMPANY	
	Six months period ended June 30, 2018	Year ended December 31, 2017	Six months period ended June 30, 2018	Year ended December 31, 2017
Interest expense:	Rs.	Rs.	Rs.	Rs.
- Bank overdrafts	11,546,828	29,034,861	7,051,350	15,934,062
- Bank and other loans	39,051,769	79,556,365	-	2,172,558
- Short term loans	3,054,100	17,318,536	3,054,100	17,318,536
- Loan from related parties	2,887,872	9,573,901	2,887,872	9,573,901
- Finance leases	184,703	29,133,167	9,416	1,073
	56,725,272	164,616,830	13,002,738	45,000,130
Net foreign exchange financing gains on financing activities	(666)	(528,605)	(666)	2,902
	56,724,606	164,088,225	13,002,072	45,003,032
Disclosed as follows:				
-Continuing operations	47,729,823	132,949,329	13,002,072	42,830,474
-Discontinued operations (note 11)	8,994,783	31,138,896	-	2,172,558
	56,724,606	164,088,225	13,002,072	45,003,032

22. NET FOREIGN EXCHANGE GAINS/(LOSSES)

	THE GROUP		THE COMPANY	
	Six months period ended June 30, 2018	Year ended December 31, 2017	Six months period ended June 30, 2018	Year ended December 31, 2017
The exchange differences credited/(charged) to the profit or loss included as follows:	Rs.	Rs.	Rs.	Rs.
Other gains and losses - net (note 26)	3,203,198	(402,421)	(10,791)	-
Finance costs (note 21)	(666)	(528,605)	(666)	2,902
	3,202,532	(931,026)	(11,457)	2,902
Disclosed as follows:				
-Continuing operations	3,202,532	(931,026)	(11,457)	2,902

23. LOSS BEFORE TAXATION

	THE GROUP		THE COMPANY	
	Six months period ended June 30, 2018	Year ended December 31, 2017	Six months period ended June 30, 2018	Year ended December 31, 2017
	Rs.	Rs.	Rs.	Rs.
Loss before taxation is arrived at after charging:				
Depreciation of property, plant and equipment				
- owned assets	21,089,220	44,765,200	574,528	1,341,756
- leased assets under finance lease	894,278	1,260,741	77,500	12,917
Amortisation of intangible assets	1,903,495	4,625,419	149,935	384,888
Impairment charges	31,786,174	61,875,957	112,273,304	35,672,685
Write offs:				
- Non-current receivables written off	320,000	-	-	-
- Bad debts written off	-	590,799	-	-
Employee benefit expense (note 23(a))	106,421,411	231,342,722	32,334,685	67,148,792

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED JUNE 30, 2018

23. LOSS BEFORE TAXATION (CONT'D)

	THE GROUP		THE COMPANY	
	Six months period ended June 30, 2018	Year ended December 31, 2017	Six months period ended June 30, 2018	Year ended December 31, 2017
(a) **Employee benefit expense**	Rs.	Rs.	Rs.	Rs.
Wages and salaries, including termination benefits	98,970,085	216,132,917	29,593,892	61,997,848
Social security costs	4,319,447	10,744,595	470,390	1,058,476
Pension costs - defined contribution plans	1,939,869	3,515,504	1,939,869	3,515,504
Other post-retirement benefits (note 13)	1,192,010	949,706	330,534	576,964
	106,421,411	231,342,722	32,334,685	67,148,792
Disclosed as follows:				
-Continuing operations	106,421,411	231,342,722	32,334,685	67,148,792

24. IMPAIRMENT CHARGES

	THE GROUP		THE COMPANY	
	Six months period ended June 30, 2018	Year ended December 31, 2017	Six months period ended June 30, 2018	Year ended December 31, 2017
Impairment charges on:	Rs.	Rs.	Rs.	Rs.
Investment in subsidiaries (note 10)	-	-	107,000,000	14,105,916
Impairment of intangible assets	31,786,174	61,875,957	5,273,304	21,566,769
	31,786,174	61,875,957	112,273,304	35,672,685
Disclosed as follows:				
-Continuing operations	31,786,174	61,875,957	112,273,304	35,672,685

25. INCOME TAX EXPENSE

	THE GROUP		THE COMPANY	
	June 30, 2018	December 31, 2017	June 30, 2018	December 31, 2017
(a) Statements of financial position	Rs.	Rs.	Rs.	Rs.
At January 1,	9,054,353	-	-	-
Tax paid	(9,054,345)	-	-	-
Current tax on the adjusted result for the year at 17% (2017: 17%)	5,699,316	9,054,353	-	-
At June 30,/December 31,	5,699,324	9,054,353	-	-
Classified as:				
Current tax liabilities	5,699,324	9,054,353	-	-
	5,699,324	9,054,353	-	-

	THE GROUP		THE COMPANY	
(b) Statements of profit or loss	Six months period ended June 30, 2018	Year ended December 31, 2017 Restated	Six months period ended June 30, 2018	Year ended December 31, 2017 Restated
	Rs.	Rs.	Rs.	Rs.
Current tax on the adjusted result for the year at 17% (2017: 17%)	5,699,316	9,054,353	-	-
Deferred tax (note 16(c))	5,631,509	(15,284,891)	(4,154,132)	(8,642,236)
Income tax charge/(credit)	11,330,825	(6,230,538)	(4,154,132)	(8,642,236)
Disclosed as follows:				
-Continuing operations	(986,792)	3,672,067	(4,154,132)	1,952,750
-Discontinued operations (note 11)	12,317,617	(9,902,605)	-	(10,594,986)
	11,330,825	(6,230,538)	(4,154,132)	(8,642,236)

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED JUNE 30, 2018

25. INCOME TAX EXPENSE (CONT'D)

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

	THE GROUP		THE COMPANY	
	Six months period ended June 30, 2018	Year ended December 31, 2017 Restated	Six months period ended June 30, 2018	Year ended December 31, 2017 Restated
	Rs.	Rs.	Rs.	Rs.
Loss before taxation from continuing activities	(119,531,273)	(246,747,040)	(144,838,746)	(173,248,527)
(Loss)/profit before taxation from discontinued activities	(2,610,374)	(47,363,915)	-	1,964,538
	(122,141,647)	(294,110,955)	(144,838,746)	(171,283,989)
Tax calculated at the rate of 17% (2017: 17%)	(20,764,080)	(49,998,862)	(24,622,587)	(29,118,278)
Expenses not deductible for tax purposes	4,422,667	29,343,139	21,303,282	11,493,512
Income not subject to tax	(1,171,979)	(2,335,325)	(10,099,603)	(272,626)
Underprovision of deferred tax in previous year	-	(250,189)	-	-
Deferred tax assets previously not recognised	-	(1,497,133)	-	-
Tax losses for which no deferred tax was recognised	22,605,405	15,674,562	5,899,590	5,303,042
Other adjustments	(406,798)	(1,068,988)	17,176	(1,068,988)
Deferred tax not recognised on fair value of investment properties	3,490,845	8,219,709	3,348,010	5,021,102
Tax losses lapsed	-	3,406,205	-	-
Consolidation adjustments	3,154,765	(7,723,656)	-	-
Income tax charge/(credit)	11,330,825	(6,230,538)	(4,154,132)	(8,642,236)
Disclosed as follows:				
-Continuing operations	(986,792)	3,672,067	(4,154,132)	1,952,750
-Discontinued operations	12,317,617	(9,902,605)	-	(10,594,986)
	11,330,825	(6,230,538)	(4,154,132)	(8,642,236)

26. OTHER GAINS AND LOSSES - NET

	THE GROUP		THE COMPANY	
	Six months period ended June 30, 2018	Year ended December 31, 2017	Six months period ended June 30, 2018	Year ended December 31, 2017
	Rs.	Rs.	Rs.	Rs.
Net foreign exchange gains/(losses)	3,203,198	(402,421)	(10,791)	-
Disclosed as follows:				
-Continuing operations	3,203,198	(402,421)	(10,791)	-

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED JUNE 30, 2018

27. OTHER COMPREHENSIVE INCOME

	THE GROUP		THE COMPANY	
	Six months period ended June 30, 2018	Year ended December 31, 2017 Restated	Six months period ended June 30, 2018	Year ended December 31, 2017 Restated
	Rs.	Rs.	Rs.	Rs.
Actuarial reserves				
Items that will not be reclassified to profit or loss:				
Remeasurement of defined benefit obligations	846,098	2,453,204	122,836	2,871,066
Deferred tax relating to remeasurement of defined benefit obligations	(143,836)	(417,042)	(20,882)	(488,080)
	702,262	2,036,162	101,954	2,382,986

Actuarial reserves

The actuarial reserves represent the cumulative remeasurement of defined benefit obligation recognised.

28. LOSS PER SHARE

		THE GROUP		THE COMPANY	
		Six months period ended June 30, 2018	Year ended December 31, 2017 Restated	Six months period ended June 30, 2018	Year ended December 31, 2017 Restated
From continuing operations					
Basic loss per share					
Loss attributable to equity holders of the Company from continuing operations and discontinued operations	Rs.	(122,586,070)	(257,745,662)	(140,684,614)	(162,641,753)
Loss attributable to equity holders of the Company from continuing operations		(107,658,079)	(220,284,352)	(140,684,614)	(175,201,277)
Weighted average number of ordinary share in issue	Rs.	586,748,884	450,362,453	586,748,884	450,362,453
Basic loss per share from:					
Continuing and discontinued operations	Rs.	(0.209)	(0.572)	(0.240)	(0.361)
Continuing operations	Rs.	(0.183)	(0.489)	(0.240)	(0.389)

Loss per share for the year ended December 31, 2017 has been restated taking into consideration the rights factor.

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED JUNE 30, 2018

29. NOTES TO THE STATEMENTS OF CASH FLOWS

	Notes	THE GROUP Six months period ended June 30, 2018	THE GROUP Year ended December 31, 2017 Restated	THE COMPANY Six months period ended June 30, 2018	THE COMPANY Year ended December 31, 2017 Restated
(a) Cash generated from operations		**Rs.**	Rs.	**Rs.**	Rs.
Loss before taxation from continuing operations		**(119,531,273)**	(246,747,040)	**(144,838,746)**	(173,248,527)
Profit/(loss) before taxation from discontinued operations	11	**(2,610,374)**	(47,363,915)	**-**	1,964,538
Adjustments for:					
Depreciation of propoerty, plant and equipment	5	**21,983,498**	46,025,941	**652,028**	1,354,673
Amortisation of intangible assets	6	**1,903,495**	4,625,419	**149,935**	384,888
Impairment charges	24	**31,786,174**	61,875,957	**112,273,304**	35,672,685
Write off of non-current receivables and trade and other receivables		**320,000**	590,799	**-**	-
Write off of intangible assets		**15,883**	-	**15,883**	-
Loss on disposal of property, plant and equipment		**52,472**	397,720	**84,480**	-
Loss on disposal of non-currant assets classified as held for sale		**3,152,000**	13,830,715	**-**	13,830,715
Net decrease in fair value of investment properties	6	**37,820,409**	67,285,541	**43,210,760**	6,019,319
Provision for impairment of receivables		**7,906,915**	3,246,448	**11,402,357**	26,473,372
Exchange (gains)/losses	12	**(3,202,532)**	830,419	**10,125**	2,902
Interest income	20	**(28,427)**	(839,512)	**(4,437,118)**	(6,802,600)
Interest expense	21	**56,725,272**	164,616,830	**13,002,736**	45,000,130
Retirement benefit obligations		**1,192,010**	2,400,425	**330,534**	2,027,683
		37,485,522	70,775,747	**31,856,278**	(47,320,222)
Changes in working capital:					
- Inventories		**3,183,151**	16,749,210	**-**	-
- Trade and other receivables		**104,507,812**	(139,962,633)	**(159,910,610)**	(79,755,511)
- Trade and other payables		**(172,000,959)**	(102,677,759)	**8,914,594**	(2,481,748)
- Land and related development costs		**106,395,559**	109,614,146	**-**	-
Cash generated from/ (absorbed in) operations	Rs.	**79,571,085**	(45,501,289)	**(119,139,738)**	(129,557,481)

(b) Cash and cash equivalents

		THE GROUP June 30, 2018	THE GROUP December 31, 2017	THE COMPANY June 30, 2018	THE COMPANY December 31, 2017
		Rs.	Rs.	**Rs.**	Rs.
Cash in hand and at bank	Rs.	**140,255,691**	89,101,154	**4,685,505**	1,410,239

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED JUNE 30, 2018

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

(b) Cash and cash equivalents (cont'd)

Cash and cash equivalents and bank overdrafts include the following for the purpose of the statements of cash flows.

		THE GROUP June 30, 2018	THE GROUP December 31, 2017	THE COMPANY June 30, 2018	THE COMPANY December 31, 2017
		Rs.	Rs.	**Rs.**	Rs.
Cash and cash equivalents		**140,255,691**	89,101,154	**4,685,505**	1,410,239
Cash and cash equivalents arising on non-current assets classifed as held for sale (note 11)		**3,676,403**	-	**-**	-
Bank overdrafts		**(317,160,317)**	(443,258,914)	**(206,095,807)**	(271,798,444)
	Rs.	**(173,228,223)**	(354,157,760)	**(201,410,302)**	(270,388,205)

(c) Reconciliation of liabilities arising from financing activities

The Group

	At January 1, 2017	Cash flows	Non-cash change	Transfer to liabilities directly associated with non-current assets classified as held for sales	At June 30, 2018
	Rs.	Rs.	Rs.	Rs.	**Rs.**
Borrowings	1,552,352,240	(297,327,580)	2,551,539	(288,853,890)	**968,722,309**
Lease liabilities	4,770,845	(788,202)	-	-	**3,982,643**
Total liabilities from financing activities	1,557,123,085	(298,115,782)	2,551,539	(288,853,890)	**972,704,952**

The Company

	At January 1, 2017	Cash flows	At June 30, 2018
	Rs.	Rs.	**Rs.**
Borrowings	288,083,333	(238,083,333)	**50,000,000**
Lease liabilities	403,000	(35,775)	**367,225**
Total liabilities from financing activities	288,486,333	(238,119,108)	**50,367,225**

30. COMMITMENTS AND CONTINGENCIES

(a) Capital commitments

Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:

		THE GROUP June 30, 2018	THE GROUP December 31, 2017	THE COMPANY June 30, 2018	THE COMPANY December 31, 2017
		Rs.	Rs.	**Rs.**	Rs.
Land and related development costs		**20,911,009**	91,964,345	**-**	-
Investment properties		**3,019,349**	3,001,814	**3,019,349**	3,001,814
	Rs.	**23,930,358**	94,966,159	**3,019,349**	3,001,814

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED JUNE 30, 2018

30. COMMITMENTS AND CONTINGENCIES (CONT'D)

(b) Operating lease commitments - Group as lessee

The Group has entered into operating lease commitments for some of its motor vehicles and leasehold rights on its land. The leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

Future minimum rentals payable under non-cancellable operating leases at the end of the reporting date are as follows:

	THE GROUP		THE COMPANY	
	June 30, 2018	December 31, 2017	**June 30, 2018**	December 31, 2017
	Rs.	Rs.	**Rs.**	Rs.
Within one year	**1,934,299**	2,649,116	**900,000**	1,900,080
After one year but not more than five years	**7,737,196**	9,604,200	**450,000**	1,900,080
Over five years	**92,846,352**	91,670,208	**-**	-
Rs.	**102,517,847**	103,923,524	**1,350,000**	3,800,160

(c) Operating lease commitments - Group as lessor

The Group has also entered into commercial property leases with respect to its investment property portfolio. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

Future minimum rentals receivable under non-cancellable operating leases at the end of the reporting date are as follows:

	THE GROUP		THE COMPANY	
	June 30, 2018	December 31, 2017	**June 30, 2018**	December 31, 2017
	Rs.	Rs.	**Rs.**	Rs.
Within one year	**27,963,044**	43,673,514	**19,167,070**	15,167,071
After one year but not more than five years	**43,211,179**	90,348,586	**26,732,565**	26,305,260
Rs.	**71,174,223**	134,022,100	**45,899,635**	41,472,331

As at June 30, 2018, the table above for the Group excluded future minumum rentals receivables from Circle Square Holdings Co Ltd as the latter has been disclosed as held for sale as at reporting date.

(d) Contingencies

At June 30, 2018, except as disclosed below, the Group had no contingent liabilities in respect of bank guarantees, legal claims and other matters arising in the ordinary course of business for which it is anticipated that material liabilities would arise.

One of the subsidiaries of the Group, Haute Rive Ocean Front Living Ltd ("HROFL"), terminated its agreement with its building contractor for the Azuri Phase II development following breaches of the agreement by the building contractor. HROFL has a claim of Rs. 129.5m, as determined by the Project Manager, against the contractor. As of date of authorisation of the financial statements, the outcome of these cases is not known.

The Group had no other contingent liabilities as at June 30, 2018 except as disclosed above.

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED JUNE 30, 2018

30. COMMITMENTS AND CONTINGENCIES (CONT'D)

(e) Guarantees

At June 30, 2018, the Company has provided corporate guarantee to two of its subsidiaries for an amount of Rs.543.5m. The company, as guarantor, has the obligation to fund any shortfall in the cash flows of the subsidiary through additional capital, either in the form of equity or loan or by any other subsidiary of the main shareholders of the Company.

31. NON-CURRENT RECEIVABLES

	THE GROUP		THE COMPANY	
	June 30, 2018	December 31, 2017	**June 30, 2018**	December 31, 2017
	Rs.	Rs.	**Rs.**	Rs.
At January 1,	**1,320,000**	1,000,000	**36,122,387**	-
Additions	**3,540,970**	320,000	**-**	36,122,387
Write offs during the period/year	**(320,000)**	-	**-**	-
At June 30,/December 31,	**4,540,970**	1,320,000	**36,122,387**	36,122,387

The carrying amount of non current receivables approximate their fair values. Non current receivables are denominated in Mauritian rupees and are neither past due nor impaired.

32. EVENTS AFTER THE REPORTING PERIOD

There are no event after the reporting period, which the Directors consider may materially affect the financial statements for the period ended June 30, 2018.

33. SEGMENTAL INFORMATION - THE GROUP

BlueLife Limited's reportable segments namely land development, property, hotel and service are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies. Most of the businesses were acquired as individual units, and the management at the time of the acquisition was retained.

The Group has four reportable segments : Land development, Yielding property, Hotel and Service.

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies. Performance is evaluated on the basis of profit or loss from operations before tax expense. Intersegment sales and transfers are accounted for as if the sales or transfers were to third parties, that is, at current market prices.

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED JUNE 30, 2018

33. SEGMENTAL INFORMATION - THE GROUP (CONT'D)

	Land Development	Yielding Property	Hotel	Service	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
Six months period ended June 30, 2018					
Total segment revenues	388,074,095	70,169,273	219,779,454	19,582,343	697,605,165
Inter-segment revenues	(4,737,000)	-	(14,891,377)	(1,279,013)	(20,907,390)
Revenues from external customer	**383,337,095**	**70,169,273**	**204,888,077**	**18,303,330**	**676,697,775**
(Loss)/profit before finance costs	(39,771,859)	(33,016,982)	12,513,233	(11,525,842)	(71,801,450)
Finance costs	(21,358,491)	-	(26,364,468)	(6,864)	(47,729,823)
Loss before taxation	**(61,130,350)**	**(33,016,982)**	**(13,851,235)**	**(11,532,706)**	**(119,531,273)**
Income tax (charge)/credit	(1,501,536)	-	2,504,436	(16,108)	986,792
Loss from discontinued operations	-	(14,927,991)	-	-	(14,927,991)
Loss for the period	**(62,631,886)**	**(47,944,973)**	**(11,346,799)**	**(11,548,814)**	**(133,472,472)**
Interest revenue	28,427	-	-	-	28,427
Interest expense	(23,088,196)	(8,994,784)	(24,635,404)	(6,888)	(56,725,272)
Material items of income:					
Service fee income from tenants	-	-	-	-	-
Syndicates fee income	-	-	-	385,201	385,201

June 30, 2018	Land Development	Yielding Property	Hotel	Service	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
Additions to non-current assets	351,927	6,584,772	12,689,312	-	19,626,011
Depreciation and amortisation	5,530,889	1,841,589	16,430,564	83,951	23,886,993
Segment assets	2,213,927,651	663,911,463	1,325,842,580	10,689,188	4,214,370,882
Segment liabilities	623,052,140	373,847,282	869,530,618	7,274,195	1,873,704,235

The Group' four business segments are managed and operated in Mauritius.

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED JUNE 30, 2018

33. SEGMENTAL INFORMATION - THE GROUP (CONT'D)

	Land Development	Yielding Property	Hotel	Service	Total
	Restated	Restated	Restated	Restated	Restated
Year ended December 31, 2017	Rs.	Rs.	Rs.	Rs.	Rs.
Total segment revenues	821,455,289	21,245,066	415,948,604	27,648,404	1,286,297,363
Inter-segment revenues	-	(10,185,524)	(2,888,043)	(220,000)	(13,293,567)
Revenues from external customers	**821,455,289**	**11,059,542**	**413,060,561**	**27,428,404**	**1,273,003,796**
Loss before finance costs	(115,969,396)	28,755,999	16,726,673	(43,310,993)	(113,797,717)
Finance costs	(64,090,148)	-	(68,835,517)	(23,664)	(132,949,329)
Loss before taxation	**(180,059,544)**	**28,755,999**	**(52,108,844)**	**(43,334,657)**	**(246,747,046)**
Income tax (charge)/credit	(8,955,435)	-	5,048,139	235,235	(3,672,061)
Loss from discontinued operations	-	(37,461,310)	-	-	(37,461,310)
Loss for the year	**(189,014,979)**	**(8,705,311)**	**(47,060,705)**	**(43,099,422)**	**(287,880,417)**
Interest revenue	839,512	-	-	-	839,512
Interest expense	(66,259,811)	(28,966,338)	(69,367,017)	(23,664)	(164,616,830)
Material items of income:					
Service fee income from tenants	1,983,844	-	-	-	1,983,844
Syndicates fee income	-	-	-	3,333,324	3,333,324
Additions to non-current assets	4,171,077	4,728,053	5,761,911	340,974	15,002,015
Depreciation and amortisation	7,199,613	49,342	42,928,339	474,066	50,651,360
Segment assets	2,397,136,288	764,739,927	1,341,524,663	7,895,221	4,511,296,099
Segment liabilities	Rs. 1,165,490,800	392,549,701	916,987,743	7,852,970	2,482,881,214

The Group' four business segments are managed and operated in Mauritius.

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED JUNE 30, 2018

34. RELATED PARTY TRANSACTIONS

Six months period ended June 30, 2018

(a) THE GROUP	**Purchases of goods or services**	**Sale of goods or services**	**Interest (expense)/ income**	**Management fee income**	**Bank overdraft**	**Loan from**	**Amount owed to related parties**	**Amount owed by related parties**
	Rs.	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**
(i) **June 30, 2018**								
Main shareholders	**5,475,619**	**1,135,327**	**(2,887,872)**	**-**	**-**	**50,000,000**	**30,956,628**	**-**
Fellow subsidiaries	**6,052,681**	**-**	**(10,820,639)**	**-**		**35,868,038**	**8,765,704**	**470,858**
Directors and close family members	**-**	**-**	**-**	**-**	**-**	**-**	**3,684,171**	**-**
Joint venture of major shareholders	**1,311,649**	**11,400**	**-**	**-**	**-**	**-**	**3,153,437**	**-**
Associates of Major Shareholder	**-**	**-**	**(20,782,155)**	**-**	**17,837,785**	**438,934,807**	**951,908**	**-**

Year ended December 31, 2017

	Purchases of goods or services	Sale of goods or services	Interest (expense)/ income	Management fee income	Bank overdraft	Loan from	Amount owed to related parties	Amount owed by related parties
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
(ii) December 31, 2017								
Main shareholders		-	(9,573,901)	-	-	113,083,333	15,289,603	532,343
Directors and close family members	-	-	-	-	-	-	2,150,000	-

Six months period ended June 30, 2018

(b) THE COMPANY	**Purchases of goods or services**	**Sale of goods or services**	**Interest (expense)/ income**	**Management fee income**	**Bank overdraft**	**Loan from**	**Amount owed to related parties**	**Amount owed by related parties**
	Rs.	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**
(i) **June 30, 2018**								
Main shareholders	**309,000**	**-**	**(2,287,872)**	**-**	**-**	**50,000,000**	**27,597,188**	**-**
Fellow subsidiaries	**2,294,132**	**-**	**(1,820,639)**	**-**	**-**	**-**	**1,103,750**	**-**
Directors	**-**	**-**	**-**	**-**	**-**	**-**	**3,684,171**	**-**
Joint venture of major shareholders	**882,610**	**11,400**	**-**	**-**	**-**	**-**	**1,670,174**	**-**
Associates of major Shareholders	**-**	**-**	**(631,507)**	**-**	**17,837,785**	**-**	**-**	**-**
Subsidiaries	**-**	**-**	**4,437,118**	**6,796,766**	**-**	**-**	**6,543,613**	**383,074,926**

Year ended December 31, 2017

	Purchases of goods or services	Sale of goods or services	Interest (expense)/ income	Management fee income	Bank overdraft	Loan from	Amount owed to related parties	Amount owed by related parties
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
(ii) December 31, 2017								
Main shareholders		-	(9,573,901)	-	-	113,083,333	15,289,603	-
Directors	-	-	-	-	-	-	2,150,000	-
Subsidiaries	3,211,837	2,783,879	6,802,551	15,000,685	-	-	8,188,304	339,448,530

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED JUNE 30, 2018

34. RELATED PARTY TRANSACTIONS (CONT'D)

(c) The sales to and purchases from related parties are made in the normal course of business. Outstanding balances at the year end are unsecured, interest free and settlement occurs in cash.

The Company has provided a total corporate guarantee for two of it subsidiaries for an amount of Rs.543.5m(note 30(e)).

For the period ended June 30, 2018, the Company has recorded an impairment of receivables of Rs.8,825,278 (2017: Rs.26,639,669) relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operate.

(d) **Directors and key management personnel compensation**

	THE GROUP		THE COMPANY	
	Six months period ended June 30, 2018	Year ended December 31, 2017	**Six months period ended June 30, 2018**	Year ended December 31, 2017
	Rs.	Rs.	**Rs.**	Rs.
Director fees	**2,250,000**	2,425,000	**1,537,500**	1,775,000
Salaries and short term employee benefits	**8,491,100**	13,421,887	**8,491,100**	13,421,887
Post employment benefits	**914,944**	867,545	**914,944**	867,545
Rs.	**11,656,044**	16,714,432	**10,943,544**	16,064,432

35. PRIOR YEAR ADJUSTMENTS

The Group and the Company have changed their basis for calculating deferred tax from 15% to 17% for its Mauritian entities. This is to align with practices adopted by other Mauritian companies by including the 2% Corporate Social Responsibility (CSR) contribution as imposed by the government.

The Group and the Company have adjusted opening equity as of January 1, 2017 and figures for 2017 have been restated.

The prior year adjustments and its effects are as follows:

	THE GROUP	THE COMPANY
	Year ended December 31, 2017	Year ended December 31, 2017
	Restated	Restated
The effects on statement profit and loss and other comprehensive income are as follows:	Rs.	Rs.
Increase in deferred tax charge on accelerated depreciation, fair value of investment properties and tax losses	3,263,167	2,510,753
Increase in deferred tax charge on other retirement benefit obligations	49,064	57,421
Total comprehensive income for the year	3,312,231	2,568,174

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED JUNE 30, 2018

35. PRIOR YEAR ADJUSTMENTS (CONT'D)

The effects on the statement of financial position are as follows:

THE GROUP

	Deferred tax assets	Acturial Reserves	Revenue deficit	Non-controlling interests
Balance as reported at July 1, 2016	Rs.	Rs.	Rs.	Rs.
- as previously reported	(30,215,834)	(2,485,539)	(757,086,172)	30,409,823
- correction of prior period - 2016	9,957,310	58,484	(10,740,532)	724,738
- as restated	(20,258,524)	(2,427,055)	(767,826,704)	31,134,561
Balance as reported at July 1, 2017				
- as previously reported	(48,395,914)	(323,052)	(1,011,343,253)	(27,607)
- correction of prior period - 2016	9,957,310	58,484	(10,740,532)	724,738
- correction of prior period - 2017	3,312,231	(50,882)	(3,488,581)	227,232
- as restated	(35,126,373)	(315,450)	(1,025,572,366)	924,363

THE COMPANY

	Deferred tax assets	Acturial Reserves	Revenue deficit
Balance as reported at July 1, 2016	Rs.	Rs.	Rs.
- as previously reported	10,362,528	(1,186,976)	(680,663,560)
- correction of prior period - 2016	1,381,667	27,929	(1,409,596)
- as restated	11,744,195	(1,159,047)	(682,073,156)
Balance as reported at July 1, 2017			
- as previously reported	(359,802)	1,253,431	(840,794,560)
- correction of prior period - 2016	1,381,667	27,929	(1,409,596)
- correction of prior period - 2017	2,568,174	(57,421)	(2,510,753)
- as restated	3,590,039	1,223,939	(844,714,909)

36. FINANCIAL SUMMARY OF PUBLISHED RESULTS AND ASSETS AND LIABILITIES

	Six months period ended June 30, 2018	Year ended December 31, 2017 Restated	Year ended December 31, 2016 Restated
(a) **THE GROUP**	**Rs.**	Rs.	Rs.
Statements of profit or loss and other comprehensive income			
Continuing operations			
Revenue	**676,697,775**	1,273,003,796	1,445,923,662
Loss before taxation	**(119,531,273)**	(246,747,040)	(596,929,389)
Income tax credit/ (charge)	**986,792**	(3,672,067)	(18,669,241)
Loss for the period/year from continuing operations	**(118,544,481)**	(250,419,107)	(615,598,630)
Discontinued operations			
Loss from discontinued operations	**(14,927,991)**	(37,461,310)	(39,757,771)
Loss for the period/year	**(133,472,472)**	(287,880,417)	(655,356,401)
Other comprehensive income for the period/year, net of tax	**-**	2,036,162	(2,452,803)
Total comprehensive income for the period/year	**(133,472,472)**	(285,844,255)	(657,809,204)

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED JUNE 30, 2018

36. FINANCIAL SUMMARY OF PUBLISHED RESULTS AND ASSETS AND LIABILITIES (CONT'D)

	Six months period ended June 30, 2018	Year ended December 31, 2017 Restated	Year ended December 31, 2016 Restated
(a) **THE GROUP**	**Rs.**	Rs.	Rs.
Loss attributable to:			
- Owners of the parent	**(122,586,070)**	(257,745,662)	(585,268,222)
- Non-controlling interests	**(10,886,402)**	(30,134,755)	(70,088,179)
	(133,472,472)	(287,880,417)	(655,356,401)
Total comprehensive income attributable to:			
- Owners of the parent	**(122,063,880)**	(255,634,057)	(586,935,058)
- Non-controlling interests	**(10,706,330)**	(30,210,198)	(70,874,146)
	(132,770,210)	(285,844,255)	(657,809,204)
Loss per share (Rs/cs)			
-From continuing and discontinued operations	**(0.209)**	(0.572)	(1.283)
-From continuing operations	**(0.183)**	(0.489)	(1.206)

	June 30, 2018	December 31, 2017 Restated	December 31, 2016 Restated
	Rs.	Rs.	Rs.
Statements of financial position			
ASSETS			
Non current assets	**3,242,454,688**	3,891,910,357	4,134,454,896
Current assets	**387,990,674**	557,385,742	594,410,276
Non-current assets classified as held for sale	**583,925,520**	62,000,000	276,614,300
Total assets	**4,214,370,882**	4,511,296,099	5,005,479,472
EQUITY AND LIABILITIES			
Capital and reserves	**2,350,448,614**	2,027,490,522	2,283,124,579
Non-controlling interests	**(9,781,967)**	924,363	31,134,561
Total equity	**2,340,666,647**	2,028,414,885	2,314,259,140
LIABILITIES			
Non current liabilities	**629,685,819**	498,313,755	684,501,702
Current liabilities	**937,172,792**	1,984,567,459	2,006,718,630
Liabilities directly associated with non-current assets classified held for sale	**306,845,624**	-	-
Total liabilities	**1,873,704,235**	2,482,881,214	2,691,220,332
Total equity and liabilities	**4,214,370,882**	4,511,296,099	5,005,479,472

SHAREHOLDER'S CORNER

Meeting procedures

Q Who can attend the Annual Meeting?

A In compliance with Section 120(3) of the Companies Act 2001, the Board has resolved that a person registered in the share register of BlueLife Limited as at November 27, 2018 is entitled to attend the meeting.

Q Who can vote at the Annual Meeting?

A If you are registered in the share register of BlueLife Limited as at November 27, 2018 you have the right to vote at the meeting.

Q How many votes does a shareholder have?

A Every shareholder, present in person or by proxy, shall have one vote on a show of hands. Where a poll is taken, each shareholder shall have the number of votes that corresponds to the number of shares held by him/her in the Company.

Q How many shareholders do you need to reach a quorum?

A A quorum is reached where two (2) shareholders holding at least thirty five percent (35%) of the share capital of the Company are present or represented.

Q Where can I have access to the minutes of proceedings of the last Annual Meeting of the Company?

A Minutes of proceedings of the last Annual Meeting are normally made available for inspection within a given period of time. Please contact the Company Secretary, 4th Floor, IBL House, Caudan Waterfront, Port Louis.

Voting procedures

Q What is the voting procedure?

A You do not need to complete or return your proxy form if you intend to vote in person at the Annual Meeting. At the registration desk, you will be requested to present you National ID Card or any other alternative proof of identity. However, if a poll is demanded for a particular resolution, then ballot papers shall be distributed and shareholders will be requested to cast their votes thereon.

Q What if I cannot attend the Annual Meeting and how do I appoint a proxy and vote in my place?

A The Chairman of the meeting has been named, de facto, in the proxy form to represent shareholders at the meeting. However, a person of your choice can represent you at the meeting. To that effect, the proxy form has to be completed by inserting the person's name. Your representative has then the right to vote.

Q Is there a deadline for submitting my proxy form?

A Yes. Your proxy form must be received by the Company's Share Registry and Transfer Office, Ocorian Corporate Adminitrators Limited, 6th Floor, Tower A, 1 CyberCity, Ebène, no later than 24 hours prior the date fixed for the Annual Meeting.

Q How are votes cast if a proxy form is sent?

A By completing and returning a proxy form, you are authorising the person named in the proxy to attend the Annual Meeting and vote on each item of business according to your instructions. If you have appointed the Chairman of the meeting as your proxy and you do not provide him with instructions, he will exercise his discretion as to how he votes.

NOTICE OF SPECIAL MEETING

BRN: C07050411

Notice is hereby given that a Special Meeting of the Shareholders of the Company will be held at L'Ibéloise, 6th Floor, IBL House, Caudan Waterfront, Port Louis on **Friday, December 21, 2018** at **9.00 hours** to transact the following business:

AGENDA

1. To consider the Annual Report for the six-month period ended June 30, 2018.
2. To receive the report of Messrs. BDO & Co, the Auditors, on the audited financial statements of BlueLife Limited, for the six-month period ended June 30, 2018.
3. To consider and adopt the Group's and Company's audited financial statements of BlueLife Limited for the six-month period ended June 30, 2018.

Ordinary Resolution

"Resolved that the audited financial statements of BlueLife Limited for the six-month period ended June 30, 2018 be hereby approved."

By order of the Board

(s) Doris Dardanne, FCIS
Per IBL Management Ltd

Company Secretary

December 5, 2018

NOTES:

1. A Shareholder of the Company entitled to attend and vote at this meeting may appoint a proxy of his/her own choice to attend and vote on his/her behalf. A proxy need not be a member of the Company.
2. The instrument appointing a proxy or any general power of attorney shall be deposited at the Company's Share Registry and Transfer Office, Ocorian Corporate Administrators Limited, 6th Floor, Tower A, 1 CyberCity, Ebène **not less than twenty four hours** before the time appointed for the holding of the meeting or adjourned meeting at which the person named on such instrument proposes to vote, and in default, the instrument of proxy shall not be treated as valid.
3. For the purpose of this Special 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 of the meeting shall be those Shareholders whose names are registered in the share register of the Company as at November 27, 2018.
4. The minutes of the Special Meeting to be held on December 21, 2018 will be available for consultation during office hours at the Registered Office of the Company, IBL House, Caudan Waterfront, Port Louis from February 4 to 15, 2019.

PROXY
FORM

I/We,____ of ____________________________________, being a shareholder/shareholders of **BlueLife Limited**, do hereby appoint ________________________________ of ___________________________ failing him/her ____________________ of ___________________________________ failing him/her, the Chairman, as my/our proxy to vote for me/us and on my/our behalf at the **Special Meeting** of the Company to be held on **Friday, December 21, 2018** at **9.00 hours** and at any adjournment thereof.

I/We desire my/our vote(s) to be cast on the Ordinary Resolutions as follows:

	FOR	AGAINST	ABSTAIN
1. To consider the Annual Report for the six-month period ended June 30, 2018.			
2. To receive the report of Messrs BDO & Co, the Auditors, on the audited financial statements of BlueLife Limited, for the six-month period ended June 30, 2018.			
3. To consider and adopt the Group's and Company's audited financial statements of BlueLife Limited for the six-month period ended June 30, 2018.			

Signed this ____________________ day of ____________________ 2018.

____

Signature (s)

NOTES

NOTES

As part of its ongoing programme to help protect the environment, BlueLife Limited has chosen to use Lenza Green paper for its Annual Reports.

Lenza Green paper is made from 100% recycled pulp, certified FSC(Forest Stewardship Council).

FSC is an international, non-governmental, non-profit making organisation created in 1993.

It encourages socially, ecologically and economically responsible forestry management initiatives.

Detailed Environmental Profile

Fibre source:	40 / 40
Fossil CO_2 emissions from manufacturing:	18 / 20
Waste to landfill:	10 / 10
Water pollution from bleaching:	10 / 10
Organic water pollution:	9 / 10
Environmental management systems:	10 / 10