

2018

ANNUAL REPORT

PORT LOUIS HARBOUR - AN OCEAN OF OPPORTUNITIES



CONTAINER
TRANSSHIPMENT



BUNKERING



CRUISE



SEAFOOD



PORT SERVICES





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CHAIRMAN'S REPORT



Today the port stands at the threshold of yet another exciting chapter in its colorful and vibrant history and plans are well in hand to transform Port Louis into a maritime hub for the region.

On behalf of the Board of Directors, I am pleased to report that FY 2017/2018 got off to a flying start with the MPA on course to achieve its plans unveiled during the last financial year and at the same time tapping into new and exciting avenues of growth and profitability. As in the previous four years, we reach significant milestones and once again we are on target to become the pride of our employees and stakeholders.

But before I take you through the operational side, I am happy to inform that despite the unfavourable financial climate, the MPA netted a commendable surplus of Rs 269.0 million notwithstanding the fact that it had to invest heavily in port infrastructural projects.

The MPA continues to expand its port trade volume with a total cargo traffic of 7.7 million tonnes, which was registered for the first time in the annals of the port. This positive trend followed suit in the container segment, which recorded a total container throughput of 542,000 TEUs, representing an increase of 6.9 % vis-à-vis the same period for the last financial year. On the bunkering side, the port registered an impressive growth of 35.9% in the supplies of bunkers, which topped the figure of 550,000 tonnes. The cruise sector remained buoyant with the arrival of 39,500 passengers at Port Louis Harbour and representing an increase of 29.9% while the seafood sector recorded a positive growth rate.

AN OCEAN OF OPPORTUNITIES AT PORT LOUIS HARBOUR

Today the port stands at the threshold of yet another exciting chapter in its colorful and vibrant history and plans are well in hand to transform Port Louis into a maritime hub for the region. It is set to become a magnet for foreign investment as well as a transshipment platform for the entire Indian Ocean with the capacity to sustain cargo volumes from a mainline call by 4th generation containerships.

The growing interest by shipping lines to increase transshipment traffic at Port Louis may result in a capacity shortfall at the Mauritius Container Terminal by 2022. We are therefore determined to build additional container handling capacity to meet the increasing demands of the global shipping lines and cater for the anticipated increase in container volume.

Island Terminal the Centerpiece of Port Louis Harbour

In line with the objective of Government to transform Port Louis Harbour from a destination port to a regional hub and to cope with an expected traffic of over one million TEUs per annum in the near future, the MPA has undertaken a feasibility study of the planned development of an Island Terminal on the opposite side of the Mauritius Container Terminal (MCT). On the other hand, adverse climatic conditions including wave actions and swell conditions have been affecting container handling operations in the recent years, resulting in downtime at the MCT. With a view to mitigating such wave actions and swell conditions, the MPA will within the scope of the Island Terminal Project construct a breakwater that would create a tranquil basin, thus reducing operational downtime at the MCT.

The Island Terminal is a testimony to the Government's commitment to transform Port Louis into a vibrant port-centric logistics cluster and the recent upgrades at the MCT, that were completed just over a year ago, have greatly improved vessel and container handling capacity.

Construction of the Island Terminal will be the centerpiece of Port Louis' bid for regional container status. This bold development project which includes dredging and land reclamation works, the construction of a breakwater, will accommodate three dedicated container berths and the purchase of additional container handling equipment. This construction program comes with the reassuring stamp of approval of the government.

With this facility, Port Louis will be a premier regional hub port with a combined capacity of some 2.5 million TEUs together with the MCT. According to container traffic forecasts, the above major port infrastructure would ensure the viability of the port well beyond 2040.

It is anticipated that the construction of the 1.6 km long breakwater will positively impact on port operations that are currently affected by large swells. In addition, the construction of the breakwater which will create a tranquil basin at the harbour will significantly reduce our vulnerability against climate change.

With a planned draft of 18 m, dredging will ensure that the navigation channel is accessible to the latest generation of container vessels, while the construction of three container berths will provide a total quay length of 1.2 km with the ability to accommodate 400 m vessels. The new container berths will also see the construction of quay walls, additional buildings and ancillary utility services. Land reclamation will provide an additional land area of 50 ha that can be used for the container terminal as well as other identified projects. The MCT will be linked to the Island Terminal by a bridge of about 800 m long.

Thanks to this mega project, productivity levels will be enhanced and will be complemented by new and efficient hardware. Port employees will be given thorough training in all aspects of the operation of the new terminal and state-of-the-art cargo handling equipment. The resulting combination of hardware and software is expected to give MPA the necessary impetus to drive Mauritius as the preferred maritime gateway.

The above challenges have put more demands on the MPA, which must invest in a wide variety of facilities, even though these may not be commercially viable, in order to cater for the diverse range of port activities to satisfy the needs of the port clients. Over and above the plans to consolidate Port Louis's position as a container transshipment hub, the MPA is also considering to enhance other facilities including those for cruise ships and fishing vessels.

Promoting Port Louis Harbour as a cruise destination

With cruise liner calls' anticipated to increase to 50 calls and passenger traffic forecast to a minimum of 60,000 per annum as from 2019, the MPA is proceeding with the construction of cruise reception facilities at Les Salines. This new precinct shall have a footprint of around 7500 m² with an iconic design such that this facility can accommodate up to a peak of 4000 passengers.

Further, it is also proposed to optimise the use of the jetty at the upgraded Bulk Sugar Terminal to accommodate a second cruise vessel that could be calling concurrently at Port Louis while the first one is already berthed at the cruise jetty. In this respect, an inter-connecting bridge would be constructed to link the existing cruise jetty and sugar terminal berth, thus allowing passengers from cruise vessels berthing at the bulk sugar terminal berth to be handled at the new cruise terminal. The terminal area would also comprise all other associated facilities and services.

The MPA is determined to make the cruise terminal building a focal point to promote cruise home porting activities at Port Louis. Besides Costa Crociere, two new lines namely, Aida Cruises and Fred Olsen Lines have begun using Port Louis as their homeport in this part of the world. This buoyancy is expected to continue as the MPA is working closely with the Ministry of Tourism, the Mauritius Tourism Promotion Authority, the Ports Association of Indian Ocean Islands and the Association Iles Vanille to position Mauritius not only as a world class cruise destination but also as a leading 'fly-cruise' gateway for the Indian Ocean region. The Terminal Building will be located on a site of 25 ha. The remaining area will be developed for associated waterfront projects having the Ocean World as its dominant feature. The construction of a world-class Aquarium, which has already started in the neighbouring site will be completed by mid-2020 and shall be the centre of attraction on the waterfront.

Construction of a Fishing Port at Fort William

The Port Master Plan 2016 justifies the development of a small fishing haven at Fort William on grounds of safety & security. However, with the rapid urban development around Trou Fanfaron Fishing Port, viz the Urban Terminal Project and Metro Express Project, the MPA foresees that fish handling activities at the Trou Fanfaron Fishing Port will need to be relocated earlier than originally forecasted.

In this respect, MPA intends to proceed with a project on the newly reclaimed land at Fort William for:

- (i) the construction a breakwater to the west and/or north of the land reclamation at Fort William to provide shelter and a secured mooring area for about 120 non-working ocean going fishing boats;
- (ii) the development of a service area to enable fishing vessels to carry repairs to their equipment and fishing gears;
- (iii) construction of some 300 m of quay to accommodate ocean going fishing vessels complete with all the associated facilities required to service the fishing vessels for fish handling operations and also cater for their other associated needs;
- (iv) some further land reclamation over some 10 ha to make beneficial use of the excess dredged material available at the Fort William site complete with the shore protection works;
- (v) the study and if feasible the construction of a breakwater at Caudan to allow for the development of mooring facilities for super-yachts calling at Port Louis.

An invitation for proposals has been launched under an open international procurement exercise, for the selection of the consultancy firm to carry out the feasibility, the detailed design and the project management of works contracts for the preferred development option that may be retained. At this point in time, it is estimated that the overall project costs will be in the order of Rs 2.2 billion.

Enhancing port security through access control measures

The MPA has surpassed national benchmark in the implementation of the International Ship and Port Facility Security (ISPS) Code which remains a major milestone towards achieving safe port system. Despite this impressive record in terms of compliance with the ISPS Code, some of our port approaches have yet to enthrone a strict access regime control.

It was in this perspective that it was decided to replace the existing fencing around the port operational areas given that it has outlived its economic life and needs to be replaced. In this respect, the contract for the upgrading of the perimeter fencing with a high security fencing system has been awarded in November 2018 and works are expected to be completed by end of August 2019. The project will accordingly comprise the erection of perimeter fencing around the Multipurpose Terminal (Terminal II) and the Mauritius Container Terminal (Terminal III).

Access control across the various port facilities will be further tightened up by the acquisition of a drone for aerial surveillance of the port areas coupled with the deployment of a patrol boat for sustained port security protection operations. With an eye to address the growing safety and security concerns in the port and also to help ensure effective patrolling, the MPA is recruiting 40 additional security wardens. On the other hand, the MPA plans to replace and install new cameras at key spots in the port with a view to beefing up security so that at any one time, the whole port area is monitored by some 150 CCTV. This initiative undoubtedly fits in the Safe City Mission of the Government.

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 has continued to form an integral part of our strategy to pilot change and transform ideas into business opportunities. In this regard, a two-year seafarers' training programme, to be launched shortly in collaboration with the Mauritius Shipping Corporation, will provide a stepping stone to our youngsters to embrace a career in the port.

It is a known fact that ports are engine of growth. As such, adequate capacity development opportunities are critical to achieve sustainable growth. In this regard, the possibilities of a cooperative framework engaging the Port Management Association of Eastern and Southern Africa, the Port Association of Indian Ocean Islands, the University of Mauritius and the MPA in the fields of training are being envisaged to promote the development of human capital and optimise the competencies of port employees by providing them with appropriate skills as per the requirements of the industry

The reason the MPA is constantly ahead of competition is because of its ability to take up challenges and do things differently. I am confident the MPA, with the support of its partners and stakeholders, will create substantial business opportunities in this region, making it easier for exporters and importers to trade with the international markets.

The MPA's businesses are susceptible to global economic and political risks. In this regard, the Authority will strengthen its risk management and governance policies, while it seeks to capitalise on growth opportunities, through investments in infrastructure and equipment. Major investments will be undertaken in the next two years in all business segments to support market retention, growth, and new business.

Strategic Partnership Alliance

Port Louis Harbour is today on the threshold of a bright new era and there is a window of opportunities that is unfolding from global alliances and partnership agreements. These agreements will undoubtedly create an interface for fostering strong collaborations and strategic alliances with the ports of the different countries and reshape a new paradigm for our port. Such a strategic approach will provide faster penetration into the overseas markets and connect Port Louis Harbour on a global port platform for investment opportunities, business prospects, technological innovations, research and development programmes, capacity building, etc.

There is no doubt that collaboration with other ports will enhance the visibility of Port Louis Harbour and help the MPA in enhancing its port development programmes. Such alliances can elicit synergies with potential partners for stimulating steady growth of transshipment traffic, cruise promotion, training of staff and exchange of information necessary for accelerating and facilitating the flow of commercial goods at our ports. The positive impacts of a partnership agreement with other ports can also extend to the establishment of joint ventures in the fields of green port initiative, port engineering, maritime training, information technology including development of simulators and other related maritime activities.

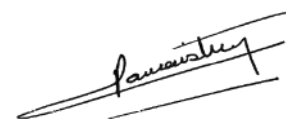
It was also canvassed that the MPA could leverage on PMAESA as a platform to foster sister port relationship with the port authorities of the eastern and southern African bloc for greater exchange information and networking especially on the evolving dynamics in the port sector regionally and to benefit from the incremental growth in the Southern and Eastern Africa trade as an opportunity for Mauritius to strengthen its position as a regional hub.

Therefore, in order to be a first class international deep-water hub port and a main line port for ocean-going container transport, the MPA must stick to its tenet of building a powerful port to rebound on the country. The consolidation and modernisation of our port infrastructure require major investments, upgrading of technologies and state-of-the-art facilities. In line with our strategic partnership programme, the MPA intends to develop a 360-degree approach to link Port Louis Harbour with the main ports namely Abu Dhabi Ports (United Arab Emirates), Ningbo Zhoushan Port (People Republic of China), Mombasa Port (Kenya) and the Port of Beira, (Mozambique) as illustrated in the attachment.

Looking ahead, strong focus will be on the Government economic agenda of infrastructural development and job creation. In addition to improving operational and financial performance, a critical element will be investments in technology to foster a seamless digital transformation of our business processes. The MPA will continue to engage and develop staff to improve performance and create value for its stakeholders.

In conclusion, I wish to express my sincere thanks and gratitude to the Hon. Pravind Kumar Jugnauth, Prime Minister for his unwavering support, guidance and strategic contribution to the development of the port sector. I would like also to seize this opportunity to extend my thanks to the Permanent Secretary of the parent Ministry and her staff who have been keenly engaged in actualising the performance goals of the MPA throughout the year.

Adding to the Board's depth of knowledge and experience are our Board members to whom I would like to present my deep appreciation. I would like to place on record my appreciation to the Director-General and all our employees for the part they have played in meeting what is expected of the port in day-to-day operations as well as working towards achievement of our high-level business goals. In the coming years, we will be taking further steps together towards our vision of being the country's preferred maritime gateway, encouraging innovation and fostering sustainable port operations and services.



RAMALINGUM MAISTRY
Chairman

DIRECTOR - GENERAL'S REPORT



The Seafood and Port Services sectors which are key components within the framework of the Ocean Economy Initiative also registered noticeable improvements.

It gives me great pleasure to present the Annual Report for the year ended 30th June 2018. The Mauritius Ports Authority (MPA) realised an outstanding operational performance during the period under review. A total cargo traffic of 7.7 million tonnes was recorded for the first time whilst the container segment registered a robust growth with a total container throughput reaching about 542,000 TEUs, representing an increase of 6.9 % over the previous financial year. The volume of bunker supplied crossed the 550,000 tonnes mark (+ 35.9%). In addition, Port Louis handled a new high of 39,500 cruise passengers (+ 29.9 %). The Seafood and Port Services sectors which are key components within the framework of the Ocean Economy Initiative also registered noticeable improvements.

In the global economic arena, the IMF has forecasted 3.7% global growth in 2018 and 2019 principally due to rising trade tensions following the recently announced tariff increases by the United States and anticipated retaliatory measures by its trading partners. On the other hand, the World Bank has forecasted that growth in Sub-Saharan Africa would increase to 3.2% in 2018 from an estimated 2.4% in 2017. The unprecedented pace of change and volatility is expected to persist and influence traffic flows in the region. Against this backdrop, the MPA realised a net surplus of Rs 269.0 million which is commendable taking into consideration that the Authority has invested heavily in infrastructure projects recently in order to improve capacity and efficiency.

Following the extension of the Mauritius Container Terminal and deepening of the access channel to -16.5 metres ACD at a total estimated cost of Rs 6.5 billion, Port-Louis Harbour is now one of the deepest ports in the South Western Indian Ocean region. It is fully equipped to handle the latest generation container vessels of 12,000 TEUs+ capacity. In view of the growing interest expressed by shipping lines to increase their transshipment volumes, the total container throughput is anticipated to increase from 497,000 TEUs in Calendar Year 2017 to 640,000 TEUs in 2018, i.e. by about 29%. Cargo Handling Corporation Ltd is gearing up for an improvement in productivity with additional investment in new equipment. Moreover, in order to boost the economic development of the country and port activities, Government has established the Riche Terre Special Economic Zone to support the manufacturing industry by encouraging production of value-added goods in a dedicated zone close to the Port. This initiative is set to increase the attractiveness of Port Louis as a regional transshipment hub. It will also help to establish the port as a nerve-centre in the region.

The recent Port Master Plan has indicated that the total container traffic is expected to reach 1.3 million TEUs by 2030 and about 1,9 million TEUs by 2040.

The MPA has commissioned Royal Haskoning DHV to undertake a techno-economic study for an Island Terminal and Breakwater Project which is aimed at consolidating the competitive advantage of Mauritius as a major regional maritime and logistics hub. It is intended to proceed with the construction of an Island Terminal at Mer Rouge to further increase the capacity of the port by over 1.5 million TEUs. This development will comprise the construction of a breakwater of about 2 kilometres long, a navigation channel of 18 metres deep and a container terminal over an area of 40 ha which will be designed to handle and service the largest container vessels afloat. This facility will also provide protection to the existing container terminal against wave impact during adverse climatic conditions and would be instrumental in reducing downtime at Port Louis Harbour.

The cost of the Island Terminal project is estimated at USD 734 million, out of which the basic infrastructure including breakwater, dredging and land reclamation works will cost around USD 282 million. The Consultants are expected to submit the final report in February next year and it is proposed to pursue the project on a PPP/BOT or EPC scheme.

The MPA has embraced an integrated approach towards marketing and promotion of cruise tourism by working closely with the Ministry of Tourism, the Mauritius Tourism Promotion Authority and the Iles Vanille Association. With a view to enhance cruise reception facilities at the Cruise Jetty, the MPA is proceeding with the construction of an iconic Cruise Terminal Building capable of accommodating up to 4,000 passengers. Construction is expected to start by April 2019 and is expected to be completed by July 2020 at an estimated cost of Rs 700 million.

The MPA also intends to construct a fishing port with an approximate quay length of around 300m long at the recently reclaimed area of Fort William for accommodating some 120 fishing vessels. The contract for Consultancy Services will be awarded in October this year. It is planned to complete the project together with the breakwater protection and additional land reclamation by end 2021 at an estimated cost of Rs 2.2 billion.

'Service Excellence' and 'Innovation and Creativity' are among the core values that shape the MPA's identity. In order to stay ahead of competition and transform Port Louis into an effective platform for international trade, the Authority has laid strategic focus on the delivery of high-quality services and a customer-oriented approach. Undoubtedly, innovation and human capital are the cornerstones to MPA's long-term growth. To this end, the Authority has embarked on a Smart Port Study. The Introductory phase comprises a Single Maritime Window Project which will streamline vessel clearance procedures at Port Louis and provide a better risk control mechanism. The Consultants are expected to submit the final report by the first quarter of 2019. Moreover, in collaboration with the Mauritius Shipping Corporation Limited (MSCL), the MPA has launched a new seafarers' training programme to prepare young job-seekers to better understand the dynamic challenges encountered within the port sector and the international maritime industry.

In light of the foregoing and the record-breaking results in our major business segments, it is clear that Port Louis Harbour is steering into a bright new era as an important pillar of the Blue Economy. The Port Sector is set to play a key role in enhancing competitiveness of Mauritius and improving access to our major markets. Besides facilitating trade, it is called upon to act as an enabler of socio-economic development for the region.

I wish to acknowledge the patronage of our stakeholders and business partners who have supported us in our quest to transform Port Louis into a regional port-centric logistics cluster.

To conclude, I wish to thank the Management team, staff and the Unions for their dedicated service and commitment.

I wish to extend my appreciation to the Chairman, Mr. Ramalingum Maistry, and the MPA Board of Directors for their valuable contribution and guidance.

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 unwavering support as we strive to make Port Louis Harbour the Port of Choice in Sub-Saharan Africa.



SHEKUR SUNTAH
Director-General

PORT TRADE PERFORMANCE

Key figures at a glance:

Total Trade Volume	7.7 Million tonnes	(+1.6%)
• Containerised Cargo	3.3 Million tonnes	(-1.2%)
• Dry Bulk Cargo	1.7 Million tonnes	(-6.8%)
• Liquid Bulk Cargo	2.4 Million tonnes	(+14.3%)
• Fish Traffic	140,761 tonnes	(-9.5%)
Total Container Traffic	400,506 TEUs	(+5.3%)
• Captive Container	260,183 TEUs	(+3.9%)
• Transshipment Container Inwards	140,323 TEUs	(+8.0%)
• Transshipment Container Outwards	141,386 TEUs	(+11.8%)
Total Container Throughput	541,892	(+6.9%)
Total Vessel Traffic	3274 calls	(+9.4%)
• Containerised Vessels	540 calls	(-3.9%)
• Fishing Vessels	1043 calls	(+1.6%)
Cruise Traffic		
• Cruise Vessel	37 calls	(+54.2%)
• Passengers on Arrival	39,451 passengers	(+29.9%)
Total Bunker Traffic	550,241 tonnes	(+35.9%)





CORPORATE INFORMATION AS AT JUNE 2018

Board of Directors

Ramalingum Maistry (Chairperson)
 Kechan Balgobin
 Shekur Sunthah
 Om Kumar Dabidin
 Vailamah Pareatumbie (Mrs)
 Vivekanand Ramburun
 Doorgaprasad Rajcoomar *(Resigned on 21 June 2018)*
 Captain Wong Tat Chon Wong Chung Toi
(Resigned on 30 June 2018)

Board Committees

Staff Committee

Ramalingum Maistry (Chairperson)
 Shekur Sunthah
 Kechan Balgobin

Audit & Risk Management Committee

Vivekanand Ramburun (Chairperson)
 Captain Wong Tat Chon Wong Chung Toi
(Resigned on 30 June 2018)
 Om Kumar Dabidin

Finance & Investment Committee

Vailamah Pareatumbie (Mrs) (Chairperson)
 Kechan Balgobin
 Shekur Sunthah

Land Lease Management Committee

Shekur Sunthah (Chairperson)
 Kechan Balgobin
 Vailamah Pareatumbie (Mrs)
 Co-opted members
 Mary Jane Lau Yuk Poon (Mrs)
 Roshni Bissessur (Mrs)
 Vedacharya Vyas Sharma Chuckun
 Captain Wong Tat Chon Wong Chung Toi
(Resigned on 30 June 2018)
 Rajwantee Bucktowar (Mrs)

Corporate Governance Committee

Om Kumar Dabidin (Chairperson)
 Captain Wong Tat Chon Wong Chung Toi
(Resigned on 30 June 2018)
 Doorgaprasad Rajcoomar *(up to 9 November 2017)*
 Vivekanand Ramburun *(as from 4 April 2018)*

Senior Executives

Shekur Sunthah – Director-General

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

Shakeel Goburdhone – Deputy Director-General (Technical and
 Operational Services)

Captain Louis Benoit Barbeau – Port Master

Narad Dawoodarry – Director, Legal and
 Administrative Services

Shreeganesh Ganga – Director, Finance

Chandradutt Rogbeer – Corporate Auditor

Ravishankar Woottum – Director, IT Services

Sandesh Seelochun – Director, Port Development

Mukhram Moloo – Director, Human Resources

Captain Kavidev Newoor – Deputy Port Master

Nomita Seebaluck (Mrs) – Manager, Port Operations

Basdeo Bholanath Dhunnoo – Senior Manager,
 Technical Services

Priyathama Seebaluck (Mrs) – Senior Manager, Procurement &
 Supply

Gowraj Angad – Senior Manager, Estate Management

Head Office

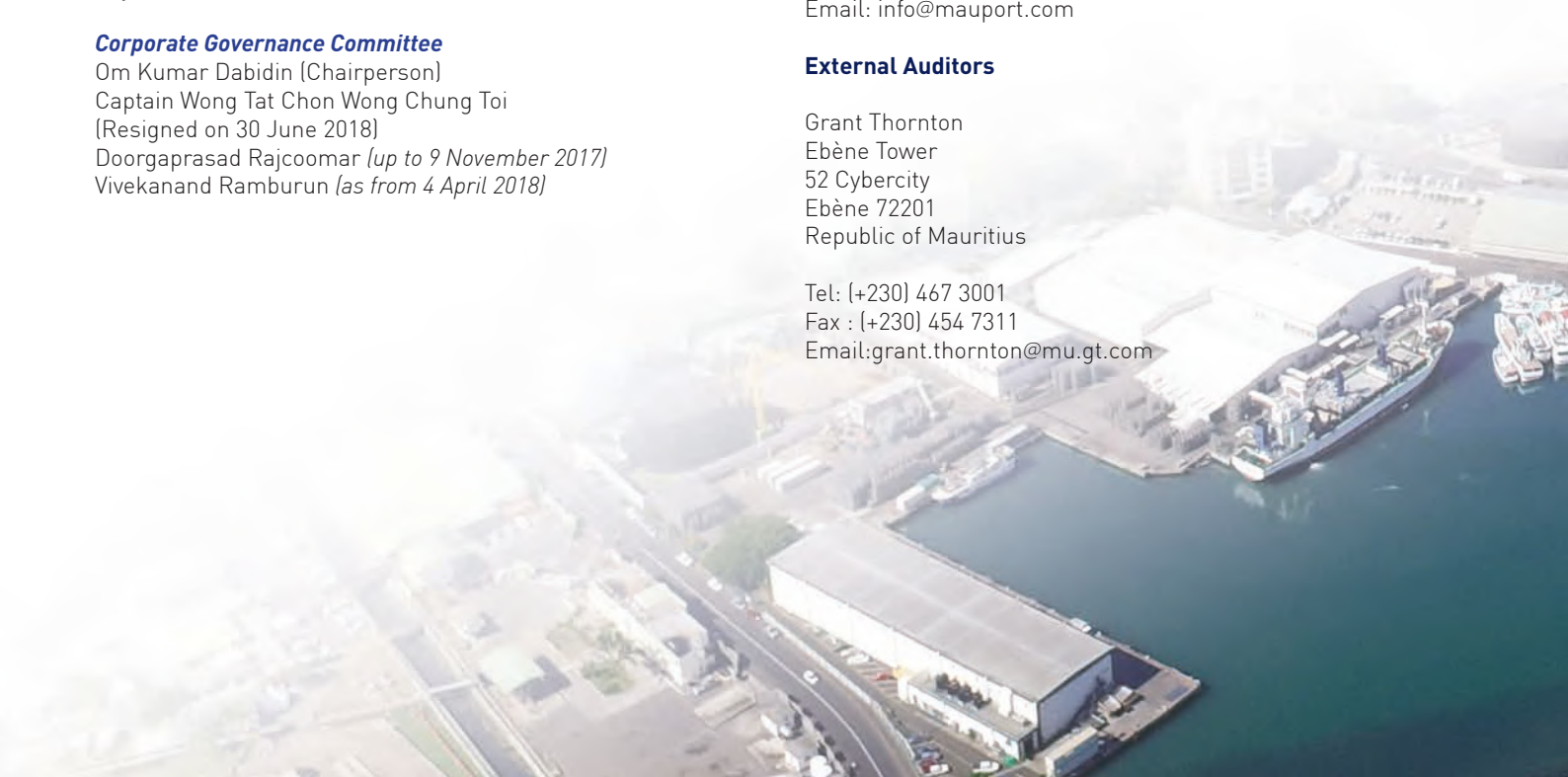
H Ramnarain Building
 Mer Rouge
 Port Louis
 Republic of Mauritius

Tel: (+230) 206 5400
 Fax: (+230) 240 0856
 Email: info@mauport.com

External Auditors

Grant Thornton
 Ebène Tower
 52 Cybercity
 Ebène 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 Mauritius Ports Authority (the "Authority" or "MPA"). 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 Public Sector Accounting Standards (IPSAS) 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 International Public Sector Accounting Standards (IPSAS) 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.

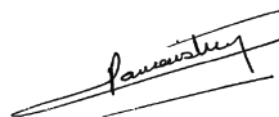
Nothing has come to the Board's attention, to indicate any material breakdown in the functioning of the internal controls and systems during the year under review, which could have a material impact on the business.

The Directors confirm that the MPA has adhered to the requirements of the National Code of Corporate Governance, where applicable, and have ensured that the financial statements comply with the Statutory Bodies (Accounts and Audit) Act 1972.

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.



**Chairman
Ramalingum Maistry**



**Director-General
Shekur Suntah**

Date: 15 NOV 2018



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 2018

We, the Directors of the "Authority", hereby confirm to the best of our knowledge that the Authority has not complied with the following principles of the National Code of Corporate Governance for Mauritius (2016):

1. Principle 1: Board Charter (Page 4)
 - The MPA is in the presence of a draft Board Charter which will be submitted to the Board for approval.

2. Principle 2: Board composition (Page 6)
 - During the financial year 2018, the Board was made up of executive director, non-executive director and independent non-executive director. However on 30 June 2018, the independent non-executive director had resigned and the Authority is in the process of appointing one independent director to be compliant with Principle 2 of the Code.

Disclosure on Website (Page 6)

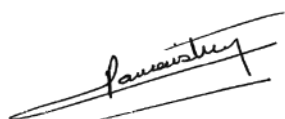
 - The terms of reference for all the sub-committees are not published on the Authority's website.

Composition of sub-committees (Page 15)

 - The Authority cannot meet the minimum requirement of at least 3 non-executive members and the chairperson of the staff committee is also the chairperson of the Board.

This is due to the fact that there are existing vacancies of NEDs on the Board of Directors.

3. Principle 4: Board evaluation (Page 27)
 - The Authority does not evaluate their Board, sub-committees and directors since the board members are appointed by the Minister.



Chairman
Ramalingum Maistry

Date: 15 NOV 2018



Director-General
Shekur Sunthah

Date: 15 NOV 2018

CORPORATE GOVERNANCE REPORT

Principle 1: Governance Structure

Compliance with the National Code of Corporate Governance for Mauritius (2016) (the 'Code')

The Mauritius Ports Authority (MPA) is the sole national port authority established under the Ports Act 1998 to regulate and control the port sector and provide marine services. The MPA is a Public Interest Entity (PIE) as defined by the Financial Reporting Act 2004.

The Board of Directors (the "Board") and management of the Authority are committed to ensuring and maintaining a high standard of corporate governance within the Authority. Furthermore, the Board endorses the highest standards of business integrity and professionalism to ensure that the activities within the Authority are managed ethically and responsibly to enhance business value for all stakeholders.

The Board assumes full responsibility for leading and controlling the organisation and meeting all legal and regulatory requirements. Besides, the Board is collectively responsible for the long-term success, reputation and governance of the MPA. The Board also determines the MPA's mission, vision, values and strategy.

The vision of the MPA is to be *"the leading Authority driving Mauritius as the preferred regional Maritime Gateway"*.

The mission of the MPA is *"to stimulate economic growth by transforming our port into a dynamic logistics hub whilst providing sustainable and competitive integrated services"*.

The core values of the Authority are:

- Service Excellence
- Passion
- Innovation and Creativity
- Results Driven Culture

This report describes, amongst others, the main corporate governance framework and compliance requirements of the Authority which are laid down in the following:

- The Ports Act 1998.
- The Financial Reporting Act 2004.
- The disclosures required under the Code and the Terms of Reference of the Board Committees.

During the year under review, the MPA has adopted an updated Code of Ethics and copies of same are available upon request in writing to the Authority's Secretary.

The MPA is in the presence of a draft Board Charter which will be submitted to the Board for approval.

Additionally, the MPA has in place a written job description/position statement for each senior governance position, a written description of the major accountabilities within the organisation as well as the organisational chart.

The Authority deems it sufficient that the above information is available upon request in writing from the Authority's Secretary for consultation.

CORPORATE GOVERNANCE REPORT

Principle 2: The Structure of the Board and its Committees

Board Structure

The Board of MPA has a unitary structure.

The Board is of the view that its composition is adequately balanced and that the current Directors have the range of skills, expertise and experience to carry out their duties properly.

Besides, members of the five sub-committees of the Board namely the Staff Committee, the Audit & Risk Management Committee, the Finance and Investment Committee, the Land Lease Management Committee and the Corporate Governance Committee have the appropriate balance of skills, experience, independence and knowledge to enable them to discharge their duties as evidenced by their profiles.

Board Size

As per Section 6 of the Ports Act 1998, 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; and
- (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

As at 30 June 2018, the Board comprised of six (6) members as follows:

- One (1) Executive Director; and
- Five (5) Non-Executive Directors.



CORPORATE GOVERNANCE REPORT

Board Composition

As at 30 June 2018, the Board was composed as follows:

	Names	Category
Chairperson	Mr Ramalingum Maistry	Non-Executive Director
Members	Mr Kechan Balgobin - Representative of External Communications Division of the Prime Minister's Office	Non-Executive Director
	Mr Shekur Suntah - Director-General, Mauritius Ports Authority	Executive Director
	Mr Om Kumar Dabidin - Permanent Secretary, Home Affairs Division of the Prime Minister's Office	Non-Executive Director
	Mrs Vailamah Pareatumbie - Lead Analyst, Ministry of Finance & Economic Development	Non-Executive Director
	Mr Vivekanand Ramburun - Director of Customs, Mauritius Revenue Authority	Non-Executive Director
Secretary to the Board	Captain Wong Tat Chon Wong Chung Toi <i>(Resigned on 30 June 2018)</i>	Independent Non-Executive Director
	Mr Narad Dawoodarry - Director, Legal & Administrative Services, Mauritius Ports Authority	

Explanation on Board composition

During the financial year 2018, the Board was made up of executive director, non-executive director and independent non-executive director. However on 30 June 2018, the independent non-executive director had resigned and the Authority is in the process of appointing one independent director to be compliant with Principle 2 of the Code.

Board Diversity

The Board Members of MPA comprise 5 males and 1 female and are all ordinarily resident of Mauritius.



CORPORATE GOVERNANCE REPORT

Principle 2: The Structure of the Board and its Committees (Cont'd)

Board of Directors

The Board of Directors is the ultimate decision-making level in the organisation and it exercises leadership, entrepreneurship, integrity and sound judgement in directing the MPA so as to achieve continuing prosperity for the organisation while ensuring both performance and compliance.

The Board also ensures that the activities of the Authority comply with all legal and regulatory requirements as well as with the Ports Act 1998 from which the Board derives its authority to act.

The Board of Directors is ultimately accountable and responsible for the performance and affairs of the Authority namely, the review and adoption of strategic plans, the overview of business performance, the adoption of appropriate risk management systems and the establishment of proper internal control systems.

All Directors are aware of the key discussions and decisions of the sub-committees as the Chairman of each committee provides a summary to all the Directors at the main Board meeting following the relevant sub-committee meetings.

The Board of Directors assesses the terms of reference of the five Board sub-committees on a regular basis to ensure that same are being applied correctly and that the said terms of reference are still compliant with the various regulations. The terms of reference for all sub-committees are not published on the Authority's website but is available upon request from the Authority's Secretary.

Besides, it is also the Board's responsibility to apply effective corporate governance principles and to be the focal point of the corporate governance system.

Chairman and Director-General

The roles of the Chairman and the Director-General are separate and each of them has clearly defined responsibilities. These ensure a proper balance of power, increased accountability and greater capacity of the Board for independent decision-making.

The role of the Chairman is assumed by a Non-Executive with the Director-General reporting directly to him and to the Board, giving therefore sufficient segregation of powers between the Chairman and the Management.

In his role as Non-Executive Chairman of the Authority, Mr Ramalingum Maistry is responsible for leading the Board and ascertaining its effectiveness. He ensures that the corporate strategy and the related execution are aligned together with operational efficiencies. He is also responsible for ensuring that the Directors receive accurate, timely and clear information and he encourages the active participation of all Board members in discussions and decisions. With his experience and strong knowledge of the Authority, the Chairman is in an excellent position to oversee the affairs of the Authority while ensuring that value is being created for all stakeholders.

On the other hand, Mr Shekur Suntah in his capacity as Director-General is responsible for the executive management of MPA's operations and for developing the long-term strategy and vision of the Authority. Mr Shekur Suntah also ensures effective communication with the stakeholders.

The Authority's Secretary

The MPA has a qualified Secretary who is also the Director, Legal and Administrative Services of the Authority appointed in a substantive capacity. The Authority's Secretary, Mr Narad Dawoodarry provides secretarial, administrative and legal services to the Authority.

All Directors of the MPA have access to the advice and services of the Secretary who is responsible for providing detailed guidance to the Chairman and the Directors as to their fiduciary duties, responsibilities and powers. The Secretary also ensures that the Authority is at all times complying with the Ports Act 1998, terms of reference of the Board sub-committees, applicable laws, rules and regulations.

Moreover, the Authority's Secretary assists the Chairman and the Board in implementing and strengthening good governance practices and processes with a view to enhancing long-term stakeholders' value. The Authority's Secretary also administers, attends and prepares minutes of all Board meetings. The Authority Secretary also assists the Chairman in ensuring that Board procedures are followed and that the Authority's relevant rules and regulations are complied with.

The Authority's Secretary is also the primary channel of communication between the Authority and its stakeholders as well as the regulatory bodies.

Board Meetings

In accordance with the provisions of Section 7 of the Ports Act 1998, board meetings are held not less than once every three (3) months and at such other time as the Authority may require.

Decisions taken between meetings are confirmed by way of written resolutions, agreed and signed by all Directors entitled to receive notice.

The Board meetings are conducted in accordance with the Ports Act 1998 and are convened by giving appropriate notice to the Directors. Detailed agenda, as determined by the Chairman, together with other supporting documents are circularised in advance to the Directors to enable them to participate meaningfully in the decision-making process and make informed deliberations at Board meetings. In order to address specific urgent business needs, meetings are at times called at shorter notice. Furthermore, the Directors have the right to request independent professional advice at MPA's expense.

A quorum of five (5) Directors is currently required for a Board Meeting of the MPA. Questions arising at any meeting of the Board shall be decided by a majority vote of the members present and voting thereon and, in case of an equality of votes, the Chairperson of the meeting shall have a casting vote.

CORPORATE GOVERNANCE REPORT

During the year under review, the Board met fifteen (15) times. Decisions were also taken by way of resolutions in writing, agreed and signed by all Directors then entitled to receive notice of the meeting.

The minutes of the proceedings of each Board meeting are recorded by the Authority's Secretary and are entered in the minutes' book of the MPA. The minutes of each Board meeting are submitted for confirmation at its next meeting and the Chairman and the Secretary then sign these.

Board Committees

The Code provides that Board Committees are a mechanism to assist the Board of Directors in discharging its duties and responsibilities through a more comprehensive evaluation of specific issues, followed by well-considered recommendations to the Board.

As such, five Board committees have been constituted namely the Staff Committee, the Audit & Risk Management Committee, the Finance and Investment Committee, the Land Lease Management Committee and the Corporate Governance Committee to assist the Board in the effective performance of its responsibilities. These Committees operate within defined terms of reference and independently to the Board. The terms of reference of the five Committees are amended as required, subject to the approval of the Board.

The Chairman of the Board Committees reports on the proceedings of the Committees at each Board meeting of the Authority and the Committees regularly recommend actions to the Board.

The Board recognises that Board Committees are an effective part of the corporate governance framework of the Authority, which enable the Directors to discharge their duties more effectively by sharing the work of the Board, enhancing Board efficiency and effectiveness and enabling issues to be studied in greater depth. However, the Board also understands that it is ultimately responsible and accountable for the performance of the Authority and that delegating authority to Board Committees does not in any way absolve the Board of its duties and responsibilities.

The Board Committees are authorised to obtain, at the MPA's expense, professional advice both within and outside the MPA in order for them to perform their duties.

Staff Committee

Corporate governance has become an important concern for all institutions. The Authority recognises that it 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 Staff Committee has been set up to consider and determine 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.

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. The Authority recognises that it should have clear and up to date guidelines to deal with all matters pertaining to human resources management.

The MPA Staff Committee has the mandate to:

- (i) Recommend to the Board human resource strategies/policies;
- (ii) Consider matters pertaining to appointment, promotion, confirmation of appointment of employees and 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 sub-committee 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 composition of the Staff Committee has remained unchanged during the year under review.



CORPORATE GOVERNANCE REPORT

Principle 2: The Structure of the Board and its Committees (Cont'd)

Staff Committee (Contd)

At the date of this report, the Staff Committee is constituted as follows:

	Names	Category
Chairperson	Mr Ramalingum Maistry	Non-Executive Director
Members	Mr S. Sunthah - Director-General, Mauritius Ports Authority	Executive Director
	Mr Kechan Balgobin, Representative of External Communications Division of the Prime Minister's Office	Non- Executive Director
Secretary	Mrs Prameshwary Gungaram, Manager Human Resources	

The Staff Committee met fourteen times during the year under review.

Audit & Risk Management Committee

The Audit & Risk Management Committee was setup 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:

I) 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

Audit & Risk Management Committee (Cont'd)

II) 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 composition of the Audit & Risk Management Committee has remained unchanged during the period under review.

At the date of this report, the Audit & Risk Management Committee is constituted as follows:

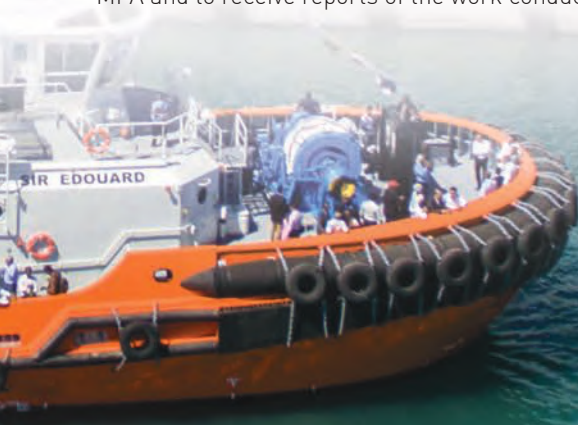
	Names	Category
Chairperson	Mr Vivekanand Ramburun	Non-Executive Director
Members	Mr Om Kumar Dabidin, Permanent Secretary, Home Affairs Division of the Prime Minister's Office	Non-Executive Director
	Captain Wong Tat Chon Wong Chung Toi (Resigned on 30 June 2018)	Independent Non-Executive Director
Secretary	Mrs Lawtee Rugbur, Manager, Audit & Assurance	

The Audit & Risk Management Committee operates under the terms of reference approved by the Board of Directors.

The Board is of the view that the member of the Audit & Risk Management Committee has sufficient financial management expertise and experience to discharge his responsibility properly. The Audit and Risk Management Committee confirms that it has fulfilled its responsibilities for the period under review, in accordance with its terms of reference.

The Audit & Risk Management Committee is governed by an Audit and Risk Management Charter and is responsible to assist the Board in fulfilling its financial reporting responsibilities. The Committee also reviews the financial reporting process, the internal control system and the management of risks. It also assesses the effectiveness of the independent audit process by having regular interactions with the independent auditors. The approach, scope and timing of the audit field are discussed with the audit team prior to the start of any audit. The Committee is also responsible for the appointment of internal and external auditors.

The Audit & Risk Management Committee met four times during the financial year 2017/2018 to review the financial statements of the MPA and to receive reports of the work conducted by the Corporate Auditor and the Independent External Auditor.



CORPORATE GOVERNANCE REPORT

Principle 2: The Structure of the Board and its Committees (Cont'd)

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 composition of the Finance & Investment Committee has remained unchanged during the year under review.

At the date of this report, the Finance & Investment Committee is constituted as follows: -

	Names	Category
Chairperson	Mrs Vailamah Pareatumbbee, Lead Analyst, Ministry of Finance & Economic Development	Non-Executive Director
Members	Mr Kechan Balgobin, Representative of External Communications Division of the Prime Minister's Office	Non-Executive Director
	Mr Shekur Suntah, Director-General	Executive Director
Secretary	Mr Adesh Sharma Soyjaudah, Manager, Financial Accounting	

The Finance and Investment Committee met fifteen times during the year under review.



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 composition of the Land Lease Management Committee has remained unchanged during the year under review.

At the date of this report, the Land Lease Management Committee is constituted as follows: -

	Names	Category
Chairperson	Mr Shekur Suntah, Director-General	Executive Director
Members	Mr Kechan Balgobin, Representative of External Communications Division of the Prime Minister's Office	Non-Executive Director
	Mrs Vailamah Pareatumbbee, Lead Analyst, Ministry of Finance & Economic Development	Non-Executive Director
Co-opted Members	Mrs Mary Jane Lau Yuk Poon, Assistant Solicitor-General, State Law Office	
	Mrs Roshni Bissessur, Ag. Director, Valuation & Real Estate Consultancy Services	
	Mr Vedacharya Vyas Sharma Chuckun, Deputy Chief Surveyor, Ministry of Housing & Lands	
	Captain. Wong Tat Chon Wong Chung Toi (Resigned on 30 June 2018)	Independent Non-Executive Director
Secretary	Mrs Rajwantee Bucktowar, Assistant Permanent Secretary, External Communications Division of the Prime Minister's Office	
	Mr Lutchmeenarain Appadoo, Chief Officer, Administrative Services	

The Land Lease Management Committee met eleven times during the year under review.



CORPORATE GOVERNANCE REPORT

Principle 2: The Structure of the Board and its Committees (Cont'd)

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 composition of the Corporate Governance Committee has remained unchanged during the year under review.

	Names	Category
Chairperson	Mr Om Kumar Dabidin, Permanent Secretary, Home Affairs Division of the Prime Minister's Office	Non-Executive Director
Members	Captain Wong Tat Chon Wong Chung Toi <i>(Resigned on 30 June 2018)</i>	Independent Non-Executive Director
	Mr Vivekanand Ramburun – Director of Customs, Mauritius Revenue Authority	Non-Executive Director
	Mr Doorgaprasad Rajcoomar – Section Head, Mauritius Revenue Authority <i>(Resigned in November 2017)</i>	Non-Executive Director
Secretary	Ms. Ooma Devi Rajagopall, Chief Officer, Administrative Services	

CORPORATE GOVERNANCE REPORT

Corporate Governance Committee (Cont'd)

The Corporate Governance Committee operates under the Terms of Reference approved by the Board and a quorum of two (2) members is currently required for a meeting of the said Committee.

In accordance with its Terms of Reference, the Corporate Governance Committee is responsible to provide guidance to the Board on aspects of corporate governance and for recommending the adoption of policies and best practices as appropriate for the Authority.

The Corporate Governance Committee met four times during the year under review.

Explanation on sub-committees composition

The sub-committees do not fully comply with Principle 2 of the Code as:

- (i) the Authority cannot meet the minimum requirement of at least 3 non-executive members; and
- (ii) the chairperson of the staff committee is the chairperson of the Board.

This is due to the fact that there are existing vacancies of NEDs on the Board of Directors.



CORPORATE GOVERNANCE REPORT

Principle 2: The Structure of the Board and its Committees (Cont'd)

Attendance at Board and Committee meetings

There were 8 scheduled meetings of the Board and 7 special meetings of the Board totalling 15 meetings for the period starting July 2017 to June 2018. The Board Committees met in advance of the Board meetings and responded to matters within their remit and advised the Board accordingly.

	Category*	Board	Staff Committee	Audit & Risk Management Committee	Finance & Investment Committee	Land Lease Management Committee	Corporate Governance Committee
Total Number of Meetings		15	14	4	15	11	4
Chairperson							
Mr Ramalingum Maistry	NED	15	14	-	-	-	-
Representative of the External Communications Division of the Prime Minister's Office							
Mr Kechan Balgobin	NED	13	13	-	13	10	-
Alternate to Mr Kechan Balgobin							
Mrs Ourmilla Ramkurrum Sepaul		2	-	-	1	-	-
Mrs R. Bucktwar		-	1	-	1	1	-
Director-General							
Mr Shekur Sintah	ED	15	14	-	15	11	-
Member (Permanent Secretary, Home Affairs Division of the Prime Minister's Office)							
Mr Om Kumar Dabidin	NED	13	-	4	-	-	4
Member (Lead Analyst, Ministry of Finance & Economic Development)							
Mrs Vailamah Pareatumbie	NED	13	-	-	15	11	-
Member (Director of Customs, Mauritius Revenue Authority)							
Mr Vivekanand Ramburun	NED	9	-	4	-	-	2

CORPORATE GOVERNANCE REPORT

Principle 2: The Structure of the Board and its Committees (Cont'd)

Attendance at Board and Committee meetings (Cont'd)

	Category*	Board	Staff Committee	Audit & Risk Management Committee	Finance & Investment Committee	Land Lease Management Committee	Corporate Governance Committee
Member (Section Head, Seaport Operations Section, Mauritius Revenue Authority)		15	14	4	15	11	4
Mr Doorgaprasad Rajcoomar	NED	3	-	-	-	-	2
Member							
Captain Wong Tat Chon Wong Chung Toi	INED	14	-	4	-	11	4
Secretary (Director, Legal & Administrative Services)							
Mr Narad Dawoodarry		13	-	-	-	-	-
Acting Secretary (Director, Finance)							
Mr Shreeganes Ganga		2	-	-	-	-	-
Member (Assistant Solicitor-General, State Law Office)							
Mrs Mary Jane Law Yuk Poon		-	-	-	-	8	-
Member (Senior Surveyor, Ministry of Housing & Lands)							
Mr Vedacharya Vyas Sharma Chuckun		-	-	-	-	11	-
Member (Ag. Director, Valuation & Real Estate Consultancy Services, Valuation Office Department)							
Mrs Roshni Bissessur		-	-	-	-	11	-

*

ED: Executive Director

NED: Non-Executive Director

INED: Independent Non-Executive Director

CORPORATE GOVERNANCE REPORT

Principle 3: Director Appointment Procedures

The Directors are appointed in accordance with Section 6 of the Ports Act 1998.

Directors' Profiles

The names of all Directors, their profile and their categorisation as well as their directorship details are provided hereinafter.

Mr Ramalingum Maistry

Chairman

Mr Maistry has been appointed as a Chairperson of the MPA with effect from 27 February 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 Harbours (IAPH) the Association of Ports and Cities (AIVP). Mr. Maistry has been appointed as the Honorary International Ambassador of the Chartered Institute of Logistics and Transport, UK in April 2017.

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 Master 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 then joined the Mauritius Marine Authority as Civil Engineer in 1988. He subsequently obtained a MSc. (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 transshipment, 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 Master's 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

Mrs Vailamah Pareatumbbee

Lead Analyst, Ministry of Finance & Economic Development

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

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

Mr Doorgaprasad Rajcoomar (Resigned on 21 June 2018)

Section Head, Seaport Operations Section, Mauritius Revenue Authority

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

He is also holder of BA (Hons) and a Diplôme d'Étude 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 Doorgaprasad Rajcoomar resigned as a director from the MPA Board on 21 June 2018.

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

(Resigned on 30 June 2018)

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.

Captain Wong Tat Chon Wong Chung Toi resigned as a director from the MPA Board on 30 June 2018.

CORPORATE GOVERNANCE REPORT

Principle 3: Director Appointment Procedures (Cont'd)

Profile of Senior Management Team

Mr Shekur Sintah Director-General

Mr Sintah 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 MSc. (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 Sintah is a Fellow of the Chartered Institute of Logistics and Transport (CILT).

Mr Sintah 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 transshipment, 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 Sintah is also the alternate Director on the Board of the International Association of Ports and Harbours.

Mr Sintah 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 Bunwaree Ramsaha is a Fellow of the Association of Chartered and Certified Accountants (FCCA) and also holds a Master's in Business Administration (MBA).

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

She subsequently joined the then Mauritius Marine 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 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 Narad Dawoodarry Director, Legal & Administrative Services

Mr Dawoodarry obtained his Bachelor Degree in 1979 from the University of Punjab. He then qualified as a Chartered Secretary from the Institute of Chartered Secretaries and Administrators (UK) in August 1990 before reading for a Master's Degree in Public Sector Management at the University of Technology, Mauritius in 2003. In April 1991, he was elected as a Chartered member of the then Chartered Institute of Transport (UK) now renamed as the Chartered Institute of Logistics and Transport. He was upgraded as a Fellow of the Chartered Institute of Logistics and Transport since June 2006. He became an Associate Member of the Institute of Professional Managers (UK) in July 1993.

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. Thereafter in December 2010, he was appointed as Director, Administrative and Legal Services, which has now been restyled as Director, Legal & Administrative Services.

He is a member of the Mauritius Institute of Directors and was appointed as the Secretary of the Ports Association of the Indian Ocean Islands since January 2016.

CORPORATE GOVERNANCE REPORT

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 Development

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. Mr Seelochun has been appointed as Director, Port Development with effect from 01 December 2015.

Mr Mukhram Moloo

Director, Human Resources

Mr Moloo holds an MSC 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 actingship in the grade of Director, Human Resources effective as from 15 April 2015.

Captain Kavidev Newoor

Deputy Port Master

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

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 a 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.

CORPORATE GOVERNANCE REPORT

Principle 3: Director Appointment Procedures (Cont'd)

Profile of Senior Management Team (Cont'd)

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 in Port Management & Shipping Administration from University of Mauritius/Aix Marseille. He is a Registered Professional Engineer (CRPE), a member of the Institute of Engineer, 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 Manager, Technical Services. He was appointed Senior Manager, Technical Services with effect from January 2016.

Mrs Priyathama Seebarith Senior Manager, Procurement & Supply

Mrs Seebarith is a Member of the Association of Chartered Certified Accountants (ACCA), Chartered Member of the Chartered Institute of Logistics and Transport (CILT) 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 Seebarith 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 appointed 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.

Director's Induction

Given that no new director was appointed during the year 2017/2018, no induction was carried out.

Professional Development and Succession Planning

In line with its Corporate Plan 2016-2018, the MPA embarked on a Human Resource Development Plan (HRD 2016) that focuses on developing the most superior workforce so that the Authority and its employees accomplish their work goals and deliver effective service to customers. The HRD 2016 aims at developing the necessary skills and abilities required to perform organisational activities effectively.

The priority areas of the HRD 2016 are as follows:

- Organisation development
- Employee training
- Employee career development
- Coaching
- Mentoring
- Succession planning



CORPORATE GOVERNANCE REPORT

Principle 4: Director Duties, Remuneration and Performance

Code of Ethics

The MPA has adopted a Code of Ethics which can be viewed on its website and all Board Members are fully aware of their legal rights and duties. The Board of Directors is also mindful of the interest of other stakeholders such as suppliers, clients and the public at large when running its operations and is committed to high standards of integrity and ethical conduct in dealing with them.

Furthermore, the Authority and its employees must, at all times, comply with all applicable laws and regulations. The Authority will not condone the activities of employees who achieve results through violation of the law or unethical business dealings. This includes any payment for illegal acts, indirect contributions, rebates, and bribery. The Authority does not permit any activity that fails to stand the closest possible public scrutiny.

All business conduct should be above the minimum standards required by law. Accordingly, employees must ensure that their actions cannot be interpreted as being, in any way, in contravention of the laws and regulations governing the Authority's operations. Employees uncertain about the application or interpretation of any legal requirements should refer the matter to their superior, who, if necessary, should seek the advice of someone at the highest level of the Authority's hierarchy.

The Authority is committed to a policy for fair, honest dealing and integrity in the conduct of its business. This commitment, which is actively endorsed by the Board, is based on a fundamental belief that business should be conducted honestly, fairly and legally.

The Authority is currently planning to provide an external training to its Secretary on the Corporate Governance Code so that the latter is aware of the governance duties contained in the Code.

Board Evaluation

It is noted that the Directors forming part of the Board of the Authority, especially those who are members of Board Committees, have been appointed in the light of their wide range of skills and competence acquired through several years of working experience and professional background. The Board of the Authority is of the view that its composition is adequately balanced and that the current Directors have the range of skills, expertise and experience to carry out their duties properly.

Furthermore, Non-Executive Directors are chosen for their business experience and acumen as well as their ability to provide a blend of knowledge, skills, objectivity, integrity, experience and commitment to the Board. These Directors are free from any business or other relationships which would materially affect their ability to exercise independent judgement and are critical observers.

The Authority does not evaluate their Board, sub-committees and directors since the board members are appointed by the Minister.

Remuneration of Directors, Executives and Staff

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

The 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.



CORPORATE GOVERNANCE REPORT

Principle 4: Director Duties, Remuneration and Performance (Cont'd)

Remuneration of Directors, Executives and Staff (Cont'd)

A total sum of Rs 1,363,600 was paid to members of the Board and Committees of the Board during the year under review as follows:

Fees paid to members of the Board and 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 Shekur Sintah*	-	-	-	-	-	-	-
Mr Kechan Balgobin	168,000	48,000	-	52,000	40,000	-	308,000
Mrs Rajwantee Bucktwar	-	4,000	-	4,000	4,000	-	12,000
Mrs Ourmilla Ramkurrun Sepaul	8,000	-	-	4,000	-	-	12,000
Mr Om Kumar Dabidin	160,000	-	16,000	-	-	20,800	196,800
Mrs Vailamah Pareatumbee	160,000	-	-	78,000	44,000	-	282,000
Mr Vivekanand Ramburun	128,000	-	20,800	-	-	8,000	156,800
Mr Doorgaprasad Rajcoomar (Resigned on 21 June 2018)	20,000	-	-	-	-	8,000	28,000
Captain Wong Tat Chon Wong Chung Toi (Resigned on 30 June 2018)	172,000	-	16,000	-	44,000	16,000	248,000
Mrs Mary Jane Law Yuk Poon	-	-	-	-	32,000	-	32,000
Mr Vedacharya Vyas Sharma Chuckun	-	-	-	-	44,000	-	44,000
Mrs Roshni Bissessur	-	-	-	-	44,000	-	44,000
TOTAL	816,000	52,000	52,800	138,000	252,000	52,800	1,363,600

*Messrs. Maistry and Sintah are not paid any Board fee but they have earned a total fee of Rs 1,521,743 and a total salary of Rs 3,288,084 for the year ended June 2018 respectively as Chairman and Director-General of the MPA.

CORPORATE GOVERNANCE REPORT

Representation of MPA Officers on board of statutory bodies and companies

	Directors	Date appointed	Total Fees inclusive of Tax for year ended 30 June 2018 (Rs)	Alternate	Date appointed	Total Fees inclusive of Tax for year ended 30 June 2018 (Rs)
Cargo Handling Corporation Ltd	Mr Shekur Suntah, Director-General	30.09.15	177,500	Mrs Aruna Devi Bunwaree Ramsaha, Deputy Director-General (Management Support Services)	30.09.15	9,500
	Mr Shakeel Goburdhone, Deputy Director-General (Technical & Operational Services)	30.09.15	120,000	Captain Kavidev Newoor, Deputy Port Master	06.04.18	Nil
				Mr Sandesh Kumar Seelochun, Director, Port Development	30.09.15	Nil
Mauritius Cargo Community Services	Mr Shekur Suntah, Director-General	30.09.15	120,000	Mrs Aruna Devi Bunwaree Ramsaha, Deputy Director-General (Management Support Services)	30.09.15	Nil
Landscape Mauritius Ltd	Mr Shekur Suntah, Director-General	30.09.15	Nil	Mr Shakeel Goburdhone, Deputy Director-General (Technical & Operational Services)	30.09.15	Nil
National Ocean Council	Mr Shekur Suntah, Director-General	30.06.15	50,000			
Les Moulins de la Concorde Ltée	Mrs Aruna Devi Bunwaree Ramsaha, Deputy Director General (Management Support Services)	30.09.15	130,000	Captain Louis Benoit Barbeau, Port Master	30.09.15	Nil
Froid des Mascareignes Ltée	Mrs Aruna Devi Bunwaree Ramsaha, Deputy Director-General (Management Support Services)	30.09.15	6,000	Mr Shreeganesh Ganga, Director, Finance	30.09.15	Nil
				Mrs Nomita Devi Seebaluck, Manager, Port Operations	30.09.15	Nil
	Captain Louis Benoit Barbeau, Port Master	30.09.15	6,000			
State Trading Corporation	Mr Narad Dawoodarry, Director, Legal & Administrative Services	30.09.15	120,815	Mr Shreeganesh Ganga, Director, Finance	30.09.15	Nil

CORPORATE GOVERNANCE REPORT

Representation of MPA Officers on board of statutory bodies and companies

	Directors	Date appointed	Total Fees inclusive of Tax for year ended 30 June 2018 (Rs)	Alternate	Date appointed	Total Fees inclusive of Tax for year ended 30 June 2018 (Rs)
Maurinet Investment Ltd	Mr Shreeganesh Ganga, Director, Finance	12.11.15	120,000	Mrs Nomita Devi Seebaluck, Manager, Port Operations	12.11.15	Nil
	Mr Sandesh Kumar Seelochun, Director, Port Development	12.11.15	120,000	Mr Gowraj Angad, Senior Manager, Estate Management	12.11.15	Nil
Mauritius Network Services Ltd	Mr Shreeganesh Ganga, Director, Finance	12.11.15	123,000			
Mauritius Shipping Corporation Ltd	Mr Chandradutt Rogbeer, Corporate Auditor	30.09.15	200,261	Mr Kwok Kong Chan Shin Yu, Senior Manager, Marine Engineering	30.09.15	32,790
Investment in Oceanarium (Mauritius) Ltd	Mr Chandradutt Rogbeer, Corporate Auditor	24.03.17	Nil	Mr Bholanath Basdeo Dhunnoo, Manager, Technical Services	24.03.17	Nil
Seafarers' Welfare Fund	Mr Mukhram Moloo, Director, Human Resources	30.09.15	Nil	Mr Gowraj Angad, Senior Manager, Estate Management	30.09.15	890
Mauritius Oceanographic Institute	Captain Louis Benoit Barbeau, Port Master	30.09.15	6,000	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
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



CORPORATE GOVERNANCE REPORT

Principle 4: Director Duties, Remuneration and Performance (Contd)

Conflict of Interest

The Board of Directors strictly believes that a Director should make his best effort to avoid conflict of interest or situation where others might reasonably perceive such a conflict. A Director who has declared his interest shall not vote on any matter relating to transaction or proposed transaction in which he is interested and shall not be counted in the quorum present for the purpose of that decision.

It is the responsibility of each Director to ensure that any conflict of interests be recorded by the Secretary to the Board or Secretary to the Committee.

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 year are shown on page 30.

Related Party Transactions

For details on Related Party Transactions, please refer to Note 35 of the audited financial statements.

Information, Information Technology and Information Security Governance

The Board is responsible to oversee information governance within the Authority and ensures that there is a strategic alignment of both Information and Information Security with its business strategy in order to create value.

The Board ensures that sufficient resources are allocated in the annual budget towards the implementation of an Information and IT Security frameworks.

Board Information

The Chairman, with the assistance of the Secretary, ensures that Directors receive all information necessary for them to perform their duties and that the Board has sufficient time for consultation and decision-making.

The Board members of MPA ensure that matters relating to the Authority, learned in their capacity as Directors, are strictly confidential and private and shall not be divulged to anyone without the authority of the Board.

Principle 5: Risk Governance and Internal Control

Internal Control and Risk Management

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, played an active role in the budgetary control process by undertaking a comparison of actual financial performance against budgetary forecast and same is 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.

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.

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 department.

CORPORATE GOVERNANCE REPORT

Principle 6: Reporting with Integrity

Statement of Directors' Responsibilities in respect of the Preparation of Financial Statements

The Directors affirm their responsibilities for preparing the Annual Report and Financial Statements of MPA that fairly present the state of affairs of the Authority and the results of its operations.

The Statement of Directors' Responsibilities is found on page 9 of the Annual Report

Dividend Policy

As per Section 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.

Health, Safety and Environmental Issues

The Authority is committed to the general rules and regulations governing the health, safety and environmental issue. The Authority is engaged to minimising any adverse effect of its operations on the environment and on the health and safety of its employees and the community in which it operates. During the year under review, the following events were organised by the Authority:

SN.	Dates of training	Topics
1.	25 January 2018	Safety & Health Induction
2.	06 February 2018	Drugs & its harmful effects
3.	20 February 2018	Safe Dispensing of Gas Oil
4.	16 March 2018	Machinery safety
5.	19 March 2018	Safety & Health Induction
6.	21 March 2018	Fire Safety & Fire Drill procedures
7.	12 April 2018	Electrical Safety
8.	13 April 2018	Drugs & its harmful effects
9.	18 April 2018	Safety & Health Induction
10.	07 May 2018	Fire Warden training
11.	24 May 2018	Safe working with lifeline & safety harness
12.	13 June 2018	Safety & Health Induction
13.	18 June 2018	Training on Safety & Health at work

Social Issues

The MPA aims at giving equal opportunities to its employees. For any new recruitment or promotion exercise, it is advertised both internally and externally. There is also an annual performance appraisal which is carried out and where rewards and merits are provided for.

The length of service of employees is also recognised and rewarded through events.

The MPA recognises the importance of the role it has to play in society and it actively participates in endeavours to alleviate social and environmental problems. The Authority is also committed to creating sustainable value for the social and economic well-being of the society.

Corporate Social Responsibility, Political Donations and Contributions

There has been no political donation for the year under review.

An amount of Rs 712,500 has been incurred during the FY 2017/2018 on donations (Incl. CSR).

Principle 7: Audit

Internal Audit

The Audit and Risk Management Department reports its findings to the Audit & Risk Management Committee.

External Audit

Appointment of external auditor is in accordance with the provisions of Public Procurement Act 2006, and the procurement method chosen is restricted bidding, where a minimum of two weeks is allowed for the selected bidders to quote. Evaluation of bids is made by the Bid Evaluation Committee and its recommendations are examined by the Finance and Investment Committee and Audit and Risk Management Committee and finally approved at the MPA Board. The award of contract is for a period of one year and renewable up to a maximum of 5 years' subject to satisfactory performance of the selected external auditor.

The Audit and Risk Management Department which reports to the Audit and Risk Management Committee plays a key role in keeping under review the scope and results of the External Audit with regards to the following:

- Efficiency in meeting time scheduled
- Effectiveness and performance of the audit team
- Independence and good communication with audit committee
- Objectivity in their judgements through their weakness letter

CORPORATE GOVERNANCE REPORT

Principle 7: Audit (Cont'd)

External Audit (Cont'd)

The present External Auditor was appointed on 14 June 2017 to perform audit for 18 months' period ended 30 June 2017. The Board at its meeting of 6 February 2018 approved of the renewal of the contract with Grant Thornton for the audit of the MPA for year ended 30 June 2018.

- **Information on non-audit service and amount paid**

There have not been any non-audit services that has been awarded to our present external auditor.

- **Amount paid to external audit**

The amount paid to Grant Thornton is Rs 650,000 plus VAT.

In order to ensure that the External Auditor's objectivity and independence are safeguarded if they undertake non-auditing services, the Audit and Risk Management Committee should examine the nature of such services and ensure that the members of the audit team do not form part of such assignment thus ensuring that there is no conflict of interest at any point in time.

Principle 8: Relations with Shareholders and Other Key Stakeholders

Shareholders' Agreement

Given that the MPA is a statutory body established under the Ports Act 1998, there is no shareholder's agreement.

Employee Share Option Plan

No Employee Share Option Plan is available.

Third Party Management Agreement

Save and except for a Concession Agreement between the Mauritius Ports Authority and Cargo Handling Corporation Ltd in respect of the provision of cargo services at the Mauritius Container Terminal, there was no management agreement between third parties and the MPA during the year under review.



CORPORATE GOVERNANCE REPORT

Principle 8: Relations with Shareholders and Other Key Stakeholders (Cont'd)

Shareholders' and Stakeholders' Communication

The Board of Directors places great importance on clear disclosures, open and transparent channel of communication with all its stakeholders. It endeavours to keep them regularly informed on matters pertaining to and affecting the Authority.

Through the MPA's website namely www.mauport.com, information is provided to all stakeholders on the activities of the MPA, on the latest news and on new services which have been launched.

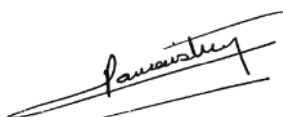
Given that the MPA is a statutory body established under the Ports Act 1998, it does not have any shareholder. The MPA falls under the aegis of the External Communications Division of the Prime Minister's Office and thus regularly appraises the Ministry on important policy issues and events.

The Port Users' Council consisting of representatives of persons interested in the operation and use of a port was initially set up upon an express recommendation of the World Bank. The objectives of the Port Users' Council are to interact with port users for efficient port operations; promote the facilities, services and future potentials of the port.

In line with Section 10 of the Ports Act 1998, the Authority may consult a port users' council on any matter concerning the port, including, without prejudice to the foregoing generality for the:

- (a) provision of port and marine services and facilities;
- (b) rates, charges, dues and fees levied by the Authority; and
- (c) expansion or development of the port.

The Authority may also consider any matter concerning a port which may from time to time be referred to it by the port users' council.



Chairman
Ramalingum Maistry



Director-General
Shekur Sintah

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, and health and safety risk.

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.

POLICY STATEMENTS



Security Policy (Cont'd)

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:-

- 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;
- 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
- 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.



CORPORATE MATTERS

Our Journey To ISO Certification

The MPA is committed to the facilitation and promotion of global maritime trade through the provision of quality port services that meet our customers' requirements and ensure customer satisfaction.

Our quality objectives are as follows:

- Continually improve service delivery.
- Enhance operational efficiency.
- Improve productivity of internal resources.

We have ensured during the period under review that our quality objectives, which have been aligned with the new MPA's Quality Policy adopted in March 2018, are established at all levels within the Authority. These objectives are also being reviewed for suitability on an annual basis in accordance with the regular quality audits being performed.

The MPA's quality focus embraces the whole organization and 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 fifteen years, the ISO 9001 certification has been retained.

The ISO standards are reviewed every five years to ensure they remain useful tools for the marketplace. The challenges faced by organisations today are very different from a few decades ago and both ISO 9001 and ISO 14001 have to consider this new paradigm. For example, increased globalization has changed the way we do business and organizations often operate more complex supply chains than they did in the past. In addition, there are increased expectations from customers and other interested parties. Therefore, both ISO 9001 and ISO 14001 reflect these changes in order to remain relevant. Consequently, two new ISO Standards were issued namely ISO 9001:2015 and ISO 14001:2015.

The earlier version of ISO 9001 was quite prescriptive with many requirements for documented procedures and records. In an effort to improve service delivery, the MPA Management proceeded with an action plan for the implementation of the new ISO 14001:2015 and ISO 9001:2015 to respectively effect the necessary change and modernize several key operating systems and structures with the aim of achieving international standards.

This plan helped in the re-engineering of management processes and focused on set objectives. It also helped in creating a competitive advantage for the MPA. A huge amount of preparatory work was involved in migrating to the new ISO versions as there were numerous new clauses in the two Standards. The ISO 14001:2015 helped the MPA to achieve the intended outcomes of its environmental management system, providing value for the environment, the organization itself and interested parties. Consistent with the Authority's environmental policy, the intended outcomes of the Environmental Management System(EMS) include enhancement of environmental performance, fulfilment of compliance obligations and achievement of environmental objectives.



CORPORATE MATTERS

The MPA successfully migrated to the new version of ISO 14001:2015 in September 2017 under the certification coverage of AJA Registrars (Mauritius) and synergized its resources to develop an environmental quality roadmap with a view to creating increasing business value for our customers.

In June 2018, the MPA migrated effectively to the new version of ISO 9001:2015. The successful implementation of the new ISO Certification reflected our commitment to meeting and exceeding the needs of customers and stakeholders as well as elevating the level of excellence in the services offered. The scope of the awarded certificate covers all Departments Sections and Units of the MPA. The ISO 9001 certification was awarded to the MPA following a rigorous and successful audit of the Authority's Quality Management System (QMS) by the Mauritius Standards Bureau.

Instituting quality management processes has been at the top of our priorities in order to achieve excellence and enhance competitiveness. This is reflected in our commitment to meet our clients' demands and the expectations of the port and maritime sector. Being ISO 9001:2015 certified complements to the list of acclamations we have acquired over the years. It also reaffirms our commitment to maintaining world-class standards that serve the industry and facilitate global maritime trade. We are extremely proud of this achievement and the credit goes to our employees for their dedication which has resulted in attaining this prominent certificate.

Liaison with Stakeholders

In line with our quality objective, we have regular liaison with our stakeholders at the level of the Port Users' Council, we have continued to build our understanding of the issues with the greatest impact on our customers and port service providers. In doing so, we have sought to:

- optimise existing operations that contribute directly to customer service and asset performance targets;
- work collaboratively with customers and port service providers;
- ensure that our investment in facilities and services is targeted in areas that are of real value to our customers; and
- identify opportunities for growth, partnering with existing and potential customers in new trade and other business development opportunities. Some examples of our work this year to meet customer needs and optimise services were geared at creating further opportunities for the bunkering and cruise segment.

We have found the insight gained from value chain analysis useful in understanding the elements that bring greatest value to a business partnership. We plan to do more of this detailed work in the year ahead to further improve our services and to create conditions that support co-investment in the port by joint service providers and other key stakeholders and to identify further opportunities to improve.

What next following certification?

We will continue to conduct continuous ISO awareness exercise with all our staff with the objective of culminating with an annual ISO Awareness Day. The Quality Coordinator has, during the period under review, conducted a series of periodic compliance and improvement audits of the Quality Management System. The results of the internal audits have been reviewed at Management Review Meetings where Top Management has assessed the status of the QMS and EMS and proposed direct improvement actions.



CORPORATE MATTERS

Our People

Becoming a high performing organisation is a key step towards achieving our vision and is a fundamental enabler to achieving all other goals. Our human capital is one of our prime assets. The MPA's employees are cared in such a way that allows them to be more productive and ultimately to flourish as individuals. The human resources management function encompasses the individual aspects of the employment relationship - from employee recruitment and selection to establishment matters, salary administration and payroll management.

Our Health and Safety programme was implemented, with activities such as health awareness with talks on healthy life style sessions, general fitness activities, opportunities for health checks and flu vaccinations. Free training sessions, health insurance benefits, enhanced terms and conditions of service are amongst the main drivers that motivate employees. These benefits stimulate employees to work together to create not just the optimal work environment and culture, but also Mauritius's best maritime gateway.

Recruitment

Since the MPA is reputed as a stable employee retention organisation, many job seekers want to embrace a career in the port and recruitment is carried out for vacant positions as needed. In order to assist development in key sectors within the port development programme and to make the port a major transshipment and bunkering hub in the region, an adequate and capable pool of human resources is imperative. Our primary focus has been on the recruitment of staff in scarcity areas namely Seaman and Senior Technician, Tug Services, Marine Engineers etc. which had been filled in during the period under review. Appointments have also been made in key positions namely in the grades of Manager, Asset Management and Port Development, Chief Officer (Payroll) and Civil Engineer during the months of March 2018, April 2018 and June 2018 respectively.

MPA Skills Development Scheme

Under the Ocean Economy initiative, the MPA is called upon to cater for new challenging segments such as offshore bunkering operations and the future development port. The Authority has also been tasked with the duty of leading the sea port related activities such as container transshipment, cruise, petroleum hub, ship building, repairs and associated services and port related services.

In view of the complexity and the unique features of above projects, it was felt that it would be a good opportunity to allow young graduates to witness and experience the development of the port and maritime facilities. Moreover, the MPA has been facing difficulties in the past to attract professional cadres in the port and maritime field which is considered to be scarce on the labour market.

Taking into consideration that there was a large number of graduates, who after completing their tertiary studies in various fields of study (including the maritime field), were in search of placement, the Authority therefore introduced a Skills Development Scheme for unemployed degree holders.



CORPORATE MATTERS

MPA Skills Development Scheme (Cont'd)

The objectives of the proposed scheme were:

- To enable unemployed young graduates to obtain training/placement for a maximum period of two years;
- To ensure that relevant training is provided to the graduates in order to promote the development of necessary skills in the Authority's general activities and functions (viz. Marine, Administration, Operations, etc.); and
- To assist the Authority in various projects and provide necessary support in the specific fields.

The MPA proceeded with the enlistment of eleven (11) Trainees under the MPA Skills Development for a period of two years effective as from March 2016. This initiative provided the young graduates with a dynamic exposure in port working environment whilst enhancing their employability.

Work Experience, Traineeships and Education Support

The MPA has continued to host work experience placements and to provide opportunities for university students to gain an understanding of career opportunities within the maritime industry. Some 10 university students have benefitted from internship opportunities especially young women. Being afforded the opportunity to carefully teach young people how to complete tasks and accomplish goals provided a powerful personal motivation to our departmental heads since the internship programme helped to build strong morale and enhance effective leadership.

Capacity Building

For the past years, the prime focus of the port sector has been very much on technological advancement that make productivity less dependent on human effort, skills and knowledge. However, during recent years, the port has witnessed a growing acknowledgement that appropriate attention must also turn to performance improvement through skilled and motivated people.

In this regard, the MPA wants to beef up its training and research and development initiatives to ensure that employees have the skills required do the jobs and the capabilities smarter and better to support future business growth and to keep talented employees on board.

Various training sessions have been dispensed to employees at all levels in order to tap into their technical skills and competencies as well as soft skills like critical thinking, creativity and complex problem-solving to navigate through unforeseen challenges.

On the other hand, several posts are available such as seaman, Third Officer, Second Officer, Chief Marine Engineer, Marine Engineering Superintendent, and Master Mariner, amongst others. Having adequate human resources to fill these positions is imperative.

The main objective is to train maximum people to join the shipping sector both locally and globally. The demand exists for around 5,000 jobs annually and both the public and the private sectors are engaging themselves to ensure that training is given so that job seekers can embrace a career in the maritime sector. In line with its vision and with a view to ensuring the availability of suitably qualified and trained marine personnel, the MPA will launch a seafarers' training programme. The training programme is aimed at addressing the shortage of marine personnel, specifically for the manning of the Authority's craft.



CORPORATE MATTERS

Port Development Projects

1. Extension and Strengthening of the MCT Quay Project

As part of its ongoing commitment to provide port facilities ahead of demand and to sustain the serviceability of the port's existing assets, the MPA had embarked on the implementation of the works under the Extension & Strengthening of the Mauritius Container Terminal (MCT) Quay project.

The works under the project have been executed under 3 works contract packages with each of them comprising the following main components:

- (i) The Bund Construction Package which involved the construction of rock bunds and shore protection at Fort William and in the Fort George region. Accordingly, containment bunds comprising of a rock armour with a central sand-filled core were constructed over a length of about 2400 metres and 720 metres at Fort William & Fort George respectively. The main objective of this project component was to provide bunded containment areas to receive dredged material which was to be generated under the dredging works and use same beneficially for land reclamation over some 39 hectares.
- (ii) The Marine and Civil Works Package which was the main project component comprised the extension of the existing 560m long MCT quay by an additional 240m, strengthening of the existing 560m long quay and expansion of the container stacking yard by about 7.5 hectares thus enhancing the throughput capacity at the MCT from its 750,000 TEUs capacity to more than 1 million TEUs with the proper fleet of container handling equipment deployed on the quay and in the yard. The main challenge under this project component with the last phase being successfully completed and commissioned in July 2017 was to keep the MCT fully operational and functional at all times.
- (iii) The other major project component was the Dredging Works Package under which dredging works were undertaken to deepen the navigational channel to the MCT to 16.5m. These works generated 1.6 million m³ of dredged materials which were used beneficially for land reclamation at Fort William. This project component was also completed successfully while the navigational channel was kept operational for shipping movements at all times. The deepening of the navigational channel now allows for the safe manoeuvring of container vessels of up to 12,000 TEUs carrying capacity to the MCT.

The extension and strengthening of the MCT Quay project at Mer Rouge which has been completed in July 2017 has necessitated a total investment of more than MUR 6.3 billion which was co-funded largely from MPA's own funds and with a loan to the tune of USD 42 million from the *Agence Française de Développement*.

2. Upgrading of the Capitainerie Building

The existing Capitainerie Building accommodates the MPA Marine Department and other tenants. The MPA embarked on capital maintenance works to upgrade the building which was commissioned in 1996. The objective was to undertake refurbishment works on all floors with a view to providing offices with a functional layout in line with the present business processes being carried out thereat and provide a modern building complying with the needs of the MPA whilst also incorporating energy efficiency measures. The works also included for the provision of second lift. Following a tendering exercise, the works contract was awarded to Messrs Ramlohl Bhooshan Renovation and Building Contractors in January 2016 for the sum of MRU 67.3 million.

As a major challenge in carrying out the works, the building had to be kept functional over the duration of the renovation & upgrading works. Accordingly, the MPA had to ensure that the daily activities of existing users were least affected and manage temporary re-location of the tenants to other floors within the building. The works were successfully completed and commissioned in February 2018.

3. Rehabilitation of Marine Road and Allied Works

The MPA had awarded the contract for the Rehabilitation of Marine Road and Allied Works to Messrs Gamma Construction Ltd for sum of around MRU 26 million in August 2017.

The works were supervised by the MPA and comprised essentially the upgrading of existing roads next to the Access Pass office, Taylor Smith, Agrobulk, Froid des Mascareignes, etc. complete with the construction of drain works & pedestrian walkways.

The works were successfully completed and commissioned in June 2018.

4. High Security Fencing Works

The existing fencing around the port operational areas, i.e. Terminals II and III have outlived their economic life and needs to be replaced. In this respect, the MPA is embarking on a project for the upgrading of the perimeter fencing with a high security fencing system so as to maintain the security within the terminals.

The project will accordingly comprise the erection of perimeter fencing around the Multipurpose Terminal (Terminal II) and the Mauritius Container Terminal (Terminal III). The perimeter fencing around the MPA headquarters i.e. the H.Ramnarain Building at Mer Rouge is proposed to be upgraded as well.

In this regard, a procurement exercise for the design, procurement and installation of around 4 km of high security fencing has been initiated at an estimated cost of about MRU 70 million. Proposals have been invited from potential bidders and the works are expected to start by the end of 2018.

CORPORATE MATTERS

5. Cruise Terminal Building Project

Since the cruise jetty became operational in 2009, Costa Crociere started homeporting at Port Louis which has contributed to a significant increase in the number of cruise passengers. With a view to further improving cruise reception facilities and safe handling of passengers, the MPA has embarked on the construction of a cruise terminal building at Les Salines.

This new precinct will have a footprint of around 7500 m² with an iconic design. The facility will be able to accommodate a peak of 4000 passengers. Furthermore, it is proposed to optimise the use of the jetty at the Bulk Sugar Terminal (BST) to accommodate a second cruise vessel when the cruise jetty is already occupied. In this respect, an inter-connecting bridge would be constructed to link the existing cruise jetty and BST berth thus allowing passengers from cruise vessels berthing at the BST berth to be handled at the new cruise terminal building. The terminal area would also comprise all other associated facilities and services.

The final design and bidding documents have been prepared by Consultants, Messrs Bermello Ajamil & Partners, in association with Gibb (Mauritius) Ltd. The tender for construction of the Cruise Terminal Building was floated in April 2018 whereby bids were received in June 2018. The cruise terminal project would require an investment of around Rs 650M for the works contract and for the provision of all fit out works, plant & equipment and furniture, etc. required for the smooth operations of the terminal. The new facility is expected to be completed around end 2019.

6. Island Terminal Project - Feasibility Study

Over the years, downtime at the MCT due to adverse weather conditions including wave actions and swell conditions has been increasing thereby adversely affecting the container handling operations at Port Louis. With a view to mitigating such wave actions and swell conditions, the MPA has embarked on a feasibility study for a breakwater that would create a tranquil basin thus reducing operational downtime at the MCT. In addition, the study also encompasses the feasibility of land reclamation on the leeward side of the breakwater structure for the provision of land resources to enable the development of an additional container terminal to meet the forecasted container traffic demand in the medium to long term.

The vision of Government is to transform Port Louis Harbour from a destination port into a regional hub with the objective of reaching transshipment throughput of about 750,000 TEUs by year 2025. At the same time, noting the expected traffic of over one million TEUs per annum in the near future at the MCT and maintaining the position of Port Louis as a transshipment port, it is planned to develop the Island Terminal on the opposite side of the MCT to increase the percentage capture of transshipment.

With the above objectives and after a successful tendering exercise, the MPA awarded a contract to Messrs Royal Haskoning DHV for a sum of € 1.5 million for a Preliminary Technical Study and Design of Island Terminal and Breakwater Structure at Port Louis in October 2017. The study is funded through a grant from the African Development Bank (AfDB).

The feasibility study has progressed satisfactorily and the preliminary findings and recommendations have been discussed with relevant stakeholders. The Consultants are now in the process of finalising the study and the submission of the Final Report is scheduled to be in January 2019.

7. Fishing Port at Fort William

The Port Master Plan 2016 has recommended the development of a small fishing haven at Fort William on safety & security grounds. However, with the rapid urban development around Trou Fanfaron Fishing Port, with the Urban Terminal Project and Metro Express Project, the MPA foresees that fish handling activities at Trou Fanfaron Fishing Port would need to be relocated earlier than originally forecasted.

In this respect, MPA intends to proceed with a project on the newly reclaimed land at Fort William for:-

- i. the construction a breakwater to the west and/or north of the land reclamation at Fort William to provide shelter and a secured mooring area for about 120 non-working ocean going fishing boats;
- ii. the development of a service area to enable fishing vessels to carry repairs to their equipment and fishing gears;
- iii. construction of some 300-metre of quay to accommodate ocean going fishing vessels complete with all the associated facilities required to service the fishing vessels for fish handling operations and also cater for their other associated needs;
- iv. some further land reclamation over some 10 hectares to make beneficial use of the excess dredged material available at the Fort William site complete with the shore protection works and
- v. The study and if feasible the construction of a breakwater at Caudan to allow for the development of mooring facilities for super-yachts calling at Port Louis.

An invitation for proposals has been launched under an open international procurement exercise for the selection of a consultancy firm to carry out the feasibility, the detailed design and the project management of works contracts for the preferred development option that may be retained. At this point in time, it is estimated that the overall project costs will be in the order of MRU 2.2 billion.

Proposals for consultancy services in February 2017 and the evaluation of these proposals is in progress with the award of the contract expected to be around October 2018

CORPORATE MATTERS

Key Events

During the period 1st July 2017 to 30th June 2018, the Mauritius Ports Authority organised a series of events and activities, of which the Mauritius Maritime Week was of utmost significance.

Mauritius Maritime Week (22nd – 26th January 2018)

The first ever of its kind, held at the Ravenala Attitude Hotel, BalACLava, the Mauritius Maritime Week was organised to showcase Port Louis Harbour, on the international front, as the preferred maritime gateway in the region, for five main sectors: container transshipment, bunkering, cruise tourism, seafood and ancillary port services. It also included the 12th Indian Ocean Ports and Logistics (IOPL) 2018 Conference and Exhibition, the largest annual container port, transport and logistics exhibition in the Indian Ocean, organised by Transport Events Management Ltd (TEML), Malaysia.

Day 1 (22nd January 2018)

International Bunker Industry Association (IBIA) training session, led by Mr. Justin Murphy, Chief Executive Officer, IBIA, United Kingdom, on the topic **“Bunkering- Moving to the Next Level”**, in collaboration with Celero Group.



Day 3 (24th January 2018)

The official Opening ceremony of both the Mauritius Maritime Week (MMW) 2018 and the 12th IOPL Conference and Exhibition by the Honourable Prime Minister, Mr. Pravind Jugnauth.



Day 2 (23rd January 2018)

Three port visits were organised; one being a technical site visit of selected port facilities for 85 IOPL delegates, mainly foreigners and the other two were for 60 HSC students in two batches.



On that day itself, Mr. Ramalingum Maistry, Chairman of the MPA, was elected as the new President of the Ports Association of the Indian Ocean Islands (PAIOI), at its Annual General Meeting (AGM).

Eminent speakers were present at the ‘CEO Forum’, the conference side of the event, including Captain K. Subramaniam, General Manager of Port Klang Authority, Malaysia. The forum consisted of various sessions as outlined below:

Session 1 was on the topic **“Mauritius Economic Outlook and Port Financing: Positioning for Global Hub with Diversified Economy and Export-Oriented Trade”** while

Session 2 was about **“Establishing Mauritius as the Transshipment and Bunkering Hub in Africa and Indian Ocean”**, in which the Honourable Minister of Industry, Commerce and Consumer Protection, Mr Ashit K. Gungah participated. During this session, the delegates were informed that Port Louis Harbour was currently handling 5% (approximately) of the regional bunkering market, i.e., around 5 million tonnes per year; indicating that Port Louis was well on course to becoming a leading petroleum hub in Africa.

CORPORATE MATTERS

Besides, a Prize Giving Ceremony was held on that day. The MPA, in collaboration with the British Council and the Ministry of Education and Human Resources, Tertiary Education and Scientific Research, had organised an essay competition for students aged 16 to 25, on the topic: ***'Why is the ocean so important to the Mauritian economy?'*** Three winners respectively in the secondary and tertiary category were handed their prizes by the Prime Minister, the Minister of Education and the MPA Chairman.



Day 4 (25th January 2018)

The day started with Session 3 which was on the topic: ***"Gearing up to Capitalise on Blue Economy"***, in which the Honourable Minister of Ocean Economy, Marine Resources, Fisheries, and Shipping, Mr. Premdutt Koonjoo participated and where the emphasis was laid on growing the Blue Economy in a sustainable, inclusive and people centered manner.



Then, Session 4 was about ***"Ports of the Future: End-to-End Innovation and Automation for Operational Efficiency and Productivity in Indian Ocean Ports"*** and

Session 5 on ***"Increasing Export Competitiveness in the Indian Ocean: Maximising Supply Chain with Integrated Strategy and Business Information System"***, which was moderated by Mrs. Nozipho Mdawe, Secretary-General of the Port Management Association of Eastern and Southern Africa (PMAESA).

Day 5 (26th January 2018)

Session 6 was about the ***"Women in Logistics and Transport"***, in which delegates and students from the Loreto College Port Louis participated and the conference was moderated by Mrs. Nazeema Seelarbokus, Chairperson of Women in Logistics and Transport (WiLAT) Mauritius, with the contribution of the following speakers:

◇ Dato' Sharifah Halimah Syed Ahmad, CMILT, WiLAT Asia Forum Convenor, WiLAT international, Malaysia, who made a presentation on ***'The Maritime Sector in Malaysia - Does Gender Diversity exist at the Management level of the Seaport - Malaysia case'***.

◇ Ms. Maggie Heraty, FCILT, Humanitarian logistician, Transport and Tourism Consultant, United Kingdom (she previously carried out transport-based development projects worldwide, including working on tourism transport in several nations of the Indian Ocean, Pacific and Caribbean); she spoke on ***'Transport and Logistics as a tool for economic prosperity and women's empowerment'***.

◇ Mrs. Nozipho Mdawe, Secretary-General, Port Management Association of Eastern and Southern Africa (PMAESA)- she made a presentation on ***'Mentoring: A Powerful Tool for Personal Development and Empowerment for Women'***.



Additionally, Session 7 was the last one, which was about the ***"Presentation on Mauritius Cruise Business"***, in which the Honourable Minister of Tourism, Mr. Anil K. Gayan participated alongside eminent Speakers- Mr. Pascal Viroleau, CEO of the Vanilla Islands, Ms. Aradhana Khawala, Managing Partner, Bridge Over Group, a specialist Hospitality Consulting Firm and Mrs. Maggie Heraty, Transport and Tourism Consultant.



Other key events:



Inauguration of the newly extended quay and the two ship-to-shore cranes procured by Cargo Handling Corporation Ltd, at the Mauritius Container Terminal (MCT), by the Honourable Prime Minister, Mr. Pravind K. Jugnauth.
(2nd October 2017)



Changzhou Delegation visit (3rd November 2017)



Shield Ceremony of "MV AIDAaura" on the occasion of her maiden call at Port Louis Harbour. (17th November 2017)



Annual religious ceremony at the MPA H. Ramnarain Building premises; the theme for the year 2017 being: 'Let Us Walk the Talk' (15th December 2017)



Football match organised for the MPA employees
(16th December 2017)



'50 ans mo Pei' exposition at the SVICC, Pailles
graced by the presence of the
Honourable Prime Minister, Mr. Pravind K. Jugnauth.
(2nd – 4th March 2018)



50th Independence Day of Mauritius Celebration
(9th March 2018)

Morning: Flag raising at H. Ramnarain Government School and the MPA sponsored audio visual equipment



50th Independence Day of Mauritius Celebration
(9th March 2018) Afternoon: Flag raising ceremony at H. Ramnarain Building, MPA Headquarters. And on that occasion, the MPA celebrated International Women's Day and awarded a Certificate, to the employees who completed 25 years of dedicated service as well as to the winners of the essay competition held during the Mauritius Maritime Week 2018.



U.S Embassy Delegation led by U.S Ambassador Mr. David Reimer visit (22nd March 2018)



Queen Elizabeth College students visit to the Albion Lighthouse (15th May 2018)



College du Saint Esprit Triathlon (30th May 2018)



Chinese Delegation from Ningbo, Zhejiang Province visit and exchange of gifts. (19th June 2018)



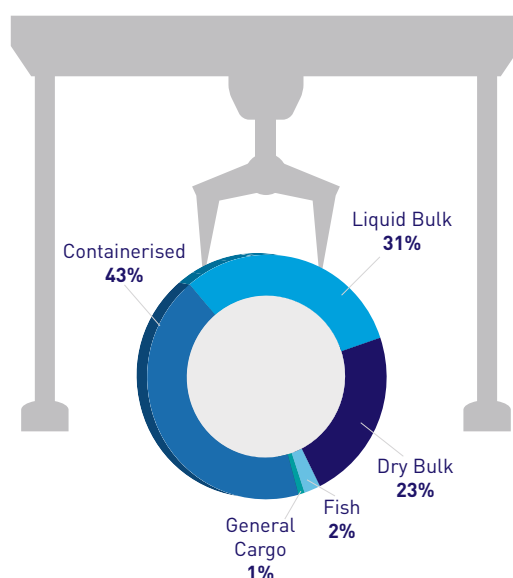


OPERATIONS REPORT

Port Trade Performance

In spite of an unpredictable global economic climate and a conservative growth outlook in Mauritius, the port performed relatively well in the last financial year 2017-2018. It is worth noting that trade in the port increased by 1.6% to attain a new record of 7.7 million tonnes. The composition of total cargo traffic is depicted as follows:

Operational Highlights for Financial Year 2017/18:



Total Trade Volume	7.7 Million tonnes	(+1.6%)
• Containerised Cargo	3.3 Million tonnes	(-1.2%)
• Dry Bulk Cargo	1.7 Million tonnes	(-6.8%)
• Liquid Bulk Cargo	2.4 Million tonnes	(+14.3%)
• Fish Traffic	140,761 tonnes	(-9.5%)
Total Container Traffic	400,506 TEUs	(+5.3%)
• Captive Container	260,183 TEUs	(+3.9%)
• Transhipment Container Inwards	140,323 TEUs	(+8.0%)
• Transhipment Container Outwards	141,386 TEUs	(+11.8%)
Total Container Throughput	541,892	(+6.9%)
Total Vessel Traffic	3274 calls	(+9.4%)
• Containerised Vessels	540 calls	(-3.9%)
• Fishing Vessels	1043 calls	(+1.6%)
Cruise Traffic		
• Cruise Vessel	37 calls	(+54.2%)
• Passengers on Arrival	39,451 passengers	(+29.9%)
Total Bunker Traffic	550,241 tonnes	(+35.9%)

OPERATIONS REPORT

Total Cargo Traffic

Total Cargo Traffic, inclusive of Total Imports, Total Exports and Transshipment cargo, reached 7,665,232 tonnes, representing an increase of 1.6% compared with 7,544,723 tonnes in FY16/17.

Table 1
Total Cargo Traffic – FY16/17 v/s FY17/18 (tonnes)

	FY16/17	FY17/18	Difference	% Change
Total Imports	5,058,847	5,141,771	82,924	1.6
Total Exports	1,293,567	1,298,566	4,999	0.4
Total Containerised Transshipment Inwards	1,192,309	1,224,895	32,586	2.7
Total	7,544,723	7,665,232	120,509	1.6

Total Imports

While Total Imports (comprising Dry and Liquid Bulk, Containerised, Fish and General Cargo) registered a growth of 82,924 tonnes (i.e. 1.6%) from 5,058,847 tonnes in FY16/17 to 5,141,771 tonnes this year, there was a marginal increase in Total exports by 4,999 tonnes (+0.4%) from 1,293,567 tonnes in FY 16/17 to 1,298,566 tonnes in FY17/18.

Table 2
Breakdown of Total Imports FY16/17 v/s FY17/18 (tonnes)

Imports	FY16/17	FY17/18	Difference	% change
Solid Bulk	1,872,412	1,751,773	-120,639	-6.4
Liquid Bulk	1,542,716	1,733,491	190,775	12.4
Containerised	1,444,131	1,467,714	23,583	1.6
Fish	149,625	134,026	-15,599	-10.4
General cargo	49,962	54,767	4,805	9.6
Total	5,058,846	5,141,771	82,925	1.6



OPERATIONS REPORT

Total Container Traffic

As regards Transshipment, this activity increased by 32,586 tonnes (+2.7% from 1, 192,309 tonnes in FY16/17 to 1,224,895 tonnes for the year under review. Total Container Traffic increased from 380,255 TEUs in FY16/17 to 400,506 TEUs in FY17/18 (+ 5.3%). While Captive Container Traffic increased by 9,837 TEUs (+3.9%) from 250,346 TEUs in FY16/17 to 260,183 TEUs this year.

Table 3
Total Container Traffic – FY16/17 v/s FY17/18 (TEUs)

	FY16/17	FY17/18	Difference	% Change
Captive	250,346	260,183	9,837	3.9
Transshipment	129,909	140,323	10,414	8.0
Total	380,255	400,506	20,251	5.3

On the other hand, Transshipment Container Traffic, registered a growth of 10,414 TEUs (+8.0%) from 129,909 TEUs to 140,323 TEUs for the year under review as shown in Table 4.

This includes an increase of 1,933 TEUs (2.0%) in Laden Transshipment Containers which attained 99,505 TEUs and an increase of 8,480 TEUs (26.2%) in Empty Transshipment Containers which reached 40,818 TEUs.

Table 4
Total Transshipment Inwards Container Traffic - FY16/17 v/s FY17/18 (TEUs)

	FY16/17	FY17/18	Difference	% Change
Jul	12,237	8,720	-3517	-28.7
Aug	10,249	6,109	-4140	-40.4
Sep	11,129	9,569	-1560	-14.0
Oct	12,624	12,208	-416	-3.3
Nov	12,609	10,731	-1878	-14.9
Dec	10,794	11,103	309	2.9
Jan	8,742	7,272	-1470	-16.8
Feb	8,961	12,771	3810	42.5
Mar	7,947	9,113	1166	14.7
Apr	11,607	17,854	6247	53.8
May	13,626	16,807	3181	23.3
Jun	9,387	18,066	8682	92.5
Total	129,909	140,323	10,414	8.0

OPERATIONS REPORT

Container Imports/Exports

Total Containerised Imports increased by 1.6% from 1,444,131 tonnes in FY16/17 to 1,467, as a result of increases in both Inter-Island and Captive containerised cargo imports by 7.4% and 1.6% respectively.

Conversely, Containerised Exports decreased by 12.9% from 730,612 tonnes in FY16/17 to 636,401 tonnes. Figures show that captive containerised exports decreased by 14.8% whereas inter-island containerised exports increased by 5.6%.

Table 5
Containerised Exports – FY16/17 v/s FY17/18 (tonnes)

	FY16/17	FY17/18	Difference	% Change
Captive	663,994	566,069	-97,925	-14.8
Inter-Island	66,618	70,332	3,714	5.6
Total	730,612	636,401	-94,211	-12.9

General Cargo Imports/ Exports General Cargo

Imports witnessed an increase of 9.6% mainly due to a growth of 9.5% in Unitized Break Bulk and a rise in Inter-Island General Cargo Imports by 15.6%. Conversely, General Cargo Exports declined by 7.9% with Unitized Break Bulk recording a significant reduction of 52.9% while Inter-Island exports growing by a nominal 1.7%.

Fish Imports/Exports

Total Fish Imports contracted by 10.4%, with a volume of 134,026 tonnes in FY17/18 compared to 149,625 tonnes in FY16/17.

Table 6
Fish Traffic Imports - FY16/17 v/s FY17/18 (tonnes)

	Volume (tonnes)				Vessel Calls			
	FY16/17	FY17/18	Difference	% Change	FY16/17	FY17/18	Difference	% Change
Princes Tuna Mauritius	91,380	73,005	-18,375	-20.1	26	25	-1	-3.8
Local Market	2,067	1,988	-79	-3.8	287	305	18	6.3
Transshipment Inwards	50,189	52,129	1,940	3.9	605	589	-16	-2.6
Direct Transshipment Inwards	5,989	6,904	915	15.3	85	105	20	23.5
Total	149,625	134,026	-15,599	-10.4	1003	1024	21	2.1

OPERATIONS REPORT

Fish Imports/Exports (Cont'd)

However, Fish transshipment from fishing vessels to reefer containers registered an increase of 3.9%, i.e. 1,940 tonnes from 50,189 tonnes in FY16/17 to stand at 52,129 tonnes in FY17/18. Likewise, Direct ship to ship transshipment saw an increase of 15.3% from 5,989 tonnes in FY16/17 to 6,904 tonnes in FY17/18.

As regards Fish Exports for the year FY17/18, direct transshipment outwards of fish stood at 6,735 tonnes as opposed to 5,989 tonnes in FY16/17, representing an increase of 12.5%. Vessel Calls 3,274 vessel calls were registered during the year compared to 2,993 calls in FY16/17. It was observed that Containerised vessel calls registered a decrease with 540 calls in FY17/18 compared to 563 calls in the previous year. The total number of fishing vessels calling at Port Louis in FY17/18 stood at 1,043 vessels (1.6%), Tanker calls decreased by 7 (- 5.6%) while the number calls by dry bulk carriers remained at par with the previous year.

Table 7
Fish Exports – FY16/17 v/s FY17/18 (tonnes)

	Volume (tonnes)				Vessel Calls			
	FY16/17	FY17/18	Difference	% Change	FY16/17	FY17/18	Difference	% Change
Direct Transshipment outwards (ship to ship)	5,989	6,735	746	12.5	24	19	-5	-20.8

Cruise Traffic

Besides Costa Cruises, 2 new global cruise lines began homeporting activities from Port Louis during the year. These were Fred Olsen Lines and AIDA Cruises which contributed to a significant increase in the number of cruise vessels' calls from 24 last year to 37 (+54.2%) this year. These 37 calls were apportioned between Homeporting (HMPT) and Round The World Cruises (RTWC) calls in the ratio of 22 to 15 respectively.

Similarly, cruise passenger arrivals rose 29.9% from 30,367 to reach a new high of 39,451 in FY17/18.

Table 8
Cruise Traffic – FY16/17 v/s FY17/18

	Total Cruise Passengers				Total Cruise Calls			
	FY16/17	FY17/18	Difference	% Change	FY16/17	FY17/18	Difference	% Change
HMPT	12	22	10	83.3	17,593	24,091	6,498	36.9
RTWC	12	15	3	25.0	12,774	15,360	2,586	20.2
TOTAL	24	37	13	54.2	30,367	39,451	9,084	29.9



OPERATIONS REPORT

Other salient features of FY17/18 port trade performance are as follows:

Coal imports decreased by 67,531 tonnes from 809,012 tonnes in FY16/17 to 741,481 tonnes in FY17/18 (-8.3%). This was attributed to greater utilisation of Bagasse as source of fuel.

Cement imports decreased from 643,917 tonnes to 621,291 tonnes in FY17/18 (-3.5%). However, a recovery may be expected assuming timely implementation of large public investment projects in the Construction sector such as Metro Express, Cote D'Or Sport Complex and the Road Decongestion Programme.

Import of Sugar declined by 69,242 tonnes (-59.6%) from 116,242 tonnes to 47,000 tonnes for the period under review. This was attributed to the liberalization of EU production quotas as from 01 October 2017.

Maize and Soya Bean Meal imports showed increases of 34.3% and 13.5%, from 87,960 tonnes and 45,506 tonnes respectively in FY16/17 to 118,112 tonnes and 51,651 tonnes in FY17/18 resulting from a higher demand by livestock feed factories.

Import of Fertilizer increased by 51% from 3,300 tonnes to 5,000 tonnes, in-line with the new impetus provided to the Agriculture sector in the 2017/2018 Budget.

Table 9
Solid Bulk Imports – FY16/17 v/s FY17/18 (tonnes)

	FY16/17	FY17/18	Difference	% Change
Coal	809,012	741,481	-67,531	-8.3
Cement	643,917	621,291	-22,626	-3.5
Wheat	166,475	167,238	763	0.5
Sugar	116,242	47,000	-69,242	-59.6
Maize	87,960	118,112	30,152	34.3
Soya Bean Meal	45,506	51,651	6,145	13.5
Fertilizer	3,300	5,000	1,700	51.5
Total	1,872,412	1,751,773	-120,639	-6.4

OPERATIONS REPORT

Imports of Black oil increased significantly from 520,466 tonnes in FY16/17 to 724,726 tonnes in FY17/18. This is linked to the rise in demand for marine fuel oil.

Imports of LPG increased by 3.3% from 153,455 tonnes in FY16/17 to 158,505 tonnes in FY17/18. Petredec is reported to be seeking growth opportunities in the Indian Ocean and East Africa.

For the year under review, imports of edible oil rose by 28.5% from 20,000 tonnes to 25,700 tonnes.

Table 10
Liquid Bulk Imports - FY16/17 v/s FY17/18 (tonnes)

	FY16/17	FY17/18	Difference	% Change
White oil	841,413	818,324	-23,089	-2.7
Black oil	520,466	724,726	204,260	39.3
LPG	153,455	158,505	5,050	3.3
Edible oil	20,000	25,700	5,700	28.5
Bitumen	7,382	6,236	-1,146	-15.5
Total	1,542,716	1,733,491	190,775	12.4

Bunker exports generally increased by 145,404 tonnes (35.9 %) as exports solely by barge surged from 289,670 tonnes to 435,171 tonnes, representing a growth of 50.2%.

Table 11
Bunker Exports - FY16/17 v/s FY17/18 (tonnes)

	Volume (tonnes)				Vessel Calls			
	FY16/17	FY17/18	Difference	% Change	FY16/17	FY17/18	Difference	% Change
Bunker by pipeline	115,167	115,070	-97	-0.1	1,190	1282	92	7.7
Bunker by barge	289,670	435,171	145,501	50.2	649	915	266	41.0
Total	404,837	550,241	145,404	35.9	1,839	2,197	358	19.5





FINANCIAL REPORT

One of the duties of the MPA, as per the Ports Act 1998, is to provide and improve port infrastructure, superstructure, equipment and related facilities. As per Section 4 (i) (b) of the Act, the MPA is responsible for the provision of Marine Services and Navigational Aids.

In order to fulfil the above duties, the MPA has been investing massively over the past years but at the same time, ensuring that sufficient return is derived on the investments made. However, the most important objective of the Authority behind these investments is to create value for its customers.

This financial year has witnessed the completion of one of the most important, ambitious and costly port development project, i.e. the extension and strengthening of the MCT Quay at the cost of around USD 195 million. The financial resources of the MPA have been under considerable strain over the past years as a result of the construction of this vital asset which would be used in the pursuit of the organisation's strategic aim of attracting higher container transshipment volume at Port Louis.

The port is now equipped with one of the most modern container terminals in the region. This important asset is thus an added value for the port that will benefit all MPA customers dealing with containerised business. .

Mainly as a result of the capitalisation of the above project in the Financial Year 2017/2018 and its effect on the depreciation cost, the MPA's net surplus has been to the order of Rs 269.0 million as compared to Rs 692.9 million realised during the 18-months accounting period ending 30 June 2017.

The strategic focus will now be on the increase in the revenue stream derivable from the container transshipment business, given the higher container handling capacity at the terminal.

The major financial performance indicators as per the Financial Statements for the twelve-months period ending 30 June 2018 as compared to those for the 18-months period ending 30 June 2017 are shown below: -

Items	FY 2017/2018	18 months ending 30 June 2017
Operating Revenue (RS'M)	1344.1	1,962.1
Other Income (RS'M)	185.3	240.9
Total Revenue (RS'M)	1,529.4	2,203.0
Operating Expenses(RS'M)	(1,320.4)	(1,549.9)
Finance Income(RS'M)	46.0	104.1
Operating Surplus(RS'M)	255.0	757.3
Foreign Exchange Gain/(Loss) (RS'M)	14.0	(19.4)
Exceptional Item(RS'M)	-	(45.0)
Net Surplus(RS'M)	269.0	692.9
Profitability Ratios		
Operating Profit ratio	19%	38.9%
Net Surplus Margin	16.8%	31.8%
Solvency Ratios		
Gearing ratio	0.048	0.057
Liquidity ratio	-	-
Current ratio	2.16	3.41
Operating figures		
Cargo traffic (Million tonnes)	7.66	11.1
Captive Container Traffic (TEUs)	260,184	348,995
Container Transshipment Traffic (TEUs)	140,323	182,855
Vessel Traffic	3,274	4,431

The gearing level of the MPA remained low, whilst the current ratio has decreased due to the utilisation of MPA financial resources to a large extent on the project for the extension and strengthening of berths at the MCT. On the other hand, this has enhanced the non-current asset base of the organisation.

FINANCIAL REPORT

Operating Revenue

A trend analysis, as per the table, below shows relative increases in most of the components comprising operating income: -

Operating Revenue	Period from 01 July 2017 to 30 June 2018 (12 months)	Period from 01 January 2016 to 30 June 2017 (18 months)
	Rs'000	Rs'000
Vessel Dues	585,178	858,535
Traffic Dues	205,361	318,615
Container Dues	400,035	591,566
Concession Fees	153,517	193,419
Total	1,344,091	1,962,135

The above table depicts relative increases in all revenue items, except for traffic dues. Container dues have increased as shipping lines are now increasing their container transshipment activities, which were previously reduced during the period of implementation of the project for the Upgrading and Extension of berths at the MCT.

The concession fees have been reviewed upwards as a result of the cost incurred by the MPA on the infrastructure at the MCT and expansion of the yard thereat to increase capacity. It is to be pointed out that the terminal has a handling capacity of around 750,000 TEUs as compared to its capacity of 550,000 TEUs prior to the completion of the expansion project. This capacity can be further increased to 1.0 million TEUs through enhanced mode of handling.

It is also worth noting that the MUR/USD exchange rate has been lower over the financial year than those prevailing over the last reporting period. The currency which was traded at an average rate of MUR 36.33/USD during the last reporting period, has been exchanged at the average rate of MUR 34.60/USD over the actual one under review as illustrated further in the report.

As regards vessel traffic, the port has registered 3,274 calls for the 12-months period ending 30 June 2018. This compares favourably with 4,431 vessel calls for the 18-months reporting period ending 30 June 2017.

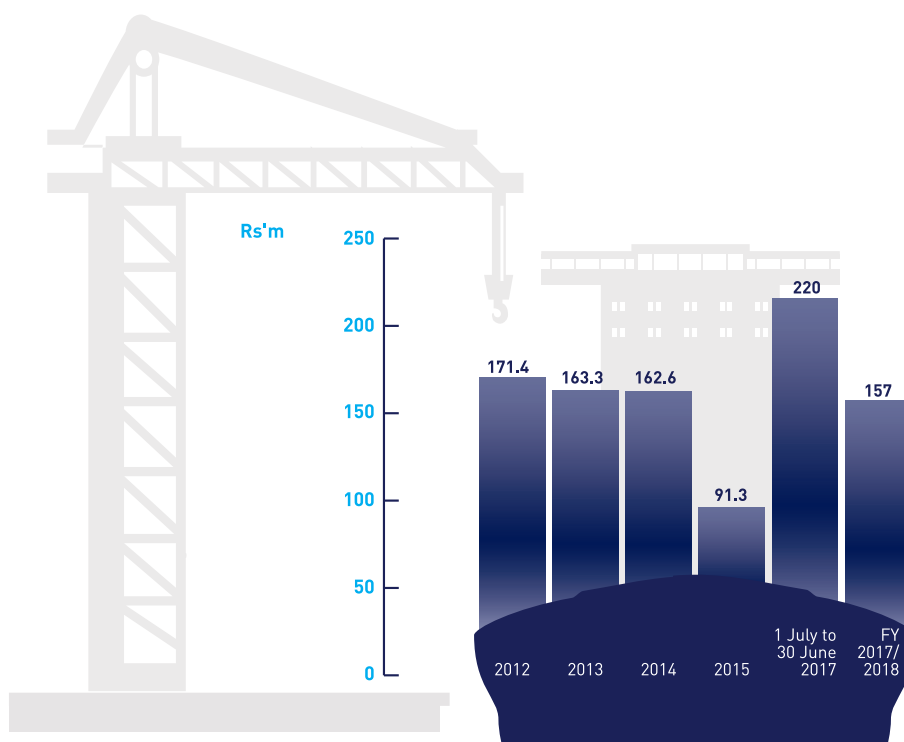
However, a relative decrease in the number of calls of container vessels has been observed over the two periods, i.e. 540 calls for the 12 months under consideration versus 830 calls for the 18-months period ending 30 June 2017. This relative decrease in the number of container vessels has been due to fewer larger container vessels calling at Port Louis.



FINANCIAL REPORT

The MPA has been actively promoting container transshipment traffic at Port Louis. Container Transshipment Agreements have been signed with two major shipping lines, namely the Mediterranean Shipping Co. Ltd. and Maersk Ltd. The operating revenue derived from this segment of activity over the last five reporting periods together with that derived over this financial year is shown hereunder: -

Revenue from Container Transshipment Activities



The fall in the above revenue in year 2015 was due to the fact that shipping lines were requested to reduce their container activities at the MCT temporarily due to the construction works thereat. However, with the completion of the project and marketing effort, the revenue derivable from these container transshipment activities is expected to take an ascending trend.

Due attention is also given to the promotion of other segments. Incentive schemes are devised for different types of traffic so that the industries under which they operate are properly sustained. For instance, in its quest to promote cruise tourism, the MPA has devised incentive schemes in terms of passenger fees for cruise vessels using Port Louis for homeporting activities.

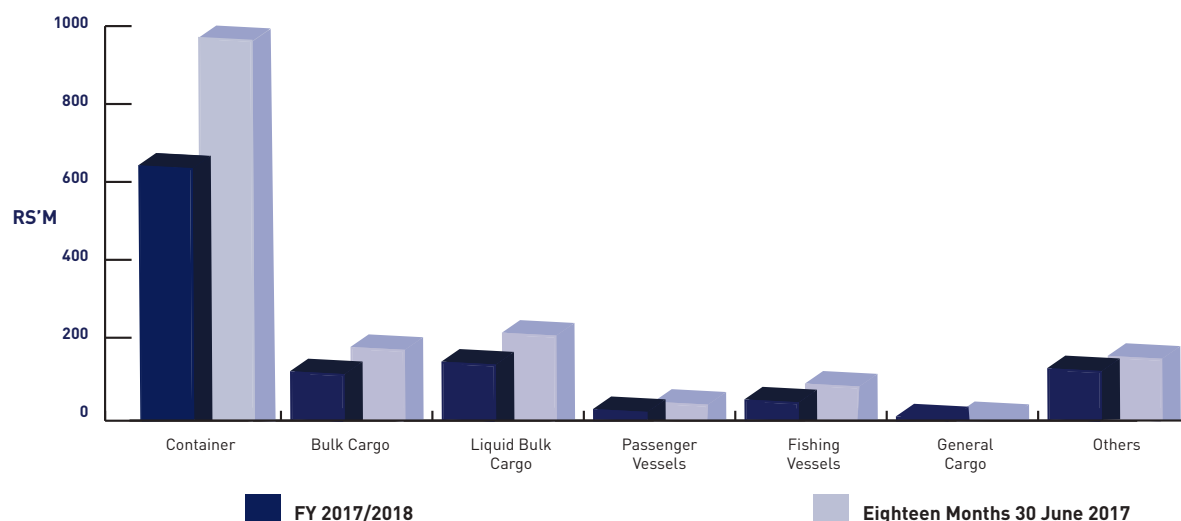
On a commercial basis, the MPA is also encouraging vessels to call at outside harbour for operations such as bunkering, uplifting of ship stores, change of crew, hull cleaning through eco-friendly technologies etc. Incentive schemes have been devised and implemented to attract more vessels at outer anchorage for operations.

It is worth mentioning that the number of vessels calling at outer anchorage for operations under the various activities have shown satisfactory increases.

FINANCIAL REPORT

The chart below shows the composition of total operating revenue (excluding concession fees) generated from the handling of different types of cargo traffic for FY17/18 with comparative figures for the eighteen months ending 30 June 2017.

Revenue from Container Transshipment Activities



The MPA will be proceeding with a tariff study exercise shortly and the Consultants engaged for the assignment would be required to propose commercial based tariffs for non-captive activities.

Non-Operating Income

The Authority has derived non-operating income comprising Rental income, Investment income, and Finance Income to the tune of Rs 231.3 million in FY 2017/2018 as compared to Rs 345.0 million for the last 18-months period of reporting. The ensuing sections compares the income derived from each of these components over the two periods: -

Rental Income

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. Additionally, eight new lease agreements have been entered into with lessees for a total amount of some Rs 11.0 million during this financial year 2017/2018. As such, the MPA has derived a total rental income of Rs 140.9 million over this financial year as compared to a figure of Rs 190.4 million for the 18-months period ending 30 June 2017.

It is also to be noted that an extent of 39 ha of land has been created at Fort William and Fort George following land reclamation under the project for the extension and strengthening of the MCT Quay. In the future, these land areas would be available for rental purposes for port based activities.

Investment Income

The return on investment income on MPA's investment portfolio has shown further improvement when compared with that derived

over previous reporting periods. The total investment income derived has been to the order of Rest 31.6 million as compared to Rs 42.9 million for the last reporting period of 18-months.

Comfortable dividends have been paid by companies like Froid Des Mascareignes, Mauritius Network Services, Les Moulins De La Concorde Ltd. over the reporting period.

Finance Income

The only item comprising non-operating income that has shown adverse trend is Finance Income.

As mentioned in the opening paragraph of the financial report, the MPA has been spending some Rs. 6.5 billion (USD 195 million) on the project for the extension and strengthening of the MCT Quay and this has put a lot of strain on MPA financial resources.

On the one hand, the balance of financial resources available for investment in deposit accounts has decreased whilst on the other hand, interest rates on the money market have remained low.

The financial strategy to maximise finance income remains the investment of any surplus cash in deposit accounts, namely investment in Government of Mauritius Treasury Bills and Fixed Deposit Accounts. Maturity of the investments are set to meet scheduled payments as far as they can be forecast.

FINANCIAL REPORT

Operating Expenses

The total operating expenses of the MPA were reported at Rs 1,320.0 million for FY 2017/2018, whilst that for the 18-months period ending 30 June 2017 was Rs 1,549.9 million.

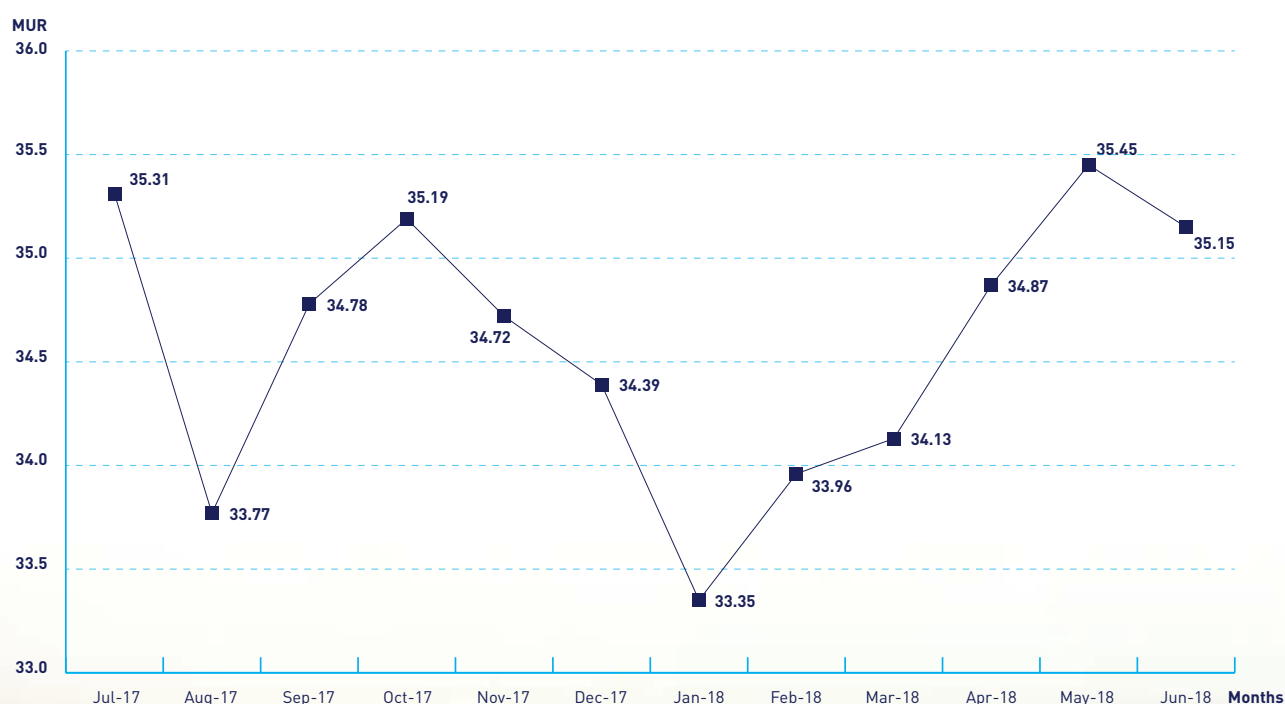
The two main elements that have caused the operating expenses to increase are: -

- (i) The additional depreciation charge following the capitalization of the project for the Upgrading and Extension of Berths at the MCT; and
- (ii) The expensing of finance cost on loan contracted from the Agence Française De Développement (AFD) for the financing of the above project. It is to be noted that the interest incurred thereon have been capitalized in previous reporting periods as allowed by IAS 23 – *Borrowing Costs*.

Foreign Exchange Difference

The appreciation of the MUR against the USD has had a beneficial effect on the loan balance from the AFD. On the other hand, this appreciation has had an adverse effect on MPA's USD balance. The net effect had been a foreign exchange gain to the order of some Rs 14.0 million. The graph shown hereunder shows the movement of the exchange rate between the two currencies over FY 2017/2018.

Exchange Rate of MUR versus USD



FINANCIAL REPORT

Net Surplus

The net surplus which was reported at Rs 692.9 million for the last 18-months of reporting has been Rs 269.0 million for this financial year. The decrease in the surplus figure has thus been attributed mainly to the increase in the depreciation charge and expensing of interest costs.

As per its budget for FY 18/19, the Government has earmarked an amount of Rs 250 million as dividend receivable from the MPA. A provision for the payment of the dividend has been duly made in MPA financial statements for financial year 2017/2018.

The MPA has been investing heavily over the preceding years and the most costly and ambitious project realised remains the extension and strengthening of the MCT Quay.

The MPA has been discharging its duties as laid down in the Ports Act 1998 and all developments have been implemented as recommended under the Port Master Plan.

The MPA will be conducting a tariff study exercise to compare its competitiveness with other regional ports. The consultants would be required to advise the MPA on the most effective use of its infrastructures and identify the Strengths, Weaknesses, Opportunities and Threats (SWOT) of Port Louis as compared to other regional ports. The main objective is to attract more businesses at Port Louis other than captive ones so as to increase the revenue base.

The cash generated would again be earmarked for the financing of future port projects which include mainly:-

- The construction of a Cruise Terminal Building at Les Salines;
- The construction of breakwaters at Fort William and Caudan;
- The construction of a fishing port at Fort William and
- Procurement of Tugs

An amount of some Rs 6.0 billion has been earmarked for the next five financial years for the continued improvement to port infrastructure.

The main project in the very long term remains the proposed construction of an Island Terminal in front of the Mauritius Container Terminal. A technical and financial feasibility study, financed by the African Development Bank through a grant, is being carried out. The project will consist of the construction of a breakwater which will protect the existing MCT berths from adverse weather conditions and hence avoiding port closure during these situations.







FINANCIAL STATEMENTS



Independent auditors' report 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 2018, and the statement of financial performance, statement of changes in net assets/equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements on pages 63 to 106 give a true and fair view of the financial position of the Authority as at 30 June 2018 and of its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS) 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' Responsibilities 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.

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.

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 Public Sector Accounting 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.

FINANCIAL STATEMENTS



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' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

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 STATEMENTS



Independent auditors' report (Contd) To the member of MAURITIUS PORTS AUTHORITY

Financial Reporting Act 2004

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

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

Other Matter

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 assume 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: 15 NOV 2018

Ebene 72201, Republic of Mauritius

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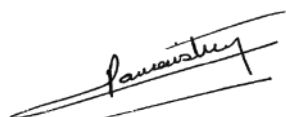
FINANCIAL STATEMENTS

MAURITIUS PORTS AUTHORITY

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	Notes	30 June 2018 Rs'000	30 June 2017 Rs'000
ASSETS			
Current			
Cash and cash equivalents	14	556,121	1,739,645
Trade and other receivables	12	260,570	233,139
Loans receivable	10	50,229	50,862
Other short-term financial assets	13	1,795,110	1,020,300
Inventories	11	30,045	29,897
Current assets		2,692,075	3,073,843
Non-current			
Intangible assets	5	3,099	9,296
Infrastructure, plant and equipment	6	14,032,896	7,551,833
Land and buildings	6	688,653	559,580
Investment property	7	7,554,000	7,080,000
Assets under construction	8	34,388	5,826,880
Available-for-sale financial assets	9	580,542	544,580
Loans receivable	10	136,673	184,298
Non-current assets		23,030,251	21,756,467
Total assets		25,722,326	24,830,310
LIABILITIES			
Current			
Trade and other payables	19	748,124	558,728
Dividends payable to Government of Mauritius		250,000	100,000
Borrowings	16	166,208	166,955
Provisions for other liabilities	20	88,563	90,928
Current liabilities		1,252,895	916,611
Non-current			
Borrowings	16	914,144	1,085,208
Retirement benefit obligations	17	916,670	798,411
Capital grant	18	110,943	115,565
Non-current liabilities		1,941,757	1,999,184
Total liabilities		3,194,652	2,915,795
Net assets		22,527,674	21,914,515
NET ASSETS/EQUITY			
Republic of Mauritius capital account		48,059	48,059
Capital reserve	15	10,255,376	9,781,376
Reserve fund	15	4,240,170	4,435,496
Revaluation surplus	15	7,589,281	7,344,281
Investment fair value reserve	15	333,970	303,471
Accumulated surpluses		60,818	1,832
Total net assets/equity		22,527,674	21,914,515

These financial statements have been approved for issue by the directors on: 15 Nov 2018



Chairperson
Name: R. MAISTRY



Director-General
Name: S. SUNTAH



Director - Finance
Name: S. GANGA

The notes on pages 67 to 106 form an integral part of these financial statements.

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MAURITIUS PORTS AUTHORITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR/PERIOD ENDED 30 JUNE

	Notes	Year ended 30 June 2018	Period from 01 January 2016 to 30 June 2017
		Rs'000	Rs'000
OPERATING REVENUE			
Vessel dues	21	585,178	858,535
Traffic dues	22	205,361	318,615
Container dues	23	400,035	591,566
Concession fees	35(v)	153,517	193,419
		1,344,091	1,962,135
NON-OPERATING REVENUE			
Investment income	24	31,613	42,873
Finance income	25	45,991	104,055
Rental income	26	140,901	190,442
Gain on disposal of infrastructure, plant and equipment		4,065	40
Other non-operating revenue	27	8,745	7,593
		231,315	345,003
OPERATING EXPENSES			
Employee benefit expenses	28	(515,486)	(752,370)
Sundry operating expenses		(15,770)	(24,779)
Running and repairs of equipment expenses		(86,884)	(166,476)
Administrative expenses	29	(49,173)	(96,168)
Finance costs	16	(30,126)	-
Depreciation and amortisation	5 & 6	(623,009)	(510,089)
		(1,320,448)	(1,549,882)
OPERATING SURPLUS			
Net foreign exchange gain/(loss)		14,028	(19,371)
SURPLUS BEFORE EXCEPTIONAL ITEMS			
Exceptional items	30	-	(45,017)
SURPLUS FOR THE YEAR/PERIOD			
	31	268,986	692,868
Other comprehensive income:			
Items that will not be reclassified subsequently to surplus or deficit:			
Actuarial losses recognised	17 & 32	(195,326)	(175,037)
Items that will be reclassified subsequently to surplus or deficit:			
Increase in fair value of available-for-sale financial assets	9 & 32	30,499	55,752
OTHER COMPREHENSIVE INCOME FOR THE YEAR/PERIOD			
		(164,827)	(119,285)
TOTAL SURPLUS FOR THE YEAR/PERIOD			
		104,159	573,583

The notes on pages 67 to 106 form an integral part of these financial statements.

FINANCIAL STATEMENTS

MAURITIUS PORTS AUTHORITY

STATEMENT OF CHANGES IN NET ASSETS/EQUITY FOR THE YEAR/PERIOD ENDED 30 JUNE

	Capital account	Capital reserve	Reserve fund	Revaluation surplus	Investment fair value reserve	Accumulated surpluses	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Balance at 01 July 2017	48,059	9,781,376	4,435,496	7,344,281	303,471	1,832	21,914,515
Addition (net) during the year (Notes 6 and 7)	-	474,000	-	285,000	-	-	759,000
Release on disposal of infrastructure, plant and equipment	-	-	-	(40,000)	-	40,000	-
Surplus for the year	-	-	-	-	-	268,986	268,986
Other comprehensive income	-	-	(195,326)	-	30,499	-	(164,827)
Dividends	-	-	-	-	-	(250,000)	(250,000)
Balance at 30 June 2018	48,059	10,255,376	4,240,170	7,589,281	333,970	60,818	22,527,674

	Capital account	Capital reserve	Reserve fund	Revaluation surplus	Investment fair value reserve	Accumulated surpluses	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	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 infrastructure, 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

The notes on pages 67 to 106 form an integral part of these financial statements.

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MAURITIUS PORTS AUTHORITY

STATEMENT OF CASH FLOWS FOR THE YEAR/PERIOD ENDED 30 JUNE

		Year ended 30 June 2018	Period from 01 January 2016 to 30 June 2017
	Notes	Rs'000	Rs'000
Cash flows from operating activities			
Cash from operations	34(a)	907,308	1,112,237
Interest received		42,606	307,314
Interest paid		(40,491)	(76,913)
Net cash from operating activities		909,423	1,342,638
Cash flows from investing activities			
Purchase of property, plant and equipment, net of assets under construction		(1,139,131)	(3,462,495)
Proceeds from sale of property, plant and equipment		4,065	116
Investments in financial assets		(5,463)	(14,052)
Grant received		-	21,756
Loan repayments received		45,396	87,923
Dividends received		32,600	42,873
Net cash used in investing activities		(1,062,533)	(3,323,879)
Cash flows from financing activities			
Long term borrowing		(160,252)	(257,270)
Dividends paid		(100,000)	(100,000)
Net cash used in financing activities		(260,252)	(357,270)
Net decrease in cash and cash equivalents		(413,362)	(2,338,511)
Cash and cash equivalents, beginning of year/period		2,752,300	5,090,811
Cash and cash equivalents, end of year/period	34(b)	2,338,938	2,752,300

The notes on pages 67 to 106 form an integral part of these financial statements.

FINANCIAL STATEMENTS

MAURITIUS PORTS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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 Public Sector Accounting Standards ("IPSAS"). The Authority has adopted the International Public Sector Accounting Standards (IPSAS) as required by Section 75 of the revised Financial Reporting Act 2004. The preparation of the financial statements in accordance with IPSAS do not require adjustments to prior period's figures. Where there is no applicable IPSAS, the alternative accounting standards applied are the International Financial Reporting Standards ("IFRS"). 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 year ended 30 June 2018 whereas the comparative figures are for the period from 01 January 2016 to 30 June 2017. The comparative figures of these financial statements are not comparable.

The financial statements have been prepared on an accrual basis and under the historical cost convention except for the revaluation of properties and certain financial assets and financial liabilities.

2.2 Application of new and revised IPSAS

2.2.1 *New and revised standards that are effective for the period beginning on 01 July 2017*

Improvements to IPSASs 2015 sets out amendments to International Public Sector Accounting Standards (IPSAS) for the following:

- (i) Part I: Consequential Amendments Arising from Chapters 1-4 of the Conceptual Framework;
- (ii) Part II: General Improvements to IPSAS;
- (iii) Part III: IPSAS/Government Finance Statistics Alignment; and
- (iv) Part IV: The International Accounting Standards Board's annual improvements and narrow scope amendments projects.

The Authority has taken into consideration the above amendments, where applicable, in the preparation of the financial statements for the year ended 30 June 2018.

2.2.2 *Early adoption of IPSAS 39 – Employee Benefits*

The International Public Sector Accounting Standards Board (IPSASB) issued Exposure Draft (ED) 59, Amendments to IPSAS 25, Employee Benefits, in January 2016. The proposed amendments thereto made a large number of changes to the contents and form of IPSAS 25 that impaired its understandability. IPSASB therefore decided, in June 2016, to issue a new IPSAS 39, Employee Benefits, rather than a revised IPSAS 25.

The main differences between IPSAS 39 and IPSAS 25 are:

- (i) Removal of an option that allowed an entity to defer the recognition of changes in the net defined benefit liability (the "corridor approach");
- (ii) Introduction of the net interest approach for defined benefit plans;
- (iii) Amendment of certain disclosure requirements for defined benefit plans and multi-employer plans;
- (iv) Simplification of the requirements for contributions from employees or third parties to a defined benefit plan when those contributions are applied to a simple contributory plan that is linked to service; and
- (v) Removal of the requirements for Composite Social Security Programs.

The effective date of IPSAS 39 is 01 January 2018, with earlier adoption being allowed. The Authority has therefore opted for the early adoption of IPSAS 39 during the year under review.

FINANCIAL STATEMENTS

MAURITIUS PORTS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD)

2.2.3 *Standards and amendments to existing standards that are not yet effective and have not been adopted early by the Authority*

Improvements to IPSAS 2018 deals with non-substantive changes to IPSAS through a collection of unrelated amendments. These amendments and interpretations to existing standards have been published that are effective for the accounting periods beginning on or after 01 January 2019 or later periods but which have not been early adopted.

These new standards, amendments and interpretations are either not relevant to the Authority's operations or are not expected to have a material effect on the accounting policies and disclosures.

IPSAS 10, Financial Reporting in Hyperinflationary Economies.

The presentation currency of the Authority is not that of a hyperinflationary economy. There is no impact of IPSAS 10 on the financial statements of the Authority for the financial year ended 30 June 2018.

IPSAS 22, Disclosure of Financial Information about the General Government Sector

IPSAS 22 deals with the disclosure requirements for the Central Government which elects to present information about the General Government Sector (GGS) in its consolidated financial statements. This IPSAS is not applicable to the Authority taking into consideration that the disclosure requirements are to be made by the Government about the GGS.

IPSAS 24, Presentation of Budget Information in Financial Statements

The term "primary financial statements" (which is not defined in IPSAS) with the term "financial statements" (which is a defined term) to ensure consistency within the Standards and across all IPSAS.

IPSAS 16, Investment Property

Following the amendments made by Improvements to IPSASs issued in January 2010, investment property under construction is within the scope of IPSAS 16, and hence is not transferred from another class of asset on completion of the construction. A new heading is inserted before paragraph 76 to clarify that the paragraph provides guidance on initially measuring self-constructed investment property at fair value. Paragraph 76 is also amended to clarify that this could be prior to completion.

IPSAS 17, Property, Plant, and Equipment

The transitional disclosure requirements to ensure consistency with other amendments made by IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs).

IPSAS 31, Intangible Assets

The requirement to consider whether reassessing the useful life of an intangible asset as finite rather than indefinite is an indicator that the asset may be impaired to include revalued intangible assets, following the publication of Impairment of Revalued Assets (Amendments to IPSAS 21, Impairment of Non-Cash-Generating Assets, and IPSAS 26, Impairment of Cash-Generating Assets).

IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs)

The exemption from providing comparative information applies only to the first financial statements issued following the adoption of accrual basis IPSAS.

IPSAS 34, Separate Financial Statements

The measurement and presentation of controlled investment entities in the separate financial statements of controlling entities that are not themselves investment entities.

The preparation of financial statements in conformity with IPSAS requires the use of certain accounting estimates. It also requires management to exercise its judgement in the process of applying the Authority's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

FINANCIAL STATEMENTS

MAURITIUS PORTS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD)

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 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 amount 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 directly to revaluation surplus. However, the increase shall be recognised in surplus or deficit to the extent that reverses a revaluation decrease of the same class of assets previously recognised in surplus or deficit.

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 surplus or deficit. On disposal of revalued assets, the amounts included in revaluation surplus are transferred to accumulated surpluses or deficits.

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 of depreciation 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.

FINANCIAL STATEMENTS

MAURITIUS PORTS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD)

2.3 Property, plant and equipment (Contd)

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 surplus or deficit in the year 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 surplus or deficit in the year in which the property is derecognised.

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, 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 date.

FINANCIAL STATEMENTS

MAURITIUS PORTS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD)

2.6 Financial assets (Contd)

(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 directly in investment fair value reserve through the statement of changes in net assets/equity. When financial assets classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the statement of financial performance 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
- probability that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial assets because of financial difficulties.

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 surplus or deficit 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.

FINANCIAL STATEMENTS

MAURITIUS PORTS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD)

2.6 Financial assets (Contd)

(c) Impairment of financial assets (Contd)

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised directly in net assets/equity are reclassified to surplus or deficit.

Any increase in fair value subsequent to an impairment loss is recognised directly in the net assets/equity under the heading of investments revaluation reserve. Impairment losses recognised in surplus or deficit for an available-for-sale investment shall not be reversed through surplus or deficit.

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 surplus or deficit.

(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 directly in net assets/equity is recognised in surplus or deficit.

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 and any cumulative gain or loss allocated to it that had been recognised directly in net assets/equity are recognised in surplus or deficit. A cumulative gain or loss that had been recognised directly in net assets/equity 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 occurred, same is recognised in surplus or deficit. 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.

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MAURITIUS PORTS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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 surplus or deficit.

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 surplus or deficit over the period of the borrowings using the effective interest method.

2.14 Employment benefits

2.14.1 Post-employment benefit plans and short-term employee benefits

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.

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MAURITIUS PORTS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD)

2.14 Employment benefits (Contd)

2.14.1 Post-employment benefit plans and short-term employee benefits (Contd)

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.

Management estimates the DBO on an annual basis and hires SICOM Ltd to carry out this exercise. 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.

Service cost on the Authority's defined benefit plan is included in employee benefit expenses. 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 benefit expenses. Gains and losses resulting from remeasurements of the net defined benefit liability are included in other comprehensive income.

State plan

Contributions to the National Savings Fund are expensed in the statement of financial performance in the period in which they fall.

Short-term employee benefits

Short-term employee benefits are included in employee benefits expenses.

2.15 Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements are measured using Mauritian rupees ("MUR" or "Rs"), 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.

(iii) Transactions and balances

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

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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD)

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 financial performance, 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 financial performance, 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.

2.17 Revenue recognition

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

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

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.

FINANCIAL STATEMENTS

MAURITIUS PORTS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD)

2.18 Provisions (Contd)

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 reserve.

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 Surpluses and deficits

Accumulated surpluses include all current and prior years' 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 year in which the dividends are declared.

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 surplus or deficit 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.

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MAURITIUS PORTS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD)

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 surplus or deficit 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 surplus or deficit 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 surplus or deficit 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 surplus or deficit 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 deficit or surplus upon utilisation of the service or as incurred.

FINANCIAL STATEMENTS

MAURITIUS PORTS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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 ("EUR") and United States Dollar ("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:

	2018			2017		
	MUR	USD	EUR	MUR	USD	EUR
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Assets						
Cash and cash equivalents	250,498	229,834	75,789	370,729	1,084,229	284,687
Other short-term financial assets	529,365	1,150,781	114,964	397,747	622,553	-
Loans receivable	61,028	125,874	-	85,599	149,561	-
Available-for-sale financial assets	580,542	-	-	544,580	-	-
Trade and other receivables	253,323	-	-	219,628	-	-
	1,674,756	1,506,489	190,753	1,618,283	1,856,343	284,687
Liabilities						
Borrowings	-	1,080,352	-	-	1,252,163	-
Trade and other payables	406,055	261,586	80,483	380,585	51,778	126,364
Provision for other liabilities	88,563	-	-	90,928	-	-
	494,618	1,341,938	80,483	471,513	1,303,941	126,364

At 30 June 2018, if the rupee had weakened/strengthened by 5% against the USD/EUR with all other variables held constant, surplus income for the year would have reduced/increased by Rs 13.7 million (Period ended 30 June 2017: Rs 35.5 million).

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MAURITIUS PORTS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

3. FINANCIAL RISK MANAGEMENT (CONTD)

3.1 Financial Risk Factors (Contd)

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.

	2018	2017
	Rs'000	Rs'000
Maersk Mauritius Ltd	20,978	13,375
Mediterranean Shipping & Co. Ltd	29,991	23,916
Cargo Handling Corporation Limited	11,683	12,052
Cameron Ltd	6,250	6,250
Mauritius Shipping Corporation Ltd	7,998	5,946
Total Mauritius Limited	8,929	9
	85,829	61,548

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 net assets/equity.

The analysis is based on the assumption that the fair value had increased/decreased by 5%.

	Impact on net assets/equity	
	2018	2017
	Rs'000	Rs'000
Available-for-sale financial assets	12,329	11,132

FINANCIAL STATEMENTS

MAURITIUS PORTS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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 date to the contractual maturity date.

30 June 2018

Trade and other payables
Provisions for other liabilities
Borrowings
Total

6 months or less	6 - 12 months	2 - 5 years	Over 5 years	Total
Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
748,124	-	-	-	748,124
88,563	-	-	-	88,563
83,104	83,104	664,832	249,312	1,080,352
919,791	83,104	664,832	249,312	1,917,039

30 June 2017

Trade and other payables
Provisions for other liabilities
Borrowings
Total

6 months or less	6 - 12 months	2 - 5 years	Over 5 years	Total
Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
558,713	-	-	-	558,713
90,928	-	-	-	90,928
83,478	83,478	667,824	417,383	1,252,163
733,119	83,478	667,824	417,383	1,901,804

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 2018, the Authority's interest bearing financial instruments included cash at bank amounting to Rs 556.1m (2017: Rs 1,739.6m). 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) surplus by Rs 2.8m (2017: Rs 8.7m) for the Authority.

Interests rates between 1.25% to 3.80% p.a. are receivable on MUR fixed deposit accounts while interest rates between 1.60 % to 3.00 % p.a. are receivable on USD fixed deposit accounts.

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MAURITIUS PORTS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

3. FINANCIAL RISK MANAGEMENT (CONTD)

3.1 Financial Risk Factors (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 uncertainty 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 customers' needs;
- failure to anticipate or react to actions of competitors; and
- over dependence on vulnerable suppliers.

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

- Changes in laws/regulations and actions by the local regulators that 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.

FINANCIAL STATEMENTS

MAURITIUS PORTS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

3. FINANCIAL RISK MANAGEMENT (CONTD)

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 date. 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 of 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 2018 and 30 June 2017 :

	Level 1	Level 2	Level 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
At 30 June 2018				
Available-for-sale financial assets	186,444	37,182	356,916	580,542
At 30 June 2017				
Available-for-sale financial assets	188,783	33,847	321,950	544,580

There were no transfer between Level 1 and Level 2 during the year ended 30 June 2018 and the period ended 30 June 2017.

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 2018	30 June 2017
	Rs'000	Rs'000
At start of year/period	321,950	295,151
Additions during the year/period	-	10,000
Fair value gains for the year/period	34,966	16,799
At end of year/period	356,916	321,950

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

FINANCIAL STATEMENTS

MAURITIUS PORTS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

3. FINANCIAL RISK MANAGEMENT (CONTD)

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 surpluses and revaluation surplus).

During the year ended 30 June 2018, the Authority's strategy, which was unchanged from the period ended 30 June 2017, was to maintain the least amount of debt. The gearing ratios as at 30 June 2018 and 30 June 2017 were as follows:

	Level 1	Level 2
	Rs'000	Rs'000
Total debt	1,080,352	1,252,163
Less: cash and cash equivalents <i>(including other short-term financial assets)</i>	(2,351,231)	(2,759,945)
Net debt	-	-
Total net assets/equity	22,527,674	21,914,515
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 potential future events. 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 IPSAS 29 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.

FINANCIAL STATEMENTS

MAURITIUS PORTS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTD)

4.1 Critical accounting estimates and assumptions (Contd)

(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 year. 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 land and buildings and investment property

The Authority carries its investment property at fair value, with changes in fair value being recognised in surplus or deficit. In addition, it measures land and buildings at revalued amounts with changes in fair value being recognised directly to revaluation surplus. 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.

(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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

4.1 Critical accounting estimates and assumptions (Contd)

(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 2018	30 June 2017
	Rs'000	Rs'000
Cost		
Balance at start of year/period	30,987	-
Transfer from infrastructure, plant and equipment (Note 6(a))	-	30,987
Balance at end of year/period	30,987	30,987
Amortisation		
Balance at start of year/period	21,691	-
Transfer from infrastructure, plant and equipment (Note 6(a))	-	12,395
Amortisation during the year/period	6,197	9,296
Balance at end of year/period	27,888	21,691
Carrying amount	3,099	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 IPSAS 31, *Intangible Assets*. The computer software was amortised over the same useful life as initially determined.

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MAURITIUS PORTS AUTHORITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

6. INFRASTRUCTURE, PLANT AND EQUIPMENT, LAND AND BUILDINGS

	COST/VALUATION			DEPRECIATION			NET BOOK VALUES	
	At 01 July 2017	Additions	Disposals	At 30 June 2018	At 01 July 2017	Charge for the year	At 30 June 2018	At 30 June 2018
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Land (Note(i))	47,550	285,000	-	332,550	-	-	-	332,550
Buildings & infrastructure	872,416	91,407	-	963,823	201,273	60,205	261,478	702,345
Navigational aids	18,376	-	-	18,376	5,369	1,670	7,039	11,337
Tugs and floating crafts	925,119	1,213	(20,000)	906,332	167,521	57,110	204,631	701,701
Quays	6,983,127	6,818,296	-	13,801,423	663,193	462,566	1,125,759	12,675,664
Furniture and equipment	41,450	8,933	-	50,383	38,401	3,020	41,421	8,962
Plant and equipment	47,281	5,184	-	52,465	18,438	5,036	23,474	28,991
Cargo handling equipment	2,894	-	-	2,894	917	262	1,179	1,715
Marine radio equipment	7,508	148	-	7,656	5,433	1,221	6,654	1,002
Mooring buoys and ancillary equipment	216,100	-	-	216,100	12,738	3,639	16,377	199,723
Motor vehicles and fire fighting equipment	47,917	10,347	-	58,264	26,779	9,593	36,372	21,892
Electrical installation	47,120	-	-	47,120	23,510	4,672	28,182	18,938
Computer and security equipment	86,459	6,420	(575)	92,304	69,696	6,759	75,880	16,424
Fencing port area	5,930	-	-	5,930	4,566	1,059	5,625	305
Total	9,349,247	7,226,948	(20,575)	16,555,620	1,237,834	22,527,674	1,834,071	14,721,549

(i) The Authority has recognised additional land to the extent of 9.5 hectares ("ha") during the year under review and the valuation was based on the fair value of Rs 30 million per ha estimated by MPA's private valuer at 31 December 2014.

	COST/VALUATION			DEPRECIATION			NET BOOK VALUES	
	At 01 July 2016	Additions	Disposals	Transfer	At 30 June 2017	Charge for the year	Disposal adjustments	At 30 June 2017
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Land	47,550	-	-	-	-	-	-	47,550
Buildings & infrastructure	860,841	11,575	-	-	872,416	84,477	-	671,143
Navigational aids	16,890	1,486	-	-	18,376	2,430	-	13,007
Tugs and floating crafts	523,810	401,309	-	-	925,119	85,585	-	757,598
Quays	6,950,751	32,376	-	-	6,983,127	379,253	-	6,319,934
Furniture and equipment	39,347	2,103	-	-	41,450	35,985	-	3,049
Plant and equipment	39,494	7,787	-	-	47,281	7,719	-	28,843
Cargo handling equipment	2,894	-	-	-	2,894	393	-	1,977
Marine radio equipment	7,142	366	-	-	7,508	1,802	-	2,075
Mooring buoys and ancillary equipment	216,100	-	-	-	216,100	5,460	-	203,362
Motor vehicles and fire fighting equipment	41,148	6,894	(125)	-	47,917	11,011	(50)	21,138
Electrical installation	46,665	455	-	-	47,120	15,171	-	23,610
Computer and security equipment	116,533	969	(56)	(30,987)	86,459	8,339	-	16,763
Fencing port area	5,500	430	-	-	73,724	8,422	(55)	69,696
Total	8,914,665	465,750	(181)	(30,987)	9,349,247	500,793	(105)	8,111,413

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

6. INFRASTRUCTURE, PLANT AND EQUIPMENT, LAND AND BUILDINGS (CONTD)

(b) 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 2018			
Buildings & infrastructure	1,020,017	794,384	225,633
Navigation aids	21,256	19,266	1,990
Tugs and floating crafts	1,136,719	522,394	614,325
Quays	9,616,438	1,772,992	7,843,446
Motor vehicles and fire fighting equipment	78,119	61,034	17,085
Mooring buoys & other equipment	18,471	9,239	9,232
Fencing port area	66,495	66,495	-
	11,957,515	3,245,804	8,711,711
30 June 2017			
Buildings & infrastructure	917,857	778,708	139,149
Navigation 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

7. INVESTMENT PROPERTY

	30 June 2018	30 June 2017
	Rs'000	Rs'000
<i>Fair value model - Land</i>		
At beginning of year/period	7,080,000	7,080,000
Additions during the year/period	474,000	-
At end of year/period	7,554,000	7,080,000

The Authority had at 30 June 2017 recognised land to the extent of 236 hectares ("ha") at its fair value in its financial statements. In the financial year ended 30 June 2018, the Authority has recognised additional land to the extent of 15.8 ha thus totalling 251.8 ha. 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 140.9 million (2017: Rs 190.4 million). No operating expenses were incurred towards the investment property during the reporting year.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

8. ASSETS UNDER CONSTRUCTION

- (a) Assets under construction relate to capital expenditure on incompleting projects of the Authority and their associated retention monies. Included therein are the following projects:

	30 June 2018	30 June 2017
	Rs'000	Rs'000
Extension and strengthening of MCT	-	5,553,616
Upgrading of Capitainerie Building	-	48,597
Commissioning of an IP PBX Telephone system	-	7,015
Construction of a cruise Terminal	30,407	9,126
Retention monies (Note 19)	3,981	208,526
	34,388	5,826,880

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

	30 June 2018	30 June 2017
	Rs'000	Rs'000
At beginning of year/period	5,826,880	2,753,222
Additions	1,117,651	3,290,130
Transfer to property, plant and equipment (Note (i))	(6,914,124)	(424,998)
Retention monies	3,981	208,526
At end of year/period	34,388	5,826,880

- (i) The costs of projects completed during the year are transferred and shown as additions during the year under infrastructure, plant and equipment.
- (ii) The Authority had taken a loan of USD 42.6 million from the Agence Francaise de Developpement ("AFD") for the upgrading and extension of Berth at the Mauritius Container Terminal ("MCT").

Borrowing costs of Rs 15.1 million paid to AFD during the financial year ended 30 June 2018 have been capitalised and included in the extension and strengthening of MCT project (30 June 2017: Rs 74.1 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.

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MAURITIUS PORTS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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 2018	30 June 2017
At fair value	Rs'000	Rs'000
Listed	88,344	82,920
Development & Enterprise Market	98,100	105,863
Unquoted	394,098	355,797
Total available-for-sale financial assets	580,542	544,580

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

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

	30 June 2018	30 June 2017
	Rs'000	Rs'000
At beginning of year/period	544,580	474,776
Additions	5,463	14,052
Increase in fair value	30,499	55,752
At end of year/period	580,542	544,580

(c) The Authority has more than 20% interest in the following entity which is unquoted at the reporting date:

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 investment in Froid des Mascareignes Limited has been treated as investment in financial assets and accounted for under IPSAS 29 - *Financial Instruments: Recognition and Measurement*.

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MAURITIUS PORTS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

10. LOANS RECEIVABLE

Non-current

Loans to Cargo Handling Corporation Limited (Note (a))

Loans to Mauritius Housing Company Ltd (Note (b))

Current

Loans to Cargo Handling Corporation Limited (Note (a))

Loans to Mauritius Housing Company Ltd (Note (b))

Total loans receivable

	30 June 2018	30 June 2017
	Rs'000	Rs'000
	123,593	169,296
	13,080	15,002
	136,673	184,298
	47,849	48,210
	2,380	2,652
	50,229	50,862
	186,902	235,160

(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 are 5%.

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

After one year and before five years
 - Cargo Handling Corporation Limited
 - Mauritius Housing Company Ltd

After five years

- Cargo Handling Corporation Limited
 - Mauritius Housing Company Ltd

Total non-current loans receivable

	30 June 2018	30 June 2017
	Rs'000	Rs'000
	123,593	142,491
	4,721	5,280
	128,314	147,771
	-	26,805
	8,359	9,722
	8,359	36,527
	136,673	184,298

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MAURITIUS PORTS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

11. INVENTORIES

	30 June 2018	30 June 2017
	Rs'000	Rs'000
Oil, lubricants and spare parts	30,499	35,637
Office supplies	1,591	1,438
Operating supplies	534	646
Uniforms	276	345
Goods in transit	313	-
	33,213	38,066
Provision for damaged and obsolete items	(3,168)	(8,169)
	30,045	29,897

The cost of inventories recognised as expense during the year under review amounted to Rs 81.1 M (2017: Rs 110.6 million) and are included in running and repairs of equipment expenses.

During the year under review, the Authority has written off an amount of Rs 6.6 million out of the existing provision of Rs 8.2 million. The Authority has also recognised an additional provision of Rs 1.581 million (2017: Rs 4.055 million) during the year and the amount has been included in 'Administrative expenses' in the statement of financial performance (Note 29).

12. TRADE AND OTHER RECEIVABLES

	30 June 2018	30 June 2017
	Rs'000	Rs'000
Trade receivables	101,559	80,721
Amount owed by related party:		
Cargo Handling Corporation Ltd (Note 33)	12,410	12,051
Receivable from lessees of the Authority	71,382	61,022
	185,351	153,794
Allowance for credit losses (Note (d))	(13,344)	(11,175)
	172,007	142,619
Accrued revenue	49,853	53,812
Advances to employees	31,168	22,940
Prepayments	7,247	13,511
Other receivables	295	257
	260,570	233,139

(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 2.169 million (2017: Rs 0.75 million) has been recorded within "Administrative expenses" in the statement of financial performance (Note 29).

FINANCIAL STATEMENTS

MAURITIUS PORTS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

12. TRADE AND OTHER RECEIVABLES (CONTD)

- (c) As at 30 June 2018, trade receivables of Rs 6.2 million (2017: Rs 28.4 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 2018	30 June 2017
	Rs'000	Rs'000
Over 3 months	6,236	28,413

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

	30 June 2018	30 June 2017
	Rs'000	Rs'000
At beginning of year/period	11,175	17,702
Impairment losses	2,169	750
Amounts written off (uncollectible)	-	(7,277)
At end of year/period	13,344	11,175

- (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 includes fixed deposits placed with banks.

	30 June 2018	30 June 2017
	Rs'000	Rs'000
Fixed deposits with initial maturity more than 3 months and ending:		
- Between 3 to 6 months	141,919	-
- Between 6 to 12 months	1,653,191	1,020,300
	1,795,110	1,020,300

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

14. CASH AND CASH EQUIVALENTS

	30 June 2018	30 June 2017
	Rs'000	Rs'000
Cash in hand:		
- MUR	233	209
Cash at bank:		
- MUR	250,265	370,520
- EUR	75,789	284,687
- USD	229,834	1,084,229
	556,121	1,739,645

(i) Cash at bank also includes deposits and bills with an original maturity period of up to three months.

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 July 2017	9,781,376	4,435,496	7,344,281	303,471	21,864,624
Addition (net) during the year (Notes 6 and 7)	474,000	-	285,000	-	759,000
Release on disposal of infrastructure, plant and equipment	-	-	(40,000)	-	(40,000)
Other comprehensive income (Note 17 (viii))	-	(195,326)	-	-	(195,326)
Increase in fair value of available-for-sale financial assets (Note 9(b))	-	-	-	30,499	30,499
At 30 June 2018	10,255,376	4,240,170	7,589,281	333,970	22,418,797
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 infrastructure, 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

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MAURITIUS PORTS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

15. RESERVES (CONTD)

(a) Capital reserve

Capital reserve includes an amount of Rs 7.554 billion representing initial valuation of properties held to earn rentals.

(b) Reserve fund

Port Development Reserve

General Reserve

Insurance Reserve

	30 June 2018	30 June 2017
	Rs'000	Rs'000
Port Development Reserve	2,256,500	2,256,500
General Reserve	814,312	1,009,638
Insurance Reserve	1,169,358	1,169,358
	4,240,170	4,435,496

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 infrastructure, plant and equipment, land and buildings. A revaluation exercise was carried out by Mega Design, Consulting engineers to revalue certain infrastructure, plant and equipment, land and buildings in 2014.

(d) Investment fair value reserve

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

16. BORROWINGS

(a) Non-current

Loan - Agence Française de Développement

Current

Loan - Agence Française de Développement

Total borrowings

	30 June 2018	30 June 2017
	Rs'000	Rs'000
Non-current	914,144	1,085,208
Current	166,208	166,955
Total borrowings	1,080,352	1,252,163

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

Loan of USD 42,556,800 has been obtained by the Authority from Agence Française de Développement for the extension of Mauritius Container Terminal, dredging and other associated works. Amounts of USD 5 million and USD 14.1 million were disbursed in the year 2013 and 2014 respectively and the balance of USD 23.4 million was 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 in equal half yearly instalments over a period of 9 years. During the year ended 30 June 2018, the project was completed and therefore an interest of Rs 30.1 million (period ended 30 June 2017: Nil) was recognised in the statement of financial performance. The loan is secured and guaranteed by the Government of Mauritius.

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MAURITIUS PORTS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

16. BORROWINGS (CONTD)

(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 2018	83,104	83,104	166,208	498,624	249,312	1,080,352
At 30 June 2017	83,478	83,477	166,955	500,865	417,388	1,252,163

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

	30 June 2018	30 June 2017
	Rs'000	Rs'000
After one year and before two years	166,208	166,955
After two years and before five years	498,624	500,865
After five years	249,312	417,388
Total non-current borrowings	914,144	1,085,208

(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 2018	30 June 2017
	Rs'000	Rs'000
Pension benefits		
Amount recognised in the statement of financial position as non-current liabilities	916,670	798,411
Amount charged to surplus	72,358	89,842
Amount charged to other comprehensive income	195,326	175,037

(i) The Authority contributes to a defined benefit pension plan. The plan is a final salary plan, which provides benefits 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 the State Insurance Company of Mauritius Ltd ("SICOM").

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MAURITIUS PORTS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

17. RETIREMENT BENEFIT OBLIGATIONS (CONTD)

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

	30 June 2018	30 June 2017
	Rs'000	Rs'000
Present value of funded obligations	1,714,023	1,474,858
Fair value of plan assets	(797,353)	(676,447)
Liability in the statement of financial position	916,670	798,411

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

	30 June 2018	30 June 2017
	Rs'000	Rs'000
At beginning of year/period	798,411	582,539
Total expenses charged in the statement of financial performance	72,358	89,842
Other comprehensive income charge	195,326	175,037
Past service liability contributions	(110,000)	-
Contributions paid	(39,425)	(49,007)
At end of year/period	916,670	798,411

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

	30 June 2018	30 June 2017
	Rs'000	Rs'000
At beginning of year/period	1,474,858	1,260,771
Current service cost	35,835	47,006
Interest cost	89,967	122,925
Benefits paid	(100,740)	(121,196)
Liability loss	214,103	165,352
At end of year/period	1,714,023	1,474,858

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

	30 June 2018	30 June 2017
	Rs'000	Rs'000
At beginning of year/period	676,447	678,232
Expected return on plan assets	39,809	63,421
Past service liability contribution	110,000	-
Actuarial gain/(loss)	18,777	(9,685)
Employer contributions	39,425	49,007
Employee contributions	14,502	17,961
Benefits paid	(101,607)	(122,489)
At end of year/period	797,353	676,447

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

17. RETIREMENT BENEFIT OBLIGATIONS (CONTD)

(vii) The amounts recognised in statement of financial performance are as follows:

	30 June 2018	30 June 2017
	Rs'000	Rs'000
Current service cost	35,835	47,006
Employee contributions	(14,502)	(17,961)
Fund expenses	868	1,293
Net interest expense	50,157	59,504
Total included in "Employee Benefit Expenses" (Note 28)	72,358	89,842

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

	30 June 2018	30 June 2017
	Rs'000	Rs'000
Liability loss	(214,103)	(165,352)
Asset gain/(loss)	18,777	(9,685)
	(195,326)	(175,037)

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

	30 June 2018	30 June 2017
	%	%
Discount rate	6.1	6.5
Expected return on plan assets	5.0	9.4
Future salary increases	4.0	4.0
Future pension increases	3.0	3.0

FINANCIAL STATEMENTS

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

17. RETIREMENT BENEFIT OBLIGATIONS (CONTD)

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

	30 June 2018		30 June 2017	
	Rs'000	%	Rs'000	%
Fixed Interest securities and cash	474,425	59.5	382,869	56.6
Loans	29,502	3.7	29,764	4.4
Local equities	116,414	14.6	106,878	15.8
Overseas bonds and equities	172,228	21.6	152,877	22.6
Property	4,784	0.6	4,059	0.6
	797,353	100.0	676,447	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, investment risk, longevity risk and salary risk.

(xiii) The Authority expects to pay Rs 37.6 million in contribution to its post-employment benefit plans for the year ending 30 June 2019.

(xiv) The weighted average duration of the defined obligation is 11 years at the end of the reporting date.

18. CAPITAL GRANT

Capital grant of USD 3,772,484 was received from EU-Africa Infrastructure Trust Fund for the project of extension and strengthening of the Mauritius Container Terminal. The project was completed and capitalised under "Infrastructure, plant and equipment" during the year ended 30 June 2018 with an expected life of 25 years. Therefore, 4% of the grant representing Rs 4.622 million (Note 27) was accordingly released to surplus during the year under review.

19. TRADE AND OTHER PAYABLES

	30 June 2018	30 June 2017
	Rs'000	Rs'000
Amounts owed to contractors for capital projects	608,928	169,849
Accrued expenses	109,202	140,012
Deposits received	526	15
Other payables	25,487	40,326
Retention monies (Note (i))	3,981	208,526
	748,124	558,728

(i) Retention monies for the year ended 30 June 2018 represent amounts retained by the Authority on the construction contracts awarded to Gamma Construction and Ramloll Bhooshan Renovation and Building Ltd for rehabilitation of the marine roads and allied works and upgrading the capitainerie building.

Retention monies are recognised based on the retention percentage stipulated in the contracts and the amounts certified by the Authority's engineering department.

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

20. PROVISIONS FOR OTHER LIABILITIES

	30 June 2018			30 June 2017
	Passage Benefits	Sick Leaves	Total	Total
	Rs'000	Rs'000	Rs'000	Rs'000
At beginning of year/period	29,042	61,886	90,928	77,272
Paid during the year/period	(11,336)	(15,028)	(26,364)	(29,016)
Charge to statement of financial performance	9,703	14,296	23,999	42,672
At end of year/period	27,409	61,154	88,563	90,928

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 the statement of financial position has been included in 'Employee Benefit Expenses' (Note 28).

21. VESSEL DUES

	30 June 2018	30 June 2017
	Rs'000	Rs'000
Tug services	254,892	393,789
Net anchorage fees	176,900	235,320
Pilotage	60,430	92,939
Port dues	71,612	103,093
Miscellaneous fees	19,986	28,821
Net removal of garbage fees	2,278	1,649
Net seamen's welfare dues	(920)	2,924
	585,178	858,535

22. TRAFFIC DUES

	30 June 2018	30 June 2017
	Rs'000	Rs'000
Bulk cargo/pipeline dues	159,524	254,543
Quay fees	40,512	60,223
Miscellaneous	5,325	3,849
	205,361	318,615

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

23. CONTAINER DUES

Quay Fees - Import
Quay Fees - Export
Transshipment
Repositioning of containers

30 June 2018	30 June 2017
Rs'000	Rs'000
200,983	301,699
134,540	201,569
63,274	85,796
1,238	2,502
400,035	591,566

24. INVESTMENT INCOME

Investment income represents income from:

- Quoted investments
- Unquoted investments

30 June 2018	30 June 2017
Rs'000	Rs'000
8,044	5,841
23,569	37,032
31,613	42,873

25. FINANCE INCOME

Interest on:

- Fixed deposits
- Advances to employees
- Loans receivable

30 June 2018	30 June 2017
Rs'000	Rs'000
36,262	82,924
860	2,665
8,869	18,466
45,991	104,055

FINANCIAL STATEMENTS

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

26. RENTAL INCOME

Properties held to earn rentals

30 June 2018	30 June 2017
Rs'000	Rs'000
140,901	190,442

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. MPA has recognised the land at their fair values in the financial statements with effect from 01 January 2014.

27. OTHER NON-OPERATING INCOME

Insurance claims received
Pension contribution refunded by Cargo Handling Corporation Ltd
Liability written back
Others
Release of capital grant (Note 18)

30 June 2018	30 June 2017
Rs'000	Rs'000
25	877
2,379	2,648
-	2,595
1,719	1,473
4,622	-
8,745	7,593

28. EMPLOYEE BENEFIT EXPENSES

Salaries, wages and allowances
Pension costs - defined benefit plans
Social security costs

30 June 2018	30 June 2017
Rs'000	Rs'000
440,531	658,637
72,358	89,842
2,597	3,891
515,486	752,370

FINANCIAL STATEMENTS

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

29. ADMINISTRATIVE EXPENSES

	30 June 2018	30 June 2017
	Rs'000	Rs'000
Professional and legal fees	12,161	37,991
General overheads	7,289	11,142
Provision for bad debts	2,169	750
Telephone and postage expenses	2,640	4,473
Insurance	2,460	3,390
Overseas travelling	2,813	3,022
Office supplies	6,075	4,240
Software licences	-	5,763
Subscription fees	1,611	3,827
Employee welfare expenses	1,691	2,161
Board member fees	1,897	2,321
Provision for impairment of inventories	1,581	4,055
Other expenses	6,786	13,033
	49,173	96,168

30. EXCEPTIONAL ITEM

	30 June 2018	30 June 2017
	Rs'000	Rs'000
Compensation to Contractor (IBL) (Note (a))	-	45,017

(a) The Authority paid an amount of Rs 45 million as compensation to IBL following the arbitration award under the MPA IT Automation project during the period ended 30 June 2017.

31. SURPLUS FOR THE YEAR/PERIOD

	30 June 2018	30 June 2017
	Rs'000	Rs'000
Surplus for the year/period is arrived at after charging:		
Depreciation and amortisation	623,009	510,089
Employee benefit expenses (Note 28)	515,486	752,370
Administrative expenses	49,173	96,168
Sundry operating expenses	15,770	24,779
Running and repairs of equipment expenses	86,884	166,476

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

32. OTHER COMPREHENSIVE INCOME

30 June 2018

Increase in fair value of available-for-sale financial assets (Note 9)

Actuarial losses (Note 17 (viii))

Investment fair value reserve	Reserve fund
Rs'000	Rs'000
30,499	-
-	(195,326)
30,499	(195,326)

30 June 2017

Increase in fair value of available-for-sale financial assets (Note 9)

Actuarial losses (Note 17 (viii))

Investment fair value reserve	Accumulated Surplus
Rs'000	Rs'000
55,752	-
-	(175,037)
55,752	(175,037)

33. RECEIVABLE FROM CARGO HANDLING CORPORATION LTD ("CHCL")

At reporting date, the Authority had a receivable of Rs 183.9 million (2017: Rs 229.6 million) from CHCL analysed as follows:

Included in trade and other receivables (Note 12)
Current portion of loans receivable (Note 10)
Non-current portion of loans receivable (Note 10)

30 June 2018	30 June 2017
Rs'000	Rs'000
12,410	12,051
47,849	48,210
123,593	169,296
183,852	229,557

FINANCIAL STATEMENTS

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

34. NOTES TO STATEMENT OF CASH FLOWS

	30 June 2018	30 June 2017
	Rs'000	Rs'000
(a) Cash generated from operations		
Surplus for the year/period	268,986	692,868
Adjustments for:		
Finance costs	28,736	-
Depreciation and amortisation	623,009	510,089
Investment income	(31,613)	(42,873)
Interest income	(45,991)	(104,055)
Capital grant	(4,622)	-
Gain on disposal of property, plant and equipment	(4,065)	(40)
(Decrease)/increase in provision for retirement benefit obligations	(77,067)	40,835
Provision for doubtful debts	2,169	750
Exchange gain on borrowings	(11,559)	(46,018)
Liabilities written back	-	(4,069)
Provision for obsolete inventories	1,581	4,055
Exchange loss on loans receivable	1,599	6,159
	751,163	1,057,701
Changes in working capital		
- Inventories	(1,729)	856
- Trade and other receivables	(30,587)	(46,318)
- Trade and other payables and provisions for other liabilities	188,461	99,998
Cash from operations	907,308	1,112,237
(b) Cash and cash equivalents		
	30 June 2018	30 June 2017
	Rs'000	Rs'000
Cash in hand and at bank	556,121	1,739,645
Short-term bank deposits	1,795,110	1,020,300
	2,351,231	2,759,945
Less: Interest receivable on short-term bank deposits	(12,293)	(7,645)
Cash and cash equivalents for cash flows	2,338,938	2,752,300

FINANCIAL STATEMENTS

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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 - 2018							
Cargo Handling Corporation Limited	-	153,517	8,067	45,116	-	171,442	12,410
Transactions - 2017							
Cargo Handling Corporation Limited	-	128,946	14,894	85,079	-	217,506	12,051

(ii) Key management personnel compensation

	30 June 2018	30 June 2017
	Rs'000	Rs'000
Salaries and short term employee benefits	12,750	20,098
Post-employment benefits	1,381	1,668
	14,131	21,766

- (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 (rail mounted quay cranes). These loans are repayable in 7 and 8 equal yearly instalments. The rates 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 456,081** (2017: USD 383,084) per month at a capped exchange rate of Rs 28.05 per USD for the year ended 30 June 2018.

FINANCIAL STATEMENTS

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

36. FUTURE CAPITAL EXPENDITURE

The Board has approved capital expenditure for an aggregate amount of Rs 5.5 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 for one Big Tug and three Small 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.

37. CONTINGENT LIABILITIES

- (i) No provision has been made for any liability that may arise for damages through negligence, if any.
- (ii) Except for Pension Plans, no provision has been made in these financial statements for any liability that may arise under the Labour Act.

38. OPERATING LEASE ARRANGEMENTS

The Authority as lessor

Rental income earned from leased properties

30 June 2018	30 June 2017
Rs'000	Rs'000
140,900	190,442

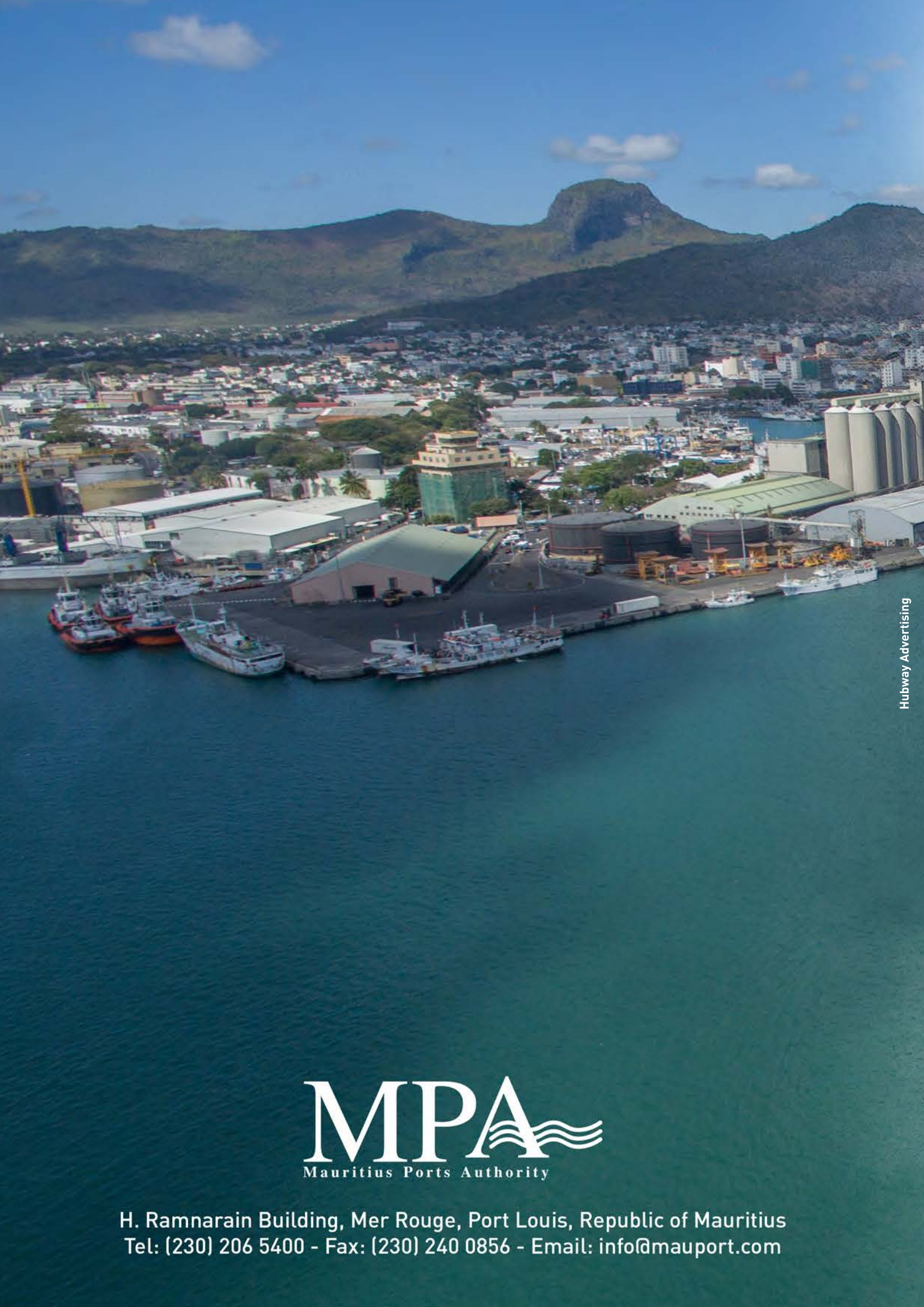
Operating lease contracts contain market review clauses.

The lessees do not have an option to purchase the property at the expiry of the lease period.

39. EVENTS AFTER REPORTING DATE

There has been no material events after the reporting date which require disclosure or adjustment to the financial statements for the year ended 30 June 2018.





MPA
Mauritius Ports Authority

H. Ramnarain Building, Mer Rouge, Port Louis, Republic of Mauritius
Tel: (230) 206 5400 - Fax: (230) 240 0856 - Email: info@mauport.com