MPA
Mauritius Ports Authority

ANNUAL REPORT 2016-17

DRIVEN BY PASSION AND PRIDE

MAURITIUS PORTS AUTHORITY | ANNUAL REPORT 2016-17

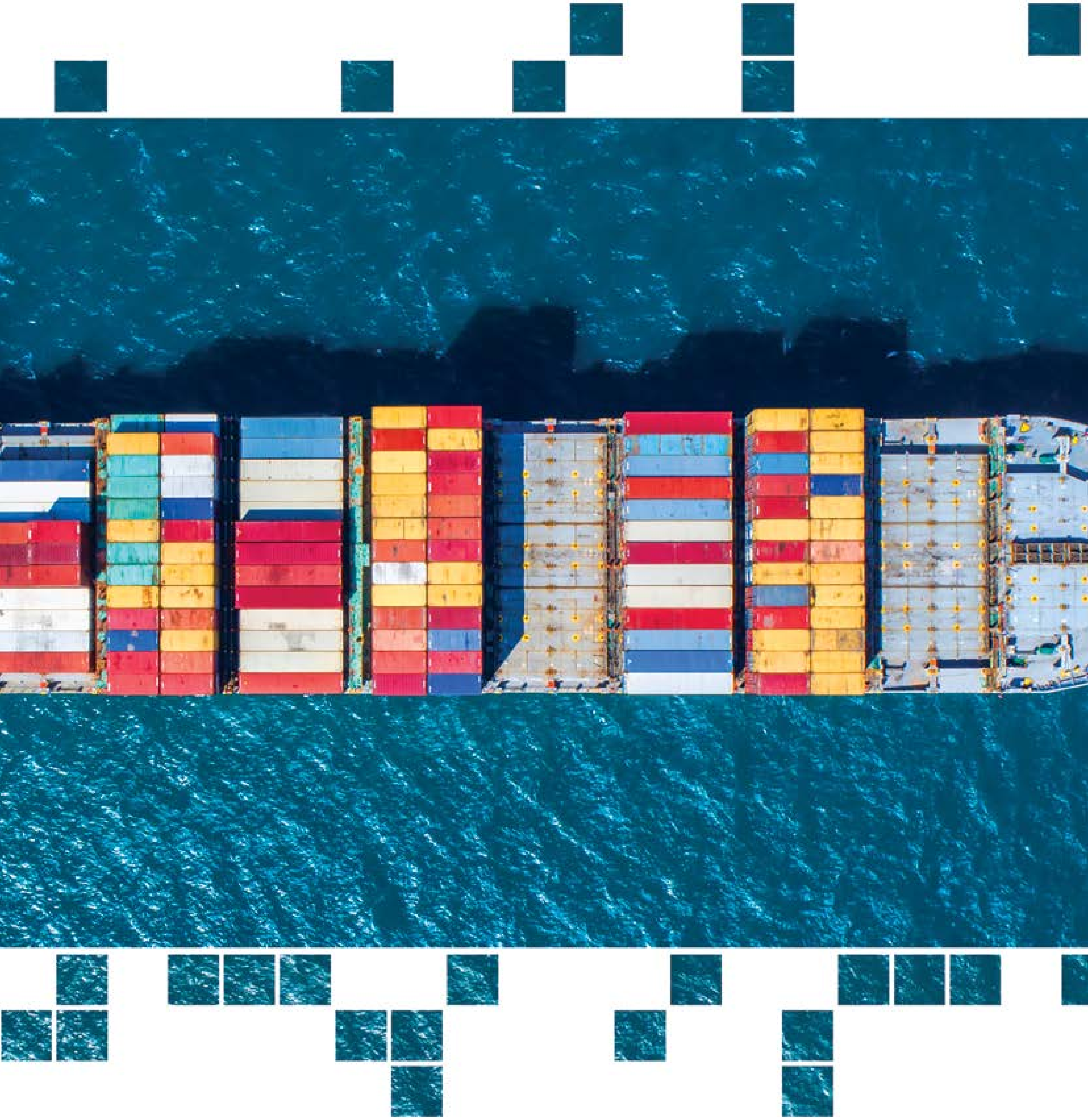
The Mauritius Ports Authority (MPA) has a mandate to regularly report on its operational and financial performances at regular intervals. Previously, the MPA adopted a yearly reporting schedule which coincided with both the calendar year and financial year as set by the Government of the Republic of Mauritius. For this reporting period, however, given the Government's financial year now ends on 30 June annually since 2016, this Report will exceptionally cover a reporting period of 18 months, which is from 01 January 2016 to 30 June 2017 inclusive.

This Annual Report, together with the Financial Report, covers material information pertaining to all MPA's operations during the period under review. There were significant organisational changes during the current reporting period with start of the implementation of the new Human Resources Development (HRD) Plan in April 2017, with retroactive effect as from 01 January 2016, including amongst others the following:

1. New Organisation Structure
2. New Pay and Grading Structure
3. Master Conversion Table
4. New Job Guidelines
5. Revised Terms of Conditions of Service

These major changes and further details on the HRD Plan 2016 are elaborated under the Corporate Matters section of this report.

The MPA welcomes your feedback on this report. For any feedback and enquiries, please get in touch via email at info@mauport.com.



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CHAIRMAN'S Report

TO MAKE OF THE PORT A CUSTOMER-DRIVEN MODEL OF EXCELLENCE

Growing exigencies of the maritime market

Over the last few years, the upward trend in the growth of the overall cargo traffic is keeping pace and it is likely to gain further momentum in the year ahead as a result of the positive impact of the huge and judicious capital investment made in the upgrading of our port Infrastructures. The accumulated positive performance registered year in and year out is mainly attributable to our constant efforts in responding to the growing exigencies of the maritime market in terms of efficiency and productivity.

Net surplus of MUR 692.9 million

Exceptionally, the present financial report has been extended to 18 months' period ending 30 June 2017. The total cargo traffic reached a figure of 11.1 million tonnes whilst container traffic stood at 567,850 TEUs during the same period. The MPA posted a net surplus of MUR 692.9 million and the Authority's operating revenue has also experienced a positive trend to reach the global figure of MUR 1.962 billion.

The continuous good performance achieved in both financial and operational sectors was due to a faster than anticipated upturn in the global port trade. Under the stewardship of the Prime Minister, the MPA is more than ever determined in ensuring that Port Louis Harbour is geared up and ready to tap on new business opportunities in the present dynamic evolution of world trade.

51,964 cruise passengers at Port Louis Harbour

The cruise sector is emerging at a promising level of growth. Cruise vessel calls increased to 42 for the 18 months' period ending 30 June 2017 with the arrival of 51,964 cruise passengers at Port Louis Harbour whilst 51,304 passengers left the port on board cruise vessels within the fly and cruise concept.

The economic importance of cruise tourism is widely acknowledged which has been demonstrated by the renewed interest of cruise liners to homeport Port Louis. The buoyancy of this business segment has inspired us to add value to our service by the upgrading of the existing facility with the construction of a state-of-the-art Cruise Terminal Building, which will be used to service both the inter-island and international passenger traffic. Though the MPA will not be recouping its total investment in this project, our motivation is to think of cruises as a contributor to the country's GDP. The design of this iconic building has been finalised and the construction is expected to start during mid-2018. The project would be completed in 2019 at an estimated cost of Rs 680 million.

Bunker supply stood at 547,908 tonnes

As a result of the operation of the state of the art oil terminal, bunker supply at Port Louis Harbour stood at 547,908 tonnes for the 18 months' period under reference. This new business segment, which will continue to grow, does not only cater for vessels calling at Port Louis Harbour but attracts other ships plying near Mauritius. As regards bunkering, Port Louis is currently handling approximately 5% of the regional bunkering market which stands at around 5 million tonnes per year. Given its strategic location, which is adjacent to one of the busiest ocean routes on the East/West trade past South Africa's Cape of Good Hope, Port Louis well is on course to become a petroleum hub in the region.

The government's objective now is to transform the petroleum sector into one of the strategic pillars of the economy. Port Louis presents a whole panoply of advantages as a bunkering hub, ranging from competitive port charges, facilities for disposal of fuels, bunker sample analysis that may be conducted locally as well as full-fledged, safe and naturally sheltered port. It should be noted that an e-bunkering service is available to streamline bunker booking procedures. The platform offers a seamless experience with enhanced visibility and traceability on application for bunkering services.

Position Port Louis for future demands across all development sectors

Mindful of the necessity to update its development plan, the MPA continues to review planning relative to the future commercial and industrial requirements facing the port sector. Steps are currently being taken to position Port Louis for future demands across all development sectors.

Construction of a new fishing port at the reclaimed area of Fort William

The Final Report of the Port Master Plan, which was released in June 2016, set out the proposals for the future development of the port over the next 25 years and beyond. With a dynamic port, comes the need for a whole range of support services including freight companies and logistic service providers, just to mention but a few. If Port Louis is to become a preferred maritime gateway in this part of the world, it inevitably needs to be well connected with increased sea connectivity, especially with other Indian Ocean islands and the Eastern and Southern African ports. It is worth mentioning that amongst other recommendations of the Port Master Plan, is the construction of a new fishing port at the reclaimed area of Fort William.

Under the new master plan, we intend to exploit the enormous potential that the port and other marine services represent. The focus of this Plan will be on the emergence of port activities such as cruise, transhipment and refuelling activities and exploring the possibilities for the development of the port of Vieux Grand Port.

In addition, the road network in the port area is being enhanced with the rehabilitation of the Marine Road, which is ongoing.

"The top most business-friendly" port in Africa

The development of Port Maturin is also high on our agenda. The recent Masterplan of Port Mathurin is geared at identifying new business opportunities and enhancing cargo and traffic flows. It has also examined the challenges associated with the future development of Port Mathurin, including exploring the potential for cruise tourism.

Port Louis has all the merits to be recognised as "the top most business-friendly" port in Africa and it was awarded the Best Transhipment Port in the Eastern and Southern Africa region by the Pan-African Association for Port Cooperation in 2016.

A total investment to the tune of Rs 6.5 billion has been spent to transform the Mauritius Container Terminal into a leading container port in line with the vision of the Government to position Port Louis Harbour as the preferred maritime gateway, with a container handling capacity of 750,000 TEUs annually. The MPA has completed the extension and strengthening of the MCT Quay project at Port Louis. The MCT has since then been developed into a leading container port in the region with a linear quay of 800 metres, thus enabling the accommodation of larger container vessels. The navigational channel has also been deepened to 16.5 metres below Chart Datum in early 2017 and Port Louis Harbour is now the deepest port in the South West Indian Ocean where container vessels up to a draft of 15.5 metres and capacity of 12,000 TEUs can be handled.

With the realisation of this mega project at Port Louis Harbour, the following substantial strategic benefits would be derived:

- simultaneous berthing of 2 large container vessels of 12,000+ TEUs capacity at any one time;
- faster turnaround of vessels;
- reduction in the time ships spend waiting for a berth;
- potential savings in freight rates;
- boost in container transhipment traffic; and
- increased connectivity

Accommodate large container vessels of the latest generation

With the extension of the MCT and deepening of the access channel to -16.5 metres ACD, Port Louis Harbour will be called upon to accommodate large container vessels of the latest generation. The present total bollard pull capacity of the existing tug fleet needs to be significantly increased to ensure the safe handling of these vessels and other large bulk tankers, especially during adverse climatic conditions. The MPA has thus come up with a renewal plan for its fleet of tugs, and in this context, the MPA procured a new Azimuth Stern Drive (ASD) tug of 78 tonnes bollard pull capacity to the tune of Rs 340 million. The tug, which was delivered in August 2016, is enabling faster and safer performance of manoeuvring and consequently speed up the flow of goods through Port Louis Harbour. Moreover, with a view to enhancing its armada of tugs, the Authority has launched a bidding exercise to procure three twin screw tugs of 12 tonnes bollard pull capacity and one harbour tug of 70 tonnes bollard pull capacity.

On the other hand, the MPA has drawn a roadmap for its business model to make informed choices and achieve strategic objectives with the elaboration of a new corporate plan. This is yet another milestone in the pursuit of the MPA's objective to make of the port a customer-driven model of excellence. The MPA business principles to guide planning and decision making were formally adopted within the framework of the Corporate Plan 2016 – 2018. The Vision and Mission, developed with staff input, describe MPA's business intent. With the Corporate Values they provide the foundation for strategic planning and decision-making helping to prioritise and work towards common goals.

In this respect, it is an undeniable fact that the port sector under the Blue Economy, is called upon to play a major role in the future economic development of the country and therefore, in order to maintain the position of Port-Louis as a transhipment port after 2030, it is planned to develop an Island Container Terminal, opposite the MCT. The project will comprise the construction of a breakwater over a 2-km length, and the construction of a terminal over an extent of 40 ha with a handling capacity of 1 million TEUs. In this respect, MPA is proceeding with the techno-economic Feasibility Study for the development of the Island Terminal at Mer Rouge, which is being financed under a Grant from the African Development Bank.

Mauritius is well poised to play the role of a major logistics hub

It is expected that container activities will benefit from an increase in volumes following increased trade with the emerging new economic blocks. In this regard, Port Louis Harbour is now at a critical crossroad with a window of opportunity that is unfolding in the region with regard to the development of container traffic. Mauritius is therefore well poised to play the role of a major logistics hub and to capture substantial incremental traffic as well as foreign direct investment in the port sector.

The adoption of the Human Resource Development (HRD) Plan with a new salary structure effective as from January 2016 has motivated employees to develop their personal and organisational skills, knowledge, and abilities. Several recommendations in the HRD Plan outline the identification of top talent and introduction of performance linked variable compensation, while simultaneously completing the task of role clarity and position classification where employees can now work with pride and passion. The HRD Plan will ensure the establishment of a capacity-based, talented and motivated workforce through stimulation of passion and intrinsic rewards.

Development of human capital and enhancement of succession planning

Activities initiated during the year served to engender greater participation, commitment and creativity among staff in relation to the achievement of the Authority's objectives. The dedication and resourcefulness demonstrated by the staff should serve the Authority in fostering sustainable human resources development. Training and development will therefore continue as an integral part of our strategy to pilot change and transform ideas into business opportunities. It is to be noted that with a view to addressing the issue of scarce marine personnel on the labour market, especially in the grade of seaman, the MPA has signed a Memorandum of Understanding with the Mauritius Shipping Corporation Ltd for port and maritime training. The MPA will also proceed with the setting up of its Port Training Centre to cater for the development of its human capital and enhancement of succession planning.

Measures to ensure environmental protection and sustainable port development

The Authority has continued to impact the wider community through its contribution to several human interest and social development programmes. Moreover, in line with its Green Port Concept, the MPA has put in place measures to ensure environmental protection and sustainable port development. The Authority is committed towards providing quality services to its valued customers by means of its quality and environmental management systems. Further policy development on environmental management in the context of our business initiatives is expected to be critical to the Authority's efforts to maintain its national and regional stature.

The contribution of the Government through timely policy, regulatory support and guidance has been determinant in our remarkable achievements. Allow me here to place on records the valuable personal involvement of the Hon. Pravind Kumar Jugnauth, Prime Minister, Minister of Home Affairs, External Communications and National Development Unit, Minister of Finance and Economic Development in the continued success of our ports. I would also like here to convey my gratitude to the Permanent Secretary and the Officers of the parent Ministry for their unwavering support.

I acknowledge the prudent governance and strategic guidance provided by the Board of Directors across all our business segments that were instrumental to the Authority's performance. Our partners in all branches of the shipping industry, stakeholders, suppliers and service providers including customs, financial institutions and the National Maritime Harbour Security Committee have been equally supportive.

Finally, I wish to thank Mr. Shekur Suntah, Director-General, the staff of the MPA and the Unions for their continued commendable support.

RAMALINGUM MAISTRY
Chairman

DIRECTOR-GENERAL'S Report

ESTABLISH THE HARBOUR AS AN EFFECTIVE ONE STOP SHOP FOR PORT RELATED SERVICES

The Mauritius Ports Authority (MPA) has realised an excellent operational performance during the period under review. The Port registered a total traffic of 11.1 million tonnes whilst container traffic stood at 567,850 TEUS over the 18 months period from 1 January 2016 to 30 June 2017. Noticeable improvements have been achieved in several segments of port trade such as containerised cargo, fish and bunkering.

As a result of the exceptional trade performance, strict budgetary controls and prudent financial management, the MPA has derived a total revenue of Rs 2.203 billion from its activities and realized a net surplus of Rs 692.9 million over the 18 months period under review, during which the Authority continued to focus on major infrastructure planning and development, operational improvements and financial sustainability.

There has been a marked improvement in global trade in 2017 compared to 2016. However, the International Monetary Fund (IMF) has forecasted that growth in world trade volume will reduce to 4% in 2018 as compared to a projected figure of 4.2% in 2017, on account of growing concerns regarding US protectionism and a slowdown in the Chinese economy. Emerging economies in Asia, Africa and Latin America are however expected to register sustained growth in the foreseeable future, which will continue to boost port traffic in the South Western Indian Ocean region.

Total Cargo traffic reached a new record figure of 7.5 million tonnes (+6.8%)

Trade performance at Port Louis has been robust during the last Financial Year (1 July 2016 – 30 June 2017) despite a moderate rise in the country's economic growth rate. Total Cargo traffic reached a new record figure of 7.5 million tonnes (+6.8%) and for the first time, the volume of bunker supplied to vessels has exceeded 400,000 tonnes (404,837 MT) representing a growth of 39.1% compared to the previous Financial Year. Moreover, Port Louis registered some 31,000 cruise passengers (+7.5%) during that period.

The Container segment has also shown signs of recovery with an increase of 7.5% in total throughput driven by laden imports (+3.1%) and transhipment (+19.8%). It is also worth noting that the total number of vessels calling at the Outer Harbour for ancillary activities has increased during the last Financial Year following the attractive incentives granted by the MPA to establish the Harbour as an effective one stop shop for port related services.

A new Port Master Plan has been elaborated and will serve as a roadmap for the infrastructure development and land use in the port up to the Horizon 2040. The MPA has already invested around Rs 6.5 billion for the upgrading and extension of the Mauritius Container Terminal Project, which was inaugurated on 2 October 2017. The Terminal can handle mega size container vessels of 12,000 TEU+ capacity, which only a few regional ports can accommodate. It will also cater for the forecasted container throughput up to year 2025 (1.0 million TEUS). Moreover, the Authority has commissioned a techno-economic study for the development of an Island Terminal which will be required for handling the container traffic beyond 2025.

The MPA is also working in close collaboration with the Ministry of Tourism, the Mauritius Tourism Promotion Authority, and the Iles Vanille Association for the promotion of regional cruise Tourism. In anticipation of a surge in passenger traffic over the coming years, the Authority will be investing around Rs 680m in a state of the art Passenger Terminal Building which will be operational by end 2019.

Transform Port Louis as an effective platform for international trade

During the last Financial Year, emphasis has been laid on capacity building and innovation, not only to drive operational efficiency, but also to instil a new dynamism in order to transform Port Louis as an effective platform for international trade and one of the busiest ports in this part of the world. In this respect, a new Human Resource Development Plan has been prepared to ensure that the MPA has the necessary skills, knowledge and competencies to meet the future challenges facing the port industry. The HRD Plan, which was implemented in April 2017, has recommended a new structure for the organisation, a new Pay and Grading Structure and revised terms and conditions of service for MPA staff. Opportunities will also be given to employees at all levels to upgrade their skills through structured training programmes to be delivered at the new Port Training Centre which will be established next year.

The Authority is gearing up to meet future challenges facing the port and maritime industry. It will also need to develop new strategies to stay ahead of competition. With the increasing demand for total logistics solutions, the Port, as a key node in the logistics chain, has to offer greater value for money and more value-added services. To achieve this goal, we shall continue to work closely with our strategic partners to develop Port Louis into the preferred maritime gateway in the region.

To conclude, I wish to thank all the staff of the Authority and the Unions for their dedicated service and commitment.

Port stakeholders and the business community have stood by us during the challenging times. Their cooperation is deeply appreciated.

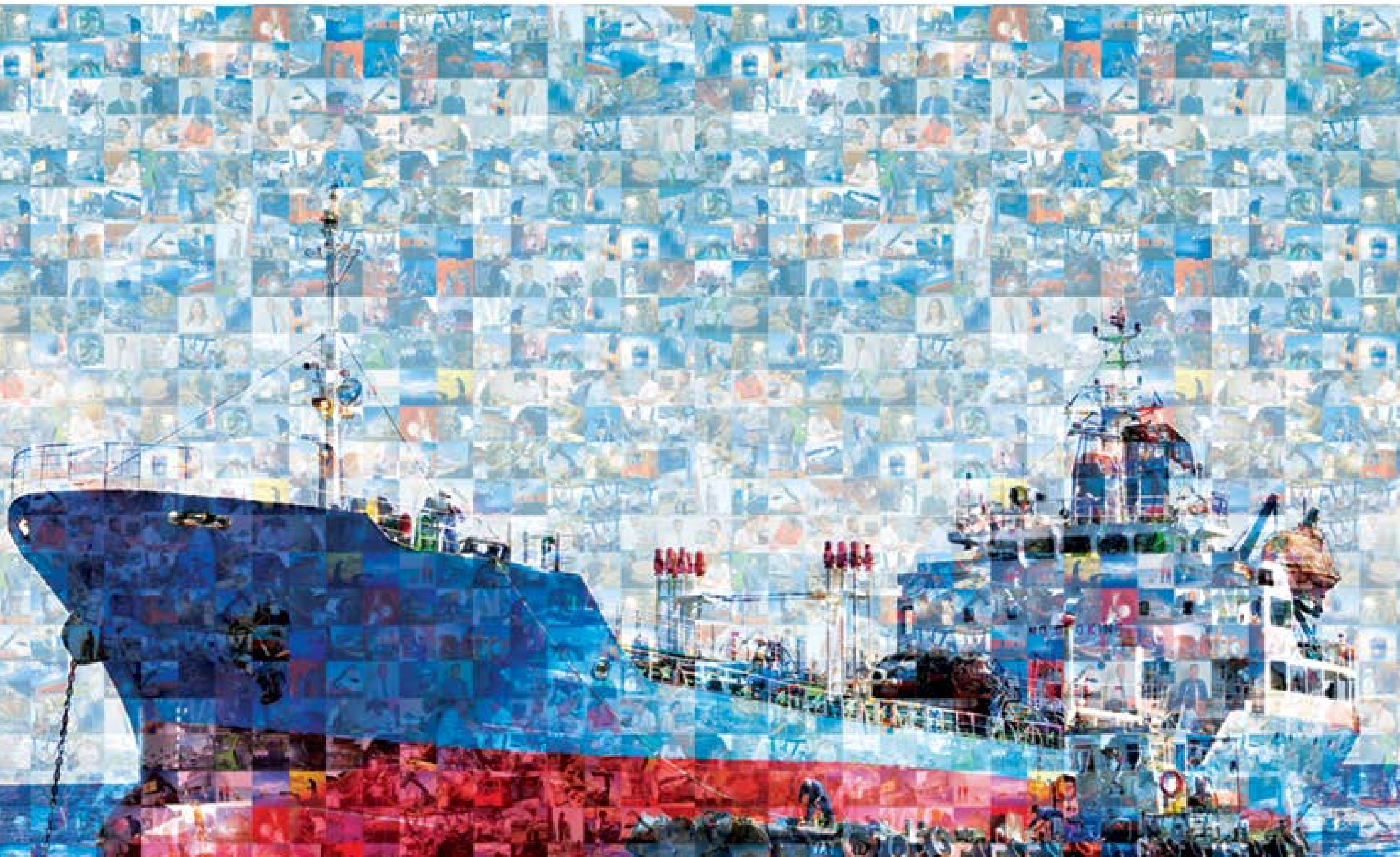
I would like to acknowledge the valuable contribution and guidance extended by the Board of Directors, in particular the Chairman, Mr. Ramalingum Maistry.

I also wish to express my gratitude to the Honourable. Pravin Kumar Jugnauth, Prime Minister, and the Prime Minister's Office (External Communications Division) for their support during the course of this challenging but rewarding year.

SHEKUR SUNTAH
Director-General

PORT TRADE PERFORMANCE JANUARY 2016 - JUNE 2017

Total Trade Volume	**11.1**	**Million tonnes**
• Containerised Cargo	4,944,983	Million tonnes
• Dry Bulk Cargo	2,893,206	Million tonnes
• Liquid Bulk Cargo	3,011,574	Million tonnes
• Fish Traffic	231,431	tonnes
Total Container Traffic	**567,850**	**TEUs**
• Captive Container	384,995	TEUs
• Transhipment Container Inwards	182,855	TEUs
• Transhipment Container Outwards	179,970	TEUs
Total Container Throughput	747,820	TEUs
Total Vessel Traffic	**4,431**	**Calls**
• Containerised Vessels	830	calls
• Fishing Vessels	1,474	calls
Cruise Traffic		
• Cruise Vessels	42	calls
• Passengers on Arrival	51,964	passengers
• Passengers on Departure	51,304	passengers
Total Bunker Traffic	**547,908**	**tonnes**
• Pipeline	373,058	tonnes
• Barges	174,850	tonnes



BUNKERING

ORGANISATION STRUCTURE

Director-General
Mr S Suntah

Deputy Director-General
(Management Support Services)
Mrs A D Bunwaree-Ramsaha

Deputy Director-General
(Technical & Operational Services)
Mr S Goburdhone

MANAGEMENT SUPPORT SERVICES

Legal & Administrative Services
Mr N Dawoodarry
Mrs B Gokhool
Mrs N B Seelarbokus
Mr A Neermaull (on contract)

Human Resources
Mr M Moloo
Mrs P Gungaram

Finance
Mr S Ganga
Mrs P Keesonah
Mr A Soyjaudah

IT Services
Mr R Woottum
Mr A Nawool

TECHNICAL & OPERATIONAL SERVICES

Port Development
Mr S Seelochun

Port Operations
Mrs N Seebaluck
Mr G Seewoopersad

Technical Services
Mr B B Dhunnoo

Estate Management
Mr G Angad

Procurement and Supply
Mrs P Seebaruth

Marketing
Mr A Beesoondial

BOARD
Mr Ramalingum Maistry
Chairman

Audit Committee

Port Master
Captain L Barbeau

Corporate Audit
Mr C Rogbeer
Mrs M Jankee-Bhurtun
Mrs L Rugbur

MARINE DEPARTMENT

Marine Services
Captain K Newoor
Captain T Saugar
Mr K Chan Shin Yu
Mr V Rughoonauth
(providing administrative support)

Port Environment
Mr B Rughooputh

Port Emergency Services
Mr B Ramrukheea

Port Security
Mr S Ramphul

SENIOR MANAGEMENT

Mr Shekur Suntah, Mrs Aruna Devi Bunwaree Ramsaha, Mr Shakeel Goburdhone, Captain Louis Benoit Barbeau, Mr Narad Dawoodarry, Mr Shreeganesh Ganga,Mr Chandradutt Rogbeer,

Mr Shekur Suntah
Director-General

Mr Suntah made his debut in 1981 as Civil and Structural Engineer in the UK after graduating in Civil Engineering from the University of Leeds in 1980. In 1987 he took up employment with Sir Alexander Gibb & Partners (Mauritius) as Structural Engineer. He joined the then Mauritius Marine Authority as Civil Engineer in 1988. He subsequently obtained a M.Sc. (Eng) in Maritime Civil Engineering from the University of Liverpool, UK, in 1992, following which he was appointed Port Engineer in August 1993. He retained this position until December 1998 when he was promoted Deputy Director-General. He occupied this senior position up to August 2006 when he was appointed Acting Director-General. Till date, he holds the post of Director-General of the Authority since his appointment in November 2007. Mr Suntah is a Fellow of the Chartered Institute of Logistics and Transport (CILT).

Mr Suntah has been directly involved over the last 15 years in all aspects of the major Port Sector Reform Programme and has spearheaded the aggressive marketing initiative for the emergence of Port Louis Harbour as a regional container transhipment, cruise and bunkering hub.

He has to his credit the launching of the Ports Association of Indian Ocean Islands and was elected President of the Association in March 2011 for a period of two years. He is also a Director of the Board of the Port Management Association of Eastern and Southern Africa, which was established by the United Nations Economic Commission for Africa, of which MPA is a member since 1988. Mr Suntah is also the alternate Director on the Board of the International Association of Ports and Harbours.

Mr Suntah also holds directorships on several boards of companies and port related organisations. He is currently the Patron of CILT Mauritius. Moreover, he is a regular speaker and moderator at international Ports and Logistics Conferences worldwide since 2001.

Mrs Aruna Devi Bunwaree Ramsaha
Deputy Director-General (Management Support Services)

Mrs Aruna Bunwaree Ramsaha is a Fellow of the Association of Chartered and Certified Accountants (FCCA) and also holds a Masters in Business Administration (MBA).

After a brief career in the banking sector she took up employment with accounting firms both in the UK and in Mauritius.

She subsequently joined the Mauritius Ports Authority as Accountant in 1993 and was promoted as Finance Manager some four years later. Since 2008, she occupies the post of Deputy Director General of the Mauritius Ports Authority.

Mr Shakeel Goburdhone
Deputy Director-General (Technical & Operational Services)

A graduate in Civil Engineering in 1987 from the University of Mauritius, Mr Goburdhone read for a Master's in Business Administration in 1996. He joined the Authority as Civil Engineer in 1990 and was promoted Port Engineer in 1999. Previously, he was employed as Civil Engineer with Sir Alexander Gibb and Partners and reckons some twenty-two years of experience.

In May 2015, he was appointed Deputy Director-General.

Captain Louis Benoit Barbeau
Port Master

Captain Barbeau joined the Authority in October 1991 as Pilot and was promoted to the post of Senior Pilot in 1999. In May 2004, he was appointed Assistant Port Master and subsequently Port Master in June 2009. He obtained a Master's Certificate in 1989 from Australia, a Graduate Diploma in Port & Terminal Management in 1999 from the Australian Maritime College and an MBA in Maritime & Logistics in 2010 from the University of Tasmania.

Mr Ravishankar Woottum, Mr Sandesh Seelochun, Mr Mukhram Moloo, Captain Kavidev Newoor, Mrs Nomita Seebaluck, Mr Basdeo Bholanath Dhunnoo, Mrs Priyathama Seebaruth, Mr Gowraj Angad

Mr Narad Dawoodarry
Director, Legal & Administrative Services

Mr Dawoodarry obtained his Bachelor degree in 1979 from the University of Punjab. He qualified as a Chartered Secretary in 1990 before reading for a Master's Degree in Public Sector Management at the University of Technology in 2003. He is a Fellow of the Chartered Institute of Logistics and Transport since 2008.

He started his career in the Civil Service in 1981 before taking employment as Administrative Officer with the Embassy of the Republic of Korea from 1988 – 1991. Thereafter, he joined the Trust Fund for Disabled Persons as Secretary Treasurer until July 1993. He subsequently took up employment with the then Mauritius Marine Authority in August 1993 as Secretary before being promoted to the post of Administration Manager in 1999. In December 2010, he was appointed as Director, Administrative and Legal Services.

Mr Shreeganesh Ganga
Director, Finance

Mr Ganga is a Fellow of the Association of Chartered and Certified Accountants (FCCA) and holds an MBA with specialisation in Finance from the University of Mauritius.

He first joined the Authority in September 1999 as Assistant Accountant and was promoted Accountant in March 2003. He was offered appointment as Senior Accountant in March 2007 before being promoted to the post of Finance Manager in June 2009.

In December 2010, he was appointed as Director, Finance.

Mr Chandradutt Rogbeer
Corporate Auditor

Mr Rogbeer is a Chartered Accountant of the Institute of Chartered Accountants in England and Wales, and a member of the Chartered Institute of Management Accountants. Prior to joining the former Mauritius Marine Authority as Internal Auditor in 1993, he worked with the National Audit Office. In 1998, he was appointed Internal Audit Manager, and subsequently in December 2010, he was appointed as Corporate Auditor.

Mr Ravishankar Woottum
Director, IT Services

Mr Woottum holds a Bachelor's Degree from the University of Mauritius. He also holds a Master's in Business Administration from the same university.

Mr Woottum started his career as a teacher before shifting to the Development Bank of Mauritius. He then joined the former Mauritius Marine Authority as Computer Programmer/Supervisor in 1988 and served in that position for eight years. In 1997, he was appointed as Computer Analyst. He was then promoted IT Manager in 2006. In December 2010, he was appointed as Director, IT Services.

Mr Sandesh Seelochun
Director, Port Operations

Mr Seelochun qualified for a Master's Degree in Industrial and Civil Engineering in 1990. He additionally holds a Master's Degree in Business Administration (MBA) with specialisation in Project Management since 2011. He is a Registered Professional Engineer with the Council of Registered Professional Engineers [Mauritius] since 1993, a Member of the Institution of Engineers (Mauritius), and an Associate Member of the Chartered Institute of Arbitrators (UK).

He started his professional career at the Central Water Authority in 1991 where he joined as Trainee Engineer and was subsequently appointed Executive Engineer. He joined the then Mauritius Marine Authority in 1996 as Civil/Senior Civil Engineer. He was promoted Project Engineer in 1999 with his post being restyled firstly, Assistant Port Engineer in 2001 and subsequently, Manager Port Development in 2010. He has been assigned Acting Director Port Development since June 2015.
Mr Seelochun has been offered substantive appointment as Director, Port Development with effect from 01 December 2015, that is as from the date the post became vacant.

Mr Mukhram Moloo
Director, Human Resources

Mr Moloo holds a Degree of Master of Science in Port Management and Shipping Administration from the University of Mauritius.

He joined the Mauritius Ports Authority as Executive Assistant on 25 April 1977 and was subsequently offered appointment as Personnel Officer. The post was restyled as Assistant Human Resources Manager with the implementation of the HRD Report 2000. He has been offered acting ship in the grade of Director, Human Resources effective as from 15 April 2015. He has been appointed as Director, Human Resources on since November 2016.

Captain Kavidev Newoor
Deputy Port Master

Captain Newoor joined the Authority in July 1996 as Pilot. He was appointed Assistant Port Master in November 2006 and subsequently Deputy Port Master in June 2017. He is a Chartered Fellow of the Chartered Institute of Logistics and Transport (UK) and member of International Association of Harbour Masters.

He holds a Certificate of Competency Class 1 (unlimited, Master Mariner) issued by the Maritime and Coast Guard Agency, UK, since 1996. He obtained a Master's Degree in Harbour Master and Port Management in 2010 from the Middlesex University followed by a Master in Business Administration from MANCOSA, Republic of South Africa in 2011.

He was also awarded the Harbour Master's Certificate in 2007 from the Nautical Institute, UK, which is an International recognised body for qualified mariners with an interest in nautical science and to acquire high standards of knowledge, qualifications and competence. Captain Newoor is recognised for producing a first class, thoroughly researched case study for the Nautical Institute, UK and his overall works was in the top 5% of all submissions to the Institute for the period of 2006-2008.

Captain Newoor is passionate about Pilotage duties and undertook over 5,000 shipping movements during his tenure as Pilot. He is currently still involved with pilotage to meet the exigencies of the port and acts as mentor to new Pilots.

Mrs Nomita Seebaluck
Manager, Port Operations

Mrs Seebaluck graduated with a B.A (Hons.) degree in Economics from the University of Delhi (India) in 1994 and obtained a Master in Economics from Delhi School of Economics (India) in 1996. In 2007, she obtained an MSc in Port Management and Shipping Administration with distinction from the University of Mauritius. She is also holder of a Diplôme d'Etudes en Langue Française et Diplôme Approfondi de Langue Française from Centre International d'Etudes Pédagogiques (CIEP).

Mrs Seebaluck is also a Chartered Member of the Chartered Institute of Logistics and Transport (MCILT) and she is the President of the local branch of the Association of Women Managers in the Maritime Sector in the Eastern and Southern Africa, WOMESA Mauritius since 2011.

She started her career as Education Officer in 1996. She later joined Happy World Marketing Ltd as Marketing Officer from 1998-2002. Afterwards, Mrs Seebaluck worked at the Mauritius Broadcasting Corporation as Marketing Executive from 2002 to February 2004.

She joined the Authority as Assistant Commercial Manager in March 2004. She was promoted in March 2011 as Manager Port Operations.

Mr Basdeo Bholanath Dhunnoo
Senior Manager, Technical Services

Mr Dhunnoo has a B.Tech Degree in Mechanical Engineering from Indian Institute of Technology (IIT), Bombay, a Graduate Diploma in Maritime and Port Management from the National University of Singapore as well as a Masters degree in Port Management & Shipping Administration from University of Mauritius/Aix Marseille. He is a Registered Professional Engineer (CRPE), a member of Institute of Engineers, Australia and a member of the Chartered Institute of Logistics and Transport, UK.

Mr Dhunnoo joined the MPA in 1995 as Assistant Workshop Manager, a post which he occupied until 2007 when he was appointed Technical Services Manager. He was appointed Senior Manager, Technical Services with effect from January 2016.

Mrs Priyathama Seebaruth
Senior Manager, Procurement & Supply

Mrs Seebaruth is a Member of the Association of Chartered Certified Accountants (ACCA) and a Chartered Member of the Institute of Logistics and Transport as well as an Expert Member of the Institute of Supply Chain Management (IOSCM). She also holds an MBA with Specialisation in Finance and an MSc in Procurement & Supply Chain Management.

Mrs Seebaruth has worked in the Public Sector for over 20 years, including for the Central Procurement Board. She joined the Authority in year 2012 as Manager Procurement and was promoted Senior Manager Procurement & Supply with effect from January 2016.

Mr Gowraj Angad
Senior Manager, Estate Management

Mr Angad is a practicing Land Surveyor, holding a First Class BSc (Hons) in Land Surveying and a Land Surveyor's Commission. He studied law as an external student of the University of London, prior to completing his post-graduate study in hydrographic survey in Japan, leading to his accreditation as an International Hydrographic Surveyor (B). He also holds a Master's in Business Administration from the University of Technology.

Mr Angad joined the Civil Service in August 1994 as Trainee Surveyor and was promoted as Land Surveyor in 1999, after having successfully completed his Land Surveyor Commission (Gold Medallist of the University of Mauritius on two occasions). He joined the MPA in 2007 as Land Surveyor, a post he occupied until December 2010 when he was appointed as Manager, Land Administration and Surveying and subsequently promoted to Senior Manager, Estate Management effective January 2016.

CORPORATE INFORMATION

Board of Directors

Ramalingum Maistry (Chairperson)
Kechan Balgobin
Shekur Suntah
Om Kumar Dabidin
Vailamah Pareatumbee (Mrs)
Doorgaprasad Rajcoomar (up to January 2016)
Vivekanand Ramburun (as from February 2016)
Captain Wong Tat Chon Wong Chung Toi

Board Committees

Staff Committee

Ramalingum Maistry (Chairperson)
Shekur Suntah
Kechan Balgobin

Audit & Risk Management Committee

Vivekanand Ramburun (Chairperson)
Captain Wong Tat Chon Wong Chung Toi
Om Kumar Dabidin

Finance & Investment Committee

Vailamah Pareatumbee (Mrs) (Chairperson)
Kechan Balgobin
Shekur Suntah

Land Lease Management Committee

Shekur Suntah (Chairperson)
Kechan Balgobin
Vailamah Pareatumbee (Mrs)
Co-opted members
Mary Jane Lau Yuk Poon (Mrs)
Roshni Bissessur (Mrs)
Vedacharya Vyas Sharma Chuckun
Herbert Thomas Appadoo
Captain Wong Tat Chon Wong Chung Toi
Yodhun Bissessur
Vinod Seebun
Rajwantee Bucktowar (Mrs)

Corporate Governance Committee

Om Kumar Dabidin (Chairperson)
Captain Wong Tat Chon Wong Chung Toi
Doorgaprasad Rajcoomar

Head Office

H Ramnarain Building
Mer Rouge
Port Louis
Republic of Mauritius

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Fax: (+230) 240 0856
Email: info@mauport.com

External Auditors

Grant Thornton
Ebene Tower
52 Cybercity
Ebene 72201
Republic of Mauritius

Tel: (+230) 467 3001
Fax: (+230) 454 7311
Email:grant.thornton@mu.gt.com

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF FINANCIAL STATEMENTS

The Board of Directors (the "Board") ensures through its system of governance, that adequate accounting records are maintained so as to disclose at any time, and with reasonable accuracy, the financial position of the Authority. They are also responsible for taking reasonable steps to safeguard the assets of the Authority and hence to prevent fraud and detect other irregularities.

The Board acknowledges its responsibility for ensuring the preparation of the annual financial statements in accordance with International Financial Reporting Standards (IFRS) and the responsibility of external auditors to report on these financial statements.

In preparing such financial statements, they have ensured the following:

- select suitable accounting policies and apply them on a consistent basis using reasonable and prudent judgment; and

- state whether appropriate accounting standards and International Financial Reporting Standards (IFRS) have been adhered to and in conformity with changes in presentation.

The financial statements have been prepared on a going concern and there is no reason to believe that the Authority will not continue as a going concern in the year ahead.

The Audit & Risk Management Committee monitors the integrity of the financial statements and is responsible for reviewing the system of internal controls. It examines weaknesses that may be identified in controls and make appropriate recommendations to the Board.

Nothing has come to the Board's attention, to indicate any material breakdown in the functioning of the internal controls and systems during the period under review, which could have a material impact on the business.

The Directors confirm that the MPA has adhered to most of the requirements of the Code of Corporate Governance and has ensured that the financial statements comply with the Statutory Bodies/Accounts and Audit Act 1982.

The external auditors, Grant Thornton have independently reported on whether the Financial statements are fairly presented.

The Authority will submit a copy of its Annual Report to the Financial Reporting Council, in accordance with the Financial Reporting Act 2004.

This Report was approved by the Board and is signed on its behalf.

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Chairman	**Director-General**
Ramalingum Maistry	**Shekur Suntah**
07 NOV 2017	07 NOV 2017

STATEMENT OF COMPLIANCE
(Section 75(3) of the Financial Reporting Act 2004)

Name of Public Interest Entity ('PIE'): Mauritius Ports Authority

Reporting Period: 30 June 2017

We, the directors of Mauritius Ports Authority (the "Authority"), hereby confirm to the best of our knowledge that the Authority has complied with all its obligations and requirements under the Code of Corporate Governance (the "Code") except for the following sections:

1. Section 2.9: Director selection, training and development
2. Section 2.10: Board and Director Appraisal

Chairman
Ramalingum Maistry

07 NOV 2017

Director-General
Shekur Suntah

07 NOV 2017

CORPORATE GOVERNANCE REPORT

The Board of Directors (the "Board")

The administration and control of the affairs of the Mauritius Ports Authority, the "Authority" or "MPA", shall vest in a Board. The Board shall perform, exercise and discharge the functions, powers and duties of the Authority within the spirit of the Ports Act 1998, the "Ports Act".

The Board of Directors of the Mauritius Ports Authority is committed to ensure that the highest standards of corporate governance are practiced throughout the Mauritius Ports Authority (MPA) as a fundamental part of corporate governance matters. As the prime policy decision-maker of the Authority, the Board ensures the Authority's sustained growth and development by collectively directing the organisation's affairs and maintaining the highest standards of governance whilst meeting the interests of its stakeholders and enhancing the financial performance of the MPA within the spirit of the Ports Act 1998.

The Board of Directors recognises that the Report on the Code of Corporate Governance ('the Code') is regarded as best practice and therefore uses its best endeavours to ensure compliance with the provisions as set out in the said Code.

As per Section 6 of the Ports Act, the Board shall consist of:

(i) a Chairman appointed by the Minister
(ii) a representative of the Minister
(iii) the Director-General
(iv) three members appointed by the Minister from representatives of commercial, shipping or other users' interests;
(v) not more than three members as the Minister may from time to time determine

Every appointed member shall:

(a) be a person who, in the Minister's opinion, has had experience and shown capacity in the field of port management, industry, commerce, finance or administration or has some special knowledge or experience that renders him a fit and proper person to be a member; and

(b) hold office for a period not exceeding two years and shall be eligible for reappointment

Every member shall be paid by the Authority such remuneration or allowance as the Board may determine.

Board's responsibilities

The MPA is led by an experienced Board with a wide spectrum of skills and experience that provides the strength required to lead the organisation towards objectives and enable it to rely on the firm control of an accountable and competent Board. The Board is responsible for the Authority's overall strategies and objectives, financial policy and major capital expenditure projects and the consideration of significant financial matters. In performing its duties, the Board is assisted by several committees, namely the Staff Committee, the Audit & Risk Management Committee, the Finance & Investment Committee, the Land Lease Management Committee and the Corporate Governance Committee.

Role of the Board of Directors

The Authority executes a range of functions that includes the development and marketing of ports and port facilities, regulation of ports, security and operations. The Board of Directors in this regard, provides guidance and oversight on policy direction, strategies and all business operations to ensure that the Authority acts in accordance with the Ports Act and in compliance with best corporate governance practices.

The Board of Directors fulfils, amongst others, the following functions:

- Ensures the efficient and effective management of the Authority and ensures the accountability of all persons who manage the resources of the public body.
- Advises on matters of general policy relating to the management of the Authority.

Composition of the Board

During the period under review, the Authority benefited from the stewardship of a Board of Directors, which comprised the following members from January 2016 to June 2017. During the period being reported, the Board was constituted as follows: -

Chairperson - Mr Ramalingum Maistry

Members
- Mr Kechan Balgobin, Representative of External Communications Division of the Prime Minister's Office
- Mr Shekur Suntah, Director-General, Mauritius Ports Authority
- Mr Om Kumar Dabidin, Permanent Secretary, Home Affairs Division of the Prime Minister's Office
- Mrs Vailamah Pareatumbee, Lead Analyst, Ministry of Finance & Economic Development
- Mr Doorgaprasad Rajcoomar, Section Head, Mauritius Revenue Authority (up to 25.02.2016)
- Mr Vivekanand Ramburun, Director of Customs, Mauritius Revenue Authority (as from 26.02.16)
- Captain Wong Tat Chon Wong Chung Toi

CORPORATE GOVERNANCE REPORT

Directors' Profiles

Mr Ramalingum Maistry
Chairman

Mr Maistry has been appointed as Chairperson of the MPA with effect from February 27, 2015. Mr Maistry has in the past been the Mayor of the Municipality of Beau Bassin/ Rose-Hill and thereafter has served as Chairperson of the Tourism Fund and Discover Mauritius. He has previously worked as Senior Adviser at the Ministry of Finance & Economic Development.

Mr Maistry is a non-executive director on the Board of Directors of the MPA.

Mr Maistry is also the President of the Ports Association of Indian Ocean Islands and holds directorship on the board of the International Association of Ports and Harbors (IAPH) and the Association of Ports and Cities (AIVP).

Mr Kechan Balgobin
Representative of the External Communications Division of the Prime Minister's Office

Mr Balgobin holds a Diploma in Human Resources Management from the University of Mauritius and completed a Masters in Business Administration in 2005 from the University of Technology, Mauritius.

He joined the Civil Service in 1983 and is presently Deputy Permanent Secretary at the External Communications Division of the Prime Minister's Office. During his career, he has served in various Ministries.

Mr Balgobin is a Non-Executive Director on the Board of Directors of the MPA since February 2015.

Mr Shekur Suntah
Director-General

Mr Suntah made his debut in 1981 as Civil and Structural Engineer in the UK after graduating in Civil Engineering from the University of Leeds in 1980. In 1987 he took up employment with Sir Alexander Gibb & Partners (Mauritius) as Structural Engineer. He joined the then Mauritius Marine Authority as Civil Engineer in 1988. He subsequently obtained a M.Sc. (Eng) in Maritime Civil Engineering from the University of Liverpool, UK, in 1992, following which he was appointed Port Engineer in August 1993. He retained this position until December 1998 when he was promoted Deputy Director-General. He occupied this senior position up to August 2006 when he was appointed Acting Director-General. Till date, he holds the post of Director-General of the Authority since his appointment in November 2007. Mr Suntah is a Fellow of the Chartered Institute of Logistics and Transport (CILT).

Mr Suntah has been directly involved over the last 15 years in all aspects of the major Port Sector Reform Programme and has spearheaded the aggressive marketing initiative for the emergence of Port Louis Harbour as a regional container transhipment, cruise and bunkering hub.

He has to his credit the launching of the Ports Association of Indian Ocean Islands and was elected President of the Association in March 2011 for a period of two years. He is also a Director of the Board of the Port Management Association of Eastern and Southern Africa, which was established by the United Nations Economic Commission for Africa, of which MPA is a member since 1988. Mr Suntah is also the alternate Director on the Board of the International Association of Ports and Harbours.

Mr Suntah also holds directorships on several boards of companies and port related organisations. He is currently the Patron of CILT Mauritius. Moreover, he is a regular speaker and moderator at international Ports and Logistics Conferences worldwide since 2001.

Mr Suntah is the only Executive Director on the Board of the Mauritius Ports Authority with no fixed term contract.

Mr Om Kumar Dabidin
Permanent Secretary Home Affairs Division of the Prime Minister's Office

Mr Dabidin who joined the Civil Service in 1982 is now Permanent Secretary at the Prime Minister's Office since January 2015. He is holder of a Master's Degree in Social Work and has also completed his Masters in Business Administration (MBA) in 1994 from the University of Mauritius. He is presently a Board Member, amongst others, of the following Corporate Bodies:

- Mauritius Shipping Corporation Ltd;
- Gambling Regulatory Board;
- Mauritius Broadcasting Corporation;
- Civil Service College of Mauritius; and
- Mauritius Oceanographic Institute.

He is also Chairman of the Rodrigues Subsidy Fund Committee which operates under the aegis of the Prime Minister's Office. He has served in several Ministries in different capacities and has also been a resource person in different tertiary institutions. He has wide experience in voluntary social work and in this capacity he has been serving on several non-governmental organisations.

Mr Dabidin has been appointed as a Non-Executive Director on the Board of the Mauritius Ports Authority in February 2015.

CORPORATE GOVERNANCE REPORT

Directors' Profiles

Mrs Vailamah Pareatumbee
Lead Analyst, Ministry of Finance & Economic Development

Mrs Pareatumbee is a Fellow of the Association of Chartered and Certified Accountants since 2001 and has also successfully completed her Masters in Business Administration (MBA) with Specialisation in Finance in year 2000.

Mrs Pareatumbee who is presently Lead Analyst at the Ministry of Finance has vast experiences in the Civil Service which she joined in 1980 and throughout her career she has performed in various capacity involving a multitude of skills and knowledge mainly in the field of Auditing, Accountancy, Programme Based Budgeting, Leadership, Management and Quality Assurance. Of major significance she has worked at the National Audit Office, the Management Audit Bureau, the Ministry of Finance and Economic Development and the National Empowerment Foundation.

Mrs Pareatumbee has been appointed as a Non-Executive Director on the Board of the Mauritius Ports Authority as from October 2013.

Mr Doorgaprasad Rajcoomar
Section Head, Seaport Operations Section,
Mauritius Revenue Authority

Mr Doorgaprasad Rajcoomar resigned as a director on January 2016.

Mr Rajcoomar has some forty (40) years experience in Customs and has successfully completed his Master's in Business Administration (MBA) with specialisation in Finance in year 1998.

He is also holder of BA (Hons) and a Diplôme d'Etudes supérieures (DES) from the famous Ecole Nationale des Douanes (France).

He has worked at different levels in various sections of the customs including the port and airport in the former Customs and Excise Department. He joined the Mauritius Revenue Authority as Section Head in 2006. As such he has been successively heading the Preventive and Drugs, Surveillance and Enforcement Sections and presently the Seaport Operations Section.

Mr Rajcoomar has worked for three years for the United Nations as Customs Expert and presently he is a World Customs Organisation (WCO) accredited Advisor on Risk Management.

He has served as a non-executive director on the Board of the Mauritius Ports Authority previously and his appointment as non-executive director on the MPA Board dates back to May 2015.

Mr Vivekanand Ramburun
Director of Customs, Mauritius Revenue Authority

Mr Vivekanand Ramburun was appointed Director of Customs as from 02 February 2016.

He has worked previously for 10 years at the Management Audit Bureau (MAB) and has also an experience in Banking. At the level of the MRA, Mr V. Ramburun was a Section Head for the past nine years and acted as Director of Customs on several occasions. He is an Accredited Expert in Customs modernisation and trade facilitation as well as a World Customs Organisation (WCO) Accredited Expert for the implementation of the WTO Trade Facilitation Agreement. He has an extensive experience in consulting and capacity building for Customs administrations in Europe, Central Asia, Caribbean, Africa and Middle East on behalf of the WCO, IMF, Asian Development Bank, SADC, COMESA and Canada Customs. During his career, he was also elected as the Vice Chair of the WCO- East and Southern Africa Region and developed a Regional Strategy for Capacity Building.

Mr Ramburun is a Fellow of the Chartered Association of Certified Accountants (FCCA, UK), an Associate Member of the Institute of Quality Assurance (AIQA, UK) and holder of a Master in Business Administration (MBA) with specialisation in Finance.

He was appointed as a Non-Executive Director on the Board of the Mauritius Ports Authority as from February 2016.

Captain Wong Tat Chon Wong Chung Toi
Member

Captain Wong Chung Toi who holds a Master's (Foreign Going) Certificate (UK) and a MSC from the World Maritime University (Malmö) started a fruitful career spanning over 14 years at sea, sailing mostly on general cargo vessels and occupying various positions including that of Master on board both cargo and passenger vessels. He joined the then Mauritius Marine Authority as Pilot on 02 May 1979.

In April 1982, he was promoted Assistant Port Master and thereafter he was offered the post of Port Master in January 1984.

In August 1996, he was given additional responsibilities of Deputy Director-General, over and above his normal duties of Port Master. In the wake of the port sector reform in 1998, Captain Toi was appointed Director-General of the Mauritius Ports Authority from 1 August 1996 to 18 September 2007.

Captain Toi was also the Chairman of the Port Management Association of Eastern and Southern Africa from 2004 to 2007.

He had the privilege of receiving the "President's Distinguished Service Medal" (PDSM) in 2009.

Captain Toi is an independent Non-Executive Director on the Board of the Mauritius Ports Authority.

CORPORATE GOVERNANCE REPORT

Board Committees

Although the Board is ultimately responsible for the performance and affairs of the Authority, it has set up Subcommittees to assist the Board of Directors in discharging its duties through a more comprehensive evaluation of specific issues followed by well-considered recommendations to the Board.

As the Board is called upon to take purposeful decisions in a timely manner and to act effectively, it has to be supported by Subcommittees. These Committees provide guidance to the Board on aspects of corporate governance and give support to the executives and exercise appropriate oversight.

The following Committees have been constituted on 01 December 2011 to enhance the decision-making process of the Authority and facilitate the efficient flow of information and the implementation of policies:

1. Staff Committee
2. Audit & Risk Management Committee
3. Finance & Investment Committee
4. Land Lease Management Committee
5. Corporate Governance Committee

In line with best practices and corporate governance principles, it is considered appropriate to review periodically the terms and constitution of these Committees.

Staff Committee

The Staff Committee considers and determines establishment matters relating to the recruitment, appointment, promotion and empowerment of staff as well as the terms and conditions of employment. All recommendations made by the Staff Committee in regard to the establishment and conditions of employment are submitted for the consideration of the Board.

With the setting up of the Committee of Corporate Governance in 2001, corporate governance has become an important concern for all institutions. Every corporate body should be led by an effective Board which must exercise leadership, enterprise, integrity and judgment in directing the organisation in a transparent, accountable and responsible manner.

The terms of reference of the Staff Committee with regard to its composition and powers to deal with all staff matters date as far back as 1977. In line with the Code of Corporate Governance, the Authority should have clear and up to date guidelines to deal with all matters pertaining to human resources management.

The MPA Staff Committee shall have the mandate to:

(i) Recommend to the Board human resource strategies/ policies;
(ii) Consider matters pertaining to appointment, promotion, confirmation of appointment of employees, application for early retirement;
(iii) Carry out interview of candidates for the filling of vacant positions as per the Authority's approved recruitment & selection procedures;
(iv) Recommend as and when required the setting up of a subcommittee to carry out selection interview for lower grades;
(v) Make recommendations in respect of the remuneration policy following performance appraisal;
(vi) Consider and recommend training as per the Authority's Training Policy/Plan;
(vii) Consider matters pertaining to disciplinary actions and industrial relations;
(viii) Consider recommendations from Salary Commissioner/ HRD Consultants in the context of the Authority's Salary Reviews/Human Resource Development Plans;
(ix) Consider matters relating to welfare of employees;
(x) Consider and recommend changes to the terms and conditions of service;
(xi) Consider and recommend the participation of MPA officers in overseas training/seminar/workshop; and
(xii) Consider other issues pertaining to human resources management.

The membership of the Staff Committee is constituted as follows:

Chairperson	-	Mr Ramalingum Maistry
Members	-	Mr Shekur Suntah, Director-General, Mauritius Ports Authority
	-	Mr Kechan Balgobin, Representative of External Communications Division of the Prime Minister's Office
Secretary	-	Mrs Prameshwary Gungaram, Manager Human Resources

Audit & Risk Management Committee

The Audit & Risk Management Committee was set up to provide a roadmap for the development of proactive strategies with a view to ensuring that every effort is made to appropriately manage risk that may have a bearing on port operations. In the light thereof, the attributes of the Audit & Risk Management Committee have been reviewed incorporating the following:

Internal Audit Function

(i) To consider the adequacy of the Audit Plan and to ensure that the annual Internal Audit exercise covers all operations and the areas of risks;
(ii) To scrutinise and discuss on periodical reports submitted by the Internal Audit & Risk Management Department. These reports should include inter-alia observations, conclusions, recommendations and strategies;
(iii) To ensure that decisions taken at the level of the Audit & Risk Management Committee are timely implemented to bring in expected results;
(iv) To examine the performance reported on quarterly financial statements;
(v) To assign specific duties to the Corporate Auditor pertaining to, among others, the following:

- Management of investment portfolios and investment in port related projects;
- Raising of loans for financing port projects;
- Acquisition and disposal of any asset and share of securities;
- Financial aspects of the Concession Contract;

(vi) Hedging techniques to mitigate losses in foreign exchange and operation of foreign accounts.
(vii) To instruct the Corporate Auditor to carry out specific investigations on suspected malpractices or alleged frauds as and when needed;
(viii) To consider the views of the Corporate Auditor on the effectiveness of MPA's corporate governance processes; and
(ix) To report regularly to the Board on the actions of the Audit & Risk Management Committee.

CORPORATE GOVERNANCE REPORT

Risk Management Function

(i) To review risk management functions and the annual risk management plan;
(ii) To assess the scope and effectiveness of systems established for monitoring financial and non-financial risks;
(iii) To review risk assessment reports on a periodic basis to enable the Audit & Risk Management Committee to assess the risks related to the Authority's operations and to consider the major risks identified and how they are controlled and monitored;
(iv) To report on the outcomes of the risk assessments performed on a periodic basis;
(v) To review and monitor Management's responsiveness to the findings and recommendations for prioritisation and allocation of resources to address areas of high exposure;
(vi) To monitor and review the effectiveness of the Authority's Risk Management Function in the context of overall Risk Management system; and
(vii) To review the Authority's engagements for compliance with risk management guidelines as per ISO 31000

The Audit & Risk Management Committee is composed of the following:

Chairperson - Captain Wong Tat Chon Wong Chung Toi (Up to July 2016) - Mr Vivekanand Ramburun (as from August 2016)

Members - Mr Doorgaprasad Rajcoomar, Section Head, Seaport Operations Section, Mauritius Revenue Authority (up to August 2016)
- Mr Om Kumar Dabidin, Permanent Secretary, Home Affairs Division of the Prime Minister's Office (Up to Febuary 2016)
- Captain Wong Tat Chon Wong Chung Toi (as from August 2016)

In attendance Mr Chandradutt Rogbeer, Corporate Auditor Mrs Maleena Jankee-Bhurtun, Manager, Compliance & Risk Management

Secretary - Mrs Lawtee Rugbur, Manager, Audit & Assurance (as from August 2016)

Finance & Investment Committee

The attributes of the Finance & Investment Committee are being updated to be in line with the approval limits as contained in the Internal Procurement Procedures Manual and approved by the Board at its meeting held in October 2014. The Committee makes submissions on the following for the consideration of the Board:-

(i) MPA Budget for the ensuing year;
(ii) Financial statements for the current year;
(iii) Procurement of goods and services above Rs 1,000,000 (excl. VAT);
(iv) Purchase of foreign currencies for the Authority's debt servicing exercise with a view to meeting payments due to contractors;
(v) Investments of surplus cash in fixed deposit accounts denominated MUR and/or other foreign currencies;
(vi) Provision of incentive schemes to be granted to shipping lines;
(vii) Payment of dividends to Government based on estimated net surpluses;
(viii) Investment in port development projects;
(ix) Raising of loans for financing port development projects;
(x) Early redemption of local/foreign loans;
(xi) Acquisition of any land/building or any interest thereon;
(xii) Mitigation of forex losses through hedging techniques;
(xiii) Subscription, acquisition and disposal of shares or securities of any body corporate;
(xiv) Granting of loans to other bodies subject to the approval of the Minister;
(xv) Forming part or subscription to the share capital of a company or enter into a management contract with any company or any person for the purpose of managing its investments;
(xvi) Investment of any sum not immediately required for the purposes of its business; and
(xvii) Realisation of investments, securities or loans under the Authority's control in order to finance its operations or for the purpose of reinvestment.

The Finance & Investment Committee is constituted as follows:-

Chairperson - Mrs Vailamah Pareatumbee, Lead Analyst, Ministry of Finance & Economic Development

Members - Mr Kechan Balgobin, Representative of External Communications Division of the Prime Minister's Office
- Mr Shekur Suntah, Director-General

Secretary - Mr Adesh Sharma Soyjaudah, Manager, Financial Accounting

CORPORATE GOVERNANCE REPORT

Land Lease Management Committee

The Land Lease Management Committee makes recommendations to the Board on new lease applications, renewal of current leases, whilst setting up/reviewing guidelines and procedures for land management and land allocation with the following terms of reference:

(i) Recommend renewal of existing lease agreements to the MPA Board;
(ii) Assess all applications against set criteria and make recommendations to the Board;
(iii) Advise the Board on the proper implementation of approved procedures/guidelines from time to time;
(iv) Review criteria for evaluation of land applications including procedures/guidelines for approval by MPA Board;
(v) Advise the Board on improvements for the effective running of the Land Management Unit; and
(vi) Advise the Board on any major review or undertaking in regard to land management.

The Land Lease Management Committee is constituted as follows:-

Chairperson	-	Mr Shekur Suntah, Director-General
Members	-	Mr Kechan Balgobin, Representative of External Communications Division of the Prime Minister's Office
	-	Mrs Vailamah Pareatumbee, Lead Analyst, Ministry of Finance & Economic Development
Co Opted	-	Mrs Mary Jane Lau Yuk Poon, Assistant Solicitor-General, State Law Office
Members	-	Mr Yodhun Bissessur, Director, Valuation & Real Estate Consultancy Services, Valuation Office Department (up to April 2017)
	-	Mrs Roshni Bissessur, Ag. Director, Valuation & Real Estate Consultancy Services (as from May 2017)
	-	Mr Herbert Thomas Appadoo, Deputy Chief Surveyor, Ministry of Housing & Lands (up to April 2017)
	-	Mr Vedacharya Vyas Sharma Chuckun, Deputy Chief Surveyor, Ministry of Housing & Lands (as from May 2017)
	-	Captain. Wong Tat Chon Wong Chung Toi
	-	Mrs Rajwantee Bucktowar, Assistant Permanent Secretary, External Communications Division of the Prime Minister's Office
Secretary	-	Mr Vyas Rughoonauth, Manager, Administrative Services
	-	Mr Lutchmeenarain Appadoo, Chief Officer, Administrative Services (as from August 2016)

Corporate Governance Committee

The objective of the MPA Corporate Governance Committee is to provide guidance to the Board on aspects of corporate governance and to recommend the adoption of best practices. The attributes of the Corporate Governance Committee are to ensure that:

(i) The reporting requirements on corporate governance are in accordance with the principles of the Code of Corporate Governance and that the Authority's Annual Report discloses the following:

- Holding structure of MPA
- A profile of the Board Directors, the Director-General and each member of the senior management team
- Dividend policy
- Detailed remuneration allocated to Board Directors
- Main terms of reference of Board Committees and attendance details of Directors
- Identification of key risks and their controls
- Policies and practices as regards social, safety & health and environmental issues

(ii) The Board comprises a majority of independent non-executive Directors;
(iii) The Board exercises its powers and discharges its responsibilities as stipulated in the Ports Act 1998;
(iv) The Board sub committees are run effectively and smoothly;
(v) A Code of Conduct is formulated establishing obligations of Directors as set out in the Code of Corporate Governance and the duties of the Directors to the Authority and to the Board;
(vi) Clear lines of responsibility and accountability prevail throughout the Authority;
(vii) Effective and regularly reviewed structures are in place to support the implementation and development of integrated governance across the Authority;
(viii) Timely reports are made to the Board of Directors, including recommendations and remedial action taken or proposed if there is an internal failing in systems or services; and
(ix) A sufficient independent and objective assurance is in place to support the robustness of key processes across all areas of governance.

The Corporate Governance Committee is constituted as follows:

Chairperson	-	Mr Om Kumar Dabidin, Permanent Secretary, Home Affairs Division of the Prime Minister's Office
Members	-	Captain Wong Tat Chon Wong Chung Toi
	-	Mr Doorgaprasad Rajcoomar, Section Head, Mauritius Revenue Authority
Secretary	-	Ms. Ooma Devi Rajagopall, Chief Officer, Administrative Services

CORPORATE GOVERNANCE REPORT

Attendance at Board and Committee meetings

There were 10 scheduled meetings of the Board and 21 special meetings of the Board totalling 31 meetings for the period starting January 2016 to June 2017. The Board Committees met in advance of the Board meetings and responded to matters within their remit and advised the Board accordingly.

	Board	Staff Committee	Audit & Risk Management Committee	Finance & Investment Committee	Land Lease Management Committee	Corporate Governance Committee
Total Number of Meetings	31	23	6	19	16	5
Chairperson						
Mr Ramalingum Maistry	29	23				
Representative of the External Communications Division of the Prime Minister's Office						
Mr Kechan Balgobin	29	23		18	11	
Mrs Rajwantee Bucktowar (alternate to Mr Kechan Balgobin)	1				2	
Director-General						
Mr Shekur Suntah	30	23		19	15	
Member (Permanent Secretary, Home Affairs Division of the Prime Minister's Office)						
Mr Om Kumar Dabidin	30		5			5
Member (Lead Analyst, Ministry of Finance & Economic Development)						
Mrs Vailamah Pareatumbee	28			19	10	
Member (Director of Customs, Mauritius Revenue Authority)						
Mr Vivekanand Ramburun	20		3			
Member (Section Head, Seaport Operations Section, Mauritius Revenue Authority)						
Mr Doorgaprasad Rajcoomar	6		2			5
Member						
Captain Wong Tat Chon Wong Chung Toi	27		6		14	4
Member (Assistant Solicitor-General, State Law Office)						
Mrs Mary Jane Law Yuk Poon					10	
Member (Deputy Chief Surveyor, Ministry of Housing & Lands)						
Mr Herbert Thomas Appadoo					11	
Mr Vedacharya Vyas Sharma Chuckun					2	
Member (Director, Valuation & Real Estate Consultancy Services, Valuation Office Department)						
Mr Yodhun Bissessur					7	
Member (Ag. Director, Valuation & Real Estate Consultancy Services, Valuation Office Department)						
Mrs Roshni Bissessur					7	

CORPORATE GOVERNANCE REPORT

Financial Statements

The Board bears responsibility for the preparation of the financial statements of the Authority for each financial period. These statements present a true and fair picture of the financial situation of the Authority. They also highlight the gains or losses and cash flows for the current financial period. In preparing the financial statements, the Board is required to:

(i) select appropriate accounting policies and implement them efficiently;
(ii) take reasonable steps for the prevention and detection of fraud and other irregularities and to safeguard the assets of the Authority;
(iii) make judgments and estimates that are reasonable and prudent; and
(iv) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Authority will continue in business.

Remuneration of Directors, Executives and Staff

The Directors sitting on the Mauritius Ports Authority Board and Committees are paid fees for their attendance, the amount of which is determined by the MPA Board.

Remuneration arrangements for the Director-General and staff of the MPA are determined by the Board on the basis of a Human Resources Development Report. The Authority's remuneration policy provides for a review of salaries every four years.

A total sum of Rs 2,313,020 was paid to members of the Board and subsidiary Committees of the Board during the period under review, that is, from January 2016 to June 2017.

Fees paid to members of the Board and Subsidiary Committees

Board/Committee Member	Board Rs	Staff Committee Rs	Audit & Risk Management Committee Rs	Finance & Investment Committee Rs	Land Lease Management Committee Rs	Corporate Governance Committee Rs	Total Rs
Mr Ramalingum Maistry*							
Mr Kechan Balgobin	300,000	88,000	0	76,000	56,000	0	520,000
Mrs Rajwantee Bucktowar	12,000	0	0		4,000	0	16,000
Mr Shekur Suntah*							
Mr Om Kumar Dabidin	312,000	0	31,600		0	20,800	364,400
Mrs Vailamah Pareatumbee	308,000	0	0	109,200	68,000	0	485,200
Mr Vivekanand Ramburun	224,000	0	15,600	0	0	0	239,600
Mr Doorgaprasad Rajcoomar	72,000	0	4,000	0	0	24,000	100,000
Captain Wong Tat Chon Wong Chung Toi	272,000	0	22,400	0	52,000	24,000	370,400
Mrs Mary Jane Law Yuk Poon	0	0	0	0	44,000	0	44,000
Mr H. Appadoo	0	0	0	0	64,000	0	64,000
Mr Vedacharya Vyas Sharma Chuckun	0	0	0	0	8,000	0	8,000
Mr Yodhun Bissessur	0	0	0	0	69,420	0	69,420
Mrs Roshni Bissessur	0	0	0	0	28,000	0	28,000
Mr Vinod Seebun	0	0	0	0	4,000	0	4,000
Total	**1,500,000**	**88,000**	**73,600**	**185,200**	**397,420**	**68,800**	**2,313,020**

*Messrs. Maistry and Suntah were not paid any Board fee but were remunerated a total fee of Rs 1,270,500 and a total salary of Rs 3,411,000 for the period ended June 2017 respectively as Chairman and Director-General of the MPA.

BOARD OF DIRECTORS/ BOARD OF COMMITTES

In accordance with the disclosure requirements under the Code of Corporate Governance, details of the remuneration payable to the Board of Directors and fees derived by MPA Officers sitting on board of statutory bodies and companies for the reporting period are shown on next page:

Representation of MPA Officers on board of statutory bodies and companies

	Director	Date of Appointment	Total Fees from January 2016 to June 2017 (Rs)	Alternate	Date of Appointment	Total Fees from January 2016 to June 2017 (Rs)
Cargo Handling Corporation Ltd	Mr Shekur Suntah, Director-General	30.09.15	175,100	Mrs Aruna Devi Bunwaree Ramsaha, Deputy Director-General (Management Support Services)	30.09.15	10,625
	Mr Shakeel Goburdhone, Deputy Director-General (Technical & Operational Services)	30.09.15	114,000	Mr Sandesh Kumar Seelochun, Director, Port Development	30.09.15	Nil
Froid des Mascareignes Ltée	Captain Louis Benoit Barbeau, Port Master	30.09.15	Nil	Mrs Nomita Devi Seebaluck, Manager, Port Operations	30.09.15	Nil
	Mrs Aruna Devi Bunwaree Ramsaha, Deputy Director-General (Management Support Services)	30.09.15	5,100	Mr Shreeganesh Ganga, Director, Finance	30.09.15	Nil
State Property Development Co. Ltd (Landscope Mauritius as from Feb 2017)	Mr Shekur Suntah, Director-General	30.09.15	166,600	Mr Shakeel Goburdhone, Deputy Director-General (Technical & Operational Services)	30.09.15	Nil
Les Moulins de la Concorde Ltée	Mrs Aruna Devi Bunwaree Ramsaha, Deputy Director-General (Management Support Services)	30.09.15	177,571	Captain Louis Benoit Barbeau, Port Master	30.09.15	Nil
Maurinet Investment Ltd	Mr Shreeganesh Ganga, Director, Finance	12.11.15	180,000	Mrs Nomita Devi Seebaluck, Manager, Port Operations	12.11.15	Nil
	Mr Sandesh Kumar Seelochun, Director, Port Development	12.11.15	180,000	Mr Gowraj Angad, Senior Manager, Estate Management	12.11.15	Nil
Mauritius Network Services Ltd	Mr Shreeganesh Ganga, Director, Finance	12.11.15	186,750			
Mauritius Cargo Community Services	Mr Shekur Suntah, Director-General	30.09.15	153,000	Mrs Aruna Devi Bunwaree Ramsaha, Deputy Director-General (Management Support Services)	30.09.15	Nil
Mauritius Shipping Corporation Ltd	Mr Chandradutt Rogbeer, Corporate Auditor	30.09.15	78,596	Mr Kwok Kong Chan Shin Yu, Senior Manager, Marine Engineering	30.09.15	

CORPORATE GOVERNANCE REPORT

Representation of MPA Officers on board of statutory bodies and companies

	Director	Date of Appointment	Total Fees from January 2016 to June 2017 (Rs)	Alternate	Date of Appointment	Total Fees from January 2016 to June 2017 (Rs)
State Trading Corporation	Mr Narad Dawoodarry, Director, Legal & Administrative Services	30.09.15	180,000	Mr Shreeganesh Ganga, Director, Finance	30.09.15	Nil
Mauritius Sailors' Home Society	Captain Kavidev Newoor, Deputy Port Master	30.09.15	Nil	Mr Kwok Kong Chan Shin Yu, Senior Manager, Marine Engineering	30.09.15	Nil
Seafarers' Welfare Fund	Mr Mukhram Moloo, Director, Human Resources	30.09.15	3,568	Mr Gowraj Angad, Senior Manager, Estate Management	30.09.15	5,267
Mauritius Oceanographic Institute	Captain Louis Benoit Barbeau, Port Master	30.09.15	6,354	Captain Thakoorsing Saugur, Assistant Port Master	30.09.15	Nil
Mauritius Maritime Training Academy	Captain Louis Benoit Barbeau, Port Master	30.11.16	Nil	Captain Kavidev Newoor, Deputy Port Master	30.11.16	Nil
National Ocean Council	Mr Shekur Suntah, Director-General	30.06.15	93,500			

Material Clauses of the Mauritius Ports Authority

The Mauritius Ports Authority is governed by the Ports Act 1998.

Share Option Plan

The Mauritius Ports Authority does not have any Employee Share Option Plan.

Directors' Service Contracts

There are no service contracts between the Mauritius Ports Authority and its Directors except for the Director General.

Significant Contracts

No contract of significance subsisted during the period under review between the Mauritius Ports Authority and any Director either directly or indirectly.

Calendar of Main Events

Financial Period End : 30 June 2017

Auditors Remuneration

	Rs'000
External Auditors Fees to be paid to Grant Thornton Mauritius	650
Fees paid for other services provided by Grant Thornton Mauritius	Nil

CORPORATE GOVERNANCE REPORT

Management Constitution

Director-General	Mr Shekur Suntah	s.suntah@mauport.com
Deputy Director-General (Management Support Services)	Mrs Aruna Devi Bunwaree Ramsaha	a.ramsaha@mauport.com
Deputy Director-General, (Technical & Operational Services)	Mr Shakeel Goburdhone	s.goburdhone@mauport.com
MARINE		
Port Master	Captain Louis Benoit Barbeau	l.barbeau@mauport.com
Deputy Port Master	Captain Kavidev Newoor	k.newoor@mauport.com
Assistant Port Master	Captain Thakoorsing Saugur	t.saugur@mauport.com
Manager, Port Environment	Mr Bussunth Kumar Rughooputh	b.rughooputh@mauport.com
Manager, Port Emergency Services	Mr Bissoondyal Ramrukheea	b.ramrukheea@mauport.com
Manager, Port Security	Mr Soodesh Ramphul	s.ramphul@mauport.com
Manager, Marine Engineering	Mr Kwok Kong Chan Shin Yu	s.chan@mauport.com
LEGAL & ADMINISTRATIVE SERVICES		
Director, Legal & Administrative Services	Mr Narad Dawoodarry	n.dawoodarry@mauport.com
Manager, Administrative Services (posted at Marine Department)	Mr Vyas Rughoonauth	v.rughoonauth@mauport.com
Manager, Legal Services	Mrs Bhavna Karishma Gokhool	b.gokhool@mauport.com
Quality Coordinator	Mrs Nazeema Bibi Seelarbokus	n.seelarbokus@mauport.com
Corporate Communications Executive (on contract)	Mr Abhai Neermaull	a.neermaull@mauport.com
FINANCE		
Director, Finance	Mr Shreeganesh Ganga	s.ganga@mauport.com
Manager, Management Accounting	Mrs Pritty Keesonah	p.keesonah@mauport.com
Manager, Financial Accounting	Mr Adesh Sharma Soyjaudah	a.soyjaudah@mauport.com
AUDIT & RISK MANAGEMENT		
Corporate Auditor	Mr Chandradutt Rogbeer	c.rogbeer@mauport.com
Manager, Compliance & Risk Management	Mrs Maleena Jankee Bhurtun	m.bhurtun@mauport.com
Manager, Audit & Assurance	Mrs Lawtee Rugbur	l.rugbur@mauport.com
PORT DEVELOPMENT		
Director, Port Development	Mr Sandesh Seelochun	s.seelochun@mauport.com
IT SERVICES		
Director, IT Services	Mr Ravishankar Woottum	r.woottum@mauport.com
Manager, IT Services	Mr Azadally Nawool	a.nawool@mauport.com
HUMAN RESOURCES		
Director, Human Resources	Mr Mukhram Moloo	m.moloo@mauport.com
Manager, Human Resources (Training/Development)	Mrs Prameshwary Gungaram	p.gungaram@mauport.com

CORPORATE GOVERNANCE REPORT

Management Constitution

PORT OPERATIONS		
Manager, Port Operations	Mrs Nomita Devi Seebaluck	n.seebaluck@mauport.com
Manager, Planning & Licensing	Mr Gianduth Seewoopersad	g.seewoopersad@mauport.com
TECHNICAL SERVICES		
Senior Manager, Technical Services	Mr Basdeo Bholanath Dhunnoo	b.dhunnoo@mauport.com
ESTATE MANAGEMENT		
Senior Manager, Estate Management	Mr Gowraj Angad	g.angad@mauport.com
PROCUREMENT & SUPPLY SECTION		
Senior Manager, Procurement & Supply	Mrs Priyathama Seebaruth	p.seebaruth@mauport.com
MARKETING		
Manager, Marketing	Mr Atish Beesoondial	a.beesoondial@mauport.com

POLICY STATEMENTS

Quality Policy

As part of our commitment to continuous improvement, customer focus and compliance with regulatory and statutory requirements, the Quality Policy of the Mauritius Ports Authority is based on the principles that identify, manage and evaluate our key business activities, and reduce process, people, health and safety risk.
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The principles of planning, practices and people are key features of our Integrated Quality Management System and are monitored for continuous improvement. Our Integrated Quality Management System describes the way in which the MPA undertakes its activities and ensures a coordinated approach across the different business clusters.

MPA is certified as ISO 9001:2008 Quality Management System and is gearing itself to meet the requirements of ISO 14001 Environmental Management System and ISO 27002 Information Security Management.

Safety and Health Policy

In line with the Safety and Health Policy Statement, we strive to provide a healthy and safe workplace for all of our employees, contractors and visitors by ensuring our Safety motto, which is “we care for each other”.

Our key objectives are to have:

- a workplace where health and safety management and leadership is a core responsibility of our managers and supervisors;
- a workplace where health and safety management and leadership is integrated into core business activities;
- a culture that inspires awareness of and personal responsibility for health and safety; and
- an occupational health and safety management system that meets our internal safety requirements and complies with statutory obligations and expectations.

Environmental Policy

The Authority is committed to minimising the impact of its operations on the port environment. Caring for the environment is one of the Authority’s operational concerns. Realising that we work in a global environment with varying conditions, challenges and capabilities, the Authority also endeavours to improve the environmental performance continually through effective environmental management programmes.

In its continual pursuit of maintaining a sound environment, the MPA is focusing on the following initiatives:

- Expanding its environmental goals and objectives and monitoring its progress
- Complying with the relevant environmental laws and regulations
- Developing, constructing and operating its facilities in an environmentally responsible manner that promotes the prevention of pollution
- Integrating environmental issues into the business decision-making process
- Using environmentally responsible products where possible
- Preserving resources by re-using and recycling materials and using less of them, wherever possible

Security Policy

The Mauritius Ports Authority is responsible for the security and protection of port infrastructure and assets, and the provision of risk-based security services. In response to the risk of terrorism, the MPA has interpreted the International Ship and Port Facility and Security (ISPS) Code to:

- ensure compliance with all relevant security legislations;
- maintain a Security Committee, which will meet frequently to review and update critical procedures and instructions with respect to its people and operations in emergency circumstances;
- ensure management responsibility and accountability for security;
- audit and review its security system and performance periodically;
- consider the security aspects of all new projects;
- provide and maintain a secure environment for employees, guests and visitors; and
- continually improve the performance of its security management system.

In this regard, the port waters and the land area under the control of the Authority are now being closely and constantly scrutinised by trained Police and MPA officers operating from a centralised surveillance control room on a 24/7 basis.

In addition to the MPA’s port security plan, other port facilities and port service providers have to get their security plans outlining the measures and procedures undertaken to protect vessels that trade in the port waters and the port infrastructure that services those vessels certified by the MPA.

In the pursuit of its mandate for the enhancement of port security, the Mauritius Ports Authority aligns itself to the requirements of the National Maritime and Harbour Security Committee for the implementation of security systems policies and procedures at Port Louis Harbour and Port Mathurin.

Equal Opportunity Policy

The Mauritius Ports Authority has maintained a long-standing commitment to equal employment opportunity for all employees and applicants for employment. Section 9 of the Equal Opportunities Act 2008 provides that every employer needs to draw up and apply an Equal Opportunity Policy at its place of work with a view to minimising the risks of discrimination and promoting recruitment, training, selection and employment on the basis of merit. The principal aims of an Equal Opportunity Policy Statement are to ensure the following:-

(a) no job applicant or worker receives less favourable treatment than another, on the basis of his or her status, that is, age, caste, colour, creed, ethnic origin, impairment, marital status, place of origin, political opinion, race, sex or sexual orientation;
(b) no job applicant or worker is placed at a disadvantage by requirements, provisions, criteria, conditions or practices, unless they can be justified as a necessary and appropriate means of achieving a legitimate aim; and
(c) workers are given training and encouragement to take equal advantage of opportunities in the organisation, irrespective of their status.

In view of our commitment to the principle of equality and to be in line with the legal requirements, an Equal Opportunity Policy Statement as approved by the MPA Board has been implemented since July 2013 covering all aspects of employment including recruitment, terms and conditions of work, training and development, promotion, performance, grievance, discipline, treatment of workers and termination of employment.

The Policy Statement will enable the Authority to reduce the risks of grievances, damage to productivity, staff morale and the organisation’s reputation as well as foster good relations in the work place.

PORT SERVICES

CORPORATE MATTERS

CORPORATE PLANNING

Strategies serving the mission of the MPA

The MPA was established to operate commercially as a self-funding organisation, while at the same time ensuring safety of ports and provision of effective and efficient port services. For MPA to be a commercially viable and an efficient service delivery organisation requires a team of committed and competent staff that serves the Authority with integrity. So, leading up to the commencement of the 2016-2018 planned period, the MPA appointed a firm of Consultants to prepare a new Corporate Plan and proceeded with staff inputs with the review of its mission, vision and core values during a strategic workshop on 23 November 2015. This exercise subsequently led to the publication of the new MPA Corporate Plan 2016 to 2018 in March 2016. The ensuing strategic intents of the MPA for the three years have been captured in the Authority's new vision and mission statements as well as its core values as outlined below:

Vision Statement: *MPA – The leading Authority driving Mauritius as a preferred regional maritime gateway.*

Mission Statement: *To stimulate economic growth by transforming our port into a dynamic Logistics Hub whilst providing sustainable and competitive integrated services.*

Core Values: *Service Excellence – we adopt cutting edge processes and technologies to provide value adding services*

Innovation and Creativity – we continuously innovate in a perpetual move to ensure sustainability

Passion – we engage ourselves with determination and dedication in a results driven culture

The management team under the guidance of the Board of Directors endeavours to put in place a proper and right sized organisation structure that addresses staff competency, appropriate remuneration and human resource capacity development.

The Plan will provide guidance to the Directors, Management and Staff towards achieving the Authority's objectives and desired outcomes, over the next three years. It is also a road map for all stakeholders on port development and to benchmark the work of the Authority.

The MPA is legislated to operate efficiently and therefore it continues to place great emphasis on the maintenance of the high standards in its service delivery based on the principles of good governance, with the aim of achieving the required return on investment. However, it is also obligated by other international key mandates in ensuring safety and security of ships, and port facilities as its overriding priority.

The essence of the 2016 – 2018 Plan continues to improve and consolidate key activities and services to ensure that the revised vision and mission remain relevant in achieving the Authority's objectives and reflect the government port infrastructure initiatives as set out in the Government 2030 Vision. The Consultants have elaborated a range of strategic thrusts and corresponding action plans to enable the MPA to fully embrace the Government Vision for a culture of performance and to ensure that Port Louis Harbour is the preferred maritime gateway in the South West Indian Ocean region in the context of a world rapidly evolving as a global village.

CORPORATE MATTERS

QUALITY MANAGEMENT SYSTEMS

Quality focus and Customer Experience

MPA's quality focus embraces the whole organisation. The work is guided by business and customer needs whilst being evaluated against international standards. The cornerstone of ensuring good quality services includes the establishment of good governance processes, constant monitoring of performance and adherence to relevant regulatory systems and industry standards.

The MPA was ISO certified for the first time in 2004 by the Mauritius Standards Bureau. Thereafter, over the last thirteen years, the ISO 9001 certification has been retained and as at date, the MPA is certified according to the 2008 version of ISO 9001. We are now in the process of migrating to the latest version of ISO 9001:2015. The earlier version of ISO 9001 was quite prescriptive, with many requirements for documented procedures and records. The new version of the ISO 9001:2015 brings new requirements which are outlined below:

- Defines the context of the organisation, stating that an organisation must consider both the internal and external issues that can impact its strategic objectives and the planning of the Quality Management Systems.
- Identifies the needs and expectations of interested parties. There is a need to develop an understanding of the business's **internal** and **external** stakeholder interests. Such interests are those that might impact upon your management system's ability to deliver its intended results, or those that might influence your business's strategic direction. This information should be gathered, reviewed and regularly monitored through formal channels, such as management review meetings.
- Puts greater emphasis on leadership engagement.
- Addresses organisational risks and opportunities in a structured manner. There are risks in all systems, processes and functions. Risk-based thinking ensures these risks are identified, considered and controlled throughout the design and use of the quality management system.
- Uses simplified language and a common structure and terms, which are particularly helpful to organisations using multiple management systems, such as those for the environment, health & safety, or business continuity.
- Addresses supply chain management more effectively.
- Is more user-friendly for service and knowledge-based organisation.

During the period under review, the MPA continued expanding its certification coverage from AJA Registrars (Mauritius) by maintaining its ISO14001 Environmental Management Systems and synergising its resources to develop a quality roadmap to create increasing business value and service experience for customers.

The MPA's Quality Policy encompasses port operations and employees. It states the benefits of maintaining high quality, the Authority's objectives regarding quality, and how the MPA's understands customers' experiences of perceived quality. The Quality Policy reflects the following:

- Our mission is to stimulate economic growth by transforming our port into a dynamic logistics hub whilst providing sustainable and competitive integrated services in line with our vision to become the leading Authority driving Mauritius as a preferred regional maritime gateway.
- Our organiaation shall demonstrate leadership and commitment with respect to statutory, legal, customer and the relevant ISO Standards requirements including those pertaining to identified environmental aspects.
- Our responsibility for environmental protection and sustainable port development whilst at the same time offering quality services to our valued customers through our quality and our environmental management system.
- Our commitment to continually improve the effectiveness of our Quality and Environmental Management Systems by reviewing our objectives and targets and by adopting a risk-based approach for all our processes and operations.

To support our endeavour to satisfy our customers and commit ourselves to adopt quality and environmental best practices we will ensure:

- regular gathering and monitoring of customer feedback with a view of improving our services and maintaining customer satisfaction;
- training and development of our employees to foster a quality culture, environmental awareness and sense of responsibility within the organisation;
- preservation of our local marine eco-system, biodiversity and sensitive habitat by adopting a balanced strategy between port development and environment protection;
- that our Environmental and Quality objectives are targeted to improve the environmental management performance and customer service standard of the port;
- pollution prevention and emergency preparedness measures are in place to deal with emergency situations arising from port operations such as bunkering, oil spills, contamination of marine ecosystems, handling of dangerous cargoes, dust emissions and noise;
- reduction of waste through responsible use of resources and as far as practicable favour the re-use, recycling and purchase of materials from sustainable resources;
- promotion of efficient use of resources such as water, electricity, raw materials, fuel consumption and those that are renewable in an effort to reduce our greenhouse gas emissions; and
- communication of our stewardship in Quality and Environment to our customers, port stakeholders and the public and encourage them to support it.

CORPORATE MATTERS

Benefits of ISO Certification to the MPA

Quality is a multidimensional concept directly related to specific organisational goals that should be looked upon as a never ending upward spiral. In accordance to ISO 9001:2015 standards, quality may be defined as the provision of products and/or services, which meet stakeholders' implicit and explicit needs as well as their expectations.

Safety and security is indeed an important port services quality attribute and are becoming increasingly important to the extent that they are considered to be synonymous or entirely integrated to "quality". Contemporary quality benefits within the MPA apart from focusing on external factors such as safety, security and environmental standards encompass the following:

- **Improvement of MPA's credibility and image** – Because ISO 9001 is an internationally recognised standard, it has become the basis for creating a quality management system around the world, replacing many previously published requirements.

- **Improvement of customer satisfaction** – One of the quality management principles is to improve customer satisfaction by planning for and striving to exceed customer requirements. By improving customer satisfaction, more repeat customers will be retained since happy and satisfied customers are the key to keeping customer loyalty. And such customers bring in additional revenues. The Manager, Marketing has recently conducted a customer survey for the Marine and the Finance Department. The analysis and findings of the customer survey has been submitted to top management to identify areas of weaknesses and improvement.

- **Better process integration** – By looking at the overall process interaction through the process approach of ISO 9001, it will be easier to find improvements in efficiency and cost savings. This is done through eliminating the waste that can occur when processes are maintained without a view of the inefficiencies that can arise during process handoff. The better process flow can also be used to drive efficiencies towards fewer errors and resulting reworks, which can improve cost savings.

- **Improve evidence for decision making** – A second quality management principle of ISO 9001 is the need to use evidence-based decision making. By driving decisions based on the evidence, rather than on "gut feelings," Management is more focused on applying resources to the areas that will improve efficiencies and increase cost savings with less trial and error to find the right decision. In addition, by monitoring the processes that are improved, the level of the improvement can be assessed based on the data.

- **Create a continual improvement culture** – Continual improvement is a third quality management principle of ISO 9001. By adopting this culture to improve the processes and organisational output, there will be more efficiencies and cost savings, including the use of systematic processes when problems occur in order to reduce the impact of the problem and increase the speed of recovery. Both the Quality Coordinator and the Manager, Port Environment conducted an awareness programme to apprise all MPA staff of the requirements of the new ISO 9001 Standard. The purpose of the training was to develop and create awareness about the importance of quality at work and the necessity to have an environmentally friendly work place and a continual improvement culture. The training was provided once a week to different batches of MPA employees during the month of March 2017.

- **Engagement of employees** – Employees who are involved in the improvement of the processes they work with are happier and more engaged employees. The importance of employee engagement cannot be overstated and employee engagement strategies within the framework of Work Improvement Team Committees have been proven to reduce staff turnover, improve productivity and efficiency, retain customers at a higher rate, and make more profits. Most importantly, engaged employees are happier, both at work and in their lives. When you're engaged, it infuses everything you do with purpose, energy, and enthusiasm. It is a requirement of the MPA Quality Policy to hold a meeting of Work Improvement Team once every three months across all MPA departments/sections.

CORPORATE MATTERS

HR DEVELOPMENT, TRAINING PLANS & WELFARE ACTIVITIES

Human Resources Development Plan (HRD 2016)

The role of the HR services is evolving towards a business partner role, driving initiatives in line with the Corporate Plan 2016 -2018 and priorities of each business units and ensuring consistency at all levels. As a landlord port authority, the MPA is responsible for the overall planning and development of the port providing the main port infrastructure and superstructure. In order to achieve this objective, the MPA must be manned with the right competencies. The MPA therefore embarked on a Human Resource Development (HRD) Plan for enabling its employees to develop their personal and organisational skills, knowledge, and abilities. The aim of the HRD is extremely important as any added value to an employee is value added to the organisation, and employees are eager to benefit from opportunities to develop their skills and add value to their organisations.

The MPA appointed Messrs BDO & Co Ltd for the preparation of a Human Resources Development Plan including a reengineering of the organisational structure in line with the Authority's requirements, review of salary structure and terms and conditions of service.

Given the importance of the HRD Plan for the MPA and, in view of the Authority's rapidly changing needs, the HRD Plan has been formulated subsequent to the elaboration of the MPA's Corporate Plan 2016 -2018 by BDO & Co Ltd.

Messrs BDO submitted the final HRD Report in March 2017, whereby the Consultants had proposed some fundamental changes to the organisation structure that is strategically driven and geared for the future. The Consultants highlighted the need for the MPA to address scarcity of certain maritime skills, matching of relevant human resources with emerging business opportunities in the bunkering and cruise segment, and the Authority's growing challenges in providing safer, secure and competitive services.

The HRD Report provided the MPA employees with the most significant opportunities that they seek including the ability, and encouragement to continue to develop their skills. In addition, it will help the MPA to develop such opportunities as:

- organisation development
- employee training,
- employee career development,
- performance management and development,
- coaching,
- mentoring,
- succession planning,

The focus of the HRD Plan is on developing the most superior workforce so that the Authority and individual employees can accomplish their work goals in effective service to customers. The Plan will develop the necessary skills and abilities required to perform organisational activities. As a result of which, employees can contribute for better performance in the MPA leading to greater organisational effectiveness.

The HRD Consultants recommended, amongst others, a new salary structure, new manpower requirements, revised terms and conditions of service and new job guidelines for the different categories of staff.

The salary increase ranges between 8.2% to 13.3% and the weighted average of the salary increase was to the tune of 10.3%. All employees were paid the new salaries and arrears (with retroactive effect as from January 2016) as from May 2017.

Recruitment and Selection

Prior to the implementation of the HRD 2016 Report, the MPA had already initiated action for the recruitment of a Manager, Legal Services and Manager, Marketing who joined the Authority respectively in September 2016.

In line with the recommendations as contained in the HRD Report 2016 and the new establishment, action is being taken to fill vacant positions with a view to fulfilling the objectives of each department/section.

Capacity Building

Capacity building is fundamentally about improving effectiveness, at the micro and macro organisational levels. Capacity building focuses on furthering the MPA's ability to do new things and improve what it currently does. Most simply, capacity building will improve the Authority's performance and enhance its ability to function and continue to stay relevant within a rapidly changing environment.

In its quest to have a trained workforce and to enable its human capital in acquiring up to date knowledge and skills, the MPA implemented a series of training programmes for its employees at all levels. During the period under review, the MPA enlisted the services of the University of Mauritius for the provision of training courses on modules such as Leadership, Teamwork, Communications Skills, Motivation, Culture & Attitude and Change Management.

Notwithstanding the above, the MPA also arranged for its senior and middle managers to undergo training at accredited overseas institutions in the fields of port and terminal management, port planning and development, port construction and maintenance.

KEY EVENTS (JANUARY 2016 - JUNE 2017)

The period 01 January 2016 - 30 June 2017 was marked by a number of significant achievements and the MPA commemorated its forty years of existence with an expansive offering of public events and activities.

Highlights included :

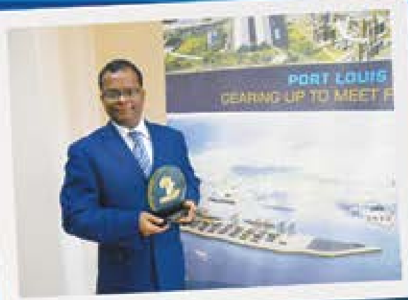
Wreath laying by The Right Honourable Sir Anerood JUGNAUTH, GCSK, KCMG, QC, then Prime Minister of the Republic of Mauritius

Commemoration of the deportation of the Chagossian People at Quay D, Port Louis

3 November 2016

Reverend Gerard Mongelard, Reverend Mario Li Hing and Mr Ramalingum Maistry, Chairman of the MPA

Chagossian descendants



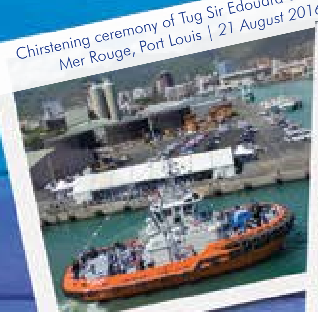
The Mauritius Ports Authority won two awards respectively as the Best Transshipment Port and for Best Container Terminal Productivity in the eastern and southern African region at the 2nd Edition of the African Ports Award 2017, organised under the auspices of the Pan-African Association for Port Cooperation which regroups among others, the Port Management Association of Eastern and Southern Africa, and Port Management Association of Western and Central Africa

17 February 2017

Visit of Mr Philippe Matthis President of AIVP (Association Internationale Villes Ports), Deputy Director General of the Port of Brussels at the Mauritius Ports Authority in view of fostering close relations with the Indian Ocean Ports

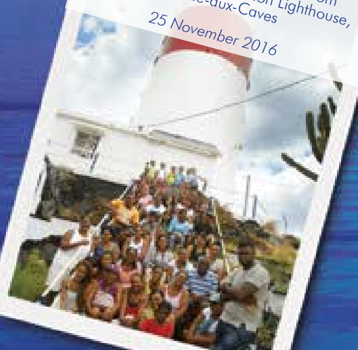
26 July 2016

Chirstening ceremony of Tug Sir Edouard at Quay E, Mer Rouge, Port Louis | 21 August 2016



Visit of La Maison Bleue Pre-Primary School students and parents from Tombeau Bay at the Albion Lighthouse, Pointe-aux-Caves

25 November 2016



Flag Raising Ceremony celebrating the 49th anniversary of the Independence of Mauritius and the 25th anniversary of the Republic at H. Ramnarain Government School, Terre Rouge | *10 March 2017*

Tree planting campaign by MPA Management and Staff (Mrs V Rungen) in a bid to promote the green port concept

H. Ramnarain Building premises, Mer Rouge

5 December 2016

Visit of Shri Dr Subrahmanyam Jaishankar, Foreign Secretary of the Republic of India at the Mauritius Ports Authority accompanied by His Excellency Shri Abhay Thakur, High Commissioner of India to the Republic of Mauritius in the context of the Joint Working Group India-Mauritius

27 March 2017

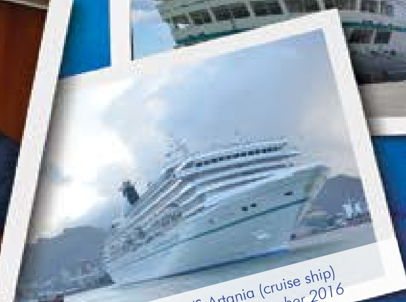
Visit of Alderman The Rt Hon Jeffrey Richard de Corban Evans 4th Baron Mountevans, JP, Lord Mayor of London and Chairman of Maritime London in the context of the signature of a Memorandum of Understanding between the Mauritius Ports Authority and Maritime London

2 March 2016

Visit of a delegation headed by Mr Huang Jiande, Vice Secretary General, from Changzhou Municipal People's Government, People's Republic of China, at the Mauritius Ports Authority | 13 December 2016

The Mauritius Ports Authority, formerly known as the Mauritius Marine Authority celebrates its 40th Anniversary at a ceremony on 10 March 2017

The Mauritius Ports Authority celebrates the International Women's Day | 8 March 2017



Maiden Call of M/S Artania (cruise ship)
Port Louis Harbour | 25 November 2016

CORPORATE MATTERS

ASSURANCE & RISK

The Audit & Risk Management Department (ARMD) provides reasonable assurance that the Authority's risk framework is adequately managed and that the financial position and the results disclosed in the audited accounts are free from any material misstatements, in accordance with the pre-approved Audit & Risk Management Work Plan.

The ARMD has, throughout the eighteenth-month period, played an active role in the budgetary control process by undertaking a comparison of actual financial performance against budgetary forecast and same was brought to the attention of the Audit and Risk Management Committee (ARMC) on a continuous basis. The ARMD has also engaged in several advisory tasks and pre-audit of financial undertakings of the Board.

Corporate Governance: The ARMD has, amongst others, also assessed the governance process in accomplishment of its objectives on issues as recommended by the guidelines of the National Committee on Corporate Governance pursuant to Section 65(c) of the Financial Reporting Act 2004 for substantiating that the MPA Board remains the focal point of the Corporate Governance system and is accountable for the performance and administration of the affairs of the Authority. The Audit & Risk Management Committee Charter has equally been updated in line with the revised version of the National Code of Corporate Governance for Mauritius (Second Edition, 2016) issued by the Ministry of Financial Services, Good Governance & Institutional Reforms.

Fraud Risk Management: Besides providing oversight and assurance to the Audit & Risk Management Committee on controls over systems and processes, the Audit & Risk Management Department has equally assisted Management as follows:

- by facilitating the implementation of the Public Sector Anti-Corruption Framework in the Security Unit
- in the discharge of its responsibilities by evaluating internal controls used to detect or mitigate fraud and evaluating assessment of fraud risk and
- in creating awareness on Conflict of Interest and Overtime Management in organisational functions

External Audit: The Audit & Risk Management Department has also ensured customary liaison with and coordination between the External Auditor whose role is to report independently on financial statements. Besides, upon obtaining sufficient understanding on the Department's activities, the External Auditor has positively assessed the deliverables of the Internal Audit & Risk.

CORPORATE MATTERS

PORT PROJECTS

Port Master Plan

Under the Ports Act 1998, the MPA is required to prepare and periodically update a Port Master Plan and also implement the recommendations of the said Master Plan.

The contract for the undertaking of a new Port Master Plan was awarded to Messrs. Royal HaskoningDHV in August 2015. The consultants submitted their final Port Master Plan Report in July 2016. The new Port Master Plan has made recommendations for infrastructure works and land use planning up to horizon 2040. MPA has already initiated action for implementation of the some of the recommended projects.

The Port Master Plan Consultants were additionally tasked to carry out a Master Plan for Albion in line with government's ambition to position Mauritius as a Petroleum Hub in the region. The Master Plan study for Albion which includes the concept design for a jetty for handling of petroleum products is in progress with the Final Report expected to be submitted in July 2017.

Extension and Strengthening of the MCT Quay Project

The extension and strengthening of the Mauritius Container Terminal Quay project at Mer Rouge has been substantially completed and the complete infrastructure was expected to be fully operational by end of July 2017. The total investment stands at about MUR 6 billion. The salient features of the improved MCT Terminal are as follows:

- The 560-metre long quay at the MCT quay has been extended to 800 metres.
- The container stacking yard has been expanded by about 7.5 hectares;
- The navigational channel has been dredged to 16.5m and
- the 1.5 million metres cube of dredged material generated from the dredging works was used beneficially for reclamation of 4 hectares Fort George and 35 hectares at Fort William.

CORPORATE MATTERS

Marine and Civil Works package comprised the extension of the MCT quay by 240m; strengthening of the existing 560-metre long berth and expansion of the container stacking yard by about 7.5 hectares. The contract which was awarded to Messrs. Strabag Archirodon Joint Venture [SAJV] in August 2014.

To date, the works have been substantially completed and commissioned for the quay extension, the container terminal yard expansion & associated works and the strengthening of the 310 metres of the existing MCT quay. The shifting of the 5 Rail Mounted Quay Cranes by a Specialist Subcontractor to the new crane rail system built 9 metres forward seaward which was included in the scope of works has also been completed successfully. The contractor is presently engaged in the strengthening works of the last 200 metres of the existing MCT Quay. Based on the rate of progress witnessed on site, it was expected the overall completion of works will be achieved by end of July 2017.

Dredging Works at Port Louis

The dredging works were entrusted to Dredging International in September 2016. The contractor mobilised one of the most powerful rock cutter suction dredger to carry out the works which required dredging to be carried out in very hard sea bed conditions of up to 90MPa hardness. The contractor started to mobilise its plant and equipment as from October 2016. The dredger was mobilised to Port Louis at the end of January 2017 upon completion of the preparatory works and in-surveys. The dredging works started physically in February 2017. The deepening of the English Channel to a depth of 16.5 metres was achieved successfully at completion of works in June 2017. The Authority also seized the opportunity to deepen the navigational channel to Quay No 1 to a depth of 13.5 metres below chart datum and to the cruise jetty at Les Salines to 12.5 metres below chart datum thereby enhancing safety of navigation to those quays.

The dredging campaign has generated some 1.5 million m^3 of dredged material which have been used beneficially for land reclamation over some 34 hectares at Fort William which will be used together with the existing land resources of about 25 hectares for development of port related projects.

Upgrading of Capitainerie Building

The construction of the Capitainerie Building which accommodates the Marine Department dates as far back as 1994. The proposed upgrading works, which was in progress as of 30 June 2017, will cater for a more modern building complying with the needs of the MPA whilst also incorporating energy efficiency measures. The consultancy services were provided by Messrs. Atelier D’Architecture Diagonale II Ltée.

The works were executed by Ramloll Bhooshan Renovation & Building Contractors who were awarded the contract in January 2016 for the sum of Rs 67,295,528.00, including VAT. The main challenge has been to keep the building fully functional throughout the construction necessitating the temporary relocation of tenants to other floors within the building. The works were expected to be completed by end November 2017.

Cruise Terminal Building

With a view to enhancing the handling of passengers at Port Louis, it is proposed to construct a Terminal Building at the Cruise Jetty which will cater for both Cruise and Rodrigues inter island passengers.

The Consultants for this project are Messrs. Bermello Ajamil & Partners Inc. in association with their local counterpart Gibb (Mauritius) Ltd. The consultants are currently finalising the detailed design of the Cruise Terminal facility for the preferred development option. The facilities will comprise a terminal building over some 7,500 square metres which would allow handling of peaks of 4,000 passengers. The investment is expected to be around Rs 650 million for the fully operational facilities. The tender for the construction works are expected to be floated in February 2018 with the completion of the construction works around end 2019.

CONTAINER TRANSHIPMENT

OPERATIONS REPORT

KEY FIGURES AT A GLANCE

Total Trade Volume	**11.1**	**Million tonnes**
• Containerised Cargo	4,944,983	Million tonnes
• Dry Bulk Cargo	2,893,206	Million tonnes
• Liquid Bulk Cargo	3,011,574	Million tonnes
• Fish Traffic	231,431	tonnes
Total Container Traffic	**567,850**	**TEUs**
• Captive Container	384,995	TEUs
• Transhipment Container Inwards	182,855	TEUs
• Transhipment Container Outwards	179,970	TEUs
Total Container Throughput	**747,820**	**TEUs**
Total Vessel Traffic	**4,431**	**Calls**
• Containerised Vessels	830	calls
• Fishing Vessels	1,474	calls
Cruise Traffic		
• Cruise Vessels	42	calls
• Passengers on Arrival	51,964	passengers
• Passengers on Departure	51,304	passengers
Total Bunker Traffic	**547,908**	**tonnes**
• Pipeline	373,058	tonnes
• Barges	174,850	tonnes

OPERATIONS REPORT

INTRODUCTION

Amid an unpredictable global outlook and a conservative increase in our economic growth rate in Mauritius from last year, we fared relatively well. Trade in the Port in January 2016-June 2017 achieved 11.1 million tonnes whilst container traffic stood at 567,850 TEUs.

The total number of vessel calls for January 2016-June 2017 reached 4,431 and the main contributors herein were container vessels, fishing vessels, tankers as well as vessels calling at outer harbour for bunkering.

TOTAL CARGO TRAFFIC

The Total Cargo Traffic attained 11,081,194 tonnes. Details are summarised in Table 1.

Table 1
Total Cargo Traffic – Jan-Dec 2015 v/s Jan 2016-Jun 2017 (tonnes)

	Jan-Dec 2015	Jan 2016-Jun 2017
Total Imports	4,670,599	7,470,651
Total Exports	1,128,846	1,886,146
Total Containerised Transhipment Inwards	1,041,228	1,724,397
Total	**6,840,673**	**11,081,194**

TOTAL IMPORTS

Total Imports for the period January 2016 – June 2017 attained 7,470,651 tonnes. This mainly consisted of Solid & Liquid Bulk and Containerised Cargo Imports as illustrated in Table 2 below.

Table 2
Breakdown of Total Imports Jan-Dec 2015 v/s Jan 2016-Jun 2017 (tonnes)

Imports	Jan-Dec 2015	Jan 2016-Jun 2017
Solid Bulk	1,818,828	2,812,707
Liquid Bulk	1,320,710	2,260,107
Containerised	1,351,165	2,113,405
General cargo	37,067	59,901
Fish	142,829	224,531
Total	**4,670,599**	**7,470,651**

Solid (Dry) Bulk Imports

2,812,707 tonnes of Solid Bulk Imports were achieved during the period January 2016-June 2017 in comparison with 1,818,828 tonnes in CY2015, as detailed in Table 3.

Table 3
Solid Bulk Imports – Jan-Dec 2015 v/s Jan 2016-Jun 2017 (tonnes)

	Jan-Dec 2015	Jan 2016-Jun 2017
Coal	762,953	1,305,366
Cement	625,205	894,393
Wheat	158,574	247,625
Maize	133,001	130,485
Sugar	71,050	158,242
Soya Bean Meal	62,545	67,796
Fertilizer	5,500	8,800
Total	**1,818,828**	**2,812,707**

OPERATIONS REPORT

Liquid Bulk Imports

2,260,107 tonnes of Liquid Bulk Imports were achieved for the period January 2016–June 2017 as opposed to 1,320,710 tonnes in CY2015. Details are provided in Table 4.

Table 4
Liquid Bulk Imports - Jan-Dec 2015 v/s Jan 2016-Jun 2017 (tonnes)

	Jan-Dec 2015	Jan 2016-Jun 2017
White oil	751,301	1,198,416
Black oil	446,799	767,380
LPG	98,863	247,979
Edible oil	19,500	30,000
Bitumen	4,247	9,582
White oil (T/S)	-	6,750
Total	**1,320,710**	**2,260,107**

Containerised Cargo Imports

From Table 5 below, it may be inferred Containerised Cargo Imports attained 2,113,405 tonnes for January 2016–June 2017.

Table 5
Containerised Cargo Imports – Jan-Dec 2015 v/s Jan 2016-Jun 2017 (tonnes)

	Jan-Dec 2015	Jan 2016-Jun 2017
Captive	1,342,901	2,098,204
Inter-Island	8,264	15,201
Total	1,351,165	2,113,405

General Cargo Imports

Total General Cargo Imports registered 59,901 tonnes for the period January 2016-2017. This consisted mostly of Unitized Break Bulk traffic as indicated in Table 6.

Table 6
General Cargo Imports – Jan-Dec 2015 v/s Jan 2016-Jun 2017 (tonnes)

	Jan-Dec 2015	Jan 2016-Jun 2017
Unitized Break Bulk	36,267	59,037
Inter-Island	800	864
Total	37,067	59,901

OPERATIONS REPORT

Fish Traffic Imports

Total fish imports attained 224,529 tonnes for the period January 2016-June 2017 compared to 142,829 tonnes for CY2015. As regards the total number of fishing vessels calling at Port Louis, 1446 calls were registered in January 2016-June 2017 as opposed to 937 for January-December 2015.

Table 7
Fish Traffic - Jan-Dec 2015 v/s Jan 2016-Jun 2017 (tonnes)

	Volume (tonnes)		Vessel Calls	
	Jan-Dec 2015	Jan 2016-Jun 2017	Jan- Dec 2015	Jan 2016- Jun 2017
Princes Tuna	77,602	143,134	28	43
Thon des Mascareignes	9,973	0	3	0
Total Tuna	87,575	143,134	31	43
Local Market	1,551	3,026	227	404
Transhipment Inwards	50,697	71,469	638	904
Direct Transhipment Inwards	3,006	6,900	41	95
Total	**142,829**	**224,529**	**937**	**1,446**

TOTAL EXPORTS

Total exports attained 1,888,146 tonnes in January 2016-June 2017 as compared to 1,128,846 tonnes in January-December 2015. Containerised Exports was the major driver herein as illustrated in Table 8.

Table 8
Breakdown of Total Exports - Jan-Dec 2015 v/s Jan 2016-Jun 2017 (tonnes)

Exports	Jan-Dec 2015	Jan 2016-Jun 2017
Dry Bulk	0	14,077
Liquid Bulk	361,375	751,467
Containerised	760,203	1,107,181
General cargo	4,262	6,521
Fish	3,006	6,900
Total	**1,128,846**	**1,888,146**

Dry Bulk Exports

Aggregates are exported on ad-hoc/project basis and some 14,077 tonnes were exported for January 2016-June 2017.

Liquid Bulk Exports

Exports of Liquid Bulk cargo reached 751,467 tonnes for the period January 2016–June 2017 as opposed to 361,375 tonnes in January-December 2015 as detailed in Table 9.

Table 9
Breakdown of Liquid Bulk Exports - Jan-Dec 2015 v/s Jan 2016-Jun 2017 (tonnes)

	Jan-Dec 2015	Jan 2016-Jun 2017
Total Bunker	284,284	547,909
LPG	29,942	137,461
Molasses	36,106	36,837
Ethanol	11,043	13,024
Transhipment Bunker	0	6,750
Black Oil	0	9,487
Grand Total	**361,375**	**751,467**

OPERATIONS REPORT

Bunkering Activities

Total volume of bunker achieved for January 2016–June 2017 was 547,909 tonnes as opposed to 284,284 tonnes for CY2015.

Table 10
Total Bunker Exports – FY15/16 v/s FY16/17

	Volume (tonnes)		Vessel Calls	
	Jan-Dec 2015	Jan 2016-Jun 2017	Jan-Dec 2015	Jan 2016-Jun 2017
Bunker by pipeline	139,873	174,850	1,367	1,786
Bunker by barge	144,411	373,059	403	930
Total	**284,284**	**547,909**	**1,770**	**2,716**

Bunker Volume

One of the main reasons behind the expansion in bunker volume over the 2 periods in review was that we have had had 4 barges operational at Port Louis in 2016 namely: MT Gulf Star, MT Elise (2016), MT Hakassan (2016) and MT Sarah (2016). MT Congo was also operational until September 2016. In addition, MPA offered additional incentives for vessels calling at Outer Harbour for bunkering effective August 2016 (validity: 1 year)

Containerised Cargo Exports

Table 11 provides a breakdown of the Total Containerised Cargo Exports traffic achieved for the period January 2016-June 2017.

Table 11
Containerised Exports – Jan-Dec 2015 v/s Jan 2016-Jun 2017 (tonnes)

	Jan-Dec 2015	Jan 2016-Jun 2017
Captive	704,340	1,011,067
Inter-Island	55,863	96,114
Total	**760,203**	**1,107,181**

General Cargo Exports

Table 12 indicates lists the performance of Unitized Break Bulk and Inter-Island General Cargo Exports for the 2 periods in review.

Table 12
General Cargo Exports – Jan-Dec 2015 v/s Jan 2016-Jun 2017 (tonnes)

	Jan-Dec 2015	Jan 2016-Jun 2017
Unitized Break Bulk	1,098	1,135
Inter-Island	3,164	5,386
Total	**4,262**	**6,521**

Fish Traffic Exports

For the year January 2016-June 2017, direct transhipment outwards of fish stood at 6,900 tonnes for Jan-Dec 2015 as opposed to 3,006 tonnes for CY 2015. The number of vessel calls in this segment was also relatively higher for January 2016 – June 2017.

Table 13
Fish Exports – Jan-Dec 2015 v/s Jan 2016-Jun 2017 (tonnes)

	Volume (tonnes)		Vessel Calls	
	Jan-Dec 2015	Jan 2016-Jun 2017	Jan-Dec 2015	Jan 2016-Jun 2017
Direct Transhipment (Ship to Ship)	3,006	6,900	16	28

OPERATIONS REPORT

TOTAL CONTAINER TRAFFIC

Total Container Traffic attained 567,850 TEUs for January 2016-June 2017 compared to 361,109 TEUs for CY2015.

Total Captive Container Traffic

Total Captive Container Traffic reached 384,995 TEUs for January 2016-June 2017 in comparison to 255,884 TEUs for CY2015.

Captive Laden Import Container Traffic

Captive Laden Import Container Traffic attained 169,072 TEUs for the period January 2016-June 2017compared to 108,093 TEUs for CY 2015.

Captive Laden Export Container Traffic

Captive laden export container traffic achieved was 88,574 TEUs for January 2016-June 2017 compared to 60,816 TEUs for CY 2015.

Captive Empty Import Container Traffic

Captive Empty Import Container Traffic achieved was 26,359 TEUs for January 2016-June 2017 versus 17,628 TEUs for CY 2015.

Captive Empty Export Container Traffic

Captive Empty Export Container Traffic achieved was 100,900 TEUs for January 2016-June 2017 as compared to 69,347 TEUs in January-December 2015.

Total Transhipment Inwards Container Traffic

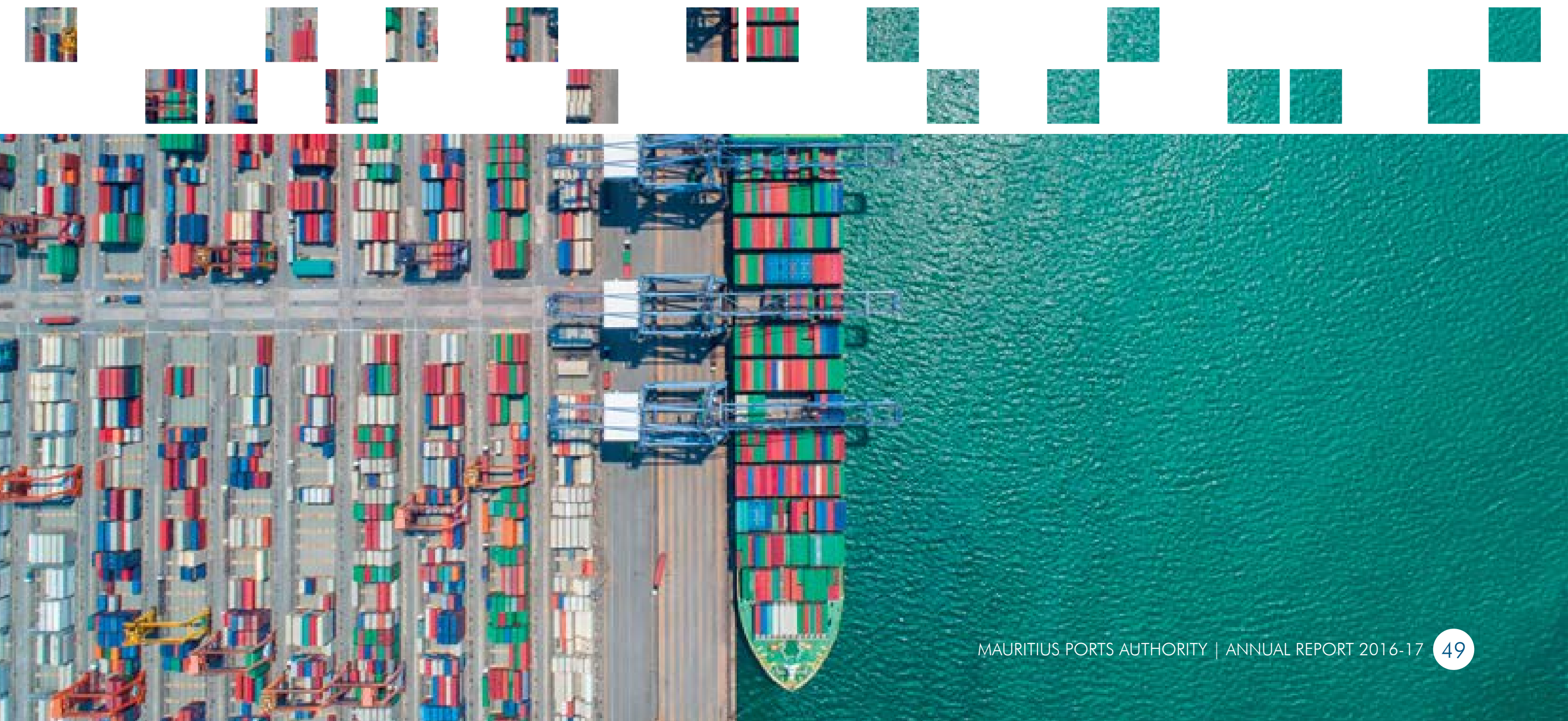
Total transhipment (inwards) container traffic attained 182,855 TEUs for January 2016-June 2017 compared to 105,225 TEUs for CY2015.

Transhipment Inwards Laden Container Traffic

Some 140,081 laden TEUs were transhipped for January 2016-June 2017 have been transhipped compared to 84,584 TEUs for CY2015.

Transhipment Inwards Empty Container Traffic (TEUs)

Transhipment Inwards Empty Container Traffic achieved 42,774 TEUs in January 2016-June 2017 as opposed to 20,641 TEUs in January-December 2015.



OPERATIONS REPORT

PERFORMANCE INDICATORS AT MAURITIUS CONTAINER TERMINAL (MCT)

Container Vessel Operated at MCT

Some 767 container vessels were operated at MCT for the period January 2016-June 2017 as compared to 534 for CY 2015.

Container Throughput at MCT

During January 2016-June 2017, the number of containers handled was 540,927 units compared to 333,258 units for CY2015. Similarly, the Container Throughput registered was 721,287 TEUs for January 2016-June 2017 compared to 438,748 TEUs for CY2015. On the other hand, the number of moves recorded for the period January 2016-June 2017 was 563,057 compared to 346,009 for CY2015.

Summary of the Key Performance Indicators at MCT

Table 14 provides a summary of the various key performance indicators at the MCT.

Table 14
Key Performance Indicators at MCT - Jan-Dec 2015 v/s Jan 2016-Jun 2017

	Jan-Dec 2015	Jan 2016 – Jun 2017
Average Moves Per Gross Crane Hour	20.3	19.1
Average Moves per Ship's Working Hour	33.9	38.5
Average Pre-berthing/ Sailing Delay (hrs)	2.5	4.1
Berth Occupancy (%)	72.3	73.9
Throughput (TEUs)	438,748	721,287

Crane Productivity

The drop in productivity could be associated with the fact that MCT 3 became operational as from 24 June 2016 and big container vessels of length overall (LOA) 300+ metres have been accommodated thereat with some constraints.

Ship Productivity

Average ship productivity achieved for the period January 16-June 17 was 38.7 moves versus 33.9 moves for January-December 2015.

VESSEL CALLS

Some 4,431 vessel calls were registered during the year January 2016-June 2017 as compared to 2,947 calls in January-December 2015. Table 15 below provides a breakdown of the Total Vessel Traffic.

Table 15
Vessel calls for the year -Jan-Dec 2015 v/s Jan 2016-Jun 2017

Category	Jan-Dec 2015	Jan 2016-Jun 2017
Fishing Vessels	953	1,474
Containerised Vessels	568	830
Tankers	80	198
Dry Bulk carriers	52	84
Inter-Island	50	67
Pure Car Carriers	35	54
Cruise Vessels	23	42
Unitized & Break Bulk Carriers	13	16
General Cargo Vessels	5	9
Others	1,168	1,657
Total	**2,947**	**4,431**

CRUISE

OPERATIONS REPORT

Cruise Tourism

Cruise Vessel Calls

Costa cruises have resumed their homeporting activities at Port Louis since 2015. This contributed to a relatively higher total number of cruise calls which reached 42 for January 2016- June 2017 as opposed to 23 in January-December 2015. Out of the 42 calls, 17 were made by Costa Cruises while 25 were by Round The World Cruises (RTWC).

Cruise Passengers Arrivals

Similarly, cruise passenger arrivals stood at 51, 964 on arrival for January 2016-June 2017 versus 23,375 for CY2015. The breakdown of the passengers for this period revealed that 25,242 passengers arrived on Costa Cruises while 26,722 arrived on RTWC.

This good run is expected to continue for the rest 2017 with Fred Olsen Lines and AIDA Cruises also homeporting at Port Louis.

Calls at Outer Harbour

The number of vessel calls, categorised as “Others”, registered 1,657 calls for the period January 2016-June 2017 compared to 1,168 calls for CY2015.

The table below shows the number of call by such vessels for activities like bunkering purposes, crew change, repairs and inspection of cargo or vessel hull conditions, embarking/disembarking of armed (security) guards, provision of fresh water supply and victuals, amongst others.

Table 16
Total Calls Outer Harbour - Jan-Dec 2015 v/s Jan 2016-Jun 2017

	Jan-Dec 2015	Jan 2016-Jun 2017
Bunkering Only	659	921
Change of Crew	292	434
Repairs or Inspection	59	106
Ship Stores	25	71
Change of Security Guard	96	53
Others	39	72
Total	**1,170**	**1,657**

The considerably lower number of vessels calling for Change of Security Guard could be due to the increased cost of storing arms in Mauritius as well as the reduction in the number of piracy attacks in the Gulf of Aden.

OPERATIONS REPORT

PERFORMANCE AT MULTI PURPOSE TERMINAL

Key Performance Indicators

Table 17
Key Performance Indicators at MPT - Jan-Dec 2015 v/s Jan 2016-Jun 2017

	Jan-Dec 2015	Jan 2016-Jun 2017
No. of Vessel Calls	35	63
No. of Containers	12,473	10,026
Avg. Moves /Gross Gang hr	5.6	6.61

Coastline Trade

M.V Mauritius Trochetia plying between the dependencies of Mauritius (Rodrigues and Agalega) made 32calls and handled some 5,411 TEUs for the period January 2016-June 2017.

The Mauritius Shipping Corporation Ltd. chartered the M.V. Anna to ply between Port Louis and Port Mathurin in 2015.M.V. Anna has effected 35 voyages so far and handled some 9,841 TEUs for January 2016-June 2017.

The above two vessels have made a total of 67 calls and some 15,252 TEUs were handled during the year under review.

Table 18
Traffic Dependencies of Mauritius for Jan 2016-Jun 2017

	No. of Voyages	Container Traffic (TEUs)
Anna	35	9841
Mauritius Trochetia	32	5411
Total	**67**	**15,252**

FINANCIAL REPORT

The MPA has prepared its financial statements for an eighteen months period from 01 January 2016 to 30 June 2017 to be compliant with the requirement of Section 2(A) of the Finance and Audit Act 2015, which now requires statutory bodies to report their financial performance at the end of June each year.

The MPA has realized a net surplus of Rs 692.9 million during the aforesaid period. Despite the fact that this figure is lower than that reported last year, i.e. Rs 823.1 million for the 12 months of year 2015, yet the surplus realized for the period under review is considered to be at comfortable level.

The positive financial performance has been attributed mainly to the rising trend in the cargo and vessel traffic. The total cargo traffic that transited through the port over these 18 months was 11.1 million tonnes, whilst that registered for year 2015 was 6.84 million tonnes. This represents a proportionate increase over the figures for last year.

The major financial performance indicators as per the Audited financial statements for the eighteen months period ending 30 June 2017 and FY 2015 have been illustrated in the table below:-

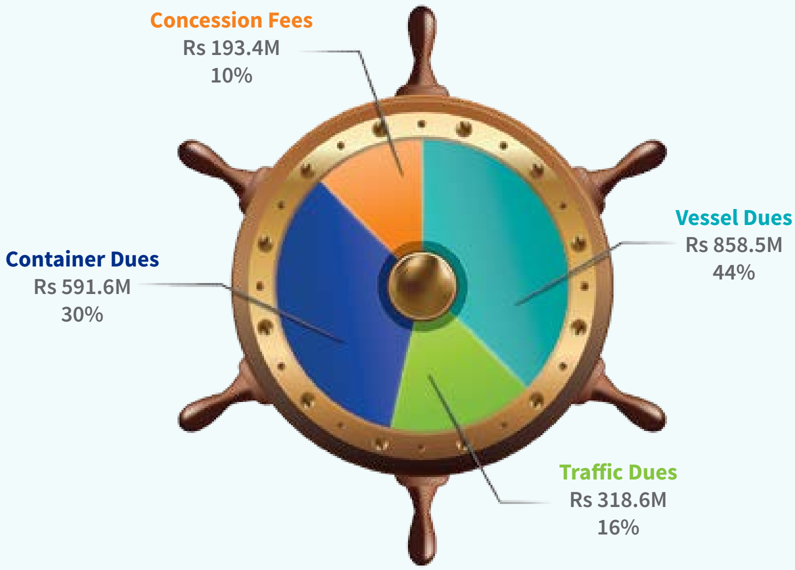
Items	**18 months ending 30 June 2017**	**FY 2015**
Operating Revenue (Rs'M)	1,962.1	1,230
Other Income (Rs'M)	240.9	127.5
Total Revenue	**2,203.0**	**1,357.5**
Operating Expenses	(1,549.9)	(983.1)
Finance Income (Rs'M)	104.1	165.1
Operating Surplus (Rs'M)	**757.3**	**539.5**
Foreign Exchange Gain/(Loss) (Rs'M)	(19.4)	332.7
Exceptional item	**(45.0)**	**(49.1)**
Net Surplus (Rs'M)	**692.9**	**823.1**
Profitability ratios		
Operating Profit ratio	38.9 %	43.9 %
Net Surplus Margin	31.8 %	60.6%
Solvency ratios		
Gearing ratio	0.057	0.072
Liquidity ratio		
Current ratio	3.41	6.68
Operational figures		
Cargo traffic (Million Tonnes)	11.1	6.8
Captive Container Traffic (TEUs)	384,995	255,884
Container Transhipment Traffic (TEUs)	182,855	105,225

FINANCIAL REPORT

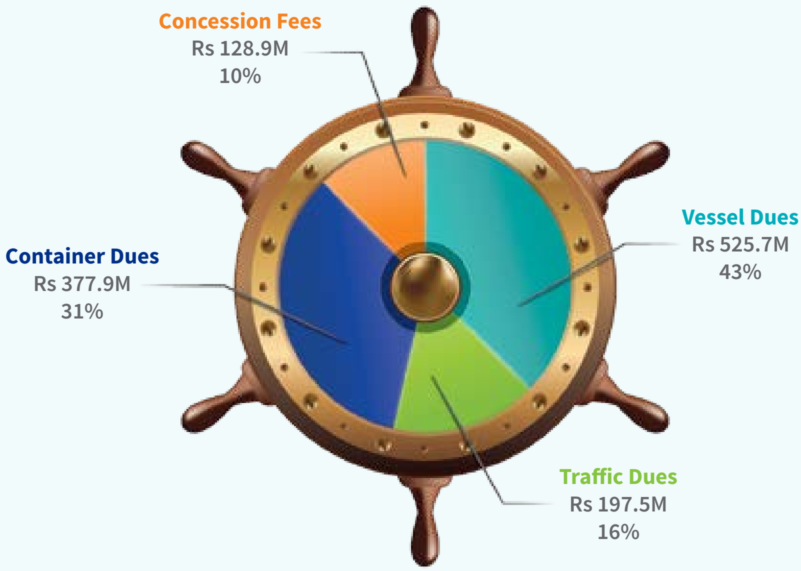
Operating Revenue

The Operating Revenue derived over the eighteen months period was MUR 1.96 billion. The revenue is on the rising trend when compared to those realized over the 12 months of year 2015. The illustration below provides a segmental analysis of revenue derived from the various traffic handled in the port.

Operating Revenue for eighteen months ending 30 June 2017



Operating Income for FY 2015



It is to be pointed out that the MPA has continued to benefit from a strong USD against the MUR over the initial 15 months of the period under review as illustrated further in the report. The currency has been traded above the threshold of Rs 36/USD over this period but the USD has shown weakening signs by the end of the period.

The port registered 4,431 vessel calls, comprising 830 container vessel calls during period 01 January 2016 to 30 June 2017. The number of calls registered for the 12 months of year 2015 was 2,947 with 569 calls for container vessels. Despite the fact that the number of container vessels calling at Port Louis has followed the same trend as last year, yet the port is now receiving the visit of larger container vessels of up to 12,000 TEUs resulting from the upgrading and extension of works at the MCT.

Shipping lines who were requested to reduce their container transhipment activities during the implementation phases of the project have been reinstating their container activities during the first half of year 2017 due to the completion of a major percentage of the works.

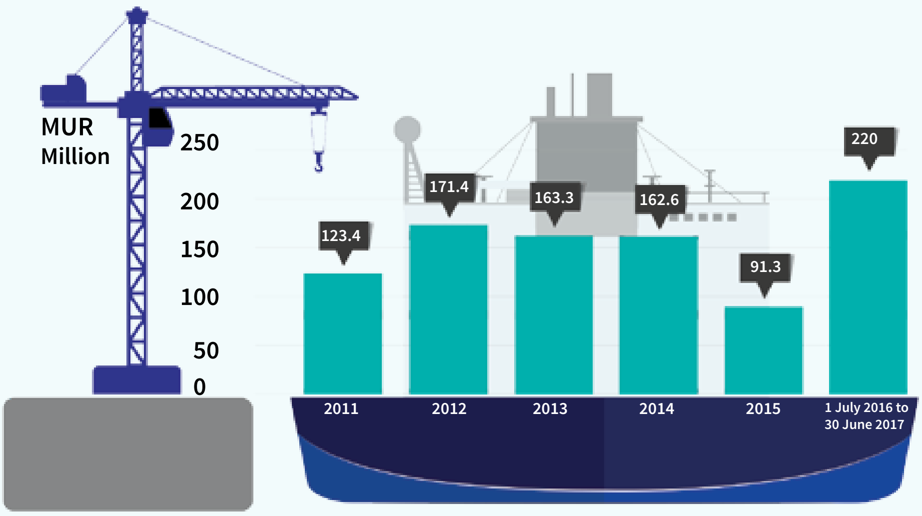
FINANCIAL REPORT

The Mediterranean Shipping Co. SA, which is the main customer of the MPA in terms of container transhipment, transhipped 75,426 TEUs at Port Louis in year 2015. During year 2016, it transhipped 92,965 TEUs in the port. During the first half of year 2017, it transhipped a further 50,669 TEUs. Other shipping lines like Maersk and CMA CGM are also showing interests to use Port Louis as one of their Container Transhipment base.

This also explains the rise in container Transhipment volume, as these larger vessels have the capacity of greater exchanges under a single call. The vessel fees derived from these 4,431 calls have been relatively higher than those received from the 2,947 calls of year 2015. The rising trend in both cargo and container traffic has contributed towards a higher operating revenue relative to the 12 months figures of last year.

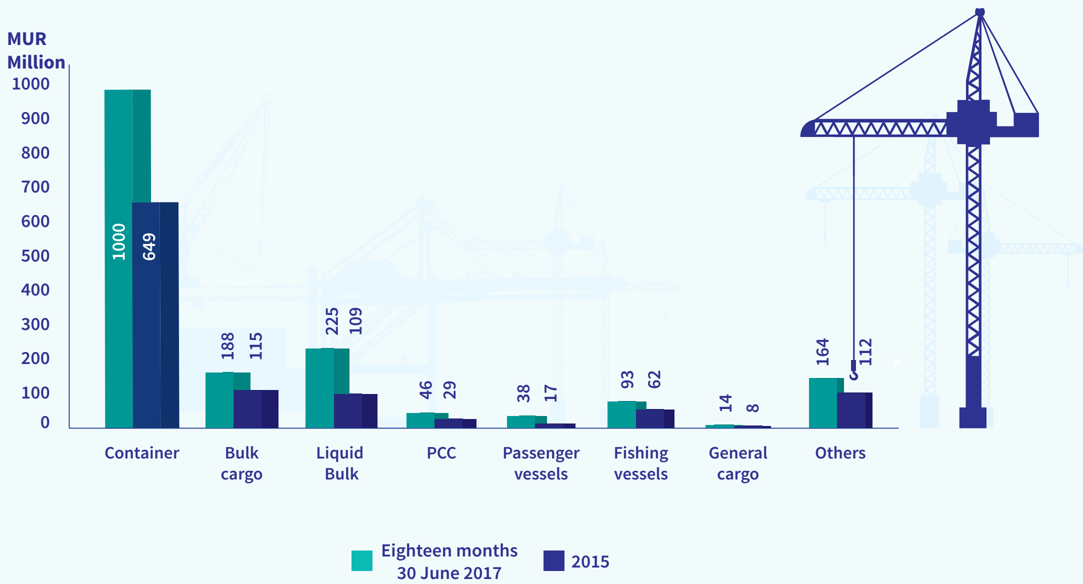
The diagram below illustrates the revenue derived by the MPA from the Container Transhipment sector till the end of the period under review:

Revenue from Container Transhipment Activities



In addition to the container Transhipment business segment, the MPA derives its operating revenues from the provision of services for the handling of various categories of traffic. The illustration below gives a comparison of operating revenues derived from the various business segments.

Revenue by type of cargo



The MPA is promoting various activities so as to widen its revenue base and at the same time benefit other port stakeholders. The other main sectors being aimed at are the cruise business, bunkering activities, activities at outer anchorage. All these activities fall under the umbrella of the blue economy initiative. It is worth noting that the port has experienced an exponential increase in the number of tankers from 27 calls in year 2015 to 88 calls since the coming into operation of the Petredec Ltd for the import and export of LPG.

FINANCIAL REPORT

Non Operating Income

The Authority derived non operating income to the tune of Rs 345 million over the 18 months period under review.

Rental Income

Being a land lord port, the MPA leases land to port based companies. A total extent of 131 ha is actually being leased.

A positive trend in rental income has been noted as several lease agreements that expired in year 2014/2015 have been renewed with revised rental charges during this period.

Investment Income

The return on the investment portfolio of the MPA has been satisfactory. The dividend income which was Rs 22.9 million in year 2015 has nearly doubled in year 2017 to reach Rs 42.9 million. This represents a return of around 24% on the portfolio.

Finance Income

The only component of non operating revenue that has shown an adverse trend is Finance Income. It should be pointed out that the MPA has been spending heavily on the project for the Upgrading and Extension of Berths at the MCT project and has procured one big tug namely tug 'Sir Edouard' during the period under review. The total amount spent on the project for the Upgrading and Extension of Berths at the MCT as at 30 June 2017 was around Rs 5.1 billion, out of the total project cost of Rs 6.5 billion. The project was about 95% complete by the end of the period. On the other hand, the purchase of tug Sir Edouard has cost MPA the sum of Rs 400 million.

These massive investments on port projects has caused a major drain of MPA's cash balances, and any cash surplus had to be invested on short term basis only. On the other hand, low interests are being perceived on deposit accounts on the money market. All these factors have contributed towards the reduction in the Authority's finance income to Rs 104.1 million for an 18 months period as compared to a figure of Rs 165.1 million for the 12 months of year 2015.

Operating Expenses

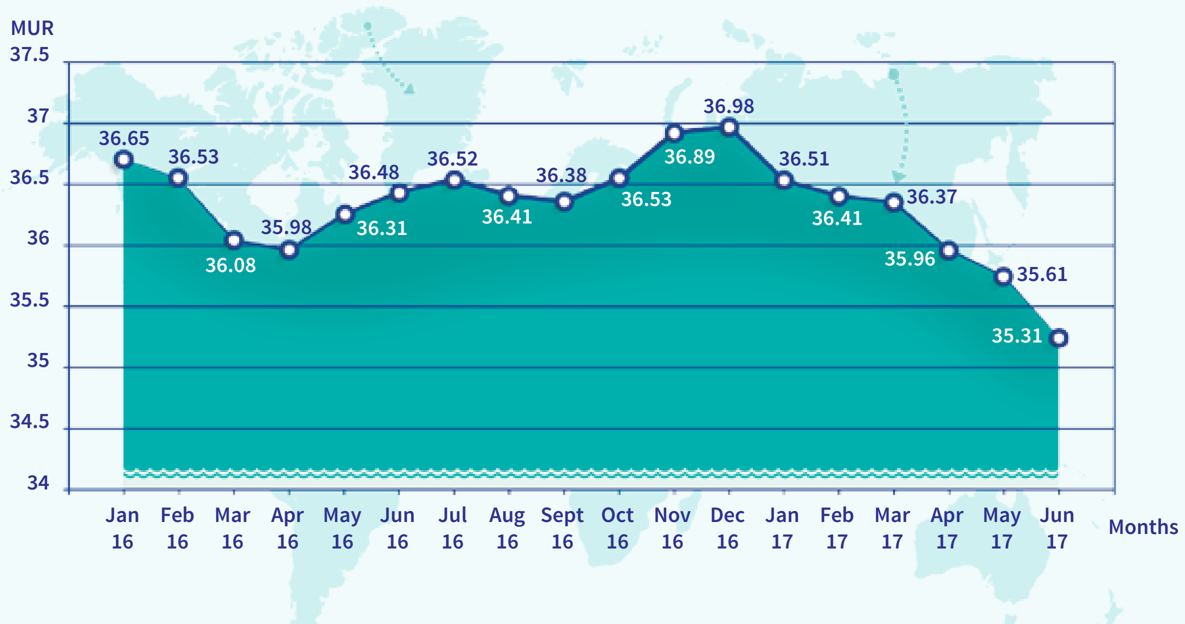
The operating expenses of the MPA were reported at Rs 1.55 billion for the 18 months period. The MPA has implemented a Human Resource Development Plan, under which MPA staff have been entitled to an average salary increase of 10.3%. Furthermore, the MPA has spent heavily on professional fees for the Port Master Plan Study that will guide the new mission and vision of the organisation.

The Depreciation cost has also experienced a rising trend due to the capitalization of assets, during the period, namely, tug 'Sir Edouard', motor vehicles and infrastructure works to quays.

Foreign Exchange Difference

Another factor that has not been beneficial to the MPA is the depreciation of the USD against the MUR over the last three months of the period as shown in the following graph-

Exchange Rate of MUR versus USD



FINANCIAL REPORT

The net surplus of Rs 823.1 million reported for last year, which was at record level was mainly due to the appreciation of the US Dollar by the end of Year 2015, leading to a foreign exchange gain of Rs 332.7 million. The depreciation of the currency as at 30 June 2017 has resulted in an exchange loss of Rs 19.4 million, thus affecting the reported net surplus.

Operating and Net Surpluses

The operating surplus of the MPA for the 18 months period was Rs 757.3 million as at 30 June 2017 and compared well with that of last year, i.e Rs 539.4 million for a 12 months period.

As stated above, the net surplus has been affected by the reversal of the gain of Rs 332.7 million into a loss of Rs 19.4 million. The reported net surplus at the close of the 18 months period ending 30 June 2017 is thus Rs 692.9 million.

Capital Expenditure

The main duties of the Authority, as a landlord port are to provide and improve port infrastructure and provide marine services. The Authority is basically a service provider and all capital expenditures that are incurred go towards the creation of value for port stakeholders.

The Authority thus conducts its business with the objective of achieving sufficient return on its investment to enable it to provide a sustained and efficient service.

The financial resources generated have been judiciously used over the years to create this value for customers. The two main capital expenditures on which the Authority has spent heavily in this direction are namely, the procurement of one big tug Sir Edouard at the cost of Rs 400 million and the project for the Upgrading and Extension of Berths at the Mauritius Container Terminal.

The latter project, which was started in year 2013 was completed at 95% by 30 June 2017 and the cumulative amount spent thereon was Rs 5.1 billion. With the completion of the project, the port will be equipped with the most modern container terminal in the region. The handling capacity of the terminal has been increased to 750,000 TEUs and shipping lines are already showing interest to use Port Louis as one of their main container transhipment base.

The project has been financed from a loan of USD 42.6 million from the Agence Française De Developpement, a grant of USD 4.0 million from the European Union International Trust Fund and MPA's own fund.

The project consists of the following components: -

(i) Construction of a Rock Bund at Fort William and Fort George to receive dredged material and consequently creating of additional land to the extent of 39 ha;

(ii) Extension of the MCT quay by 240 metres;

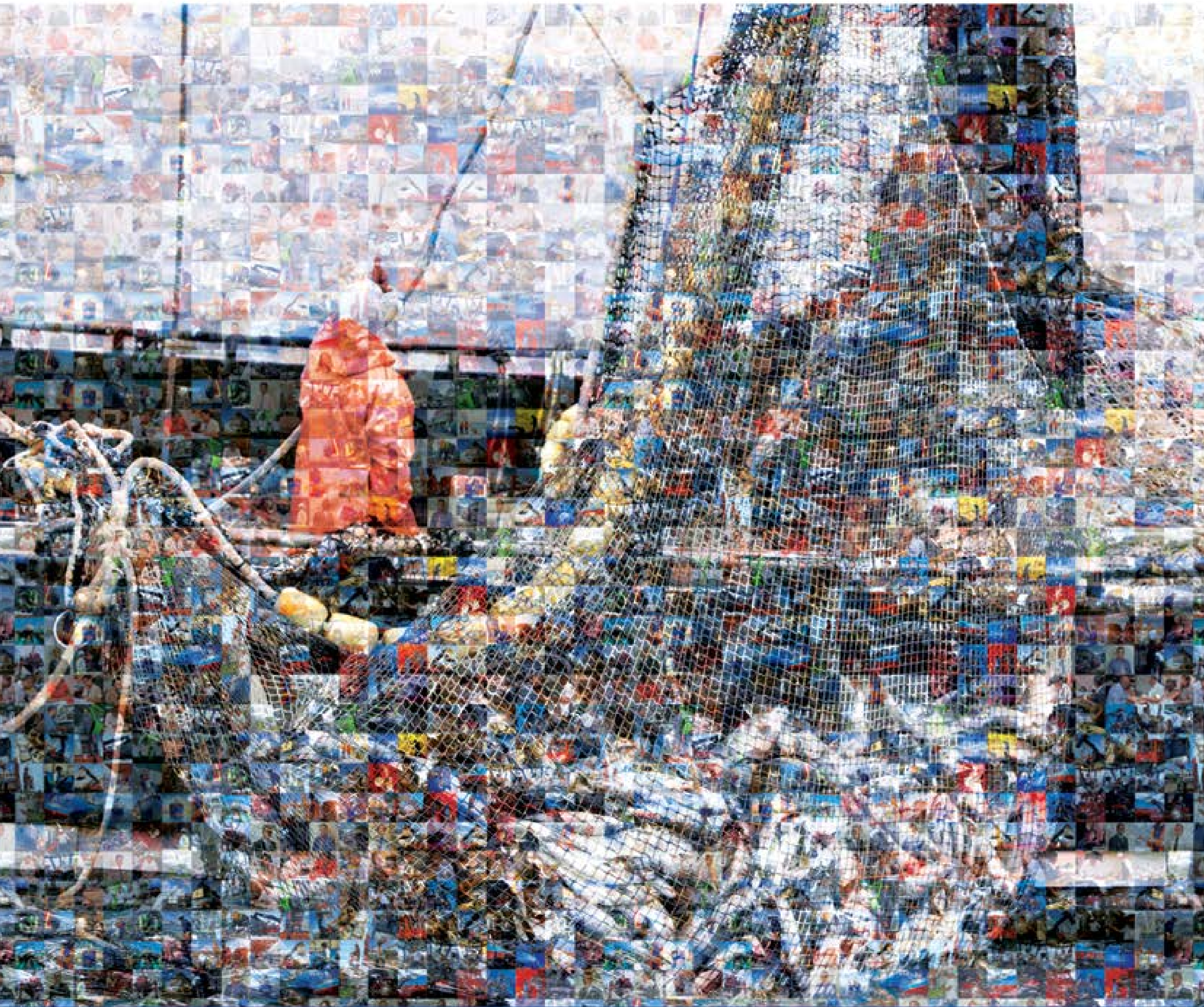
(iii) Strengthening of the existing 560 metres quay;

(iv) Expansion of the Container Stacking yard by 7.5 ha; and

(v) Dredging works to deepen the Navigational Channel to 16.5 metres.

The acquisition of the big tug now allows the safe berthing of larger vessels which are calling at Port Louis, namely tankers and container vessels with capacity up to 12,000 TEUs.

The above two main items on the capital expenditure programme have been executed to create valued services for MPA customers.



SEAFOOD

INDEPENDENT AUDITORS' REPORT

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TO THE MEMBER OF MAURITIUS PORTS AUTHORITY

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Mauritius Ports Authority, the "Authority", which comprise the statement of financial position as at 30 June 2017, and the statement of comprehensive income, statement of changes in funds and reserves and statement of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements on pages 58 to 98 give a true and fair view of the financial position of the Authority as at 30 June 2017 and of its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards and the requirements of the Statutory Bodies (Accounts and Audit) Act 1972 and the Financial Reporting Act 2004.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsiblities for the Audit of the Financial Statements section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter

The financial statements of Mauritius Ports Authority for the year ended 31 December 2015 were audited by another auditor who expressed an unmodified opinion on those financial statements on 30 May 2016.

Information Other than the Financial Statements and Auditors' Report Thereon ("Other Information")

Management is responsible for the Other Information. The Other Information comprises mainly of information included under the Corporate Information, Corporate Governance Report and Statement of Directors' Responsibilities sections, but does not include the financial statements and our auditors' report thereon.

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBER OF MAURITIUS PORTS AUTHORITY

Report on the Audit of the Financial Statements (Contd)

Information Other than the Financial Statements and Auditors' Report Thereon ("Other Information") (Contd)

In connection with our audit of the financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Statutory Bodies (Accounts and Audit) Act 1972 and the Financial Reporting Act 2004, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Authority's financial reporting process.

Auditors' Responsibility for the Audit of the Financial Statements

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

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

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

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBER OF MAURITIUS PORTS AUTHORITY

Report on Other Legal and Regulatory Requirements

Statutory Bodies (Accounts and Audit) Act 1972

We have obtained all the information and explanations which to the best of our knowledge and belief where necessary for the purpose of the audit.

Financial Reporting Act 2004

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

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

Others

Our report is made solely to the member of the Authority as a body in accordance with Section 8 of the Statutory Bodies (Accounts and Audit) Act 1972. Our audit work has been undertaken so that we might state to the Authority's member those matters we are required to state to it in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or asume responsibility to anyone other than the Authority and the Authority's member as a body, for our audit work, for this report, or for the opinion we have formed.

Grant Thornton
Chartered Accountants

K RAMCHURUN, FCCA
Licensed by FRC

Date : 07 Nov 2017

Ebene 72201, Republic of Mauritius

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MAURITIUS PORTS AUTHORITY
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

	Notes	30 June 2017	31 December 2015
ASSETS		Rs'000	Rs'000
Non-current			
Intangible assets	5	9,296	-
Property, plant and equipment	6	8,111,413	8,165,124
Investment property	7	7,080,000	7,080,000
Assets under construction	8	5,826,880	2,753,222
Available-for-sale financial assets	9	544,580	474,776
Loans receivable	10	184,298	260,337
Non-current assets		**21,756,467**	**18,733,459**
Current			
Inventories	11	29,897	34,808
Trade and other receivables	12	245,101	402,792
Loans receivable	10	46,545	64,588
Other short term financial assets	13	1,012,655	4,381,985
Cash and cash equivalents	14	1,739,645	708,826
Current assets		**3,073,843**	**5,592,999**
Total assets		**24,830,310**	**24,326,458**
FUNDS, RESERVES AND LIABILITIES			
Funds and reserves			
Republic of Mauritius capital account		48,059	48,059
Capital reserve	15	9,781,376	9,781,376
Reserve fund	15	4,435,496	4,015,496
Revaluation surplus	15	7,344,281	7,344,566
Investment fair value reserve	15	303,471	247,719
Accumulated surplus		1,832	3,716
Funds and reserves		**21,914,515**	**21,440,932**
LIABILITIES			
Non-current			
Borrowings	16	1,085,208	1,382,623
Retirement benefit obligations	17	798,411	582,539
Capital grant	18	115,565	93,809
Non-current liabilities		**1,999,184**	**2,058,971**
Current			
Trade and other payables	19	558,728	476,455
Dividends payable to Government of Mauritius		100,000	100,000
Borrowings	16	166,955	172,828
Provisions for other liabilities	20	90,928	77,272
Current liabilities		**916,611**	**826,555**
Total liabilities		**2,915,795**	**2,885,526**
Total funds, reserves and liabilities		**24,830,310**	**24,326,458**

These financial statements have been approved for issue by the directors on: 07 NOV 2017

Chairperson
R.MAISTRY

Director-General
S. SUNTAH

Director Finance
S. GANGA

The notes on pages 65 to 98 form an integral part of these financial statements.

MAURITIUS PORTS AUTHORITY
STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2017

	Notes	Period from 01 January 2016 to 30 June 2017	Year ended 31 December 2015
OPERATING REVENUE		**Rs'000**	Rs'000
Vessel Dues	21	**858,535**	525,718
Traffic Dues	22	**318,615**	197,444
Container Dues	23	**591,566**	377,870
Concession Fees	35(v)	**193,419**	128,946
		1,962,135	1,229,978
NON-OPERATING INCOME			
Investment income	24	**42,873**	22,903
Finance income	25	**104,055**	165,083
Rental income	26	**190,442**	102,186
Gain/(loss) on disposal of property, plant and equipment		**40**	(304)
Other non-operating income	27	**7,593**	2,713
		345,003	292,581
OPERATING EXPENSES			
Employee benefit expenses	28	**(752,370)**	(480,130)
Sundry operating expenses		**(24,779)**	(14,842)
Running and repairs of equipment expenses		**(166,476)**	(109,733)
Administrative expenses	29	**(96,168)**	(49,538)
Depreciation and amortisation	5 & 6	**(510,089)**	(328,868)
		(1,549,882)	(983,111)
OPERATING SURPLUS		**757,256**	539,448
Net foreign exchange (loss)/gain		**(19,371)**	332,731
SURPLUS BEFORE EXCEPTIONAL ITEMS		**737,885**	872,179
Exceptional items	30	**(45,017)**	(49,125)
SURPLUS FOR THE PERIOD/YEAR	31	**692,868**	823,054
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss:			
Actuarial losses recognised	17 & 32	**(175,037)**	(54,276)
Items that will be reclassified subsequently to profit or loss:			
Reclassification adjustment on impairment of available-for-sale financial assets	32	**-**	(15,410)
Increase/(decrease) in fair value of available-for-sale financial assets	9 & 32	**55,752**	(46,459)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD/YEAR		**(119,285)**	(116,145)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD/YEAR		**573,583**	706,909

The notes on pages 65 to 98 form an integral part of these financial statements.

MAURITIUS PORTS AUTHORITY
STATEMENT OF CHANGES IN FUNDS AND RESERVES FOR THE PERIOD ENDED 30 JUNE 2017

	Capital account Rs'000	Capital Reserve Rs'000	Reserve fund Rs'000	Revaluation surplus Rs'000	Investment fair value reserve Rs'000	Accumulated surplus Rs'000	Total Rs'000
Balance at 01 January 2016	48,059	9,781,376	4,015,496	7,344,566	247,719	3,716	21,440,932
Release on disposal of property, plant and equipment	-	-	-	(285)	-	285	-
Transfer to reserve fund	-	-	420,000	-	-	(420,000)	-
Surplus for the period	-	-	-	-	-	692,868	692,868
Other comprehensive income	-	-	-	-	55,752	(175,037)	(119,285)
Dividends	-	-	-	-	-	(100,000)	(100,000)
Balance at 30 June 2017	**48,059**	**9,781,376**	**4,435,496**	**7,344,281**	**303,471**	**1,832**	**21,914,515**

	Capital account Rs'000	Capital Reserve Rs'000	Reserve fund Rs'000	Revaluation surplus Rs'000	Investment fair value reserve Rs'000	Accumulated surplus Rs'000	Total Rs'000
Balance at 01 January 2015	48,059	9,781,376	3,335,496	7,347,072	309,588	12,432	20,834,023
Release on disposal of property, plant and equipment	-	-	-	(2,506)	-	2,506	-
Transfer to reserve fund	-	-	680,000	-	-	(680,000)	-
Surplus for the year	-	-	-	-	-	823,054	823,054
Other comprehensive income	-	-	-	-	(61,869)	(54,276)	(116,145)
Dividends	-	-	-	-	-	(100,000)	(100,000)
Balance at 31 December 2015	**48,059**	**9,781,376**	**4,015,496**	**7,344,566**	**247,719**	**3,716**	**21,440,932**

The notes on pages 65 to 98 form an integral part of these financial statements.

MAURITIUS PORTS AUTHORITY
STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 30 JUNE 2017

	Notes	Period from 01 January 2016 to 30 June 2017	Year ended 31 December 2015
		Rs'000	Rs'000
Operating activities			
Cash from operations	34(a)	1,112,237	1,056,252
Interest received		307,314	50,000
Interest paid		(76, 913)	(26,460)
Net cash from operating activities		1,342,638	1,079,792
Investing activities			
Purchase of property, plant and equipment, including assets under construction		(3,462,495)	(1,527,571)
Proceeds from sale of property, plant and equipment		116	1,267
Investment in financial assets		(14,052)	(293)
Grant received		21,756	-
Loan repayments received		87,923	62,395
Dividends received		42,873	21,103
Net cash used in investing activities		(3,323,879)	(1,443,098)
Financing activities			
Long term borrowing		(257,270)	841,430
Dividends paid		(100,000)	(100,000)
Net cash (used in)/from financing activities		(357,270)	741,430
Net (decrease)/increase in cash and cash equivalents		(2,338,511)	378,124
Movement in cash and cash equivalents			
At beginning of period/year		5,090,811	4,712,687
(Decrease)/increase		(2,338,511)	378,124
At end of period/year	34(b)	2,752,300	5,090,811

The notes on pages 65 to 98 form an integral part of these financial statements.

MAURITIUS PORTS AUTHORITY

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

1. GENERAL INFORMATION

Mauritius Ports Authority, the “Authority” or “MPA”, is a state-owned enterprise, domiciled in the Republic of Mauritius. The Ports Act 1998 has established the Mauritius Ports Authority as the sole national Port Authority to operate as a landlord port, to regulate and control the port sector and to provide marine services. Its registered address is H.Ramnarain Building, Mer Rouge, Port Louis, Republic of Mauritius.

2. SIGNIFICANT ACCOUNTING POLICIES

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

2.1. Basis of preparation

The financial statements of Mauritius Ports Authority comply with the Statutory Bodies (Accounts and Audit) Act 1972 and have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by International Accounting Standards Board (“IASB”). These financial statements have been presented in Mauritian Rupee and all values are rounded to the nearest thousand (Rs’000) except where otherwise stated. The current figures are for the period 01 January 2016 to 30 June 2017 whereas the comparative figures are for the year ended 31 December 2015. The comparative figures of these financial statements are not comparable.

The financial statements have been prepared on the historical cost basis except that:

(i) Investment property and some classes of property, plant and equipment are carried at revalued amounts; and

(ii) Available-for-sale financial assets and other financial instruments are measured at their fair values.

2.2. Application of new and revised IFRS

2.2.1. New and revised standards that are effective for the period beginning on 01 January 2016

The following new and revised standards issued by the IASB became mandatory for the first time for the financial period beginning on 01 January 2016:

“IAS 1, Disclosure Initiative (Amendments to IAS 1: Presentation of Financial Statements)”

The amendments represent the first authoritative output from the IASB’s Disclosure Initiative project. The disclosure initiative itself is in part a reaction to the growing clamour over disclosure overload in financial statements. It consists of a number of projects, both short- and medium-term, and ongoing activities that explore how presentation and disclosure principles and requirements in existing standards can be improved.

“IFRS 10, IFRS 12 and IAS 28, Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)”

These amendments address issues that have arisen in the context of applying the consolidation exception for investment entities.

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

The amendment allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

“IAS 16 and IAS 41, Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)”

These amendments change the reporting for bearer plants, such as grape vines, rubber trees and oil palms. Bearer plants should be accounted for in the same way as property, plant and equipment because their operation is similar to that of manufacturing.

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

These amendments clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.

MAURITIUS PORTS AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD)

2.2 Application of new and revised IFRS (Contd)

2.2.1 New and revised standards that are effective for the period beginning on 01 January 2016 (Contd)

IFRS 11, Accounting of Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)

This amendment provides new guidance on how to account for the acquisition of an interest in a joint venture operation that constitutes a business. The amendment requires an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a 'business'.

IFRS 14, Regulatory Deferral Accounts

This standard permits first-time adopters of IFRS to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRS. However, to enhance comparability with entities that already apply IFRS and do not recognise such amounts, the standard requires that the effect of rate regulation must be presented separately from other items.

Various, Annual Improvements to IFRS 2012-2014 Cycle

These improvements include amendments to IFRS 5: Non-current Assets Held for Sale and Discontinued Operations, IFRS 7: Financial Instruments: Disclosures, IAS 19: Employee Benefits and IAS 34: Interim Financial Reporting.

Management has assessed the impact of these new and revised standards and concluded that non of these standards have a material impact on the disclosure of these financial statements.

2.2.2. Standards, amendments to existing standards and interpretations that are not yet effective and have not been adopted early by the Authority

At the date of authorisation of these financial statements, certain new standards, amendments to existing standards and interpretations have been published but are not yet effective, and have not been adopted early by the Authority.
Management anticipates that all of the relevant pronouncements, as relevant to the Authority's activities, will be adopted in the Authority's accounting policies for the first period beginning after the effective date of the pronouncements. Information on new standards, amendments and interpretations is provided below:

IFRS 16, Leases

The new standard requires lessees to account for leases 'on-balance sheet' by recognising a 'right of use' asset and a lease liability. It will affect most companies that report under IFRS and are involved in leasing, and will have a substantial impact on the financial statements of lessees of property with high value equipment.

IFRS 9, Financial Instruments (2014)

The complete version of IFRS 9 replaces most of the guidance in IAS 39. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost,fair value through other comprehensive income and fair value through profit and loss.

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

The amendments bring together three changes to IFRS 2 'Share-based Payment' covering the following matters that had originally been referred to the IFRS Interpretations Committee (IFRIC):

- the accounting for the effects of vesting conditions on the measurement of a cash-settled share-based payment;
- the classification of share-based payment transactions with a net settlement feature for withholding tax obligations; and
- the accounting for a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity settled.

IFRS 15, Revenue from Contracts with Customers

This is the converged standard on revenue recognition. It replaces IAS 11, 'Construction contracts', IAS 18, 'Revenue' and related interpretations.

IAS 7, Disclosure Initiative (Amendments to IAS 7 Statement of Cash Flows)

The amendments are designed to improve the quality of information provided to users of financial statements about changes in an entity's debt and related cash flows (and non-cash changes).

MAURITIUS PORTS AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD)

2.2 Application of new and revised IFRS (Contd)

2.2.2 Standards, amendments to existing standards and interpretations that are not yet effective and have not been adopted early by the Authority (Contd)

IAS 12, Recognition of Deferred Tax Assets for Unrealised Losses

The focus of the amendments is to clarify how to account for deferred tax assets related to debt instruments measured at fair value, particularly where changes in the market interest rate decrease the fair value of a debt instrument below cost.

IFRS 17, Insurance Contracts

IFRS 17 provides guidance on how to assess the significance of insurance risk based on the possibility of a loss on a present value basis (rather than nominal), and how to evaluate changes in the level of insurance risk.

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

The amendments in Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (Amendments to IFRS 4) provide two options for entities that issue insurance contracts within the scope of IFRS 4.

IFRIC 23, Uncertainty over Income Tax Treatments

IFRIC had observed that there was diversity in practice for various issues on the recognition and measurement of a tax liability or asset in circumstances where there is uncertainty in the application of the tax law in concern. IFRIC 23 addresses uncertainty over how tax treatments should affect the accounting for income taxes.

IAS 40, Transfers of Investment Property (Admendments to IAS 40)

Under these amendments an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use.

IFRIC 22, Foreign Currency Transactions and Advance Consideration

IFRIC 22 clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency.

IFRS for SMEs, Amendments to the International Financial Reporting Standard for Small and Medium Sized Entities

The amendments issued are a result of its first comprehensive review, which commenced in 2012, three years after the standard's release in 2009. The aim of the review was to consider whether the IFRS for SMEs needed amending for any implementation issues identified or for any changes made to full IFRS.

IFRS 1 / IFRS 12/ IAS 28, Annual Improvements to IFRS 2014 - 2016

These improvements include amendments to IFRS 1: First time adoption of International Financial Reporting Standards, IFRS 12:

Disclosure of Interests in Other entities and IAS 28: Investments in associates and joint ventures.

Management has yet to assess the impact of the above standards, amendments and interpretations on the Authority's financial statements.

2.3. Property, plant and equipment

Property, plant and equipment is initially recorded at cost.

Some classes of property, plant and equipment held for the operational activities or for administrative purposes are stated at revalued amounts less subsequent depreciation. Revalued amounts are their fair value determined out by external independent valuers once every 5 years or more frequently if market factors indicated a material change in fair value. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying of the asset and the net amount is restated to the revalued amount of the asset.

The remaining classes of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Increases in the carrying amounts arising from revaluation are credited to revaluation surplus. Decreases that offset previous increases of the same asset are charged directly against revaluation surplus; all other decreases are charged to profit or loss.

MAURITIUS PORTS AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD)

2.3 Property, plant and equipment (Contd)

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

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposals of property, plant and equipment are determined by comparing proceeds with carrying amount of the assets and are recognised in profit or loss. On disposal of revalued assets, the amounts included in revaluation surplus are transferred to retained earnings.

Depreciation is calculated on the straight line method to write down the cost or revalued amounts to their residual values over their estimated useful life:

The annual rates are as follows:	**% p.a**
Buildings	2.5 - 100
Navigational Aids	1.7 - 20
Tugs and Floating Crafts	5 - 100
Quays	1.4 - 4.76
Furniture and Equipment	20
Plant and Equipment	5.26 - 25
Cargo Handling Equipment	7.14 - 16.66
Marine Radio Equipment	10 - 20
Mooring Buoys and Ancillary Equipment	10 - 20
Motor Vehicles and Fire Fighting Equipment	7.69 - 100
Electrical Installation	10 - 25
Computer and security equipment	20
Fencing Port Area	6.25 - 20

Land is not depreciated.

Subsequent expenditures related to an item of property, plant and equipment are added to its net book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenditures are expensed as and when incurred.

Projects under which assets are not ready for their intended use are shown separately in the statement of financial position as ‘Assets under construction’.

2.4. Intangible assets

Intangible assets comprise computer software and are amortised over a period of 5 years. The method of amortisation reflects the pattern in which the economic benefits of the intangible assets are consumed or otherwise used up and where such pattern cannot be reliably determined, a straight line amortisation method is used.

All intangible assets are subject to impairment testing at each reporting date.

2.5. Investment property

All of the Authority’s property interests held under operating leases to earn rentals or for capital appreciation purposes are accounted for as investment property and are measured using the fair value model. Investment property are revalued based on fair values determined by external independent valuers once every 5 years or more frequently if market factors indicate a material change in fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise. An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

MAURITIUS PORTS AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD)

2.6. Financial assets

(a) ***Categories of financial assets***

The Authority classifies its financial assets in the following categories: loans and receivables and available-for-sale financial assets.The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

(i) ***Loans and receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment. The Authority's loans and receivables comprise cash and cash equivalents, term deposits with initial maturity more than 3 months, loans receivable and most of its trade and other receivables.

(ii) ***Available- for- sale financial assets***

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within twelve months at the end of the reporting period.

(b) ***Recognition and measurement***

Purchases and sales of financial assets are recognised on trade-date, the date on which the Authority commits to purchase or sell the asset. Investments are initially measured at fair value plus transaction costs for all financial assets.

Available-for-sale financial assets are subsequently carried at their fair values. Loans and receivables are carried at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are accounted at cost.

Unrealised gains and losses arising from changes in the fair value of financial assets classified as available-for-sale are recognised in investment fair value reserve. When financial assets classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the statement of comprehensive income as gains and losses on financial assets.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active and for unlisted securities, the Authority establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flows analysis, and option pricing models refined to reflect the issuer's specific circumstances.

(c) ***Impairment of financial assets***

The Authority assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that 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 group of financial assets that can be reliably estimated.

For available-for-sale equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

MAURITIUS PORTS AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD)

2.6 Financial assets (Contd)

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Authority's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. Impairment losses are subsequently reversed through statement of comprehensive income if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

(d) ***Derecognition of financial assets***

The Authority derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

If the Authority retains substantially all the risks and rewards of ownership of a transferred financial asset, the Authority continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety, the Authority allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

2.7. Long term receivables

Long term receivables with fixed maturity terms are measured at amortised cost using the effective interest rate method, less provision for impairment. The carrying amount of the asset is reduced by the difference between the asset's carrying amount and the present value of estimated cash flows discounted using the current market rate of return of similar financial assets.

If there is objective evidence that an impairment loss has occured, same is recognised in profit or loss. Long term receivables without fixed maturity terms are measured at cost.

2.8. Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and applicable variable selling expenses.

MAURITIUS PORTS AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD)

2.9. Trade receivables

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

2.10. Retention monies

Retention monies are amount retained by the Authority on construction contracts awarded to external contractors and which are not paid until the satisfaction of conditions specified in the contract for the payment of such amounts or until defects have been rectified. Retention monies are recognised on the basis of percentage of completion method, as certified by civil engineers and are accounted based on retention percentage stipulated in the contract.

The retention monies payable are accounted under trade and other payables with a corresponding entry accounted in assets under construction.

2.11. Cash and cash equivalents

Cash and cash equivalents comprises cash at bank and in hand and demand deposits, together with other short term, highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value.

All fixed deposits with initial maturity more than 3 months are recognised separately under 'other short term financial assets'.

2.12. Trade and other payables

Trade and other payables and accruals are liabilities to pay for goods or services that have been received or supplied or formally agreed with the suppliers. Trade and other payables are stated at their fair value and subsequently measured at amortised cost using the effective interest method.

2.13. Borrowings

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

2.14. Employment benefits

2.14.1. Post-employment benefit plans

The Authority provides post-employment benefits through various defined contribution and defined benefit plans.

Defined contribution plans

The Authority pays fixed contributions into a defined contribution scheme administered by SICOM for employees who joined the MPA after 01 January 2013. The Authority has no legal or constructive obligations to pay contributions in addition to its fixed contributions, which are recognised as an expense in the period that related employee services are received.

Defined benefit plans

Under the Authority's defined benefit plans, the amount of pension benefit that an employee will receive on retirement is defined by reference to the employee's length of service and final salary. The legal obligation for any benefits remains with the Authority, even if plan assets for funding the defined benefit plan have been set aside. Plan assets may include assets specifically designated to a long-term benefit fund as well as qualifying insurance policies.

The liability recognised in the statement of financial position for defined benefit plans is the present value of the defined benefit obligation ("DBO") at the reporting date less the fair value of plan assets.

The DBO is estimated annually by SICOM. This is based on standard rates of inflation, salary growth rate and mortality. Discount factors are determined close to each year-end by reference to high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability.

MAURITIUS PORTS AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD)

2.14.1 Post-employment benefit plans (Contd)

Service cost on the Authority's defined benefit plan is included in employee benefits expense. Employee contributions, all of which are independent of the number of years of service, are treated as a reduction of service cost. Net interest expense on the net defined benefit liability is also included in employee benefits expense. Gains and losses resulting from remeasurements of the net defined benefit liability are included in other comprehensive income.

2.14.2. Short-term employee benefits

Short-term employee benefits include passage benefit, accumulated sick leaves and other benefits which are measured at the undiscounted amount that the Authority expects to pay as a result of the unused entitlement.

2.15. Foreign currencies

(i) *Functional and presentation currency*

Items included in the financial statements are measured using Mauritian rupees, the currency of the primary economic environment in which the Authority operates ("functional currency"). The financial statements are presented in Mauritian rupees, which is the Authority's functional and presentation currency.

(ii) *Transactions and balances*

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

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

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

Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the investment fair value reserve.

2.16. Impairment of assets

At each reporting date, the Authority reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

When it is not possible to estimate the recoverable amount of an individual asset, the Authority estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in the statement of comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

MAURITIUS PORTS AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD)

2.17. Revenue recognition

Revenue comprises of the fair value for the sale of services, net of rebates and discounts.

Sales of services are recognised in the accounting period in which the services are rendered (by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of total services to be provided).
The Authority has entered into a concession agreement with the Cargo Handling Corporation Limited whereby the latter provides cargo services at Terminals I, II and III as a cargo operator. Concession fees are receivable annually.

Other revenues earned by the Authority are recognised on the following bases:

- Rental income - on an accruals basis in accordance with the substance of the relevant agreements.
- Interest income - on a time-proportion basis using the effective interest method. When a receivable is impaired, the Authority reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised either as cash is collected or on a cost-recovery basis as conditions warrant.
- Dividend income - when the shareholder's right to receive payment is established.
- Other income - in the accounting period in which it is receivable.

2.18. Provisions

Provisions are recognised when the Authority has a present obligation (legal or constructive) as a result of past events. It is probable that the Authority will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). When some or all the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.19. Funds and reserves

2.19.1. Capital account

Capital account represents investments in the form of capital by the government of Mauritius.

2.19.2. Other reserves

Other reserves include the following:
Capital reserve - Comprises gains & losses on revaluation on investment property and other reserves.
Reserve fund - This reserve represents funds transferred to Port Development Reserve, General Reserve and Insurance Reserve. Revaluation reserve - Comprises gains and losses from revaluation of property, plant and equipment. Investment fair value reserve - Comprises gains and losses on fair valuation of available-for-sale financial assets.

2.19.3. Surplus and deficits

Accumulated surplus include all current and prior periods results.

2.19.4. Dividend distribution

Dividend distribution to the Government of Mauritius is recognised as a liability in the Authority's financial statements in the period in which the dividends are declared.

MAURITIUS PORTS AUTHORITY

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD)

2.20. Leases

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

The Authority as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

2.21. Related parties

For the purpose of these financial statements, parties are considered to be related to the Authority if they have the ability, directly or indirectly, to control the Authority or exercise significant influence over the Authority in making financial and operating decisions, or vice versa, or where the Authority is subject to common control or common significant influence. Related parties may be individuals or other entities.

2.22. Grants

Grants are not recognised until there is reasonable assurance that the Authority will comply with the conditions attaching to them. Grants are recognised in profit or loss on a systematic basis over the periods in which the Authority recognises as expenses the related cost for which the grants are intended to compensate. Specifically, grants whose primary condition is that the Authority should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful life of the related assets.

Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Authority with no future related cost are recognised in profit or loss in the period in which they become receivable.

2.23. 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 or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.24. Exceptional items

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Authority. They are material items of income or expense that have been shown separately due to the significance of their nature or amount.

2.25. Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or as incurred.

MAURITIUS PORTS AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

3. FINANCIAL RISK MANAGEMENT

3.1. Financial Risk Factors

The Authority's activities expose it to a variety of financial risks, including:

- Foreign exchange risk;
- Credit risk;
- Price risk;
- Liquidity risk; and
- Interest rate risk.

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

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

Foreign exchange risk

The Authority is exposed to foreign exchange risk arising from various currency exposures primarily with respect to Euro and USD.

The Authority has set up a policy that requires management to manage its exchange risk exposure with treasury.

The Authority aims at keeping sufficient cash in foreign currencies to repay its debts denominated in that same currency and also to finance major capital projects payable in foreign currencies.

The Authority's currency profile is as follows:

		2017			2015	
	MUR	USD	Euro	MUR	USD	Euro
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Assets						
Cash and cash equivalents	370,729	1,084,229	284,687	138,886	374,563	195,377
Other short term financial assets	393,000	619,655	-	1,175,000	3,146,955	60,030
Loans receivable	81,282	149,561	-	124,305	200,620	-
Available-for-sale financial assets	544,580	-	-	474,776	-	-
Trade and other receivables	228,692	2,898	-	292,188	108,332	2,272
	1,618,283	1,856,343	284,687	2,205,155	3,830,470	257,679
Liabilities						
Borrowings	-	1,252,163	-	-	1,555,451	-
Trade and other payables	380,571	51,778	126,364	249,151	221,320	5,984
Provision for other liabilities	90,928	-	-	77,272	-	-
	471,499	1,303,941	126,364	326,423	1,776,771	5,984

MAURITIUS PORTS AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

3. FINANCIAL RISK MANAGEMENT (CONTD)

3.1. Financial Risk Factors (Contd)

Foreign Exchange Risk (Contd)

At 30 June 2017, if the rupee had weakened/strengthened by 5% against the USD/Euro with all other variables held constant, surplus income for the period would have reduced by Rs 35.5 million (Year ended 31 December 2015: Rs 115.3 million) higher/lower mainly as a result of foreign exchange gains/losses in translation of USD/Euro denominated borrowings, retention monies payable, trade and other payables, loans receivable, trade and other receivables, other short term financial assets and cash and cash equivalents.

Credit risk

Credit risk is the risk of financial loss to the Authority if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Authority's credit risk is primarily attributable to its receivables. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Authority's management based on prior experience and the current economic environment.

The Authority has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. The Authority has policies in place to ensure that rendering of services are made to customers with an appropriate credit history.

The table below shows the balance of the major counterparties at the reporting date.

	2017	2015
	Rs'000	Rs'000
Maersk Mauritius Ltd	**13,375**	13,214
Mediterranean Shipping & Co. Ltd	**23,916**	12,877
Cargo Handling Corporation Limited	**12,052**	12,735
Cameron Ltd	**6,250**	-
Mauritius Shipping Corporation Ltd	**5,946**	11,987
	61,539	50,813

The Authority considers that no credit risk is associated with the loans receivable since payments are received as per terms of repayment.

Concerning the available-for-sale financial assets, the Authority has invested in a diversified portfolio and these investments are measured at fair value. Management considers the credit risk to be manageable.

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with highly quality external credit rating.

Price risk

The Authority is exposed to price risk in relation to its equity investments which are measured at fair value based on their quoted prices or generally acceptable valuation techniques.

Sensitivity analysis

The table below summarises the impact of increase/decrease in the fair value of the investments on the funds and reserves.
The analysis is based on the assumption that the fair value had increased/decreased by 5%.

	Impact on funds and reserves	
	2017	2015
	Rs'000	Rs'000
Available for-sale financial assets	**11,132**	8,981

MAURITIUS PORTS AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

3. FINANCIAL RISK MANAGEMENT (CONTD)

3.1. Financial Risk Factors (Contd)

Liquidity risk

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

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Authority aims at maintaining flexibility in funding by keeping committed credit lines available.

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

	6 months or less Rs'000	6-12 months Rs'000	1-5 years Rs'000	Over 5 years Rs'000	Total Rs'000
30 June 2017					
Trade and other payables	558,713	-	-	-	558,713
Provisions for other liabilities	90,928	-	-	-	90,928
Borrowings	83,478	83,478	667,824	417,383	1,252,163
Total	**733,119**	**83,478**	**667,824**	**417,383**	**1,901,804**

	6 months or less Rs'000	6-12 months Rs'000	1-5 years Rs'000	Over 5 years Rs'000	Total Rs'000
31 December 2015					
Trade and other payables	476,455	-	-	-	476,455
Provisions for other liabilities	77,272	-	-	-	77,272
Borrowings	86,414	86,414	691,312	691,311	1,555,451
Total	**640,141**	**86,414**	**691,312**	**691,311**	**2,109,178**

Interest rate risk

All the interest bearing assets and liabilities have fixed interest rate except cash and cash equivalents. Therefore, the Authority's exposure to interest rate risk is limited.

At 30 June 2017, the Authority's interest bearing financial instruments included cash at bank amounting to Rs 1,739,645 (2015: Rs 708,826). The rate may increase or decrease depending on the prime lending rate.

A change of 0.50% in interest rates at the reporting date would have increased/(decreased) profit by Rs 8,698 (2015: Rs 3,544) for the Authority.

Interests rates between 2.74% to 2.80% p.a. are receivable on MUR fixed deposit accounts while interest rates between 1.85 % to 2.30 % p.a. are receivable on USD fixed deposit accounts.

MAURITIUS PORTS AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

3. FINANCIAL RISK MANAGEMENT (CONTD)

Legal Risk

Legal risk is the risk that the business activities of the Authority have unintended or unexpected legal consequences. It includes risk arising from:

- Inadequate documentation, legal or regulatory incapacity, insufficient authority of a counterparty and uncertainly about the validity or enforceability of a contract in counterparty insolvency;
- Actual or potential violations of laws or regulations (including activity unauthorised for the Authority and which may attract a civil or criminal fine or penalty);
- Failure to protect the Authority's property (including its intellectual property); and
- The possibility of civil claims (including acts or other events which may lead to litigation or other disputes).

The Authority identifies and manages legal risk through effective use of its internal and external advisers.

Business Risk

Business risk is the risk associated with operations and marketing activities of the Authority. Such risks can be associated with demand variability, sales price variability, competitor threat, operational leverage, portfolio risk and product development risks to the extent that they are independent of market risk. Business risk can also arise from the potential that inadequate information systems, operational problems, breaches in internal controls, fraud or unforeseen catastrophes will result in unexpected losses. Business risk is closely monitored.

Operational Risk

Operational risk is the risk of direct or indirect losses arising from inadequate or failed internal processes, people and technology and from external events. Management of operational risk is closely monitored.

Environment and Strategy Risks

Environment and strategy risks arise when there are forces that could either put the Authority out of business or significantly change the fundamentals that drive the Authority's overall objectives and strategies.

Environment risk may arise from:

- failure to understand customer needs,
- failure to anticipate or react to actions of competitors and
- over dependence on vulnerable suppliers, etc.

The assessment of the Environment and Strategy risks also included discussions on:

- Changes in laws/regulations and actions by the local regulators can result in increased pressures and significantly affect the Authority's ability to efficiently and competitively conduct business.

- Risks which make the industry less attractive as a result of changes in:
  - Key factors for competitive success within the industry, including significant opportunities and threats;
  - Capabilities of existing and potential competitors; and
  - Authority's strengths and weaknesses relative to present and future competitors.

3.2. Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Authority is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily quoted equity investments classified as available-for-sale.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2 otherwise they are included in level 3.

The following table shows the Levels within the hierarchy of financial assets measured at fair value on a recurring basis at 30 June 2017 and 31 December 2015:

MAURITIUS PORTS AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

3. FINANCIAL RISK MANAGEMENT (CONTD)

3.2. Fair value estimation (Contd)

	Level 1	Level 2	Level 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
At 30 June 2017				
Available-for-sale financial assets	**188,783**	**33,847**	**321,950**	**544,580**
At 31 December 2015				
Available-for-sale financial assets	150,026	29,599	295,151	474,776

There were no transfers between Level 1 and Level 2 during the period ended 30 June 2017 and year ended 31 December 2015.
The Authority has investments in both quoted and unquoted companies. The investments are measured at fair value based on their quoted prices or generally acceptable valuation techniques. Where the fair value could not be determined, the investments are measured at cost.

Level 3 fair value measurements

The reconciliation of the carrying amounts of financial assets classified within Level 3 is as follows:

	30 June 2017	31 Dec. 2015
	Rs'000	Rs'000
At start of period/year	**295,151**	292,940
Additions during the period/year	**10,000**	-
Fair value gains for the period/year	**16,799**	2,211
At end of period/year	**321,950**	295,151

The carrying amount of the Authority's other financial instruments are assumed to approximate their fair values.

3.3. Capital risk management

The Authority's objectives when managing capital are:

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

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

The Authority monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt adjusted capital. Net debt is calculated as total debt (as shown in the statement of financial position) less cash and cash equivalents and other short term financial assets. Adjusted capital comprises all components of equity (i.e. capital account, capital reserve, reserve fund, investment fair value reserve, accumulated surplus and revaluation surplus).

During the period ended 30 June 2017, the Authority's strategy, which was unchanged from the year ended 31 December 2015, was to maintain the least amount of debt. The gearing ratios as at 30 June 2017 and 31 December 2015 were as follows:

MAURITIUS PORTS AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

3. FINANCIAL RISK MANAGEMENT (CONTD)

3.3. Capital Risk Management (Contd)

	2017 Rs'000	2015 Rs'000
Total debt	**1,252,163**	1,555,451
Less: cash and cash equivalents *(including other short term financial assets)*	**(2,752,300)**	(5,090,811)
Net debt	-	-
Total funds and reserves	**21,914,515**	21,440,932
Net debt-to-adjusted capital ratio	-	-

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

4.1. Critical accounting estimates and assumptions

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

(a) Impairment of available-for-sale financial assets

The Authority follows the guidance of IAS 39, *Financial Instruments*, on determining when an investment is other-than-temporarily impaired. This determination requires significant judgement. In making this judgement, the Authority evaluates, among other factors, the duration and extent to which the fair value of an investment is less than their carrying value taking into consideration factors such as industry and sector performance, changes in technology and the financial health of and near-term business outlook for the operational and financing cash flow.

(b) Pension benefits

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

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

Key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 17.

(c) Revaluation of property, plant and equipment and investment property

The Authority carries its investment property at fair value, with changes in fair value being recognised in profit or loss. In addition, it measures land and buildings at revalued amounts with changes in fair value being recognised in other comprehensive income. The Authority engaged independent valuation specialists to determine fair value. For the investment property, the valuer used a valuation technique based on a discounted cash flow model as there is a lack of comparable market data because of the nature of the property. The determined fair value of the investment property is most sensitive to the estimated yield as well as the long term vacancy rate. The key assumptions used to determine the fair value of the investment property, are further explained in Note 7.

(d) Fair value of securities not quoted in an active market

The fair value of securities not quoted in an active market may be determined by the Authority using valuation techniques including third party transaction values, earnings, net asset value or discounted cash flows, whichever is considered to be appropriate. The Authority would exercise judgement and estimates on the quantity and quality of pricing sources used. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

MAURITIUS PORTS AUTHORITY

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTD)

4.1. Critical accounting estimates and assumptions (Contd)

(e) Asset lives and residual values

Property, plant and equipment and intangible assets are depreciated over its useful life taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. Consideration is also given to the extent of current profits and losses on the disposal of similar assets.

(f) Depreciation policies

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

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

(g) Revenue recognition

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

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

(h) Impairment of assets

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

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

5. INTANGIBLE ASSETS

	30 June 2017 Rs'000
Cost	
Transfer from property, plant and equipment (Note 6(a))	30,987
Amortisation	
Transfer from property, plant and equipment (Note 6(a))	12,395
Amortisation during the period	9,296
Balance at end of period	21,691
Carrying amount	9,296

Intangible assets include computer software which was reclassified from property, plant and equipment to intangible assets during the period ended 30 June 2017 as per the requirements of IAS 38, *Intangible Assets*. The computer software was amortised over the same useful life as initially determined.

MAURITIUS PORTS AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

6. PROPERTY, PLANT AND EQUIPMENT

(a)	COST/ VALUATION					DEPRECIATION					NET BOOK VALUES
	At 01 January 2016	Additions	Disposals	Transfer	At 30 June 2017	At 01 January 2016	Charge for the Period	Disposal adjustments	Transfer	At 30 June 2017	At 30 June 2017
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Land	47,550	-	-	-	47,550	-	-	-	-	-	47,550
Buildings & infrastructure	860,841	11,575	-	-	872,416	116,796	84,477	-	-	201,273	671,143
Navigational aids	16,890	1,486	-	-	18,376	2,939	2,430	-	-	5,369	13,007
Tugs and floating crafts	523,810	401,309	-	-	925,119	85,585	81,936	-	-	167,521	757,598
Quays	6,950,751	32,376	-	-	6,983,127	379,253	283,940	-	-	663,193	6,319,934
Furniture and equipment	39,347	2,103	-	-	41,450	35,985	2,416	-	-	38,401	3,049
Plant and equipment	39,494	7,787	-	-	47,281	10,719	7,719	-	-	18,438	28,843
Cargo Handling equipment	2,894	-	-	-	2,894	524	393	-	-	917	1,977
Marine radio equipment	7,142	366	-	-	7,508	3,631	1,802	-	-	5,433	2,075
Mooring buoys and ancillary equipment	216,100	-	-	-	216,100	7,278	5,460	-	-	12,738	203,362
Motor vehicle and fire fighting equipment	41,148	6,894	(125)	-	47,917	15,818	11,011	(50)	-	26,779	21,138
Electrical installation	46,665	455	-	-	47,120	15,171	8,339	-	-	23,510	23,610
Computer and security equipment	116,533	969	(56)	(30,987)	86,459	73,724	8,422	(55)	(12,395)	69,696	16,763
Fencing port area	5,500	430	-	-	5,930	2,118	2,448	-	-	4,566	1,364
Total	8,914,665	465,750	(181)	(30,987)	9,349,247	749,541	500,793	(105)	(12,395)	1,237,834	8,111,413

(b)	COST/ VALUATION				DEPRECIATION				NET BOOK VALUES
	At 01 January 2015	Additions	Disposals	At 31 December 2015	At 01 January 2015	Charge for the year	Disposal adjustments	At 31 December 2015	At 31 December 2015
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Land	47,550	-	-	47,550	-	-	-	-	47,550
Buildings & infrastructure	805,327	55,514	-	860,841	59,670	57,126	-	116,796	744,045
Navigational aids	15,845	1,045	-	16,890	1,417	1,522	-	2,939	13,951
Tugs and floating crafts	481,013	42,797	-	523,810	42,116	43,469	-	85,585	438,225
Quays	6,949,125	1,626	-	6,950,751	189,594	189,659	-	379,253	6,571,498
Furniture and equipment	37,463	1,884	-	39,347	34,126	1,859	-	35,985	3,362
Plant and equipment	39,093	401	-	39,494	6,155	4,564	-	10,719	28,775
Cargo Handling equipment	2,894	-	-	2,894	262	262	-	524	2,370
Marine radio equipment	7,126	16		7,142	2,418	1,213	-	3,631	3,511
Mooring buoys and ancillary equipment	216,100	-	-	216,100	3,639	3,639	-	7,278	208,822
Motor vehicle and fire fighting equipment	30,922	12,731	(2,505)	41,148	9,675	7,077	(934)	15,818	25,330
Electrical installation	44,791	1,874	-	46,665	9,572	5,599	-	15,171	31,494
Computer and security equipment	115,532	1,001	-	116,533	61,904	11,820	-	73,724	42,809
Fencing port area	5,500	-	-	5,500	1,059	1,059	-	2,118	3,382
Total	8,798,281	118,889	(2,505)	8,914,665	421,607	328,868	(934)	749,541	8,165,124

MAURITIUS PORTS AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

6. PROPERTY, PLANT AND EQUIPMENT (CONTD)

(c) If the following assets were stated on historical cost basis, the amount would be as follows:

	Cost	Accumulated depreciation	Net book values
	Rs'000	Rs'000	Rs'000
30 June 2017			
Buildings & infrastructure	**917,857**	**778,708**	**139,149**
Navigational aids	**21,256**	**19,048**	**2,208**
Tugs and floating crafts	**1,198,436**	**597,399**	**601,037**
Quays	**2,793,048**	**1,400,299**	**1,392,749**
Motor vehicles and fire fighting equipment	**67,772**	**52,983**	**14,789**
Mooring buoys & other equipment	**18,421**	**7,561**	**10,860**
Fencing port area	**77,248**	**66,925**	**10,323**
	5,094,038	**2,922,923**	**2,171,115**

	Rs'000	Rs'000	Rs'000
31 December 2015			
Buildings & infrastructure	916,605	760,571	156,034
Navigational aids	19,770	18,679	1,091
Tugs and floating crafts	797,127	474,955	322,172
Quays	2,766,370	1,251,202	1,515,168
Motor vehicles and fire fighting equipment	60,878	45,523	15,355
Mooring buoys & other equipment	18,471	6,721	11,750
Fencing port area	66,495	66,495	-
	4,645,716	2,624,146	2,021,570

7. INVESTMENT PROPERTY

	30 June 2017	31 December 2015
	Rs'000	Rs'000
Fair value model		
Land	**7,080,000**	7,080,000

The Authority has recognised land to the extent of 236 hectares ("ha") at its fair value in its financial statements. The valuation has been based on the fair value of Rs 30 million per ha estimated by MPA's private valuer - Property & Asset Valuation Ltd, Chartered Valuation Surveyors. The fair value was determined on an open-market basis by reference to market evidence of transaction prices for similar properties at 31 December 2014. The Board considers the carrying amount of land to approximate the fair value at reporting date.

Rental income from investment property amounted to Rs 190.4 million (2015: Rs 102.2 million). No operating expenses were incurred towards the investment property during the reporting period.

MAURITIUS PORTS AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

8. ASSETS UNDER CONSTRUCTION

(a) Assets under contruction relates to capital expenditure on incompleted projects of the Authority and their associated retention monies. Included therein are the following projects:

	30 June 2017	31 December 2015
	Rs'000	Rs'000
(i) Strengthening & Extension of Berths at MCT	5,553,616	2,603,439
(ii) Design, construction, supply of one Azimuth stem drive Tug	-	138,811
(iii) Erection of new security fencing & construction of control panel at Port Mathurin	-	5,082
(iv) Design & supply of fendering system for Terminal I & II	-	4,073
(v) Upgrading of Capitainerie Building	48,597	1,766
(vi) Commissioning of an IP PBX Telephone system	7,015	51
(vii) Construction of a Cruise Terminal	9,126	-
(viii) Retention monies (Note 19)	208,526	-
	5,826,880	2,753,222

(b) The movement in assets under construction during the period/year is as follows:

	30 June 2017	31 December 2015
	Rs'000	Rs'000
At beginning of period/year	2,753,222	353,912
Additions	3,290,130	2,452,885
Transfer to property, plant and equipment (Note (i))	(424,998)	(53,575)
Retention monies (Note 19)	208, 526	-
At end of period/year	5,826,880	2,753,222

(i) The costs of projects completed during the period are transferred and shown as additions during the period under property, plant and equipment.

(ii) The Authority had taken a loan of USD 42.6 million from the Agence Française de Développement for the upgrading and extension of Berth at the Mauritius Container Terminal ("MCT").

Borrowing costs of Rs 74.1 million paid to the financial institution during the financial period ended 30 June 2017 have been capitalised and included in the extension and strengthening of MCT project (31 December 2015: Rs 40.3 million)
Capitalisation rates ranging between 3.22% p.a. and 3.59% p.a. were used, representing the borrowing costs of the loan used to finance the project.

MAURITIUS PORTS AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

9. AVAILABLE-FOR-SALE FINANCIAL ASSETS

(a) The Authority's investment in financial assets are classified as available-for-sale and include equity securities.

	30 June 2017	31 December 2015
	Rs'000	Rs'000
At fair value		
Listed	**82,920**	79,601
Development & Enterprise Market	**105,863**	70,425
Unquoted	**355,797**	324,750
Total available-for-sale financial assets	**544,580**	474,776

All available-for-sale financial assets are denominated in Mauritius rupees.

(b) The movement in available-for-sale financial assets may be summarised as follows:

	30 June 2017	31 December 2015
	Rs'000	Rs'000
At beginning of period/year	**474,776**	543,852
Additions	**14,052**	293
Impairment losses (Note (c))	-	(22,910)
Increase in fair value	**55,752**	(46,459)
At end of period/year	**544,580**	474,776

(c) **Investment in Bramer Banking Corporation Ltd ("BBCL")**

The Authority made an investment of Rs 7.5 million in the Mauritius Leasing Company Ltd (MLC Ltd) in year 2004. Following the merger of the MLC Ltd with Bramer Banking Corporation Ltd and Bramer (Holding) Co. Ltd, the Authority was issued with 5.3 million shares in BBCL at a price of Rs 8 per share. The investment was being accounted as available-for-sale financial assets and was measured at Rs 22.9 million as at 03 April 2015, date at which the Stock Exchange of Mauritius suspended the dealings in the securities of BBCL pursuant to Listing Rule 3.9 (a).

The investment in BBCL has been fully impaired in the financial statements as at 31 December 2015.

(d) The Authority has more than 20% interest in the following entities, all of which are unquoted:

Cargo Handling Corporation Limited ("CHCL")

The Authority holds 22.1% of the share capital of Cargo Handling Corporation Limited. CHCL is a state owned enterprise with the majority of the shares, i.e., 74.0% shares, being held by Government and the balance of 3.9% held by SIC Ltd. The Board of Directors consists of 12 directors with 2 directors from Mauritius Ports Authority. The Authority, therefore, is not in a position to exercise any significant influence over the operating and financial policies of the organisation.

With a view to reinforce the capital structure of the CHCL, Government decided to contribute an amount of Rs 200 million in the CHCL in July 2014. Based on its shareholding of 40%, MPA contributed an amount of Rs 133.33 million in the share capital of the CHCL by the part conversion of the financial liability due to the Authority on the disposal of the three Rail Mounted Quay Cranes. The Government invested a further amount of Rs 175 million in the share capital of the CHCL in December 2015 and Rs 134.7 million in November 2016 thereby diluting the shareholding of MPA to 22.1%.

MAURITIUS PORTS AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

Froid des Mascareignes Limited

The Authority holds 30% of the share capital of Froid des Mascareignes Limited. Seafood Hub Ltd holds the majority of the share capital of the company and has control over its operating and financial policies. Given that the core activities of the Authority are different from those of Froid des Mascareignes Limited, the Authority does not exercise significant influence over the operating and financial policies of the company.

Thus, the investments in Cargo Handling Corporation Limited and Froid des Mascareignes Limited have been treated as investments in financial assets and accounted for under IAS 39 - *Financial Instruments: Recognition and Measurement.*

10. LOANS RECEIVABLE

	30 June 2017	31 December 2015
	Rs'000	Rs'000
Non-current		
Loans to Cargo Handling Corporation Limited (Note (a))	**169,296**	242,345
Loans to Mauritius Housing Company Ltd (Note (b))	**15,002**	17,992
	184,298	260,337
Current		
Loans to Cargo Handling Corporation Limited (Note (a))	**44,550**	62,740
Loans to Mauritius Housing Company Ltd (Note (b))	**1,995**	1,848
	46,545	64,588
Total loans receivable	**230,843**	324,925

(a) Loans receivable from Cargo Handling Corporation Limited represent advances for the purchase of cargo handling equipment. These loans are repayable in equal yearly instalments. The rates of interest on these loans vary between 3% to 7.5%.

(b) Loans receivable from Mauritius Housing Corporation Ltd represent advances for the Authority's Housing Loan Scheme. The loans are unsecured and are repayable in 20 equal yearly instalments. The rates of interest vary between 5% to 6%.

(c) Non-current loans receivable can be analysed as follows:

	30 June 2017	31 December 2015
	Rs'000	Rs'000
After one year and before five years		
- Cargo Handling Corporation Limited	**142,491**	161,504
- Mauritius Housing Company Ltd	**5,280**	10,408
	147,771	171,912
After five years		
- Cargo Handling Corporation Limited	**26,805**	80,841
- Mauritius Housing Company Ltd	**9,722**	7,584
	36,527	88,425
Total non-current loans receivable	**184,298**	260,337

MAURITIUS PORTS AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

11. INVENTORIES

	30 June 2017	31 December 2015
	Rs'000	Rs'000
Oil, lubricants and spare parts	**35,637**	35,440
Office supplies	**1,438**	1,139
Operating supplies	**646**	1,169
Uniforms	**345**	417
Goods in transit	**-**	757
	38,066	38,922
Provision for damaged and obsolete items	**(8,169)**	(4,114)
	29,897	34,808

The cost of inventories recognised as expense during the period under review amounted to Rs 110.6 M (2015: Rs 63.6 million) and are included in running and repairs of equipment expenses.

The Authority has recognised an additional provision of Rs 4.1 million (2015: Rs Nil) during the period and the amount has been included in sundry operating expenses in the statement of comprehensive income.

12. TRADE AND OTHER RECEIVABLES

	30 June 2017	31 December 2015
	Rs'000	Rs'000
Trade receivables	**80,721**	63,787
Amount owed by related party:		
Cargo Handling Corporation Ltd (Note 33)	**12,052**	12,735
Receivable from lessees of the Authority	**61, 021**	31,778
	153,794	108,300
Allowance for credit losses (Note (d))	**(11,175)**	(17,702)
	142,619	90,598
Accrued interest	**11,962**	215,221
Accrued revenue	**53,812**	59,409
Advances to employees	**22,940**	30,252
Prepayments	**13,511**	6,012
Other receivables	**257**	1,300
	245,101	402,792

(a) The net carrying amount of trade and other receivables is considered a reasonable approximation the fair values.

(b) All of the Authority's trade and other receivables have been reviewed for indicators of impairment. Certain receivables were found to be impaired and allowance for credit losses of Rs 750,000 (2015: Rs 8.4 million) has been recorded accordingly within sundry operating expenses.

(c) As of 30 June 2017, trade receivables of Rs 28.4 million (2015: Rs 27.4 million) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	30 June 2017	31 December 2015
	Rs'000	Rs'000
Over 3 months	**28,413**	27,354

MAURITIUS PORTS AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

12. TRADE AND OTHER RECEIVABLES (CONTD)

(d) Movements of the provision for impairment of trade receivables are as follows:

	30 June 2017	31 December 2015
	Rs'000	Rs'000
At beginning of period/year	**17,702**	9,449
Impairment losses	**750**	8,349
Amounts written off (uncollectible)	**(7,277)**	(96)
At end of period/year	**11,175**	17,702

(e) The other classes within trade and other receivables do not contain impaired assets. The maximum exposure to credit risk at the end of the reporting date is the fair value of each class of receivable mentioned above. The Authority does not hold any collateral as security.

13. OTHER SHORT TERM FINANCIAL ASSETS

Other short-term financial assets included fixed deposits placed with banks.

	30 June 2017	31 December 2015
	Rs'000	Rs'000
Fixed deposits with initial maturity more than 3 months and ending:		
- Between 3 to 6 months	-	-
- Between 6 to 12 months	**1,012,655**	1,059,950
- After 12 months	-	3,322,035
	1,012,655	4,381,985

Although certain fixed deposits have maturity term ending after 12 months, they have been classified within current assets since these can be encashed on demand.

14. CASH AND CASH EQUIVALENTS

	30 June 2017	31 December 2015
	Rs'000	Rs'000
Cash in hand in:		
MUR	**209**	149
Cash at bank in:		
MUR	**370,520**	138,738
EUR	**284,687**	195,376
USD	**1,084,229**	374,563
	1,739,645	708,826

MAURITIUS PORTS AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

15. RESERVES

	Capital reserve	Reserve fund	Revaluation surplus	Investment fair value reserve	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At 01 January 2016	**9,781,376**	**4,015,496**	**7,344,566**	**247,719**	**21,389,157**
Transfer to reserve fund	-	**420,000**	-	-	**420,000**
Release on disposal of property, plant and equipment	-	-	**(285)**	-	**(285)**
Increase in fair value of available-for-sale financial assets (Note 9(b))	-	-	-	**55,752**	**55,752**
At 30 June 2017	**9,781,376**	**4,435,496**	**7,344,281**	**303,471**	**21,864,624**
At 01 January 2015	9,781,376	3,335,496	7,347,072	309,588	20,773,532
Transfer to reserve fund	-	680,000	-	-	680,000
Release on disposal of property, plant and equipment	-	-	(2,506)	-	(2,506)
Reclassification adjustment on impairment of available-for-sale financial assets in profit or loss	-	-	-	(15,410)	(15,410)
Decrease in fair value of available-for-sale financial assets (Note 9(b))	-	-	-	(46,459)	(46,459)
At 31 December 2015	9,781,376	4,015,496	7,344,566	247,719	21,389,157

(a) Capital reserve

Capital reserve includes an amount of Rs 7.08 billion representing initial valuation of properties held to earn rentals.

(b) Reserve fund	30 June 2017	31 December 2015
	Rs'000	Rs'000
Port Development Reserve	**2,256,500**	2,046,500
General Reserve	**1,009,638**	883,638
Insurance Reserve	**1,169,358**	1,085,358
	4,435,496	4,015,496

As per Clause 16(3) of the Ports Act 1998, the net surplus of the Authority shall be applied for the creation of a general reserve, specific reserves or the payment of dividends as the Authority may think fit and as the financial situation of the Authority will permit.

(c) Revaluation surplus

Revaluation surplus represents surplus on revaluation of certain property, plant and equipment. A revaluation exercise was carried out by Mega Design, Consulting engineers to revalue certain property, plant and equipment in 2014.

(d) Investment fair value reserve
Investment fair value reserve represents the net surplus of fair value of investments over their costs.

MAURITIUS PORTS AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

16. BORROWINGS

		30 June 2017	31 December 2015
		Rs'000	Rs'000
(a)	**Non-current**		
	Loan - Agence Française de Développement	**1,085,208**	1,382,623
	Current		
	Loan - Agence Française de Développement	**166,955**	172,828
	Total borrowings	**1,252,163**	1,555,451

(b) Agence Française de Développement ("AFD")

Loan of USD 42,556,800 has been obtained by the Authority from Agence Française de Développement for the extension of Berths at Mauritius Container Terminal, dredging and other associated works. Amounts of USD 5 million and USD 14.1 million have been disbursed in the year 2013 and 2014 respectively and the balance of USD 23.4 million has been received during the year ended 31 December 2015. The loan bears interest at the rates of 3.22% p.a. and 3.59% p.a. and is repayable over a period of 9 years. The loan is secured and guaranteed by the Government of Mauritius.

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

	6 months or less	6 - 12 months	1 - 2 years	2 - 5 years	Over 5 years	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At 30 June 2017	**83,478**	**83,477**	**166,955**	**500,865**	**417,388**	**1,252,163**
At 31 December 2015	86,414	86,414	172,828	518,484	691,311	1,555,451

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

	30 June 2017	31 December 2015
	Rs'000	Rs'000
After one year and before two years	**166,955**	172,828
After two years and before five years	**500,865**	518,484
After five years	**417,388**	691,311
Total non-current borrowings	**1,085,208**	1,382,623

(e) The carrying amounts of borrowings are not materially different from their fair values.

(f) The carrying amounts of the Authority's borrowings are denominated in USD.

17. RETIREMENT BENEFIT OBLIGATIONS

	30 June 2017	31 December 2015
Pension benefits	Rs'000	Rs'000
Amount recognised in the statement of financial position as non-current liabilities	**798,411**	582,539
Amount charged to profit or loss	**89,842**	55,759
Amount charged to other comprehensive income	**175,037**	54,276

MAURITIUS PORTS AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

17. RETIREMENT BENEFIT OBLIGATIONS (CONTD)

(i) The Authority contributes to a defined benefit pension plan. The plan is a final salary plan, which provides benefit to the employees in the form of a guaranteed level of pension payable for life. The level of benefits provided depends on employees' length of service and their salary in the final year leading up to retirement.

(ii) The assets of the fund are held independently and administered by State Insurance Company of Mauritius Ltd ("SICOM").

(iii) The amount recognised in the statement of financial position are as follows:

	30 June 2017	31 December 2015
	Rs'000	Rs'000
Present value of funded obligations	**1,474,858**	1,260,771
Fair value of plan assets	**(676,447)**	(678,232)
Liability in the statement of financial position	**798,411**	582,539

(iv) The movements in the statement of financial position are as follows:

	30 June 2017	31 December 2015
	Rs'000	Rs'000
At beginning of period/year	**582,539**	510,263
Profit or loss charge	**89,842**	55,759
Other comprehensive income charge	**175,037**	54,276
Contributions paid	**(49,007)**	(37,759)
At end of period/year	**798,411**	582,539

(v) The movement in the defined benefit obligations during the period/year is as follows:

	30 June 2017	31 December 2015
	Rs'000	Rs'000
At beginning of period/year	**1,260,771**	1,192,069
Current service cost	**47,006**	29,985
Interest cost	**122,925**	89,405
Benefits paid	**(121,196)**	(64,591)
Liability loss	**165,352**	13,903
At end of period/year	**1,474,858**	1,260,771

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

	30 June 2017	31 December 2015
	Rs'000	Rs'000
At beginning of period/year	**678,232**	681,805
Expected return on plan assets	**63,421**	50,617
Actuarial loss	**(9,685)**	(40,373)
Employer contributions	**49,007**	37,759
Employee contributions	**17,961**	13,924
Benefits paid	**(122,489)**	(65,500)
At end of period/year	**676,447**	678,232

MAURITIUS PORTS AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

17. RETIREMENT BENEFIT OBLIGATIONS (CONTD)

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

	Period from 01 January 2016 to 30 June 2017	Year ended 31 December 2015
	Rs'000	Rs'000
Current service cost	**47,006**	29,985
Employee contribution	**(17,961)**	(13,924)
Fund expenses	**1,293**	910
Net interest expense	**59,504**	38,788
Total included in "employee benefit expense"	**89,842**	55,759

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

	Period from 01 January 2016 to 30 June 2017	Year ended 31 December 2015
	Rs'000	Rs'000
Liability loss	**165,352**	13,903
Asset loss	**9,685**	40,373
	175,037	54,276

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

	Period from 01 January 2016 to 30 June 2017	Year ended 31 December 2015
	%	%
Discount rate	**6.5**	7.5
Expected return on plan assets	**7.9**	7.5
Future salary increases	**4.0**	5.0
Future pension increases	**3.0**	3.0

(x) The assets in the plan and the expected rate of return were:

	30 June 2017		31 December 2015	
	Rs'000	%	Rs'000	%
Fixed Interest securities and cash	**382,869**	**56.6**	394,053	58.1
Loans	**29,764**	**4.4**	29,164	4.3
Local equities	**106,878**	**15.8**	107,839	15.9
Overseas bonds and equities	**152,877**	**22.6**	142,429	21.0
Property	**4,059**	**0.6**	4,748	0.7
	676,447	**100.0**	678,233	100.0

(xi) The assets of the plan are invested mainly in government securities, equities and overseas bonds. 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 end of the reporting date. Expected returns on equity and property investments reflect long-term real rates of return experienced in the respective markets.

(xii) The defined benefit pension plan exposes the Authority to actuarial risks such as interest rate risk, mortality and longevity risk and salary risk.

(xiii) The Authority expects to pay Rs 37.7 million in contribution to its post-employment benefit plans for the year ending 30 June 2018.

(xiv) The weighted average duration of the defined obligation is 12 years at the end of the reporting date.

MAURITIUS PORTS AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

18. CAPITAL GRANT

Capital grant of USD 3,772,484 has been received from European Union -Africa Infrastructure Trust Fund for the project of extension and strengthening of the berths at the Mauritius Container Terminal. Upon capitalisation of the project, the grant will be released over the expected life of the asset to profit or loss.

19. TRADE AND OTHER PAYABLES

	30 June 2017	31 December 2015
	Rs'000	Rs'000
Amount owed to contractors for capital projects	**169,849**	336,057
Accrued expenses	**140,012**	98,501
Deposits received	**15**	1,328
Other payables	**40,326**	40,569
Retention monies (Note (i) below)	**208,526**	-
	558,728	476,455

(i) Retention monies are amount retained by the Authority on the construction contract awarded to Strabag International GmbH and Archirondon Overseas S.A for the extension and strengthening of the Mauritius Container Terminal Quay.

Retention monies are recognised based on the retention percentage stipulated in the contract and the amount certified by the civil engineer.

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

20. PROVISIONS FOR OTHER LIABILITIES

	2017			2015
	Passage benefits	Sick leaves	Total	Total
	Rs'000	Rs'000	Rs'000	Rs'000
At beginning of period/year	23,927	53,345	77,272	74,546
Paid during the period/year	(14,000)	(15,016)	(29,016)	(19,224)
Charge to profit or loss	19,115	23,557	42,672	21,950
At end of period/year	29,042	61,886	90,928	77,272

Provision has been made for employees' passage benefits and accumulated sick leaves entitlement up to the end of the reporting date. The amount charged to profit or loss has been included in 'Employee Benefit Expense' (Note 28).

21. VESSEL DUES

	Period from 01 January 2016 to 30 June 2017	Year ended 31 December 2015
	Rs'000	Rs'000
Tug services	**393,789**	242,432
Net anchorage fees	**235,320**	137,913
Pilotage	**92,939**	57,619
Port dues	**103,093**	70,554
Miscellaneous fees	**28,821**	14,767
Net removal of garbage fees	**1,649**	1,682
Net seamen's welfare dues	**2,924**	751
	858,535	525,718

MAURITIUS PORTS AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

22. TRAFFIC DUES

	Period from 01 January 2016 to 30 June 2017	Year ended 31 December 2015
	Rs'000	Rs'000
Bulk cargo/pipeline dues	**254,543**	155,793
Quay fees	**60,223**	32,312
Miscellaneous	**3,849**	9,339
	318,615	197,444

23. CONTAINER DUES

	Period from 01 January 2016 to 30 June 2017	Year ended 31 December 2015
	Rs'000	Rs'000
Quay Fees - Import	**301,699**	187,803
Quay Fees - Export	**201,569**	137,240
Transhipment	**85,796**	50,276
Repositioning of containers	**2,502**	2,551
	591,566	377,870

24. INVESTMENT INCOME

	Period from 01 January 2016 to 30 June 2017	Year ended 31 December 2015
	Rs'000	Rs'000
Investment income represents income from:		
Quoted investments	**5,841**	7,225
Unquoted investments	**37,032**	15,678
	42,873	22,903

25. FINANCE INCOME

	Period from 01 January 2016 to 30 June 2017	Year ended 31 December 2015
	Rs'000	Rs'000
Interest on:		
Fixed deposits	**82,924**	146,205
Advance to employees	**2,665**	1,775
Loans receivable	**18,466**	17,103
	104,055	165,083

26. RENTAL INCOME

	Period from 01 January 2016 to 30 June 2017	Year ended 31 December 2015
	Rs'000	Rs'000
Properties held to earn rentals	**190,442**	102,186

Rental income is derived from the lease of land in the Port Area. Under the Ports Act 1998, all land within a port shall vest and be deemed to be the property of the Authority. The MPA has recognised the land at their fair values in the financial statements with effect from 01 January 2014.

MAURITIUS PORTS AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

27. OTHER NON-OPERATING INCOME

	Period from 01 January 2016 to 30 June 2017	Year ended 31 December 2015
	Rs'000	Rs'000
Insurance claims received	**877**	22
Pension contribution refunded by Cargo Handling Corporation Ltd	**2,648**	2,684
Liability written back	**2,595**	-
Others	**1,473**	7
	7,593	2,713

28. EMPLOYEE BENEFIT EXPENSE

	Period from 01 January 2016 to 30 June 2017	Year ended 31 December 2015
	Rs'000	Rs'000
Salaries, wages and allowances	**658,637**	421,801
Pension costs - defined benefit plans	**89,842**	55,759
Social security costs	**3,891**	2,570
	752,370	480,130

29. ADMINISTRATIVE EXPENSES

	Period from 01 January 2016 to 30 June 2017	Year ended 31 December 2015
	Rs'000	Rs'000
Professional and legal fees	**37,991**	11,792
General overheads	**11,142**	9,009
Provision for bad debts	**750**	8,349
Telephone and postage expenses	**4,473**	2,858
Insurance	**3,390**	2,454
Overseas travelling	**3,022**	2,359
Office supplies	**4,240**	2,240
Software licences	**5,763**	1,741
Subscription fees	**3,827**	1,659
Employee welfare expenses	**2,161**	1,632
Board member fees	**2,321**	1,332
Provision for impairment of inventories	**4,055**	-
Other expenses	**13,033**	4,113
	96,168	49,538

30. EXCEPTIONAL ITEM

	Period from 01 January 2016 to 30 June 2017	Year ended 31 December 2015
	Rs'000	Rs'000
Compensation to Contractor (IBL) (Note (a))	**45,017**	-
Compensation to fishermen	-	41,625
Impairment losses of available-for-sale financial assets (Note 9)	-	22,910
Reclassification adjustment on impairment of available-for-sale financial assets included in profit or loss	-	(15,410)
	45,017	49,125

(a) The Authority has paid an amount of Rs 45 million as compensation to IBL following the arbitration award under the MPA IT Automation project.

MAURITIUS PORTS AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

31. SURPLUS FOR THE PERIOD/YEAR

	Period from 01 January 2016 to 30 June 2017	Year ended 31 December 2015
	Rs'000	Rs'000
Surplus for the period is arrived at after charging:		
Depreciation and amortisation	**510,089**	328,868
Employee benefit expense (Note 28)	**752,370**	480,130
Administrative Expenses	**96,168**	49,538
Sundry operating expenses	**24,779**	14,842
Running and repairs of equipment expenses	**166,476**	109,733

32. OTHER COMPREHENSIVE INCOME

	Investment fair value reserve	Accumulated surplus
	Rs'000	Rs'000
30 June 2017		
Increase in fair value of available-for-sale financial assets (Note 9)	**55,752**	-
Actuarial losses (Note 17)	-	(175,037)
	55,752	(175,037)

	Investment fair value reserve	Accumulated surplus
	Rs'000	Rs'000
31 December 2015		
Reclassification adjustment on impairment of available-for-sale financial assets included in profit or loss	**(15,410)**	-
Increase in fair value of available-for-sale financial assets(Note 9)	**(46,459)**	-
Actuarial losses (Note 17)	-	(54,276)
	(61,869)	(54,276)

33. RECEIVABLE FROM CARGO HANDLING CORPORATION LTD ("CHCL")

At reporting date, the Authority had a receivable of Rs 229.6 million (2015: Rs 327.05 million) from CHCL analysed as follows:

	2017	2015
	Rs'000	Rs'000
Included in trade and other receivables (Note 12)	**12,052**	12,735
Accrued interest in trade and other receivables (Note 12)	**3,660**	9,135
Current portion of loan receivables (Note 10)	**44,550**	62,740
Non-current portion of loan receivables (Note 10)	**169,296**	242,345
	229,558	326,955

MAURITIUS PORTS AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

34. NOTES TO STATEMENT OF CASH FLOWS

		Period from 01 January 2016 to 30 June 2017	Year ended 31 December 2015
		Rs'000	Rs'000
(a)	**Cash generated from operations**	**692,868**	823,054
	Surplus for the period/year		
	Adjustments for:		
	Depreciation and amortisation	**510,089**	328,868
	Investment income	**(42,873)**	(22,903)
	Interest income	**(104,055)**	(165,083)
	(Gain)/loss on disposal of property, plant and equipment	**(40)**	304
	Increase in provision for retirement benefit obligations	**40,835**	18,000
	Provision for doubtful debts	**750**	8,349
	Impairment losses on investment	**-**	7,500
	Exchange (gain)/loss on borrowings	**(46,018)**	102,357
	Liabilities written back	**(4,069)**	-
	Provision for obsolete inventories	**4,055**	-
	Exchange loss/(gain) on loans receivable	**6,159**	(25,782)
		1,057,701	1,074,664
	Changes in working capital		
	- inventories	**856**	2,135
	- trade and other receivables	**(46,318)**	9,503
	- trade and other payables and provisions for other liabilities	**99,998**	(30,050)
	Cash generated from operations	**1,112,237**	1,056,252

		2017	2015
		Rs'000	Rs'000
(b)	**Cash and cash equivalents**		
	Cash in hand and at bank	**1,739,645**	708,826
	Short term bank deposits	**1,012,655**	4,381,985
		2,752,300	5,090,811

35. RELATED PARTY TRANSACTIONS

	Rendering of services	Sales of services	Finance income	Repayment of loans receivable	Investment in shares	Loans receivables from	Amount owed by related party
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
(i)							
Transactions - 2017							
Cargo Handling Corporation Limited	-	128,946	14,894	85,079	-	213,846	12,051
Transactions - 2015							
Cargo Handling Corporation Limited	428	128,946	16,056	59,874	-	305,085	12,735

	2017	2015
	Rs'000	Rs'000
(ii)		
Key management personnel compensation		
Salaries and short term employee benefits	**20,098**	8,594
Post-employment benefits	**1,668**	866
	21,766	9,460

MAURITIUS PORTS AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

35. RELATED PARTY TRANSACTIONS (CONTD)

(iii) An amount of Rs 579,453 has been provided in these financial statements with respect to trade receivables from CHCL. No other provision has been made for doubtful debts in respect of assets owed by related parties.

(iv) Loans receivable from Cargo Handling Corporation Limited represent advances for the purchase of cargo handling equipment. These loans are repayable in 7, 8 and 10 equal yearly instalments. The rate of interest on these loans vary between 3% to 7.5% p.a.

(v) The Authority has a concession agreement with Cargo Handling Corporation Limited for an amount of USD 383,084 per month at a capped exchange rate of Rs 28.05 per USD.

36. FUTURE CAPITAL EXPENDITURE

The Board has approved capital expenditure for an aggregate amount of Rs 6.1 billion for the next five years for new projects and those which are in progress. The main projects are:

(a) Procurement of one fire tenderer
(b) Cruise Terminal Building
(c) Procurement of three Big Tugs
(d) Computerisation/implementation of IT projects
(e) Refurbishment of M&E equipment at Oil Jetty
(f) Construction of breakwater at Fort William & Caudan
(g) Infrastructure work at Fort William

As regards the project for the Upgrading and Extension of Berths at the MCT, an amount of Rs 5.1 billion has already been paid to contractors engaged in the implementation of the project. An amount of Rs 1.4 billion remains payable on the project out of the total project cost of Rs 6.5 billion.

37. CONTINGENT LIABILITIES

(i) During the period, the Authority has received a notice for claim for additional payment from one of the contractors engaged on the project for the Upgrading and Extension of Berths at the MCT. The claim has been referred to Messrs. AECOM, the consultant engaged by the MPA for the project.

Since at this stage, the outcome of this claim could not be predicted, no provision has been made in these financial statements.

(ii) No provision has been made for any liability that may arise for damages through negligence, if any.

38. OPERATING LEASE ARRANGEMENTS

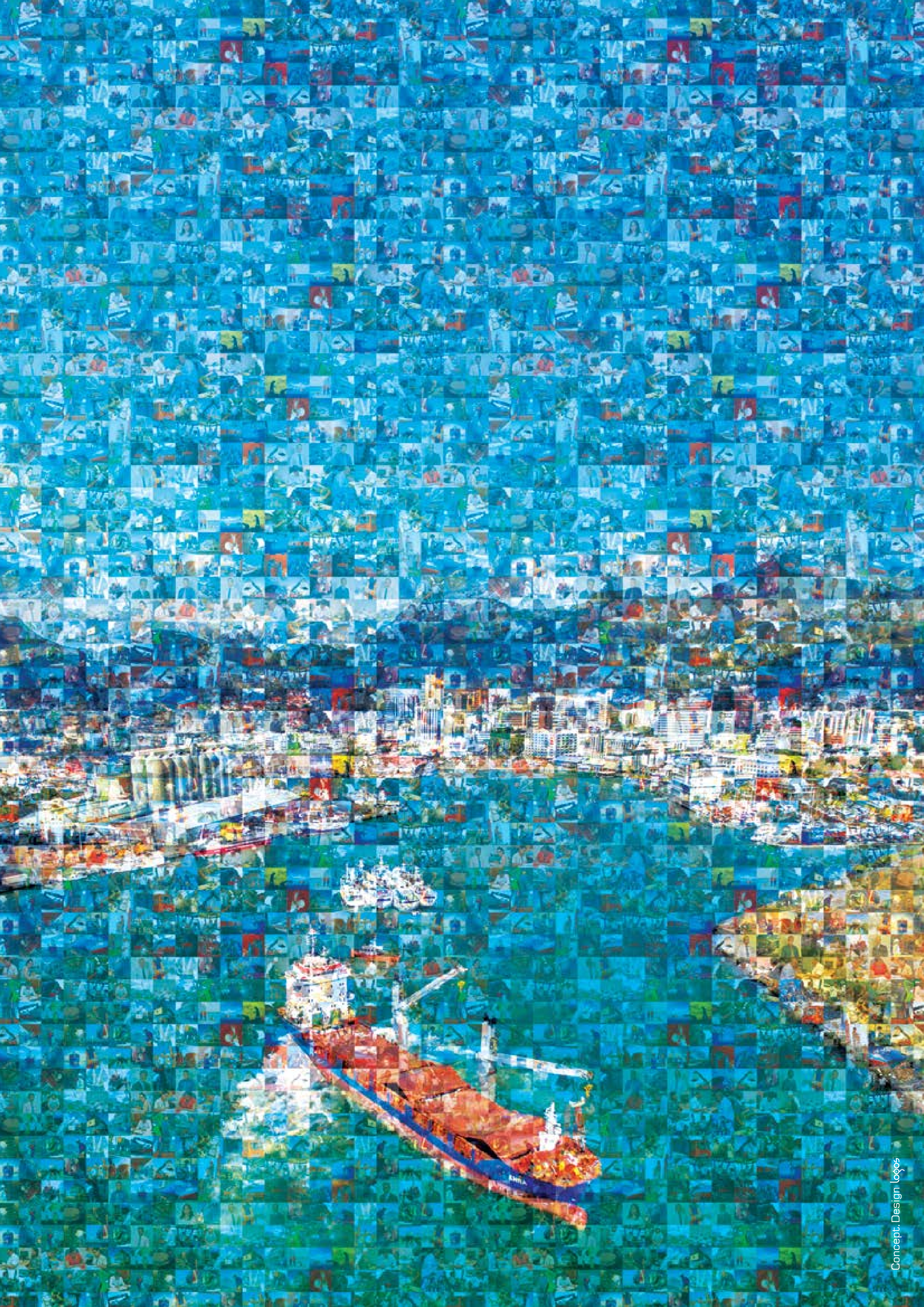
	Period from 01 January 2016 to 30 June 2017	Year ended 31 December 2015
	Rs'000	Rs'000
The Authority as lessor		
Rental income earned from leased properties	**190,442**	102,186

Operating lease contracts contain market review clauses.

The lessees do not have an option to purchase the property at the expiry of the lease period.

39. PLEDGES AND SECURITIES

The long term borrowing of the Authority is guaranteed by the Republic of Mauritius.


Concept. Design logos

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