UNITED DOCKS LTD

Annual Report 2012

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Introduction to Shareholders by Chairperson

Dear Shareholders,

The Board of Directors is pleased to present the Annual Report of United Docks Ltd ("the Company") and its subsidiaries (together referred to as "the Group") for the year ended June 30, 2012.

This report was approved by the Board of Directors on 28 September 2012.

M.H.Dominique Galea
Chairperson

Management and administration

BOARD OF DIRECTORS

M. H. Dominique Galea (Chairperson)	Non-Executive
G. Jean Claude Baissac	Executive
J. Alexis Harel	Non-Executive
Anwar Kathrada	Independent
L. M. C. Michèle Lionnet	Independent
M. E. Cyril Mayer	Non-Executive
M. Nassir Ramtoola (resigned on 21.12.2011)	Independent
K.H. Bernard Wong Ping Lun	Non-Executive
Ismael Ibrahim Bahemia (appointed on 09.05.2012)	Independent

MANAGING DIRECTOR
G. Jean Claude Baissac

CORPORATE SECRETARY
Executive Services Ltd.
2nd floor, Les Jamalacs Buildings
Vieux Conseil Street
Port Louis

AUDITORS
Ernst & Young
Tower 1
9th Floor, NeXTeracom
Ebene

REGISTRAR AND TRANSFER OFFICE
MCB Registry and Securities Limited
Raymond Lamusse Building
9-11, Sir William Newton Street
Port Louis

REGISTERED OFFICE ADDRESS
Kwan Tee Street
Caudan
Port Louis

Notice
of Annual Meeting

Notice is hereby given that the annual meeting of the Company will be held at Le Labourdonnais Waterfront Hotel on Friday 07 December 2012 at 10.00 a.m. to transact the following business:-

As ordinary business:

1. To receive and adopt the annual report and financial statements of the Company and of the Group for the year ended 30 June 2012 and the report of the auditors thereon.

2. To re-elect Mr G. Jean Claude Baissac as director of the Company under Section 136(6) of the Act.

3. To re-elect Mr Anwar Kathrada as director of the Company under Section 136(6) of the Act.

4. To re-elect the following persons persons as directors of the Company to hold office until the next Annual Meeting (as separate resolutions):

   4.1 M. H. Dominique Galéa
   4.2 Mr J. Alexis Harel
   4.3 Mrs L. M. C. Michèle Lionnet
   4.4 Mr M. E. Cyril Mayer
   4.5 Mr K. H. Bernard Wong Ping Lun
   4.6 Mr Ismael Ibrahim Bahemia

5. To note that Ernst & Young, having indicated their willingness to continue in office, will be automatically re-appointed as auditors and to authorise the directors to fix their remuneration.

BY ORDER OF THE BOARD

EXECUTIVE SERVICES LTD

Per V.O CHETTY

SECRETARY

Dated this 28th day of September 2012

A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him/her and that proxy needs not also be a member.

A proxy form is included in this annual report and is also available with the Manager at the Registered Office of the Company.

Completed proxy forms should be delivered at the Registered Office of the Company, Kwan Tee Street, Caudan, Port Louis by **Thursday 06 December 2012 at 10.00 a.m. at latest**.

A member may decide to vote by way of a postal vote. MCB Registry and Securities Ltd has been duly authorised by the Board to receive and count postal votes for the annual meeting of the Company.

A postal vote form is included in this annual report and is also available with the Manager at the Registered Office of the Company.
Completed postal votes should be delivered to MCB Registry and Securities Ltd, Raymond Lamusse Building, 9-11, Sir William Newton Street, Port Louis by **Wednesday 05 December 2012 at 10.00 a.m. at latest**.

For the purpose of this Annual Meeting, the Directors have resolved in compliance with Section 120 (3) of the Companies Act 2001, that the shareholders who are entitled to receive notice of the meeting and attend such meting shall be those shareholders whose names are registered in the share register of the Company as at **12 November 2012**.

Duly signed minutes of the annual meeting held on 21 December 2011 are available for consultation by the shareholders at the Registered Office of the Company.

Chairperson's Statement

Dear Shareholders,

It is my pleasure to submit my report together with the audited financial statements of United Docks Ltd (UDL) and its subsidiaries for the year ended 30th June 2012.

PRINCIPAL ACTIVITIES

The Group's main activities are unchanged and consist of real estate holdings and development, management of investments and renting of warehouses and offices.

RESULTS

For the year under review, the Group has incurred a loss of Rs 10.1 million against a loss of Rs 9.9 million last year.

There has been an increase in rental income of about 10% over last year and total overheads have dropped by Rs 2.5 million or 13%. It is to be noted that the Group has made an operational profit of Rs 5.2 million as compared to Rs 2.5 million last year.

The high finance costs of Rs 15.2 million remain a concern and to reduce the interest expenses, the Group is considering selling some of its non-core assets.

Regretfully, the cash flow situation has not permitted the distribution of dividends.

LANDED PROPERTY

The group owns the following landed property:

- Caudan : 9.27 arpents
- Trou Fanfaron : 12.27 arpents
- Cerné Docks : 0.59 arpents

It is to be noted that the Group is considering a large real estate project on its land at Caudan. The project will be based on the concept of Meetings, Incentives, Conferences and Exhibitions (MICE). An Environmental Impact Assessment Report (EIA) has been submitted to the authorities.

SHARE PORTFOLIO

The Group holds available for sale investments of Rs 184.8 million.

Our main investments are in AXYS Group Ltd and Société Libra, through which we have an effective share holding of 13.41% in Harel Mallac and Co Ltd (see notes 7 and 10 respectively in the Financial Statements for further details).

OTHER ISSUES

With the introduction by authorities of buffer zones around the Aapravasi Ghat at Trou Fanfaron and limiting the Group to freely developing its land due to building restrictions, the Group has submitted a claim for compensation to the authorities.

The Group has instituted the following proceedings against: (i) its former General Manager who was in office up to mid October 2006, to recover an amount of Rs 34.8 million; (ii) its former Accountant who was in office up to February 2007, to recover the said amount of Rs 34.8 million; and (iii) collectively against its former directors who were in office up to mid October 2006, to recover an amount of Rs 29.3 million, which forms part of the sum of Rs 34.8 million above referred to.

I wish to take this opportunity to thank my fellow board members for their contribution and support during the past year and the shareholders for having entrusted the governance of the Group to our Board.

Finally, many thanks also to the management and staff of the Company for their dedication and hard work during the past year.

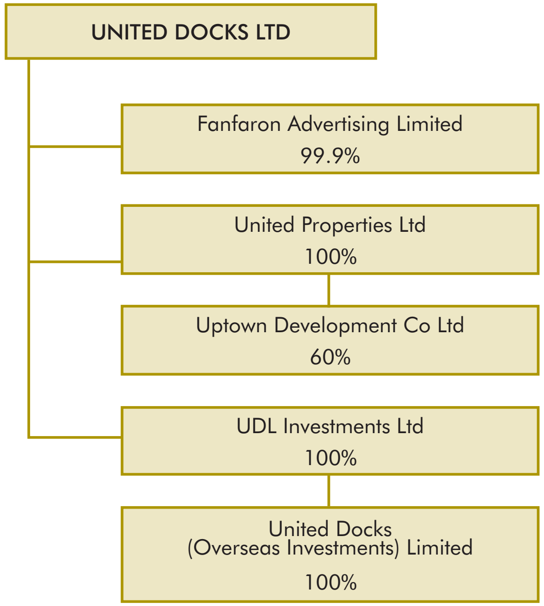
Yours sincerely,

Dominique Galéa
Chairperson

1. HOLDING STRUCTURE

United Docks Ltd is a listed Company with a diverse shareholding of more than 1,800 members.

It has subsidiaries as per the structure below:



2. SUBSTANTIAL SHAREHOLDERS

The following shareholders held more than 5% of the shareholding of the Company as at 30 June 2012.

Shareholders	% Holding
Ducray Lenoir (Investments) Ltd	6.90%
Horus Ltée	18.27 %
La Prudence (Mauricienne) Assurances Ltée	5.01 %

Corporate Governance Report

3. DIRECTORS' PROFILE

M. H. DOMINIQUE GALÉA – CHAIRPERSON
Mr Galéa is 59 years old. He holds a "Hautes Etudes Commerciales" (HEC) degree. He started his career in the textile industry in the early 1980's by setting up an agency business, Kasa Textile & Co Ltd. He has since diversified his activities by acquiring stakes in companies in various sectors of the economy.

G. JEAN CLAUDE BAISSAC – (MANAGING DIRECTOR)
Mr Baissac is 72 years old. He holds a Bachelor in Science degree in engineering. He worked in the USA, Canada and South Africa and returned to Mauritius in 1975. He has been an Executive Director of Ireland Blyth Ltd for many years and then General Manager of Rey & Lenferna Ltd. He also sits on the board of a number of companies as independent director.

J. ALEXIS HAREL
Mr Harel is 50 years old. He holds a Bachelor in Science degree in Business Administration. He started his career in the audit department of De Chazal du Mée, Chartered Accountants, and then occupied managerial positions in the industrial and IT sectors. He joined Grays & Co Ltd in 1992 and presently occupies the position of Sales and Marketing Director.

ANWAR KATHRADA
Mr Kathrada is 71 years old. He is a Director of MI Kathrada & Sons Ltd, a trading company, since 1985.

L. M. C. MICHÈLE LIONNET (MRS)
Mrs Lionnet is 59 years old. She holds a Diploma in Business Management from the University of Surrey (UK) and currently acts as Executive Director of Junior Achievement in Mauritius. She started her career in a private commercial firm in which she occupied the position of Administrative Manager during 15 years. She then occupied executive managerial and marketing positions in organisations located both in Mauritius and Madagascar.

M. E. CYRIL MAYER
Mr Mayer is 61 years old. He holds a BCom degree and is a Chartered Accountant. He is currently the Managing Director of Terra Mauricia Ltd. He sits on the board of numerous companies including Swan Insurance Co Ltd and Anglo-Mauritius Assurance Society Ltd. He has served on many institutions involved with the sugar industry such as the Mauritius Sugar Authority, the Mauritius Sugar Syndicate and the Chamber of Agriculture.

K. H. BERNARD WONG PING LUN
Mr Wong is 57 years old. He holds a Bachelor in Science degree in Economics and is a Certified Chartered Accountant. He is currently the Financial Director of ATS Ltd and of a number of associated companies. He joined Sun Resorts Ltd as Financial Controller of the St Géran Hotel in 1986. He then worked as Group Internal Auditor of Ireland Blyth Ltd during four years.

Corporate Governance Report

ISMAEL I. BAHEMIA

Mr. Bahemia is 65 years old. He is a fellow of The Institute of Chartered Accountants in England & Wales and Mauritius Institute of Directors. He is also registered as professional accountant and public accountant in practice with the Mauritius Institute of Professional Accountants. He is presently the CEO of Fideco Global Business Services Ltd, a company licensed by the Financial Services Commission to operate as an Offshore Management Company. Mr. Bahemia retired from IBL in 2007 after serving the company for over 31 years. He occupied managerial positions in the financial and commercial sectors and was responsible for the Group Taxation. He was a past president at the Society of Chartered Accountant in Mauritius.

4. DIRECTORS – ATTENDANCE AT MEETINGS & INTEREST IN THE SHARE CAPITAL

The table below shows the Directors of the Company and their attendance at meetings for the year ended 30 June 2012. It also shows their direct and indirect interests in the share capital of the Company as at 30 June 2012.

Name	From	To	Attendance at meetings			Interest in shares			
			Board	Audit Committee	Corporate Governance Committee	Direct		Indirect	
			7	4	2	No of shares	% holding	No of shares	% holding
Directors in office									
M. H. Dominique Galéa (Chairperson)	17.10.06		7/7		2/2			1,751,376	16.585
J. Alexis Harel	17.10.06		5/7	3/4					
Anwar Kathrada	17.10.06		7/7					214,116	2.027
L. M. C.Michele Lionnet	29.12.06		5/7			86,876	0.822	1,526	0.014
M. E. Cyril Mayer	17.10.06		3/7		2/2			914	0.008
M. Nassir Ramtoola	17.10.06	21.12.11	3/7	2/4	0/2	7,000	0.066	1,000	0.009
K.H. Bernard Wong Ping Lun	17.10.06		7/7	4/4					
Jean Claude Baissac	20.11.07		7/7					900	0.008
Ismael Bahemia	09.05.12		1/7					520	0.0049

The Directors of the Company follow the Model Code for Securities transactions (Appendix 6 of the Listing Rule in all dealings in which they are or might be interested).

Ducray Lenoir (Investments) Ltd in which Mr M. H. Dominique Galea has a beneficial interest, acquired 276,746 shares in the Company during the year ended 30 June 2012.

Other than the above, the directors did not transact in the shares of the Company during the year ended 30 June 2012.

5. DIRECTORSHIPS OF THE BOARD MEMBERS IN OTHER LISTED COMPANIES AS AT 30 JUNE 2012

Directors	*Listed Companies*
M.H Dominique Galéa *(Chairperson)*	*Forges Tardieu Ltd, Mauritius Union Assurance Co Ltd*
G. Jean Claude Baissac *(Managing Director)*	*Forges Tardieu Ltd*
J. Alexis Harel	*Lux Island Resorts Ltd, Terra Mauricia Ltd*
Anwar Kathrada	*None*
L.M.C. Michèle Lionnet	*None*
M.E. Cyril Mayer	*Terra Mauricia Ltd, Forges Tardieu Ltd, Swan Insurance Co Ltd*
M. Nassir Ramtoola (resigned on 21.12.2011)	*None*
K.H. Bernard Wong Ping Lun	*Forges Tardieu Ltd*
Ismael Bahemia (appointed on 09.05.2012)	*None.*

6. DIRECTORS OF SUBSIDIARIES AT 30 JUNE 2012

	Fanfaron Advertising Limited	United Properties Ltd	UDL Investments Ltd	United Docks (Overseas Investments) Ltd
M. E. Cyril Mayer	✓	✓	✓	✓
M. H. Dominique Galéa	✓	✓	✓	✓
M. Nassir Ramtoola (resigned on 21.12.2011)		✓	✓	✓
K.H. Bernard Wong Ping Lun (appointed on 30.12.2011)				✓

7. REMUNERATION POLICY

Directors' fees are as follows:-

- Chairperson: Rs 60,000 annual fee + Rs 7,500 per attendance at Board or Committee meetings.
- Directors: Rs 40,000 annual fee + Rs 5,000 per attendance at Board or Committee meetings.

8. DIRECTORS' REMUNERATION

The table below shows the remuneration and benefits received by the Executive Director and the remuneration received by the Non-Executive Directors who were in office from 01 July 2011 to 30 June 2012.

	Company		Subsidiaries		Other related corporations	
	2012	2011	2012	2011	2012	2011
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Executive Director	2,910	2,850	-	-	-	-
Non-Executive Directors	639	560	-	-	-	-
	3,549	3,410	-	-	-	-

9. BOARD AND COMMITTEES

At 30 June 2012 the Board consisted of 8 Directors, out of which 3 were independent and 1 was Executive. The Chairperson of the Board is M. H. Dominique Galea. The Chairperson was elected by the members of the Board.

<u>Corporate Governance Committee</u>

Chairperson : M. H. Dominique Galea
Members : M. Nassir Ramtoola (up to 21.12.2011)
: L.M.C. Michèle Lionnet

The Committee met on two occasions during the financial year, and operates as per the guidelines of the Code of Corporate Governance for Mauritius.

The duties and responsibilities of the Corporate Governance Committee encompass those of the Remuneration Committee and Nomination Committee and include namely:

- The review of the Constitution and Board structure of the Company in the light of good corporate governance
- Identification of areas of compliance and areas of non compliance with good corporate governance and to report to the Board accordingly;
- Assisting the Board in the implementation of good corporate governance;
- Ensuring that the Company's Annual Report complies with good corporate governance.

Corporate
Governance Report

The Board is the focal point of the corporate governance system and is ultimately accountable and responsible for the performance and affairs of the Company. The Corporate Governance Committee recognises that it is essential that the Board comprises of an appropriate balance of Executive, Non-Executive and Independent directors who can bring the right blend of knowledge, skills, objectivity, experience and commitment to the Board.

The Corporate Governance Committee addressed, amongst others, the following matters during the year:

- Review of the current legal matters
- Drafting of the Corporate Governance Report for the year ended 30 June 2012
- Board composition and future recommendations

<u>Audit Committee</u>

Chairperson : M. Nassir Ramtoola (up to 21.12.2011)
Members : J. Alexis Harel
: K.H. Bernard Wong Ping Lun

The Committee met four times during the financial year and as per the guidelines of the Code of Corporate Governance.

The duties and responsibilities of the Audit Committee are namely:

- To recommend to the Board which firm would be appointed as external auditors;
- To review the quality of financial information, interim and annual financial statements and other public, regulatory reporting prior to submission and approval by the Board;
- To monitor and supervise the internal control procedures, ensuring that the role and function of each employee are well understood and co-ordinated so as to provide an objective overview of the operational effectiveness of the Company's systems of internal control and reporting;

The Audit Committee addressed, amongst others, the following matters during the year:

- Review of the annual report and Financial Statements for the year ended 30 June 2012 for submission to the Board for approval;
- Review of audit quotes and recommendations for the appointment of the auditors.

10 SHAREHOLDERS' AGREEMENT

The directors are not aware of any agreement in existence among the shareholders of the Company as at 30 June 2012.

11. MATERIAL CLAUSES OF THE COMPANY'S CONSTITUTION

The Company's Constitution does not have any material clause.

12. MANAGEMENT CONTRACT

The Directors are not aware of any management contract of significant importance between the Company and third parties.

13. SHARE OPTION PLAN

The Company has no share option plan.

14. DIVIDEND POLICY

The payment of dividends is subject to the performance of the Company, its cash flow and its investments requirements.

15. DONATIONS

The company made a donation of a non-political nature amounting to Rs 6,000 during the year. The subsidiaries did not make any donations.

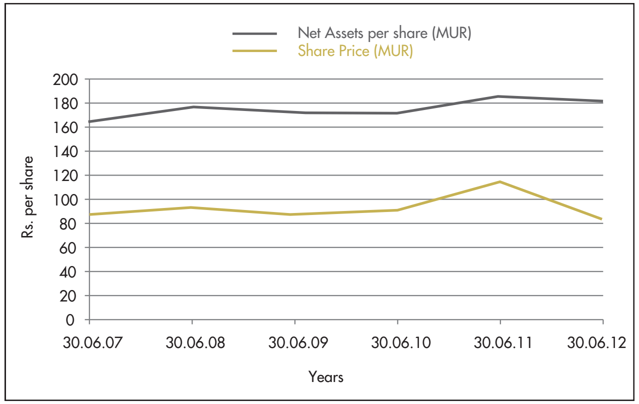
16. AUDITORS

The fees paid to the auditors Ernst & Young for audit and other services were:

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	Rs 000	Rs 000	Rs 000	Rs 000
Audit Services	627	630	425	450
Other Services	77	72	25	45
	704	702	450	495

17. SHARE PRICE INFORMATION

The graph and table below depict the share price compared to the net asset value of the Company.



	30.06.07	30.06.08	30.06.09	30.06.10	30.06.11	30.06.12
NET ASSETS PER SHARE (MUR)						
Year End Closing	164	177	174	175	185	181
SHARE PRICE (MUR)						
Year End Closing Price	88	95	89	91	114	83

18. INTERNAL CONTROL AND RISK MANAGEMENT

The Board recognises that it is responsible for the Group's system of internal control, which includes financial controls, operational controls and risk management, and for reviewing its effectiveness at regular intervals.

The key features identified by the Audit Committee to provide an objective overview of the operational effectiveness of the Group's system of internal control and reporting include:

- Review adequacy of corrective action taken in response to significant internal control weaknesses identified
- Maintain proper and adequate accounting records
- Maintain a comprehensive system of financial reporting and forecasting
- Safeguard the Group's assets against unauthorised use or disposal
- Establish an organisational structure with clearly-defined levels of authority and division of responsibilities
- Meet the Managing Director and heads of departments to review all operational aspects of the business and risk management systems

The Audit Committee also identified the following major risks:

- Market risk which includes three types of risks:
  - Interest risks – the risk that the value of a financial instrument will fluctuate because of changes in market interest rate
  - Currency risk – the risk that the value of a financial instrument will fluctuate due to an exposure to changes in foreign exchange
  - Price risk – the risk that the value of a financial instrument will fluctuate as a result of changes in market prices
- Credit risk – the risk that customers default on payment
- Treasury risk – the risk that the group is faced with cash flow pressure
- Regulatory risk – the risk that changes in legislation or regulations can impact negatively on the Group's operations

19. Health and Safety

We are satisfied that all our administrative staff and operatives work in a healthy environment. For our operatives, we have asked a consultant in Health and Safety to submit recommendations and procedures and these are diligently followed.

20. Important events

The calendar for the period to the next Annual Meeting of Shareholders to be held in 2013 is as follows:

EVENTS	DATES
Publication of abridged accounts: • Quarter ended 30 September 2012 • Quarter ended 31 December 2012 • Quarter ended 31 March 2013	 15 November 2012 15 February 2013 15 May 2013
Publication of the abridged audited financial statements for year ended 30 June 2013	30 September 2013
Publication of abridged accounts for quarter ended 30 September 2013	15 November 2013
Circulation of Annual Report 2013	November 2013
Annual Meeting 2013	November / December 2013

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the Directors to prepare financial statements for each financial year which present fairly the financial position, financial performance, changes in equity and cash flows of the Company. In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Mauritian Companies Act 2001. They are also responsible for safeguarding the assets of the Company and hence for the implementation and operations of the accounting and internal control systems that are designed to prevent and detect fraud and an effective risk management system.

Approved by the Board of Directors on 28 September 2012 and signed on its behalf by:

Director   Director

We confirm that, based on records and information made available to us by the Directors of the Company, the Company has filed with the Registrar of Companies for the financial year ended 30 June 2012 all such returns as are required of the Company under the Companies Act 2001.

Executive Services Ltd
Corporate Secretary

28 September 2012

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UNITED DOCKS LTD AND ITS SUBSIDIARIES

Report on the Financial Statements

We have audited the financial statements of United Docks Ltd (the "Company") and its subsidiaries (the "Group") on pages 22 to 58 which comprise the statements of financial position as at 30 June 2012 and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Basis for qualified opinion

As stated in note 7, the Directors have not been able to determine either the fair value or the cost less impairment amount of investment in Société Libra due to their inability to obtain any financial information regarding the investment. We were therefore unable to obtain sufficient appropriate audit evidence about the carrying amount of Société Libra as at June 30, 2012.

Qualified opinion

In our opinion, except for the effects of matter described in the Basis for Qualified Opinion paragraph, the financial statements on pages 22 to 58 give a true and fair view of the financial

Report on the Financial Statements (continued)

Qualified opinion (continued)

position of the Group as at June 30, 2012 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

Emphasis of matter

Without qualifying our opinion, we draw attention to Notes 7 and 10 of the financial statements, which describe the uncertainty with respect to the sale of the investment in Axys Group Ltd, and the consequential effect of this on the valuation of the investment.

Other matter

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

Report on Other Legal and Regulatory Requirements - Companies Act 2001

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

We have obtained all the information and explanations we have required.

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

Financial Reporting Act 2004

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

ERNST & YOUNG

Ebene, Mauritius

ANDRE LAI WAN LOONG, A.C.A

Date: 28 September 2012

Financial Statements and Notes

Statements of Financial Position

year ended June 30, 2012

	Notes	THE GROUP 2012	THE GROUP 2011	THE HOLDING COMPANY 2012	THE HOLDING COMPANY 2011
ASSETS		Rs.	Rs.	Rs.	Rs.
Non-Current assets					
Property, plant and equipment	4	1,607,156	262,193	1,607,156	262,193
Investment properties	5	1,783,697,000	1,783,697,000	743,886,000	743,886,000
Investment in subsidiaries	6	-	-	149,890	149,890
Available-for-sale-investments	7	184,756,051	191,291,601	49,758,145	56,293,695
		1,970,060,207	1,975,250,794	795,401,191	800,591,778
Current Assets					
Trade and other receivables	8	15,596,302	12,973,999	886,273,334	883,584,881
Cash at bank and in hand	9(a)	362,697	481,875	41,707	42,816
		15,958,999	13,455,874	886,315,041	883,627,697
Asset classified as held for sale	10	111,087,319	132,135,443	111,087,319	132,135,443
TOTAL ASSETS		2,097,106,525	2,120,842,111	1,792,803,551	1,816,354,918
EQUITY AND LIABILITIES					
Equity					
Issued Share capital	11	105,600,000	105,600,000	105,600,000	105,600,000
Share premium	11	24,631,914	24,631,914	24,631,914	24,631,914
Other reserves	11	108,009,088	136,663,443	108,009,088	136,663,443
Retained earnings		1,672,963,364	1,683,119,370	1,368,250,959	1,378,761,103
Equity attributable to owners of parent		1,911,204,366	1,950,014,727	1,606,491,961	1,645,656,460
Non-controlling-interests		12,624	2,072	-	-
Total equity		1,911,216,990	1,950,016,799	1,606,491,961	1,645,656,460
LIABILITIES					
Non-current liabilities					
Interest-bearing loans and borrowings	12	27,504,708	36,099,769	27,504,708	36,099,769
Retirement benefit obligations	13	5,701,505	4,885,548	5,701,505	4,885,548
		33,206,213	40,985,317	33,206,213	40,985,317
Current liabilities					
Trade and other payables	14	9,006,932	6,776,579	9,485,165	6,684,876
Income tax liabilities		56,178	35,151	-	-
Interest-bearing loans and borrowings	12	142,590,815	121,977,102	142,590,815	121,977,102
Dividend payable	16	1,029,397	1,051,163	1,029,397	1,051,163
		152,683,322	129,839,995	153,105,377	129,713,141
Total liabilities		185,889,535	170,825,312	186,311,590	170,698,458
TOTAL EQUITY AND LIABILITIES		2,097,106,525	2,120,842,111	1,792,803,551	1,816,354,918

These financial statements have been approved for issue by the Board of Directors on 28 September 2012

M.H.Dominique Galéa
Chairperson

Ismael Bahemia
Director

The notes on pages 27 to 58 form an integral part of these financial statements.

Statements of Comprehensive Income

year ended June 30, 2012

	Notes	THE GROUP 2012	THE GROUP 2011	THE HOLDING COMPANY 2012	THE HOLDING COMPANY 2011
		Rs.	Rs.	Rs.	Rs.
Revenue		22,242,938	20,985,391	21,512,262	20,409,404
Other income	17	527,665	1,716,160	469,589	1,716,160
Operating expenses		(17,577,273)	(20,166,577)	(17,261,136)	(19,860,389)
Operating profit	18	5,193,330	2,534,974	4,720,715	2,265,175
Finance costs	19	(15,230,859)	(12,454,599)	(15,230,859)	(12,454,599)
Loss before tax		(10,037,529)	(9,919,625)	(10,510,144)	(10,189,424)
Income tax expense	15(b)	(117,925)	(71,485)	-	-
Loss for the year		(10,155,454)	(9,991,110)	(10,510,144)	(10,189,424)
Other comprehensive income					
Net gain in fair value of available-for-sale investment	7	(7,606,231)	4,581,755	(7,606,231)	4,581,755
Net gain in fair value of assets classified as held for sale	10	(21,048,124)	47,475,213	(21,048,124)	47,475,213
Fair value adjustment on disposal of available-for-sale investments		-	(1,216,162)	-	(1,216,162)
		(28,654,355)	50,840,806	(28,654,355)	50,840,806
Total comprehensive (loss)/income for the year, net of tax		(38,809,809)	40,849,696	(39,164,499)	40,651,382
Loss for the year attributable to:					
Equity holders of the company		(10,156,006)	(9,991,515)	(10,510,144)	(10,189,424)
Non-controlling-interests		552	405	-	-
		(10,155,454)	(9,991,110)	(10,510,144)	(10,189,424)
Total comprehensive **(loss)** /income attributable to:					
Equity holders of the company		(38,810,361)	40,849,291	(39,164,499)	40,651,382
Non-controlling-interests		552	405	-	-
		(38,809,809)	40,849,696	(39,164,499)	40,651,382
Earnings per share(Basic and diluted)	20	(0.96)	(0.95)	(1.00)	(0.96)

The notes on pages 27 to 58 form an integral part of these financial statements.

THE GROUP	Note	Issued Share capital (Note 11)	Share premium (Note 11)	Fair value reserve (Note 11)	Retained earnings	Total	Non-controlling interest	Total equity
		Attributable to equity holders of the company						
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
At July 1, 2010		105,600,000	24,631,914	85,822,637	1,693,110,885	1,909,165,436	1,667	1,909,167,103
Other comprehensive income for the year		-	-	50,840,806	-	50,840,806	-	50,840,806
Loss for the year		-	-	-	(9,991,515)	(9,991,515)	405	(9,991,110)
Total comprehensive income/ (loss) for the year, net of tax		-	-	50,840,806	(9,991,515)	40,849,291	405	40,849,696
At June 30, 2011		**105,600,000**	**24,631,914**	**136,663,443**	**1,683,119,370**	**1,950,014,727**	**2,072**	**1,950,016,799**
At July 1, 2011		105,600,000	24,631,914	136,663,443	1,683,119,370	1,950,014,727	2,072	1,950,016,799
Other comprehensive income for the year		-	-	(28,654,355)	-	(28,654,355)	-	(28,654,355)
Loss for the year		-	-	-	(10,156,006)	(10,156,006)	552	(10,155,454)
Total comprehensive (loss)/income for the year, net of tax		-	-	(28,654,355)	(10,156,006)	(38,810,361)	552	(38,809,809)
Acquisition of subsidiary	6(d)	-	-	-	-	-	10,000	10,000
At June 30, 2012		105,600,000	24,631,914	108,009,088	1,672,963,364	1,911,204,366	12,624	1,911,216,990

The notes on pages 27 to 58 form an integral part of these financial statements.

Statements of Changes in Equity
year ended June 30, 2012

THE COMPANY	Issued share capital (Note 11)	Share premium (Note 11)	Fair value reserve (Note 11)	Retained earnings	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
At July 1, 2010	105,600,000	24,631,914	85,822,637	1,388,950,527	1,605,005,078
Other comprehensive income for the year	-	-	50,840,806	-	50,840,806
Loss for the year	-	-	-	(10,189,424)	(10,189,424)
Total Comprehensive income/(loss) for the year, net of tax	-	-	**50,840,806**	(10,189,424)	40,651,382
At June 30, 2011	**105,600,000**	**24,631,914**	136,663,443	**1,378,761,103**	**1,645,656,460**
At July 1, 2011	105,600,000	24,631,914	136,663,443	**1,378,761,103**	1,645,656,460
Other comprehensive income for the year	-	-	(28,654,355)	-	(28,654,355)
Loss for the year	-	-	-	(10,510,144)	(10,510,144)
Total comprehensive loss for the year, net of tax	-	-	(28,654,355)	(10,510,144)	(39,164,499)
At June 30, 2012	**105,600,000**	**24,631,914**	**108,009,088**	**1,368,250,959**	**1,606,491,961**

The notes on pages 27 to 58 form an integral part of these financial statements.

Statements of Cash Flows

year ended June 30, 2012

	Notes	THE GROUP 2012	THE GROUP 2011	THE COMPANY 2012	THE COMPANY 2011
		Rs.	Rs.	Rs.	Rs.
Operating activities					
Loss before tax		(10,037,529)	(9,919,625)	(10,510,144)	(10,189,424)
Adjustments for:					
- Depreciation of property, plant and equipment	4	380,993	382,424	380,993	382,424
- Profit on disposal of property, plant and equipment	18	(252,174)	(329,826)	(252,174)	(329,826)
- Employee benefit obligations	13	815,957	1,063,507	815,957	1,063,507
- Finance cost	19	15,230,859	12,454,599	15,230,859	12,454,599
- Profit on disposal of available-for-sale investments	17	(139,154)	(1,280,884)	(139,154)	(1,280,884)
		5,998,952	2,370,195	5,526,337	2,100,396
Working capital adjustments:					
- (Increase)/Decrease in trade and other receivables		(2,612,303)	5,183,194	(2,688,453)	5,349,409
- (Decrease)/Increase in Trade and other payables		2,230,352	(1,041,970)	2,800,289	469,164
		5,617,001	6,511,419	5,638,173	7,918,969
Income tax paid		(96,897)	(95,368)	-	-
Net cash flows from operating activities		5,520,104	6,416,051	5,638,173	7,918,969
Investing activities					
Proceeds from sale of available-for-sale investments		2,611,273	1,887,699	2,611,273	1,887,699
Acquisition of plant and equipment	4	(1,725,956)	(81,913)	(1,725,956)	(81,913)
Purchase of available-for-sale investments		(3,542,800)	-	(3,542,800)	-
Proceeds from disposal of plant and equipment		252,174	399,826	252,174	399,826
Net cash flows (used in)/from investing activities		(2,405,309)	2,205,612	(2,405,309)	2,205,612
Financing activities					
Loan repaid		(7,538,120)	(5,747,672)	(7,538,120)	(5,747,675)
Dividends paid	16	(21,765)	-	(21,765)	
Interest paid		(15,230,859)	(12,454,599)	(15,230,859)	(12,454,599)
Net cash used in financing activities		(22,790,744)	(18,202,271)	(22,790,744)	(18,202,274)
Decrease in cash and cash equivalents		(19,675,949)	(9,580,608)	(19,557,880)	(8,077,990)
At July 1,		(111,942,120)	(102,361,512)	(112,381,179)	(104,303,189)
At June 30,	9(b)	(131,618,069)	(111,942,120)	(131,939,059)	(112,381,179)

The notes on pages 27 to 58 form an integral part of these financial statements.

Notes to the Financial Statements

year ended June 30, 2012

1. CORPORATE INFORMATION

United Docks Ltd is a public company incorporated and domiciled in the Republic of Mauritius and its shares are listed on the Stock Exchange of Mauritius. Its registered office is situated at United Docks Building, Kwan Tee Street, Port Louis.

The Group's main activities consist of real estate holdings and development, management of investments and renting of warehouses and offices.

The Group's and Company's financial statements for the year ended June 30, 2012 have been authorised for issue by the Board of Directors on the date stamped on page 22.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis as modified by the revaluation of land and buildings, investment properties, available-for-sale and held for sale investments which are stated at their fair values as disclosed in the accounting policies hereafter. The financial statements are presented in Mauritian rupees ("Rs")

Statement of compliance

The financial statements of United Docks Ltd and its subsidiaries have been prepared in accordance with International Financial Reporting Standards (IFRSs), as issued by the International Accounting Standards Board (IASB), except for available-for-sale investment in Société Libra as stated in note 7 where the Directors have not been able to determine neither the fair value nor the cost less impairment amount of this investment due to non-availability of relevant financial information and have kept the carrying value of those investments at cost.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 June 2012.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interest
- Derecognises the cumulative translation differences, recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The accounting policies adopted are consistent with those used in the previous year except that the Group has adopted the following standards, amendments and interpretations,effective at 1 July 2011.

	Effective for accounting period beginning on or after
• IFRS 1 First-time Adoption of International Financial Reporting Standards (Amendment). Severe Hyperinflation and Removal of fixed Dates for first-time Adopters.	01-Jul-11
• IFRS 7 Financial Instruments: Disclosures (Amendment)	01-Jul 11
• IAS 24 Related Party Disclosures (Revised)	01-Jan-11
• IFRIC 14 Prepayments of a minimum funding Requirement (Amendment)	01- Jan 11
• Improvements to IFRS (May 2010)	01-Jan 11

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

IFRS 7 Financial Instruments: Disclosures (Amendment)

The amendment requires additional qualitative and quantitative disclosures relating to transfers of financial assets, where financial assets are derecognised in their entirety, and where the entity has a continuing involvement in them, where financial assets are not derecognised in their entirety. The amendments may be applied earlier than the effective date and this fact must be disclosed. Comparative disclosures are not required for any period beginning before the effective date. The amendment resulted in additional disclosure therefore did not impact the financial position or performance of the group.

Improvements to IFRSs

In May 2010, the IASB issued its third omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard.

The adoption of the following amendments resulted in changes to accounting policies, but no impact on the financial position or performance of the Group.

IFRS 3 *Business Combinations*: The measurement options available for non-controlling interest (NCI) were amended. Only components of NCI that constitute a present ownership interest that entitles their holder to a proportionate share of the entity's net assets in the event of liquidation should be measured at either fair value or at the present ownership instruments' proportionate share of the acquiree's identifiable net assets.

All other components are to be measured at their acquisition date fair value.

IAS 1 Presentation of Financial Statements: The amendment clarifies that an entity may present an analysis of each component of other comprehensive income maybe either in the statement of changes in equity or in the notes to the financial statements.

Other amendments resulting from Improvements to IFRSs to the following standards did not have any impact on the accounting policies, financial position or performance of the Group:

IFRS 3 Business Combinations (Contingent consideration arising from business combination prior to adoption of IFRS 3 (as revised in 2008))

IFRS 3 *Business Combinations* (Un-replaced and voluntarily replaced share-based payment awards)

IAS 27 *Consolidated and Separate Financial Statements*

Notes to the Financial Statements
year ended June 30, 2012

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (CONTINUED)

IAS 34 *Interim Financial Statements*

The following interpretation and amendments to interpretations did not have any impact on the accounting policies, financial position or performance of the Group:

- IFRIC 13 *Customer Loyalty Programmes* (determining the fair value of award credits)
- IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments*

Standards issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the Group's financial statements are listed below. The Group are in the process of assessing the impact of those standards.

	Effective for accounting period
• IFRS 7 Financial Instruments: Disclosures	January 01, 2013
• IFRS 9 Financial Instruments - Classification and measurement of financial assets, Accounting for financial liabilities and derecognition	January 01, 2015
• IFRS 10 Consolidated Financial Statements	January 01, 2013
• IFRS 11 Joint Arrangements	January 01, 2013
• IFRS 12 Disclosure of Interests in Other Entities	January 01, 2013
• IFRS 13 Fair Value Measurement	January 01, 2013
• IAS 1 Presentation of Items in Other Comprehensive Income - Amendments to IAS 1	July 01, 2012
• IAS 12 Income Taxes (Amendments) - Deferred Taxes: Recovery of Underlying Assets	January 01, 2012
• IAS 19 Employee Benefits (Revised)	January 01, 2013
• IAS 27 Separate Financial Statements (as revised in 2011)	January 01, 2013
• IAS 28 Investments in Associates and Joint Ventures (as revised in 2011)	January 01, 2013
• IAS 32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities	January 01, 2014
• IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine	January 01, 2013

Annual improvements to IFRS — the 2009 — 2011 cycle

The International Accounting Standards Board (the Board) has issued the Annual Improvements to IFRSs – 2009 – 2011 Cycle, which contains amendments to its standards and the related Basis for conclusions. The annual improvements project provides a mechanism for making necessary, but non-urgent, amendments to IFRS.

The following lists the six amendments to five standards. The effective date for the amendments is for annual periods beginning on or after 1 January 2013. Earlier application is permitted in all cases, provided that fact is disclosed.

- IFRS 1 First-time Adoption of International Financial Reporting Standards - Repeated application of IFRS 1
- IFRS 1 First-time Adoption of International Financial Reporting Standards - Borrowing costs
- IAS 1 Presentation of Financial Statements - Clarification of the requirements for comparative information
- IAS 16 Property, Plant and Equipment - Classification of servicing equipment
- IAS 32 Financial Instruments: Presentation - Tax effect of distributions to holders of equity instruments
- IAS 34 Interim Financial Reporting - Interim financial reporting and segment information for total assets and liabilities

The Group is still evaluating the effect of these new or revised standards and interpretations on the presentation of its financial statements. No early adoption of these standards and interpretations is intended by the Board of Directors.

Notes to the Financial Statements
year ended June 30, 2012

2.3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Going Concern

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

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. At June 30, 2012, the Group had Rs 14,213,244 worth of deferred tax assets which have not been recognised. The analysis of the temporary differences on which the deferred tax arises is shown in note 15.

Retirement benefit obligations

The cost of defined benefit pension plans and related provision, as disclosed in note 13 to the financial statements requires the use of actuarial valuations. The actuarial valuation involves the use of significant estimate in respect of discount rate, expected return on plan assets, future salary increases, mortality rate and future pension increases.

Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The net employee liability at June 30, 2012 is Rs 5,701,505(2011: Rs 4,885,548). Further details are set out in note 13.

Impairment of available-for-sale financial assets

The Group classifies assets as available-for-sale and recognizes movement in fair value in equity. When the fair value declines, management makes assumptions about the decline in value to determine whether it is an impairment that should be recognized in profit or loss. At June 30, 2012 no impairment losses have been recognized for available-for-sale financial assets (2011: Rs Nil). The carrying amount of available-for-sale financial assets was Rs 184,756,051 (2011: Rs 191,291,601) and Rs 49,758,145 (2011: Rs 56,293,365) for the Group and the Company respectively. Refer to Note 7.

2.3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Estimates and assumptions (continued)

Fair value of financial instruments

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Property, Plant and Equipment

Estimations of the useful lives and residual value of the assets

The depreciation charge calculation requires an estimation of the economic useful life of the property, plant and equipment of the Group analysed by component as well as their residual values.

The carrying amount of property, plant and equipment is disclosed in Note 4.

Valuation of property

The fair value of investment property is determined by independent real estate valuation experts using recognised valuation techniques. In some cases, the fair values are determined based on recent real estate transactions with similar characteristics and location to those of the Group assets.

The determination of the fair value of investment property requires the use of estimates such as future cash flows from assets (such as lettings, tenants' profiles, future revenue streams, capital values of fixtures and fittings, plant and machinery, any environmental matters and the overall repair and condition of the property) and discount rates applicable to those assets. In addition, development risks (such as construction and letting risks) are also taken into consideration when determining the fair value of investment properties under construction. Future revenue streams, inter alia, comprise contracted rent (passing rent) and estimated rental income (ERV) after the contract period. In estimating ERV, the potential impact of future lease incentives to be granted to secure new contracts is taken into consideration. All these estimates are based on local market conditions existing at the reporting date. Refer to Note 5.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Property, plant and equipment

Property, plant and equipment are recorded at cost net of accumulated depreciation and / or accumulated impairment losses, if any. Such costs include the cost of replacing part of the property, plant and equipment and all other repairs and maintenance are recognised in profit or loss as incurred. Land and buildings are subsequently shown at fair value, less subsequent accumulated depreciation and impairment for property. All other property, plant and equipment are stated at historical cost less accumulated depreciation and impairment.

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

The carrying values of property, plant and equipment are reviewed for impairment at each reporting date or when events or changes in circumstances indicate that the carrying value may not be recoverable.

Notes to the Financial Statements
year ended June 30, 2012

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Property, plant and equipment (continued)

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

Depreciation is calculated on the straight line method to write off the cost of each asset, or the revalued amounts, to their residual values over their estimated useful lives. The useful life, residual value and method of depreciation of an item of property, plant and equipment is reviewed at each financial year end and adjusted prospectively if appropriate. The annual rates of depreciation are as follows:

Buildings	-	1 %
Improvement to buildings	-	1% - 10%
Furniture and office equipment	-	7.5% - 20%
Motor vehicles	-	20%

(b) Investment properties

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the cost of day to day servicing of an investment property. Transaction costs include transfer taxes, professional fees for legal services and fees to bring the property to the condition necessary for it to be capable of operating. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in fair value of investment properties are included in profit or loss in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

No assets held under operating lease have been classified as investment property.

(c) Investments in subsidiaries

Financial statements of the Company

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

Consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Company and enterprises controlled by the Company (its subsidiaries) made up to June 30, each year. Control is achieved where the Group has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Investments in subsidiaries (continued)

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensiveincome from the effective date of their acquisition or up to the date of control is obtained to the effective date of their disposal or the date control is lost.

(d) Financial assets

Initial recognition and measurement

Financial assets in scope of IAS 39 are classified as either financial assets at fair value through profit and loss, loans and receivables or available-for-sale investments as appropriate. The Group determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The Group's financial assets include cash and cash equivalents, trade and other receivables, quoted and unquoted financial instruments.

Subsequent measurement

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

Available-for-sale financial assets

Available-for-sale financial investments include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial recognition available-for sale financial assets are measured at fair value with unrealised gains or losses being recognised as other comprehensive income in the available for sale reserve until the investment is derecognised or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in other comprehensive income is recycled to profit or loss.

The Group evaluates whether the ability and intention to sell its available for sale financial assets in the near term is still appropriate. When the Group is unable to trade these financial assets due to inactive markets and management's intention to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets. Reclassification to loans and receivables is permitted when the financial asset meets the definition of loans and receivables and has the intent and ability to hold these assets for the foreseeable future or until maturity. The reclassification to held-to-maturity is permitted only when the entity has the ability and intention to hold the financial assets accordingly.

For assets reclassified out of the available-for-sale category the fair value carrying amount at the date of reclassification become its new amortized cost and any previous gain or loss on that asset that has been recognized in equity is amortized to profit or loss over the remaining life of the investment using the effective interest rate method. Any difference between the new amortized cost and the maturity amount is also amortized over the remaining life of the asset using effective interest rate method. If the asset is subsequently determined to be impaired, then the amount recorded in other comprehensive income is reclassified to profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Financial assets (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method (EIR), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

The EIR amortisation is included in finance income in profit or loss. The losses arising from impairment are recognised in profit or loss in finance costs.

Trade and other receivables

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

Cash and cash equivalents

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

For the purpose of the consolidated statements of cash flows, cash and cash equivalents consist of cash and short term deposits as defined above, net of outstanding bank overdrafts.

(e) Financial liabilities

Initial recognition

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

Financial liabilities are recognized initially at fair value and in case of loans and borrowings, directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, dividend payable, bank overdraft and loans and borrowings.

Subsequent measurement

The measurement of financial liabilities depends on their classification as described below:

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Financial liabilities (continued)

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process. Amortised cost is calculated taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance cost in profit or loss.

(f) Derecognition of financial assets and liabilities

Financial assets

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

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognised an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(g) Impairment of financial assets

The Group assesses, at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Available-for-sale financial assets

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Impairment of financial assets (continued)

'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of comprehensive income – is removed from other comprehensive income and recognised in profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss.

Financial asset at amortised cost

For financial assets amortised at cost, the Group first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment for impairment.

(h) Offsetting of financial instruments

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

(i) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Impairment of non-financial assets (continued)

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

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of comprehensive income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(j) Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. The condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a complete sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of the assets' previous carrying amount and the fair value less costs to sell. Depreciation ceases to be charged on an asset recognised as held for sale as from the date of recognition thereof.

(k) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(l) Employee benefit liabilities

Defined benefits schemes

The Group operates a defined benefit plan for some of its employees. The cost of providing benefits is determined using the projected unit credit method, so as to spread the regular cost over the service lives of employees in accordance with the advice of (qualified) actuaries who carry out a full valuation of plans every year.

Actuarial gains and losses arising from experience adjustments, changes in actuarial assumptions and amendments to pension plans are amortised over the average remaining service lives of the related employees. Past service costs are recognised as an expense on a straight line basis over the average period until the benefits become vested.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Employee benefit liabilities (continued)

To the extent that the benefits are already vested immediately following the introduction of, or changes to, the defined benefit plan, past service costs are recognised immediately. Actuarial gains and losses for the benefit plan are recognised in full in the period in which they occur in other comprehensive income. Such actuarial gains and issues are also immediately recognised in retained earnings and are not reclassified to profit or loss in subsequent periods.

The amount recognised in the statements of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost and reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to unrecognised actuarial losses and past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

Defined contribution plans

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

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

Retirement Gratuity

For employees who are not covered by the above pension plans, the net present value of Retirement Gratuity payable under the Employment Rights Act 2008 is calculated by the directors and provided for. The obligations arising under this item are not funded. A liability is recognized in Note 13.

(m) Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date. Current income tax relating to items recognised directly in equity is recognised in equity and not in profit and loss: management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and it establishes provisions where appropriate.

Deferred income tax

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

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

- where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit, nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled by the parent, venturer or investor respectively, and it is probable that the temporary differences will not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Taxes (continued)

Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised. The amount of deferred tax provided is based in the expected manner of realisation or settlement of the carrying amount of assets and liabilities.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss.

Value added tax

Revenues, expenses and assets are recognised net of the amount of value added tax except:

- where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of value added tax included.

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Corporate Social Responsibility

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

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

(n) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use.

All other borrowing costs are recognised as an expense when incurred.

(o) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific criteria must also be met:

- Rental Income
  The Group revenue reflects the invoiced values excluding VAT derived from rental of warehouses and invoices are issued every month in arrears.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Revenue recognition (continued)

- Dividend from investment
  Dividend income is recognised when the Group's right to receive payment is established.

- Interest income
  Interest is recognised as it accrues (taking into account the effective yield on the asset) unless collectibility is in doubt.

4. PROPERTY, PLANT AND EQUIPMENT

(a)

THE GROUP	Improvement to buildings	Furniture and office equipment	Motor Vehicles Owned	Motor Vehicles Leased	Total
COST	Rs.	Rs.	Rs.	Rs.	Rs.
At July 1, 2010	229,426	9,816,895	1,760,427	2,616,681	14,423,429
Additions	-	81,913	-	-	81,913
Transfer	-	-	2,616,681	(2,616,681)	-
Disposals	-	(362,000)	(1,119,194)	-	(1,481,194)
At June 30, 2011	229,426	9,536,808	3,257,914	-	13,024,148
At July 1, 2011	229,426	9,536,808	3,257,914	-	13,024,148
Additions	-	37,111	1,688,845	-	1,725,956
Strapped	-	-	(1,217,509)	-	(1,217,509)
Disposals	-	-	(1,497,487)	-	(1,497,487)
At June 30, 2012	229,426	9,573,919	2,231,763	-	12,035,108
DEPRECIATION					
At July 1, 2010	229,426	9,194,758	1,749,863	2,616,678	13,790,725
Charge for the year		371,857	10,567	-	382,424
Transfer	-	-	2,616,678	(2,616,678)	-
Disposals	-	(292,000)	(1,119,194)	-	(1,411,194)
At June 30, 2011	229,426	9,274,615	3,257,914	-	12,761,955
At July 1, 2011	229,426	9,274,615	3,257,914	-	12,761,955
Charge for the year	-	155,814	225,179	-	380,993
Disposals	-	-	(1,497,487)	-	(1,497,487)
Scrapped	-		(1,217,509)	-	(1,217,509)
At June 30, 2012	229,426	9,430,429	768,097	-	10,427,952
NET BOOK VALUE					
At June 30, 2012	-	143,490	1,463,666	-	1,607,156
At June 30, 2011	-	262,193	-	-	262,193

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(b)

THE COMPANY	Furniture and office equipment	Motor Vehicles Owned	Motor Vehicles Leased	Total
COST	Rs.	Rs.	Rs.	Rs.
At 1 July, 2010	9,765,895	1,760,427	2,616,681	14,143,003
Additions	81,913		-	81,913
Disposal	(362,000)	(1,119,194)	-	(1,481,194)
Transfer	-	2,616,681	(2,616,681)	-
At June 30, 2011	9,485,808	3,257,914	-	12,743,722
At July 1, 2011	9,485,808	3,257,914	-	12,743,722
Additions	37,111	1,688,845	-	1,725,956
Scrapped	-	(1,217,509)	-	(1,217,509)
Disposal	-	(1,497,487)	-	(1,497,487)
At June 30, 2012	9,522,919	2,231,763	-	11,754,682
DEPRECIATION				
At July 1, 2010	9,143,758	1,749,863	2,616,678	13,510,299
Charge for the year	371,857	10,567		382,424
Disposals	(292,000)	(1,119,194)	-	(1,411,194)
Transfer	-	2,616,678	(2,616,678)	-
At June 30, 2011	9,223,615	3,257,914	-	12,481,529
At July 1, 2011	9,223,615	3,257,914	-	12,481,529
Charge for the year	155,814	225,179	-	380,993
Scrapped	-	(1,217,509)	-	(1,217,509)
Disposal	-	(1,497,487)	-	(1,497,487)
At June 30, 2012	9,379,429	768,097	-	10,147,526
NET BOOK VALUE				
At June 30, 2012	143,490	1,463,666	-	1,607,156
At June 30, 2011	262,193	-	-	262,193

5. INVESTMENT PROPERTIES

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	Rs.	Rs.	Rs.	Rs.
At June 30,	1,783,697,000	1,783,697,000	743,886,000	743,886,000

(a) Investment properties which consist of freehold land and buildings were revalued on 30 June 2012 by Noor Dilmohamed & Associates, Chartered Practising Valuer. The latest valuation amounted to Rs. 2,093,299,250 on a vacant possession basis, and to Rs. 1,652,158,250 on the current use basis. Given that the existing carrying value is within the range of values obtained from the above basis of valuation, the Directors have decided to maintain the Investment Properties at their existing carrying value as this value reflects current market conditions.

5. INVESTMENT PROPERTIES (CONTINUED)

Rental income from investment properties amounted to Rs. 21,224,288 (2011: Rs. 19,146,773) for the Group, and Rs. 20,439,612 (2011: Rs. 18,570,785) for the Company. Direct operating expenses arising on the investment properties during the year amounted to Rs. 10,793,068 (2011: Rs. 11,995,103) for the Group, and Rs. 10,704,484 (2011: Rs. 12,008,392) for the Company.

Bank overdrafts are secured by floating charges on the assets of the Group including investment properties (note 12).

(b) Included in investment properties owned by the Company are land and buildings amounting to Rs 720m located at Trou Fanfaron. The properties are situated within the vicinity of the Aapravasi Ghat (AG) which is part of the UNESCO World Heritage since July 12, 2006. In order to satisfy the conditions imposed by UNESCO, the authorities have declared buffer zones around the AG site and issued new planning policy guidelines (PPG) in the buffer zones. Such guidelines may affect the development potential of the said immovable properties, thus causing financial hardships and prejudice to the Company. The Company has lodged a provisional claim of Rs 1.18bn against the Ministry of Housing and Land and the Municipal Council of Port Louis authorities for compensation for any future potential earnings. As at 30 June 2012, the Directors believe that the value of the two properties fairly reflects its value.

6. INVESTMENT IN SUBSIDIARIES

THE COMPANY	2012	2011
Unquoted	Rs.	Rs.
At June 30,	149,890	149,890

(a) The Company's subsidiaries are as follows:

Name of subsidiaries	Type	Main business	Issued capital	Nominal value of investment	% Holding 2012 & 2011
			Rs.	Rs.	%
Fanfaron Advertising Limited	Direct	Advertising	100,000	99,900	99.9%
United Docks (Overseas Investments) Limited	Indirect	Investment holding	24,990	24,990	100.0%
The Group Thirty One (International) Ltd	Direct	Risk management services	2,000,000	1,400,000	70.0%
United Properties Ltd	Direct	Property development	25,000	25,000	100%
Uptown Development Co Ltd	Indirect	Property development	25,000	15,000	60%
UDL Investments Ltd	Direct	Investment holding	25,000	25,000	100%
			2,200,000	1,589,900	

(b) The Company holds only ordinary shares in its subsidiaries, all of which are incorporated in the Republic of Mauritius. They all operate in the Republic of Mauritius and their accounting year end is June 30.

(c) Investment in The Group Thirty One (International) Ltd has been fully impaired in the year 2009.

(d) During the year, United Properties Ltd acquired 15,000 ordinary shares of Rs. 1 each in Uptown Development Co Ltd. No goodwill has been recognised on the acquisition.

Notes to the Financial Statements
year ended June 30, 2012

7. AVAILABLE-FOR-SALE INVESTMENTS

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	Rs.	Rs.	Rs.	Rs.
At July 1,	191,291,601	188,532,823	56,293,695	53,534,917
Additions	3,542,800	3,600	3,542,800	3,600
Disposals	(2,472,119)	(1,826,577)	(2,472,119)	(1,826,577)
(Loss)/ gain in fair value	(7,606,231)	4,581,755	(7,606,231)	4,581,755
At June 30,	184,756,051	191,291,601	49,758,145	56,293,695

Available-for-sale financial assets include the following:

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
Shares:	Rs.	Rs.	Rs.	Rs.
Listed on the SEM & DEM	43,173,527	47,236,958	43,173,527	47,236,958
Unquoted	141,582,524	144,054,643	6,584,618	9,056,737
	184,756,051	191,291,601	49,758,145	56,293,695
Analysed as:				
Investment in Société Libra	134,997,906	134,997,906	-	-
Other investments	49,758,145	56,293,695	49,758,145	56,293,695
	184,756,051	191,291,601	49,758,145	56,293,695

(a) The fair value of shares quoted on the SEM and the DEM are based on the prices prevailing at the reporting date.

(b) The Company owns 99,503 shares in Axys Group Ltd with a carrying value of Rs 23,932,462 kept at cost prior to the June 14, 2010. On that date, the Company was offered 11,693,402 shares in United Investment Limited (UIL) at Rs 7.24 per share in exchange of the 99,503 shares in Axys Group Ltd. The Directors have signified their acceptance to UIL's offer. Accordingly the investment has been reclassified as asset held for sale at June 30,2010 (See note 10).

(c) There is a legal dispute with respect to the shareholding of the UDL Group in Société Libra. The dispute relates to the entitlement of the Group to maintain its shareholding in Société Libra and also to the Group's right and ability to appoint representatives on the administrative organs of the entity. As the Group is currently unable to exercise its rights as shareholders (significant influence) over Société Libra, the Directors consider that it would not be appropriate to classify the shares as investment in associate. However, in the light of legal advice received, the Directors believe that they will be able to reinstate the rights of the Group (recover significant influence). Accordingly, the investment has been reclassified from investment in associate to available-for-sale investment on June 30 2007, this, until the final conclusion of the legal dispute. Since the dispute was initiated, the Group was prevented from having access to any financial information in respect of Société Libra. As a result, in relation to the investment in Société Libra, the Directors have not been able to determine neither the fair value of the investment nor the cost less impairment amount.

Through its investment in Société Libra the Group holds an effective interest of 13.41% in Harel Mallac Ltd, a listed company. The directors are of the opinion that the fair value is significantly higher than its carrying value (Rs.134,997,906), which is also its initial cost. The Directors wish to highlight that on June 26, 2006, the date of acquisition of the shares in Société Libra, the cost of acquisition carried a premium of 40% over the relevant share of market capitalisation of Harel Mallac Ltd and represented a discount of 18% over the relevant share of net assets as at that date. At June 30, 2012, the share of market capitalisation exceeded the cost of acquisition by 36% and was at a 56% discount over the share of net assets.

(d) The Company owns 20% of the issued share capital of Cathedral Development Limited. The investment is classified as available-for-sale as the Directors consider that they do not have significant influence since the Company does not have its representatives on the Board of Directors of the investee company.

7. AVAILABLE-FOR-SALE INVESTMENTS (CONTINUED)

(e) Unquoted shares that do not have quoted market price in an active market and whose fair values cannot be reliably measured, are measured at cost less impairment.

(f) The following table shows financial instruments recognised at fair value for the Group and the Company, analysed between those whose fair value is based on:

- Level 1: quoted prices in active markets for identical assets or liabilities
- Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	Rs.	Rs.	Rs.	Rs.
Assets measured at fair value				
Level 1				
Equities quoted on SEM & DEM	43,173,527	47,236,958	43,173,527	47,236,958

Unquoted equities have not been included in the above table since their carrying value have been kept at cost.

8. TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	Rs.	Rs.	Rs.	Rs.
Trade receivables	4,116,069	1,933,793	3,872,511	1,796,229
Receivable from subsidiaries	-	-	871,014,544	870,776,559
Other debtors and prepayments	11,270,699	10,830,672	11,176,745	10,802,559
Deposit on shares	209,534	209,534	209,534	209,534
	15,596,302	12,973,999	886,273,334	883,584,881

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

(b) The provision for impairment on trade and other receivables for the Group and the Company is Rs 1,500,626 (2011: Rs 1,370,526). The trade receivables are individually impaired.

	THE GROUP AND THE COMPANY	
	2012	2011
	Rs.	Rs.
At July 1,	1,370,526	4,010,186
Charged for the year	138,000	1,132,750
Utilised during the year	(7,900)	(3,772,410)
At June 30,	1,500,626	1,370,526

(c) Trade receivables are non-interest bearing and are generally on 30 days terms.

(d) For terms and conditions relating to related party receivables, refer to note 23.

8. TRADE AND OTHER RECEIVABLES (CONTINUED)

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

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	Rs.	Rs.	Rs.	Rs.
Neither past due nor impaired	-	-	-	-
Past due but not impaired:				
- Less than 30 days	1,490,329	1,381,861	1,490,329	1,244,297
- 30 to 90 days	1,309,985	324,033	1,140,501	324,033
- Greater than 90 days	1,315,755	227,899	1,241,681	227,899
	4,116,069	1,933,793	3,872,511	1,796,229

9. CASH AND CASH EQUIVALENTS

(a)

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	Rs.	Rs.	Rs.	Rs.
Cash at bank and on hand				
Petty cash	12,131	12,657	12,131	12,657
Cash at bank	350,566	469,218	29,576	30,159
	362,697	481,875	41,707	42,816

(b) For the purpose of statements of cash flows, cash and cash equivalents comprise of the following:

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	Rs.	Rs.	Rs.	Rs.
Cash at bank and on hand	362,697	481,875	41,707	42,816
Bank overdrafts (note 12)	(131,980,766)	(112,423,995)	(131,980,766)	(112,423,995)
	(131,618,069)	(111,942,120)	(131,939,059)	(112,381,179)

10. ASSETS CLASSIFIED AS HELD FOR SALE

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	Rs.	Rs.	Rs.	Rs.
At July 01,	132,135,443	84,660,230	132,135,443	84,660,230
(Loss)/gain in fair value	(21,048,124)	47,475,213	(21,048,124)	47,475,213
At June 30,	111,087,319	132,135,443	111,087,319	132,135,443

On June 30, 2010, the Board of Directors accepted the offer of exchange for shares in Axys Group Ltd for shares in UIL. Consequently, the investments in Axys Group Ltd was reclassified from available-for-sale investment to asset classified as held for sale at June 30, 2010. However, due to the existing legal dispute over the shares in Axys Group Ltd concerning the entitlement of the Company to maintain its shareholding in Axys Group Ltd and the Company's right and ability to appoint representatives on the administrative organs of Axys Group Ltd, the transfer could not be finalised. At June 30, 2012, the directors are still confident that there will be a positive outcome in respect of the transfer and have therefore valued the holding in Axys Group Ltd based on the quoted share price of UIL at June 30, 2012. The Company is awaiting judgement from the court.In the event of an adverse findings against the Company, which the Directors consider to be remote, the latter would be entitled to be paid the fair value of the shares in Axys Group Ltd as at December 2006, which may be different from the value at which it is currently recorded.

11. ISSUED CAPITAL AND RESERVES

(a) Issued capital

THE GROUP AND THE COMPANY	
	2012 & 2011
Authorised	Rs.
15,000,000 Ordinary shares of Rs. 10 each	150,000,000
Issued and fully paid	
10,560,000 Ordinary shares of Rs. 10 each	105,600,000

(b) Reserves

(i) *Share premium*
This represents the premium arising upon the issue of ordinary shares

(ii) *Fair value reserves*
This reserve records fair value changes on available-for-sale financial assets. There is no tax implication on the fair value movements of the reserves.

12. INTEREST-BEARING LOANS AND BORROWINGS

	THE GROUP AND THE COMPANY	
	2012	2011
	Rs.	Rs.
Non current		
Bank loan (note (a))	27,504,708	36,099,769
Current		
Bank overdraft (note (b))	131,980,766	112,423,995
Bank loan (note (a))	10,610,049	9,553,107
	142,590,815	121,977,102
TOTAL	170,095,523	158,076,871

(a) Bank loan can be analysed as follows:-

	THE GROUP AND THE COMPANY	
	2012	2011
	Rs.	Rs.
Within one year	10,610,049	9,553,107
After one year and before two years	9,296,922	8,492,891
After two years and before five years	18,207,786	27,606,878
	38,114,757	45,652,876

Bank borrowings are secured by fixed and floating charges over the assets of the Group.

The effective interest rate on the bank loan is PLR + 0.75% (2011: PLR + 0.75%) and it will mature in March 2016.

(b) The bank overdraft is secured by floating charges on the assets of the Company. The rate of interest on the bank overdraft has been at PLR + 0.75%.

13. EMPLOYEE BENEFIT OBLIGATIONS

(i) The Group has a defined benefit scheme. The fund has been registered as an association and is under the aegis of the Superannuation Act 1954.

	THE GROUP AND THE COMPANY	
	2012	2011
Amounts recognised in the statement of financial position:	Rs.	Rs.
Pension benefits (note (ii))	5,701,505	4,885,548
Amounts recognised in the statement of comprehensive income:		
Pension benefits (note (iv))	1,003,557	1,297,283

(ii) The amounts recognised in the statement of financial position in respect of the funded and unfunded obligations are as follows:

	THE GROUP AND THE COMPANY	
	2012	2011
	Rs.	Rs.
Present value of funded obligations (note (vi))	30,862,601	45,068,155
Fair value of plan assets (note (v))	(42,241,589)	(41,035,909)
	(11,378,988)	4,032,246
Present value of unfunded obligations (note (vi)	2,048,108	1,719,032
Unrecognised actuarial (loss)/gain	15,032,385	(865,730)
Liability in the statement of financial position	5,701,505	4,885,548

(iii) The movement in the liability recognised in the statement of financial position:

	THE GROUP AND THE COMPANY	
	2012	2011
	Rs.	Rs.
At July 1,	4,885,548	3,822,041
Total expenses (note (iv))	1,003,557	1,297,283
Contributions paid by the employer	(187,600)	(233,776)
At June 30,	5,701,505	4,885,548

(iv) The amounts recognised in the statement of comprehensive income are as follows:

	THE GROUP AND THE COMPANY	
	2012	2011
	Rs.	Rs.
Current service cost	291,893	298,263
Interest cost	4,441,950	3,913,116
Fund expenses & life Insurance	232,098	375,249
Expected return on plan assets	(3,878,388)	(3,217,295)
Employee contributions	(49,369)	(61,520)
Actuarial gain recognised	(34,627)	(10,530)
Total included in employee benefit expense	1,003,557	1,297,283

Notes to the Financial Statements
year ended June 30, 2012

13. EMPLOYEE BENEFIT OBLIGATIONS (CONTINUED)

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

	THE GROUP AND THE COMPANY	
	2012	2011
	Rs.	Rs.
At July 1,	41,035,909	41,882,944
Expected return on plan assets	3,878,388	3,217,295
Contribution to plan assets	236,969	295,296
Benefits paid out	(4,850,936)	(3,694,302)
Fund expenses & life Insurance	(232,098)	(375,249)
Actuarial gain/ (loss) on plan assets	2,173,357	(290,125)
At June 30,	42,241,589	41,035,859
Actual return on plan assets	6,051,745	2,927,170

(vi) Changes in present value of defined benefit obligations are as follows:

	THE GROUP AND THE COMPANY	
	2012	2011
At July 1,	Rs.	Rs.
Present value of funded obligations	45,068,155	48,896,100
Present value of unfunded obligations	1,719,032	1,540,598
	46,787,187	50,436,698
Current service cost	291,893	298,263
Interest cost	4,441,950	3,913,116
Benefits paid	(4,850,936)	(3,694,302)
Actuarial gain on obligations	(13,759,385)	(4,166,588)
	(13,876,478)	(3,649,511)
At June 30,	32,910,709	46,787,187

	THE GROUP AND THE COMPANY	
	2012	2011
Analysed as:	Rs.	Rs.
- Present value of funded obligations	30,862,601	45,068,155
- Present value of unfunded obligations	2,048,108	1,719,032
	32,910,709	46,787,187

(vii) The assets in the plan are made up as follows:

	THE GROUP AND THE COMPANY	
	2012	2011
	%	%
Local equities	49%	41%
Properties	23%	24%
Loan	18%	23%
Others	10%	12%

13. EMPLOYEE BENEFIT OBLIGATIONS (CONTINUED)

(viii) The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the reporting date. Expected returns on equity and property investments reflect long-term real rates of return experienced in the respective markets.

(ix) Expected contributions to post-employment benefit plans for the year ending June 30, 2012 are Rs. 187,601 (2011: Rs 233,776) for the Group and the Company.

(x) Amounts for the current and previous year are as follows:

	THE GROUP AND THE COMPANY				
	2012	2011	2010	2009	2008
	Rs.	Rs.	Rs.	Rs.	
Fair value of plan assets	42,241,589	41,035,909	41,882,994	44,222,156	46,611,592
Present value of defined benefit obligations	(30,862,601)	(45,068,155)	(48,896,100)	49,942,674)	(14,505,286)
Surplus/ (deficit)	11,378,988	(4,032,246)	(7,013,106)	(5,720,518)	32,106,306
Experience adjustments on plan liabilities	2,098,156	1,037,695	1,332,627	(1,783,574)	10,816,678
Experience adjustments on plan assets	2,173,357	(290,125)	(1,077,063)	(4,981,947)	(10,764,745)

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

	THE GROUP AND THE COMPANY	
	2012	2011
	%	%
Discount rate	9.0%	10.0%
Expected return on plan assets	9.0%	10.0%
Future salary increases	7.5%	8.5%
Future pension increases	0.00%	5.00%

(xii) A one percentage point change in the assumed discount rate would have the following effects:

	THE GROUP AND THE COMPANY	
	2012	2011
	Rs	Rs
Increase		
Effect on the defined benefit obligations	(2,473,016)	NA
Effect of current service cost	(39,238)	NA
Decrease		
Effect on the defined benefit obligations	2,894,238	NA
Effect of current service cost	48,215	NA

NA: Not available

14. TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	Rs.	Rs.	Rs.	Rs.
Trade payables	3,400,494	2,028,868	3,400,494	2,016,648
Accruals and other payables	5,606,438	4,747,711	3,919,904	3,101,411
Payable to related companies	-	-	2,164,767	1,566,817
	9,006,932	6,776,579	9,485,165	6,684,876

Term and conditions of the above financial liabilities:
- Trade payables are non-interest bearing and are normally settled on 30-day terms.
- Other payables are non-interest bearing and have an average term of six months.
- For terms and conditions relating to related parties, refer to Note 23.

15. TAXES

(a) Deferred income tax

Deferred income tax is calculated on all temporary differences under the liability method at 15% (2011: 15%). The Group and the Company have the following temporary differences which result in a net deferred tax asset. However, none of these have been recognised in the financial statements as the probability that tax profits will be available to offset the tax losses is very remote.

Deferred tax arises on the following temporary differences:

	THE GROUP		
	2012	2011	Movement
	Rs.	Rs.	Rs.
Accelerated depreciation	(605,326)	(710,475)	105,409
Tax losses	(12,752,692)	(17,004,872)	4,252,180
Employee benefit obligations	(855,226)	(729,739)	(125,487)
Total unrecognised deferred tax	(14,213,244)	(18,445,086)	4,231,842

	THE COMPANY		
	2012	2011	Movement
	Rs.	Rs.	Rs.
Accelerated depreciation	(605,326)	(673,987)	68,661
Tax losses	(11,109,444)	(15,273,395)	4,163,951
Employee benefit obligations	(855,226)	(570,213)	(285,013)
Total unrecognised deferred tax	(12,569,995)	(16,517,595)	3,947,600

(b) Income tax expense

	THE GROUP	
	2012	2011
	Rs.	Rs.
Current tax on the adjusted profit for the year at 15% (2011: 15%)	109,791	71,485
Corporate social responsibility tax	17,136	-
Overprovision of previous year income tax	(9,002)	-
	117,925	71,485

Notes to the Financial Statements
year ended June 30, 2012

15. TAXES (CONTINUED)

(b) Income tax expense (continued)

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

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	Rs.	Rs.	Rs.	Rs.
Loss before tax	(10,037,529)	(9,919,625)	(10,510,144)	(10,189,424)
Tax calculated at a rate of 15%	(1,505,629)	(1,487,944)	(1,576,522)	(1,528,414)
Income not subject to tax	(173,671)	(114,878)	(173,671)	(114,878)
Expenses not deductible for tax purposes	365,306	228,112	357,099	57,364
Corporate social responsibility tax	17,136	-	-	-
Under provision of previous year tax	(9,002)	-	-	-
Deferred tax assets not utilised	1,423,785	1,446,195	1,393,094	1,585,928
	117,925	71,485	-	-

16. DIVIDEND PAYABLE

	THE GROUP AND THE COMPANY	
	2012	2011
	Rs.	Rs.
At July 1,	1,051,163	1,051,163
Paid during the year	(21,766)	-
At June 30,	1,029,397	1,051,163

17. OTHER INCOME

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	Rs.	Rs.	Rs.	Rs.
Profit on disposal of available-for-sale investments	139,154	1,280,884	139,154	1,280,884
Profit on disposal of property, plant and equipment	252,174	329,826	252,174	329,826
Sundry income	136,337	105,450	78,261	105,450
	527,665	1,716,160	469,589	1,716,160

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18. OPERATING PROFIT

(a) Operating profit is arrived at:

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
After crediting:	Rs.	Rs.	Rs.	Rs.
Profit on disposal of property, plant and equipment	252,174	329,826	252,174	329,826
Profit on disposal of available-for-sale investments	139,154	1,280,884	139,154	1,280,884
and charging:				
Depreciation on property, plant and equipment	380,993	382,424	380,993	382,424
Employee benefit expense	8,661,287	8,591,839	8,661,287	8,591,839

(b) Employee benefit expense:

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	Rs.	Rs.	Rs.	Rs.
Wages and salaries	7,410,726	7,080,687	7,410,726	7,080,687
Pension costs	1,003,557	1,297,283	1,003,557	1,297,283
Social security costs	247,004	206,844	247,004	206,844
Severance allowance	-	7,025	-	7,025
	8,661,287	8,591,839	8,661,287	8,591,839

19. FINANCE COSTS

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
Interest expense	Rs.	Rs.	Rs.	Rs.
- bank overdraft	10,758,824	9,009,668	10,758,824	9,009,668
- finance lease	-	6,142	-	6,142
- bank loans	4,472,035	3,438,789	4,472,035	3,438,789
	15,230,859	12,454,599	15,230,859	12,454,599

20. EARNINGS PER SHARE

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	Rs.	Rs.	Rs.	Rs.
Loss after tax	(10,155,454)	(9,991,110)	(10,510,144)	(10,189,424)
Loss attributable to non controlling interest	(552)	(405)	-	-
	(10,156,006)	(9,991,515)	(10,510,144)	(10,189,424)
Number of ordinary shares in issue (note 11(a))	10,560,000	10,560,000	10,560,000	10,560,000
Earnings per share (Basic and diluted)	(0.96)	(0.95)	(1.00)	(0.96)

There are no diluted investments during the financial year ended June 30, 2012 (2011: Nil).

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise bank overdrafts, bank loans and trade and other payables. The main purpose of these financial liabilities is to raise finance for the Group's operations.

The Group has various financial assets, such as available-for-sale investments, trade and other receivables and cash in hand and at bank which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk, liquidity risk and equity price risk.

Market rate risk

Market risk is the risk that the fair value of future cashflows of a financial instrument will fluctuate because of changes in market prices.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank overdrafts and bank loan with floating interest rates. Interest rate risks are not hedged.

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

	THE GROUP AND THE COMPANY	
	Increase / decrease in interest rate (basis points)	Effect on profit/(loss) before tax
		Rs.
June 30, 2012	+100	1,700,956
June 30, 2011	+100	1,580,769

A decrease in interest rate by 100 basis points for MUR borrowings will have an equal and opposite impact of an increase in the interest rate as shown above.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group is not exposed to foreign exchange risk.

Credit risk

Credit risk is the risk that a counter party will not meet the obligations under a financial instrument or customer leading to a financial loss.

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all customers who trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Since the Group trades only wth recognised third parties, there is no requirement for collateral.

At year end, the Group did not consider there to be any significant concentration of credit risk which has not been adequately provided for. The maximum exposure in the carrying amount of debtors is disclosed in Note 8.

The Group only deposits cash surpluses with major banks of high quality credit standing.

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk

Management is responsible for liquidity and funding. The Group has minimised its liquidity risk by ensuring that it has adequate banking facilities and reserve borrowing capacity.

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

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

THE GROUP							
Financial Liabilities	On demand	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
June 30, 2012							
Interest bearing loans and borrowings	131,980,766	3,732,714	2,799,536	8,388,607	29,867,981	-	176,769,604
Trade and other payables	-	9,006,932	-	-	-	-	9,006,932
Dividend Payable	1,029,397	-	-	-	-	-	1,029,397
	133,010,163	12,739,646	2,799,536	8,388,607	29,867,981	-	186,805,933
June 30, 2011							
Interest bearing loans and borrowings	112,424,995	3,010,314	2,831,598	8,494,793	30,203,708	-	156,965,408
Trade and other payables	-	6,776,579	-	-	-		6,776,579
Dividend Payable	1,051,163	-	-	-	-	-	1,051,163
	113,476,158	9,786,893	2,831,598	8,494,793	30,203,708	-	164,793,150

THE COMPANY							
Financial Liabilities	On demand	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
June 30, 2012							
Interest bearing loans and borrowings	131,980,766	3,732,714	2,799,536	8,388,607	29,867,981	-	176,769,604
Trade and other payables	-	9,485,165	-	-	-	-	9,485,165
Dividend Payable	1,029,397	-	-	-	-	-	1,029,397
	133,010,163	13,217,879	2,799,536	8,388,607	29,867,981	-	187,284,166
June 30, 2011							
Interest bearing loans and borrowings	112,423,995	3,010,314	2,831,598	8,494,793	30,203,708	-	156,964,408
Trade and other payables	-	6,684,876	-	-	-		6,684,876
Dividend Payable	1,051,163	-	-	-	-	-	1,051,163
	113,475,158	9,695,190	2,831,598	8,494,793	30,203,708	-	164,700,447

Notes to the Financial Statements
year ended June 30, 2012

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Equity Price Risk

The Group's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. The Group's Board of Directors reviews and approves all equity investment decisions.

At reporting date, the Group's exposure to unlisted securities at fair value was Rs. 141,582,524 (2011: Rs 144,054,643) and the exposure to listed securities at fair value was Rs. 43,173,527 (2011: Rs. 47,236,958). A decrease in 10% in the SEMDEX would have an impact of approximately Rs. 4,317,353 (2011: Rs 4,723,696) depending on whether or not the decline is significant and prolonged.

(a) Capital risk management

The Group manages their capital to ensure that they are able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Group manages their capital structure and make adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. No changes were made in the objectives, policies or processes during the years ended June 30, 2012 and June 30, 2011.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus debt. The Group's strategy, which was unchanged from 2009, was to maintain the debt-to-adjusted capital ratio at the lower end, in order to secure access to finance at a reasonable cost. The Group include within net debt, interest-bearing loans and borrowings, less cash in hand and at bank. Total capital is calculated as ''equity'' as shown in the statement of financial position less net unrealised gains reserves. The gearing ratios at June 30, 2012 and June 30, 2011 were as follows:

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	Rs	Rs	Rs	Rs
Interest-bearing loans and borrowings	**170,095,523**	158,076,871	**170,095,523**	158,076,871
Cash at bank and on hand	**(362,697)**	(481,875)	**(41,707)**	(42,816)
Net debt	**169,732,826**	157,594,996	**170,053,816**	158,034,055
Equity	**1,911,216,990**	1,950,016,799	**1,606,491,961**	1,645,656,460
Net unrealised gains reserve	**(108,009,088)**	(136,663,443)	**(108,009,088)**	(136,663,443)
Total capital	**1,803,207,902**	1,813,353,356	**1,498,482,873**	1,508,993,017
Capital and net debt	**1,972,940,728**	1,970,948,352	**1,668,536,689**	1,667,027,072
Gearing ratio	**9%**	8%	**10%**	9%

Net unrealised gains reserve represents fair value changes on available-for-sale financial assets.

22. SEGMENT INFORMATION

The Group presents segmented information using business segments and also present geographical segments. This is based on the internal management and financial reporting systems and reflects the risks and earnings structure of the Group. Management monitors the operating results for its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

(a) Primary reporting format - business segments

(i) THE GROUP

The segment results of the Group are as follows:

June 30, 2012	Rental	Investment income	Finance income	Head office cost	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
Revenues	21,224,288	1,018,650	-	-	22,242,938
Depreciation	312,961	38,099	-	29,932	380,992
Segments results	10,431,220	(892,806)	(398,240)	(3,946,844)	5,193,330
Finance costs					(15,230,859)
Loss before tax					(10,037,529)
Income tax expense					(117,925)
Loss for the year					(10,155,454)

June 30, 2011	Rental	Investment income	Finance income	Head office cost	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
Revenues	19,146,773	423,122	1,415,496	-	20,985,391
Depreciation	314,829	33,798	-	33,798	382,425
Segments results	7,151,670	(612,394)	1,010,713	(5,015,015)	2,534,974
Finance costs					(12,454,599)
Loss before tax					(9,919,625)
Income tax expense					(71,485)
Loss for the year					(9,991,110)

22. SEGMENT INFORMATION (CONTINUED)

(a) Primary reporting format - business segments (Continued)

(i) THE GROUP (CONTINUED)

The segment assets and liabilities and capital expenditure of the Group are as follows:

June 30, 2012	Rental	Investment income	Finance income	Head office cost	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
Segment assets	7,075,628	2,087,655,196	-	2,375,701	2,097,106,525
Segment liabilities	9,515,150	170,672,880	-	5,701,505	185,889,535
Capital expenditure	-	-	-	1,725,956	1,725,956

June 30, 2011	Rental	Investment income	Finance income	Head office cost	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
Segment assets	4,266,967	2,114,774,130	32,670	1,768,344	2,120,842,111
Segment liabilities	7,125,624	158,738,762	-	4,960,926	170,825,312
Capital expenditure	81,913	-	-	-	81,913

Segment assets consist primarily of property, plant and equipment, investment properties, receivables, investments and cash and cash equivalents. Segment liabilities comprise operating liabilities . Capital expenditure comprises additions to property, plant and equipment. The main activity of the Group is that of holding of investment properties and the Directors consider the segmental reporting disclosure to be sufficient.

(b) Secondary reporting format - geographical segments

The group and the Company operate only in Mauritius.

23. RELATED PARTY TRANSACTIONS

	THE GROUP			
	Enterprises under common management		Directors and key management personnel	
	2012	2011	2012	2011
	Rs.	Rs.	Rs.	Rs.
Pension contribution	187,600	233,776	-	-
Compensation to key management personnel	-	-	3,549,167	3,410,144
Amount owed to	-	-	639,167	625,000

	THE COMPANY			
	Enterprises under common management		Directors and key management personnel	
	2012	2011	2012	2011
	Rs.	Rs.	Rs.	Rs.
Dividends receivable	44,995,200	44,995,200	-	-
Pension contribution	187,600	233,776	-	-
Compensation to key management personnel	-	-	3,549,167	3,410,144
Amount owed by	871,014,544	870,776,560	-	-
Amount owed to	2,164,767	1,566,817	639,167	625,000

KEY MANAGEMENT PERSONNEL COMPENSATION	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	Rs.	Rs.	Rs.	Rs.
Salaries and short-term employee benefits	3,549,167	3,410,144	3,549,167	3,410,144

(i) Key management personnel includes executive directors and top level management personnel. The compensation includes short-term employee benefits only.

(ii) Amount due to and receivable from group companies are unsecured and bears no interest. Settlement occurs in cash and there is no fixed repayment terms. There has been no impairment of amount due to and receivable from related parties.

(iii) The remaining transactions have been made on normal commercial terms and in the normal course of business.

24. EVENTS AFTER THE REPORTING DATE

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

UNITED DOCKS LTD

Proxy Form/Postal Vote Form

I/We, ...of..

being a member/members of the abovenamed Company, do hereby confirm that I/We shall not attend the Annual Meeting of the Company to be held on Friday 07 December 2012 at 10.00 a.m. and at any adjournment thereof.

1. Proxy Form (Option 1)

I hereby appoint...of..

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

or the Chairperson as my/our proxy to vote for me/us and on my/our behalf at the Annual Meeting of the Company to be held on Friday 07 December 2012 at 10.00 10.00 a.m. and at any adjournment thereof.

I/We direct my/our vote in the following manner:

2. Postal Vote (Option 2)

I/We direct my/our vote in the following manner: (By way of postal vote)

Ordinary Business:	FOR	AGAINST	ABSTAIN
1 To receive and adopt the annual report and financial statements of the Company and of the Group for the year ended 30 June 2012 and the report of the auditors thereon			
2 To re-elect Mr G. Jean Claude Baissac as director of the Company under Section138(6) of the Act			
3 To re-elect Mr Anwar Kathrada as director of the Company under Section 136(6) of the Act			
4 To re-elect the following persons as directors of the Company to hold office until the next Annual Meeting (as separate resolutions):			
4.1 Mr M. H. Dominique Galéa			
4.2 Mr J. Alexis Harel			
4.3 Mrs L. M. C. Michèle Lionnet			
4.4 Mr M. E. Cyril Mayer			
4.5 Mr K. H. Bernard Wong Ping Lun			
4.6 Mr Ismael I. Bahemia			
5 To note that Ernst & Young, having indicated their willingness to continue in office, will be automatically re-appointed as auditors and to authorise the directors to fix their remuneration			

Signed: ___________________________________ Date: ____________________

- If you wish to appoint a proxy (whether a member or not) to attend and vote in your stead, please tick the appropriate box how you wish to vote, sign and date in the space provided and return it to the Registered Office of the Company, Kwan Tee Street, Caudan, Port Louis on **Thursday 06 December 2012 at 10.00 a.m. at latest**. If no specific direction as to voting is given, the proxy will exercise his/her discretion as to how he/she votes.
- Proxy forms are available with the Manager at the Registered Office of the Company.
- If you wish to cast a postal vote, please tick the appropriate box how you wish to vote, sign and date in the space provided and return it to to MCB Registry and Securities Ltd, Raymond Lamusse Building, 9-11, Sir William Newton Street, Port Louis by **Wednesday 05 December 2012 at 10.00 a.m. at latest**.
- Postal vote forms are available with the Manager at the Registered Office of the Company.

UNITED DOCKS LTD

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Republic of Mauritius

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