

**KLAD INVESTMENT CORPORATION LTD  
GROUP**

Consolidated financial statements

Year Ended 31 December 2012

**KLAD INVESTMENT CORPORATION LTD GROUP**

**CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

**1**

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**Directors' Report**

The directors present the consolidated financial statements of Klad Investment Corporation Ltd (the "Company") and its subsidiaries (collectively the "Group") for the year ended 31 December 2012.

The Company incorporated a subsidiary, Seaton Investment Ltd (the "Subsidiary") on 12 November 2009. The Subsidiary then obtained control over British American Investment Group on 02 May 2010 by acquiring 69.42% of the ordinary shares and voting interest in British American Investment Co. (Mtius) Ltd. Subsequently, the Subsidiary acquired the remaining shareholding of British American Investment Co (Mtius) Ltd on 31 July 2010 (28.47%) and 31 August 2010 (2.11%).

**Principal activity**

The Group primarily is involved in financial services, construction and property development, tourism and leisure, trade and commerce, transportation and healthcare.

**Results and dividend**

The result for the year ended 31 December 2012 are shown on page 8.

Total dividend declared and paid by the Group for the year ended 31 December 2012 amounted to USD'000s 304 (2011:USD'000s 105).

**Directors**

The Universal Directors Company Ltd held office as Directors of the Group as at 31 December 2012.

**Statement of directors' responsibilities in respect of consolidated financial statements**

Directors acknowledge their responsibilities for:

- (i) adequate accounting records and maintenance of effective internal control systems;
- (ii) the preparation of consolidated financial statements which fairly present the state of affairs of the Group as at the end of the financial period and the cash flows for that year, and which comply with International Financial Reporting Standards (IFRS).
- (iii) the use of appropriate accounting policies supported by reasonable and prudent judgements and estimates.

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

**Going Concern**

The Directors believe that the preparation of these consolidated financial statements on a going concern basis is appropriate. A continuous assessment of the ability of the Group to continue to operate as a going concern is performed in order to determine the continued appropriateness of the going concern assumption that has been applied in the preparation of these consolidated financial statements. Reason for this basis is explained in note 38.

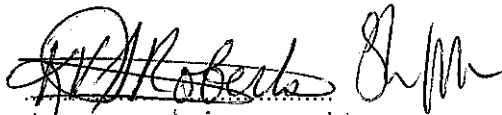
Directors' Report (continued)

Statement of directors' responsibilities in respect of consolidated financial statements (continued)

The Directors report that:

- (i) adequate accounting records and an effective system of internal controls and risk management have been maintained;
- (ii) appropriate accounting policies supported by reasonable and prudent judgements and estimates have been used consistently;
- (iii) International Financial Reporting Standards have been adhered to. Any departure has been disclosed, explained and quantified in the consolidated financial statements.

Approved by the Board of Directors on 17<sup>th</sup> Sept 2014 and signed on its behalf by:

  
Universal Directors Limited  
Director

  
Universal Administrators Limited  
Director

**KPMG**  
KPMG Centre  
31, Cybercity  
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Mauritius

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## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KLAD INVESTMENT CORPORATION LTD**

### **Report on the Consolidated Financial Statements**

We have audited the consolidated financial statements of KLAD INVESTMENT CORPORATION LTD and its subsidiaries (together the "Group"), which comprise of the consolidated statement of financial position as at 31 December 2012, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements which include a summary of significant accounting policies and other explanatory notes, as set out on pages 6 to 78.

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

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

#### *Auditors' Responsibility*

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

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

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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KLAD INVESTMENT CORPORATION LTD (CONTINUED)**


**Report on the Consolidated Financial Statements (Continued)**

*Opinion*

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2012, and of its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

*Emphasis of matter*

We draw attention to the Note 38 to the financial statements which indicates that the Group incurred a loss of USD'000 118,991 for the year ended 31 December 2012 and as of that date, the total liabilities exceeded its total assets by USD'000 302,418. The note 38 states that these conditions, along with other matters, indicate the existence of a material uncertainty which may cast significant doubt on the subsidiaries ability to continue as a going concerns. Our opinion in not qualified in respect of this matter.



**KPMG**  
Etène, Mauritius

Date: **17 SEP 2014**

**KLAD INVESTMENT CORPORATION LTD GROUP**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2012**

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	Note	2012 USD '000s	2011 USD '000s
<b>Assets</b>			
Property, plant and equipment	6	165,847	206,567
Intangible assets	7	37,675	39,869
Trade and other receivables	8	18,483	16,608
Investment properties	9	103,034	75,408
Investment in associates	10	2,700	3,215
Net investment in finance leases	11	50,613	32,441
Loans and advances	12	91,107	57,511
Other investments	13	188,797	182,186
Deferred tax assets	14	2,393	1,639
<b>Total non-current assets</b>		<b>660,649</b>	<b>615,444</b>
Inventories	15	32,934	46,639
Other investments	13	8,776	22,487
Trade and other receivables	8	166,800	172,359
Net investment in finance leases	11	23,712	25,391
Loans and advances	12	50,562	37,869
Cash and cash equivalents	29	79,836	96,535
<b>Total current assets</b>		<b>362,620</b>	<b>401,280</b>
<b>Total assets</b>		<b>1,023,269</b>	<b>1,016,724</b>
<b>Equity</b>			
Share capital and contributed surplus	16	12,900	12,900
Reserves	16	22,637	5,173
Accumulated losses		(331,112)	(206,951)
<b>Deficit attributable to owners of the Company</b>		<b>(295,575)</b>	<b>(188,878)</b>
Non-controlling interest		(6,843)	(14,607)
<b>Total shareholders' deficit</b>		<b>(302,418)</b>	<b>(203,485)</b>

The notes on pages 13 to 78 are an integral part of these consolidated financial statements


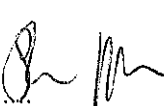
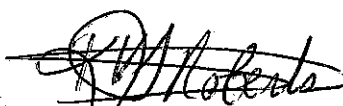

KLAD INVESTMENT CORPORATION LTD GROUP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)  
AS AT 31 DECEMBER 2012

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	Note	2012 USD '000s	2011 USD '000s
<b>Liabilities</b>			
Insurance and investment contracts	17	717,499	643,302
Preference shares	32(e)	34,236	36,425
Loans and borrowings	18	63,053	53,054
Retirement benefit obligations	19	2,454	2,388
Customers' deposits	20	62,010	46,896
Deferred tax liabilities	14	7,554	7,073
<b>Non-current liabilities</b>		<b>886,806</b>	<b>789,138</b>
Premiums in advance		215	238
Reinsurance payables		694	852
Claims outstanding		452	1,011
Bank overdrafts	29	40,891	52,587
Loans and borrowings	18	29,237	39,659
Customers' deposits	20	229,287	251,432
Trade and other payables	21	135,968	82,678
Retirement benefits obligations	19	1,334	1,780
Taxation		803	834
<b>Current liabilities</b>		<b>438,881</b>	<b>431,071</b>
<b>Total liabilities</b>		<b>1,325,687</b>	<b>1,220,209</b>
<b>Total equity and liabilities</b>		<b>1,023,269</b>	<b>1,016,724</b>

These consolidated financial statements have been approved for issue by the Board of Directors on 17<sup>th</sup> September, 2014 and signed on its behalf by:





  
 Director Universal Directors Limited & Universal Administrators Limited

The notes on pages 13 to 78 are an integral part of these consolidated financial statements



KLAD INVESTMENT CORPORATION LTD GROUP

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2012

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	Note	2012 USD '000s	2011 USD '000s
Revenue	22	412,445	466,014
Other Income	24	38,343	36,258
Distribution expenses	26	(163,130)	(160,102)
Administrative and other expenses	25(i)	(120,795)	(150,592)
Benefit and expenses relating to insurance business	25(ii)	(286,221)	(301,740)
<b>Loss from operating activities</b>		<b>(119,358)</b>	<b>(110,162)</b>
Finance income	23	35,395	23,024
Finance costs	27	(33,409)	(73,794)
Net finance income			
Share of loss of equity accounted investees	10	(419)	(471)
<b>Loss before taxation</b>		<b>(117,791)</b>	<b>(161,403)</b>
Tax expense	28	(1,200)	(420)
<b>DISCONTINUED OPERATIONS</b>			
Profit/(loss) from discontinued operations (net of tax)			
<b>LOSS FOR THE YEAR</b>		<b>(118,991)</b>	<b>(161,823)</b>
<b>Other comprehensive income</b>			
Foreign currency translation differences on foreign operations		10,615	(2,134)
Net change in fair value of available-for-sale investments		(198)	67
Defined benefit plan actuarial gain	19(a) (iii)	-	15
Tax effect on revaluations	14(a)	(1)	(15)
Revaluation surplus - property, plant and equipment	16	3,983	4,519
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>14,399</b>	<b>2,452</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>(104,592)</b>	<b>(159,371)</b>
<b>Loss attributable to:</b>			
Owners of the Company		(120,644)	(126,804)
Non-controlling interest		1,653	(35,019)
<b>LOSS FOR THE YEAR</b>		<b>(118,991)</b>	<b>(161,823)</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		(112,556)	(125,927)
Non-controlling interest		7,964	(33,444)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>(104,592)</b>	<b>(159,371)</b>

The notes on pages 13 to 78 are an integral part of these consolidated financial statements

KLAD INVESTMENT CORPORATION LTD GROUP

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2012

	Attributable to equity holders of the Company										
	Share capital and contributed surplus USD'000s	Other reserves USD'000s	Statutory reserves USD'000s	General banking reserve USD'000s	Revaluation reserves USD'000s	Fair value reserve USD'000s	Translation reserve USD'000s	Accumulated Losses USD'000s	Total attributable to holders of USD'000s	Non-controlling interest USD'000s	Total equity USD'000s
2012											
At 1 January, 2012	12,900	(2,085)	1,604	260	2,366	285	2,743	(206,951)	(188,878)	(14,607)	(203,485)
Total comprehensive income for the year	-	-	-	-	-	-	-	(120,644)	(120,644)	1,653	(118,991)
Loss for the year	-	-	-	-	-	-	10,197	-	10,197	418	10,615
Other comprehensive income	-	-	-	-	-	(237)	-	-	(237)	39	(198)
Foreign currency translation differences for foreign operations	-	-	-	-	(1)	-	-	-	(1)	-	(1)
Net change in fair value of available-for-sale financial assets	-	-	-	-	3,983	-	-	-	3,983	5,854	9,837
Tax effect on revaluations (Note 14 (a))	-	-	-	-	-	-	-	-	-	-	-
Revaluation surplus	-	-	-	-	3,982	(237)	10,197	-	13,942	6,311	20,253
Total other comprehensive income	-	-	-	-	3,982	(237)	10,197	-	13,942	6,311	20,253
Total comprehensive income for the year	-	-	-	-	3,982	(237)	10,197	(120,644)	(106,702)	7,964	(98,738)
Transaction with owners, recorded directly in equity	-	-	-	-	-	-	-	-	-	-	-
Contributions by and distributions to owners	-	-	-	-	-	-	-	-	-	-	-
Dividends to equity holders (Note 37)	-	-	-	-	-	-	-	-	-	(304)	(304)
Changes in ownership interests	-	-	-	-	-	-	-	(3,797)	(3,797)	(220)	(4,017)
Net change in non controlling interest without change in control (Note 30)	-	-	-	-	-	-	-	(3,797)	(3,797)	(220)	(4,017)
Total transaction with owners, recorded directly in equity	-	-	-	-	-	-	-	(3,797)	(3,797)	(524)	(4,321)
Transfers	-	-	3,921	-	-	-	-	(466)	3,455	649	4,104
Statutory reserve	-	-	-	(77)	-	-	-	119	42	(13)	29
General banking reserve	-	-	-	-	(537)	-	-	390	(147)	(92)	(239)
Revaluation reserve	-	-	3,921	(77)	(537)	-	-	43	3,350	544	3,894
Other movements	-	215	-	-	-	-	-	237	452	(220)	232
Balance at 31 December 2012	12,900	(1,870)	5,525	183	5,811	48	12,940	(331,112)	(295,575)	(6,843)	(302,418)

The notes on pages 13 to 78 are an integral part of these consolidated financial statements

KLAD INVESTMENT CORPORATION LTD GROUP

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2012

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	Attributable to equity holders of the Company							Total attributable to holders of ordinary shares USD'000s	Non- controlling interest USD'000s	Total equity USD'000s
	Share capital and contributed surplus USD'000s	Other reserves USD'000s	Statutory reserves USD'000s	General banking reserve USD'000s	Revaluation reserves USD'000s	Fair value reserve USD'000s	Translation reserve USD'000s			
2011	12,900	(1,724)	681	27	164	250	3,486	(71,855)	14,903	(41,168)
At 1 January, 2011	-	-	-	-	-	-	-	(126,804)	(35,019)	(161,823)
Total comprehensive income for the year	-	-	-	-	-	-	-	(126,804)	-	(126,804)
Loss for the year	-	-	-	-	-	-	-	(126,804)	-	(126,804)
Other comprehensive income	-	-	-	-	-	-	(1,672)	-	(462)	(2,134)
Foreign currency translation differences for foreign operations	-	-	-	-	-	-	(1,672)	-	(462)	(2,134)
Net change in fair value of available-for-sale financial assets	-	-	-	-	-	35	-	-	(73)	(38)
Defined benefit actuarial gain (Note 19(a)(iii))	-	-	-	-	-	-	-	10	5	15
Tax effect on revaluations (Note 14 (a))	-	-	-	-	(35)	-	-	-	26	(9)
Revaluation surplus	-	-	-	-	2,539	-	-	-	2,039	4,578
Total other comprehensive income	-	-	-	-	2,504	35	(1,672)	10	1,535	2,412
Total comprehensive income for the year	-	-	-	-	2,504	35	(1,672)	(126,794)	(33,484)	(159,411)
Transaction with owners, recorded directly in equity	-	-	-	-	-	-	-	-	-	-
Contributions by and distributions to owners	-	-	-	-	-	-	-	-	(105)	(105)
Dividends to equity holders (Note 37)	-	-	-	-	-	-	-	-	-	-
Changes in ownership interests	-	-	-	-	-	-	-	(6,882)	(4,189)	(11,071)
Net change in non controlling interest without change in control (Note 30)	-	-	-	-	-	-	-	(6,882)	(4,189)	(11,071)
Total transaction with owners, recorded directly in equity	-	-	-	-	-	-	-	(6,882)	(4,294)	(11,176)
Transfers	-	-	923	-	-	-	-	(176)	747	871
Statutory reserve	-	-	-	233	-	-	-	(233)	-	-
General banking reserve	-	-	-	-	(61)	-	-	77	16	(16)
Revaluation reserve	-	-	923	233	(61)	-	-	(332)	763	871
Other movements	-	(361)	-	-	(241)	-	929	(1,088)	(761)	7,399
Balance at 31 December 2011	12,900	(2,085)	1,604	260	2,366	285	2,743	(206,951)	(14,607)	(203,485)

The notes on pages 13 to 78 are an integral part of these consolidated financial statements

KLAD INVESTMENT CORPORATION LTD GROUP

CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2012

11

	2012 USD'000s	2011 USD'000s
<b>Cash flows from operating activities</b>		
Loss before taxation	(117,791)	(161,403)
Adjustments for:		
Depreciation	15,241	15,068
Share of loss of equity accounted investees	419	471
Amortisation of intangible assets	1,701	1,817
Impairment loss	1,529	16,739
Provision for bad debts and bad debts written off	1,527	4,157
Loss on sale of property, plant and equipment	557	555
Change in fair values	(2,555)	41,646
Gain on sale of investment property	(597)	(1,570)
Gain on sale of investments	161	4,344
Finance income	(26,660)	(23,024)
Foreign currency gains and losses	(4,164)	-
Dividend income	(4,604)	(1,701)
Finance expenses	33,409	31,500
Employee benefits	(380)	(1,043)
Other movement	(740)	(1,117)
	<u>(102,947)</u>	<u>(73,561)</u>
Changes in:		
- inventories	12,099	12,678
- trade and other receivables	(3,951)	(22,799)
- net investment in finance leases	(19,147)	(3,621)
- insurance and investment contracts	101,555	91,312
- customers' deposits	4,836	25,477
- trade and other payables	50,235	(32,129)
- loans and advances	(51,044)	26,928
<b>Cash generated from operating activities</b>	<u>(8,363)</u>	<u>24,285</u>
Interest paid	(25,972)	(30,357)
Income tax paid	(1,258)	(950)
<b>Net cash from operating activities</b>	<u>(35,593)</u>	<u>(7,022)</u>

The notes on pages 13 to 78 are an integral part of these consolidated financial statements

**KLAD INVESTMENT CORPORATION LTD GROUP**

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2012**

12

	<u>2012</u>	<u>2011</u>
	USD'000s	USD'000s
<b>Cash flows from investing activities</b>		
Interest received	25,461	20,126
Dividends received	4,604	1,701
Proceeds from sale of property, plant and equipment	1,076	3,898
Proceeds from sale of other investments	45,448	14,790
Proceeds from sale of investment properties	9,965	15,169
Acquisition of property, plant and equipment	(8,337)	(51,253)
Acquisition of investment properties	(9,280)	(10,206)
Acquisition of intangible assets	(2,051)	(1,213)
Acquisition of other investments and investment in associates	(37,261)	(30,141)
Proceed from sale of intangible assets	7	12
<b>Net cash used in investing activities</b>	<u>29,632</u>	<u>(37,117)</u>
<b>Cash flows from financing activities</b>		
Net movement in borrowings	2,533	(7,995)
Dividends paid	(304)	(105)
<b>Net increase/ (decrease) in cash from financing activities</b>	<u>2,229</u>	<u>(8,100)</u>
<b>Net decrease in cash and cash equivalents</b>	<u>(3,732)</u>	<u>(52,239)</u>
Cash and cash equivalents at 1 January	43,949	87,898
Effect of exchange rate fluctuations on cash held	(1,272)	8,289
<b>Cash and cash equivalents at 31 December</b>	<u>38,945</u>	<u>43,948</u>

The notes on pages 13 to 78 are an integral part of these consolidated financial statements

**1. REPORTING ENTITY**

Klad Investment Corporation Ltd (the "Company") is a company domiciled in the Commonwealth of the Bahamas. The address of the Company's registered office is Providence House, East Wing, East Hill Street, Nassau, Commonwealth of the Bahamas. The consolidated financial statements of the Company as at and for the year ended 31 December 2012 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in associates. The Group primarily is involved in financial services, construction and property development, tourism and leisure, trade and commerce, transportation and healthcare.

The Company incorporated a subsidiary, Seaton Investment Ltd (the "Subsidiary") on 12 November 2009. The Subsidiary then obtained control over British American Investment Group on 02 May 2010 by acquiring 69.42% of the ordinary shares and voting interest in British American Investment Co. (Mtius) Ltd. Subsequently, the Subsidiary acquired the remaining shareholding of British American Investment Co (Mtius) Ltd on 31 July 2010 (28.47%) and 31 August 2010 (2.11%)

A list of the main group entities is provided in Note 39.

**2. BASIS OF PREPARATION**

**(a) Statement of compliance**

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements were authorised for issue by the Board of Directors on .....

**(b) Basis of measurement**

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- non-derivative financial instruments at fair value through profit or loss are measured at fair value;
- available-for-sale financial assets are measured at fair value;
- land and buildings are carried at revalued amounts;
- investment properties are measured at fair value;
- the defined benefit liability is recognised as plan assets, plus unrecognised past service cost, less the present value of the defined benefit obligation as explained in Note 19.

The methods used to measure fair values are discussed further in Note 5.

**(c) Functional and presentation currency**

These consolidated financial statements are presented in US Dollars (USD), which is the Company's presentation currency. All financial information presented in US Dollars has been rounded to the nearest thousand, except when otherwise indicated. The functional currency of the Company is Mauritian Rupee (Rs) which is the currency of the primary economic environment in which the Company operates.

**(d) Use of estimates and judgements**

The preparation of the consolidated financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

**2. BASIS OF PREPARATION (CONTINUED)**

**(d) Use of estimates and judgements (continued)**

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

**(i) Judgements**

Information about critical judgements made in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

Note 6-Estimation of useful life of Property plant and equipment

Note 6-Revaluation of property plant and equipment

Note 7- Impairment of non financial assets

Notes 11,18 - Lease classification

Note 17-Insurance And Investment Contracts

Note 31(i) - Impairment of financial assets

**(ii) Assumptions and estimation uncertainties**

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 December 2012 is included in the following notes:

Note 14 - Recognition of deferred tax assets: availability of future taxable profit against which carryforward tax losses can be used ;

Note 19 - Measurement of defined benefit obligations: key actuarial assumptions;

Notes 33, 35 – Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

**(iii) Adoption of new standards**

The accounting policies adopted are consistent with those of the previous financial year, except for the following amendments

IAS 12 Income Taxes (Amendment) – Deferred Taxes: Recovery of Underlying Assets

IFRS 1 First-Time Adoption of International Financial Reporting Standards (Amendment) – Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters

IFRS 7 Financial Instruments : Disclosures - Enhanced Derecognition Disclosure Requirements

*IAS 12 Income Taxes (Amendment) – Deferred Taxes: Recovery of Underlying Assets*

The amendment clarified the determination of deferred tax on investment property measured at fair value and introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale. It includes the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in IAS 16 should always be measured on a sale basis. The amendment is effective for annual periods beginning on or after 1 January 2012 and had no effect on the Group's financial position, performance or its disclosures.

*IFRS 1 First-Time Adoption of International Financial Reporting Standards (Amendment) – Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters*

The IASB provided guidance on how an entity should resume presenting IFRS financial statements when its functional currency ceases to be subject to hyperinflation. The amendment is effective for annual periods beginning on or after 1 July 2011. The amendment had no impact on the Group.

*IFRS 7 Financial Instruments : Disclosures - Enhanced Derecognition Disclosure Requirements*

The amendment requires additional disclosure about financial assets that have been transferred but not derecognised to enable

**3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out below have been applied consistently by Group entities.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(a) Basis of consolidation (continued)**

**(i) Business combinations**

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are recognised in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

**(ii) Acquisitions of non-controlling interests**

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

**(iii) Subsidiaries**

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

**(iv) Loss of control**

On loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as financial asset depending on the level of influence retained.

**(v) Investments in associates and jointly controlled entities (equity accounted investees)**

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity. Joint controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Investments in associates and jointly controlled entities are accounted for using the equity method and are recognised initially at cost. The cost of the investment includes transaction costs.

The consolidated financial statements include the Group's share of profit or loss and other comprehensive income of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.



**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(v) Investments in associates and jointly controlled entities (equity accounted investees) (continued)**

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

**(vi) Transactions eliminated on consolidation**

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

**(b) Foreign currency****(i) Foreign currency transactions**

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences which are recognised in other comprehensive income arising on the retranslation of:

- available-for-sale equity instruments (except on impairment in which case foreign currency differences that have been

**(ii) Foreign operations**

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to US Dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to US Dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportion of the translation difference is allocated to non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign currency gains and losses arising from such item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the translation reserve in equity.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(c) Financial instruments**

**(i) Non-derivative financial assets**

The Group initially recognises financial assets on the date that they are originated. All other financial assets (including assets designated as at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held to maturity financial assets, loans and receivables and available-for-sale financial assets.

***Financial assets at fair value through profit or loss***

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein, which takes into account any dividend income, are recognised in profit or loss.

Financial assets at fair value through profit or loss comprise of other investments.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(c) Financial instruments (continued)****(i) Non-derivative financial assets (continued)*****Held-to-maturity financial assets***

If the Group has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses.

***Loans and receivables***

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets 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 losses. The effective rate of interest method is described in note 3 (c) (iv).

Loans and receivables comprise cash and cash equivalents, trade and other receivables, net investment in finance lease and loan and advances.

***Cash and cash equivalents***

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

***Available-for-sale financial assets***

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets. Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments, are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

**(ii) Non-derivative financial liabilities**

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. The effective rate of interest method is described in note 3 (c) (iv).

Other financial liabilities comprise loans and borrowings, bank overdrafts, customers deposits and trade and other payables.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(c) Financial instruments (continued)**

**(ii) Non-derivative financial liabilities (continued)**

***Bank overdrafts***

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

**(iii) Share capital and preference shares**

***Ordinary shares***

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

***Contributed surplus***

Contributed surplus represents non-reciprocal capital contribution received from the shareholders of the Group. Contributed surplus is treated as a transaction with owners recorded directly in equity and does not relate to increases in equity arising from operation of the Group.

***Preference shares***

Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity upon approval by the Company's shareholders.

Preference share capital is classified as a financial liability if it is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in profit or loss as accrued.

**(iv) Amortised cost measurement**

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**(i) Recognition and measurement**

Items of property, plant and equipment are measured at cost or revalued amounts less accumulated depreciation and accumulated impairment.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located;
- capitalised borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Following initial recognition at cost, freehold land, buildings and plant and machinery are revalued on average every 5 years. Any revaluation surplus is credited to revaluation reserve as part of other comprehensive income, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the profit or loss, in which case the increase is recognised in the profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same recognised asset's revaluation reserve. The revaluation reserve is realised over the period of the useful life of the property by transferring the realised portion from the revaluation reserve to retained earnings.

**(ii) Reclassification to investment properties**

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified as investment property. Any gain arising on remeasurement is recognised in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised in other comprehensive income and presented in the revaluation reserve in equity. Any loss is recognised immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Property, plant and equipment (continued)

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance is expensed as incurred.

(iv) Depreciation

Items of property, plant and equipment are depreciated on a straight-line basis in profit or loss over the estimated useful lives of each component. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The rates used for the current period are as follows:

	<b>Rates</b>
Buildings	1% to 2 %
Leasehold improvements	2 % to 20 %
Tools and equipment	10 % to 20 %
Office equipment	10%
Computer equipment	20%
Furniture, fixtures and fittings	12 % to 20 %
Motor vehicles	20% to 33.33%
Assets leased out under operating leases	14%

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Freehold land and assets in progress are not depreciated. Once work is completed, assets-in-progress are transferred to the related class of assets and depreciated accordingly.

(e) Intangible assets

(i) Goodwill

Goodwill that arises on the acquisition of subsidiaries is presented with intangible assets. For the measurement of goodwill at initial recognition, see Note 3(a)(i).

*Subsequent measurement*

Subsequent to initial recognition goodwill is measured at cost less accumulated impairment. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and any impairment loss is allocated to the carrying amount of the equity-accounted investee as a whole.

(ii) 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 the straight line basis over their specific useful lives.

**3. SIGNIFICANT ACCOUNTING**

**(e) Intangible assets (continued)**

**(ii) Computer software (continued)**

Costs associated with developing or maintaining computer software are recognised as an expense as incurred. Costs that are directly associated with the production of 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.

Computer software development costs recognised as assets are amortised over their estimated useful lives.

**(iii) Other intangible assets**

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

**(iv) Subsequent expenditure**

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

**(v) Value of in-force business**

Value of in-force business applies to subsidiaries involved in the insurance business. On acquisition of a portfolio of long term contracts, the net present value of the shareholders' interest in the expected after-tax cash flows of the in-force business is capitalised in the consolidated statement of financial position as an asset. The value of in-force business is subsequently determined by the Directors on an annual basis, based on the advice of the approved actuary. The valuation represents the discounted value of projected future transfers to shareholders from policies in force at the year end, after making provision for taxation. In determining this valuation, assumptions relating to future mortality, persistence and levels of expenses are based on experience of the type of business concerned. Gross investment returns assumed vary depending on the mix of investments held and expected market conditions. All movements in the in-force business valuation are credited or debited to profit or loss. They are subsequently transferred out of retained earnings to other reserves.

**(vi) Amortisation**

Except for goodwill, intangible assets are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use.

The rates used for the current and comparative years are as follows:

**Rate**

Computer software  
Intellectual property rights

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

**(f) Investment properties**

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) **Investment properties (continued)**

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When an investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

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.

The Group does not recognise in the carrying amount of investment property the costs of the day-to-day servicing. These costs are recognised in profit or loss as incurred. Costs of day-to-day servicing are primarily the cost of labour and consumables, and may include the cost of minor parts. The purpose of these expenditures is often described as for the 'repairs and maintenance' of the property.

(g) **Leased assets**

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. On initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Finance leases - where the Group is the lessor

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return.

Operating leases

Assets leased out under operating leases are included in property, plant and equipment in the statement of financial position. They are depreciated over their expected useful lives on a basis consistent with similar assets. Rental income is recognised on a straight line basis over the lease term.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

(h) **Inventories**

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Construction work in progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date less progress billings and recognised losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.



**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(i) Construction contract in progress(continued)**

Construction work in progress is presented as part of trade and other receivables in the consolidated statement of financial position for all contracts in which costs incurred plus recognised profits exceed progress billings. If progress billings exceed costs incurred plus recognised profits, then the difference is presented as deferred income/revenue in the consolidated statement of financial position.

**(j) Impairment****(i) Non-derivative financial assets**

A financial asset not carried as at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that the loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

***Financial assets measured at amortised cost***

The Group considers evidence of impairment for financial assets measured at amortised cost (loans and receivables and held-to-maturity investment securities) at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables or held-to-maturity investment securities. Interest on the impaired asset continues to be recognised. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

***Available-for-sale financial assets***

Impairment on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity, to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss. Changes in cumulative impairment losses attributable to application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment was recognised, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

**(ii) Non-financial assets**

The carrying amounts of the Group's non-financial assets, other than investment property, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and indefinite-lived intangible assets are tested annually for impairment. An impairment is recognised if the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(j) Impairment (continued)****(ii) Non-financial assets (continued)**

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets or CGU. Subject to an operating segment ceiling test, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**(k) Employee benefits****(i) Defined contribution plans**

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

**(ii) Defined benefit plans**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on AA credit-rated bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed annually by Hewitt LY Ltd, a qualified actuary, using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the total of any unrecognised past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realisable during the life of the plan, or on settlement of the plan liabilities. When the benefits of a plan are improved, the portion of the increased benefit related to past service by employees is recognised in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in profit or loss.

The Group recognises all actuarial gains and losses arising from defined benefit plans immediately in other comprehensive income and all expenses related to defined benefit plans in personnel expenses in profit or loss.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(k) Employee benefits (continued)**

**(ii) Defined benefit plans (continued)**

The Group recognises gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment or settlement comprises any resulting change in the fair value of plan assets, any change in the present value of the defined benefit obligation, any related actuarial gains and losses and past service cost that had not previously been recognised.

**(iii) Other long-term employee benefits**

The Group's net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on AA credit-rated bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed using the projected unit credit method. Any actuarial gains and losses are recognised in profit or loss in the period in which they arise.

**(iv) Termination benefits**

Termination benefits are recognised as an expense when the Group is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefit for voluntary redundancies are recognised as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

**(v) Other retirement benefits**

The present value of other retirement benefits in respect of gratuities under applicable local Act for the Group's subsidiaries is recognised in the statement of financial position as a non current liability. The valuation of these unfunded defined benefit obligations is also carried out annually by Hewitt LY Ltd and Anglo Mauritius .

**(vi) State plan**

Contributions to the National Pension Scheme and the National Savings Fund are charged to profit or loss in the period in which they fall due.

**(l) Provisions**

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions, where material, are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

**(m) Warranties**

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

(n) **Revenue**

(i) **Goods sold**

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

The timing of the transfers of risks and rewards varies depending on the individual terms of the contract of sale.

(ii) **Services**

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed.

Revenue derived from the provision of paramedical, medical, clinical and laboratory services are measured at the fair value of consideration received or receivable, after deducting discounts if any and revenue is recognised immediately upon issue of invoice.

(iii) **Gross insurance premium**

Gross premium reflects businesses incepted during the period after adjusting for unearned premium. Unearned premiums are that proportion of the premium underwritten in a period that relate to period of risk after the reporting date. Provision for unearned premium relates to the proportion of gross premium written which is estimated to be accounted in the following financial period, computed separately for each insurance contract using the pro rate method. Gross insurance premium are accounted for on a receivable basis.

(iv) **Interest income and interest expense**

Interest income and interest expense are recognised in profit or loss for all instrument measured at amortised cost.

When loan and advances become doubtful for collection, they are written down to their recoverable amounts and interest income is therefore recognised based on the rate of interest that was used to discount the future cash flows for the purpose of measuring the recoverable amount.

(iv) **Construction contracts**

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue is recognised in profit or loss in proportion to the stage of completion of the contract. Contract expenses are recognised as incurred unless they create an asset related to future contract activity.

The stage of completion is assessed by reference to surveys of work performed. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in profit or loss.

(v) **Other income**

Other income are recognised in profit or loss on the accruals basis. These relates to income derived from non-core activities of the Group's subsidiaries.

(vi) **Dividend income**

Dividend income is recognised when the right to receive income is established. Usually this is the ex-dividend date for equity securities. Dividend income from equity securities designated at fair value through profit or loss is recognised in the "dividend income" line in the statement of profit or loss and other comprehensive income.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(n) Revenue (continued)****(vii) Fees and commissions**

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the Group. Also included are fees and commission income arising on financial services provided by the Group.

Fees and commissions are generally recognised on an accrual basis when the service has been provided. Loan commitment fees that are likely to be drawn down, are deferred (together with related direct costs) and recognised as an adjustment to the effective interest rate on the loan. Commission and fees arising from negotiating, or participating in the negotiation of a transaction for a third party, such as arrangement of the acquisition of treasury bills, are recognised on completion of the underlying transaction. Fees for custody services are recognised over the period the service is provided based on agreed rates with the customer.

**(viii) Rental income**

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from subleased property is recognised as other income.

**(o) Leases*****Where Group is the lessee***

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

***Determining whether an arrangement contains a lease***

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. This will be the case if the following two criteria are met:

- the fulfilment of the arrangement is dependant on the use of that specified asset or assets; and
- the arrangement contains the right to use the asset(s).

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

***Where Group is the lessor***

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return.

Assets leased out under operating leases are included in property, plant and equipment in the statement of financial position. They are depreciated over their expected useful lives on a basis consistent with similar fixed assets. Rental income is recognised on a straight line basis over the lease term.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) **Finance income and finance costs**

Finance income comprise of interest income on funds invested (including available for sale financial assets) and fair value gains on financial assets at fair value through profit and loss. Interest income is recognised as it accrues in the profit or loss using effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial instrument (or, when appropriate, a shorter period) to the carrying amount of the financial instrument. When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial instrument but not the future credit losses.

Finance cost comprises interest expense on borrowings and fair value losses on financial assets at fair value through profit or loss.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

(q) **Income tax**

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

In determining the amount of current and deferred tax the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(q) Income tax (continued)**

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

**(r) Insurance and investment contracts**

Contracts under which the Group accepts significant insurance risk from another party (the policyowner) by agreeing to compensate the policyowner or other beneficiary if a specified uncertain future event (the insured event) adversely affects the policyowner or other beneficiary are classified as insurance contracts. As a general guideline, the Group defines as significant insurance risk the possibility of having to pay benefits on the occurrence of an insured event that are at least 10% more than the benefits payable if the insured event did not occur. Insurance risk is risk other than financial risk. Financial risk is the risk of a possible future change in one or more of a specified interest rate, security price, commodity price, foreign exchange rate, index of prices or rate, a credit rating or credit index or other variable, provided in the case of a non financial variable that the variable is not specific to a party to the contract.

With the exception of the single premium Super Saver Plan which is an investment contract, all other contracts issued by the Group transfer significant insurance risk and therefore meet the definition of an insurance contract. However, since the single premium Super Saver Plan portfolio is immaterial, the Group continues to account for these contracts as insurance contracts. Unit-linked contracts include Takaful and Universal Life Insurance Products. The characteristics of these products are as per following:

- (i) Unit-linked contracts relate to Takaful Insurance Products. Takaful refers to shared responsibility, shared guarantee, collective assurance and mutual undertakings. The Shariah-compliant product is based on shared responsibility, mutual cooperation and solidarity and is designed to protect the participant against a defined risk. These long term contracts are recognised directly as liabilities in the Statement of financial position and are decreased by management fees, wakalah fees, tabarru fees, mortality and surrender charges and any withdrawals.
- (ii) BAI One, the Universal Life insurance product, is a long term life contract which pays a benefit on the death of the insured at any time. The plan offers four currency options, namely MUR, EURO, GBP and USD. The policy does not share in the Group's profits and benefits are linked to a segregated and unitised investment fund. A choice of funds is offered to meet policyholders' varying risk tolerances. Premiums are recognised directly as liabilities and are decreased by policy administration fees, mortality and surrender charges and any withdrawals.

These long-term contracts are recognised directly as liabilities in the statement of financial position and are decreased by management fees, wakalah fees, tabarru fees, mortality and surrender charges and any withdrawals.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(s) Reinsurance**

The Group cedes reinsurance in the normal course of business for the purpose of limiting its net loss potential through the diversification of its risks. Reinsurance arrangements do not relieve the Group from its direct obligations to its policyowners.

Reinsurance assets are reviewed for impairment at each reporting date or more frequently when an indication of impairment arises during the reporting period. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the Group may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measurable impact on the amounts that the Group will receive from the reinsurer. The impairment loss is recorded in profit or loss.

Premiums ceded and benefits reimbursed are presented in the statement of comprehensive income and statement of financial position on a gross basis.

**(t) Liabilities and related assets under liability adequacy test**

Insurance contracts are tested for adequacy by discounting current estimates of all contractual cash flows and comparing this amount to the carrying value of the liability and any related assets. Where a shortfall is identified, an additional provision is made and the Group recognises the deficiency in profit or loss for the period.

**(u) Reserves for insurance funds**

The reserves for future policyowner benefits are determined by actuarial valuation. The reserving methods and assumptions used are based on past experience and assumptions as to (i) future investment yields and (ii) mortality and morbidity. Reserves for personal insurance life products are calculated using the full preliminary term or similar methods assuming interest and investment yield rates of between 5.00% and 18.00%.

The reserves are valued on a policy by policy basis based on the discounted value of the guaranteed benefits using realistic current interest rate assumptions plus margins to allow for uncertainty. The actuarial liabilities for the balance of the insurance business are determined on a policy by policy basis using a full preliminary term method. Negative reserves are eliminated on a policy by policy basis. Margins are incorporated in the assumptions to allow for uncertainties and to contribute towards expected renewal expenses.

For long term insurance contracts, estimates are made in two stages. At the inception of the contract, the Group determines assumptions in relation to future deaths, voluntary terminations, investment returns and administration expenses. These assumptions are used for calculating the liabilities during the life of the contract. A margin for risk and uncertainty is added to these assumptions.

Subsequently, new estimates are developed at each reporting date to determine whether liabilities are adequate in the light of latest current estimates. The initial assumptions are not altered if liabilities are considered adequate. If liabilities are not adequate, the assumptions are altered to reflect the latest current estimates; no margin is added to the assumptions in this event. The relevant assumptions are described in note 17.

**(v) Fiduciary activities**

Client monies are held by the Group as a result of clients' trades that have not yet been fulfilled. They are not included in the financial statements as these assets are held in a fiduciary capacity.

**(w) Repurchase transactions**

Investments sold under repos are classified in the financial statements as pledged assets when the transferee has the right by contract or custom to sell or repledge and are measured in accordance with the accounting policy as held-to-maturity and the counter party liability is included in borrowings.

The difference between the sale and repurchase considerations is recognised on an accrual basis over the period of the transaction and is included in interest.

**(x) Loans**

Loans consist of mortgage loans, policyowner loans, other loans and advances to customers and are stated at amortised cost using the effective interest method, less provisions for credit losses. General and specific provisions for credit losses are established by charges to income based on management's evaluation of the loan portfolio, economic conditions, past loan losses and other relevant factors.



**4. NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS NOT YET EFFECTIVE**

Up to the date of issue of these financial statements, the IASB has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 December 2012 and which have not been adopted in these financial statements.

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. So far, it has concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position.

At the date of authorisation of the consolidated financial statements of the Group for the year ended 31 December 2012, the following Standards and Interpretations were in issue but not yet effective:

Standard/Interpretation		Effective date
IFRS 10	Consolidated Financial Statements	Annual periods beginning on or after 1 January 2013*
IFRS 11	Joint Arrangements	Annual periods beginning on or after 1 January 2013*
IFRS 12	Disclosure of Interest in Other Entities	Annual periods beginning on or after 1 January 2013*
IAS 1 amendment	Presentation of items of other comprehensive income	Annual periods beginning on or after 1 July 2012*
IFRS 13	Fair Value Measurement	Annual periods beginning on or after 1 January 2013*
IAS 19 (amendment 2011)	Employee Benefits	Annual periods beginning on or after 1 January 2013*
IAS 27	Separate Financial Statements (2011)	Annual periods beginning on or after 1 January 2013*
IAS 28	Investments in Associates and Joint Ventures (2011)	Annual periods beginning on or after 1 January 2013*
Amendments to IFRS 7	Disclosures: Offsetting Financial Assets and Financial Liabilities	Annual periods beginning on or after 1 January 2013*
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities	Annual periods beginning on or after 1 January 2014*
IFRS 9	Financial Instruments	Annual periods beginning 1 January 2018

\*All Standards and Interpretations will be adopted at their effective date (except for those Standards and Interpretations that are not applicable to the Group).

**IFRS 10 Consolidated Financial Statements**

IFRS 10 will be effective for the Group financial year end 31 December 2013. IFRS 10 changes the definition of control, such that the same consolidation criteria will apply to all entities. The revised definition focuses on the need to have both "power" and "variable returns" for control to be present. Power is the current ability to direct the activities that significantly influence returns. Variable returns can be positive, negative or both. The determination of power is based on current facts and circumstances (including substantive potential voting rights) and is continuously assessed. An investor with more than half the voting rights would meet the power criteria in the absence of restrictions or other circumstances. However, an investor could have power over the investee even when it holds less than the majority of the voting rights in certain cases. IFRS 10 provides guidance on participating and protective rights, and brings the notion of "de facto" control firmly within the guidance. The standard also requires an investor with decision making rights to determine if it is acting as a principal or an agent and provides factors to consider. If an investor acts as an agent, it would not have the requisite power and, hence, would not consolidate.

An investor controls an investee when:

- it is exposed or has rights to variable returns from its involvement with that investee;
- it has power over that investee; and
- there is a link between power and returns.

Control is reassessed as facts and circumstances change.

As a result, the Group may need to change its consolidation conclusion in respect of its investees, which may lead to changes in the current accounting for these investees (See Note 3 (a)).

4. **NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS NOT YET EFFECTIVE**  
IFRS 11 Joint Arrangements

The standard will be adopted by the Group for the first time for its financial reporting period ending 31 December 2013.

IFRS 11 focuses on the rights and obligations of joint arrangements, rather than the legal form (as it is currently the case). It:

- distinguishes joint arrangements between joint operations and joint ventures; and
- always requires the equity method for jointly controlled entities that are now called joint ventures; they are stripped of the free choice of using the equity method or proportionate consolidation.

The impact on the financial statements for the Group has not yet been estimated.

IFRS 12 Disclosure of Involvement with Other Entities

IFRS 12 will be effective for the Group financial year end 31 December 2013. IFRS 12 sets out the required disclosures for entities reporting under IFRS 10 and IFRS 11. The objective of IFRS 12 is to require entities to disclose information that helps financial statement readers to evaluate the nature, risks, and financial effects associated with the entity's involvement with subsidiaries, associates, joint arrangements, and unconsolidated structured entities. Specific disclosures include the significant judgments and assumptions made in determining control as well as detailed information regarding the entity's involvement with these investees.

The impact on the consolidated financial statements is being assessed by the directors.

**4. NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS NOT YET EFFECTIVE  
(CONTINUED)**

Amendment to IAS 1 Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income

Amendment to IAS 1 will be effective for the Group financial year end 31 December 2013. The amendments:

- require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss;
- do not change the existing option to present profit or loss and other comprehensive income in two statements; and
- change the title of the statement of comprehensive income to the statement of profit or loss and other comprehensive income. However, the entity is still allowed to use other titles.

The amendments do not address which items are presented in other comprehensive income or which items need to be reclassified. The requirements of other IFRSs continue to apply in this regard.

The amendment will impact on the presentation of other comprehensive income in the consolidated financial statements.

IFRS 13 Fair Value Measurement

IFRS 13 will be effective for the Group financial year end 31 December 2013. IFRS 13 replaces the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance. It defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. It explains how to measure fair value when it is required or permitted by other IFRSs. It does not introduce new requirements to measure assets or liabilities at fair value, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards.

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, i.e. an exit price.

The adoption of the standard will lead to additional disclosures on fair values in the consolidated financial statements.

Amendments to IAS 19 Employee Benefits

Amendments to IAS 19 will be effective for the Group financial year end 31 December 2013. The amended IAS 19 include the following requirements:

- Actuarial gains and losses are recognised immediately in other comprehensive income; this change will remove the corridor method and eliminate the ability for entities to recognise all changes in the defined benefit obligation and in plan assets in profit or loss, which is currently allowed under IAS 19; and
- Expected return on plan assets recognised in profit or loss is calculated based on the rate used to discount the defined benefit obligation.

The amendments will impact on the presentation of other comprehensive income in the consolidated financial statements and consolidated retained earnings. The amendments will be adopted retrospectively.

Amendment to IAS 27 Consolidated and Separate Financial Statements

Amendments to IAS 27 will be effective for the Group financial year end 31 December 2013. The standard contains accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. The Standard requires an entity preparing separate financial statements to account for those investments at cost or in accordance with IFRS 9 Financial Instruments.

The Company does not prepare separate financial statements and therefore the above amendments do not have an impact on the consolidated financial statements.

**4. NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS NOT YET EFFECTIVE  
(CONTINUED)**

IAS 28 Investments in Associates and Joint Ventures

The amendments to IAS 28 will be adopted by the Group for the first time for its financial reporting period ending 31 December 2013. The standard will be applied retrospectively.

IAS 28 makes the following amendments:

- IFRS 5 applies to an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale; and
- On cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture or vice versa, the entity does not remeasure the retained interest.

The impact on the consolidated financial statements for the Group has not yet been estimated.

Disclosures – Offsetting financial assets and financial liabilities (Amendments to IFRS 7)

The amendments to IFRS 7 will be adopted by the Group for the first time for its financial reporting period ending 31 December 2013. The standard will be applied retrospectively.

The amendments to IFRS 7 include minimum disclosure requirements related to financial assets and financial liabilities that are:

- offset in the consolidated statement of financial position; or
- subject to enforceable master netting arrangements or similar agreements.

They include a tabular reconciliation of gross and net amounts of financial assets and financial liabilities, separately showing amounts offset and not offset in the statement of financial position.

The impact on the consolidated financial statements for the Group has not yet been estimated.

Offsetting financial assets and financial liabilities (Amendments to IAS 32)

The amendments to IAS 32 will be adopted by the Group for the first time for its financial reporting period ending 31 December 2014. The standard will be applied retrospectively.

The amendments to IAS 32 clarify that:

an entity currently has a legally enforceable right to set-off if that right is:-

- not contingent on a future event; and
- enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties; and

gross settlement is equivalent to net settlement if and only if gross settlement mechanism has features that;

- eliminate or result in insignificant credit and liquidity risk; and
- process receivables and payables in a single settlement process or cycle

The impact on the consolidated financial statements for the Group has not yet been estimated.

4. NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS NOT YET EFFECTIVE  
(CONTINUED)

IFRS 9: Financial Instruments

IFRS 9 (2010) will be adopted by the Group for the first time for its financial reporting period ending December 31, 2018. The standard will be applied retrospectively, subject to transitional provisions.

IFRS 9 (2009) addresses the initial measurement and classification of financial assets and will replace the relevant sections of IAS 39.

Under IFRS 9, there are two options in respect of classification of financial assets, namely, financial assets measured at amortised cost or at fair value. Financial assets are measured at amortised cost when the business model is to hold assets in order to collect contractual cash flows and when they give rise to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets are measured at fair value.

The standard eliminates the existing IAS 39 categories of held to maturity, available for sale and loans and receivables.

The standard requires that derivatives embedded in contracts with a host that is a financial asset within the scope of the standard are not separated; instead the hybrid financial instrument is assessed in its entirety as to whether it should be measured at amortised cost or fair value.

Under IFRS 9 (2010), the classification and measurement requirements of financial liabilities are the same as per IAS 39, barring the following two aspects:

- fair value changes for financial liabilities (other than financial guarantees and loan commitments) designated at fair value through profit or loss, attributable to the changes in the credit risk of the liability will be presented in other comprehensive income (OCI). The remaining change is recognised in profit or loss. However, if the requirement creates or enlarges an accounting mismatch in profit or loss, then the whole fair value change is presented in profit or loss. The determination as to whether such presentation would create or enlarge an accounting mismatch is made on initial recognition and is not subsequently reassessed.
- Under IFRS 9, derivative liabilities that are linked to and must be settled by delivery of an unquoted equity instrument whose fair value cannot be reliably measured, are measured at fair value.

The impact on the financial statements for the Group has not yet been estimated.

**5. DETERMINATION OF FAIR VALUES**

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

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

The fair value of property, plant and equipment recognised as a result of a business combination is the estimated amount for which a property could be exchanged on the date of acquisition between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably. The fair value of items of plant, equipment, fixtures and fittings is based on the market approach and cost approaches using quoted market prices for similar items when available and replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.

**(ii) Intangible assets**

*Value in force*

The determination of fair value for value in force is described in Note 3(e) (v).

*Computer software*

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on the basis of the expected useful life (three to five years). Computer software development costs recognised as assets are amortised using the straight line basis method over their useful lives.

*Intellectual property rights*

The fair value of intellectual property rights acquired in a business combination is based on the discounted estimated royalty payments that have been avoided as a result of the Intellectual property rights being owned.

**5. DETERMINATION OF FAIR VALUES (CONTINUED)**

**(iii) Investment properties**

An external independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the Group's investment property portfolio annually. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably.

In the absence of current prices in an active market, the valuations are prepared by considering the estimated rental value of the property. A market yield is applied to the estimated value to arrive at the gross property valuation. When actual rents differ materially from the estimated rental value, adjustments are made to reflect actual rents.

Valuations reflect, when appropriate, the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, the allocation of maintenance and insurance responsibilities between the Group and the lessee, and the remaining economic life of the property. When rent reviews or lease renewals are pending with anticipated reversionary increases, it is assumed that all notices, and when appropriate counter-notices, have been served validly and within the appropriate time.

Investment property under construction is valued by estimating the fair value of the completed investment property and then deducting from that amount the estimated costs to complete construction, financing costs and a reasonable profit margin.

**(iv) Inventories**

The fair value of inventories acquired in a business combination is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

**(v) Equity and debt securities**

The fair value of equity and debt securities is determined by reference to their quoted closing bid price at the reporting date, or if unquoted, determined using a valuation technique. Valuation techniques employed include market multiples and discounted cash flow analysis using expected future cash flows and a market-related discount rate.

**(vi) Trade and other receivables**

The fair value of trade and other receivables, excluding construction work in progress, is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes or when such assets are acquired in a business.

**(vii) Non-derivative financial liabilities**

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases the market rate of interest is determined by reference to similar lease agreements.

5. DETERMINATION OF FAIR VALUES (CONTINUED)

(viii) Fair Value Hierarchy

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

	Level 1	Level 2	Level 3	Total
	USD'000	USD'000	USD'000	USD'000
<b>At 31 December 2012</b>				
Available- for-sale financial assets	2,745	90,119	6,901	99,765
Financial assets designated at fair value through profit	21,468	545	31,958	53,972
	<u>24,213</u>	<u>90,664</u>	<u>38,859</u>	<u>153,737</u>
<b>At 31 December 2011</b>				
Available- for-sale financial assets	21,346	8,815	4,703	34,864
Financial assets designated at fair value through profit	86,934	-	31,574	118,508
	<u>108,280</u>	<u>8,815</u>	<u>36,277</u>	<u>153,372</u>

The following table shows a reconciliation from the beginning balances to the ending balance for fair value measurements in Level 3 of the fair value hierarchy:

	financial assets		financial assets	
	Available- for-sale financial assets	designated at fair value through profit or loss	Available- for-sale financial assets	designated at fair value through profit or loss
	2012		2011	
	USD'000	USD'000	USD'000	USD'000
Balance as at 1 January	4,703	31,574	25,842	91,243
Addition	2,308	1,554	(74)	(799)
Disposal	-	(1,564)	3,570	4,127
Change in fair value of available for sale financial assets	121	401	(24,647)	(63,182)
Foreign currency translation difference	(231)	(7)	12	185
At 31 December	<u>6,901</u>	<u>31,958</u>	<u>4,703</u>	<u>31,574</u>

(ix) Fair values of assets and liabilities

The fair values of financial assets together with the carrying amounts shown in the Statement of financial position, are as follows:

	Fair value through profit or loss	Held to Maturity	Loans and receivables	Available for sale	Carrying value	Fair value
	31-Dec-12	31-Dec-12	31-Dec-12	31-Dec-12	31-Dec-12	31-Dec-12
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Trade and other receivables	-	-	176,942	-	176,942	176,942
Net investment in finance leases	-	-	74,325	-	74,325	74,325
Loans and advances	-	-	141,669	-	141,669	141,669
Other investments	53,972	43,836	-	99,765	197,573	197,573
Cash and cash equivalents	-	-	79,836	-	79,836	79,836
	<u>53,972</u>	<u>43,836</u>	<u>472,772</u>	<u>99,765</u>	<u>670,345</u>	<u>670,345</u>

Property held for sale of USD'000s 388 (2011 : USD'000s 147), prepayments of USD'000s 7,953 (2011: USD'000s 10,748) have been excluded from financial assets.



## 5. DETERMINATION OF FAIR VALUES (CONTINUED)

## (ix) Fair values of assets and liabilities (continued)

The fair values of financial liabilities, together with the carrying amounts shown in the Statement of financial position, are as follows:

	Fair value through profit or loss	Held to Maturity	Loans and receivables	Available for sale	Carrying value	Fair value
	31-Dec-11 USD'000	31-Dec-11 USD'000	31-Dec-11 USD'000	31-Dec-11 USD'000	31-Dec-11 USD'000	31-Dec-11 USD'000
<b>Financial assets</b>						
Trade and other receivables	-	-	178,072	-	178,072	178,072
Net investment in finance leases	-	-	57,832	-	57,832	57,832
Loans and advances	-	-	95,380	-	95,380	95,380
Other investments	118,508	51,301	-	34,864	204,673	204,673
Cash and cash equivalents	-	-	96,535	-	96,535	96,535
	<u>118,508</u>	<u>51,301</u>	<u>427,819</u>	<u>34,864</u>	<u>632,492</u>	<u>632,492</u>

	Fair value through profit or loss	Other financial liabilities at amortised cost	Carrying value	Fair value
	31-Dec-12 USD'000	31-Dec-12 USD'000	31-Dec-12 USD'000	31-Dec-12 USD'000
<b>Financial liabilities</b>				
Preference shares	-	34,236	34,236	34,236
Loans and borrowings	-	92,290	92,290	92,290
Customers' deposits	-	291,297	291,297	291,297
Bank overdrafts	-	40,891	40,891	40,891
Trade and other payables	-	135,968	135,968	135,968
	<u>-</u>	<u>594,682</u>	<u>594,682</u>	<u>594,682</u>

Insurance and investment contracts of USD'000 717,499 (2011 : USD'000 643,302), premiums in advance of USD'000 215 (2011: USD'000 238), reinsurance payables of USD'000 694 (2011: USD'000 852) and claims outstanding of USD'000 452 (2011 : USD'000 1,011) have been excluded from financial liabilities and disclosed separately in Note 17.

	Fair value through profit or loss	Other financial liabilities at amortised cost	Carrying value	Fair value
	31-Dec-11 USD'000	31-Dec-11 USD'000	31-Dec-11 USD'000	31-Dec-11 USD'000
<b>Financial liabilities</b>				
Preference shares	-	36,425	36,425	36,425
Loans and borrowings	-	92,713	92,713	92,713
Customers' deposits	-	298,328	298,328	298,328
Bank overdrafts	-	52,587	52,587	52,587
Trade and other payables	-	82,678	82,678	82,678
	<u>-</u>	<u>562,731</u>	<u>562,731</u>	<u>562,731</u>

**KLAD INVESTMENT CORPORATION LTD GROUP**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

**6. PROPERTY, PLANT & EQUIPMENT**

	Freehold land and buildings improvements USD'000s	Leaseholds improvements USD'000s	Tools and equipment USD'000s	Office equipment USD'000s	Computer equipment USD'000s	Motor vehicles USD'000s	Furniture, fixtures & fittings USD'000s	Assets leased out under operating lease USD'000s	Assets in progress USD'000s	Total USD'000s
<b>Revalued amount/cost</b>										
Opening balance as at 01 January 2012	140,359	18,575	23,432	5,427	8,898	13,022	34,887	13,921	596	259,117
Additions during the year	1,202	1,202	304	888	835	1,666	2,241	-	1	8,339
Disposals	-	(359)	(918)	(347)	(183)	(1,570)	(746)	-	(56)	(4,179)
Write off	-	(665)	(6)	(7)	(1)	(23)	(26)	-	(491)	(1,219)
Transfers	(22,546)	(5,180)	(1,587)	13,105	2,561	(405)	(15,463)	(13,638)	(3)	(43,156)
Reclassification	19	(261)	-	93	10	-	158	-	(10)	9
Effect of foreign exchange rates	(5,138)	(621)	(886)	(484)	(456)	7,319	(9,802)	(283)	(13)	(10,364)
Revaluation surplus	8,599	-	-	-	-	-	-	-	-	8,599
<b>Balance at 31 December 2012</b>	<b>122,495</b>	<b>12,691</b>	<b>20,339</b>	<b>18,675</b>	<b>11,664</b>	<b>20,009</b>	<b>11,249</b>	<b>-</b>	<b>24</b>	<b>217,146</b>
<b>Depreciation and impairment losses</b>										
Opening balance as at 01 January 2012	1,070	3,031	9,607	2,465	5,424	6,037	19,194	5,722	-	52,550
Depreciation for the year	1,455	1,279	3,175	1,474	1,131	1,652	1,747	-	-	11,913
Impairment adjustments	-	(138)	204	-	1	11	4	-	-	82
Disposals	-	(317)	(531)	(295)	(111)	(834)	(459)	-	-	(2,547)
Write off	79	-	-	(7)	(1)	(23)	(21)	-	-	27
Transfers	4	(44)	(1,414)	7,778	2,235	(205)	(10,088)	(5,605)	-	(7,339)
Reclassification	6	(142)	(6)	31	7	(88)	54	-	-	(138)
Effect of foreign exchange rates	(50)	(130)	(409)	(271)	(323)	(256)	(593)	(117)	-	(2,149)
Revaluation surplus	(1,100)	-	-	-	-	-	-	-	-	(1,100)
<b>Balance at 31 December 2012</b>	<b>1,464</b>	<b>3,539</b>	<b>10,626</b>	<b>11,175</b>	<b>8,563</b>	<b>6,294</b>	<b>9,838</b>	<b>-</b>	<b>-</b>	<b>51,299</b>
<b>Carrying amounts</b>										
<b>Balance at 31 December 2012</b>	<b>121,031</b>	<b>9,152</b>	<b>9,713</b>	<b>7,500</b>	<b>3,301</b>	<b>13,715</b>	<b>1,411</b>	<b>-</b>	<b>24</b>	<b>165,847</b>
<b>Balance at 31 December 2011</b>	<b>139,289</b>	<b>15,544</b>	<b>13,825</b>	<b>2,962</b>	<b>3,474</b>	<b>6,985</b>	<b>15,693</b>	<b>8,199</b>	<b>596</b>	<b>206,567</b>

(a) Leased assets included above comprise :

	2012 USD'000s	2011 USD'000s
Cost - capitalised finance leases	4,377	3,175
Accumulated depreciation	(3,041)	(1,586)
Effect of foreign exchange rates	1,336	35
Carrying amount	<b>1,336</b>	<b>1,624</b>

(b) The Group's land and buildings were revalued as at 31 December 2012 by Messrs Alan Tinkler and Ramlackhan & Co., Chartered Surveyors. Valuations were made on the basis of the market value for existing use. The book values of the properties were adjusted to the revalued amounts and the resultant surplus net of deferred income taxes was credited to other comprehensive income.

(c) If the land and buildings and leasehold improvements were stated on the historical cost basis, the amounts would be as follows:

	2012 USD'000s	2011 USD'000s
Cost	10,427	9,225
Accumulated depreciation	(2,036)	(581)
Effect of foreign exchange rates	39	13
Carrying amount	<b>8,430</b>	<b>8,657</b>

(d) Bank borrowings are secured by fixed and floating charges on the above assets.

(e) Transfers

	2012 USD'000s	2011 USD'000s
Transfer to investment properties (Note 9)	(25,162)	9,055
Transfer to investment in finance leases	(17,994)	(7,586)
Net transfer	<b>(43,156)</b>	<b>1,469</b>

## 7. INTANGIBLE ASSETS

	Goodwill	Value of in-force business	Intellectual property rights	Computer software	Total
	USD'000s	USD'000s	USD'000s	USD'000s	USD'000s
<i>Cost</i>					
Balance at 01 January 2012	65,248	3,945	2,206	14,412	85,811
Additions	-	-	-	2,051	2,051
Disposals	-	-	-	(10)	(10)
Write off	(164)	-	-	-	(164)
Transfer to PPE	-	-	-	(1,241)	(1,241)
Effect of movements foreign exchange rates	(2,642)	736	(33)	(681)	(2,620)
<b>Balance at 31 December 2012</b>	<b>62,442</b>	<b>4,681</b>	<b>2,173</b>	<b>14,531</b>	<b>83,827</b>
<i>Amortisation and impairment losses</i>					
Balance at 01 January 2012	36,493	-	469	8,980	45,942
Amortisation for the year	167	-	96	3,066	3,329
Write off	-	-	-	37	37
Disposals	-	-	-	(3)	(3)
Transfer to PPE	-	-	-	(999)	(999)
Revaluation Adjustments	-	-	-	(321)	(321)
Effect of movements in exchange rates	(1,506)	-	23	(350)	(1,833)
<b>Balance at 31 December 2012</b>	<b>35,154</b>	<b>-</b>	<b>588</b>	<b>10,410</b>	<b>46,152</b>
<i>Carrying amounts</i>					
<b>Balance at 31 December 2012</b>	<b>27,288</b>	<b>4,681</b>	<b>1,585</b>	<b>4,121</b>	<b>37,675</b>
Balance at 31 December 2011	28,755	3,945	1,737	5,432	39,869

*Value of in-force business – assumptions, changes in assumptions and sensitivity*

The value of in-force business ("VOIFB") refers to the Group's subsidiary, GlobalCapital P.L.c which is involved in the insurance business.

VOIFB represents the net present value of projected future transfers to Shareholders from policies in force at the year-end, after making provision for taxation. The value of in-force business is determined by the Directors on an annual basis, based on the advice of the approved actuary.

The valuation assumes a margin of 1% (2011 - 3.8%) between the weighted average projected investment return and the discount factor applied. The calculation also assumes lapse rates varying from 5% to 15%, and expenses are implicitly inflated.

## 8. TRADE AND OTHER RECEIVABLES

	<u>2012</u>	<u>2011</u>
	USD '000s	USD '000s
Trade receivables	55,002	75,036
Premiums and other insurance receivables	6,332	6,798
Other receivables	101,669	92,719
Amount owed by related parties	22,280	14,414
	<u>185,283</u>	<u>188,967</u>

*Split into :*

Non current assets	18,483	16,608
Current assets	166,800	172,359
	<u>185,283</u>	<u>188,967</u>

## 9. INVESTMENT PROPERTIES

	<u>2012</u>	<u>2011</u>
	USD '000s	USD '000s
<b>Balance at 01 January</b>	75,408	84,975
Additions	9,280	10,206
Disposals	(9,368)	(13,599)
Net transfer to /(from)	25,162	(9,055)
Change in fair value	(259)	2,521
Effect of exchange rate	2,811	360
<b>Balance at 31 December</b>	<u>103,034</u>	<u>75,408</u>

The fair value of the Group's investment properties at 31 December 2012 have been arrived at on the basis of valuations carried out at that date by Messrs Alan Tinkler, Ramlackhan & Co, Chartered Independent Valuer not related to the Group. High degree of judgement and estimation is required for the determination of fair values. The valuations, which conform to International Standards, were arrived at by reference to market evidence of transaction prices of similar properties. The lands have been reported to their market values based on the sales of lands in the close vicinity of the site and the buildings and other improvements have been reported on the basis of their replacement costs.

	<u>2012</u>	<u>2011</u>
	USD'000s	USD'000s
<b>Rental income</b>		
Rental income from investment properties	<u>1,311</u>	<u>1,368</u>
<b>Direct operating expenses arising from:</b>		
Investment properties generating income	64	329
Investment properties not generating income	68	49
	<u>132</u>	<u>378</u>

10. INVESTMENT IN ASSOCIATES

	2012 USD'000s	2011 USD'000s
<b>(a) At 01 January</b>	<b>3,215</b>	<b>2,656</b>
Acquisitions under business combinations	-	-
Additions	83	837
Disposals	-	-
Share of loss for the year	(419)	(471)
Impairment	-	-
Foreign currency translation difference	(179)	193
<b>At 31 December</b>	<b>2,700</b>	<b>3,215</b>

(b) Summary financial information for equity accounted investees, not adjusted for the percentage ownership held by the Group:

	2012 USD'000s	2011 USD'000s
Revenues	2,524	697
Assets	10,112	8,470
Liabilities	(2,259)	(974)
Net assets	7,853	7,496
Loss for the year / period	1,036	1,162

Other details of the equity accounted investees, all of which are unlisted, are as follows:

Name of company	Country of Incorporation & operation	Period ended	% Holding	
			2012	2011
Centosis Ltd	Mauritius	31 Dec 2012	33	33
Centosis Consulting Ltd	Mauritius	31 Dec 2012	33	33
Pitman(Indian Ocean) Ltd	Mauritius	31 Dec 2012	33	33
Central Lake Trading 132 (Proprietary) Ltd*	South Africa	31 Dec 2012	50	50
Century Banking Corporation Ltd	Mauritius	31 Dec 2012	40	40
Publico Holding	Mauritius	31 Dec 2012	40	-

\* The Group exercise significant influence over Central Lake Trading 132 (Proprietary) Ltd. It does not have joint control over the investee. Hence the investee is treated as an associate of the Group.

## 11. NET INVESTMENT IN FINANCE LEASES

	2012	2011
	USD '000s	USD '000s
(a) Gross investment in finance lease receivable	91,385	73,146
Unearned finance income	(14,946)	(13,861)
Allowance for impairment loss	(2,452)	(1,806)
Effect of exchange rate	338	353
Net investment in finance leases	<u>74,325</u>	<u>57,832</u>
(b) The gross investment in finance leases can be analysed as follows:	2012	2011
	USD '000s	USD '000s
<b>Current</b>		
- repayable within one year	<u>23,712</u>	<u>25,391</u>
<b>Non-current</b>		
- after one year and before five years	62,522	43,540
- after five years	5,151	4,215
Unearned finance income	(14,946)	(13,861)
Impairment	(2,452)	(1,806)
Effect of exchange rate	338	353
	<u>50,613</u>	<u>32,441</u>
(c) Gross Investment in Finance Leases Receivables	2012	2011
	USD '000s	USD '000s
- repayable within one year	23,712	25,391
- after one year and before five years	62,522	43,540
- after five years	5,151	4,215
	<u>91,385</u>	<u>73,146</u>
Unearned Finance Income	(14,946)	(13,861)
Net Investment in Finance Lease	76,439	59,285
Allowances for credit impairment	(2,452)	(1,806)
Effect of foreign exchange rate	338	353
After allowances for credit impairment	<u>74,325</u>	<u>57,832</u>

Investment in finance lease relate to the Group's finance leasing activities by its subsidiary.

12. LOANS AND ADVANCES

	2012	2011
	USD '000s	USD '000s
<b>Current</b>		
Mortgage loans	127	240
Policyowner loans	1,545	811
Other loans and advances	48,890	36,818
	<u>50,562</u>	<u>37,869</u>
<b>Non-current</b>		
Mortgage loans	40,990	40,742
Policyowner loans	6,909	8,276
Other loans and advances	43,208	8,493
	<u>91,107</u>	<u>57,511</u>
<b>Total</b>	<u>141,669</u>	<u>95,380</u>

(a) Mortgage loans can be analysed as follows:

	2012	2011
	USD '000s	USD '000s
Loans to related parties	2,400	2,763
Loans to third parties	38,717	38,219
	<u>41,117</u>	<u>40,982</u>

(b) Mortgage loans can be analysed as follows:

	2012	2011
	USD '000s	USD '000s
- repayable within one year	127	240
- after one year and before two years	240	199
- after two years and before five years	1,093	1,501
- after five years	39,657	39,042
	<u>41,117</u>	<u>40,982</u>

(c) Policyowner loans can be analysed as follows:

	2012	2011
	USD '000s	USD '000s
Loans to third parties:		
- repayable within one year	1,545	811
- repayable after one year	6,909	8,276
	<u>8,454</u>	<u>9,087</u>

Loans to policyowners are secured by the surrender value of the related policy and bear interest at rates varying between 8% and 15.5 %.

(d) Other loans and advances can be analysed as follows:

	2012	2011
	USD '000s	USD '000s
- repayable within one year	48,890	36,818
- after five years	43,208	8,493
	<u>92,098</u>	<u>45,311</u>

## 13. OTHER INVESTMENTS

	2012	2011
	USD '000s	USD '000s
Balance as at 1 Jan	204,673	206,173
Additions	37,261	30,141
Disposals	(45,609)	(19,134)
Change in fair value	2,814	(44,167)
Accrued interest	2,739	23,978
Reversal of impairment	596	-
Effect of movements in exchange rates	(4,901)	7,682
<b>At 31 December</b>	<b>197,573</b>	<b>204,673</b>
	2012	2011
	USD '000s	USD '000s
<i>Analysed as follows:</i>		
<i>Non Current</i>		
Financial assets at fair value through profit or loss	53,972	118,473
Held to maturity investments	35,513	29,320
Available-for-sale investments	99,312	34,393
Five year government bonds	-	-
Treasury notes	-	-
Sundry investments	-	-
	<b>188,797</b>	<b>182,186</b>
<i>Current</i>		
Financial assets at fair value through profit or loss	-	35
Held to maturity investments	8,323	21,981
Available-for-sale investments	453	471
Five year government bonds	-	-
Treasury notes	-	-
Sundry investments	-	-
	<b>8,776</b>	<b>22,487</b>
Total other investments	<b>197,573</b>	<b>204,673</b>

## 14. DEFERRED TAXATION

Deferred income tax assets and liabilities are offset when the income taxes relate to the same entity and the same fiscal authority.

The following amounts are shown in the consolidated statement of financial position:

	2012	2011
	USD'000s	USD'000s
Deferred tax assets	2,393	1,639
Deferred tax liabilities	(7,554)	(7,073)

Deferred income tax assets are recognised only to the extent that realisation of the related tax benefit is probable. The Group has tax losses of USD'000s 52 to carry forward against future taxable income, which have not been fully recognised in these accounts due to uncertainty of their recoverability.

Deferred taxation is calculated on all temporary differences at 15%.

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

	2012	2011
	USD'000s	USD '000s
<b>At 01 January</b>	<b>(5,434)</b>	<b>(5,593)</b>
Charge to the profit or loss (Note 28)	421	382
Tax effect on revaluations	(1)	(15)
Adjustment arising on consolidation of subsidiary	(152)	-
Tax refund	(3)	-
Effect of movements in exchange rates	8	(208)
<b>At 31 December</b>	<b>(5,161)</b>	<b>(5,434)</b>



15. INVENTORIES

	2012	2011
	USD '000s	USD '000s
Construction work in progress	-	20
Raw materials (at cost)	39	282
Goods in transit	5,134	3,719
Finished goods (at cost)	27,334	42,184
Finished goods (at net realisable value)	427	434
	<u>32,934</u>	<u>46,639</u>

The bank borrowings are secured by floating charges on the above assets.

16. SHARE CAPITAL, CONTRIBUTED SURPLUS AND RESERVES

	Number	2012	2011
		USD'000s	USD'000s
On issue at 1 January and 31 December	2	*	*
Contributed Surplus		12,900	12,900
		<u>12,900</u>	<u>12,900</u>

\* Less than USD 1,000

**Authorised share capital**

5,000 ordinary shares with a par value of USD 1 per share.

**Issued and fully paid**

2 ordinary shares with a par value of USD 1 per share.

**Contributed surplus**

Contributed surplus represents non-reciprocal capital contribution received from the shareholders of the Group. Contributed surplus is treated as a transaction with owners recorded directly in equity. It represents non-monetary assets received from the shareholders on restructuring of the Group.

**Statutory reserve**

This represents the statutory reserve account to be maintained by its banking and leasing subsidiaries in accordance with the Banking regulations in the country where it operates. This reserve arises from two of the Group's subsidiaries, which operates as deposit taking financial institutions in Mauritius.

**General banking reserve**

The general banking reserve represents a general provision calculated at 1% on performing advances, net of facilities secured by credit balance and net of provision made on a portfolio basis, of its banking subsidiary. This reserve arises from one of the Group's subsidiary, which operates as a banking institution in Mauritius.

**Translation reserve**

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

**Fair value reserve**

Fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the financial assets are derecognised or impaired.

**Other reserve**

Other reserves comprise of all other non material reserves for subsidiaries.

**Revaluation reserve**

The revaluation reserve arises from the revaluation of the Group's land and buildings.

This reserve is reduced by the transfers to retained earnings:

- (i) on an annual basis of an amount equivalent to the depreciation on the revaluation surplus, net of the deferred tax impact; and
- (ii) on disposal of the revalued property, plant and equipment of the remaining revaluation surplus on the property, plant and equipment disposed of, net of the deferred tax impact.

16. SHARE CAPITAL, CONTRIBUTED SURPLUS AND RESERVES (CONTINUED)

Revaluation reserve (continued)

The revaluation reserve may be applied in paying up shares of the Company and its subsidiaries to be issued to their shareholders as fully paid shares.

	2012 USD'000s	2011 USD'000s
At 1 January	2,366	164
Revaluation surplus during the period	3,983	4,519
	6,349	4,683
Deferred taxation arising on revaluation of land and building	-	(15)
Release to retained earnings	(537)	(77)
Others	(93)	(241)
Non controlling interest	92	(1,984)
<b>As at 31 December</b>	<b>5,811</b>	<b>2,366</b>

17. INSURANCE AND INVESTMENT CONTRACTS

	2012 USD'000s	2011 USD'000s
Insurance contracts	685,420	605,967
Investment contracts	30,178	35,429
Total contracts in relation to life business	715,598	641,396
General Business contracts	1,901	1,906
	717,499	643,302

These can be analysed as follows:

	2012 USD'000s	2011 USD'000s
(a) Provisions for future non-participating benefits:		
Insurance contracts		
- Linked	51,698	43,418
- Non-linked	633,722	562,549
Total Insurance contracts	685,420	605,967
Investment contracts with Discretionary Participation Feature (DPF)	26,955	30,519
Investment contracts without Discretionary Participation Feature (DPF)	3,223	4,910
Total insurance and investment contract liabilities	715,598	641,396
Contracts due < 1 year	251,827	107,433
Contracts due > 1 year	433,593	498,534
Total insurance contract liabilities	685,420	605,967

	Insurance contracts USD'000s	Investment contracts USD'000s	Total USD'000s
<u>2012</u>			
At 1 January	605,967	30,519	636,486
Movement during the year	93,374	5,284	98,658
Effect on movement in exchange rate	(13,921)	(8,848)	(22,769)
At 31 December	685,420	26,955	712,375
<u>2011</u>			
Additions through business acquisitions	509,569	33,327	542,896
Movement during the period	97,973	(2,796)	95,177
Effect on movement in exchange rate	(1,575)	(12)	(1,587)
At 31 December	605,967	30,519	636,486

The above movement excludes Non Discretionary Participation Feature investment contracts.

The insurance subsidiary defines as significant insurance risk the possibility of having to pay benefits on the occurrence of an insured event that are at least 10% more than the benefits payable if the insured event did not occur. Investment contracts are those contracts that transfer financial risk with no significant insurance risk. A number of insurance and investment contracts contain a DPF ("Discretionary participation feature"). This feature entitles the holder to receive, as a supplement to guaranteed benefits, additional benefits or bonuses:

- that are likely to be a significant portion of the total contractual benefits;
- whose amount or timing is contractually at the discretion of the Group; and
- that are based on realised and/or unrealised investment returns on underlying assets held by the Group.

Local statutory regulations and the terms and conditions of these contracts set out the bases for the determination of the amounts on which the additional discretionary benefits are based (the DPF eligible surplus), and within which the Group may exercise its discretion as to the quantum and timing of their payment to contract holders, also considering the advice of the approved actuary.

17. INSURANCE AND INVESTMENT CONTRACTS (CONTINUED)

(i) Assumptions for long-term business

For long term insurance contracts, the Group considers, on a regular basis, whether the estimates of the actuarial liabilities are adequate. The principal assumptions that are considered are investment returns, expenses and mortality. Assumptions incorporate an allowance for uncertainty.

The bulk of the liabilities of the business is single premium savings business with a small life cover component.

The reserves were valued on a policy by policy basis based on the discounted value of the guaranteed benefits using realistic current interest rate assumptions plus margins to allow for uncertainty. The actuarial liabilities for the balance of the insurance business are determined on a policy by policy basis using a full preliminary term method. Negative reserves are eliminated on a policy by policy basis. Realistic assumptions are made as to (i) future investment yields and (ii) mortality and morbidity. Margins are incorporated in the assumptions to allow for uncertainties and to contribute towards expected renewal expenses .

(ii) Rate of interest

	<u>2012</u>	<u>2011</u>
Term assurance without profit	9.41%	9.77%
Endowment Assurance without profit	10.26%	10.24%
Annuities	10.25%	10.90%
Without profit-deferred	N/A	N/A
Without profit-vested	<u>N/A</u>	<u>N/A</u>

It is also important to maximise the after tax returns and to seek to balance these dual objectives. The first objective in these strategies is to limit the net change in value of assets and liabilities arising from interest rate movements. While it is more difficult to measure the interest sensitivity of assets of the insurance business than those of its related assets, to the extent that it can measure such sensitivities, the Group believes that interest rate movements will generate asset value changes that substantially offset changes in value of the liabilities relating to the underlying products. Any mismatch between policy liabilities and assets are covered by shareholders's funds.

(iii) Mortality

	<u>2012</u>	<u>2011</u>
Assurance without profits	SA85/90	SA85/90
Immediate annuities	<u>a(55)</u>	<u>a(55)</u>

(iv) Sensitivities

An analysis of sensitivity around various scenarios provides an indication of the adequacy of the Group's estimation process in respect of its Life assurance contracts. The table presented below demonstrates the sensitivity of insured liability estimates to particular movements in assumptions used in the estimation process.

Certain variables can be expected to impact on Life assurance liabilities more than others, and consequently a greater degree of sensitivity to these variables may be expected.

Impact on reported profits to changes in key variables:

	Change in variable %	Change in liability	
		<u>2012</u>	<u>2011</u>
		USD'000s	USD'000s
Base run	-	-	-
Investment return	(15)	36,660	34,077
Mortality	10	1,949	1,624
Policy maintenance expenses	10	2,038	1,998
Expense inflation	<u>20</u>	<u>464</u>	<u>586</u>

The analysis above have been prepared for a change in variable while all other assumptions remain constant and ignore changes in value of the related amounts.

**17. INSURANCE AND INVESTMENT CONTRACTS (CONTINUED)**

**(v) Insurance risk management**

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Group faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the estimate established using statistical techniques.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. The Group has developed its insurance underwriting strategy to diversify the type of insurance risk accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk and geographical location.

***Frequency and severity of claims***

For contracts where death is the insured risk, the most significant factors that could increase the overall frequency of claims are epidemics or wide spread changes in lifestyle, resulting in earlier or more claims than expected.

At present, these risks do not vary significantly in relation to the location of the risk insured by the Group. However, undue concentration by amounts could have an impact on the severity of benefit payments on a portfolio basis. For contracts with fixed and guaranteed benefits and fixed future premiums, there are no mitigating terms and conditions that reduce the insurance risk accepted.

The Group manages these risks through its underwriting strategy and reinsurance agreements. The underwriting strategy is intended to ensure that the risks underwritten are well diversified in terms of type of risk and the level of insured benefits. Medical selection is also included in the Group's underwriting procedures with premiums varied to reflect the health condition and lifestyle of the applicants.

The Group has retention limits on any single life assured for term business or risk premium business. The Group reinsures the excess of the insured benefits over approved retention limits under a treaty reinsurance arrangement. Facultative reinsurance is selectively sought for non-standard risks that are not covered by the treaty reinsurance arrangement where the Group has decided to accept the insurance risk. Short term insurance contracts are also protected through a combination of selective quota share and surplus reinsurance.

17. INSURANCE AND INVESTMENT CONTRACTS (CONTINUED)

(v) Insurance risk management (continued)

Market risk

In general, all large sums assured are facultatively reinsured on terms that substantially limit the Group's maximum net exposure. The Directors consider that all other business is adequately protected through treaty reinsurance with a reasonable spread of benefits payable according to the age of the insured and the size of the sum assured.

Benefits assured per life assured at the end of 2012 USD 000's	Total benefits insured			
	Before reinsurance		After reinsurance	
	USD 000's	%	USD 000's	%
0-200	214,061	16%	200,340	20%
200-400	324,434	24%	290,874	29%
400-800	285,226	21%	232,356	23%
800-1000	140,298	10%	89,530	9%
More than 1000	384,606	29%	190,184	19%
<b>Total</b>	<b>1,348,625</b>	<b>100%</b>	<b>1,003,284</b>	<b>100%</b>

Benefits assured per life assured at the end of 2011 USD 000's	Total benefits insured			
	Before reinsurance		After reinsurance	
	USD 000's	%	USD 000's	%
0-200	225,329	18%	215,583	23%
200-400	302,928	24%	277,333	30%
400-800	255,609	20%	207,320	22%
800-1000	137,641	11%	86,650	9%
More than 1000	331,676	26%	149,159	16%
<b>Total</b>	<b>1,253,183</b>	<b>100%</b>	<b>936,045</b>	<b>100%</b>

*Sources of uncertainty in the estimation of future benefit payments and premium receipts*

Uncertainty in the estimation of future benefit payments and premium receipts for long term insurance contracts arises from the unpredictability of long term changes in overall levels of mortality and the variability in contract holder behaviour. The Group uses appropriate base tables of standard mortality according to the type of contract being written. The Group does not take credit for future lapses in determining the liability for long term contracts in accordance with the insurance rules regulating its calculation.

Annuity payable per annum per life insured at end	2012		2011	
	Total annuities payable per annum		Total annuities payable per annum	
	USD 000's	%	USD 000's	%
0-20	41	22%	32	24%
20-40	50	27%	38	28%
40-80	44	24%	38	28%
80-100	11	6%	9	7%
More than 100	37	20%	17	13%
<b>Total</b>	<b>183</b>	<b>100%</b>	<b>134</b>	<b>100%</b>

## 17. INSURANCE AND INVESTMENT CONTRACTS (CONTINUED)

**Credit risk**

The exposure to credit risk for insurance contracts is shown as per the table below.

	2012 USD 000's	2011 USD 000's
Reinsurers' share of insurance provisions	<u>3,385</u>	<u>4,209</u>

**Liquidity risk**Maturity profiles

Maturity profiles for insurance contract liabilities are determined based on estimated timing of net cash outflows from the recognised insurance liabilities. Unearned premiums and the reinsurers' share of unearned premiums have been excluded from the analysis as they are not contractual obligations.

The table that follows summaries the maturity profile of the insurance contract liabilities.

	2012 USD 000's	2011 USD 000's
<u>Contractual cash flows</u>		
Up to a year	144,085	119,318
1 - 3 years	274,425	238,603
3 - 5 years	180,651	173,890
5 - 15 years	275,379	272,937
Over 15 years	106,067	101,195
	<u>980,607</u>	<u>905,943</u>

The contractual cash flows are the undiscounted insurance contract liabilities as at year end.

Liquidity risk is the risk that the Group will not be able to meet its obligations as they fall due. The Group's approach to manage liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group is exposed to calls on its available cash resources from maturing life policies and deposits.

The following are the contractual maturities of insurance liabilities, including interest payments and excluding the impact of netting agreements.

	Carrying amount USD 000's	Contractual cash flows USD 000's	Six months or less USD 000's	Six to twelve months USD 000's
<b>2012</b>				
Non-derivative financial liabilities				
Reinsurance payables	1,470	1,470	800	670
Claims outstanding	973	973	973	-
	<u>2,443</u>	<u>2,443</u>	<u>1,773</u>	<u>670</u>
	Carrying amount USD 000's	Contractual cash flows USD 000's	Six months or less USD 000's	Six to twelve months USD 000's
<b>2011</b>				
Non-derivative financial liabilities				
Reinsurance payables	852	852	852	-
Premiums in advance	238	238	238	-
Claims outstanding	1,011	1,011	1,011	-
	<u>2,101</u>	<u>2,101</u>	<u>2,101</u>	<u>-</u>

18. LOANS AND BORROWINGS

	2012	2011
	USD'000s	USD'000s
<b>Current</b>		
Debentures	-	1,048
Bank loans (note (b) below)	21,937	30,702
Other loans (note (c) below)	6,314	6,565
Obligations under finance leases (note (d) below)	986	1,344
	<u>29,237</u>	<u>39,659</u>
<b>Non-current</b>		
Debentures	-	3,837
Bank loans (note (b) below)	43,522	28,210
Other loans (note (c) below)	18,091	18,386
Obligations under finance leases (note (d) below)	1,440	2,621
	<u>63,053</u>	<u>53,054</u>
<b>Total loans and borrowings</b>	<u>92,290</u>	<u>92,713</u>

(a) The bank borrowings are secured by floating charges on the assets of the Group. The rates of interest on these loans vary between 9% and 16%. Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

(b) Bank loans can be analysed as follows:

	2012	2011
	USD'000s	USD'000s
- repayable within one year	21,937	30,702
- after one year and before two years	21,473	1,208
- after two years and before five years	22,049	27,002
	<u>65,459</u>	<u>58,912</u>

(c) Other loans can be analysed as follows:

	2012	2011
	USD'000s	USD'000s
-repayable within one year	6,314	6,565
-after one year and before two years	449	15,927
-after two years	17,642	2,459
	<u>24,405</u>	<u>24,951</u>

(d) Obligations under finance leases:

	2012	2011
	USD'000s	USD'000s
Minimum lease payments:-		
- repayable within one year	1,275	1,792
- after one year and before two years	1,458	467
- after two years	-	3,474
	<u>2,733</u>	<u>5,733</u>
Future finance charges on finance leases	(307)	(1,768)
Present value of finance lease liabilities	<u>2,426</u>	<u>3,965</u>

The present value of finance lease liabilities may be analysed as follows:-

	2012	2011
	USD'000s	USD'000s
- repayable within one year	986	1,344
- after one year and before two years	1,440	460
-after two years	-	933
	<u>2,426</u>	<u>2,737</u>

The leases relate to property, plant and equipment leased by subsidiaries.

19. RETIREMENT BENEFITS OBLIGATIONS

	2012	2011
	USD'000s	USD'000s
Amounts recognised in the consolidated statement of financial position at end of year:		
Pension schemes (note (a))	1,866	2,416
Other post-retirement benefits (note (b))	1,922	1,752
	<u>3,788</u>	<u>4,168</u>
<i>Analysed into:</i>		
Current	1,334	1,780
Non current	2,454	2,388
	<u>3,788</u>	<u>4,168</u>
<b>(a) Pension schemes</b>		
<b>(i) Amounts recognised in the consolidated statement of financial position at end of year:</b>		
	2012	2011
	USD'000s	USD'000s
Present value of funded obligations	9,983	19,343
Fair value of plan assets	(6,085)	(12,579)
Liability for defined benefit obligations	3,898	6,764
Present value of unfunded obligations	8	7
Adjustment for limit on net assets	6	-
Unrecognised actuarial loss	(2,046)	(4,355)
Liability recognised in statement of financial position at end of year	<u>1,866</u>	<u>2,416</u>
<b>(ii) Amounts recognised in the consolidated statement of comprehensive income:</b>		
	2012	2011
	USD'000s	USD'000s
Current service cost	666	810
Interest cost	1,550	1,301
Expected return on plan assets	(1,013)	(1,230)
Actuarial loss recognised	63	768
Past service cost recognised	(9)	13
Contributions paid	-	(98)
Cost of insuring risk benefits and expenses	58	61
Curtailment or settlement gain	(844)	23
Total included in staff costs	<u>471</u>	<u>1,648</u>
<b>(iii) Movement in the liability recognised in the consolidated statement of financial position:</b>		
	2012	2011
	USD'000s	USD'000s
Balance as at 1 January	2,416	1,589
Total expense included in staff costs	471	1,648
Defined benefit plan actuarial gain	-	15
Contributions and direct benefits paid	(1,021)	(1,683)
Effect on movement in exchange rate	-	847
<b>At 31 December</b>	<u>1,866</u>	<u>2,416</u>
The principal actuarial assumptions (expressed as weighted averages) at the reporting date were:		
	2012	2011
	%	%
Discount rate	9.00%	10.08%
Future salary increases	7.50%	10.08%



19. EMPLOYEE BENEFITS (CONTINUED)

(b) Other post-retirement benefits

Other post-retirement benefits are composed of mainly severance allowances payable under applicable Labour Act and other benefits.

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

	2012	2011
	USD'000s	USD'000s
Present value of unfunded obligations	2,181	1,968
Unrecognised actuarial loss	(259)	(216)
Liability recognised in consolidated statement of financial position at end of year / period	<u>1,922</u>	<u>1,752</u>

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

	2012	2011
	USD'000s	USD'000s
Current service cost	143	185
Interest cost and scheme expenses	168	181
Expected return on plan assets	(11)	-
Defined benefit actuarial gain	12	(212)
Past service cost recognised	(1)	(91)
Curtailement of settlement of loss/(gain)	(31)	-
Total included in staff costs	<u>280</u>	<u>63</u>

(iii) Movement in the severance allowances:

	2012	2011
	USD'000s	USD'000s
Opening balance	1,752	1,642
Total expense included in staff costs	280	63
Other adjustments	-	153
Contributions and direct benefits paid	(110)	(106)
At 31 December	<u>1,922</u>	<u>1,752</u>

(c) The principal actuarial assumptions (expressed as weighted averages) at the reporting date were:

	2012	2011
Discount rate*	9.00%	9.88%
Expected return on plan assets*	9.00%	10.11%
Future salary increases*	7.50%	8.46%
Future pension increases	2.00%	2.79%

Note:

\* An average of the rates were used

(d) The plan liabilities and costs are established by Hewitt LY Ltd using the projected unit method.

(e) Historical information

	2012	2011	2010
	USD'000s	USD'000s	USD'000s
<i>Pension schemes</i>			
Present value of defined benefit obligation	9,983	19,343	13,318
Fair value of plan assets	(6,085)	(12,579)	(9,256)
Surplus / Deficit	<u>3,898</u>	<u>6,764</u>	<u>4,062</u>
Experience adjustments arising on plan liabilities	70	109	(841)
Experience adjustments arising on plan	(309)	(51)	257

**20. CUSTOMERS' DEPOSITS**

	2012	2011
	USD'000s	USD'000s
<b>Current</b>		
- repayable within one year	229,287	251,432
<b>Non-current</b>		
- after one year and before five years	62,010	45,399
- after five years	-	1,497
	<u>62,010</u>	<u>46,896</u>
Total customers deposits	<u>291,297</u>	<u>298,328</u>

**21. TRADE AND OTHER PAYABLES**

	2012	2011
	USD'000s	USD'000s
Trade payables	28,125	22,963
Amounts due to related companies	9,286	9,324
Other payables & accrued expenses	95,963	46,119
Provisions	2,594	4,272
	<u>135,968</u>	<u>82,678</u>

**22. REVENUE**

	2012	2011
	USD'000s	USD'000s
Gross insurance premiums	216,778	245,193
Sales of goods	149,903	151,696
Gross lease rental income	2,926	8,981
Contract revenue	1,889	16,534
Rendering of services	40,949	43,610
	<u>412,445</u>	<u>466,014</u>

**23. FINANCE INCOME**

	2012	2011
	USD'000s	USD'000s
Interest income	26,660	20,313
Foreign currency gains	6,180	2,711
Fair value gains (note (i) below)	2,555	-
	<u>35,395</u>	<u>23,024</u>

**(i) Fair value (losses)/gains**

	2012	2011
	USD'000s	USD'000s
Fair value gains/(loss) on:		
Investment properties (Note 9)	(259)	2,521
Other investments (Note 13)	2,814	(44,167)
Included in finance income / (finance cost)	<u>2,555</u>	<u>(41,646)</u>

**24. OTHER INCOME**

	2012	2011
	USD'000s	USD'000s
Dividend received	4,604	1,701
Property rental income	1,311	1,368
Loss on sale of property, plant & equipment	(557)	(555)
Profit on sale of investment properties	597	1,570
Loss on sale of investments	(161)	(4,344)
Other operating income	<u>32,549</u>	<u>36,518</u>
	<u>38,343</u>	<u>36,258</u>

**KLAD INVESTMENT CORPORATION LTD GROUP**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

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25.(i) ADMINISTRATIVE AND OTHER EXPENSES	2012	2011
	USD'000s	USD'000s
Other operating expenses	56,663	53,802
Staff costs	42,299	58,083
Depreciation and amortisation (Note 6 and 7)	12,705	14,759
Provision for bad debts	1,466	2,447
Bad debts written off	61	1,710
Impairment of property, plant and equipment and intangibles	1,529	16,739
Other miscellaneous expenses	6,072	3,052
	<u>120,795</u>	<u>150,592</u>

25.(ii) BENEFIT AND EXPENSES RELATING TO INSURANCE BUSINESS	2012	2011
	USD'000s	USD'000s
Policy holder benefits	181,094	198,379
Insurance commission expenses	7,972	7,475
Movement in insurance reserves	96,806	96,429
Insurance premium ceded to reinsurers	2,947	2,363
Reinsurers' share of change in reserves for insurance fund	(177)	(305)
Reinsurers' share of claims and benefits incurred	(2,421)	(2,601)
	<u>286,221</u>	<u>301,740</u>

26. DISTRIBUTION EXPENSES	2012	2011
	USD'000s	USD'000s
Cost of goods sold and direct costs	154,930	142,749
Contract costs	5,471	13,707
Other commission expenses	2,729	3,646
	<u>163,130</u>	<u>160,102</u>

Included in cost of sales is a amount of USD 2,537 ( 2011 USD'000 2,126) representing depreciation on property, plant and equipment.

27. FINANCE COSTS	2012	2011
	USD'000s	USD'000s
<b>Interest expense:</b>		
Bank loans	4,446	5,326
Bank overdrafts	2,347	4,792
Finance leases	160	460
Interest on debentures	2,570	1,020
Interest on customer deposits	12,022	7,309
Other interest expenses	11,864	13,240
Fair value losses (note 23 (i))	-	41,646
	<u>33,409</u>	<u>73,793</u>

28. TAXATION

	2012	2011
	USD'000s	USD'000s
Tax calculated at respective rates	739	588
Turnover tax	13	184
Special levy	28	169
Tax relating to value of in-force business	295	8
(Over)/under provision in prior years	(1)	1
Provision for CSR	173	50
Withholding tax	43	6
Effects of Exchange rate	360	(204)
Alternative minimum tax	(29)	-
Deferred income tax (note 14)	(421)	(382)
	<u>1,200</u>	<u>420</u>

The tax on the Group's profit before taxation differs from the theoretical amount that would arise using the basic tax rate of the Group as follows:

	2012	2011
	USD'000s	USD'000s
Loss before taxation	<u>(117,791)</u>	<u>(161,403)</u>
Tax calculated at respective rates	11,691	(39,864)
Turnover tax	13	14
Net income falling outside the scope of tax legislation	(36,487)	(40,826)
Income not subject to tax	(26,114)	2,777
Expenses not deductible for tax purposes	46,985	74,433
Tax losses	46	(437)
Minimum tax payable	(12)	31
Increase in pension liability	-	-
Adjustment to pension business	(716)	(335)
Capital allowances	(12)	(66)
Timing difference adjustment	-	58
National Residential Property Tax (NRPT)	-	20
Other deductions	(46)	-
Withholding tax	(6)	25
Deferred tax asset not recognised	6,372	3,052
Deferred income tax liability	(302)	604
Tax Credit	-	-
Under provision in prior years	166	644
Others	(378)	290
	<u>1,200</u>	<u>420</u>

29. CASH AND CASH EQUIVALENTS

	2012	2011
	USD'000s	USD'000s
Bank and cash balances	79,836	96,535
Bank overdrafts used for cash management purposes	(40,891)	(52,587)
Cash and cash equivalents in the consolidated statement of cash flows	<u>38,945</u>	<u>43,948</u>

At 31 December 2012, cash and cash equivalents exclude an amount of USD'000s 18,349 (2011 : USD'000s 28,449) as minimum cash reserve per Banking Act 2004. These funds are not available for the Group's Daily Business.

30. CHANGES IN STRUCTURE

a. Amalgamations

Courts Mauritius Limited and Ifracmac Limited

On December 28, 2012, Courts (Mauritius) Limited ("Courts") was amalgamated with and into Ifracmac Limited in accordance with Sections 244 to 246 and 248 of the Mauritius Companies Act 2001. A Certificate of Amalgamation was issued by the Registrar of Companies on December 31, 2012.

Upon amalgamation of Courts and the Ifracmac Limited:

- Ifracmac Limited remains as the surviving entity;
- Courts has ceased to exist as a separate legal entity;
- All property, rights, powers, privileges, liabilities and obligations of Courts continue to be the property, rights, powers, privileges, liabilities and obligations of Ifracmac Limited;
- The shareholder of Courts received shares in Ifracmac Limited in the proportion of 0.18 ordinary share of Ifracmac Limited for each ordinary share previously held in Courts, with its shares in Courts being cancelled.

Bramer Banking Corporation Ltd, The Mauritius Leasing Company Limited and Bramer Holding Co. Ltd

Bramer Banking Corporation Ltd ("BBC"), a subsidiary of the Group, is a publicly listed company as from 09th May 2012. BBC, the Mauritius Leasing Company Limited ("MLC") and Bramer Holding Co. Ltd ("BHCL") have amalgamated with BBC as the new legal surviving entity with effect from 2nd May 2012, and is now quoted on the Stock Exchange of Mauritius. All 3 companies were subsidiaries of the Group.

Upon the amalgamation of BBC, MLC and BHCL, BBC as the new legal entity, and was now held by 4 subsidiaries of the Group, namely Bramcorp SH I Limited, Bramcorp SH II Limited, Bramcorp SH III Limited and Bramcorp SH IV Limited. The latter companies together hold 74.04% of BBC. The effective holding of the Group is 63.53%.

(b) Acquisition of non controlling interests

2012

The Group acquired the following additional stake in the subsidiaries listed below during the year:

	Acquisition date	Percentage acquired	Previous interest	New shareholding
		%	%	%
British American Hospitals Enterprise Limited	15-Jun-12	3.77%	34.00%	37.77%
Bramer Banking Corporation Ltd	02-May-12	0.01%	63.53%	63.54%

The gain / (loss) to the Group was recognised in group retained earnings.

	Bramer Banking Corporation Ltd	British American Hospitals Enterprise Limited	Total
	USD'000	USD'000	USD'000
Consideration	2,354	1,663	4,017
Group's share of net assets acquired	335	(115)	220
Loss to Group	(2,019)	(1,778)	(3,797)
Effect of increase in Group's ownership interest on non controlling interest	(335)	115	(220)

2011

The Group acquired the following additional stake in the subsidiaries listed below during the year:

	Acquisition date	Percentage acquired	Previous interest	New shareholding
		%	%	%
The Mauritius Leasing Company Limited	31-Oct-11	0.17%	59.20%	59.37%
Bramer Banking Corporation Ltd	06-Oct-11	21.45%	43.76%	65.21%
Marcom Co Ltd	06-Apr-11	17.16%	68.64%	85.80%

The gain / (loss) to the Group was recognised in group retained earnings.

	The Mauritius Leasing Company Limited	Bramer Banking Corporation Ltd	Marcom Co Ltd	Total
	USD'000	USD'000	USD'000	USD'000
Consideration	128	10,943	-	11,071
Group's share of net assets acquired	(45)	(4,499)	355	(4,189)
Gain to Group	83	6,444	355	6,882
Effect of increase in Group's ownership interest on non	45	4,499	(355)	4,189

### 31. FINANCIAL INSTRUMENTS

#### **Financial risk management**

The Group has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

#### ***Risk management framework***

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established the Risk Management Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit of respective individual companies. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

## 31. FINANCIAL INSTRUMENTS (CONTINUED)

## (i) 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 receivables from customers, other investments, loans, net investment in finance leases and cash and cash equivalents.

*Exposure to credit risk*

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows.

	2012 USD'000s	2011 USD'000s
Trade and other receivables	176,942	178,072
Net investment in finance leases	74,325	57,832
Loans and advances	136,924	91,431
Other investments	11,714	9,186
Cash and cash equivalents	79,836	96,535
	<u>479,741</u>	<u>433,056</u>

Prepayments of USD'000s 7,953 (2011: USD'000s 10,748), property held for sale USD'000s 388 (2011 : USD'000 147), policy loans of USD'000s 4,745 (2011 USD'000 3,949) and other investments of USD'000s 185,859 (2011 : USD'000 195,487) have been excluded in the exposure to credit risk.

*Trade and other receivables*

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which the customers operate, as these factors may have an influence on credit risk.

The Risk Management Committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer, which represents the maximum open amount without requiring approval from the Risk Management Committee; these limits are reviewed quarterly. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, whether they are a wholesale, retail or end-user customer, geographic location, industry, aging profile, maturity and existence of previous financial difficulties. Trade and other receivables relate mainly to the Group's wholesale customers. Customers that are graded as "high risk" are placed on a restricted customer list and monitored by the Risk Management Committee, and future sales are made on a prepayment basis.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

31. FINANCIAL INSTRUMENTS (CONTINUED)

(i) Credit risk (continued)

*Loans and finance lease receivable*

The risk that counterparties might default on their obligations is monitored on an ongoing basis. To manage the level of credit risk, the Group deal with counterparties of good credit standing, and when appropriate, obtains collateral. The Group's policy is to require suitable collateral to be provided by certain customers prior to the disbursement of approved loans. Guarantees and letters of credit are also subject to strict credit assessments before being provided. The agreements specify monetary limits to the Group's obligations. Collateral for loans, guarantees, and letters of credit is usually in the form of cash, inventory, listed investments, or other property.

The main principles adopted by the Group to manage credit risk include:

- qualitative and quantitative assessment of borrower
- regular monitoring and credit reviews
- availability of adequate security / collateral
- in depth analysis of all risks associated to a lending proposal
- credit extension to be realistically evaluated and comply with regulatory requirements
- review of group exposure and setting prudential limits
- approval of all credit decisions by appropriate credit committee

The Group also has a Watch List Committee, which meets on a monthly basis to review all accounts in arrears/excess and where prompt decisions are taken.

The Group's subsidiary dealing in banking business (Bank) measures its credit risk by using a risk analysis and decision making model, devised by Carl Samuelson. The model is internationally used. The Group's banking subsidiaries also uses a manual score sheet to rate business counterparties having exposure of USD 300,000 and above. To qualify for banking facilities the minimum score is 50%.

*Loan and advances past due but not impaired*

Loan and advances in the watchlist relating to the banking business were considered not to be impaired after taking into consideration the recoverability of collaterals. They are as follows:

	<u>2012</u>	<u>2011</u>
	USD'000s	USD'000s
Total loan and advances past due but not impaired	<u>40,247</u>	<u>28,657</u>
Fair value of collateral	<u>60,461</u>	<u>13,740</u>

The Group's leasing business manages credit risk through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate. Exposure to credit risk is also managed in part by obtaining collateral and corporate and personal guarantee.

The maximum exposure to credit risk for financial assets at the reporting date by geographic region was as follows:

	<u>2012</u>	<u>2011</u>
	USD'000s	USD'000s
Mauritius	445,997	402,526
Euro-zone countries	15,276	17,653
Madagascar	22	261
Other regions	<u>18,446</u>	<u>12,616</u>
	<u>479,741</u>	<u>433,056</u>



## 31. FINANCIAL INSTRUMENTS (CONTINUED)

## (i) Credit risk (continued)

*Impairment*

The ageing of trade and other receivables at the reporting date was as follows:

	Gross 2012	Impairment 2012	Net 2012
	USD'000s	USD'000s	USD'000s
Not past due	122,013	-	122,013
Past due 0-30 days	1,643	(50)	1,593
Past due 31-120 days	1,284	(99)	1,185
Past due 121-365 days	3,098	(2,006)	1,092
More than one year	56,670	(5,611)	51,059
	<u>184,708</u>	<u>(7,766)</u>	<u>176,942</u>
	Gross 2011	Impairment 2011	Net 2011
	USD'000s	USD'000s	USD'000s
Not past due	9,655	(66)	9,589
Past due 0-30 days	1,959	(41)	1,918
Past due 31-120 days	3,260	(72)	3,188
Past due 121-365 days	9,267	(1,682)	7,585
More than one year	160,232	(4,440)	155,792
	<u>184,373</u>	<u>(6,301)</u>	<u>178,072</u>

The Group believes that the unimpaired amounts that are past due by more than 30 days are still collectible, based on historic payment behaviour and extensive analysis of customer credit risk.

The credit quality of trade and other receivables is assessed based on a credit policy established by the Risk Management Committee.

*Other investments*

The Group maintains a well-diversified portfolio for other investments. Credit risk is monitored on a yearly basis by individual subsidiaries holding other investments in accordance with policies and procedures in place for the Group. Assessments of impairment are performed by the respective subsidiary holding companies.

*Cash and cash equivalents*

The Group held cash and cash equivalents of USD'000s 79,836 (2011: USD'000s 96,535), which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with reputable bank and financial institutions counterparties.

*Guarantees*

The Group's policy is to provide financial guarantees to directly and indirectly owned subsidiaries to support their operations. The Group has taken commitment to financially support directly and indirectly owned subsidiaries with negative net worth.

## (ii) 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 delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

## 31. FINANCIAL INSTRUMENTS (CONTINUED)

## (ii) Liquidity risk (continued)

The following are the contractual maturities of financial liabilities of the group at the reporting date.

	Carrying amount	Contractual cash flows	Within 1 year	1-5 years	More than 5 years
	USD'000	USD'000	USD'000	USD'000	USD'000
<b>2012</b>					
Preference shares	34,236	34,236	3,605	6,443	24,188
Loans and borrowings	92,290	111,624	30,259	59,177	22,188
Customers' deposits	291,297	305,561	261,350	41,310	2,901
Bank overdrafts	40,891	49,087	49,087	-	-
Trade and other payables	135,968	136,275	92,122	43,526	627
	<b>594,682</b>	<b>636,783</b>	<b>436,423</b>	<b>150,456</b>	<b>49,904</b>
	Carrying amount	Contractual cash flows	Within 1 year	1-5 years	More than 5 years
	USD'000	USD'000	USD'000	USD'000	USD'000
<b>2011</b>					
Preference shares	36,425	39,082	479	1,337	37,266
Loans and borrowings	92,713	92,734	8,027	61,608	23,099
Customers' deposits	298,328	306,759	260,732	43,007	3,020
Bank overdrafts	52,587	52,587	52,587	-	-
Trade and other payables	82,678	82,678	82,678	-	-
	<b>562,731</b>	<b>573,840</b>	<b>404,503</b>	<b>105,952</b>	<b>63,385</b>

The table below shows the analysis of assets and liabilities of the subsidiaries carrying out leasing, deposit-taking activities and the Group's banking activities into the relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

	Within 1 year	1 - 5 years	More than 5 years	No specific maturity	Total
	USD'000s	USD'000s	USD'000s	USD'000s	USD'000s
<b>2012</b>					
Assets	175,735	187,557	84,749	-	448,041
Liabilities	244,466	69,634	12,005	-	326,105
Liquidity gap	<b>(68,731)</b>	<b>117,923</b>	<b>72,744</b>	<b>-</b>	<b>121,936</b>
	Within 1 year	1 - 5 years	More than 5 years	No specific maturity	Total
	USD'000s	USD'000s	USD'000s	USD'000s	USD'000s
<b>2011</b>					
Assets	171,086	193,056	75,969	9,465	449,576
Liabilities	271,953	49,360	12,708	145	334,166
Liquidity gap	<b>(100,867)</b>	<b>143,696</b>	<b>63,261</b>	<b>9,320</b>	<b>115,410</b>

**31. FINANCIAL INSTRUMENTS (CONTINUED)**

**(ii) Liquidity risk (continued)**

The Group banking subsidiary's Assets and Liabilities Committee ("ALCOM") measures liquidity position on an ongoing basis and examine how funding requirements are likely to evolve under diverse scenarios, including adverse conditions. ALCOM performs scenario tests, taking reasonable steps to identify realistic adverse scenarios based on varying situations, both bank-specific and market-wide difficulties.

ALCOM assigns timing of cash flows for each type of asset and liability by assessing the probability of cash flows behaviour under the scenario being examined. For each funding source, the Bank then takes decisions whether the liability would be:

- a. repaid in full at maturity;
- b. gradually run off over the next few weeks; or
- c. virtually certain to be rolled over or available if tapped.

The subsidiary shall use the monthly Maturity ladder as its main monitoring tool for liquidity management. ALCOM also looks into on possible withdrawals of deposits by large deposits and large draw down by borrowers.

**(iii) Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Key parameters for evaluating risks estimates include: position sensitivities, the market risk volatility, the holding period over which the change in portfolio value is measured, the confidence interval used to estimate exposure, the historical period over which risk factor prices are observed, the method of estimation, and the approach to specific risk.

The Group's banking activities manages its market risks as follows:

- For General market risk – long and short position broken down by the timebands according to residual maturity or to duration; breakdown of positions by currency (main currencies relative to the activity of the firm).

**Currency risk**

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities, primarily the Mauritian Rupee, Euro, Kenyan Schilling, Great Britain Pound, South African Rand, Japanese Yen and other currencies.

The Group's banking activities manages its foreign currency risk through the use of Assets and Liabilities Committee

31. FINANCIAL INSTRUMENTS (CONTINUED)

(iii) Market risk (continued)

Currency risk (continued)

The Group's Currency profile at the reporting date was as follows:

	Financial assets 2012	Financial liabilities 2012	Financial assets 2011	Financial liabilities 2011
	USD'000s	USD'000s	USD'000s	USD'000s
Mauritian Rupee (MUR)	581,529	498,518	551,209	472,436
Euro (EURO)	31,976	51,711	36,331	45,735
Kenyan Schilling (KES)	26,960	-	13,902	7
United States Dollar (USD)	22,139	33,031	23,932	33,880
Great Britain Pound (GBP)	4,359	3,241	4,019	2,362
South African Rand(ZAR)	126	82	417	-
Japanese Yen (JPY)	725	2,042	64	2,322
Malagassy Ariary (ARY)	1,570	5,549	1,665	5,367
Other Currencies	961	508	953	622
	<b>670,345</b>	<b>594,682</b>	<b>632,492</b>	<b>562,731</b>

The following significant exchange rates applied during the year for 1 USD :

	Average rate		Reporting date	
	2012	2011	2012	2011
MUR	29.94	29.33	30.54	29.33
GBP	1.59	0.64	0.62	0.65
ZAR	8.00	8.17	8.09	8.11
EURO	1.29	0.76	0.76	0.77
KES	76.00	76.18	83.21	83.23
JPY	87.00	87.82	77.12	77.15
ARY	2,994.00	1,816.00	3,054	1,820

Sensitivity analysis

A strengthening/decline of the United States Dollars, as indicated below, against the MUR, KES, GBP and EURO at 31 December would have increased / (decreased) equity by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant.

	Equity	
	Strengthening	Decline (10%)
31 December 2012		
MUR	8,301	(8,301)
GBP	112	(112)
Euro	(1,974)	1,974
KES	2,696	(2,696)
JPY	(132)	132
ARY	(398)	398
31 December 2011	Strengthening (10%)	Decline (10%)
MUR	(8,753)	8,753
GBP	(165)	165
Euro	940	(940)
KES	(1,389)	1,389
JPY	225	(225)
ARY	370	(370)

31. FINANCIAL INSTRUMENTS (CONTINUED)

(iii) Market risk (continued)

**Interest rate risk**

The Group is exposed to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The Group's significant interest bearing assets are loans, investment in finance leases and instalment trade debtors on which interest, determined based on the market interest rate is applied.

The Group's investments in fixed-rate debt securities and its fixed-rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's investments in variable-rate debt securities and its variable-rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Investments in equity securities and short-term receivables and payables are not exposed to interest rate risk.

The Group's banking operations are subject to the risk of interest rate fluctuations to the extent that interest-earning assets, including investments, and interest-bearing liabilities mature or are repriced at different times or in different amounts. In the case of floating rate assets and liabilities the Bank is also exposed to basis risk, which is the difference in repricing the characteristics of the various floating rate indices, such as the savings rate and the base lending rate and different types of interest. Risk management activities are aimed at optimising net interest income; given market interest rate levels are consistent with the Group's banking strategies.

Interest Rate Risk is the risk to the net interest earnings of the bank over a stated period of time given a change in interest rates. Within a certain time interval if changing interest rates negatively impact the amount of net interest income, then earnings are subject to accounting interest rate risk.

Managing this position, requires that decreases in interest income resulting from falling interest rates, be offset by equal decreases in interest expense, within a stated period of time. Conversely, increases in interest expenses resulting from interest rates, should be offset by equal increases in interest income, within a stated period of time.

This position is managed by matching the repricing intervals of assets with the repricing intervals of liabilities. An asset or liability may either reprice at maturity or in the case of "variable rate instruments before maturity".

The Group's subsidiaries engaged in the banking business measure the interest rate risk position by comparing the amount of assets repricing in a stated interval of time to the amount of liabilities repricing in the same interval of time. A ratio 1:1 expresses a matched position, i.e. the amount of assets repricing equals the amount of liabilities for that period of time. A matched position tends to neutralise the effect changing interest rates have on the earnings of the entity. A ratio that exceeds one indicates an asset sensitive entity. A ratio of less than one indicates a liability sensitive entity.

**Profile**

At the reporting date the interest rate profile of the Group's interest-bearing financial instrument was:

	Carrying amount 2012 USD'000	Carrying amount 2011 USD'000
<i>Fixed rate instruments</i>		
Financial assets	49,571	50,069
Financial liabilities	40,036	42,225
<i>Variable rate instruments</i>		
Financial assets	244,720	119,678
Financial liabilities	459,814	471,510

**31. FINANCIAL INSTRUMENTS (CONTINUED)****(iii) Market risk (continued)****Interest rate risk (continued)****Fair value sensitivity analysis for variable rate instruments**

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group

***Net Interest Margin***

The net interest margin is the ratio of net interest income to total average assets. The net interest margin expresses the return the Group receives from all earnings assets through its banking and leasing activities. It represents the largest component of revenue in the Group's financial institutions. Producing a stable consistently increasing net interest margin will result in stable consistently increasing earnings. Through the asset and liability management function, the Group's financial institutions will attempt to control and manage the net interest margin in this way.

Several factors affect the net interest margin. They are asset mixes, deposit mix, rate sensitivity and pricing. Controlling these factors within a narrow range will result in a stable net interest margin. As the Committee endeavours to manage the net interest margin, decisions affecting these factors will ultimately be made. The Committee recognises that decisions affecting two or more of the above factors, made to improve the net interest margin are often negating. For example, the net interest margin can be improved but effecting an asset mix that favours longer-term investments. This, however, raises the liability sensitivity position of the Group's financial institutions proving detrimental if interest rates were to rise.

***Interest Rate Risk Management***

The Group's banking activities monitors its interest rate risk through ALCOM as follows:

- Marking to market, by calculating the net market value of the assets and liabilities;
- Measuring the mismatch of the interest sensitivity gap of assets and liabilities, by classifying each asset and liability by the timing of interest rate reset or maturity, whichever comes first;
- Evaluate re-pricing risk which is the risk presented by assets and liabilities that re-price at different times and rates. For example, a loan with a variable rate will generate more interest income when rates rise and less interest income when rates fall. If the loan is funded with fixed rated deposits, the bank's interest margin will fluctuate.

**Operational risk**

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's operations.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

**31. FINANCIAL INSTRUMENTS (CONTINUED)****(iii) Market risk (continued)****Operational risk (continued)**

- requirements for appropriate segregation of duties, including the independent authorisation of transactions;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- requirements for the reporting of operational losses and proposed remedial action;
- development of contingency plans;
- training and professional development;
- ethical and business standards;
- risk mitigation, including insurance where this is effective.

Compliance with Group standards is supported by a programme of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Audit Committee and senior management of the Group.

**Capital management**

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of ordinary shares, retained earnings and non-controlling interests of the Group. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

There were no changes in the Group's approach to capital management during the period.

At the reporting date, the group had a negative shareholders' equity of USD'000's 302,418 (2011: USD'000's 203,486).

**Price risk**

Price risk is the risk that value of the instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market. As the majority of the Group's financial instruments are recognised as financial assets at fair value through profit or loss, measured at fair value, fair value changes would be recognised in profit/loss and equity. Any change in market prices would affect the fair value movements.

*Sensitivity analysis*

The following table indicates the approximate change in the Group's profit/ loss and equity in response to reasonably possible changes in the relevant stock price or net asset value per share.

<u>2012</u>	Increase / (decrease) in relevant stock price per share	Effect on profit/ loss and Equity
	%	USD'000
Share price in respect of quoted investments	10 (10)	8,286 (8,286)
Movement in respect of NAV of unquoted investments	10 (10)	11,472 (11,472)

31. FINANCIAL INSTRUMENTS (CONTINUED)

(iii) Market risk (continued)

Price risk (continued)

Sensitivity analysis (continued)

<u>2011</u>	Increase / (decrease) in relevant stock price per share	<i>Effect on profit/ loss and Equity</i>
	%	USD'000
Stock price in respect of quoted investments	10 (10)	10,176 (10,176)
Movement in NAV of unquoted investments	10 (10)	5,161 (5,161)

The sensitivity analysis has been determined assuming that the reasonably possible changes in the stock market index had occurred at the reporting date and had been applied to the exposure to equity price risk in existence at that date. The stated changes represent management's assessment of reasonably possible changes in the relevant stock market index over the period until the next annual reporting date.

32. RELATED PARTY TRANSACTIONS

	Sale of goods and services	Purchase of Goods or Services	Loans contracted	Customer deposits
<u>2012</u>	USD'000s	USD'000s	USD'000s	USD'000s
(a) <i>Transactions during the year</i>				
Key management personnel and group companies	153	-	(363)	563
Other related parties	7,428	3,675	-	-

	Sale of goods and services	Purchase of Goods or Services	Loans contracted	Customer deposits
<u>2011</u>	USD'000s	USD'000s	USD'000s	USD'000s
<i>Transactions during the period</i>				
Key management personnel and group companies	200	-	(4,764)	459
Other related parties	4,120	6,958	-	-



32 RELATED PARTY TRANSACTIONS (CONTINUED)

		<u>2012</u> USD'000s	<u>2012</u> USD'000s	<u>2011</u> USD'000s	<u>2011</u> USD'000s
	Terms and Conditions	Amount owed by related parties	Amount owed to related parties	Amount owed by related parties	Amount owed to related parties
		<u>USD'000s</u>	<u>USD'000s</u>	<u>USD'000s</u>	<u>USD'000s</u>
<b>(b) Balances as at year / period end</b>					
Sunset Villas	Repayable on demand	27	-	28	-
Belle Fontaine	Repayable on demand	55	-	57	-
Societe Diplomat Garden	Repayable on demand	9,103	-	9,607	-
Societe Montagne Rouge	Repayable on demand	1,088	-	1,133	-
Terranova Property Ltd	Repayable on demand	49	-	51	-
Societe Beachside	Repayable on demand	2	-	2	-
Prepress Graphics Ltd	Repayable on demand	-	-	24	-
News International Ltd	Repayable on demand	-	-	8	-
Yukondale	Repayable on demand	3,132	-	2,689	-
Other related parties	Repayable on demand	21	-	815	-
Bramer Property Fund	Repayable on demand	8,803	(8,703)	-	(8,741)
Societe Thiman	Payment term of 30 days	-	(170)	-	(170)
Societe Rouge	Payment term of 30 days	-	(9)	-	(9)
Ste Mardarin	Payment term of 30 days	-	(192)	-	(192)
Ste Monroe	Payment term of 30 days	-	(36)	-	(36)
Ste Belvedere	Payment term of 30 days	-	(58)	-	(58)
Ste Biltmore	Payment term of 30 days	-	(58)	-	(58)
Ste Surrey	Payment term of 30 days	-	(1)	-	(1)
Ste Victoria	Payment term of 30 days	-	(1)	-	(1)
Ste Austin	Payment term of 30 days	-	(58)	-	(58)
		<u>22,280</u>	<u>(9,286)</u>	<u>14,414</u>	<u>(9,324)</u>
<b>(c) Mortgage loan to related parties</b>					
				<u>2012</u> USD'000s	<u>2011</u> USD'000s
Key management personnel and group companies				<u>2,400</u>	<u>2,763</u>
<b>(d) Key management personnel's and directors emoluments</b>					
				<u>2012</u> USD'000s	<u>2011</u> USD'000s
Employment benefit				<u>5,510</u>	<u>8,326</u>
<b>(e) Preference shares issued to Bramer Property Fund</b>					
	<b>Terms and conditions</b>			<u>2012</u> USD'000s	<u>2011</u> USD'000s
	Maturity date 17 May 2017 and bearing interest of 11.5% per annum			<u>34,236</u>	<u>36,425</u>

33. CAPITAL COMMITMENTS

Capital expenditure contracted for at the reporting date but not recognised in the consolidated financial statements is as

	2012	2011
	USD'000s	USD'000s
Authorised by the Board of Directors but not contracted for		
Commitments for future leases	11,393	8,949
Contracted for but not provided for in the accounts	55,135	56,313
	<u>66,528</u>	<u>65,262</u>

34. OPERATING LEASES

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	2012	2011
	USD'000s	USD'000s
Less than one year	2,610	3,852
Between one year and five years	5,931	5,552
More than five years	1,107	1,600
	<u>9,648</u>	<u>11,004</u>

Leases as lessor

	2012	2011
	USD'000s	USD'000s
Less than one year	-	2,937
Between one year and five years	-	3,735
More than five years	-	79
	<u>-</u>	<u>6,751</u>

35. CONTINGENCIES

	2012	2011
	USD'000s	USD'000s
Acceptances on account of customers	107	-
Bank guarantees in favour of third parties	11,410	11,271
Guarantees given on behalf of third parties	3,585	35,073
Litigation- Court cases	4,715	4,318
Letters of credit and other obligations on account of customers	3,107	29
Inward bills / outward bills	-	-
Loan approved but not yet disbursed	-	-
Acquisition cost payable	62	65
	<u>22,986</u>	<u>50,756</u>

The Mauritius Revenue Authority has issued assessments of MUR 104,655,808 , which is equivalent to USD'000 3,568, including penalties, regarding VAT input claimed on purchases of goods for the periods September 1999 to March 2001 and April 2003 to June 2007. The Group subsidiary's appeal against the ruling of the Assessment Review Committee of December 2005, was dismissed by the Supreme Court in its judgement of January 2012. The Group subsidiary's has been granted leave to appeal to the Judicial Committee of the Privy Council against the judgement of the Supreme Court. The Group subsidiary considers that there are strong grounds to resist these claims based on the advice received from its legal and tax advisors.

**36. CONTRACT OF SERVICE**

None of the Directors have any contract of service with the Company.

**37. DIVIDEND**

	2012	2011
	USD'000s	USD'000s
Paid during the year	<u>304</u>	<u>105</u>

**38. GOING CONCERN**

The Group incurred a loss of USD'000 118,991 for the year ended 31 December 2012 (2011: USD'000 161,823) and as of that date, the total liabilities exceeded its total assets by USD'000 302,418 (2011: USD'000 203,485).

A number of the Group's subsidiaries incurred operational losses during the year and have working capital deficit. Many subsidiaries are dependent on financial support from related parties to settle liabilities in the ordinary course of business.

The net liabilities position represents the book values of investments. The Group's policy is to monitor the performance of its subsidiaries on a fair value basis and the directors believe that the fair values of the Group's investments adequately cover the Group's accumulated losses.

The Group has set a strategic action plan to strengthen its financial position and cash flows through a programme of:

- Disposal and winding up of certain entities within the group which are operationally loss making;
- Disposal and sale and leaseback of certain Group's properties;
- Significant reduction of debt through balance sheet restructuring; and
- Finance cost savings and other improvements in existing operations.

These strategies are expected to reinforce the liquidity position of the Group and will provide the subsidiaries with sufficient funds to finance future operations and enable the subsidiaries to realise its assets and settle its liabilities in the normal course of business. Negotiations and due diligence exercise for the realisation of the assets and subsidiaries have already started in 2013 and is being continued throughout 2014 and will continue in 2015.

The realisation of the assets and subsidiaries will generate sufficient cash flows for the Group and its subsidiaries which will then enable them to settle their liabilities in the normal course of business.

Should the realisation of the assets and subsidiaries not materialize and should the related parties be unable to continue provide financial support to its subsidiaries and should the restructuring not take place, there exists a material uncertainty which may cast significant doubt on subsidiaries ability to continue as going concern and, therefore it may be unable to realise its assets to settle its liabilities in the normal course of business.

The financial statements are prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realization of assets and settlement of liabilities will occur in the ordinary course of business.

**39. GROUP ENTITIES**

The financial statements of the following subsidiaries have been included in the consolidated financial statements:

		2012	2011
	<u>Country of incorporation</u>	<u>effective holding (%)</u>	
<b><u>LEISURE &amp; HOSPITALITY</u></b>			
BA Logistics Co. Ltd	Mauritius	86	86
Blue Paradise Ltd	Mauritius	51	51
Bramwell Catering Ltd	Mauritius	86	86
British American Travel Company Ltd	Mauritius	86	86
Budget Tours (Mauritius) Limited	Mauritius	69	69
Cinecraft Entertainment (Mtius) Ltd ( <i>now known as Arise Studios (Mtius) Ltd</i> )	Mauritius	86	86
Cinecraft Holdings (Mtius) Ltd	Mauritius	86	86
Ecomar Ltd	Mauritius	86	86
Elegance Yachts Ltd	Mauritius	86	86
G.R.N.W Boat Yard Ltd	Mauritius	69	69
Hot Springs Investment Holdings Limited	Mauritius	86	86
Hot Springs Management Limited	Mauritius	86	86

## 39. GROUP ENTITIES (CONTINUED)

	Country of incorporation	effective holding (%)	
		2012	2011
<b><u>FINANCIAL SERVICES</u></b>			
Abingdon International Ltd	Mauritius	64	86
Abingdon Corporate Finance Ltd	Mauritius	64	86
Asmo Securities & Investments Ltd		-	86
British American Investment Co (Mtius) Ltd	Mauritius	86	86
BA Treasury Co Ltd	Mauritius	86	86
BA Sales Ltd	Mauritius	86	86
BAFS Holding Co Ltd	Mauritius	86	86
BAS Holding Co Ltd ( <i>now known as Bramser Services Group Limited</i> )	Mauritius	86	86
Bramer Asset Management Ltd	Mauritius	86	86
Bramer Global Trade Ltd	Mauritius	86	86
Bramer Holding Ltd	Mauritius	-	86
Bramer Securities Ltd ( <i>now known as Bramer Capital Brokers Limited</i> )	Mauritius	-	52
Bramer Banking Corporation Ltd	Mauritius	64	64
British American Exchange Co Ltd	Mauritius	86	86
British American Mortgage Finance House Co Ltd	Mauritius	86	86
BAI Co (Mtius) Ltd	Mauritius	86	86
British American Financial Services Ltd	Mauritius	86	86
Century Banking Corporation Ltd	Mauritius	34	34
CMB Management Ltd	Mauritius	60	60
Creative Capital Co Ltd	Mauritius	86	86
Deen Holding Company Ltd	Mauritius	86	86
Greenearth Holdings Ltd (ex Westnet)	Mauritius	86	86
ILSAT Ltd	Mauritius	86	86
PrimeCapital Corporate Sevices Ltd	Mauritius	86	86
PrimeCapital Management Ltd (Bramer Global Services Limited)	Mauritius	86	86
Seaton Investment Ltd	Mauritius	86	86
The Mauritius Leasing Company Limited	Mauritius	-	59
<b><u>HEALTH CARE</u></b>			
Apollo Bramwell Nursing School Co Ltd	Mauritius	86	86
BAI Medical Centres Ltd	Mauritius	42	79
Bramwell Pharmaceuticals Co Ltd	Mauritius	86	86
British American Hospitals Entreprises Ltd	Mauritius	38	34

## 39. GROUP ENTITIES (CONTINUED)

	Country of incorporation	effective holding (%)	
		2012	2011
<b><u>LEISURE &amp; HOSPITALITY (continued)</u></b>			
Itineraire Limitee	Mauritius	86	86
Le Voyageur Travel & Tours Ltd	Mauritius	86	86
Matelco Limited	Mauritius	86	86
Rent A Car Co Ltd	Mauritius	-	86
Solis Indian Ocean Ltd	Mauritius	69	69
Travel Harbour (Mtius) Limited	Mauritius	86	86
<b><u>TRADE AND COMMERCE</u></b>			
ARC Luxhome Ltd	Mauritius	-	43
Acre Services Ltd	Mauritius	86	86
Arcasa (Mtius) Ltd	Mauritius	86	86
Courts (Mauritius) Limited	Mauritius	-	86
Courts (Indian Ocean) Limited	Mauritius	84	86
Duben Enterprise Ltd	Mauritius	86	86
Finishing Touch International Ltd	Mauritius	-	86
Furniture World SAS	Mauritius	69	69
Hamid Hossen Ltd	Mauritius	86	86
QC Systems and Technologies Ltd	Mauritius	86	86
Quality Living Company Ltd	Mauritius	86	86
Yee Chuin Koon & Co Ltd	Mauritius	69	69
<b><u>CONSTRUCTION &amp; PROPERTY DEVELOPMENT</u></b>			
Greensboro Promoters Ltd	Mauritius	86	86
Ireko Climatics Ltd	Mauritius	86	86
Ireko Construction Ltd	Mauritius	72	72
Ireko Design Ltd	Mauritius	72	72
Ireko Facilities Ltd	Mauritius	86	86
Ireko Holdings Ltd	Mauritius	86	86
Ireko Interiors Ltd	Mauritius	42	86
Ireko Joinery Contractors Ltd	Mauritius	86	86
Ireko Lifts Ltd	Mauritius	-	86
Ireko Property Ltd	Mauritius	86	86
Ireko Realty Ltd	Mauritius	86	86
Ireko Security Ltd	Mauritius	86	86
Ireko Services Ltd	Mauritius	72	72
Montevallo Co Ltd	Mauritius	86	86
<b><u>TRANSPORTATION</u></b>			
Agence Generale de Commerce Ltee	Mauritius	86	86
Car Clinic Ltd	Mauritius	86	86
Duben Enterprise Ltd	Mauritius	86	86
Fleetmaster Co. Ltd	Mauritius	86	86
Iframac Limited	Mauritius	84	84
Societe West Point	Mauritius	81	80
The International Dealership Company Limited	Mauritius	86	86

39. GROUP ENTITIES (CONTINUED)

The following subsidiaries operate outside the Republic of Mauritius

	Country of incorporation	effective holding (%)	
		2012	2011
British American (Kenya) Holdings Limited	Bahamas	86	86
Furniture World SAS	France	69	69
British American Holding Ltd	Bahamas	60	60
Courts (Madagascar) SARL	Malagasy Republic	84	71
Iframac (Madagascar) SARL	Malagasy Republic	84	86
Ireko Design and Construction (Madagascar) SARL	Malagasy Republic	71	71
GlobalCapital P.l.c	Malta	42	42

The year end of the above subsidiaries is 31 December. The class of shares held in the above subsidiaries are 'ordinary'.

## 39. GROUP ENTITIES (CONTINUED)

	Country of incorporation	effective holding (%)	
		2012	2011
<b><u>OTHERS</u></b>			
BA Corporate Services Ltd	Mauritius	86	86
BACI Holding Co Ltd ( <i>now known as Bramcom Holding Limited</i> )	Mauritius	86	86
Beverley Hills Ltd	Mauritius	86	86
Bram Three Co Ltd ( <i>now known as Bramcorp SH I Ltd</i> )	Mauritius	86	86
British American IP Ltd	Mauritius	86	86
British American Management Company Limited	Mauritius	86	86
Cottonwood Investment Holdings Limited	Mauritius	86	86
Danburry Co Ltd	Mauritius	86	86
Dollis Co Ltd	Mauritius	86	86
Elysian Garden Ltd	Mauritius	86	86
Fort Abaco Investment Holdings Limited	Mauritius	86	86
Fort Worth Investment Holdings Ltd	Mauritius	86	86
Forest Gardens Promotion Ltd	Mauritius	86	86
Front Line Security Ltd	Mauritius	-	86
Greenearth Development Ltd	Mauritius	86	86
Heat Rejection Ltd	Mauritius	85	83
Henessy Capital Ltd	Mauritius	86	86
Hennessy Company Limited	Mauritius	86	86
Human Capital Partners Ltd	Mauritius	86	86
Inryco Ltd	Mauritius	86	86
Marcom Co. Ltd	Mauritius	86	86
Maryvale Ltd	Mauritius	86	86
Medhealth Care Investment Ltd	Mauritius	-	86
Media Metrix Ltd	Mauritius	86	86
Partners in Progress Foundation Ltd	Mauritius	86	86
Saxton Ltd	Mauritius	86	86
Silver City Holdings Ltd	Mauritius	86	86
Silver Spring Co Ltd ( <i>now known as Bramcom International Holdings</i> )	Mauritius	86	86
Synergis Risk Services Ltd	Mauritius	86	86
Tamarine Ltd	Mauritius	69	69
Technology Management Services Ltd	Mauritius	86	86
Tucson Ltd	Mauritius	86	86
Trenton Ltd	Mauritius	86	86
Wisconsin Investment Holdings Ltd	Mauritius	86	86
Wiseman Holdings Ltd	Mauritius	86	86
Xanboo International Company Ltd	Mauritius	86	86