LUX ISLAND RESORTS

INTEGRATED ANNUAL REPORT 2019

LUX ISLAND RESORTS LTD AND ITS SUBSIDIARIES

DEAR STAKEHOLDER

Your Board of Directors is pleased to present the Integrated Annual Report of Lux Island Resorts Ltd for the year ended 30th June 2019. This report was approved by the Board of Directors on 27th September 2019.

JEAN-CLAUDE BÉGA
Chairman

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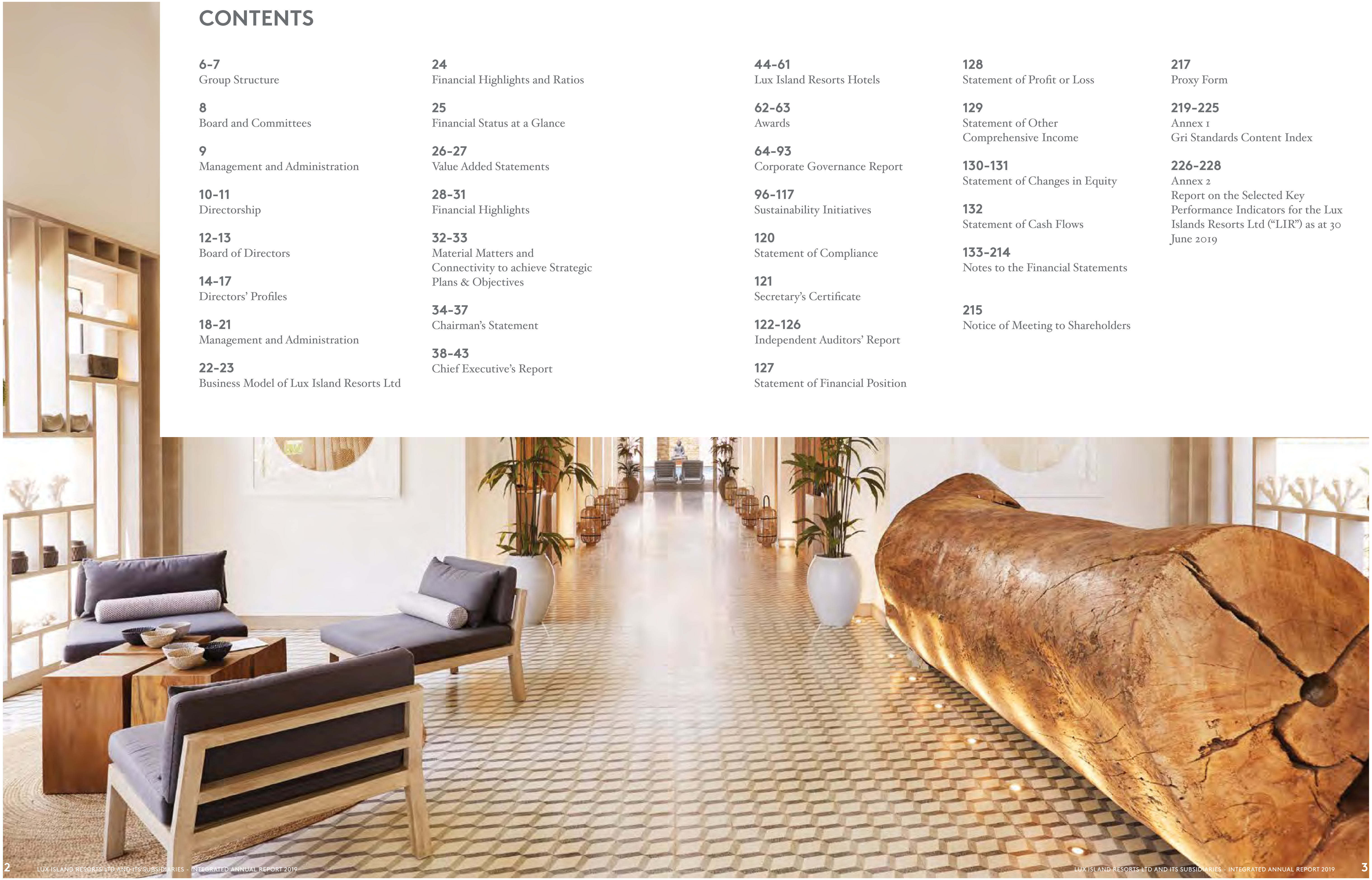
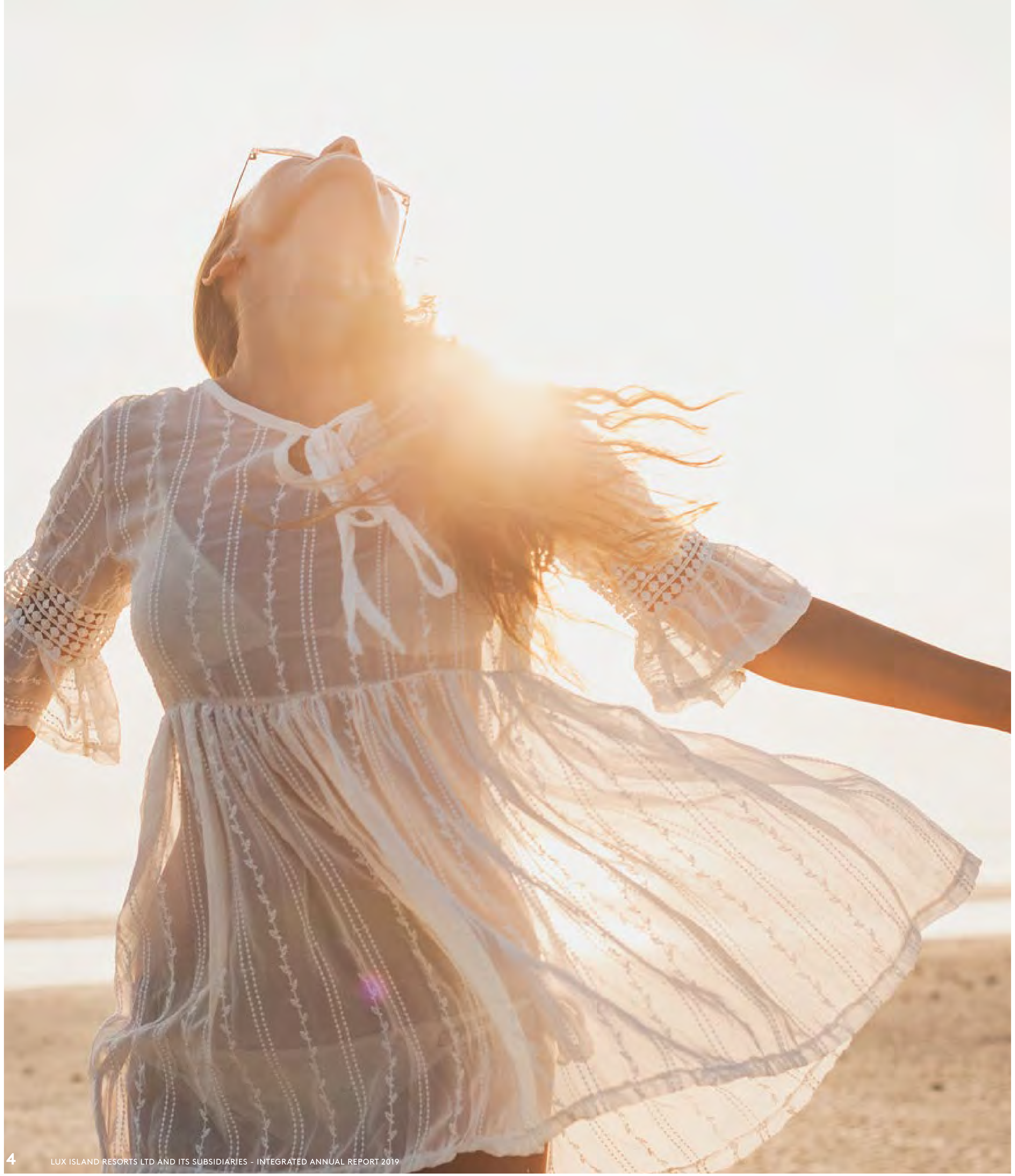




To help people celebrate life

and enjoy a lighter, brighter holiday experience, we've rethought luxury travel for a truly unique getaway.

GROUP STRUCTURE
AS AT REPORTING DATE

HOLDING LUX ISLAND RESORTS LTD

- 100% HOLIDAY & LEISURE RESORTS LIMITED
  OPERATOR - LUX* GRAND GAUBE
  - 100% MERVILLE LTD
    OPERATOR - LUX* GRAND BAIE
- 100% BLUE BAY TOKEY ISLAND LIMITED
  PROPERTY OWNER OF ILE DES DEUX COCOS
- 100% BEAU RIVAGE CO LTD
  OPERATOR - LUX* BELLE MARE
- 100% LES PAVILLONS RESORTS LTD
  OPERATOR - LUX* LE MORNE
  - 100% MSF LEISURE COMPANY LTD
    NAUTICAL CENTRE & RESTAURANT EMBA FILAO
  - 100% OCÉANIDE LIMITED
    INVESTMENT COMPANY
    - 100% NÉREIDE LIMITED
      OPERATOR - TAMASSA
- 100% SAS HÔTEL PRESTIGE RÉUNION
  INVESTMENT COMPANY
  - 100% SA LES VILLAS DU LAGON
    OPERATOR - LUX* SAINT GILLES
    - SNC SAINT PAUL
      PROPERTY OWNER - LUX* SAINT GILLES
  - 100% SAS LE RÉCIF
    OPERATOR - HÔTEL LE RÉCIF
- 100% LUX ISLAND RESORTS MALDIVES LTD
  INVESTMENT COMPANY
  - 100% WHITE SANDS RESORT & SPA PVT LTD
    OPERATOR - LUX* SOUTH ARI ATOLL

BOARD AND COMMITTEES

BOARD OF DIRECTORS

DIRECTORS
Jean-Claude Béga *(appointed as Chairperson on 01.01.19)*
Désiré Elliah *(appointed as Chief Executive Officer on 01.01.19)*
Jan Boullé
Laurent de la Hogue
Pascale Lagesse
Thierry Lagesse
Reshan Rambocus
Maxime Rey

Arnaud Lagesse *(resigned as Chairperson and Director on 31.12.18)*
Paul Jones *(resigned as Director and as Chief Executive Officer on 31.12.18)*
Dev Poolovadoo *(resigned as Alternate Director to Désiré Elliah on 31.12.18)*

AUDIT AND RISK COMMITTEE
Reshan Rambocus *(Chairperson)*
Laurent de la Hogue *(appointed on 01.01.19)*
Maxime Rey

Jean-Claude Béga *(resigned on 01.01.19)*
Jan Boullé *(resigned on 01.01.19)*

CORPORATE GOVERNANCE AND NOMINATION COMMITTEE
Pascale Lagesse *(appointed as Chairperson on 01.01.19)*
Jean-Claude Béga *(appointed on 01.01.19)*
Jan Boullé *(appointed on 01.01.19)*

Arnaud Lagesse *(resigned as Chairperson and member on 31.12.18)*
Alexis Harel *(resigned on 31.12.18)*
Christof Zuber *(resigned on 31.12.18)*

REMUNERATION COMMITTEE
Pascale Lagesse *(appointed as Chairperson on 01.01.19)*
Jean-Claude Béga *(appointed on 01.01.19)*
Jan Boullé *(appointed on 01.01.19)*
Reshan Rambocus *(appointed on 01.01.19)*

Christof Zuber *(resigned as Chairperson and member* on 31.12.18)
Arnaud Lagesse *(resigned on 31.12.18)*
Alexis Harel *(resigned on 31.12.18)*

COMPANY SECRETARY
IBL Management Ltd *(appointed on 01.01.19)*

The Lux Collective Ltd *(resigned on 01.01.19)*

MANAGEMENT AND ADMINISTRATION

HEAD OFFICE
Désiré Elliah – *Chief Executive Officer*
Hurrydeo Ramlagun – *Chief Financial Officer*
Riad Chonee – *Group Development & Asset Manager*

HOTELS
Jonas Amstad – *General Manager – LUX* South Ari Atoll*
Stephan Anseline – *General Manager – Tamassa*
Jérémie de Fombelle – *General Manager – LUX* Le Morne*
Tony Duval - *General Manager - Merville Beach (soon LUX* Grand Baie)*
Frits Hannenberg - *General Manager – LUX*Grand Gaube*
Patrice Hudebine - *Acting General Manager – LUX* Saint Gilles & Hôtel Le Récif*
Ashish Modak – *Regional General Manager – LUX* Belle Mare, LUX* Grand Gaube, Merville Beach (soon LUX* Grand Baie)*

CHIEF INTERNAL AUDITOR
Pritila Joynathsing-Gayan

LEGAL ADVISORS
Clarel Benoit
André Robert
Hervé Duval

COMMUNICATION ADVISOR
Blast Communications Ltd

AUDITORS
Ernst & Young
Chartered Accountants

REGISTERED OFFICE
Pierre Simonet Street
Floréal
Mauritius

NOTARY
Jean Pierre Montocchio

REGISTRY AND TRANSFER OFFICE
Pierre Simonet Street
Floréal
Mauritius

BANKERS
ABC Banking Ltd
AfrAsia Bank Ltd
Bank One Limited
Barclays Bank Plc
Bank of Ceylon
Banque Française Commerciale Océan Indien
Caisse d'Epargne-Provence-Alpes-Corse
HSBC Limited (Mauritius, UK, Germany, Maldives)
Maubank Ltd
MCB Seychelles
State Bank of Mauritius Ltd
Standard Bank (Mauritius) Ltd
State Bank of India (Mauritius) Ltd
The Mauritius Commercial Bank Ltd

DIRECTORSHIP

AS AT 30 JUNE 2019

	BEAU RIVAGE CO LTD	BLUE BAY TOKEY ISLAND LIMITED	FMM LTEE	HOLIDAY & LEISURE RESORTS LIMTED	HOTEL PRESTIGE RÉUNION SAS	LIR PROPERTIES LTD (FORMERLY LUX RESORTS LTD)	LES PAVILLONS RESORTS LTD	LTK LTD	LUX ISLAND RESORTS FOUNDATION	LUX ISLAND RESORTS LTD		LUX ISLAND RESORTS MALDIVES LTD	LES VILLAS DU LAGON SA	LE RÉCIF SAS	MERVILLE BEACH HOTEL LTD	MERVILLE LIMITED	MSF LEISURE COMPANY LTD	NAIADE HOLIDAYS (PROPRIETARY) LIMITED	NÉRÉIDE LIMITED	OCÉANIDE LIMITED	WHITE SANDS RESORT & SPA PVT LTD
Baras Stéphane													x	x							
Béga Jean-Claude	x (1)	x (1)	x (1)	x (1)		x (1)	x (1)	x (1)		x			x (2)		x (1)	x (1)	x (1)		x (1)	x (1)	x (1)
Boullé Jan										x											
De La Hogue Laurent										x											
Elliah Désiré	x	x	x	x	x (3)	x	x	x	x	x		x (4)	x	x (5)	x	x	x	x	x (6)	x (6)	x
Germain Stéphanie												x									
Hoareau Daniella												x									
Jones Paul									x									x			
Lagesse Pascale										x											
Lagesse Thierry										x											
Liu Léon																					x
Rambocus Reshan										x											
Ramlagun Hurrydeo	x (7)	x (7)	x (7)	x (7)		x (7)	x (7)	x (7)					x (8)		x (7)	x (7)	x (7)		x (7)	x (7)	x (7)
Rey Maxime										x											
Bernadette Suzanne Julie *(Alternate to Daniella Hoareau and Stéphanie Germain)*												x									

(1) Jean-Claude Béga appointed on 31.12.2018
(2) Jean-Claude Béga appointed on 28.12.2018
(3) Désiré Elliah appointed on 01.01.2019
(4) Désiré Elliah appointed on 31.12.2018
(5) Désiré Elliah appointed on 05.12.2018
(6) Désiré Elliah appointed on 19.12.2018
(7) Hurrydeo Ramlagun appointed on 31.12.2018
(8) Hurrydeo Ramlagun appointed on 28.12.2018

BOARD OF DIRECTORS

RESHAN RAMBOCUS JAN BOULLÉ PASCALE LAGESSE JEAN-CLAUDE BÉGA DÉSIRÉ ELLIAH THIERRY LAGESSE MAXIME REY LAURENT DE LA HOGUE

DIRECTORS' PROFILES

RESHAN RAMBOCUS

Reshan Rambocus has significant industry expertise by virtue of his directorships on a number of boards – listed and unlisted companies – and his membership on various investment committees. Reshan is a former partner with Ernst & Young Mauritius. Prior to that, he was the Chief Financial Officer for HSBC Mauritius. Reshan returned to Mauritius in 1996 after spending a number of years with KPMG Tax Advisers in London. He is a member of the Institute of Chartered Accountants in England & Wales and the Chartered Institute of Taxation (UK).

He was appointed as Director of the Company and as Chairman of the Audit and Risk Committee in July 2018 and as member of the Remuneration Committee in January 2019.

Directorship in other listed companies: Phoenix Beverages Ltd

JAN BOULLÉ

Jan Boullé is an 'Ingénieur Statisticien Economiste', France and pursued post graduate studies in Economics at Université Laval, Canada.

He worked for the Constance Group from 1984 to 2016 and occupied various executive positions and directorships, his latest position being Group Head of Projects and Development.

He was appointed Non-Executive Chairman of IBL Ltd on the 1st July 2016 and is also a member of the Board of Directors of several major companies of IBL Group.

He was appointed Director of the Company and as member of the Audit and Risk Committee in April 2018. He then resigned as member of the Audit and Risk Committee (in January 2019) and was appointed as member of the Corporate Governance and Nomination Committee and of the Remuneration Committee in January 2019.

Directorships in other listed companies : Alteo Ltd, Bluelife Limited, IBL Ltd, Phoenix Beverages Limited, Phoenix Investment Company Limited, The Bee Equity Partners Ltd, The United Basalt Products Ltd.

PASCALE LAGESSE

Pascale Lagesse is an experienced lawyer who handles domestic and international matters for large corporations. She has been a Partner with the Paris law firm Bredin Prat since 2008 where she advises international corporate clients on a wide range of legal issues, with a particular focus on the employment aspects of mergers and acquisitions and corporate restructurings.

Pascale graduated from the University of Paris II Panthéon-Assas with a "Maîtrise en Carrières Judiciaires." She also holds a "DEA en Droit Privé" from the University Paris I Panthéon-Sorbonne. A member of the Paris Bar since 1989, she has had an illustrious legal career having worked at some of the city's most prestigious law firms, including the Paris office of a Magic Circle firm. A frequent speaker and author of legal publications, she is recognized as one of the leading labor and employment lawyers on the French market. In 2013, she was the recipient of the "Outstanding Contribution to the Legal Profession Award" by Chambers Europe.

She is involved in a variety of international legal organizations and associations. She holds numerous officer-level positions with the International Bar Association and is presently a member of the Management Board and an LPD Council member. She was the Chair of the Employment and Industrial Relations Law Committee from 2010-2011. Pascale plays an active role in the development of the legal profession in France, and is presently the "*Responsable Pédagogique du Parcours de Droit Social*" at the Paris Bar School and a Member of the "*Conseil Académique et Commission de la Recherche du Conseil Académique*" of the University of Paris II Panthéon Assas. She was elected to the National Bar Council of France in 2005. She was appointed as Director of the Company in April 2017 and as Chairman of the Corporate Governance and Nomination Committee and of the Remuneration Committee in January 2019.

Directorships in other listed companies: None

JEAN-CLAUDE BÉGA

Born in 1963, Jean-Claude Béga is a Fellow of the Association of Chartered Certified Accountants.

Jean-Claude Béga joined IBL Ltd – formerly known as GML - in 1997 and has been nominated as Group Head of Financial Services and Business Development in July 2016 and as Executive Director of IBL Ltd in August 2018. He currently leads IBL Group's financial services and business development activities including M&A, Strategic Initiatives and Integration.

He was appointed Director and member of the Audit and Risk Committee of the Company in June 2004, but resigned as member of same in January 2019 given his appointment as Chairman of the Company and as member of the Corporate Governance and Nomination Committee and of the Remuneration Committee.

He is also the Non-Executive Chairman of Eagle Insurance Limited, The Bee Equity Partners Ltd, DTOS Ltd, Anahita Estates Limited and Anglo African Investments Ltd and a Non-Executive Director of Phoenix Beverages Limited and some other companies.

Directorship in other listed companies: Executive Director of IBL Ltd, Non-Executive Chairman of Eagle Insurance Limited and The Bee Equity Partners Ltd, Non-Executive Director of Phoenix Beverages Limited and Phoenix Investment Company Limited.

DÉSIRÉ ELLIAH

Désiré Elliah has been appointed as Chief Executive Officer of Lux Island Resorts Ltd (LIR) on the 1st January 2019. He joined the Company in 2003 as Chief Financial Officer and has been a Director on the Board since October 2004. During his career with LIR, Désiré has gained significant executive experience in numerous aspects of the tourism industry. He is the senior executive responsible for managing the financial and corporate activities of the Group and has been closely involved with its development including equity and debt financings, and a wide range of other corporate transactions comprising acquisitions, disposals and restructurations. Prior to joining the Group, he worked at De Chazal Du Mée from 1984 to 2002, where he became a partner in the Audit and Business Advisory Department, in charge of a portfolio of prestigious clients operating in the main sectors of the Mauritius economy. He also acted as financial adviser on a number of World Bank funded projects in mainland Africa.

He has served for seven years as non-executive Director of Golden Agri Resources Ltd, listed on the Stock Exchange of Singapore. He is currently the Vice Chairman of the Association des Hôteliers et Restaurateurs de l'île Maurice and is a member of its Finance Commission. He is also the Chairman of the IBL Pension Fund.

Désiré Elliah is a Fellow of the Association of Chartered Certified Accountants.

Directorship in other listed companies: None

THIERRY LAGESSE

Thierry Lagesse holds a '*Maîtrise des Sciences de Gestion*' from the University of Paris Dauphine. He was the non-executive Chairman of IBL, Alteo Limited, Phoenix Beverages Limited and The United Basalt Products Ltd. Thierry Lagesse is presently a director of several well-known companies listed on the Stock Exchange of Mauritius namely: Alteo Limited, IBL Ltd, Lux Island Resorts Ltd, Phoenix Beverages Limited, The United Basalt Products Ltd and Phoenix Investment Company Limited. He was also the Chairman and founder of Palmar Group, a textile and garment export oriented manufacturing company and Executive Chairman of Parabole Group (direct to home satellite TV broadcaster). He was appointed as Director of the Company in July 2016.

Directorship in other listed companies: Alteo Limited, IBL Ltd, Phoenix Beverages Limited, Phoenix Investment Company Limited, The United Basalt Products Ltd

MAXIME REY

Born in 1952, Maxime Rey qualified as an accountant and started his career in 1973 in Mauritius in auditing before joining the Sugar Industry. He moved to South Africa in 1981 where he worked for Kuehne and Nagel (Pty) Ltd, the South African arm of a leading global provider of innovative and fully integrated supply chain solutions. He was appointed Group Financial Controller in 1989 and Director in 1992. Back in Mauritius in 1993 he joined SWAN, one of the market leaders in the local Insurance sector, becoming Senior Manager - Group Finance, Loans & Legal until he retired in 2016. He is a director of a number of Companies listed on the Stock Exchange of Mauritius and operating in the commercial, investment, sugar and tourism sectors.

He was appointed as Director of the Company in September 2012 and is a member of the Audit & Risk Committee.

Directorship in other listed companies: Belle Mare Holding Ltd, Constance La Gaieté Company Ltd, IBL Ltd, MFD Group Ltd, Tropical Paradise Company Ltd.

LAURENT DE LA HOGUE

Laurent de la Hogue holds a Master degree in Management and Finance from the "Ecole Supérieure de Gestion et Finance" in Paris, France. He joined GML Management Ltée in 2001 as Treasurer for the setting up of the group central treasury management unit and then occupied the position of Finance Executive - Corpoarate & Treasury in 2011 where he was involved in project development. He was appointed Head of Financial Services of IBL Ltd in July 2016. Laurent de la Hogue is currently the Chairman of IBL Treasury Ltd, AfrAsia Capital Management Ltd and LCF Securities Ltd. He also serves as Director on a number of organisations operating in the industrial, commercial, financial and investment sectors.

He was appointed as Director of the Company in February 2011 and as member of the Audit and Risk Committee in January 2019.

Directorship in other listed companies : The United Basalt Products Ltd and Eagle Insurance Limited.

MANAGEMENT & ADMINISTRATION

DÉSIRÉ ELLIAH

Chief Executive Officer

See profile page 16.

HURRYDEO RAMLAGUN

Chief Financial Officer

Hurrydeo Ramlagun is a Fellow of the Association of Chartered Certified Accountants. He has been appointed as Chief Financial Officer of Lux Island Resorts Ltd (LIR) on the 1st January 2019. He joined the Company in 2008 as Financial Reporting Manager and Group Treasurer. Prior to joining LIR Group, he worked at De Chazal Du Mée, Chartered Accountants, from 1988 to 2004. At DCDM he was in charge of a large portfolio of customers, listed and non-listed, engaged in various sectors of the economy. He was also in charge of various World Bank funded projects in Africa, namely, Rwanda, Burundi, Tanzania, Tchad, Kenya, Madagascar, Comoros. He then joined Ernst & Young Mauritius up to June 2006 as a senior manager in the Audit and Business Advisory Services. In July 2006, he joined the Sugar Investment Trust as Financial Controller and Head of Corporate and Legal Affairs. Presently Hurrydeo is also acting as Director and Company Secretary for various subsidiaries of LIR Group.

RIAD CHONEE

Group Development and Asset Manager

Riad graduated with distinction in Quantity Surveying from the University Cape Town and is a Professional Member of the Royal Institution of Chartered Surveyors (UK) and the Professional Quantity Surveyors Council of Mauritius.

He spent the initial years of his career as an Associate at a leading quantity surveying consultancy firm in Mauritius, where he advised corporate clients on multi-billion rupee construction projects spanning various sectors of activities. He joined the ENL Group as Senior Project Manager, and has actively contributed to the project implementation pipeline of Ascencia, one of the largest listed local property investment company, and ENL Property. He later moved to Terra and contributed to the setting-up of Novaterra, the group's property arm, and led the conception and implementation of various projects within the Terra Smart City.

Riad joined Lux Island Resorts Ltd as the Group Development and Asset Manager in August 2019 to drive the development of hotel projects and to strategically manage the assets of the group.

JONAS AMSTAD

General Manager – LUX South Ari Atoll*

Jonas started his career in 1997 after completing his studies and has operated in several remote locations such as the Maldives, Russia, Ukraine, Fiji Island and has also exceptional language skills speaking not less than 7 languages.

Jonas was appointed General Manager of LUX* South Ari Atoll in 2017. He came with more than 20 years of extensive international working experience in the luxury hospitality industry and he has a solid food & beverage and management background having worked for renowned brands like Sheraton, Hyatt Regency, Viking River Cruises, Shangri-La, Donbass Palace and Radisson.

Before joining the LUX* team, Jonas was the General Manager of Shangri-La Hotel Fuzhou in China.

STEPHAN ANSELINE

General Manager – Tamassa

Before joining the group in 2014, Stephan was the Director of Food and Beverage of Sofitel So Mauritius.

He came as Resident Manager of LUX* Grand Gaube with not less than 10 years of experience in the hospitality industry having worked for renowned resorts like The Oberoi, Taj Exotica Resort & Spa and Movenpick Resort & Spa. Positive and result oriented having a thorough knowledge of food and beverage, Stephan was appointed as General Manager of Tamassa and Ile des Deux Cocos in 2018.

A native of Mauritius, he got a Specialization in Restaurant and Bars from l'Ecole Hoteliere Sir Gaetan Duval before leaving for India where he obtained a post-Graduation Hotel Management Diploma from The Oberoi Center of Learning and Development. After graduating in 2004 in India, he continued his learning with Cornell University where he graduated in 2010 with a Masters in Essential of Hospitality Management and then he completed his General Management Program from ESSEC Business School in 2016.

JÉRÉMIE DE FOMBELLE

General Manager – LUX Le Morne*

Passionate hotelier and experienced General Manager for luxury and iconic hotel brands in over 6 countries (Asia and Indian Ocean), Jeremie de Fombelle joined The Lux Collective in 2014 as General Manager of LUX* Le Morne, one of the Luxury leading Resort of the west coast of Mauritius.

Born in 1976, Jeremie graduated in 1998 from the University of Law, Paris II Pantheon-Assas and holds also a Master Degree with specialization in Hotel Management from the International Hotel Management School of Institut Vatel in Paris. He successfully completed the prestigious GMP and PDP certifications at Cornell University (New York) in 2017 and 2018.

Prior to joining the LUX* team, Jeremie held successively the positions of General Manager in Shanghai, in Cambodia, in Laos, in Thailand and in Indonesia with well-renowned hospitality groups.

TONY DUVAL

General Manager - Merville Beach

Born in 1956, Tony started his career in 1974 as Receptionist at One&Only Le Saint Geran. Through his hard work, passion and dedication, he successively climbed all the ladders in the company from Reservation Clerk to Front Office Manager. In 2005, he left Le Saint Geran and was appointed Executive Assistant Manager, in charge of Rooms Division and Security at La Pirogue hotel.

During his time at Sun Resorts, Tony was also a key member of the supporting team during various hotels openings such as Coco Beach, One&Only Royal Mirage Dubai and One&Only Kanuhura Maldives.

He joined the group in 2011 as General Manager of Merville Beach.

FRITS HANNENBERG

General Manager – LUX Grand Gaube*

Born in 1969, Frits graduated in 1996 from the School of Hospitality Management in Netherlands where he majored in Business Management. He has over 20 years' experience in managing some of the world's finest privately-owned islands, villa estates and resorts in highly exclusive locations such as Malaysia, Seychelles and the Caribbean.

Experienced Property Management with a demonstrated history of working in the hospitality industry and skilled in Hotel Management, Catering, Food & Beverage, Operations Management, Coaching and Private Asset Management, Frits comes also with very robust experience in property openings.

Before joining us, Frits was the opening General Manager of the flag ship of the Hartling Group Resorts, The Shore Club in Providenciales, Turks & Caicos Island. He is since August 2019, the General Manager of LUX* Grand Gaube.

PATRICE HUDEBINE

Acting General Manager - LUX St-Gilles and Hotel Le Récif*

Patrice is graduated in Economics and Management from the University of Paris 13th, then trained as a chartered accountant.

He began his career with UTA, a French airline company, as an internal auditor in Management on the five continents.

He then joined the ACCOR Group as Chief Financial Officer on behalf of shareholders from the Middle East where he was in charge of the management and operations of five 4 stars hotels in France and in Canada.

Passionate about Hotel Business, he finally joined the company in 2009.

ASHISH MODAK

Regional General Manager – LUX Belle Mare, LUX* Grand Gaube, Merville Beach*

Ashish has had a robust career of 24 years in overall hospitality management in finest hotels in Asia, Middle East and Africa with a substantial experience in pre-openings, operations and complete refurbishments.

Ashish's academic achievements include an Executive MBA from the National University of Singapore and a Master of Business Administration from the University of Northampton, U.K in 2018. He also holds a Diploma in Hotel Management and a Bachelor of Arts, Economics Honours from India. His other professional certifications include Rooms Management from Cornell University, New York in 2005 and General Management Program from ESSEC Business School, Paris in 2013-2014.

Ashish joined the group in 2009 as Resort Manager of Diva Maldives. He then moved to Mauritius as Resort Manager of LUX* Belle Mare where he was promoted in 2012 to the position of General Manager. Self-motivated and an extremely passionate hotelier, Ashish has been responsible for the successful repositioning of LUX* Belle Mare producing excellent customer satisfaction and financial results and a strong social reputation for the hotel. In January 2019, he was redesignated as the Regional General Manager responsible for LUX* Belle Mare, LUX* Grand Gaube and LUX* Grand Baie.

BUSINESS MODEL OF LUX ISLAND RESORTS LTD

	FINANCIAL ACTIVITIES	HUMAN CAPITAL	NATURAL CAPITAL
INPUTS/ ACTIONS/ ACTIVITIES	• Manage cashflow and treasury operations • Minimise foreign currency exposure • Improve operational efficiency • Ensure operational efficiency and compliance through internal control Systems • Identify and mitigate risks, control solutions • Develop a solid investment Relations Plan	• Equip employees with adequate skills to carry out operations • Foster an ethical environment • Establish a culturally diverse workforce • Establish a gender-balanced workforce • Acquire & retain skilled employees • Initiate a rotation scheme with our global talent pool • Effectively manage employee performance • Protect human rights and dignity • Implement health and safety measures • Initiate ongoing training and development	• Physical Location • Ensure energy efficiency • Reduce water use • Increase resource productivity • Lessen carbon footprint • Reduce and manage waste
KEY BUSINESS PROCESSES	• HOTEL OPERATIONS • FOOD AND BEVERAGES • TREASURY MANAGEMENT • SOCIAL RELATIONSHIP MANAGEMENT		
KEY SUPPORT PROCESSES	• FINANCE • SALES AND MARKETING • MAINTENANCE & ENGINEERING • HUMAN RESOURCES • INFORMATION TECHNOLOGY • LEGAL AND SECRETARIAL • PROPERTY DEVELOPMENT OPERATIONS		
RESULTS/ OUTCOMES	• Growth in Equity Value • Increased revenue and profitability • Expansion and growth of global footprint • Growth in Earnings per Share • Decrease in debts • Rise in investment income	• Engaged Team Members • High-quality service and enhanced guest satisfaction • Increased loyalty • Grooming of talented leaders • Increased productivity • Skilled workforce to maintain sustainable, profitable growth • Low turnover and reduced training costs • Decrease human resources turnover	• Efficient utilisation of resources • Optimised costs • Enhanced corporate reputation as Responsible Business • Maximised positive impact • Sustainable growth • Light Footprint

	PRODUCTS AND SERVICES	INTELLECTUAL CAPITAL	SOCIAL AND RELATIONSHIP CAPITAL	ASSET MANAGEMENT
INPUTS/ ACTIONS/ ACTIVITIES	• Carefully select destinations • Curate innovative design and architecture • Train and empower dedicated teams to provide services • Establish efficient, streamlined operations & processes • Maintain assets efficiently • Adopt modern Information Technology • Create innovative and differentiated experiences	• Trademarks • Propriety knowledge • Systems and Operations • Leadership expertise	• Build and nurture trust within various teams • Deliver exceptional service to guests • Develop strong relationships with suppliers • Purposeful interactions with the community • Create lasting relationships with business partners • Consistently create value for investors and shareholders	• Development and refurbishment strategies • Acquisition and disposal of fixed asset strategies • Setting-up of development management functions to accompany development and refurbishment strategies • Performance management of the property/maintenance management functions • Consideration of different type of business models • Consistency in maintenance contracts throughout the portfolio
KEY BUSINESS PROCESSES	• HOTEL OPERATIONS • FOOD AND BEVERAGES • TREASURY MANAGEMENT • SOCIAL RELATIONSHIP MANAGEMENT			
KEY SUPPORT PROCESSES	• FINANCE • SALES AND MARKETING • MAINTENANCE & ENGINEERING • HUMAN RESOURCES • INFORMATION TECHNOLOGY • LEGAL AND SECRETARIAL • PROPERTY DEVELOPMENT OPERATIONS			
RESULTS/ OUTCOMES	• High quality locations • World-class resorts • Outstanding products and services • Improved Guest Satisfaction • Maintenance of Brand Loyalty • Boost Revenue • Enhanced guest experience with Technology and Comfort • Increased local and international guest loyalty	• Positive brand reputation • Innovation-driven culture • Efficient operations with relevant policies and procedures • Development of a culture founded on trust and respect	• Top-rated guest satisfaction • Loyal supplier base • Empowered community • Increased industry participation and engagement • Positive corporate reputation and brand loyalty • Inclusive business	• Value creation through effective development management due diligence checks to reduce development risk and optimally manage the financial, technical, quality and time aspects of development and refurbishment projects • Profit-take through careful selection and market research of assets to be acquired or disposed • Diversification of the risk to the existing business model from 'owner and operator' model to 'owner only' model • Maximising the asset returns • Maintain/Increase/Maximise market value of assets through sound property management procedures and protocols

FINANCIAL HIGHLIGHTS & RATIOS

	YEAR ENDED 30 JUNE 2019				
	2019	2018 Re-stated	2017	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Statement of Profit or Loss					
Total Revenue	**6,189,878**	5,711,786	5,260,500	5,158,256	4,655,096
EBITDA	**1,365,903**	1,146,954	1,089,020	1,123,926	1,054,019
Depreciation and amortisation	**(470,022)**	(492,371)	(442,214)	(427,472)	(372,813)
Operating profit before finance charges	**895,881**	654,583	646,806	696,454	681,206
Net finance charges	**(273,629)**	(236,428)	(241,831)	(215,524)	(234,940)
Share of results in associated companies	**-**	-	-	-	5,326
Exceptional items	**-**	75,677	177,884	-	-
Ptofit before taxation	**622,252**	493,832	582,859	480,930	451,592
Taxation	**(91,889)**	(78,460)	(75,123)	(62,451)	(67,547)
Profit after tax before discontinued operations	**530,363**	415,372	507,736	418,479	384,045
(Loss)/profit after tax from discontinued operations	**195,167**	(731)	-	-	(11,233)
Profit after tax	**725,530**	414,641	507,736	418,479	372,812
Non-controlling interests	**(173)**	74	7,213	125	(7,064)
Profit attributable to the Group	**725,357**	414,715	514,949	418,604	365,748
Dividend declared					
Cash	**185,107**	171,395	171,381	157,390	136,787
In specie	**275,605**	-	-	-	-
Total	**460,712**	171,395	171,381	157,390	136,787
Statement of Financial Position					
Total Assets	**12,393,365**	12,928,939	11,538,159	12,223,202	11,616,263
Equity	**6,007,040**	6,010,297	5,794,057	6,010,852	5,714,536
Interest beraing loans	**4,514,283**	4,882,317	3,967,008	4,110,193	4,205,140
Borrowings excluding overdraft	**4,237,590**	4,573,881	3,712,064	3,639,019	3,844,461
Financial Ratios					
Earnings per share	**3.87**	3.03	3.75	3.06	2.92
Dividend per share					
Cash	**1.35**	1.25	1.25	1.15	1.00
In specie	**2.01**	-	-	-	-
Net Assets per share	**43.81**	43.82	42.26	43.90	41.86
EBITDA Margin	**22%**	20%	21%	22%	23%
Interest Cover	**4.99**	5.17	4.50	5.21	4.49
Dividend cover	**3.92**	2.42	3.00	2.66	2.92
Return on Equity	**12%**	7%	9%	7%	6%
Return on assets	**5.9%**	3.2%	4.5%	3.4%	3.1%
Debt to Equity	**0.75**	0.81	0.68	0.68	0.74

FINANCIAL STATUS AT A GLANCE
YEAR ENDED 30 JUNE 2019

Consolidated Cash Flow Statement Year ended 30th June 2019	Rs'000
Net cash flows from operating activities	1,012,385
Net cash flows used in investing activities (1)	(428,986)
Net cash flows from financing activities (2)	(605,040)
Net decrease in cash & cash equivalents	(21,641)
Cash and Cash equivalents on 30th June 2018	(98,999)
Cash and Cash equivalents on 30th June 2019	(120,640)

Statement of Financial Position As at 30th June 2018	Rs'000
Assets	
Cash and Cash Equivalents	-
Current Assets	1,031,056
Not Current assets held for sale	-
Investment & Other	1,841,571
Property Plant and Equipment	9,846,875
Total Assets	12,719,502
Liabilities & Equities	
Cash and Cash Equivalents	98,999
Current liabilities	2,307,541
Non Current liabilities	4,302,665
Share Capital. Premium & Reserves	4,306,207
Retained Earnings	1,702,567
Non Controlling Interest	1,523
	12,719,502

Consolidated Income Statement Year ended 30th June 2019	Rs'000
Revenue	6,189,878
Profit for the period	725,530
Non-controlling interest	(173)
Profit attributable to the group	725,357

Share Capital & Reserves As at 30th June 2019	Rs'000
Balance at 30th June 2018	4,355,363
Foreign exchange and other reserves	(4) (285,090)
Balance at 30th June 2019	4,070,273

Retained Earnings As at 30th June 2019	Rs'000
Balance at 30th June 2018	1,702,567
Total Earnings for the year	725,357
Other movement	4,106
Dividend declared (3)	(460,712)
Balance at 30th June 2019	1,936,767

Statement of Financial Position As at 30th June 2019	Rs'000
Assets	
Cash and Cash Equivalents	-
Current Assets	937,917
Not Current assets held for sale	-
Investment & Other	2,108,934
Property Plant and Equipment	9,090,461
Total Assets	12,137,312
Liabilities & Equities	
Cash and Cash Equivalents	120,640
Current liabilities	2,167,166
Non Current liabilities	3,842,466
Share Capital. Premium & Reserves	4,070,273
Retained Earnings	1,936,767
Non Controlling Interest	12,137,312

Notes

(1) Net cash used in investing activities is mainly in respect capital expenditure incurred during the year and payment for extension of the lease of Lux South Ari Atoll.

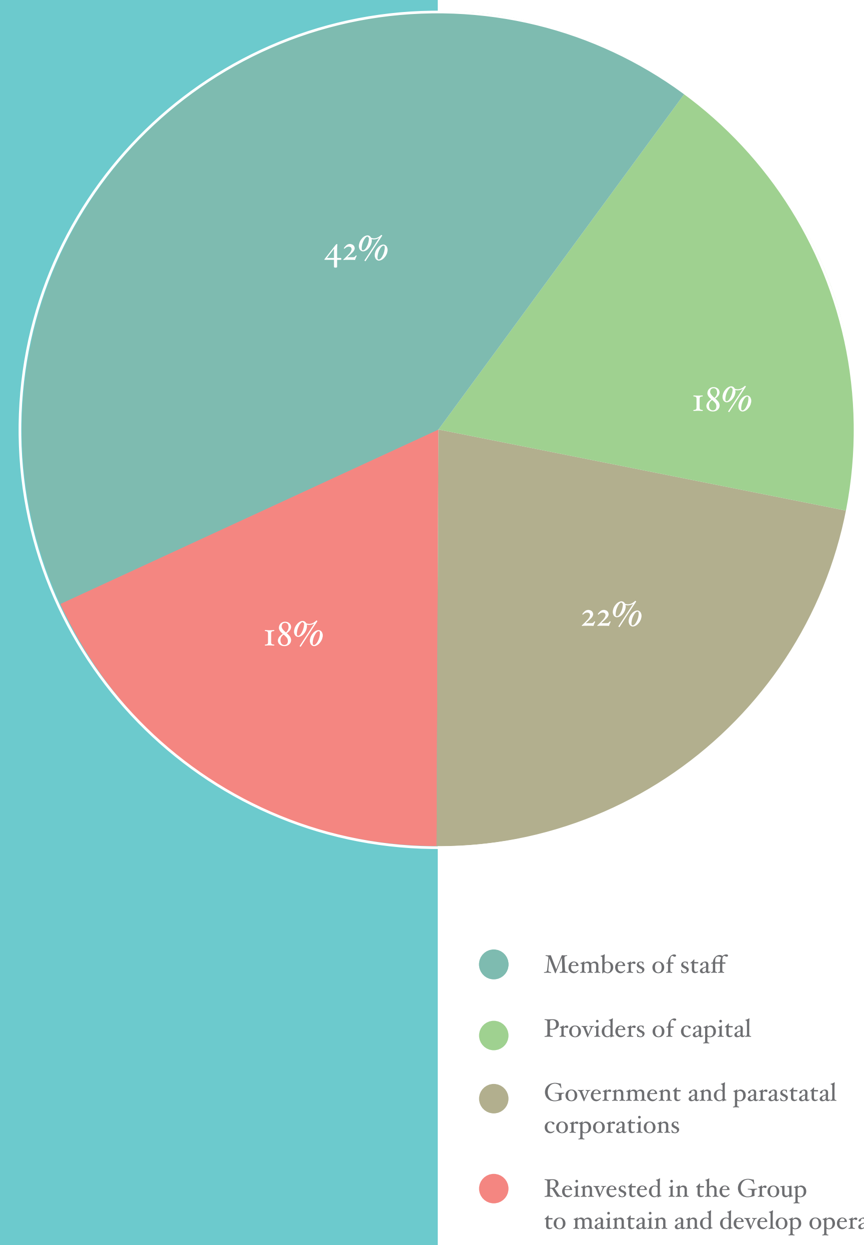
(2) Net cash flows from financing activities is in respect of loan repaid duirng the year and payment of dividends for financial years 2019 and 2018 which was acrrued last year.

(3) Dividend declared includes dividend in specie of shares held in The Lux Collective Ltd, for an amount of Rs 275 million.

(4) Movement in reserves represents mainly revaluation reserve used to impair the building of Merville Beach Hotel which will be pulled down for renovation.

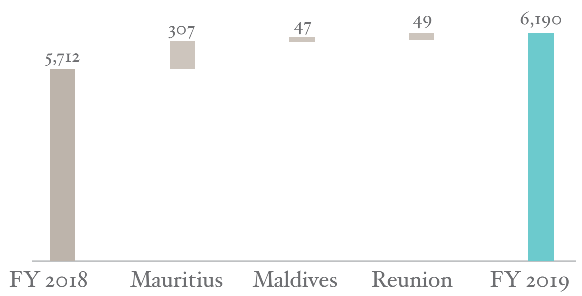
VALUE ADDED STATEMENTS
YEAR ENDED 30 JUNE 2019

	2019	2018
	Rs'000	Rs'000
Revenue	**6,189,878**	5,787,463
Value added Tax	**635,140**	588,083
Total Revenue	**6,825,018**	6,356,546
Paid to Suppliers for materials and services	**3,012,017**	2,754,234
	3,813,001	3,621,312
Exceptional items	**195,167**	75,677
Total Wealth Created	**4,008,168**	3,696,989
Distributed as follows:		
Members of Staff		
Salaries and other benefits	**1,648,294**	1,723,183
Providers of capital		
Dividends to ordinary shareholders	**460,712**	171,395
Interest paid on borrowings	**273,629**	235,109
(Loss)/profit attrributable to non-controlling interests	**173**	(74)
	734,514	406,430
Government and parastatal corporations		
Value Added tax	**635,140**	588,083
Income tax (Current and deferred)	**91,889**	86,322
Environment Protection Fee	**41,919**	27,611
Licences, permits and levies	**10,742**	6,714
Lease costs	**119,144**	113,507
	898,834	822,237
Re-invested in the Group to maintain and develop operations		
Depreciation and amortisation	**470,022**	501,819
Retained profit	**256,504**	243,320
	726,526	745,139
Total Wealth Distributed and Retained	**4,008,168**	3,696,989

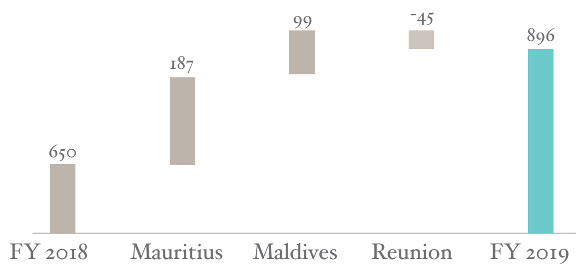


FINANCIAL HIGHLIGHTS

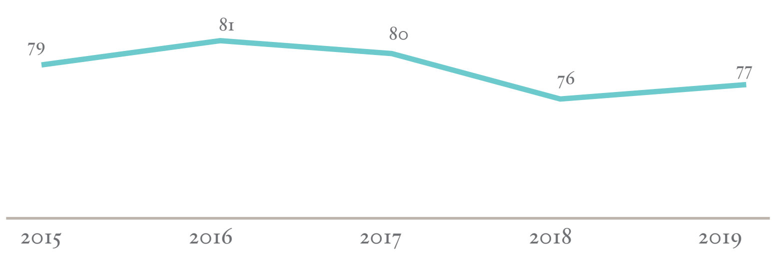
REVENUE (RS M)



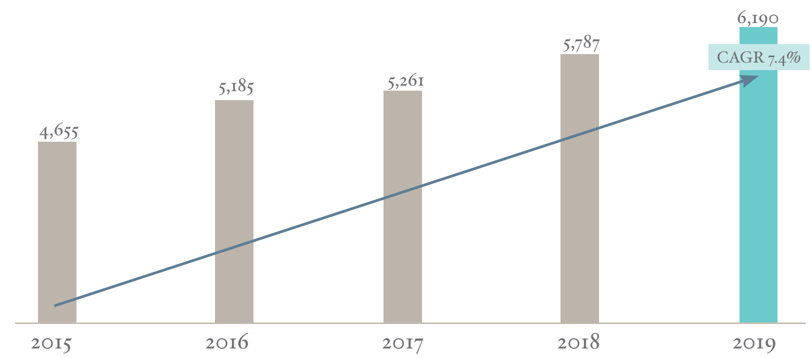
OPERATING PROFIT (RS M)



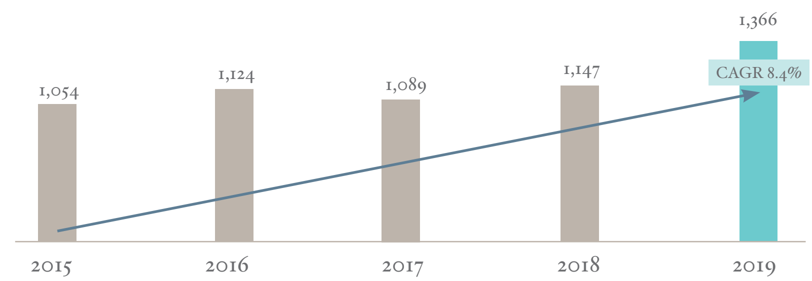
OCCUPANCY (%)



REVENUE (Rs M)



RECURRING NPAT (RS M)

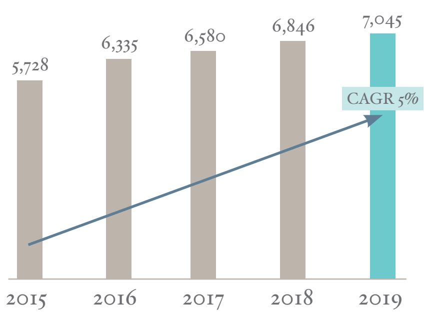


	2015	2016	2017	2018	2019
NPAT Margin (%)	8.2	8.0	8.6	7.3	8.6

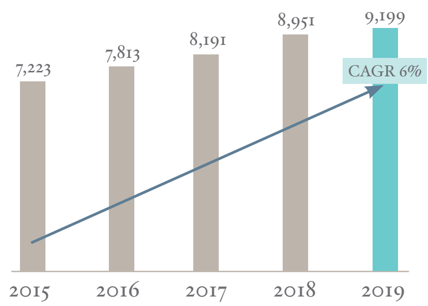
**Compound Annual Growth Rate*

FINANCIAL HIGHLIGHTS

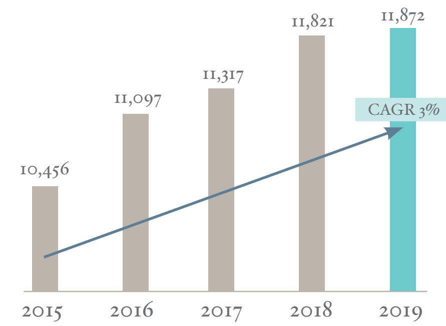
REVPAR (RS)



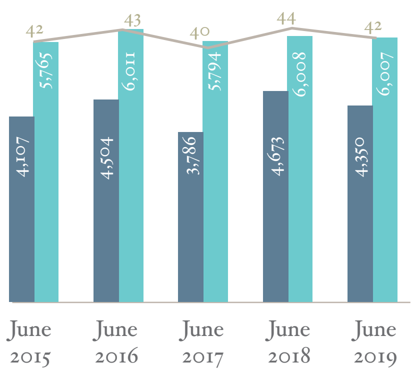
ARR (Rs)



TREVPAR (Rs)

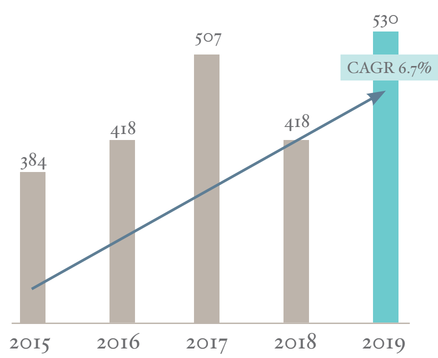


EVOLUTION OF EQUITY, DEBT & GEARING



Interest Bearing Debt (Rs M)
Equity (Rs M)
Gearing (%)

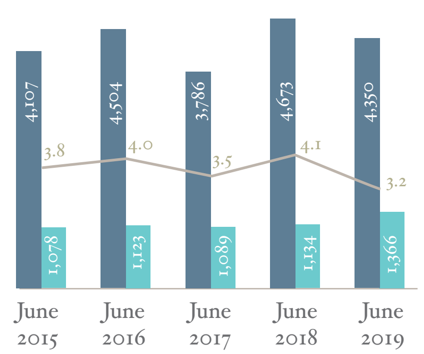
RECURRING EBITDA (RS M)



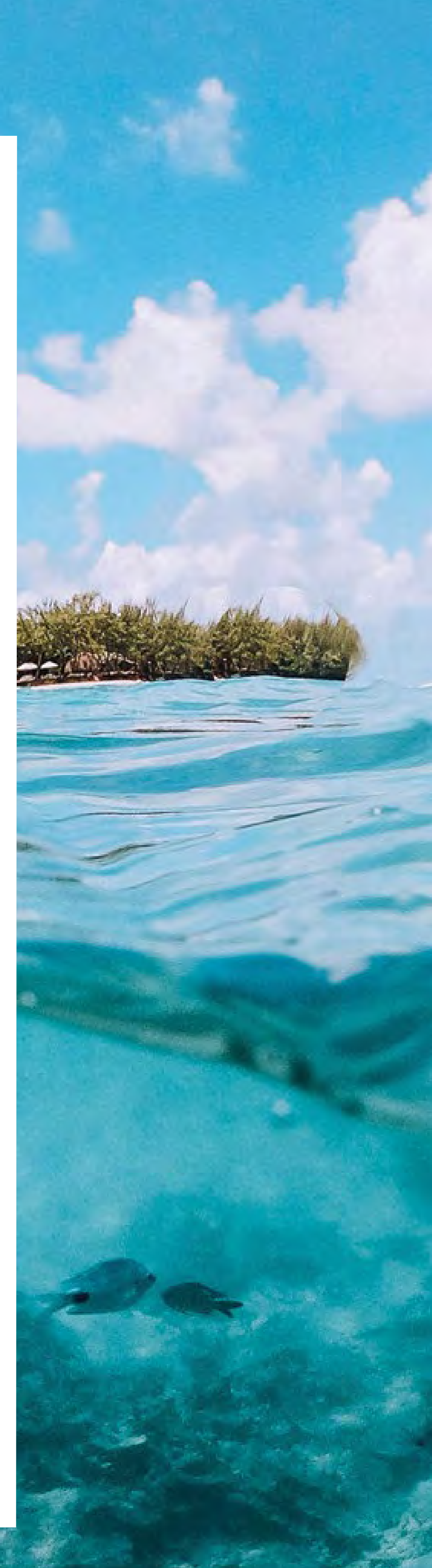
EBITDA Margin (%)

22.6	21.6	21.4	19.8	22.1

EVOLUTION OF DEBT, EBITDA & DEBT/EBITDA RATIO



Debt (Rs M)
EBITDA (Rs M)
Net Debt/ EBITDA



MATERIAL MATTERS AND CONNECTIVITY TO ACHIEVE STRATEGIC PLANS & OBJECTIVES

VALUE DRIVERS

FINANCIAL SUSTAINABILITY

OBJECTIVES	Grow revenues Optimise cost Project development	
OUTCOMES	Growth in Earnings per share	Capital and cost efficiencies
MATERIAL ISSUES		
SHORT TERM	Manage exchange rate impact	
	Optimal level of working capital	
MEDIUM TERM	Increases marker share of our hotels with third party owners	Efficient capital structure
	Improve international competitiveness	Cost optimisation and cost reduction programs
LONG TERM	Strategic acquisitions into new territories	
	Optimal funding sources	

HUMAN CAPITAL

OBJECTIVES	Put people first	
OUTCOMES	Human resources	Company culture
MATERIAL ISSUES		
SHORT TERM	Employ highly talented and fully engaged people	Develop and adopt 'one company' culture
	Continuous investment in management time to give the best education to our Team	
MEDIUM TERM	Core skills and talent management	
	Retention of talented staff through training initiatives and provision of competitive remuneration package	
LONG TERM	Engage professional services firm committed to create value through leadership and talent as well as aligning organisation capability	

PRODUCTS AND SERVICES

OBJECTIVES	Brand strength and optimal distribution		
OUTCOMES	Best in class' hotel operators	Sustain and enhance a well established brand name	
MATERIAL ISSUES			
SHORT TERM	Effective communication of values, mission and vision to Team Members and guests	New, refreshed, reinvented properties with enhanced amenities and a continuous focus on guest experience.	Positive feedback on platforms such as TripAdvisor (high guest satisfaction)
MEDIUM TERM			Higher promotion and marketing
			Win industry awards
LONG TERM			Superb and unique experience to each and every guest

NATURAL CAPITAL

OBJECTIVES	Environmental sustainability				
OUTCOMES	Energy	Water	Waste and effluents	Emissions	Biodiversity
SHORT TERM	Fully implementation of an energy management system to reduce energy consumed by heating and air conditioning		Optimise use of fresh water and ensure efficient consumption	Reduce paper use (Online Management System)	Continuous deployment of the "Tread Lightly" initiative
MEDIUM TERM	Invest in technologies to reduce energy consumption		Comply with law for water quality and perform regular testing	Generate less waste by building awareness	Invest in technologies aiming to reduce carbon footprint
LONG TERM					

EXTERNAL RELATIONSHIPS

OBJECTIVES	Elevate the experience				
OUTCOMES	Guests	Government and environmental bodies	Tour operators	Suppliers	Corporate social investment
SHORT TERM	Guest-centered solutions				
MEDIUM TERM	Environmental initiatives via enhancement in Environment Management System		Consolidate relationships with tour operators	Supplier consolidation and management	Community Investment
LONG TERM					

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors, it gives me great pleasure to present the Integrated Annual Report of Lux Island Resorts Ltd (LIR) for the financial year ended 30 June 2019.

This report has been prepared in accordance with the GRI Standards: Core option. It is the first one following the restructuring of our activities involving the separation of our management company, The Lux Collective Ltd (TLC), from the real estate and hotel operations company.

Following the restructuring, the activities of the former LIR Group are undertaken by the two separate companies:

i. LIR, the investment property holding company, owns the real estate assets and the hotel operations which are managed by TLC under long-term management contracts
ii. TLC, the management company, owns a portfolio of brands, namely LUX*, Tamassa, SALT, SOCIO and Café LUX*. TLC manages the hotels owned by LIR and by other owners. Its income comprises principally of management fees from the hotels.

Paul Jones continues to head TLC as Chief Executive Officer, while Désiré Elliah was appointed as Chief Executive Officer of LIR as from 1 January 2019. On the same date, I replaced Arnaud Lagesse as Chairman of the Board of LIR, while he remains Chairman of the Board of TLC.

THE SEPARATION WAS DONE BY WAY OF A DISTRIBUTION IN SPECIE BY LIR OF ITS SHARES IN TLC, WHEREBY SHAREHOLDERS OF LIR REGISTERED AT CLOSE OF BUSINESS ON 30TH NOVEMBER 2018 RECEIVED ONE TLC SHARE FOR EVERY SHARE THAT THEY HELD IN LIR.

FINANCIAL OVERVIEW

This year's results consolidate the accounts of TLC only for the five months ended 30th November 2018. For a better understanding of the maintainable profit of LIR, the results of TLC, consolidated for the period under review as well as for the full financial year ended 30 June 2018, have been classified as discontinued operations. The adjustment resulting from the separation, amounting to Rs 195 million, is shown as a deemed disposal of the subsidiary under discontinued operations.

All our hotels were operational during the financial year under review. Last year, LUX* Grand Gaube was closed for the first six months for renovation and operated with a reduced inventory during the second half of the year.

Against the above background, the Group delivered commendable results with revenue increasing by 8% to reach Rs 6.2 billion and earnings before interest, tax, depreciation and amortisation (EBITDA) amounted to Rs 1.4 billion, an improvement of 12% over last year.

GRI 102-5, GRI 102-7, GRI 102-14, GRI 102-54

FINANCIAL OVERVIEW

Depreciation and amortisation for the year decreased by Rs 22 million compared to the previous year mainly due to a lower depreciation charge of Rs 90 million on LUX* South Ari Atoll (LSAA) as a result of the extension of its lease by 50 years. However, the reduction in the charge of LSAA was offset by a higher depreciation charge (Rs 35 million) on LUX* Grand Gaube following its renovation and by accelerated depreciation (Rs 40 million) on LUX* Saint Gilles in Reunion Island to match the remaining terms of its land lease. The net finance costs for the year amounted to Rs 274 million, up by Rs 37 million on last year due to the loan contracted for the renovation of LUX* Grand Gaube. The interest on the said loan was capitalised during the construction period last year. The interest cover is similar to last year at around five times. Group operating profit increased by Rs 240 million (38%) compared to last year to reach Rs 896 million.

TOTAL FUNDS RETURNED TO SHAREHOLDERS AS DIVIDENDS SINCE 2014 TO AROUND

Rs 900 m

The profit attributable to the Group after accounting for the profit on discontinued operations (Rs 195 million mentioned above) grew by 75% over last year to Rs 725 million.

Net interest-bearing debt as at 30 June 2019 was Rs 4.35 billion compared to Rs 4.6 billion a year ago and the gearing of the Group is healthy at 42%.

INVESTMENTS IN LIR PROPERTIES

Over the past years, despite a difficult economic environment, the Group has devoted much resources to the development and enhancement of its hotels. After renovating LUX* Belle Mare, LUX* South Ari Atoll and LUX* Grand Gaube for a total cost in excess of Rs 3 billion, the Group has embarked on the transformation of Merville Beach Hotel into LUX* Grand Baie. The total cost for the redevelopment is estimated at Rs 2.6 billion and will be financed by the proceeds from the sale of a number of units that will be made available for sale under the Invest Hotel Scheme and bank loans. The hotel is now closed and the reopening is expected early in 2021.

DIVDEND AND SHARE PRICE

We remain committed to delivering long-term shareholder value and at the same time providing a sustainable return to our shareholders in terms of dividends. We have paid dividends over the last six years and, for the financial year ended 30 June 2019, the Board declared and paid a dividend of Rs 1.35 per share (2018: Rs 1.25), representing a total amount of Rs 185 million. This takes the total funds returned to shareholders as dividends since 2014 to around Rs 900 million.
The Board also distributed to its shareholders as dividend in specie the shares of TLC in the proportion of one share of TLC for every share held in LIR. The carrying value of the investment in TLC in the books of LIR was Rs 275 million, representing a dividend of Rs 2.01 per share. The indicative value of a TLC share based on a rights issue recently carried out by the Company is Rs 7.

GROUP OPERATING PROFIT INCREASED BY

Rs 240 m (38%)

OUTLOOK

Indications are that the next financial year will be more challenging. The International Monetary Fund is forecasting a global economic slowdown amid rising world trade tensions, Brexit and weakness in European economies.
Business we are currently holding is satisfactory for the first quarter ending September 2019 for our Mauritius and Reunion hotels that are in operation while, for the Maldives, it is behind last year due to increased competition from new resorts. However, we are encouraged by the increase in arrivals to the destination (+ 21% in June 2019) which to some extent should mitigate the impact of oversupply.

APPRECIATION

On behalf of the Board of Directors,
I would like to thank all our stakeholders, including our management company, TLC, shareholders, guests and business partners for their continued support and confidence in our Company. At the same time, my sincere appreciation goes to our former CEO, Paul Jones, and our current CEO, Désiré Elliah, and all our team members who are the driving force of our success. I also express my gratitude to my Board colleagues for their valuable assistance and guidance.

JEAN-CLAUDE BÉGA
Chairman

27th September 2019

CHIEF EXECUTIVE OFFICER REPORT

Dear Shareholders,

I am delighted to report that, for the year ended 30 June 2019, the Group recorded another year of growth despite an environment that continues to be characterised by challenging macro-economic conditions around the world. Reported revenue and earnings before interest, tax, depreciation and amortisation (EBITDA) were Rs 6.2 billion and Rs 1.4 billion respectively, a growth of 8% and 12% on the previous year's turnover and EBITDA. This achievement is the result of the dedication and efforts of all our 2,944 team members in the three destinations where we operate, under the management of The Lux Collective Ltd (TLC).

REPORTED REVENUE AND EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION (EBITDA) WERE RS 6.2 BILLION AND RS 1.4 BILLION RESPECTIVELY, A GROWTH OF 8% AND 12% ON THE PREVIOUS YEAR'S TURNOVER AND EBITDA.

OPERATING STRUCTURE

As from 1st January 2019, TLC is operating independently of Lux Island Resorts Ltd (LIR), with a separate board and management team with different objectives, focus and performance indicators. LIR has entered into long term management contracts with TLC for managing and operating its hotels.

The management fees paid by LIR are calculated as a percentage of the turnover and gross operating profit of the hotels. All the team members of the hotels are employed by LIR and their general managers report to the CEO of TLC.

GRI 102-10

MARKET ENVIRONMENT

Tourist arrivals in Mauritius for the financial year ended 30 June 2019 increased by 3% to reach 1.4 million. Arrivals from Europe, our main market, increased by a similar percentage to reach 794,000. Germany and France improved by 8% and 3% respectively whilst the UK was at par with last year.

THE PROFIT FOR THE GROUP FORM CONTINUING OPERATION IMPROVED BY 28%

FROM RS 415 M TO RS 530 M

Arrivals from China and India for the year under review were down on last year by 20% and 10% respectively. In The Maldives, arrivals for the financial year increased by 11% to 1.6 million and the Chinese market, which remains the main market for The Maldives, grew by 1% to 295,000. With regards to Reunion Island, tourist arrival statistics for this financial year are not yet available but, for the nine months to 31 March 2019, they were similar to last year at 419,000.

ADOPTION OF IFRS 9 AND IFRS 15

The Group adopted the new IFRS 9 and IFRS 15, which became effective for the accounting period beginning on or after 1st January 2018. The impact of those standards on the accounts of the Group is as follows:

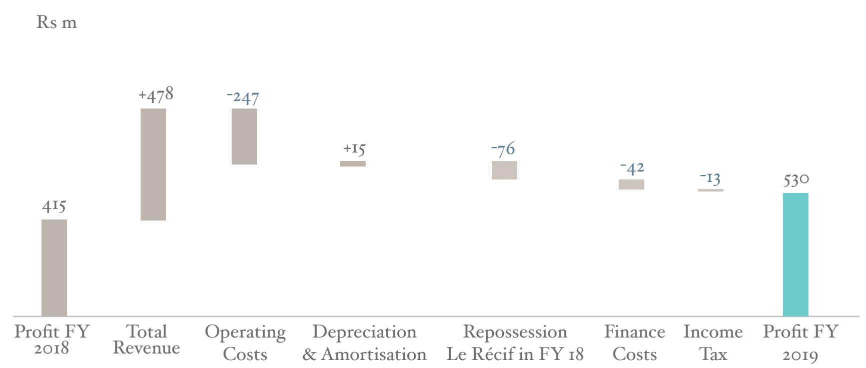
(i) IFRS 9 requires the Group to record expected credit losses on all its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Group has applied the simplified approach and this has resulted in an additional provision of Rs 26 million being made in respect of its trade receivables. The amount, net of differed tax, has been debited against retained earnings at 1 July 2018 in accordance with the modified retrospective approach.

(ii) IFRS 15 establishes a new five-step model that applies to revenue arising from contracts with customers. The impact for the Group is on the presentation of its revenue, which should be net of tour operator commission. In previous years, revenue was accounted for gross and the commission paid to tour operators was shown as an expense. Revenue for the financial year ended 30 June 2019 is therefore presented net of commission and the comparative figures have been adjusted accordingly.

GROUP RESULTS

Except for occupancy, which was similar to last year at 77%, the other two metrics that we use to track performance, namely average daily rate (ADR) and room revenue per available room (RevPAR), improved during the year by 3%. The ADR improved from Rs 8,951 to Rs 9,199 whilst Group RevPAR increased from Rs 6,846 to Rs 7,045.

The profit for the Group from continuing operations, as commented on in the Chairman's Statement, improved by 28% from Rs 415 million to Rs 530 million and the chart below shows the year-on-year movements.



MAURITIUS RESULTS

Despite the challenges presented by the Chinese, Indian and UK markets and the unfavourable exchange rates, our hotels in Mauritius performed fairly well. On a like-for-like basis (LUX* Grand Gaube was closed for almost eight months last year), occupancy rose by one percentage point to 79% whilst ADR improved by 5% to Rs 8,774. The increase in occupancy and ADR resulted in an increase in RevPAR of 6% to Rs 6,896. Turnover at our Mauritius hotels went up by 11% or Rs 32 million to reach Rs 3.7 billion. Operating profit increased by Rs 56% to Rs 533 million, principally due to LUX* Grand Gaube, which operated for the whole financial year with a full inventory.

THE MALDIVES

LUX* South Ari Atoll in The Maldives is very important for LIR as it contributes to 25% of its revenue and 37% of LIR group operating profit. During the financial year under review, the hotel posted an occupancy rate of 66%, which was two percentage points lower than the year before. ADR improved by 5% to US$ 533 and RevPAR increased by 3% to reach US$ 347. The hotel's total revenue improved by 2% to US$ 44 million and EBITDA was similar to last year at US$ 12 million. The Group successfully negotiated the extension of its lease by 50 years and, as a result, a lower depreciation charge has been provided as the assets are now amortised over a longer period. The reduction in the depreciation charge improved the operating profit of the hotel by some Rs 90 million.

TURNOVER AT OUR MAURITIUS HOTELS WENT UP BY 11 % TO REACH Rs 3.7 bn

REUNION ISLAND

The two hotels in Reunion Island performed satisfactorily with the same occupancy rate as last year at 79%. Both combined ADR and RevPAR increased by 4% compared to the financial year ended 30 June 2018. The annual turnover of the two hotels was close to Rs 1 billion with an EBITDA of Rs 143 million. The Board decided to accelerate the depreciation charge on LUX* Saint Gilles in order to be in line with the remaining life of the initial term of the lease and this resulted in an additional charge of Rs 40 million.

THE GROUP GENERATED CASH FLOW FROM OPERATIONS FOR AN AMOUNT OF RS 1.4 BILLION, REPRESENTING GROWTH OF 27% ON LAST YEAR.

Rs 1.4 bn (27%)

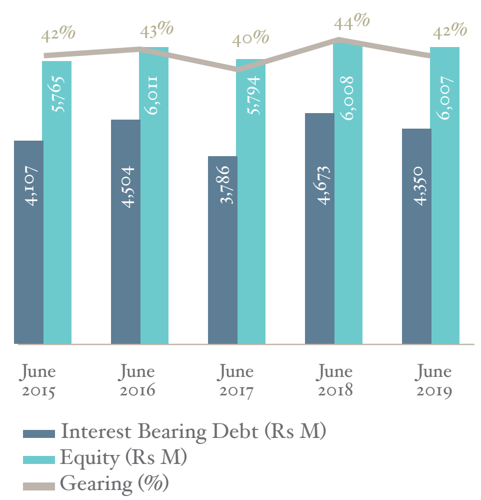
NON-CURRENT ASSETS

The reduction in the value of property, plant and equipment (PPE) is explained by a depreciation charge for the year of Rs 462 million and the impairment of the assets of Merville Beach Hotel (Rs 384 million) that will be demolished during the renovation. Since the carrying amount of the assets of Merville Beach was at valuation, the reduction in value represents the reversal of the revaluation surplus of the same assets recognised in prior years and therefore the decrease was accounted for as movement under other comprehensive income (OCI). Other movements in PPE are in respect of assets transferred or reclassified following the spin-off of TLC from LIR and offset by Group capital expenditure during the year.
Intangible assets increased by Rs 175 million, representing the amount paid to the Maldivian Authority for the extension of the lease of LUX* South Ari Atoll by 50 years.

LIQUIDITY AND CAPITAL RESOURCES

During the year, the Group generated cash flow from operations for an amount of Rs 1.4 billion, representing growth of 27% on last year. Interest paid by the Group for the year under review amounted to Rs 274 million, an increase of Rs 37 million compared to the previous year as a result of a full-year charge on the loan contracted for the renovation of LUX* Grand Gaube. Net interest-bearing loans and borrowings decreased by Rs 248 million and the gearing of the Group at the end of the financial year was 42%, which is below the industry average and our target gearing of 45%. Despite the eighteen-month redevelopment of LUX* Grand Baie, Group gearing should be maintained below 45%. The Group's net debt to EBITDA is healthy at 3.2, the lowest in the industry, and interest cover has been maintained at around five times.

During the year, the Group paid an amount of Rs 356 million as dividends, representing dividends declared for the financial years ended 30 June 2018 (Rs 171 million) and 30 June 2019 (Rs 185 million).
The charts below shows the evolution of the indebtedness of the Group and gearing over the last five years.



AWARDS AND ACCOLADES

In addition to our triple bottom line of economic, social and environmental success, we believe that recognition from our guests, global travel publications and authoritative industry partners provides a further indicator of achievement. In 2019, our hotels received several awards as detailed on page 62.

SUSTAINABILITY DEVELOPMENT

Responsible management is core to our DNA. Our efforts extend beyond just the precautionary approach, to support sustainable development by integrating social and environmental responsibility throughout our operations and travellers' experience to:

- create a memorable experience for guests
- provide team members with fair and dignified employment
- enable long-term prosperity for communities in which we operate
- exercise care to protect and remedy ecosystems
- conduct business with dignity, fairness and transparency
- generate sustained long-term returns for our shareholders.

All activities and initiatives under sustainable development are detailed on pages 98 to 115.

OUTLOOK

The latest statistics published by Statistics Mauritius showed that arrivals for the half year to 30 June 2019 increased by 0.5% to 650,000. The growth was driven by our main markets such as France (+4%), Germany (+4%) and Italy (+13%). However, our UK, India and China numbers fell by 2%, 15% and 35% respectively. The negative performance recorded for China is a source for concern.

In the region, arrivals during the first half year rose by 18% for The Maldives and 9% for Seychelles.

Statistics Mauritius forecasts 1.425 million visitors during the 2019 calendar year, representing an improvement of around 2% on 2018. The Bank of Mauritius has revised its forecast of tourism earnings for 2019 to Rs 64.7 billion, representing a slight increase compared with the Rs 64 billion recorded in 2018. With regards to our hotels in Mauritius, bookings in hand for the first and second quarters are ahead of last year but the results will be affected by the closure of Merville Beach Hotel.

In The Maldives, the latest data shows an increase in arrivals of 18% for the seven months ended 31 July 2019. The number of visitors for the first seven months of 2019 was 995,000 against 849,000 in the previous year. With additional hotel openings, the Maldives will continue to be challenging due to oversupply but over time Maldivian tourism has proved itself resilient and quick to rebound.

Our operations in Reunion Island performed satisfactorily despite the social unrest of December 2018. We are confident that the two hotels will maintain their earnings throughout 2019-2020.

On behalf of the management team, I would like to conclude by expressing our gratitude to all who contributed to our success in the 2018-2019 financial year, including our guests, shareholders, business partners, suppliers and, last but not least, The Lux Collective Ltd under the leadership of Paul Jones. I would also like to express a profound thank you to our team members for their ongoing dedication, passion and support, without which we could not have achieved these results.

Finally, I seize this opportunity to thank my fellow Board members, and in particular our new Chairman, Jean-Claude Béga, for their counsel and support, as well as our former Chairman, Arnaud Lagesse.

DÉSIRÉ ELLIAH
Chief Executive Officer

27th September 2019

Discover a five-star hotel in Mauritius sheltered at the foot of a dramatic mountain

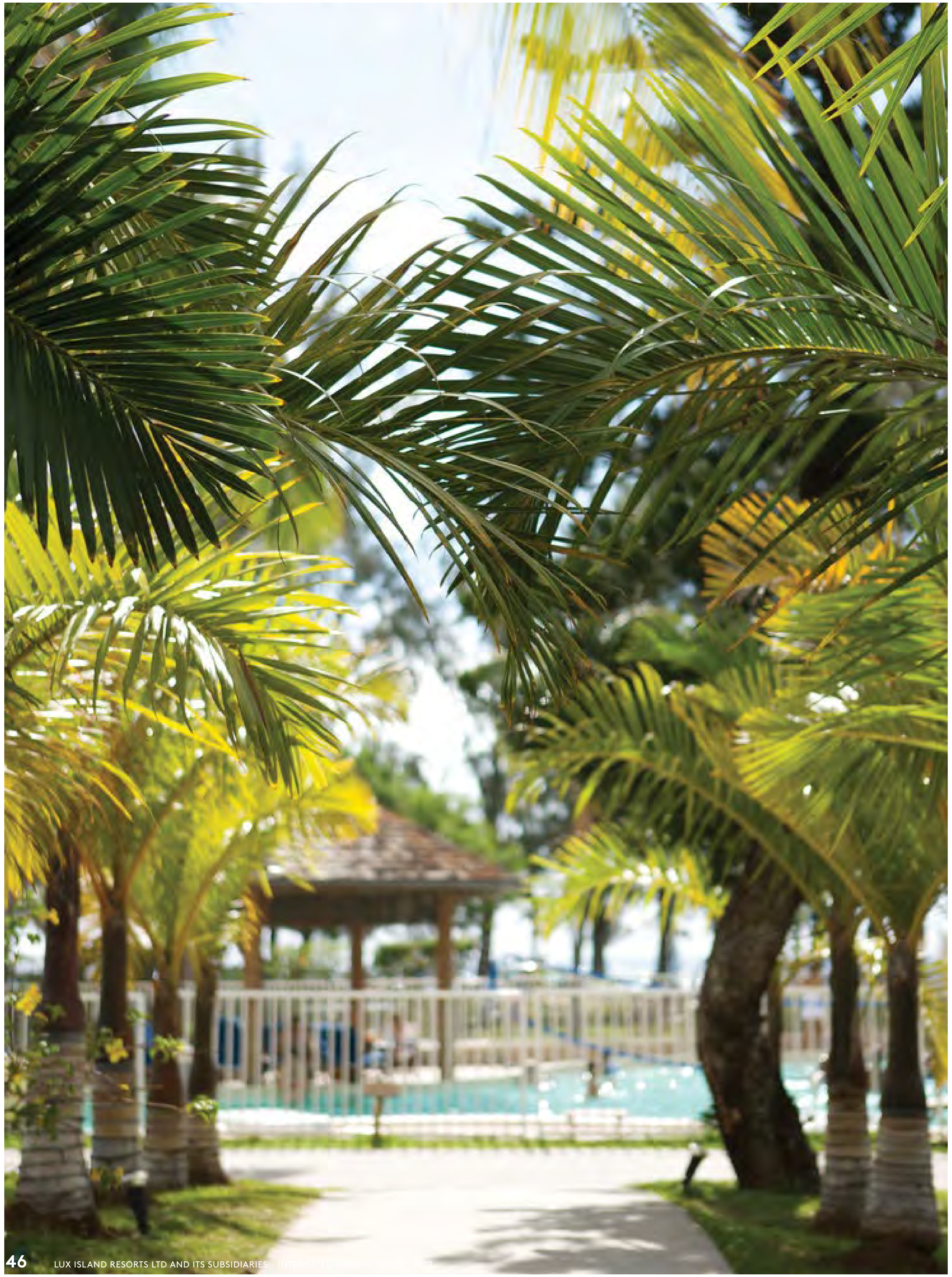
LUX* LE MORNE

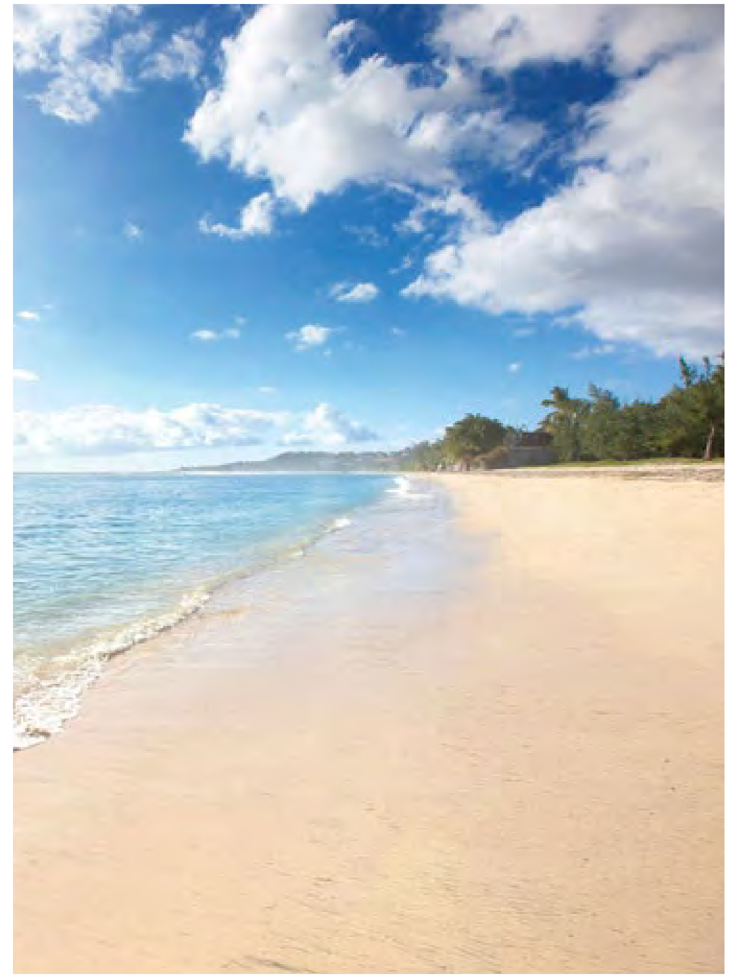
Sheltered at the foot of rugged, majestic Le Morne, this is where to tune in with nature. Wildlife is all around, as is the most dramatic of backdrops and it's only a few steps from bed to relaxing under a palm tree by the sea. Set on one of Mauritius' most attractive lagoon-facing spots, this five-star hotel is on the wilder UNESCO-protected south-west side of the island, with a lookout celebrated for the spectacular sunsets.

Fringed by miles of sandy beaches, this is the best address for climbing Le Morne, exploring Black River Gorges National Park, and for barefoot walks and bicycle rides. Feeling lazy? Don't feel guilty about staying anchored at this resort it has five pools, a tempting spa and chalets dotted around the tropical gardens.

Exotic flavours from around the world will enthral epicureans in the restaurants, while easy living is assured with beach barbecues and island-inspired cuisine paired with award-winning wines. Unforgettable experiences are assured: go horseriding along empty beaches, seek close encounters with marine life or discover exhilarating wave-riding destinations nearby One Eye is the ultimate kitesurfing coordinates. Or just soak up the sunshine and salt air, and do absolutely nothing but relax.

GRI 102-2





A beach hotel in Reunion Island - located in Saint Gilles Les Bains - with Vibrant Creole-style villas and a refreshingly genuine slice of island life

HOTEL LE RECIF

It's time for a getaway. If you've been dreaming of a far-flung tropical retreat in the Indian Ocean, Reunion Island is it. Welcome to three-star Hôtel Le Récif, set in three sweet hectares of tropical gardens bursting with flowers and shad y trees, bordering spectacular Hermitage Lagoon.

Close to the shopping and bustling nightlife of St Gilles, think Creole villas decked in cheerful colours, peaceful sandy beaches and a choice of swimming pools.
The atmosphere at this beach hotel in Reunion Island is friendly, fun and relaxed.

And your typical tropical routine - movie screenings on the beach at dusk, tanning, trays full of tropical cocktails- are all there. Take your time, soak up the authentic flavour of Reunion Island and enjoy.

A luxury resort in the Maldives made for peaceful off-the-grid retreats

LUX* SOUTH ARI ATOLL

Whether seeking a peaceful hideaway or active adventure, the picture-perfect island of Dhidhoofinolhu is home to LUX* South Ari Atoll, a luxury resort where your fantasy of a laid-back, desert island paradise is about to come true.

Here, you'll discover 193 private villas, dotted at the water's edge along two miles of powder fine beaches and perched on stilts above a crystal lagoon. On land or above water, sunset facing or sunrise, these super spacious rooms and suites bring an entirely original vibe of coastal, beach house chic to the Maldives.

With a 5-Star PADI dive centre, the resort's limpid waters are a diver's nirvana but there's an equal abundance of snorkelling and opportunities to visit the resident whale sharks. LUX* South Ari Atoll also offers two infinity pools, floodlit tennis courts and a Technogym fitness centre while the LUX* Me spa is host to a wellness concierge and a menu of indulgent and stimulating treatments.

LUX* South Ari Atoll boasts eight eateries and five bars. East Market is a sophisticated take on a bustling local night market. Umami offers fine dining from separate sushi, teppanyaki and robata counters as well as the Maldives' largest selection of sakes and Japanese whiskeys. Allegria, Senses and MIXE stimulate international palettes and the new Beach Rouge introduces the dolce vita of a fashionable beach club to the island.

LUX* wouldn't be LUX* without a few surprises. Expect island-roasted coffee in Café LUX*, impromptu screenings at Cinema Paradiso and the chance to hang your hopes on our magical tree of wishes.

This Luxury Resort in Mauritius is a clever balance of contrasts and fresh design on the island's northern coast.

LUX* GRAND GAUBE

A pioneering vision from designer Kelly Hoppen delivers an eclectic retro-chic lifestyle that's effortlessly sophisticated, yet blissfully informal.

Amidst lush tropical gardens, LUX* Grand Gaube is enveloped by undulating coves, the calmest of lagoons and is blessed with two tranquil beaches and two spectacular swimming pools.

From generously proportioned rooms with balconies or terraces, to romantic junior suites and showstopper villas with private pools and gardens - all come complete with Indian Ocean vistas and our legendary LUX* hospitality.

A global culinary journey leads to live cooking stations at the Palm Court, Peruvian and Argentinian cuisine at INTI, authentic Creole flavours at Banyan and a Turkish twist at Bodrum Blue. Add our famous Café LUX*, the Beach Rouge dining club plus a host of surprises at every turn - and resort living has never looked or tasted so good.

As a true destination resort, we also spoil you with space. There's an abundance of places to relax or refuel and extensive sports and wellness facilities featuring a sensational new spa, fitness, tennis academy, golf and water sports. To tempt you from your lounger, we also invite you to join us at inspirational classes and expert-led workshops.

With an easy living, smile-inducing personality - LUX* Grand Gaube is the best of every world. Fresh from LUX*, it's an entirely new way to savour the island of Mauritius.

A luxury hotel in Mauritius, shining with the vibrant energy and hospitality of authentic island life.

LUX* BELLE MARE

Fresh and forward-looking, LUX* Belle Mare promises a stylish contemporary spin on luxury hospitality. Tucked away in beautifully landscaped tropical gardens near the sleepy village of Belle Mare, this modern Mauritius boutique resort lives on a glorious stretch of the east coast. Designer Kelly Hoppen breathed inspiration into the interiors, and it's as seductive to honeymooners as fun for multi-generational and family escapes.

Uninterrupted soul-stirring sea views, powder-soft sands, beryl-blue waters and coconut palms swaying gently in the breeze and the island's largest swimming pool where the terrace gently buzzes by day and feels Balearic by night.

Expect Chinese street-food flavours prepared with fine-dining flair, while Amari by Vineet sets new standards for modern Indian cuisine.

Instagram enthusiast adore the ice-cream parlour, the rustic rum shack, beer academy and DJ-soundtracked cocktails at Beach Rouge or switch off and indulge in sweet-scented LUX* Me spa treatments, work on your swing at one of three world-class golf courses or explore the marine life waiting in the lagoon. If it sounds like one of the most charming spots on the island, it is. Vibrant cosmopolitan personality, authentic island life, every five-star perk and plenty of surprises.

The only five-star hotel on Reunion Island, blessed with a flawless beach

LUX* SAINT GILLES

Located on the western coast of this lush volcanic island, LUX* Saint Gilles faces a shimmering expanse of aqua-blue waters, fringed by a stretch of immaculate sands. Tucked away in acres of beautiful tropical gardens, Creole villas sit in the shade of coconut palms and filao trees, just steps from the coral-sheltered lagoon at L'Hermitage.

The white-sand beach may call for idle lounging by the emerald-blue pool – it's the largest one in Reunion Island – but there's plenty here for thrill-seekers, too.

Try a spot of tennis or volleyball in the grounds, or venture further afield to experience the rugged, dramatic beauty of the island's volcanic peaks and tumbling waterfalls at this World Heritage Site.

Once you've worked up an appetite, sample the day's catch at our beachfront bars and restaurants. Float away with a zen yoga session in the gardens or a private in-room spa treatment – a peaceful end to an unforgettable day on this majestic island.

An all-inclusive hotel in Mauritius

TAMASSA

Now is as good a time as any to plan your next holiday. To make it count you'll require a party spirit, movie screenings on the beach at dusk and a hammock. Introducing Tamassa, our vibrant four-star beach hotel in Mauritius, set in tropical gardens on white sandy beaches with rustling coconut trees and a cobalt ocean.

This all-inclusive hotel in Mauritius, located at Bel Ombre in the south-west of the island, is surrounded by dramatic mountains and dense sugarcane fields. Here an effervescent zest for life combines with contemporary design to bring the young (and young at heart) the perfect spot for fun and relaxation.

Infuse a little magic into your life.
Make our private island your home for the day.

ILE DES DEUX COCOS

Ile des Deux Cocos, a sun-soaked hideaway, is a good as it gets. Whatever it is you want to celebrate, our team is here to give you a hand.

Whoever said life is about the journey, not the destination, probably didn't own a private tropical island retreat. With the unobstructed views, a picturesque villa and a dedicated team, you are guaranteed to live out your ultimate castaway fantasy on Île des Deux Cocos.

This beautiful jewel surrounded by turquoise ocean lies just off the south east coast of Mauritius. Reserve this island resort in Mauritius for an overnight stay, visit for day trips, or host your own exclusive party or special event, including weddings and anniversaries.

To the south of this island retreat in Mauritius, the dramatic ocean is an ever-changing spectacle of waves pounding against the coral reef. In contrast, to the north, tranquil, sandy white beaches border the Blue Bay Marine Reserve, one of the most stunning spots for snorkelling in Mauritius.

A luxury hotel on a private island in Mauritius, shining with the vibrant energy and hospitality of authentic island life

EMBA FILAO

Situated next to LUX* Le Morne, Emba Filao is the only beachside public restaurant on the west coast of the island. The restaurant sits directly on Le Morne public beach and offers gorgeous panoramic views on the azure lagoon. Popular to both local residents and tourists, it offers a menu filled with **fresh seafood and local specialties.** Our clients can take advantage of our sunbed rental services as an ideal choice to enjoy a sun-soaked experience and can benefit from our car park facilities. The spot is ideal for events such as family parties, birthday celebrations and corporate events during the whole year.

AWARDS

TRAVELLER'S CHOICE AWARDS

LUX* BELLE MARE

- LUX* Belle Mare ranked 3rd out of 25 All-Inclusive Resorts across the World
- LUX* Belle Mare ranked 14th out of 25 Hotels for Service in Africa
- LUX* Belle Mare ranked 1st out of 10 All-Inclusive Resorts in Africa
- LUX* Belle Mare ranked 2nd out of 10 Hotels for Service in Mauritius
- LUX* Belle Mare ranked 7th out of 10 Hotels for Romance in Mauritius.

LUX* Belle Mare rated No.20 in the category Top 25 Hotels for Service– Africa by Trip Advisor Travellers' Choice Awards 2018

LUX* GRAND GAUBE

- LUX* Grand Gaube ranked 7th out of 25 Hotels in Africa
- LUX* Grand Gaube ranked 19th of 25 Hotels for Service in Africa
- LUX* Grand Gaube ranked 21st out of 25 Hotels for Romance in Africa
- LUX* Grand Gaube ranked 3rd out of 10 Hotels in Mauritius

LUX* Grand Gaube rated No.17 in the category Top 25 Hotels for Service– Africa by Trip Advisor Travellers' Choice Awards 2018

LUX* LE MORNE

- LUX* Le Morne ranked 12th out of 25 Hotels in Africa
- LUX* Le Morne ranked 6th out of 10 Hotels in Mauritius
- LUX* Le Morne ranked 5th out of 10 Hotels for Romance in Mauritius
- LUX* Le Morne was awarded the "Best Heritage Hotel Worldwide" by the World Luxury Hotel Awards 2018
- LUX* Le Morne rated No.21 in the category Top 25 Hotels for Service– Africa by Trip Advisor Travellers' Choice Awards 2018
- LUX* Le Morne rated No.23 in the category Top 25 Luxury Hotels – Africa by Trip Advisor Travellers' Choice Awards 2019
- LUX* Le Morne was awarded the "Best Luxury Hotel in Africa" and "Best Luxury Hotel in Mauritius" at the International Hotel Awards 2019

TAMASSA

- Ranked 5th out of 25 All-inclusive Resorts across the World
- Ranked 2nd out of 10 All-inclusive Resorts in Africa
- Ranked 5th out of 10 Hotels for Service in Mauritius
- Ranked 8th out of 10 Hotels for Romance in Mauritius

LUX* SOUTH ARI ATOLL

- LUX* South Ari Atoll awarded as The Best Oversea Hotel Award by City Traveler 2018
- LUX* Me Spa at Lux* South Ari Atoll awarded Best Luxury Island Resort Spa in the Maldives in the 2018 Luxury Spa Awards

CORPORATE GOVERNANCE REPORT

STATEMENT OF COMPLIANCE BY THE BOARD

Lux Island Resorts Ltd ('the Company' or 'LIR') and its subsidiaries ('the Group') have always been committed to observing high standards of Corporate Governance, promoting corporate transparency and enhancing shareholder value.

The introduction of The National Code of Corporate Governance for Mauritius 2016 (NCGG) has brought considerable changes, from a Corporate Governance reporting perspective.

We are pleased to confirm that we have complied with all of the requirements and provisions for the year ended 30th June 2019 except for the composition of its various committees as described below and for which the Board is taking appropriate actions. Following the separation of the Management Company from its Property and Operating Companies, the contents of the company's website are currently being reviewed.

This report, along with the Annual Report, is published in its entirety on the Company's website.

RELATIONS WITH SHAREHOLDERS AND KEY STAKEHOLDERS

COMPANY CONSTITUTION

A copy of the Constitution is available at the registered office of the Company and on its website: www.luxislandresorts.com

There are no clauses of the Constitution deemed material enough for special disclosure.

SHAREHOLDING

The directors regard IBL Ltd as the ultimate holding company and as at 30th June 2019, four directors were common to the Company and IBL Ltd, namely Messrs Jean-Claude Béga, Jan Boullé, Thierry Lagesse and Maxime Rey.

As at 30th June 2019, the Company's share capital was Rs 1,371,159,430 (137,115,943 shares) with 4,698 shareholders (30.06.18: 4,668) present on the shareholder's registry. There has been no change during this financial year in the share capital.

The following shareholders had more than 5% of the capital of the Company at 30th June 2019:

IBL Ltd	56.47%
Swan Group	6.71%
National Pension Fund	5.58%
Other shareholders (less than 5% each)	31.24%
Total	**100.00%**

RELATIONS WITH SHAREHOLDERS AND KEY STAKEHOLDERS (continued)

SHAREHOLDING PROFILE

The Company's shareholding profile as at 30th June 2019 was as follows:

Defined Brackets	Number of Shareholders	Number of Shares Owned	Percentage %
1-500	2,337	303,422	0.221
501-1,000	450	348,789	0.254
1,001-5,000	978	2,429,235	1.772
5,001-10,000	332	2,423,161	1.767
10,001-50,000	434	9,075,796	6.619
50,001-100,000	74	5,191,040	3.786
100,001-250,000	57	8,859,875	6.462
250,001-1,000,000	28	13,335,983	9.726
1,000,001-1,500,000	3	3,912,153	2.853
Over 1,500,000	5	91,236,489	66.54

SUMMARY OF SHAREHOLDER CATEGORY

Category of Shareholders	Number of Shareholders	Number of Shares Owned	% of Total Issued Shares
Individuals	4,248	19,057,090	13.899
Insurance and assurance companies	3	216,368	0.158
Pension and provident funds	38	5,337,733	3.893
Investment and trust companies	19	693,818	0.506
Other corporate bodies	390	111,810,934	81.544

SHARE PRICE INFORMATION

At the time of reporting, the share price of the Company was around Rs 55.25/- compared to Rs 74/- a year ago. During the year, the Company distributed to its shareholders as 'dividend in specie' the shares of The Lux Collective Ltd (TLC) in the proportion of one share of TLC for every share held in LIR. The indicative value of a TLC share based on a rights issue recently carried out by the Company is Rs 7/-. During the same period, the Semdex has decreased by 6%.

SHAREHOLDER RIGHTS

The Company recognizes the importance of maintaining transparency and accountability to its shareholders. The Board ensures that the Company's shareholders are treated fairly and equitably, and that their rights are protected.

The Company is committed to providing shareholders with adequate, timely, and sufficient information pertaining to the Group's business which could have a material impact on the Company's share price.

All shareholders of the Company are entitled to attend and vote at shareholders' meetings, in person or by proxy. Shareholders also receive the annual reports of the Company and the notice of Annual Meeting of shareholders, which is also published in the newspapers.

RELATIONS WITH SHAREHOLDERS AND KEY STAKEHOLDERS (continued)

COMMUNICATION WITH SHAREHOLDERS

The Company actively engages with its shareholders to promote regular, effective, and fair communication with shareholders and investors at large.

Transparency and disclosure define the Company's communication with shareholders. The Company is committed to delivering thorough and updated information to the global investing community, in order to support informed investment decisions. The Company does not practice selective disclosure of material information. The Company conveys material information in its quarterly results through published announcements, and is required to comply with the provisions of the Listing Rules under the continuous disclosure obligations. Results and annual reports are announced and issued within the specified period. All announcements are posted immediately on the Company's website.

The Company conducts regular analysts and media meetings. For the results announcements, the Company provides materials, including financial statements and Management discussions and analysis in the form of presentation slides and press releases. During these meetings, the Chairman and the Chief Executive Officer review the most recent performance, analysis, business key-value drivers and metrics, and share the Group's insights and business strategy. On this occasion, analysts, fund managers and reporters have the opportunity to ask questions to the Chairman and the Chief Executive Officer. Any figures or information presented during these panels are simultaneously posted on the Company's website.

DIVIDEND POLICY

The declaration amount and payment of dividends depend on many factors, including the results of the operations, cash flow, expansion, working capital requirements, future projects, and other factors deemed relevant by the Board.

However, subject to internal cash-flow requirements and the need for future capital investments, it is the Company's policy to declare 50% dividends out of recurring profits for the year available for distribution, in accordance with the Companies Act 2001. The Audit & Risk Committee and the Board ensure that the Company satisfies the solvency test at each dividend declaration.

The Board declared a final dividend of Rs 1.35 with respect to the year ended 30th June 2019 (2018: Rs 1.25 per share). During the year, the Company also carried a distribution in specie of the shares it owned in TLC. The carrying value of the investment in TLC was Rs 2.01 per share.

Summary of dividend per share paid over the past five years in Mauritian rupees :

Period	Final
Year ended 30th June 2015	1.00
Year ended 30th June 2016	1.15
Year ended 30th June 2017	1.25
Year ended 30th June 2018	1.25
Year ended 30th June 2019	1.35
Year ended 30th June 2019 *(Note 1)*	2.01

Note 1 : represents the carrying value of the investment in TLC distributed as dividend in specie. The shareholders received one share of TLC for every share held in LIR. The value of the share based on a rights issue carried out by TLC was around Rs 7/ in September 2018.

CORPORATE GOVERNANCE REPORT

RELATIONS WITH SHAREHOLDERS AND KEY STAKEHOLDERS (continued)

CONDUCT OF SHAREHOLDER MEETINGS

During the Annual Meeting of shareholders, which is held in Mauritius, shareholders are given the opportunity to share their views and to discuss with the Board and Management of the Company, with regard to the Group's business activities and financial performance.

Directors are encouraged to attend shareholders' meetings. The members of the Audit & Risk Committee and external auditors are also present at such meetings.

The Constitution also allows a shareholder of the Company to appoint a proxy (in the case of an individual shareholder) or a representative (in the case of a shareholder Company, by way of a written resolution), whether a shareholder or not, to attend and vote on their behalf.

At a Shareholders' meeting, each item is proposed in a separate resolution:

- The approval of the audited financial statements
- The Annual Report
- The election or re-election of Directors of the Board
- The appointment or re-appointment of Auditors under section 200 of the Companies Act 2001
- The approval of Non-Executive Directors remuneration
- The ratification of the remuneration paid to the Auditors
- Any other matter which may require the shareholder's approval

SHAREHOLDING AS REGARDS DIRECTORS

Interests of Directors

The table below outlines each Director's respective direct and indirect interests and number of other directorships in listed companies as at 30th June 2019.

Directors	Direct Interest Shares	Direct Interest %	Indirect Interest %	Number of Other Directorships in Listed Companies
Jean-Claude Béga	79,651	0.06	0.04	5
Jan Boullé	-	-	0.05	7
Laurent de la Hogue	25,000	0.01	-	2
Désiré Elliah	759,977	0.55	-	-
Pascale Lagesse	-	-	-	-
Thierry Lagesse	1,378	0.00	0.02	5
Reshan Rambocus (appointed on 01.07.18)	-	-	-	1
Maxime Rey	4,000	0.00	-	5
Arnaud Lagesse (resigned on 31.12.18)	24,000	0.01	0.59	6
Paul Jones (resigned on 31.12.18)	287,000	0.20	-	-
Alternate Directors				
Deodass Poolovadoo (resigned as Alternate to Désiré Elliah on 31.12.18)	139,071	0.10	-	-

RELATIONS WITH SHAREHOLDERS AND KEY STAKEHOLDERS (continued)

SHAREHOLDING AS REGARDS DIRECTORS (CONTINUED)

Interests of Directors (continued)

Other than having shares in the holding company, none of the directors have any interest in the subsidiaries of the Company as at 30th June 2019.

During the period under review, share dealings by directors (including Alternate directors) were as follows:

	Number of Shares Purchased/(Sold) Directly	Number of Shares Purchased/(Sold) Indirectly
Désiré Elliah	10,000	-
Deodass Poolovadoo	(200,000)	-
(resigned as Alternate Director to Désiré Elliah on 31.12.18)		

The Company complies with Appendix 6 (Model Code for Securities transactions by Directors of Listed Companies) of the Listing Rules established by the Stock Exchange of Mauritius Ltd and ensures that all dealings in which a Director is or is deemed to be interested is conducted in accordance with the Model Code.

The Company keeps an Interests Register in accordance with the Companies Act 2001 and an Insider Register pursuant to the Securities Act 2005. The registers are regularly updated with the information submitted by the directors and/or other insiders as applicable.

CALENDAR OF IMPORTANT EVENTS WITH RESPECT TO THE FORTHCOMING FINANCIAL PERIOD

Publication of 1st quarter results	October 2019
Annual Meeting of Shareholders	December 2019
Declaration/payment of interim dividend (if applicable)	November/December 2019
Publication of half-yearly results	January 2020
Publication of 3rd-quarter results	April 2020
Declaration/payment of final dividend (if applicable)	June 2020
Financial year-end	June 2020
Publication of abridged end-of-year results	August 2020

GOVERNANCE STRUCTURE

Lux Island Resorts Ltd is a public interest entity, as defined by law.

The primary function of the Board of Directors of the Company ("The Board") is to provide effective leadership and direction to enhance the long-term value of the Group to its shareholders and other stakeholders as enumerated in the Board Charter as approved by the Board and which is published on the Company's website. The Board has, inter alia, the responsibility to fulfil its role, which entails the following:

GOVERNANCE STRUCTURE (continued)

- Ensure that the long term interests of the Company and its shareholders are being served, and to ensure proper safeguard of the Group's assets
- Assess major risk factors relating to the Group and review measures, including internal controls, to address and mitigate such risks
- Review and approve Management's strategic and business plans, including understanding the business and questioning the assumptions upon which plans are based, in order to reach an independent judgment and determine the feasibility of the plans and/or forecasts being realized
- Monitor the performance of the group regarding budgets and forecasts prepared by Management
- Review and approve significant corporate actions and major transactions
- Assess the effectiveness of the Board in accomplishing its function and meeting out its objectives
- Ensure ethical behaviour and compliance with laws and regulations, auditing and accounting principles and the company's own governing documents
- Identify key stakeholder groups and acknowledge that their perceptions affect the Company's reputation
- Consider sustainability issues, e.g environmental and social factors, as part of its strategic formulation
- Perform such other functions as prescribed by law, or assigned to the Board in the Company's governing documents.

The Board has approved a 'Statement of Accountabilities', under its Board Charter, describing the major accountabilities within the organization.

CHAIRMAN OF THE BOARD

The Board is headed by the Chairman and there is a clear separation of responsibilities between the leadership of the Board and the Executives responsible for managing the Company's business. The Board notes that the Chairman plays an instrumental role in developing the business of the Group and that he provides the Group with strong leadership and vision. Following the restructure of its activities and the separation of its real estate and hotel operations Company, LIR from its Management Company, TLC, Mr Arnaud Lagesse has resigned as Director and Chairman of LIR on 31st December 2018 and has been replaced as Chairman by Mr Jean-Claude Béga.

Mr Jean-Claude Béga is responsible, inter alia, for:

- Leading the Board to ensure its effectiveness in all aspects of its role
- Setting the agenda and ensuring that adequate time is granted to discuss all agenda items particularly strategic issues
- Ensuring that the Directors receive complete, adequate information in a timely manner
- Ensuring effective communication with shareholders
- Encouraging constructive relations within the Board and between the Board and Management
- Facilitating the effective contribution of non-executive directors in particular
- Promoting high standards of Corporate Governance

CODE OF ETHICS

The Company has a commitment to moral conduct, to ethical behavior and to operations within the letter and spirit of the law. In carrying out their duties, Officers of the Group should adhere to local and all other applicable laws, regulations, principles and standards, in everything that they do and be aware that compliance with such laws, regulations, principles and standards is the basis of sound business conduct.

GOVERNANCE STRUCTURE (continued)

CODE OF ETHICS (CONTINUED)

The Code of Ethics of the Group as approved by the Board and which is published on the Company's website addresses the following:

- Compliance with Laws, Rules and Regulations
- Conflict of Interest
- Use and disclosure of Confidential Information
- Giving and receiving gifts
- Safeguard and proper use of company assets
- Personal conduct and etiquette
- Proper accounting and document retention
- Reporting illegal and unethical behavior
- Recruitment and Employment practices
- Responsibilities to the Community
- Relationships with suppliers and contractors
- Responsibilities towards Government official
- Responsibilities towards other stakeholders

The Audit & Risk Committee (ARC) annually monitors and evaluates compliance with its Code of Ethics. Appropriate actions are taken in case of non compliance.

STRUCTURE OF THE BOARD

BOARD SIZE AND COMPOSITION

The Board is a unitary board that currently consists of 8 directors as shown below, along with their membership on the Committees of the Company:

Each year, the Board examines the size, composition, skills and core competencies of its members to ensure there is an appropriate balance and diversity of gender, skills, experience and knowledge. The Board includes Directors from different industries and backgrounds, with business and management experience, who, collectively, provide the core abilities for the leadership of the company. Taking into account the scope and nature of the Group's operations, the Board considers that the current Board of 8 Directors is appropriate for enabling effective decision-making. The directors of the Company and their functions in the various Committees are as follows:

NAME	GENDER	COUNTRY OF RESIDENCE	BOARD APPOINTMENT	BOARD COMMITTEE APPOINTMENT
Jean-Claude Béga	M	Mauritius	Non-independent Chairperson of the Board	Member of the Corporate Governance and Nomination Committee and of the Remuneration Committee
Désiré Elliah (Chief Executive Officer)	M	Mauritius	Executive Director	
Jan Boullé	M	Mauritius	Non-Executive Director	Member of the Corporate Governance and Nomination Committee and of the Remuneration Committee

STRUCTURE OF THE BOARD (continued)

NAME	GENDER	COUNTRY OF RESIDENCE	BOARD APPOINTMENT	BOARD COMMITTEE APPOINTMENT
Laurent de la Hogue	M	Mauritius	Non-Executive Director	Member of the Audit and Risk Committee
Pascale Lagesse	F	France	Independent Non-Executive Director	Chairperson of the Corporate Governance and Nomination Committee and of the Remuneration Committee
Thierry Lagesse	M	Mauritius	Non-Executive Director	
Reshan Rambocus	M	Mauritius	Independent Non-Executive Director	Chairperson of the Audit & Risk Committee and Member of the Remuneration Committee
Maxime Rey	M	Mauritius	Non-Executive Director	Member of the Audit & Risk Committee

All Board members are non-executive, except:

- The Chief Executive Officer

DIRECTOR'S INDEPENDENCE REVIEW

Having 2 independent directors play a crucial role in ensuring that we have a strong, impartial element on the Board. The objective is to facilitate the exercise of independent and objective judgement on corporate affairs, and to ensure that discussion and review of key issues takes place in a critical yet constructive manner.

The Board evaluates, on an annual basis, and as and when the circumstances require, whether or not a director is independent, bearing in mind the provisions of the NCCG, and any other salient factors.

Additionally, rigorous review are conducted, and particular consideration is given to Directors that have served on the Board for more than nine consecutive years, from the date of their first election. Although, the Board considers that a Director's independence cannot be determined solely and arbitrarily on the basis of the length of time and that a director's contribution in terms of experience, expertise, professionalism, integrity, objectivity and independent judgement in engaging and challenging should also be considered. Managing the interests of the Group, as well as the performance of their duties in good faith, are more critical measures in ascertaining a director's independence than the number of years on the Board.

The Board considers that the following Directors are regarded as Independent Directors of the Company:

- Mrs Pascale Lagesse
- Mr Reshan Rambocus

Mrs Pascale Lagesse was appointed as an Independent Non Executive Director on the Board on 20th April 2017 and Mr Reshan Rambocus was appointed as an Independent Non Executive Director on the Board on 1st July 2018.

We believe that the Independent Directors have and will demonstrate a high commitment to their roles as Directors and will ensure that there is a good balance of power and authority within the Company.

STRUCTURE OF THE BOARD (continued)

NON-EXECUTIVE DIRECTORS

Our non-executive Directors meet and/or hold discussions at least annually without the presence of other executive directors, non-independent Directors and Management.

DELEGATION BY THE BOARD

To assist the Board, the Board has delegated certain functions to 3 Committees, namely the Audit & Risk Committee (ARC), the Remuneration Committee (RC) and the Corporate Governance and Nomination Committee (CGNC). Each committee has its own written terms of reference, which are available on the Company's website. Please refer to pages 72 to 75 of this report for further information on these Committees.

DIRECTORS' TIME, COMMITMENT, AND MULTIPLE DIRECTORSHIPS

The NCCG recommends that Directors collectively come to a consensus on the maximum number of listed-company Boards that each Director may serve on, in order to properly address time commitment that may arise due to one individual serving on multiple Boards.

The Board believes that each Director who already serves on several Boards, when accepting yet another appointment, has the individual responsibility to personally determine the demands of his competing directorships and obligations, and ensure that he can allocate sufficient time and attention to the affairs of each Company.

The Board considers that setting a limit on the number of listed-company directorships a Director may hold is arbitrary, given that time requirements for each person vary. Therefore, the Board prefers not to be prescriptive. As a safeguard, the CGNC reviews each Director's ability to devote sufficient time and attention to the affairs of the Company during the CGNC's annual assessment process. The CGNC is currently satisfied with the time committed by each Director to meeting attendance.

COMPANY SECRETARY

Since the 1st January 2019, the role of the Company Secretary is carried out by IBL Management Ltd in replacement of The Lux Collective Ltd (previously LUX Hospitality Ltd).

IBL Management Ltd comprises a team of experienced company secretaries providing support and services to the Company. As governance professionals, the Company Secretary guide the Board on corporate governance principles and on its statutory duties and responsibilities.

In its advisory role, the Company Secretary provides support and advice to the Company on corporate transactions/projects. The Company Secretary is responsible for the efficient administration of the Company particularly with regard to ensuring compliance with statutory and regulatory requirements and for ensuring that Board decisions are implemented. Directors may separately and independently contact the Company Secretary or its nominee who attends and prepares minutes for all Board meetings. The Company Secretary's role is defined, and includes the responsibility for ensuring that Board procedures are followed and that applicable rules and regulations are abided by.

The appointment and dismissal of the Company Secretary are matters requiring the Board's approval.

AUDIT & RISK COMMITTEEE (ARC)

The ARC is governed by a Charter in line with the provisions of the NCCG. The Charter of the ARC is available on the website of the Company and has been approved by the ARC. The Charter is reviewed on an annual basis.

The Board considers that the members of the ARC are appropriately qualified to discharge their responsibilities of the ARC. The ARC has the explicit authority to investigate any matter within its terms of reference. In addition, the ARC has full access to, and co-operation of the Management as well as full discretion to invite any Director or executive officer to attend its meetings. Reasonable resources are made available to enable the ARC to discharge its functions properly.

STRUCTURE OF THE BOARD (continued)

AUDIT & RISK COMMITTEE (ARC) (CONTINUED)

In addition to its statutory functions, the ARC considers and reviews any other matters as may be agreed to by the ARC and the Board. The duties of the ARC includes amongst others:

(a) Reviewing significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Group and any formal announcement relating to the Group's financial performance.

(b) Reviewing and reporting to the Board, at least annually, the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls.

(c) Reviewing the effectiveness of the Group's internal audit function.

(d) Reviewing the scope and results of the external audit, and the independence and objectivity of the external auditors.

(e) Making recommendations to the Board on the proposals to the shareholders on appointment, re-appointment and dismissal of external auditors, and approving the remuneration and terms of engagement of the external auditors.

The ARC reviews with Management, and where relevant, the auditors, the results announcements, annual report and financial statements, interested person transactions and corporate governance, before submission to the Board for approval and adoption.

In performing its functions, the ARC meets with the internal and external auditors, and reviews the audit plans and overall scope of both internal and external audits, and the co-operation and assistance given by Management to the respective auditors. Where necessary, the ARC also meets separately with the internal and external auditors whereby any issues may be raised directly with the ARC, without the presence of Management. The internal and external auditors have unrestricted access to the ARC.

The ARC has discussed with external auditors and Management on matters of significance to the financial statements, which include the following:

- Impairment of investment in subsidiaries and goodwill
- Deconsolidation of The Lux Collective Ltd

These matters as well as any other issues identified by the ARC are discussed with both the internal and external auditors. Depending upon the issue, independent expert advice might be sought. The matters listed above have also been addressed by the auditors under the "Key Audit Matters" section in the Independent Auditor's Report. The ARC is satisfied that these matters have been appropriately addressed. The ARC recommended to the Board to approve the audited financial statements of the Group for the financial year ended 30th June 2019 ("FY 2019 Financial Statements"). The Board has approved the FY 2019 Financial Statements on 27th September 2019.

The ARC met 5 times during the year and has considered, inter alia, the following:

- Approval of the financial statements as at 30th June 2018
- Approval of the results for Q1, Q2 and Q3
- Approval of the process in respect of the 'dividend in specie' following the restructure of the Group
- Approval of the ARC Charter
- Review of the budget for 2019/2020
- Audit Plan for 2019/2020
- Taken cognizance of the internal and external audit reports issued

STRUCTURE OF THE BOARD (continued)

AUDIT & RISK COMMITTEE (ARC) (CONTINUED)

The members of the ARC are as follows:

- Reshan Rambocus (Chairman) - Independent Non Executive Director
- Laurent de la Hogue (appointed on 01.01.19) - Non Executive Director
- Maxime Rey - Non Executive Director

Jean-Claude Béga (resigned on 01.01.19)

Jan Boullé (resigned on 01.01.19)

The Board is taking appropriate actions to comply with the NCCG in terms of the number of independent directors constituting the ARC.

Profiles and qualifications of the members of the ARC are disclosed on pages 14 to 17.

CORPORATE GOVERNANCE AND NOMINATION COMMITTEE (CGNC)

The CGNC is governed by a Charter that determines the objects and functions of the Committee.

The Charter of the CGNC is available on the website of the Company and has been approved by the CGNC. The Charter is reviewed on an annual basis.

The main role of the CGNC is to advise and make recommendations to the Board on all aspects of Corporate Governance which should be followed by the Company, so that the Board remains effective while complying with sound and recommended corporate practices and principles.

Since the 1st January 2019, the members of the CGNC are :

- Pascale Lagesse – Independant Non Executive Chairperson
- Jean-Claude Béga – Non Executive Director
- Jan Boullé – Non Executive Director

Arnaud Lagesse (resigned as Chairman and member on 31.12.18)
Alexis Harel (resigned on 31.12.18)
Christof Zuber (resigned on 31.12.18)

The Board is taking appropriate actions to comply with the NCCG in terms of the number of independent directors constituting the CGNC.

Profiles and qualifications of the members of the CGNC are disclosed on pages 14 to 17.

REMUNERATION COMMITTEE (RC)

The RC is governed by a Charter that determines the role and responsibilities of the Committee. The Charter of the RC is available on the website of the Company and has been approved by the RC. The Charter is reviewed on an annual basis.

The duties of the RC include, amongst others, the recommendation to the Board for approval of the following:

- The organizational chart of the Company
- A general framework of remuneration for the key management personnel;
- Specific remuneration packages for each key management personnel; and
- The company's obligations in the event of the termination of an executive director or key management personnel's contract of service, to ensure that such contracts of service contain fair and reasonable termination clauses that are not overly generous.

STRUCTURE OF THE BOARD (continued)

REMUNERATION COMMITTEE (RC) (CONTINUED)

The RC may, during its annual review of remuneration of key management personnel, seek advice from external remuneration consultants as and when deemed necessary.

None of the members of the RC are involved in deliberations regarding remuneration, fees, compensation, incentives or any other form of benefits granted to Directors. Emoluments of Directors are decided by the CGNC.

Since the 1st January 2019, the members of the RC are :

- Pascale Lagesse - Independent Non Executive Chairperson
- Jean-Claude Béga – Non Executive Director
- Jan Boullé – Non Executive Director
- Reshan Rambocus – Independent Non Executive Director

Christof Zuber (resigned as Chairman and member on 31.12.18)
Arnaud Lagesse (resigned on 31.12.18)
Alexis Harel (resigned on 31.12.18)

The Board views that the current composition is adequate, with a Chairperson qualified as Independent Director. Profiles and qualifications of the members of the RC are disclosed on pages 14 to 17.

ATTENDANCE

Below are details on the number of Board meetings and Board Committee meetings held during the last financial exercise, as well as the attendance of Directors and Board Committee members at those meetings:

NAME	BOARD MEETINGS	ARC MEETINGS	CGNC MEETINGS	RC MEETINGS
EXECUTIVE DIRECTORS				
Paul Jones *	2 on 2	-	1 on 1 *(in attendance)*	2 on 2 *(in attendance)*
Désiré Elliah	6 on 6	5 on 5 *(in attendance)*	2 on 2 *(in attendance)*	3 on 3*(in attendance)*
NON-EXECUTIVE DIRECTORS				
Arnaud Lagesse *	2 on 2	-	1 on 1	2 on 2
Jean-Claude Béga *	6 on 6	2 on 2	1 on 1	1 on 1
Jan Boullé *	5 on 6	2 on 2	1 on 1	1 on 1
Laurent de la Hogue *	5 on 6	3 on 3	-	-
Pascale Lagesse *	6 on 6	-	1 on 1	1 on 1
Thierry Lagesse	6 on 6	-	-	-
Reshan Rambocus *	5 on 6	5 on 5		1 on 1
Maxime Rey	6 on 6	4 on 5	-	-
OTHER DIRECTORS OF THE GROUP				
Alexis Harel *	-	-	1 on 1	2 on 2
Christof Zuber *	-	-	1 on 1	2 on 2
NUMBER OF MEETINGS HELD	6	5	2	3

** Please refer to page 8 Board and Committees for the appointment /resignation dates on the Board and on the Committees*

DIRECTOR APPOINTMENT PROCEDURES

ROLE OF THE CGNC IN THE DIRECTOR'S APPOINTMENT

The CGNC is responsible for selecting and appointing new Directors.

All new Board members are first considered, reviewed, and recommended by the CGNC, before being brought up to the Board for approval. Potential candidates for casual vacancies are sourced with recommendations from Directors, or the Shareholders as provided in article 13.1.5 of the Constitution of the Company. The CGNC then evaluates the suitability of potential candidates for the position, taking into account, inter alia, skills, knowledge, experience and ability to contribute to the Board's effectiveness.

Upon the CGNC recommendation, the Board approves the appointment of the new Director.

In accordance with the provisions of the NCCG governing the election and re-election of Directors, all Directors are to present themselves for re-election every year at the Annual Meeting of Shareholders. Newly-appointed Directors, during the year under review, must present themselves for election at the forthcoming Annual Meeting of Shareholders.

Under Section 138 of the Companies Act 2001 of Mauritius, the office of a Director shall become vacant at the conclusion of the Annual Meeting of Shareholders commencing next after the Director attains the age of 70 years, and shall then be subject to yearly re-appointment. The Board is satisfied with the current practice.

This year, to comply with the provisions of the NCCG, Messrs Jean-Claude Béga, Désiré Elliah, Jan Boullé, Laurent de la Hogue, Pascale Lagesse, Thierry Lagesse, Reshan Rambocus and Maxime Rey will submit their re-election as Board Members at the forthcoming Annual Meeting of Shareholders.

The CGNC has recommended the re-election of the Board members listed above, after taking into consideration each one's attendance, participation, contribution and performance during the past year.

BOARD ORIENTATION AND TRAINING FOR NEW DIRECTORS

A procedure has been put in place to ensure that newly-appointed Directors receive an induction and orientation upon joining the Board.

New Directors will be provided with the Board Charter, which clearly outlines their duties and obligations.
They will also be given the Company's relevant governing documents.

Newly-appointed non-executive directors who are not familiar with the Group's business or the Hospitality Sector's activities are invited to stay in each hotel and meet the General Manager to get acquainted with each resort's operations, strengths and weaknesses.

Management is also responsible for briefing new directors on the Group's business. This process will ensure the creation of a well-informed and competent Board.

CONTINUING DEVELOPMENT OF DIRECTORS

The Chairperson should regularly review and agree with each Director, if necessary, on his or her training and development needs. The Chairperson must ensure that all Directors have received proper training and the Company must provide the necessary resources for the Director to best develop his knowledge and capabilities.

The training may comprise:

- Externally conducted courses on audit/ financial reporting matters and other relevant topics
- Quarterly management updates on operations and industry-specific trends and development
- Quarterly ongoing training on regulatory changes and updates, which includes briefings to ARC members or changes to accounting standards and issues.

DIRECTOR APPOINTMENT PROCEDURES (continued)

SUCCESSION PLANNING AND DIRECTORS SERVICE CONTRACT

Following the restructure of its activities involving the separation of its real estate and hotel operations from its management operations, Mr Désiré Elliah has been appointed as Chief Executive Officer of LIR on the 1st January 2019, in replacement of Mr Paul Jones, who remains the CEO of the Management Company, TLC. The latter has long term management contracts with all hotels of LIR and is responsible for its day to day operations and sales and marketing. Mr Désiré Elliah, as CEO of LIR, works closely with TLC and is responsible for growing LIR business by investing selectively in properties, seeking new investment opportunities whilst consolidating its financial position and maintaining a strong financial discipline. The contract of Mr Désiré Elliah is governed by the Mauritius labour law.

DIRECTORS PROFILE

Please refer to pages 14 to page 17 for the Directors profile.
A few directors are also Directors on the board of other companies which are not listed.
The directors believe that this information will be cumbersome and will not add any value to this Annual Report.

DUTIES, REMUNERATION AND PERFORMANCE

KEY FEATURES OF BOARD PROCESSES

To assist the Directors in planning their attendance at meetings, the dates of Board Meetings, Board Committee meetings, Annual Meetings together and agenda items are scheduled up to one year in advance, with Board Meetings occurring at least each quarter. In addition to the regular scheduled meetings, ad-hoc Committees are convened as and when circumstances warrant. Besides physical meetings, the Board and the Board Committees may also make decisions by way of written resolutions under the Company's Constitution and their respective Terms of Reference.

Board meetings are chaired in Mauritius, but the Company's Constitution permits Board Members to also participate by teleconference or other similar means of communication.

From 1st July 2018 to 30th June 2019, the Board met 6 times for the purpose of considering and approving, amongst others, the following items:

- The audited financial statements for the year ended 30th June 2018 and relevant publications
- Updates on various renovation projects and new management contracts
- Approval of Q1 results
- Approval of Q2 results
- Approval of Q3 results
- Discussions about the reorganization of the Group and separation of the 'property' company and the 'management' company
- Declaration of a 'dividend in specie'
- Declaration of Dividend for the year ended 30th June 2019
- Approval of budget for the financial year ending 30th June 2020

COMPLETE, ADEQUATE, AND TIMELY INFORMATION

To ensure that the Board is able to fulfil its responsibilities, Management provides the Board with complete and adequate information in a timely manner. Such information extends to documents on matters to be brought up at Board and Board Committee meetings which, as a standard procedure, are circulated to Board and Board Committees members, and in some cases, in advance for their review and consideration.

DUTIES, REMUNERATION AND PERFORMANCE (continued)

COMPLETE, ADEQUATE, AND TIMELY INFORMATION (CONTINUED)

Senior Management, the Company's auditors and other professionals who can provide additional insights into matters to be discussed at Board and/or Board committee meetings are also invited to be present at these meetings, when necessary. As Directors may have further queries on the information provided, they have separate and independent access to the Company's Senior Management, which addresses individual Directors' requests for additional information/documents accordingly.

Management provides the Board with the Group's Financial Statements and Management Reports on a quarterly basis and upon request, as and when required. Explanations are given by Management for material variance (if any) between any projections in the budget and actual results.

RELATED PARTY TRANSACTIONS

For the purpose of these financial statements, parties are considered to be related to the Group if they have the ability, directly or indirectly, to control the Group or exercise significant influence over the Group in making financial and operating decisions, or vice versa, or if they and the Group are subject to common control. Related party transactions are disclosed in note 37 on page 201 in the financial statements.

Related party transactions have been conducted at arm's length and in accordance with the laws.

CONFLICTS OF INTERESTS

The Company's Code of Ethics, which includes a section on conflict of interest, is applicable to all employees and senior officers of the Company. The Whistleblowing policy, which is an extension of the Code of Ethics, provides employees and other stakeholders a reporting channel on suspected misconduct or malpractice within the Company without fear of reprisal or victimisation. It also outlines the complaint handling and reporting processes to improve transparency.

The Company is currently working on a new Conflict of Interest and Related Party Transaction Policy which will be submitted to the Board for approval.

All new employees and directors of the Company receive training on the Code of Ethics and the Whistleblowing policy. The Company secretary maintains an interest register and in case he notices any potential conflict of interest, timely reporting is made to the Board. The interest register is available for inspection upon written request from the shareholders.

The Company has a policy in place where a Board member shall immediately report to the Chairperson of the Board about any conflict of interest or potential conflict of interest and shall provide all information in that respect.
This Board Member should not take part in any discussion or decision regarding such transaction.

All conflicts of interest have been conducted in accordance with the Company's Code of Ethics

There has been no case of conflict of interest noted during the financial year under review.

BOARD EVALUATION PROCESS

The CGNC is tasked with carrying out the processes implemented by the Board, assessing the effectiveness of the Board as a whole and the contribution by each individual Director to the effectiveness of the Board on an annual basis.

The Company has established a system of Board Appraisal to assess the effectiveness/ performance of the Board and acts upon, when deemed appropriate. Feedbacks from Board members on improvement are welcome.

DUTIES, REMUNERATION AND PERFORMANCE (continued)

BOARD EVALUATION PROCESS (CONTINUED)

The Board Appraisal is conducted annually by means of a questionnaire filled by each Director. The questions are categorized as follows:

- Company's relationship and communication with its shareholders
- Board's functions, responsibilities and relationship with Executive Management
- Size, composition and independence of the Board
- Board Meetings and Chairman's appraisal
- Board's committees
- Director's individual assessment / evaluation

The results are analysed and discussed at the CGNC and improvement actions are considered for implementation. For the year under review, the evaluation process confirmed that a majority of directors consider the Board to be effective and well-balanced.

During the annual evaluation process, each Director is required to complete the respective forms for self-assessment of the performance of the Board, based on predetermined and approved performance criteria.

When deliberating on the performance of a particular Director who is also a member of the CGNC, that member abstains from the discussion in order to avoid any conflict of interests. The Board considers that the current assessment process of the Board and Individual Directors is sufficient for the Company.

INDEPENDENT PROFESSIONAL ADVICE

The Directors, either individually or as a group, in the furtherance of their duties, can require professional advice. The Company Secretary can assist them in obtaining independent professional advice at the Company's expenses.

REMUNERATION MATTERS (continued)

STATEMENT OF REMUNERATION PHILOSOPHY

During the year under review, the Company participated in a 'remuneration survey' conducted by Korn Ferry. The results of the survey have demonstrated that the remuneration paid to the Board Members of the Company are well under industry practices. Furthermore, the remuneration of the Board Members has not changed since 2005.

Based on the above, the Board in accordance with its Constitution, has approved the following new remuneration structure as from 1st January 2019.

BOARD	RS
Chairperson	250,000
Board Members' Fee	200,000
Meeting Fee	20,000
Audit & Risk Committee	
Chairperson	150,000
Member's Fee	80,000
Corporate Governance and Nomination Committee	
Chairperson	75,000
Members' Fee	50,000
Remuneration Committee	
Chairperson	75,000
Member's Fee	50,000

One of the independent director who does not reside in Mauritius has received a remuneration of Euro 20,000.

The level of Directors' Fees shall be reviewed periodically by the Board, taking into account factors such as contributions, regulatory changes, responsibilities and market benchmarks.

REMUNERATION OF EXECUTIVE DIRECTORS AND KEY MANAGEMENT PERSONNEL

In designing the compensation structure, the Company seeks to ensure that the level and mix of remuneration is competitive, relevant and suitable.

The remuneration structure for executive directors and key management personnel consists of (a) fixed remuneration (b) variable bonus and/ or (c) other benefits. The Executive Director does not receive directors' fees.

The level of remuneration is determined by various factors including group performance, industry practices and the individual's performance and contributions towards meeting conditions for the year under review.

EXECUTIVE SHARE SCHEME – 'ESS'

The previous ESS has been terminated. The Remuneration Committee is currently working on a new scheme which will be submitted to the Board for approval.

REMUNERATION MATTERS (continued)

DIRECTORS REMUNERATION FOR THE YEAR ENDED 30TH JUNE 2019 IS AS FOLLOWS:

Remuneration and benefits *(including bonuses and commissions)* paid and payable by the Company and its subsidiaries were as follows:

	YEAR ENDED 30 JUNE 2019		YEAR ENDED 30 JUNE 2018	
	Executive	**Non- Executive**	**Executive**	**Non- Executive**
	Rs	**Rs**	**Rs**	**Rs**
The Company	5,803,445	2,578,750	-	1,495,000
Subsidiary (note a & b)	34,408,880	-	77,481,000	-

(a) includes alternate directors.

(b) For the year 2019, include emoluments received by executive directors of TLC up to 30th November 2018.

At the time of reporting, the top Key Management Personnel, listed in alphabetical order, who are not directors of the Company ("KMP") are as follows:

List of Key Management Personnel

1. Jonas Amstad – General Manager – LUX* South Ari Atoll
2. Stephan Anseline – General Manager – Tamassa
3. Riad Chonee – Group Development & Asset Manager
4. Jérémie de Fombelle – General Manager – LUX* Le Morne
5. Tony Duval - General Manager - Merville Beach, *(soon LUX* Grand Baie)*
6. Frits Hannenberg - General Manager – LUX* Grand Gaube
7. Patrice Hudebine – (Acting General Manager) – LUX* Saint Gilles & Hôtel Le Récif
8. Ashish Modak – Regional General Manager – LUX* Belle Mare, LUX* Grand Gaube, Merville Beach
9. Hurrydeo Ramlagun – Chief Financial Officer

The job description of the above Executives has been approved by the Remuneration Committee.
The organization chart of the Group can be consulted on the Company's website.

REMUNERATION OF THE NON-EXECUTIVE DIRECTORS

The Non-Executive Directors are not permitted to participate in any of the Company's incentives arrangements in line with the NCCG that stipulates that "they should not normally receive remuneration in the form of share options or bonuses associated with organizational performance".

The aim of a Non-Executive Director basic fee is to provide a fair basic fee, at a rate that attracts and retains high-caliber Non-Executive Directors, and that acknowledges the scope of their role and required time commitment.

RISK GOVERNANCE AND INTERNAL CONTROL

RESPONSIBILITIES FOR RISK MANAGEMENT AND INTERNAL CONTROLS

The Board, assisted by the ARC and the internal auditors, is responsible for risk governance by ensuring that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Group's assets, and determines the nature and extent of the significant risks that the Board is willing to take to achieve its strategic objectives.

ARC PROCESSES REGARDING MANAGEMENT OF RISKS

The Board has the ultimate responsibility for the governance and oversight of the risk management process. The ARC assists the Board in their oversight of the process, financial reporting risk and the effectiveness of the Company's internal control and compliance systems. Management is responsible for assuring the Board as to the adequacy and effectiveness of the risk management lifecycle and ensuring the quality and timeliness of information.

The company's risk management process comprises a disciplined and repeatable interaction structure that facilitates active involvement by the Board in evaluating the risk in strategic alternatives and operational decisions. These structures serve as a forum for Management to highlight both favorable and adverse factors affecting the business and its performance and associated risks, and in turn creates visibility for the Board and relevant stakeholders. The Board members and Management collectively determine the materiality of the risks and appropriate strategies to address them following which, pertinent risk governance structures are constituted. Governance policies are reviewed and approved by the ARC.

ASSURANCE FROM THE CHIEF EXECUTIVE OFFICER AND THE CHIEF FINANCIAL OFFICER.

The Board has received assurance from the Chief Executive Officer and the Chief Financial Officer that:

(a) The financial records of the Group for the financial year ended 30th June 2019 have been properly maintained, and the financial statements give a true and fair view of the Group's operations and finances in accordance with the applicable financial reporting framework that are free from material misstatement; and

(b) The system of risk management and internal controls in place within the Group is adequate and effective in addressing the material risks in the Group in its current business environment including material financial, operational, compliance and information technology risks.

The Chief Executive Officer and the Chief Financial Officer have in turn obtained relevant assurance from Auditors of the Group.

OPINION ON ADEQUACY AND EFFECTIVENESS OF INTERNAL CONTROLS AND RISK MANAGEMENT SYSTEMS

The ARC is responsible for making the necessary recommendations to the Board such that the Board can form an opinion concerning the adequacy and effectiveness of the risk management and internal control systems of the Group.

The Board is satisfied by the ARC's adequate review of the Group's internal controls, including operational, compliance and information technology controls, and risk management policies and systems established by Management. In its review, the ARC was assisted by both the external and internal auditors. This review is conducted at least once a year.

Over the course of the audit, the external auditors carried out a review of the adequacy and effectiveness of the Group's material internal controls, including financial, operational, compliance and information technology controls to the extent of their scope as laid out in their audit plan. Material non-compliance and internal control weaknesses noted during the audit are reported to the ARC along with the recommendations of the external auditors.

Based on the framework established and maintained, the work performed by the ARC, and the internal audit function as well as the assurance received from the Chief Executive Officer and the Chief Financial Officer, the Board with the concurrence of the ARC, is of the opinion that the Group's internal controls including financial, operational, compliance and information technology controls, and risk management systems, were adequate and effective in meeting the needs of the Group in its current business environment.

RISK GOVERNANCE AND INTERNAL CONTROL (continued)

OPINION ON ADEQUACY AND EFFECTIVENESS OF INTERNAL CONTROLS AND RISK MANAGEMENT SYSTEMS

The Board notes that the Company's systems of internal controls and risk management provide reasonable assurance that the Group will not be adversely affected by an event that can be reasonably foreseen. Furthermore, the Board also acknowledges that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities.

INTERNAL CONTROL AND RISK MANAGEMENT

The directors are responsible for ensuring that the system of controls that is in place is sufficient and appropriate in order to enable the Company to mitigate any risks that may impact its objectives. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against misstatement or loss.

RISK GOVERNANCE

Effective risk management is an integral part of the overall achievement of the Company's strategic objectives. Our focus is on managing risks to ensure the long-term sustainability of our business.

The Board is ultimately responsible for establishing, maintaining and overseeing appropriate and effective risk management and internal control systems for the Company. It has given the ARC the responsibility of overseeing these systems on an ongoing basis and assessing their adequacy and effectiveness.

RISK FACTORS

The Group's corporate risk management policy is designed to effectively protect the interests of its stakeholders. It embarked on its journey to introduce an enterprise risk framework in its operations in 2017, with the assistance of an expert in risk management. This resulted in a list of key risks categorized according to financial, environmental, technology and operational risks. This is updated at least annually, with the risk levels and mitigating measures also reviewed.

The table below shows the main risks to which the Group considers itself exposed in the current environment.

RISK REF	RISK NAME	RISK DESCRIPTION	RISK LEVEL	MITIGATING MEASURES
1	Competition in Hospitality Business	Increase in luxury hotel supplies and other types of accommodation (such as Airbnb), in the markets where the Company operates, may result in price competition, pressuring its revenues and profits, especially during low season due to the pricing pressure with lower level of occupancy. The Company depends on the ability of its Manager, The Lux Collective, to adapt and react to these changing environments.	H	• The focus on the quality of service has ensured that the Company's properties are ranked at the top among competitors in each of the markets. • The LUX* brand is getting increased traction and its geographical diversification is increasing the 'brand awareness' which will benefit LIR properties.
2	Air Accessibility	We are highly dependent on flights that come to the countries where we operate. Hence our growth is directly linked to air access in these countries and the policies of governments and airlines on air access.	H	• Working with authorities via hotelier associations in countries where we operate.

RISK REF	RISK NAME	RISK DESCRIPTION	RISK LEVEL	MITIGATING MEASURES
3	Reputation Risk	Negative comments made on social media could damage our reputation. In addition, monitoring and management of social media could be costly and force us to divert our resources. Failure to maintain and protect our reputation from social media damage could tarnish our brands and impair our business.	H	• Implementation of a Group-wide social media policy. • Dedicated teams continually monitor the media and social networks to respond to guests and to activate a crisis management plan as needed.
4	Health & Safety Risk	The health and safety of our guests and Team Members is of utmost importance, in order to maintain our reputation and our revenue. However we still face the risk of our infrastructure not being legally compliant and up to standard, leading to casualties and spread of diseases in our resorts (e.g. legionella).	H	• Audits by reputable international companies and action plan by each resort which is closely monitored. • Regular trainings on health and safety to all our Team Members.
5	Destination Disruption	Major natural or man-made catastrophes such as cyclones, floods, earthquakes, tsunami, oil spills, disease outbreaks and terrorist attacks in locations where we own properties could cause a decrease in demand for our properties, which could adversely affect our revenues.	H	• Insurance policies to cover operational losses caused by natural catastrophes.
6	Political Risk	An unstable political situation in our countries of operation could cause a decrease in demand for the destination and hence our properties. This in turn could adversely affect our revenues.	M	• Insurance cover on equity and expropriation. • Diversification of our operations to various countries.
7	Currency Risk	Our reporting currency is in MUR and our main revenue is in foreign currency (GBP, USD and EUR). Since our hotel rates are fixed at least 6 months before start of the new season and are in foreign currency valid for the next 12 months, any fluctuations in these major currencies affect our revenue, EBITDA, cash flow and demand for our hotels.	M	• Hedging and treasury management, matching revenues and expenses in same currency as far as possible.
8	Talent Management Risk	Our growth depends largely on our ability to retain and recruit talented Team Members in key positions. If we are unable to recruit and retain sufficient numbers of Team Members, our ability to manage and service our properties could be impaired which could reduce guest satisfaction. A shortage of skilled labour could also require higher replacement wages, which increase our operating expenses.	M	• Talent development and management plan in place to retain Team Members. • Be known as the Employer of choice in our countries of operation. • Engage with governments for work permits and marketing of industry.
9	Capital Expenditure Risk	Capital expenditure to develop, maintain and renovate our existing properties is critical to our business. If we are forced to spend larger amounts of cash from operating activities than anticipated, to operate or maintain existing properties, our ability to invest in renovation projects could be limited, which could impact our ability to compete effectively and maintain our brand standards.	M	Financial discipline and management of gearing ratio.
10	Legal/ Regulatory	Due to the nature of its business and its international presence, the Group is subject to varied, changing and sometimes contradictory laws and regulations in numerous areas (safety, health, environment, tourism, transportation, taxation, human resources, etc.). The application of these laws and regulations including the new laws on data protection, can be a source of operating difficulty and can lead to disputes with suppliers, owners, staff and even local authorities. Changes in laws and regulations applicable to the Group's entities could, in some cases, limit the Group's business activities as well as its ability to grow. These may also involve significant compliance costs, which could negatively affect the Group's results and outlook.	M	• Work with reputable local law firms to understand laws in countries where we operate. • Set up internal working groups and procedures to ensure compliance with all relevant regulations. • International professional services firms have reviewed the processes impacted by data protection laws.

CORPORATE GOVERNANCE REPORT

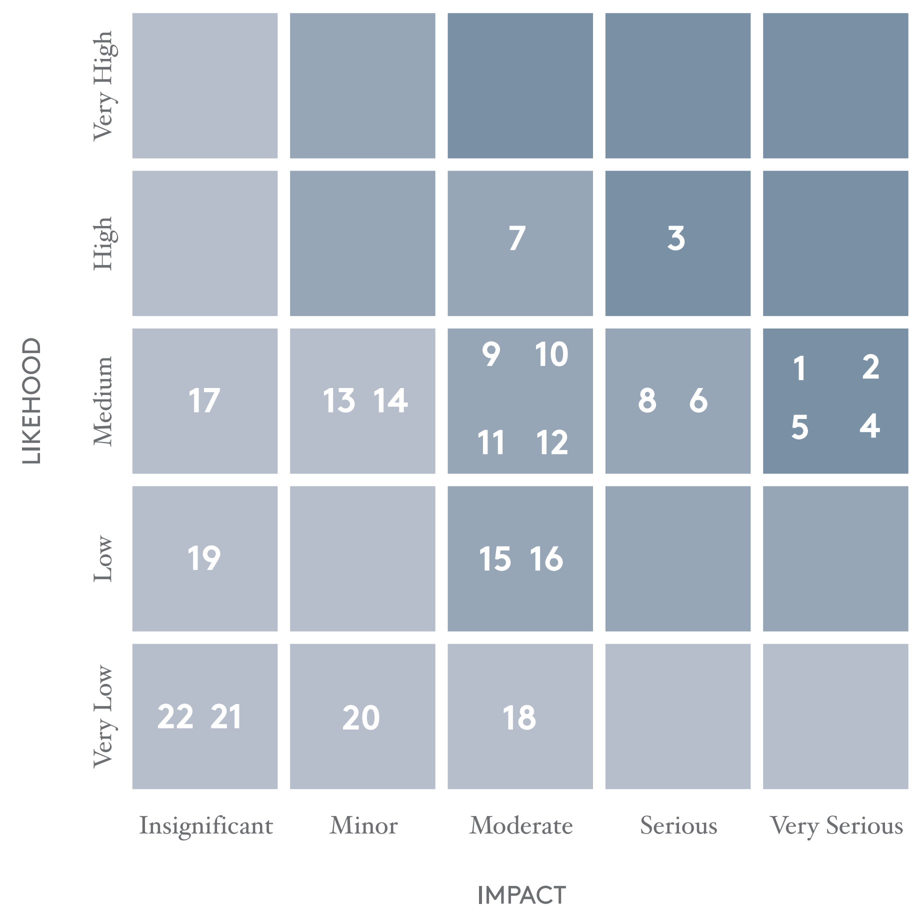
RISK REF	RISK NAME	RISK DESCRIPTION	RISK LEVEL	MITIGATING MEASURES
11	Macro-Economic Risk	Economic slowdowns in the regions where the Group trades, adversely affect demand for leisure activities, particularly vacation travel. This means that the Group is exposed to the consequences of economic crisis and declines in consumer spending, which affect our growth rates and margins.	M	• International customer base • Diverse geographical presence • Flexible business model
12	Technology Disruption Risk	We are not an IT company but technology is important if we want to be known as an innovator in our industry. We face the risk of losing our competitive edge due to obsolescence of our technology, which results in decreased customer loyalty and a loss in market share.	M	Our dedicated technology team works closely with international professional services firms to ensure that we anticipate and remain at the forefront of the latest trends in our industry.
13	Food Safety Risk	Food safety is a priority for the Group. However, the nature of our business exposes us to food safety risks in all our food outlets. Moreover, the increasing number of food allergens and people with allergic reactions to certain foods increases our risk of food poisoning or allergies in our resorts.	M	• Procedures in place based on HACCP to identify and follow-up on allergies our guests may have. • Insurance cover against legal claims. • Investment in temperature recording automation.
14	Third Party Risk	Some of the services provided at our resorts, such as the boathouse and diving services, are outsourced to third party service providers. Although we only work with trusted providers, our reputation is at risk if these providers use old obsolete equipment, if there are accidents at sea while guests are using the services offered by these providers or the third party staff are not adequately trained.	M	• Insurance cover against legal claims. • We only work with reputable service providers who are licensed. • We commission regular independent audits on third parties.
15	Security Risk	Inappropriate behaviour on the part of our Team Members or suppliers, or the circulation in the media of damaging information could harm the Group's reputation, affect our guests' trust and cause an adverse impact on sales.	M	• Screening measures in place to recruit the right people. • Training of our Team Members in ethics and our values. • Controls in place at operational level. • Insurance cover for wrongful acts by Team Members.
16	Succession Planning Risk	Our future success depends in large part upon the efforts of the senior management at LIR and at The Lux Collective (TLC), which manages the operations of our hotels. Competition for such personnel is intense. We may not be prepared to deal with unexpected needs for succession planning of key management positions.	M	• Both the Boards of LIR and TLC work together to ensure there are measures in place for succession planning. • TLC moving its headquarters to Singapore gives them access to a greater pool of talent
17	Fraud Risk	The Group has policies and procedures in place aiming to limit the risk of fraud. However, we still face the risks of collusions between staff and suppliers to defraud the company or the intentional circumventing of controls by staff.	M	• Training of our Team Members in ethics and our values. • Controls in place at operational level. • Regular audits.
18	Cyber Security Risk	Despite our efforts, information networks and systems may be vulnerable to threats such as system, network or internet failures, computer hacking or business disruption, cyber-terrorism, viruses, worms or other malicious software programs, employee error, negligence, fraud, or misuse of systems, or other unauthorised attempts by third parties to access, modify or delete our proprietary and personal information.	L	• Network security and internal controls measures in place. • IT Security audits.

RISK REF	RISK NAME	RISK DESCRIPTION	RISK LEVEL	MITIGATING MEASURES
19	Credit Risk	The Group's credit risk is primarily attributable to business transacted with its Tour Operators. We have no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.	L	• Insurance cover on trade receivables. • Credit checks on Tour Operators. • Increased business via direct channels.
20	Sustainability Risk	Aware of the impact of the depletion of natural resources, the Group does its utmost to limit its consumption of resources and, in particular, to improve its control over operating costs and anticipate changes in sustainable development regulations. However, we remain at risk of not being able to meet changing regulations on sustainability in all countries of operation.	L	• External assurance on sustainability and certifications. • Corporate sustainability management plan.
21	Liquidity Risk	The Group is exposed to liquidity risk where sufficient funds might not be available to meet financial commitments for loan and interest payment, to finance maintenance Capex as well as major renovation projects.	L	The Group maintains prudent investment decisions to ensure all covenants with financial institutions are met. Furthermore, the Group has unused overdraft facilities as well as unused short-term facilities which can be used to meet short-term commitments.
22	Interest Rate Risk	The Group is exposed to interest rate risk as it borrows at variable interest rates (LIBOR, PLR, EURIBOR) + a margin. Any increase in these rates will adversely impact the results of the Group.	L	The Group has been able to secure competitive interest rates for borrowings contracted over the past years.

CORPORATE GOVERNANCE REPORT

RISK GOVERNANCE AND INTERNAL CONTROL (continued)

RISK MAP



RISK GOVERNANCE AND INTERNAL CONTROL (continued)

IT GOVERNANCE

The Group has an IT Security policy in place and relevant parts of this policy are communicated to its Team Members. This is regularly reviewed by the Board and Executive Management to ensure it is up to date with changes in technology and security standards.

The Group is also embracing technological change and is actively pursuing upgrades to its information systems to support its growth strategy across multiple locations. This is being done with data privacy and security at the forefront to ensure that we are compliant with all relevant data protection laws and regulations.

DATA PROTECTION

Regulations on data protection, including the EU General Data Protection Regulation (GDPR), remain a focus area for the Group. Through its Management Company, The Lux Collective, the Group ensures that all its operations are compliant to the data protection regulations. Measures taken include:

- All employees of the Group have been given training on data protection and its implications
- System controls have been enhanced to limit access to data on a needs to know basis only
- Consent requests from guests for all non-contractual communication
- Policies and procedures established for data flows

INSURANCE

OVERVIEW OF THE GROUP'S INSURANCE POLICY

The Group's risk management policy is part of a dynamic process: the systematic and centralised identification of risks, the implementation and coordination of insurance as part of worldwide activities, the organisation of preventive and protective measures of property and persons and the deployment of a crisis management structure, internationally.

The Group is considering additional insurance covers to cover the risks associated to the GDPR processes.

ACCOUNTABILITY AND AUDIT

The Board should present a balanced and comprehensible assessment of the Company's performance, position and prospects.

ACCOUNTABILITY

The Board reviews and approves the results announcements, before the release of each announcement. In presenting the annual and quarterly financial statements to the shareholders, the Board aims to provide shareholders with a balanced and clear Assessment of the Company's performance, position and prospects.

For the financial year under review, the Chief Executive Officer and the Chief Financial Officer have provided assurance to the Board on the integrity of the financial statements of the Company and its subsidiaries. For interim financial statements, the Board gives its approval for the publication of the said accounts.

INTERNAL AUDIT

INTERNAL AUDIT

The Company shares an in-house internal audit function with its management company, TLC. The primary role of the internal auditors is to assist the ARC to ensure that the Company maintains a sound system of internal controls.

The Chief Internal Auditor ("CIA") is independent of Executive Management and reports to the ARC. On administrative matters, the CIA reports to the Chief Executive Officer of LIR & TLC. The ARC approves the hiring and dismissal of the CIA and ensures that the internal audit function is adequately staffed and has appropriate standing within the Company. The internal audit function works in accordance with the Standards for the Professional Practice of Internal Audit set by the Institute of Internal Auditors.

The annual internal audit plan is established in consultation with, but independently of, Management, and is reviewed and approved by the ARC. The CIA presents audit reports regularly to the ARC and discusses key issues contained therein.

There was no limitation of scope placed on the internal auditors in conducting the audits.

EXTERNAL AUDITOR INDEPENDENCE

The ARC reviews the independence of the external auditors. During this process, the ARC also reviews all non-audit services provided by the external auditors to ensure the nature and extent of such non-audit services do not affect their independence. The ARC confirms that after reviewing all non-audit services, if any, by the external auditors during the financial year, they do not, in the ARC's opinion, affect the external auditor's independence.

In appointing the audit firms for the Group, the ARC is satisfied by the Company's compliance with the provisions of the Listing rules of the Stock Exchange of Mauritius Ltd.

The current external auditors have performed their 7 consecutive years as external auditors as per the Financial Reporting Act. A new tender exercise has been undertaken by the Company to appoint a new external audit firm for the year ending 30th June 2020.

INTERNAL AUDIT (continued)

The fees paid to the auditors and other advisors, for audit and other services were as follows:

	THE GROUP		THE COMPANY	
	30th June 2019	30th June 2018	30th June 2019	30th June 2018
	Rs	Rs	**Rs**	Rs
(a) ERNST & YOUNG				
Audit services	**2,965,000**	3,500,000	**785,000**	750,000
Other services - Taxation	**200,000**	200,000	**25,000**	25,000
Other services – Review of GRI report	**350,000**	315,000	**350,000**	315,000
	3,515,000	4,015,000	**1,160,000**	1,090,000
(b) OTHER AUDITORS				
Audit services	**2,369,750**	1,924,000	**-**	-
Other services – BDO (Note 1)	**-**	1,500,000	**-**	-
Other services – PWC (Note 2)	**-**	350,000	**-**	-
	2,376,750	3,774,000	**-**	-
	5,884,750	7,789,000	**1,160,000**	1,090,000

Note 1. - Fee paid to BDO in 2018 for other services was in respect of conversion of XBRL financial statements & advisory services in connection with the Reply Document to the IBL Offer.

Note2. Fee paid to PWC in 2018 was in respect of review of GDPR impact for the Group.

OTHER DISCLOSURE

Donations other than contributions made under CSR projects made by the Group amountred to Rs 392,211 (2018: Rs 405,713).

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE PREPARATION OF FINANCIAL STATEMENTS, INTERNAL CONTROL AND RISK MANAGEMENT

For the year under review, the directors report that:

- the financial statements fairly present the state of affairs of the Group and the Company as at the end of the financial year and the result of operations and cash flows for that period;
- adequate accounting records and an effective system of internal controls and risk management have been maintained;
- appropriate accounting policies supported by reasonable and prudent judgements and estimates have been used consistently;
- the financial statements have been prepared in accordance with International Financial Reporting Standards and comply with the Companies Act 2001 and the Financial Reporting Act 2004;
- the financial statements have been prepared on the going concern basis;
- they are responsible for safeguarding the assets of the Group and of the Company;
- they have taken reasonable steps for the prevention and detection of fraud and other irregularities; and

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

Approved by the Board of Directors on 27th September 2019.

and signed on its behalf by:

JEAN-CLAUDE BÉGA
Chairperson of the Board

PASCALE LAGESSE
Chairperson of the Corporate Governance & Nomination Committee

MAURITIUS

at the top of your dream vacation bucket list

Glimmering lagoons. Coastal delights. Enchanting landmarks. Markets abuzz with chatter. Crushed green chillies. Unrivalled service and charm. Encounters with tradition. Sizzling, steaming hot street food. Creole-style architecture. Filao-studded beaches. Temples, mosques and churches. The chirping of birds. Volcanic-rock islets. Forests of dark, luxuriant foliage. Welcome to Mauritius, where contrasting cultures, religions and customs form the Mauritian identity.

SUSTAINABILITY INITIATIVES

SUSTAINABILITY & CORPORATE SOCIAL RESPONSIBILITY MILESTONES

1987-2010

- NGOs support and Stakeholder value

2011 – 2012

- Begin Stakeholder Engagement Process
- Launch of Tread Lightly
- Discussions on Earth & Dance in-house water bottling project

2012 – 2013

- Presentation of sustainability reporting frameworks to the Board
- Begin sustainability Workshops Internally (Hotels, Resorts, team members)
- Setting up of LUX* Sustainability Committee
- Earth & Dance launched

TREAD LIGHTLY

2013 – 2014

- Annual Report using GRI G4 standard disclosures
- Announcement of Vision 2020 Corporate sustainability Management targets
- Re-launch Tread Lightly by LUX*
- Implement 100% Carbon Offsetting
- Establish Annual Report data collection process
- Adoption of external assurance of non-financial KPIs•
- Strategic Sustainability Policies deployed

100 % CARBON FREE HOLIDAYS

2014 – 2015

- First Integrated Annual Report – GRI G4
- Aligning with International guidelines
- Determining Materiality
- Ray of Light by LUX*

RAY OF LIGHT

2015 – 2016

- 2nd IAR – GRI G4
- First Mauritian Hotel Group on SEMSI
- Contract with Carbon Offsetting Expert Ecosur Afrique (Now AERA Group)
- GRI GOLD Community

THE GLOBAL GOALS For Sustainable Development

2016 - 2017

- 3rd IAR – GRI Standards
- Aligned with SDGs, IIRC framework
- Partnered with The Code Against Child Trafficking

Certifications

- Green Key (Restaurant La Plage (LSG)

Key Projects

- IDDC PV Plant: Island 100% daylight energy consumption is solar

2017 - 2018

- Upcoming: 4th Integrated Annual Report – GRI Standards
- IIRC framework

Key Projects

- Official Partner UN Global Compact (2018)
- SUNx // SIDS // SAMOA Pathway
- Energy Efficiency projects for LBM, LSG, HLR
- LSAA PV Plant

2018-2019

- TLC and LIR Integrated Annual Reports aligned with GRI Standards
- First UNGC COP (The Lux Collective)

Key Projects

- LUX* South Ari Atoll Photovoltaic Project

SUSTAINABILITY & CORPORATE SOCIAL RESPONSIBILITY INITIATIVES 2018-2019

SUSTAINABLE DEVELOPMENT GOALS

LUX Island Resorts supports the UN SDGS 2030 Agenda.
The 17 UN Sustainable Development Goals provide a clear path for responsible strategic development.

SUSTAINABILITY AT THE CORE OF OUR STRATEGY

Responsible Management is at the core of our decision making process. Our sustainable development strategy encourages inclusive economic development and aligns with the international guidelines, listed in this section. The LIR Integrated Annual Report presents financial performance alongside our environmental, social and good governance (ESG) year on year progress.

REPORTING BOUNDARY

The reporting boundary for key performance indicators (KPIs) includes the hotels of LUX Island Resorts Ltd (LIR) in Mauritius, Maldives and Reunion Island. The properties are LUX* Belle Mare, LUX* Le Morne, LUX* Grand Gaube, Tamassa, Merville Beach, LUX* South Ari Atoll, LUX* Saint Gilles and Hôtel Le Récif.

MANAGEMENT APPROACH

We adopt a methodical approach to deliver on the requirements of national, regional and international objectives. LIR was the first Mauritian hotel group listed on the Sustainability Index of Mauritius in 2015; we go beyond legal compliance to remain exemplary on the Environment, Social and Governance (ESG) fronts.

At corporate and operational levels, the policies of sister company The Lux Collective (Sustainability, Environmental, Purchasing, Human Rights, Child Protection, Corporate Social Responsibility) by default extend to all LIR properties subscribed to the management company. We factor in governance and ethical aspects into all decision-making processes and engage the leadership of all our business units to fully adopt the principles and policies to embed into operation systems and practices.

The reporting principles used are Materiality, Completeness, Balance, Compatibility, Accuracy, Timeliness, Clarity, Reliability and Stakeholder Inclusiveness. The key strategic partnerships include local partners, such as IBL Together, AHRIM and Business Mauritius, as well as international alliances and commitments: GRI Community.

Global Reporting Initiative key reporting standards (please see content index on page 219) and those of the International Integrated Reporting Council (IIRC) were applied.

LUX Island Resorts Ltd (LIR) is a member of the GRI community.

1ST HOTEL GROUP LISTED ON STOCK EXCHANGE OF MAURITIUS SUSTAINABILITY INDEX

Materiality Disclosures
LUX Island Resorts Ltd
Oct 2019 Service

A MEMBER OF GRI COMMUNITY

17 PARTNERSHIPS FOR THE GOALS

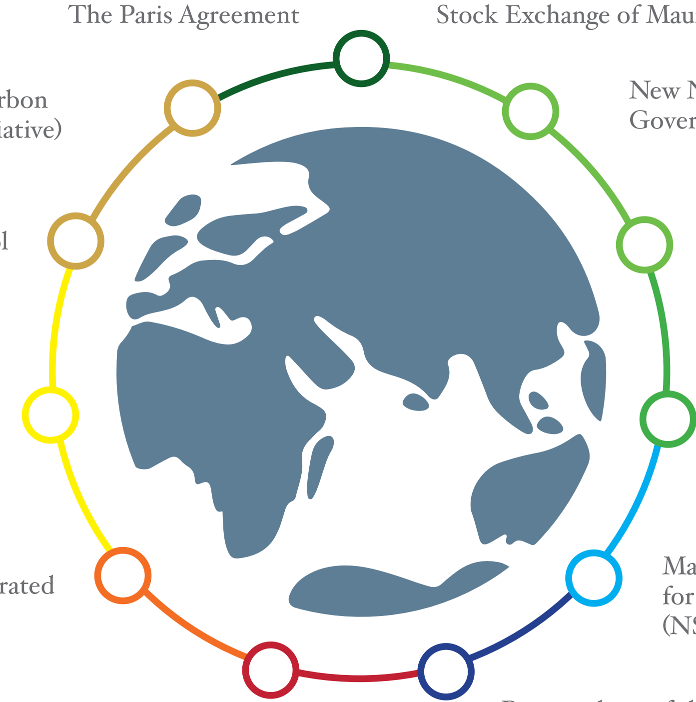
KEY PARTNERSHIP FOR THE GOALS WITH SISTER COMPANY THE LUX COLLECTIVE LTD

We maintain our course on the journey to the achievement of the UN Sustainable Development Goals of 2030 and contribute to the UN Global Compact with management firm The Lux Collective Ltd, Signatory of the 10 Principles of UN Global Compact.
We involve our stakeholders at all levels to contribute to the goals with us.

To ensure that the Group's sustainability action is in line with the objectives and targets of the respective destinations where it operates, management's approach is to align it with national and international sustainable development strategy, frameworks and standards.

This year, audit firm Ernst & Young delivered on an agreed-upon procedure for non-financial KPIs of Lux Island Resorts Ltd and its Subsidiaries - Integrated Annual Report 2019.. The process was to collect and assess accuracy of reported figures of Energy, Water, Wastewater, Waste, Greenhouse Gas emissions.

REPORTING ALIGNED WITH NATIONAL, REGIONAL AND INTERNATIONAL GUIDELINES



MATERIALITY

We identified the material factors for us to create value, based on GRI methodology. The frameworks for the assessment used included value-chain mapping (VCM) and multi-criteria analysis (MCA). The outcome with the relevant subjects is shown in the matrix below.

LUX ISLAND RESORTS MATERIALITY MATRIX

	MODERATE	HIGH	OFFICIAL
OFFICIAL	Water Corporate Governance	Waste Energy Emissions Health & Safety	Anti-Corruption Service Quality Team Members Engagement Customer Privacy Economic Performance
HIGH	Local Communities Biodiversity Public Policy	Environmental Compliance Training & Education Child Labour Freedom of Association Forced or Compulsory labour	Human Rights Employment & Labour Non-Discrimination Market Presence
MODERATE	Effluents	Procurement Practices Socio-economic Compliance	Supplier Social Assessement

- Environment
- Guests
- Team Members and Management
- Shareholders and Investors
- Tour Operators, Travel Agents & Business Partners
- Accredited Organisations, Legislations, Policies, Authorities & Government
- Suppliers
- Local Community

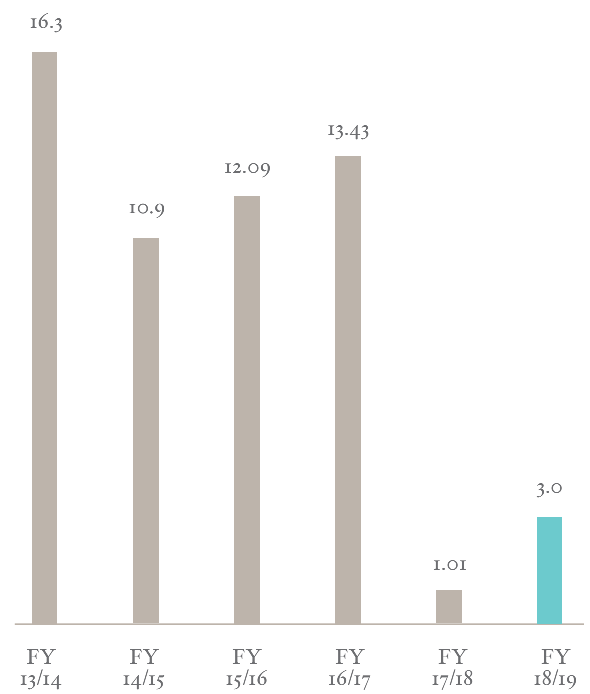
GRI 102-47, GRI 103-2, GRI 103-1

KEY PERFORMANCE INDICATORS

The first materiality assessment was carried out in the 2011-2012 financial year. During 2013-2014, the baseline was identified through in-depth analysis of data and robust calculation throughout all hotels. This baseline was used as a starting point to set targets. Then, by aligning local and international strategy, targets were set for 2020. Since then, there has been year-on-year comparison on the performance of the material criteria through daily, monthly and quarterly monitoring systems. The initiatives taken were based on the targets to be achieved compared to the baseline.

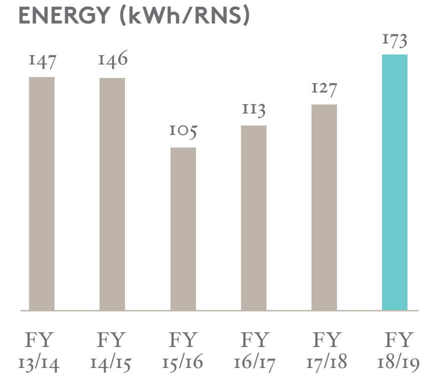
Previous Financial Years' figures have been restated. Consumption and emissions of properties in China as well as the office in Floréal have been removed from the totals. These are accounted for by Management company The Lux Collective Ltd. "

WASTE (KG/RNS)



-82%
Against baseline

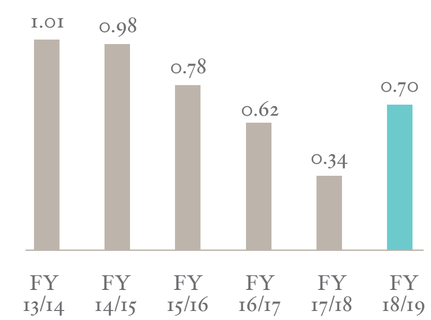
ENERGY (kWh/RNS)



WATER (M³/RNS)

-38%
Against baseline

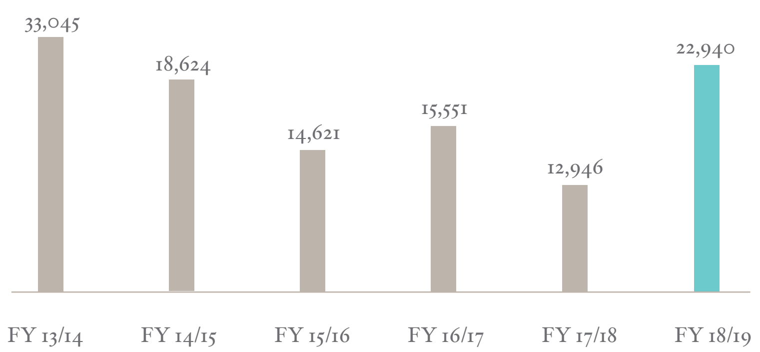
WASTEWATER (M³/RNS)



-31%
Against baseline

GRI 102-48, GRI 102-49, GRI 103-3, GRI 302-1, GRI 302-3, GRI 303-1, GRI 303-2, GRI 306-1, GRI 306-2

TREAD LIGHTLY SCOPE 1&2 (TCO₂E)



-31%
Against baseline

Scope 1&2 net = 22,940 tCO^2e
(46,955 tCO_2e - 24,015 tCO^2e)

Scope 3 = 1,583 tCO_2e

TREAD LIGHTLY FUND (MUR)

SOLAR AT LUX* SAINT GILLES

Tread Lightly funds have supported the acquisition of solar panels for the central kitchen water heating at LUX* Saint Gilles. With a 400-litre capacity solar heater, the hotel will save 4,000 to 6,000 kWh per annum, i.e. 4,000 to 6,000 euros, representing a reduction of approximately one tonne of Co2 per year by the central kitchen alone.

GRI 102-11, GRI 305-1, GRI 305-2, GRI 305-3, GRI 305-4, GRI 305-5

SUSTAINABILITY INITIATIVES

TREAD LIGHTLY

Tread Lightly supports several UN SDGs by promoting Climate Change mitigation and adaptation initiatives, with renewable energy and biodiversity conservation projects.

9 CARBON OFFSETTING PROJECTS

Using HCMI Methodology to conduct GHG calculations, the climate finance expert AERA Group advises the Group on the management of our carbon offsetting projects portfolio. To ensure on transparency in investment and reporting, information on all selected projects and respective offset certificates are published online by the consultant.

https://aera-group.fr/fiche/lux-resorts-hotels/

Of MUR 7,229,099 total Tread Lightly contributions amassed by LIR properties, 32.5% were invested in 9 UNFCCC registered projects located in developing countries near our geographic presence.

RENEWALBLE ENERGY

PHOTOVOLTAIC PROJECTS

Ile Des Deux Cocos
- 14,685 kWh electricity from solar panels
- 5,874 litres of diesel reduction
- ~15.9 tonnes CO2 avoided

LUX* South Ari Atoll
- Actual implemented capacity is 678 kWp
- Savings of 11% on energy on an average day, saving 1,000 litres of diesel/day
- Represents 33% of consumption on an ideal sunny day

Image: LUX* South Ari Atoll photovoltaic project, source: Swimsol

GRI 302-4, GRI 302-5

CIRCULAR ECONOMY SYSTEMS

ZERO EMISSIONS RESEARCH INITIATIVES (ZERI)

Following workshops by Gunter Pauli (the Steve Jobs of sustainability) and the ZERI team, the subsidiaries have been assessing possibilities of collaboration in sustainability projects. LUX Island Resorts properties in Mauritius have hosted the ZERI team to further discuss specific Blue Economy projects for each resort in the areas of energy efficiency, water footprint reduction, carbon footprint reduction and other state of the art technologies developed by the experts.

LUX* SOUTH ARI ATOLL AND SKYSAILS

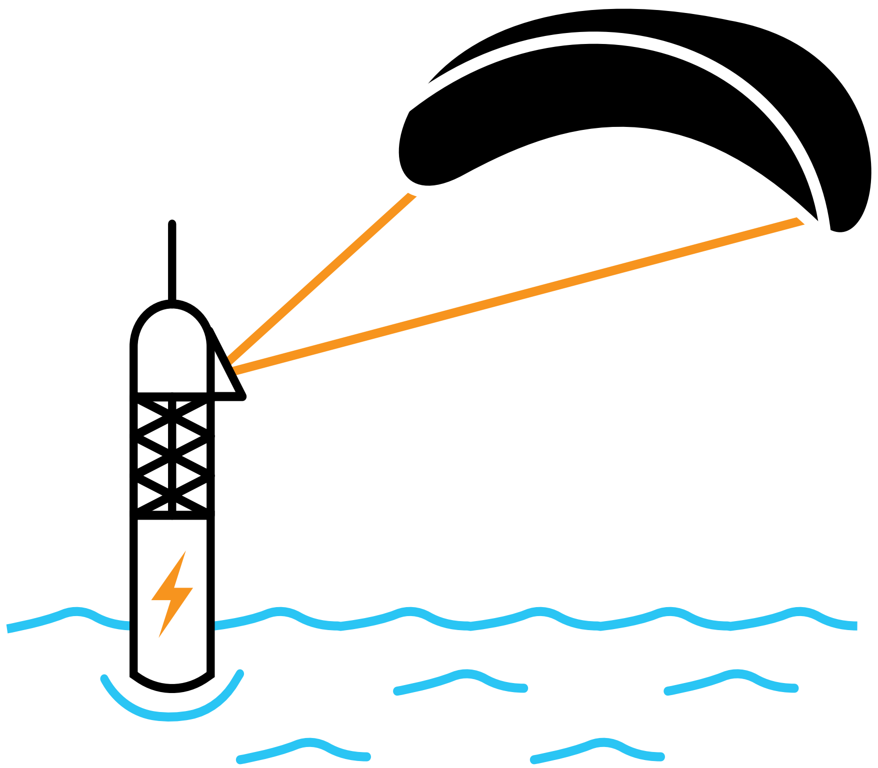
13 CLIMATE ACTION

LUX* South Ari Atoll (Maldives) is assessing the implementation of the Skysails technology, through technical surveys.

Several stakeholders are involved in the discussions with the Maldivian authorities - mainly the Ministry of Transport, the Ministry of Environment and the President's Advisor.

LUX Island Resorts supports the implementation of this technology. The Maldives are among the Small Islands Developing States, most vulnerable to climate change thus requiring more attention for Climate Resilience.

Skysails will provide an automated kite system to harness the power of high altitude winds to generate energy. This will complement other renewable energy projects.



LUX* BELLE MARE – GREENHOUSE FARM

As part of LUX's Tread Lightly initiative and commitment to UN SDG and the Paris Agreement, LUX* Belle Mare set up two 1,000 m2 greenhouses, one for tomatoes (currently more than 10 varieties) and the other hydroponic for the cultivation of salads and herbs.

The system is bio using air, water and nutrients. Bio nutrients are circulated in the water from which the plants feed, without the use of chemicals. Cultivation started in July 2019 and the greenhouses are currently at 75% capacity.

The aim is first to be self-sufficient in herbs and salads and then to supply all the Group's hotels. Cultivation fluctuates in accordance with anticipated demand and there are currently three team members working at the farm.

FOOD WASTE REDUCTION

LUX* LE MORNE: STRATEGIC PARTNERSHIP AGAINST FOOD WASTE

2 ZERO HUNGER

17 PARTNERSHIPS FOR THE GOALS

An initiative of LUX* Le Morne in collaboration with NGO Foodwise, the Zero Food Waste Forum, held on 25 January 2019, was the first of its kind in Mauritius. It brought together key players to highlight the issues, openly discuss problem areas and finally provide a platform to close gaps.

An agreement was signed between the food donors (the resort), the food transporter (a member of the supply chain who will collect and deliver the food in a cold truck) and the food receivers (mainly schools in deprived areas).

During the forum, two panels exchanged on the project, in front of an audience comprising of representatives of various sectors including hospitality groups, catering companies, social organisations and supermarket chains.

FOOD WASTE REDUCTION (CONTINUED)

LUX* BELLE MARE: FOOD WASTE – CREATING AWARENESS AMONGST YOUNG PEOPLE

Members of the LUX* Belle Mare management team visited the Belle Mare Government School in September 2018. In view of the hotel's own commitment to reducing waste, they took the opportunity to give the youngsters advice and tips on food waste reduction.

KEY ENVIRONMENTAL INITIATIVES HIGHLIGHTS

WASTE MANAGEMENT CONSULTANT

Footage of the impacts of pollution are all over the news. For some time, LIR hotels have shown growing awareness of the problem and external audits ensure that the Group is reducing waste output through simple yet practical reduce, re-use and recycle/upcycle methods.

Each hotel is encouraged to develop a waste-management plan. Tamassa has updated its plan to look at the end life of plastic, glass, paper, tins and other materials, as well as items like chemical waste. It also hosted a meeting with consultants to address the waste problem. Following a site survey, the consultants' proposals will cover the waste output reduction and recycling.

LIR ADVANCES ITS USE OF GREEN ENERGY

In collaboration with its partners, LIR has been preparing all relevant files and documents for photovoltaic plant permit applications. A pilot project, in partnership with the firm Go Solar, to make Ile des Deux Cocos into a 100% energy-efficient islet by replacing diesel with photovoltaic energy, has produced positive results. Since early 2019, the renewable energy consultants have been conducting site surveys at LUX* hotels to ensure all applications are ready for submission to the Central Electricity Board of Mauritius, which will soon open an MSDG2 Scheme for on-grid plant applications. Meanwhile, property surveys were conducted for all hotels in Mauritius, with the support of all finance and maintenance departments. The implementation of renewable energy projects in all LUX* hotels is expected shortly.

LUX* SOUTH ARI ATOLL CELEBRATES WORLD UN DAY

To mark UN Day, each year, the global network of UN information centres organises a variety of events such as seminars, panel discussions and art competitions. LUX* South Ari Atoll contributed to the celebrations with art competitions among team members on the subject of climate change. United Nations Day 2018 marked the 73rd anniversary of the UN Charter's entry into force, and celebrates everything that the UN represents and has achieved since its establishment in 1945. Aside from world peace, its role has grown to include protecting human rights, promoting social and economic development, and providing aid around the world in cases of famine, natural disaster and armed conflict.

LUX* SOUTH ARI ATOLL: BEAT THE PLASTIC CAMPAIGN

LUX* South Ari Atoll (LSAA) announced its bold commitment to be a single-use plastic-free resort within eighteen months, in line with the ZERO single-use plastic strategy. Measures successfully implemented nine months after the announcement include paper straws upon request only, distribution of aluminum water flasks (600) to each team member, water dispensers in offices and removing plastic fizzy drinks bottles at the team restaurant. Meanwhile, the kitchen team eliminated disposable cutlery and plastic wrapping for selected items, and replaced take-away containers with paper alternatives, while eliminating plastic bags and plastic bottles in minibars. Measures for following months include eliminating plastic bottles in guest areas (for guest departures and FAM trips), no longer selling plastic water bottles at the Team Tuckshop and LUX* EASE, stopping using plastic bottles for water sports and diving excursions, and eliminating plastic bottles for team outings. The kitchen will reflect on the use of all plastic packaging and the resort will remove single-use take-away cups at Café LUX* and replace them with re-usable mugs.

LUX* BELLE MARE DONATES COMPOSTER BINS TO TEAM MEMBERS

Team members are given the opportunity to receive a free composter for their gardens. LUX* Belle Mare purchases used bins and the maintenance team upcycles them into composter bins.

LUX* GRAND GAUBE AND LUX* LE MORNE SUPPORT A COMMUNITY DEVELOPMENT EVENT AT BOIS MARCHAND

LUX* Grand Gaube and LUX* Le Morne supported the Fondation Joseph Lagesse's competition, Anou fleuri nou landrwa e montre to talan, organised within a community affected by the consequences of poverty, resulting in a fun and creative event. With numerous participants using objects already available in the area, plants and flowers were potted to embellish the neighbourhood. A clean-up was also organised by members of the community. Bois Marchand, like many disadvantaged neighbourhoods, is also affected by substance abuse issues. With the help of the NGO, CUTS, residents collected more syringes than they were expecting to find in the area, revealing hidden aspects of the problem. A prize-giving ceremony was held on the evening of 2 May at the Complexe Educatif in Bois Marchand to reward participants and not least the winners, who had shown amazing creativity.

TAMASSA TEAM MEMBERS PLANT ENDEMIC PLANTS

Tamassa's team members have made their own contribution to nature conservation by planting endemic plants at the resort, well aware that endemic plants, which support local biodiversity, are often threatened by invasive species and require the help of Man to survive.

BIODIVERSITY CONSERVATION

MAURITIAN WILDLIFE FOUNDATION

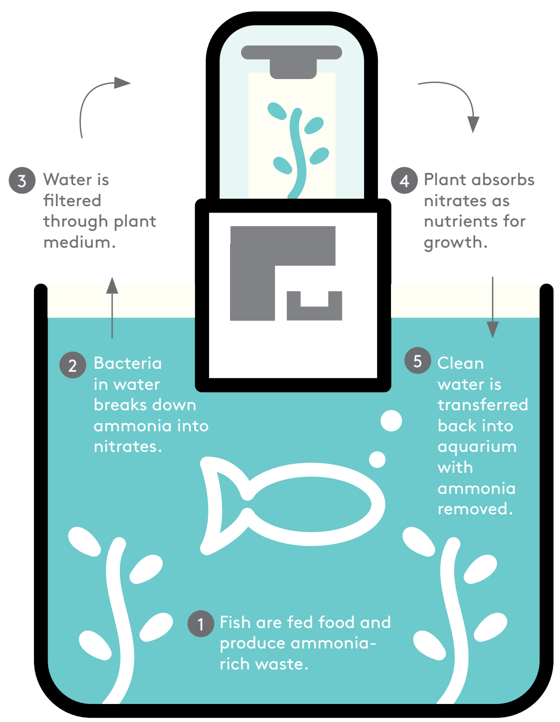
The Mauritian Wildlife Foundation has been a partner of Tread Lightly for many years. LIR has been supporting its Ile Aux Aigrettes project, which involves restoring this islet on the southeast coast of Mauritius to its original state before the arrival of man and other introduced species. LIR has also supported their endemic plant propagation project with team members participating in seeding and planting 1,500 rare plants on the island, following which 1,200 endemic plants were distributed to stakeholders for their introduction in inhabited and urban spaces.

EBONY FOREST

Properties in Mauritius currently promote the eco-tours by Ebony Forest to Guests. Bookings enable the NGO to collect funds to reinforce the endemic biodiversity conservation work at Chamarel, Mauritius.

ECO-SUD AT TAMASSA

Tamassa is working on an on-site kiosk for the NGO Ecosud, to enable for marine life monitoring in the lagoon facing the property.



LUX* GRAND GAUBE SUPPORTS SECONDARY SCHOOL ECO-PROJECTS

An aquaponics project implemented by the B Ramlallah State Secondary School is supported by LUX* Grand Gaube's Tread Lightly fund. The combination of aquaculture (raising aquatic animals) with hydroponics (cultivating plants in water) in a symbiotic environment is beneficial for both systems. In stand-alone aquaculture plants, the closed-system recirculation of excretions accumulates. Effluent-rich water becomes toxic to aquatic animals. This water is, however, full of nutrients for plants. Adding the hydroponics systems helps to clear the water. In the aquaponics system, the excretions are broken down by nitrifying bacteria, which then serve as nutrients to the plants. The water is then recirculated into the aquaculture system. Works were started in June 2019 and are expected to be completed by August 2019.

GRI 304-3, GRI 201-2

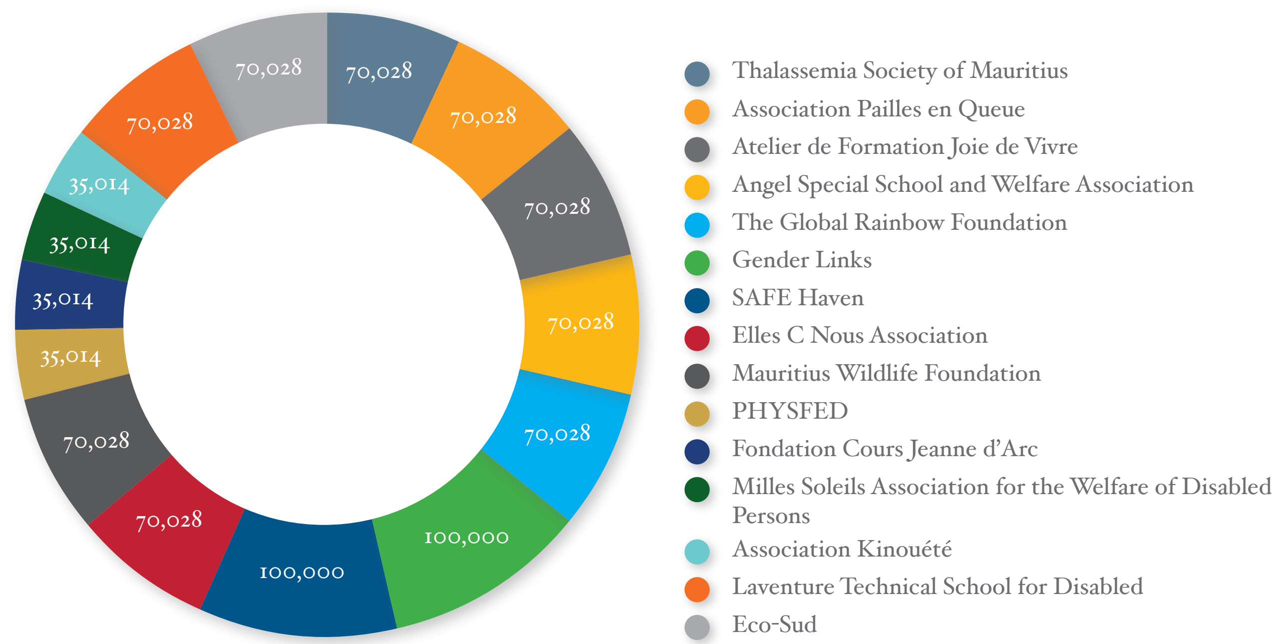
SUSTAINABILITY INITIATIVES

CONTRIBUTION TO SOCIAL AND ECONOMIC DEVELOPMENT

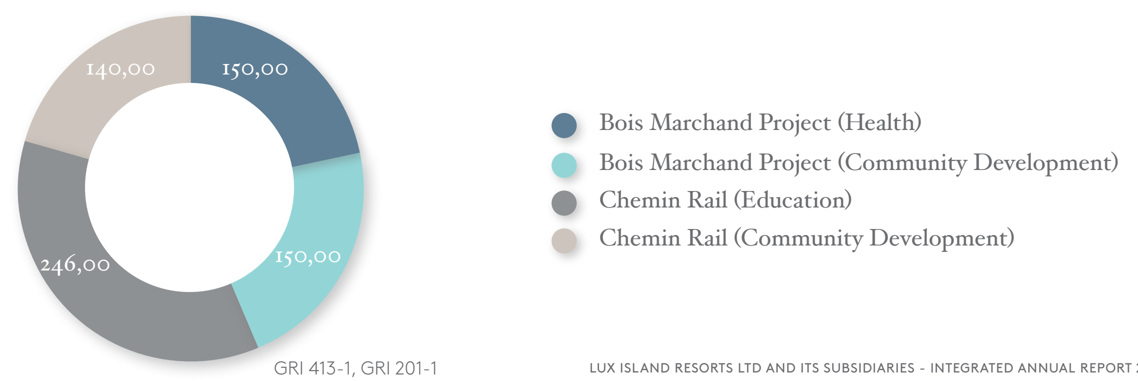
SOCIAL

LIR supports NGOs and CSR partners that support various causes, each of equal importance, for the development of destinations where LIR operates. These include poverty alleviation, education for the marginalised, biodiversity and the environment, women's empowerment, people with disabilities, capacity building, prisoners and health projects. Through the Fondation Joseph Lagesse, LIR supports the Bois Marchand and the Chemin Rail projects for community development. In this reporting year, LIR injected Rs 686,000 into these projects. LIR is also helping in the reduction of drug abuse in collaboration with the Fondation Joseph Lagesse. LIR continues to support the crowdfunding platform, Small Step Matters, through a financial contribution of Rs 100,000. This platform helps many small entrepreneurs, families and children in their projects. The pie charts below give further details of the investment in specific areas/NGOs/projects/causes.

CSR FUNDING (RS) - CSR PARTNERS AND NGOS



FONDATION JOSEPH LAGESSE (RS)



GRI 413-1, GRI 201-1

RAY OF LIGHT

MAAMIGILI ISLAND TELEMEDICINE PROJECT

LUX* South Ari Atoll hosted the CEO of the Global Reporting Initiative for the launch of the Telemedicine project for Maamigili Island in the Maldives in March 2019. The project, supported by LUX* South Ari Atoll, was started with the handing over of a digital kit to the ICT4SIDS partnership and its representative in the Indian Ocean region.

The event was held at LUX* South Ari Atoll in the presence of GRI's CEO, Tim Mohin. Apart from the digital kit ceremony, the various stakeholders also took the opportunity to further discuss the project. The digital kit was delivered to the MedHope Medical Centre by the Malé office of LUX* Maldives. The aim of the ICT4SIDS partnership is to establish national and regional information and communications technology platforms and information dissemination hubs in small island developing states to facilitate information exchange and cooperation, building on existing information and communication platforms.

FUTURE GENERATION

LIR considers the young generation holds the key to society's future and works in collaboration with various partners to encourage good citizenship amongst young people. LIR sponsored two shields for the University of Technology of Mauritius's Convocation Ceremony held on 15th October 2018, in support of quality education as well as to encourage the most successful students. LIR further offered a prize for the best student on the BSc (Hons) Tourism and Hospitality Management course and on the MA in Educational Leadership & Management. LUX* Grand Gaube and LUX* Le Morne also offered vouchers to each student.

LUX* GRAND GAUBE: VENUE FOR THE SALE OF ELLES C NOUS'S PAINTINGS

The NGO, Elles C Nous, supports children in disadvantaged areas in the centre of Mauritius. Aged between 5 and 17 years, the youngsters come from deprived areas and face unimaginable challenges. The NGO has been doing remarkable work through academic as well as such extra-curricular classes as music, art and pastry-cooking. The children have produced beautiful artworks. In its pursuit of inclusion and diversity, LUX* Grand Gaube offered the NGO a free exhibition space and at the same time was able to show its guests an example of its CSR work. All proceeds from the sale of works are redirected to the NGO, which also provides the youngsters with a sense of self-empowerment. The ultimate beauty of the artworks lies in the commitment of the children to overcoming their hardships through committing time and patience to mastering artistic techniques.

EMPOWERING WOMEN: TAILORING COURSE

In support of gender equality LIR, The Lux Collective and Tamassa launched a tailoring course in the southern part of the island, in collaboration with the NGO Gender Links. The Tamassa team and the Safe Haven Halfway-Home Manager from Gender Links greeted participants at Tamassa, where the course was being delivered, and remitted a first learning kit. Training in sewing and tailoring was provided by Tamassa team members, together with all the infrastructure and equipment. It was through The Lux Collective that LIR funded the equipment kits to the tune of Rs 150,000 to help women in the neighbouring village of Bel Ombre acquire skills and independence and to start-up their own businesses.

CREATING PUBLIC AWARENESS ON ROAD SAFETY, HEALTH AND ENVIRONMENTAL CARE

In September 2018, LUX* Belle Mare and the Rotaract Club of Flacq unveiled four display boards at Isidore Rose roundabout at Mare la Chaux, strategically located to reach local inhabitants as well as greet LUX* Belle Mare guests when driving to and from the resort. The aim is to increase awareness on road safety, health and keeping the environment clean, as well as to embellish the roundabout.

SUPPORT TO PEOPLE WITH DISABILITIES

Towards the end of each year, Merville Beach hosts Amour Sans Frontières, an NGO catering for children with disabilities, to celebrate the holiday season together. On 23th October 2018, Merville Beach opened its doors to some 70 guests from the NGO, including families of beneficiaries, for a lunch under a lavish marquee. The GM delivered a warm welcome speech and activities, such as face painting and henna art by F&B and Spa teams, and a performance by a clown from the Entertainment Department then followed. With the collaboration of several departments including Maintenance and Housekeeping, the beneficiaries had a great, safe time. Meanwhile, HR and administrative team members had packed donuts to give to each beneficiary before they left.

Previously, on 3th October, the NGO rewarded twelve children from both Piton and Goodlands with a certificate of attendance on an IT Training course. The course was sponsored from LIR CSR funds and ran from February until May 2018. The children worked on Word, Excel and PowerPoint, learning how to type, create tables, use shapes, make calculations using Excel and learn how to make a two-page presentation on PowerPoint.

LUX* ME SPA PAMPERS MILLE SOLEIL NGO'S BENEFICIARIES

LUX* Me Spa team members offered a day of pampering in October, to the beneficiaries of the NGO Mille Soleil. The original idea of the LUX* Me Spa team, professional beauticians and therapists were assembled with the support of human resource departments. LUX* Me Time included haircuts for two little girls, seven boys, five young men, and haircuts/manicures for four girls. LIR Regional HQ sponsored the lunch.

FESTIVAL DE FOOT

The Grand Gaube Ecole de Foot brought together children from the Jean EON RCA School and from the Ecole du Nord for a football festival. This was made possible by LIR Regional HQ team members and several resorts contributing to the purchase of equipment for the Jean Eon RCA School and shoes for all their 60 girls and boys.

LUX* Grand Gaube maintenance and gardening team members regularly maintain the football pitch and supported the launch with food and beverages. The football school also organised a football tournament on 15 June 2019 at the Jean Eon School for the last day of the school year, which was attended by Ashil, LUX* Grand Gaube's sustainability representative.

OUR PEOPLE

50% of LIR properties in Mauritius have recognised Trade Unions representing workers' rights. In Reunion Island, Hôtel Le Récif and LUX* Saint Gilles both adhere to French legislations including labour law and union representations.

No cases of discrimination were reported during the financial year 2018-2019.

1,876 lost days due to injuries were recorded.

The 1.1 salary ratio for male and female Team Members was found to be standard for all categories.

1709 hours

OF HUMAN RIGHTS TRAINING

+2,000 hours

OF VOLUNTEER WORK BY TEAM MEMBERS

2944

TOTAL TEAM MEMBERS
1,484 NEW HIRES DURING REPORTING YEAR

Rs 12,373,006

INVESTED IN TRAINING & DEVELOPMENT

GRI 102-8, GRI 102-41, GRI 412-2, GRI 406-1, GRI 401-1, GRI 401-1, GRI 403-2, GRI 404-1, GRI 404-3, GRI 405-1, GRI 405-2

UN SDG PINS FOR EACH TEAM MEMBER

LIR has distributed UN SDG badges to all its team members in all its hotels and at headquarters. Large posters with more information on strategic alignment with UN SDG are displayed at the Regional HQ office and will gradually be deployed to all hotels. The 2015 United Nations Summit on Sustainable Development adopted the 2030 Agenda for Sustainable Development, with 17 sustainable development goals (SDG) and 169 targets, approved by the 192 member states. The 2030 Agenda amounts to a new paradigm for development in the context of the global challenges faced by mankind. Its vocation is global so that it can be universally accepted by all stakeholders. The Tourism sector has the capacity to help achieve the SDG as an instrument for socio-economic development, environmental protection and innovation. For this purpose, tourist destinations are expected to not only generate economic growth but also ensure that it is both sustainable and inclusive.

GENDER DIVERSITY – WOMEN EMPOWERMENT PRINCIPLES

In collaboration with IBL, LIR and management company The Lux Collective Ltd are working on gender diversity in line with the seven principles of the UN's Empower Women (WE) initiative. The mission is to reduce the gender gap within all areas of operations. Following various initiatives such as awareness campaigns, IBL set up a gender diversity focus group gathering key managers and HoDs from its various subsidiaries. The WEP Gap Analysis Tool is used to assist data collection. Top management is committed to the survey, which is co-ordinated by the Sustainability and Human Resources teams,

AWARDS AND CERTIFICATIONS

PWC AWARD 2019 IN SUSTAINABILITY CATEGORY

Lux Island Resorts and its subsidiaries were the recipient of the PwC Sustainability Award 2019 based on the integrated reporting methodologies used to disclose performance on the environmental, social and governance (ESG) fronts alongside financial performance, showing a positive relation between sustainability and overall performance. The report gives a snapshot of tangible actions, sustainability recognition, the sustainable development strategy, projects, initiatives and KPIs. For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report. LIR's voluntary alignment with international and regional frameworks – such as those of the Paris Agreement, UN 17 SDG, the 10 principles of the UN Global Compact, GRI standards, International Integrated Reporting Council IIRC)) frameworks, Small Island Developing States and the SAMOA Pathway) – enable LIR to go beyond commitment to the relevant national legislations and to contribute to the overall progress of humanity. Tread Lightly and Ray of Light are the two structures through which LIR covers the social and environmental aspects of the triple bottom line. PwC awards go to firms committed to exceeding the expectations of sustainable reporting by aligning with the latest standards of integrated reporting to ensure full transparency. This is the third consecutive year that the world-renowned audit firm has recognised LUX Island Resorts and its subsidiaries in their annual Corporate Reporting Awards.

GREEN GLOBE CERTIFICATION AND AUDITS 2019

All LIR resorts in Mauritius, Reunion Island and Maldives successfully achieved Green Globe certified status. The annual audit delves in depth into the Group's strategy, as well as the implementation of that strategy at operational level. The site audits are followed by a desktop audit during the following year. Beyond the review of all mandatory Green Globe criteria, the auditors check whether previous year recommendations have been implemented by each resort or are well in progress. Concrete action triggered by the audits included research on endangered species and unethical ingredients, which may end up on purchase lists. The search results (IUCN Red List of Tuna and MSC-certified seafood suppliers) were shared with relevant departments.

STAKEHOLDER ENGAGEMENT PROCESS

	TEAM MEMBERS AND MANAGEMENT	SHAREHOLDERS AND INVESTORS	GUESTS
HOW WE ENGAGE WITH OUR STAKEHOLDERS	• Internal newsletters • Intranet Platform • CEO roadshows • Executive committees • Regular updates via email / Memos • Employee surveys • Induction programs • On-going training and education • Performance management programs	• Regular presentations and roadshows • External newsletters • Integrated reports and financial statements • Media releases and published results • Annual General Meeting • Dedicated analyst and investor presentation • LUX* Resorts & Hotels website	• Online satisfaction surveys (e.g TripAdvisor) • Reward programmes • Dedicated customer relationship managers and call centres • Active website, Twitter and Facebook engagement • Personal, one-toone interactions • Live Chat
THEIR CONTRIBUTION TO VALUE CREATION	Team Members are our most important asset and are the foundation of our business by their being productive and elevating guest experiences to LUX* Shining level.	Investors provide the financial capital necessary to sustain growth, development and innovation.	Their perceptions and behaviours help us to understand their needs and deliver relevant experiences, leading to brand enhancement and increase in revenue.
WHAT OUR STAKEHOLDERS EXPECT FROM US AND THEIR CONCERNS	Expectation Provide a safe, stimulating and rewarding work environment that offers opportunities for personal and career development. Concern: • Health and safety performance • Job security • Performance management • Decent Work & Labour Practices • Equal Opportunity • Gender Equality • Ongoing training programmes and education • Open communication between Team Members and Management • Provision of competitive remuneration and benefits packages	Expectation: Provide sustained returns on investment through sound risk management, strategic growth opportunities and good governance practices. Brand reputation (Responsible Business) Concern: • Deliver sustainable growth and returns • Dividends • Leadership and strategic direction • Corporate governance and ethics • Projects progression • Capital expenditure plans for current and future periods (risks and opportunities of expansion) • Liquidity and gearing Expectation: Provide consistent quality experiences that meet their expectations and needs. Concern: • Unique, consistent and quality experience • Simple and quick interaction with Team Members • Value offerings • Recognition for loyalty • Innovative products and services	Expectation: Provide consistent quality experiences that meet their expectations and needs. Concern: • Unique, consistent and quality experience • Simple and quick interaction with Team Members • Value offerings • Recognition for loyalty • Innovative products and services
IMPACT ON OBJECTIVES AND STRATEGY	Elevate Team Member engagement	• Growth revenue • Cost optimisation • Project development	Brand strength and optimal distribution

GRI 102-40, GRI 102-42, GRI 102-43, GRI 102-44

	TOUR OPERATORS & TRAVEL AGENTS, BUSINESS SOURCES	LOCAL COMMUNITY	ACCREDITED ORGANISATIONS, LEGISLATIONS, POLICIES, AUTHORITIES & GOVERNMENT	SUPPLIERS
HOW WE ENGAGE WITH OUR STAKEHOLDERS	• Meet regularly • Participate in forums • Establish and maintain constructive relationships	• Events and sponsorships • Corporate Social Responsibility programmes • Donations • Media channels	• Establish and maintain constructive relationships • Comment on developments in legislation • Participate in forums • Regulatory surveillance, reporting and interaction • Membership of industry bodies (e.g MTPA)	• One-to-one meetings • Tender and procurement processes • Supplier forums
THEIR CONTRIBUTION TO VALUE CREATION	Tour operators and travel agents are essential to the success of our business since they are at the forefront of attracting guests and generating revenue.	The empowerment of local communities contributes to the long-term viability of our business.	Government and other regulatory bodies provide us with our licence to trade and the regulatory frameworks within which we operate.	Suppliers are vital to the success of our business by enabling us to deliver consistent guest
WHAT OUR STAKEHOLDERS EXPECT FROM US AND THEIR CONCERNS	Expectation: Provide exceptional service to guests and engage in favourable business deals Concern: • Guest Satisfaction • Favourable terms TIMELY PAYMENT	Expectation: Help provide a better environment by offering job opportunities, organising social events and sponsorships. Concern: • Investment in disadvantaged communities (education, health, poverty and empowerment) • Employment opportunities • Sponsorships	Expectation: Provide incentives for community empowerment through job creation, compliance with laws and regulations, and generate taxation revenue. • Taxation revenue • Compliance with legislation and licence conditions • Job creation • Investment in public and tourism infrastructure • Investment in disadvantaged communities • Environmentally-friendly operations and reduction in energy and water consumption	Expectation: Provide a framework for transparent supplier selection and effectuate payments in a timely manner. Concern: • Timely payment and favourable terms • Fair treatment
IMPACT ON OBJECTIVES AND STRATEGY	Elevate the experience	Environmental sustainability and Inclusive Business	Elevate the experience & Stakeholder relationship	Stakeholder Relationship

AT LUX*

we enjoy making guests happy,

HELPING THEM CELEBRATE LIFE

STATEMENT OF COMPLIANCE

(SECTION 75 (3) OF THE FINANCIAL REPORTING ACT)

Name of PIE: Lux Island Resorts Ltd

Reporting Period: 30th June 2019

We, the Directors of Lux Island Resorts Ltd, confirm that to the best of our knowledge, Lux Island Resorts Ltd has complied with all of its obligations and requirements under the Code of Corporate Governance.

SIGNED BY:

JEAN-CLAUDE BÉGA Chairman	RESHAN RAMBOCUS Chairman of Audit & Risk Committee

Date: 27th September 2019

COMPANY SECRETARY'S CERTIFICATE

We hereby certify that to the best of our knowledge and belief, the Company has filed with the Registrar of Companies all such returns as are required of the Company under the Companies Act 2001 in terms of Section 166 (d).

IBL MANAGEMENT LTD
Company Secretary

27th September 2019

INDEPENDENT AUDITOR'S REPORT

To the Members of Lux Island Resorts Ltd

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of Lux Island Resorts Ltd (the "Company") and its subsidiaries (the "Group") set out on pages 127 to 214 which comprise the statement of financial position as at 30th June 2019 and the statement of profit or loss, statement of other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including significant accounting policies.

In our opinion, the financial statements give a true and fair view of, the financial position of Group and Company as at 30th June 2019, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001 and the Financial Reporting Act 2004.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN THE AUDIT
1. **RECOVERABILITY OF GOODWILL AND INVESTMENT IN SUBSIDIARIES** As detailed in Note 6 of the financial statements, the Group's goodwill is allocated to cash generating units (CGUs). The valuation and recoverability of goodwill involves complex judgments and estimates, including projections of future income, terminal growth rate and discount rate assumptions. These assumptions and estimates can have a material impact on the valuation and impairment decisions reflected in the consolidated financial statements of the Group.	We assessed and tested the design and operating effectiveness of selected key controls over management's process for modelling recoverability of goodwill and investment in subsidiaries. We also performed the following substantive procedures: • We corroborated the justification of the CGUs defined by management for goodwill allocation • We tested the design and integrity of the Group's discounted cash flow model that supports the value-in-use calculations in order to evaluate the methodology applied in the Group's annual impairment assessment.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

KEY AUDIT MATTERS (CONTINUED)

KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN THE AUDIT
1. **RECOVERABILITY OF GOODWILL AND INVESTMENT IN SUBSIDIARIES (CONTINUED)** In the Company's separate financial statements, investment in subsidiaries are carried at cost less impairment. Included in the carrying amount of Rs 3,587m set out in note 7 of the financial statements, the Group has an investment of Rs 1,867m in its local subsidiaries and Rs 1,720m in its foreign subsidiaries. Goodwill recognised in the Group accounts for the local and foreign subsidiaries at 30th June 2019 amounted to Rs 508m and Rs 566m respectively. Management makes an impairment assessment on the investment in subsidiaries and goodwill when an indication of impairment is noted and at the end of each reporting date. The same discounted cash flow (DCF) models as used for testing of impairment of goodwill are used to assess impairment on the investment in subsidiaries and involve the same complex judgments and estimates.	We also performed the following substantive procedures: (continued) • We compared previous forecasts to actual results to assess management's ability to make reliable projections of future income. • We involved our internal valuation experts to assist in evaluating the methodology and key assumptions used, namely the discount rate, terminal growth rate and sensitivity analyses and corroborate the results of the valuations with comparable information.
2. **DECONSOLIDATION OF THE LUX COLLECTIVE LTD** On 22th October 2018, the Board of Lux Island Resorts Ltd approved the strategic decision to separate the property-owning company (Lux Island Resorts Ltd hereinafter referred to as LIR) and the management company (The Lux Collective Ltd hereinafter referred to as TLC) via a distribution of all its shares held in TLC to its shareholders at book value. The effective date of this spin-off is 30th November 2018, being the date on which the distribution in specie has been made. Besides the subsidiaries of TLC which will automatically change ownership through the distribution of TLC shares to the LIR shareholders LIR also transferred a couple of investments it previously held directly.	We obtained the memo from management for deconsolidation of TLC and other subsidiaries as well as the corresponding computation reflecting a gain on deemed disposal of Rs 198m. We also performed the following substantive procedures: • We agreed the details in the memo with board minutes and/or circulars sent to shareholders. • We ensured that there was loss of control and ascertained the effective date of loss of control based on the effective date of the eligibility of the dividend in specie.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

KEY AUDIT MATTERS (CONTINUED)

KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN THE AUDIT
2. **DECONSOLIDATION OF THE LUX COLLECTIVE LTD** (CONTINUED) The net gain on disposal has been computed at Rs 198m by management. Given the significance of the transaction and given its impact on the Statement of profit or loss, it has been considered as a Key Audit Matter.	We also performed the following substantive procedures: (cont'd) • We verified the components of the accumulated reserves for the entities being disposed of against their respective audited financial statements and the 5 months management accounts ended 30 November 2018. • We performed an overall analytical review in respect of the 5 months Statement of profit or loss for the relevant companies. • We ensured that all assets and liabilities as well as the components of other comprehensive income in respect of the entities being disposed were properly derecognised from the consolidated statement of financial position of the LIR Group in line with IFRS 10. • We ensured that the gain on disposal is properly computed and recorded in the financial statements.

OTHER INFORMATION

Management is responsible for the other information. The other information comprises the chairman's review report, chief executive report and corporate governance report, risk management and sustainability reports and the secretary's certificate.

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 on the other information obtained prior to the date of this auditor's report, 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.

CORPORATE GOVERNANCE REPORT

Our responsibility under the Financial Reporting Act 2004 is to report on the compliance with the Code of Corporate Governance disclosed in the Annual Report and assess the explanations given for non-compliance with any requirement of the Code. From our assessment of the disclosures made on corporate governance in the Annual Report, the Group has, pursuant to section 75 of the Financial Reporting Act 2004, complied with the requirements of the Code.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act 2001 and the Financial Reporting Act 2004, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

We communicate with the directors 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 THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

USE OF OUR REPORT

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

COMPANIES ACT 2001

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

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

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

ERNST & YOUNG
Ebène, Mauritius

THIERRY LEUNG HING WAH, F.C.C.A
Licensed by FRC

27th September 2019

STATEMENT OF FINANCIAL POSITION

AS AT 30TH JUNE 2019

	Notes	The Group			The Company	
		2019	2018 Re-stated	2017 Re-stated	**2019**	2018
		Rs'000	Rs'000	Rs'000	**Rs'000**	Rs'000
ASSETS						
Non-current assets						
Property, plant and equipment	4	**9,090,461**	9,846,875	8,636,882	**14,576**	92,858
Investment property	5	**82,212**	-	-	**82,212**	-
Intangible assets	6	**1,825,231**	1,649,157	1,639,799	**187**	-
Investment in subsidiary companies	7	-	-	-	**3,586,617**	3,523,585
Other financial assets	8	-	5	5	-	-
Deferred tax assets	9	**201,491**	192,409	115,064	**18,154**	-
		11,199,395	11,688,446	10,391,750	**3,701,746**	3,616,443
Current assets						
Inventories	10	**190,643**	211,248	176,804	-	-
Trade and other receivables	11	**747,274**	819,808	788,270	**1,534,729**	1,979,364
Cash and short term deposits	32(a)	**156,053**	209,437	181,335	**47,388**	42,608
		1,093,970	1,240,493	1,146,409	**1,582,117**	2,021,972
TOTAL ASSETS		**12,293,365**	12,928,939	11,538,159	**5,283,863**	5,638,415
EQUITY AND LIABILITIES						
Equity						
Issued capital	12(a)	**1,371,159**	1,371,159	1,371,159	**1,371,159**	1,371,159
Share premium	12(b)	**1,320,986**	1,320,986	1,320,986	**1,320,986**	1,320,986
Other reserves	13	**1,378,128**	1,663,218	1,707,066	**41,428**	41,707
Retained earnings		**1,936,767**	1,653,411	1,392,268	**1,331,963**	1,383,480
Equity attributable to the owners of the parent		**6,007,040**	6,008,774	5,791,479	**4,065,536**	4,117,332
Non-controlling interests	14	-	1,523	2,578	-	-
Total equity		**6,007,040**	6,010,297	5,794,057	**4,065,536**	4,117,332
Non-current liabilities						
Interest-bearing loans and borrowings	15	**3,200,523**	3,631,683	2,859,556	-	112,502
Deferred tax liabilities	9	**525,308**	571,280	560,273	-	283
Employee defined benefit liabilities	16	**112,645**	94,372	96,054	**11,701**	-
Government grants	17	**3,990**	5,330	6,649	-	-
		3,842,466	4,302,665	3,522,532	**11,701**	112,785
Current liabilities						
Interest-bearing loans and borrowings	15	**1,313,760**	1,250,634	1,107,452	**291,561**	275,973
Contract liabilities	18	**153,706**	165,613	-	-	-
Trade and other payables	18	**924,067**	994,386	1,098,551	**915,065**	960,930
Current tax liabilities	19 (d)	**52,326**	33,949	15,567	-	-
Dividend payable	41	-	171,395	-	-	171,395
		2,443,859	2,615,977	2,221,570	**1,206,626**	1,408,298
Total liabilities		**6,286,325**	6,918,642	5,744,102	**1,218,327**	1,521,083
TOTAL EQUITY AND LIABILITIES		**12,293,365**	12,928,939	11,538,159	**5,283,863**	5,638,415

These financial statements have been approved for issue by the Board of Directors on 27th September 2019 and signed on its behalf by:

JEAN-CLAUDE BÉGA
Chairman

RESHAN RAMBOCUS
Chairman of the Audit Committee

The notes set out on pages 133 to 214 form an integral part of these financial statements. Independent Auditor's report on pages 122 to 126.

STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 30TH JUNE 2019

	Notes	The Group 2019 Rs'000	The Group 2018 Re-stated* Rs'000	The Company 2019 Rs'000	The Company 2018 Rs'000
CONTUNUING OPERATIONS					
Revenue from contracts with customers	20	**6,156,354**	5,644,199	-	-
Gain on bargain purchase of subsidiary	22	-	75,677	-	-
Other operating income	23	**33,524**	67,587	**583,199**	340,000
		6,189,878	5,787,463	**583,199**	340,000
Cost of inventories	24	**(1,164,691)**	(1,097,890)	-	-
Employee benefit expenses	25	**(1,545,746)**	(1,501,759)	**(28,652)**	-
Other operating expenses	26	**(2,113,538)**	(1,965,183)	**(115,421)**	(67,212)
		(4,823,975)	(4,564,832)	**(144,073)**	(67,212)
Earnings before interest, tax, depreciation and amortisation		**1,365,903**	1,222,631	**439,126**	272,788
Depreciation and amortisation	27	**(470,022)**	(492,371)	**(485)**	(807)
Operating profit	28	**895,881**	730,260	**438,641**	271,981
Interest income from effective intererest rate	29	**388**	383	**2,178**	383
Finance costs	30	**(274,017)**	(236,811)	**(48,490)**	(55,787)
Profit before tax from continuing operations		**622,252**	493,832	**392,329**	216,577
Income tax (expense)/credit	19 (a)	**(91,889)**	(78,460)	**18,123**	(2,656)
Profit for the year from continuing operations		**530,363**	415,372	**410,452**	213,921
DISCONTINUED OPERATIONS					
Results from discontinued operations after tax	7 (d)	**(3,171)**	(731)	-	-
Gain on deemed disposal of subsidiary	7 (d)	**198,338**	-	-	-
		195,167	(731)	-	-
Profit for the year		**725,530**	414,641	**410,452**	213,921
Profit for the year attributable to:					
- Owners of the parent		**725,357**	414,715	**410,452**	213,921
- Non-controlling interests		**173**	(74)	-	-
		725,530	414,641	**410,452**	213,921
Earnings per share attributable to equity holders of the parent:					
Basic and diluted from Continuing and discontinued operations (Rs)	31	**5.29**	3.02		
Basic and diluted from continuing operations (Rs)	31	**3.87**	3.03		

** Prior year figures for the Group have been restated to adjust for results relating to discontinued operations and IFRS15 impact.*

The notes set out on pages 133 to 214 form an integral part of these financial statements. Independent Auditor's report on pages 122 to 126.

STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30TH JUNE 2019

	Notes	The Group 2019 Rs'000	The Group 2018 Rs'000	The Company 2019 Rs'000	The Company 2018 Rs'000
Profit for the year		**725,530**	414,641	**410,452**	213,921
Other comprehensive (loss)/income that may not be reclassified to profit or loss subsequently					
Revaluation of property, plant and equipment		**(392,864)**	-	-	-
Tax thereon		**65,381**	-	-	-
Actuarial (losses)/gains	16	**(9,639)**	17,478	**(1,514)**	-
Deferred tax relating to actuarial gains/(losses)		**1,498**	(2,971)	**257**	-
		(335,624)	14,507	**(1,257)**	-
Other comprehensive income/(loss) that may be reclassified to profit or loss subsequently					
Cash flow hedge movement	13	**121**	(42,638)	**(2,776)**	2,102
Release to profit or loss on repayment of borrowings	13	**46,800**	(599)	**2,440**	(3,201)
Exchange difference on translation of foreign operations		**50,216**	(5,586)	-	-
Deferred tax relating to components of other comprehensive income		**(297)**	7,146	**57**	187
		96,840	(41,677)	**(279)**	(912)
Total other comprehensive loss, net of tax		**(238,784)**	(27,170)	**(1,536)**	(912)
Total comprehensive income for the year, net of tax		**486,746**	387,471	**408,916**	213,009
Other comprehensive loss attributable to:					
- Owners of the parent		**(238,784)**	(27,761)	**(1,536)**	(912)
- Non-controlling interests		-	591	-	-
		(238,784)	(27,170)	**(1,536)**	(912)
Total comprehensive income attributable to:					
- Owners of the parent		**486,573**	386,954	**408,916**	213,009
- Non-controlling interests		**173**	517	-	-
		486,746	387,471	**408,916**	213,009

The notes set out on pages 133 to 214 form an integral part of these financial statements. Independent Auditor's report on pages 122 to 126.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30TH JUNE 2019

		Attributable to the equity holders of the parent						
The Group	**Notes**	**Issued capital (Note 12) Rs'000**	**Share premium (Note 12) Rs'000**	**Other reserves (Note 13) Rs'000**	**Retained earnings Rs'000**	**Total Rs'000**	**Non-controlling interests (Note 14) Rs'000**	**Total equity Rs'000**
At 01 July 2017								
- As previously reported		**1,371,159**	**1,320,986**	**1,187,268**	**1,912,066**	**5,791,479**	**2,578**	**5,794,057**
- Prior year adjustment	39	-	-	519,798	(519,798)	-	-	-
- As re-stated		**1,371,159**	**1,320,986**	**1,707,066**	**1,392,268**	**5,791,479**	**2,578**	**5,794,057**
Other comprehensive loss for the year		-	-	(41,364)	13,603	(27,761)	591	(27,170)
Profit for the year		-	-	-	414,715	414,715	(74)	414,641
Total comprehensive income for the year, net of tax		-	-	(41,364)	428,318	386,954	517	387,471
Net movement in share-based payments	33	-	-	(2,214)	-	(2,214)	-	(2,214)
Deemed disposal of a subsidiary		-	-	(270)	4,220	3,950	(1,572)	2,378
Dividend to equity holders of the parent	42	-	-	-	(171,395)	(171,395)	-	(171,395)
At 30th June 2018		**1,371,159**	**1,320,986**	**1,663,218**	**1,653,411**	**6,008,774**	**1,523**	**6,010,297**
At 01 July 2018								
- As previously reported		**1,371,159**	**1,320,986**	**1,663,218**	**1,653,411**	**6,008,774**	**1,523**	**6,010,297**
- Effect of adopting IFRS 9	2.3	-	-	-	(26,358)	(26,358)	-	(26,358)
- Deferred tax effect on adopting IFRS 9		-	-	-	4,053	4,053	-	4,053
- As restated		**1,371,159**	**1,320,986**	**1,663,218**	**1,631,106**	**5,986,469**	**1,523**	**5,987,992**
Other comprehensive loss for the year		-	-	(230,643)	(8,141)	(238,784)	-	(238,784)
Profit for the year		-	-	-	725,357	725,357	173	725,530
Total comprehensive income for the year, net of tax		-	-	(230,643)	717,216	486,573	173	486,746
Transfer of excess revaluation reserve upon impairment of property		-	-	(49,157)	49,157	-	-	-
Deemed disposal of a subsidiary		-	-	(5,290)	-	(5,290)	(1,696)	(6,986)
Dividend to equity holders of the parent	42	-	-	-	(460,712)	(460,712)	-	(460,712)
At 30th June 2019		**1,371,159**	**1,320,986**	**1,378,128**	**1,936,767**	**6,007,040**	**-**	**6,007,040**

The notes set out on pages 133 to 214 form an integral part of these financial statements. Independent Auditor's report on pages 122 to 126.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30TH JUNE 2019

The Company	**Notes**	**Issued capital (Note 12) Rs'000**	**Share premium (Note 12) Rs'000**	**Other reserves (Note 13) Rs'000**	**Retained earnings Rs'000**	**Total Rs'000**
At 01 July 2017		1,371,159	1,320,986	42,619	1,340,954	4,075,718
Other comprehensive loss for the year		-	-	(912)	-	(912)
Profit for the year		-	-	-	213,921	213,921
Total comprehensive income for the year, net of tax		-	-	(912)	213,921	213,009
Dividend to equity holders of the Company	42	-	-	-	(171,395)	(171,395)
At 30th June 2018		1,371,159	1,320,986	41,707	1,383,480	4,117,332
At 01st July 2018		1,371,159	1,320,986	41,707	1,383,480	4,117,332
Other comprehensive loss for the year		-	-	(279)	(1,257)	(1,536)
Profit for the year		-	-	-	410,452	410,452
Total comprehensive income for the year, net of tax		-	-	(279)	409,195	408,916
Dividend to equity holders of the Company	42	-	-	-	(460,712)	(460,712)
At 30th June 2019		1,371,159	1,320,986	41,428	1,331,963	4,065,536

The notes set out on pages 133 to 214 form an integral part of these financial statements. Independent Auditor's report on pages 122 to 126.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30TH JUNE 2019

	Notes	The Group 2019 Rs'000	The Group 2018 Re-stated* Rs'000	The Company 2019 Rs'000	The Company 2018 Rs'000
OPERATING ACTIVITIES					
Profit before tax from continuing operations		**622,252**	493,832	**392,329**	216,577
Loss before tax from discontinued operations		**(3,171)**	7,131	-	-
Adjustments for:					
- Share based payment - expense	13	-	1,948	-	-
- Foreign exchange differences		**21,349**	6,825	**2,440**	(3,201)
- Depreciation and amortisation	27	**475,854**	501,819	**485**	807
- Loss on disposal of property, plant and equipment	21	**8,767**	4,330	-	-
- Gain on bargain purchase of subsidiary	22	-	(75,677)	-	-
- Dilution effect following shares issued by a subsidiary	23	-	(1,784)	-	-
- Loss on deemed disposal of investment in subsidiary		-	-	**50,010**	-
- Employee defined benefit obligations		**22,869**	13,208	**10,187**	-
- Interest income from effective interest rate	29	**(388)**	(759)	**(2,178)**	(383)
- Interest expense	30	**274,017**	236,811	**48,490**	55,787
- Dividend income	32(b)	-	-	**(550,000)**	(300,000)
		1,421,549	1,187,684	**(48,237)**	(30,413)
Changes in working capital:					
- Decrease/(increase) in inventories		**15,863**	(32,820)	-	-
- (Decrease)/increase in trade and other receivables		**134,022**	(43,528)	**605,988**	180,979
- Decrease/(increase) in trade and other payables		**(213,283)**	(32,120)	**(45,865)**	67,200
Cash generated from operations		**1,358,151**	1,079,216	**511,886**	217,766
Interest received		**388**	759	**2,178**	383
Income tax paid	19(d)	**(72,690)**	(101,946)	-	(780)
Interest paid		**(274,017)**	(236,811)	**(48,490)**	(55,787)
Net cash flows from operating activities		**1,011,832**	741,218	**465,574**	161,582
INVESTING ACTIVITIES					
Purchase of subsidiary	22	-	(78,469)	-	-
Acquisition of property, plant and equipment	32(b)	**(187,280)**	(1,333,863)	**(4,415)**	-
Purchase of intangible assets	6	**(279,378)**	(10,627)	**(187)**	-
Deemed disposal of subsidiary	7(d)	**24,280**	-	-	-
Proceeds from sale of property, plant and equipment	21	**13,392**	1,050	-	-
Net cash flows used in investing activities		**(428,986)**	(1,421,909)	**(4,602)**	-
FINANCING ACTIVITIES					
Long term loans received	15 (d)	**1,212,699**	1,682,988	**448,313**	118,262
Payments of long term borrowings	15 (d)	**(1,440,064)**	(1,014,187)	**(562,028)**	(280,862)
Repayment of obligation under finance leases		**(21,173)**	(14,244)	-	-
Dividend paid	41	**(356,502)**	-	**(356,502)**	-
Net cash flows (used in)/from financing activities		**(605,040)**	654,557	**(470,217)**	(162,600)
Net decrease in cash and cash equivalents		**(22,194)**	(26,134)	**(9,245)**	(1,018)
Cash and cash equivalents at 01 July		**(98,999)**	(73,609)	**22,928**	23,946
Net foreign exchange difference		**553**	744	-	-
Cash and cash equivalents at 30th June	32(a)	**(120,640)**	(98,999)	**13,683**	22,928

* Prior year figures for the Group have been restated to adjust for cash flows relating to discontinued operations.

The notes set out on pages 133 to 214 form an integral part of these financial statements. Independent Auditor's report on pages 122 to 126.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2019

1. CORPORATE INFORMATION

Lux Island Resorts Ltd is a public company incorporated in Mauritius and its shares are listed on the Stock Exchange of Mauritius. Its registered office is situated at 58, Pierre Simonet Street, Floréal. The main activity of the Group and the Company is the operation and management of hotels.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The consolidated and separate financial statements have been prepared on a historical cost basis as modified by the revaluation of land and buildings and other financial assets which are stated at their fair values as disclosed in the accounting policies hereafter. The consolidated and separate financial statements are presented in Mauritian rupees and all values are rounded to the nearest thousand (Rs'000) except when otherwise indicated.

Statement of Compliance

The consolidated and separate financial statements of Lux Island Resorts Ltd and its subsidiaries have been prepared in accordance with International Financial Reporting Standards (IFRSs).

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of Lux Island Resorts Ltd and its subsidiaries as at 30th June, 2019.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2. ACCOUNTING POLICIES (CONTINUED)

2.2 BASIS OF CONSOLIDATION (CONTINUED)

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

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

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

New and amended standards and interpretations

The Group applied IFRS 15 and IFRS 9 for the first time, which are effective for annual periods beginning on or after 1st January 2018. Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the financial statements of the Group. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The nature and the effect of these changes for accounting standards and interpretations relevant to the Group's operations are disclosed below.

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amendments to IFRS as from 1 July 2018:

	Effective for accounting period beginning on or after
New or revised standards	
IFRS 9 Financial Instruments	1st January 2018
IFRS 15 Revenue from Contracts with Customers	1st January 2018
Amendments	
IFRS 2 Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)	1st January 2018
IAS 40 Transfers of Investment Property (Amendments to IAS 40)	1st January 2018
IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1st January 2018
IFRS 1 First-time Adoption of International Financial Reporting Standards - Deletion of short-term exemptions for first-time adopters	1st January 2018
IAS 28 Investments in Associates and Joint Ventures – Clarification that measuring investees at fair value through profit or loss is an investment - by - investment choice	1st January 2018

2. ACCOUNTING POLICIES (CONTINUED)

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

Where the adoption of the standards or amendments is deemed to have an impact on the financial statements or performance of the Group, their impact is described below:

IFRS 9 Financial Instruments - Classification and measurement of financial assets, Accounting for financial liabilities and derecognition

IFRS 9 introduces new requirements for classifying and measuring financial assets, as follows:

In July 2014, the IASB issued the final version of IFRS 9 Financial instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1st January 2018.

The Group applied IFRS 9 prospectively, with an initial application date of 1 July 2018. The Group has not restated the comparative information, which continues to be reported under IAS 39. Differences arising from the adoption of IFRS 9 have been recognised directly in retained earnings and other components of equity.

The impact on the Statement of Financial Position and equity of the Group with respect to classification and measurement of financial assets is as described below:

Classification and measurement

Financial Assets	**Per IAS 39**	**Per IFRS 9**	**Impact**
• Trade receivables. • Receivable from group companies. • Cash & cash equivalents.	These are initially recognised at original invoice amount and are subsequently carried at amortised cost using the effective interest method less any allowance for impairments. Gains and losses are recognised through profit or loss when the receivables are derecognised or impaired, as well as through the amortisation process.	Receivables previously classified as Loans and receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. They are classified as financial assets at amortised cost under the new IFRS.	No impact
Available-for-sale investment (AFS)	After initial recognition available-for-sale financial assets are measured at fair value with gains or losses being recognised in other comprehensive income until the investment is derecognised or until the investment is determined to be impaired at which time the cummulative gain or loss previously reported in other comprehensive income is included in profit or loss.	Listed equity investments previously classified as AFS financial assets are now classified and measured as financial assets at fair value through profit or loss, if they are held for trading. Otherwise, they are classified as financial assets at fair value through OCI.	The AFS is immaterial and has been disposed. The Group has no AFS at year end and therefore no impact.

There are no changes in the measurement of financial liabilities under IFRS9 when compared to IAS39.

2. ACCOUNTING POLICIES (CONTINUED)

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

IFRS 9 Financial Instruments - Classification and measurement of financial assets, Accounting for financial liabilities and derecognition *(continued)*

(a) Impairment

Impairment of Financial Assets	Per IAS 39	Per IFRS 9	Impact
• Trade receivables. • Receivable from group companies. • Cash & cash equivalents.	A financial asset is impaired and impairment losses are recognised, only if there is objective evidence as a result of one or more events that occurred after the initial recognition of the asset. An entity is required to assess at each reporting date whether there is any objective evidence of impairment. If any such evidence exists, the entity is required to do a detailed impairment calculation to determine whether an impairment loss should be recognised.	IFRS 9 requires the Group to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis.	The Group has developed an Expected Credit Loss model to measure impairment of its financial instruments in line with the requirements of the new standard. Under the ECL model the Group has re-assessed the level of provision for doubtful debts and an amount of MUR 26 million has been estimated as doubtful for the year 2018. The Group has adopted the simplified approach for adoption of IFRS 9 on the trade receivables and the intercompany balances, and the impact has been a decrease in current assets by Rs 26 million and a decrease in opening balance of retained earnings as at 1st of July 2018 by Rs 26 million less deferred tax impact of Rs 4 million.

NOTES TO THE FINANCIAL STATEMENTS - FOR THE YEAR ENDED 30 JUNE 2019

2. ACCOUNTING POLICIES (CONTINUED)

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

IFRS 9 Financial Instruments - Classification and measurement of financial assets, Accounting for financial liabilities and derecognition (continued)

The following adjustments were made to the amounts recognised in the statement of financial position at 1 July 2018.

The Group	Measurement Category		Carrying amount		
	Original	**New**	**Original**	**New**	**Remeasurement**
	(IAS 39)	**(IFRS9)**	**Rs'000**	**Rs'000**	**Rs'000**
Financial assets					
Other financial assets	Available for sale	Fair value through OCI	5	5	-
Trade receivables	Loans and receivables	Financial assets at amortised cost	819,808	793,450	26,358
Cash and short-term deposits	Loans and receivables	Financial assets at amortised cost	209,437	209,437	-
Financial liabilities					
Trade and other payables	Amortised costs	Amortised costs	994,386	994,386	-
Interests bearing loans and borrowings	Amortised costs	Amortised costs	4,882,317	4,882,317	-

The Company	Measurement Category		Carrying amount		
	Original	**New**	**Original**	**New**	**Remeasurement**
	(IAS 39)	**(IFRS9)**	**Rs'000**	**Rs'000**	**Rs'000**
Financial assets					
Cash and short-term deposits	Loans and receivables	Financial assets at amortised cost	47,388	47,388	-
Receivable from related parties	Loans and receivables	Financial assets at amortised cost	1,527,164	1,527,164	-
Financial liabilities					
Interests bearing loans and borrowings	Amortised costs	Amortised costs	388,475	388,475	-
Trade and other payables	Amortised costs	Amortised costs	960,930	960,930	-

2. ACCOUNTING POLICIES (CONTINUED)

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

IFRS 9 Financial Instruments - Classification and measurement of financial assets, Accounting for financial liabilities and derecognition *(continued)*

Hedge Accounting

The Group determined that all existing hedge relationships that are currently designated as effective hedging relationships continue to qualify for hedge accounting under IFRS 9 and has had no impact on the results, equity and financial position of the Group. The Group has opted to maintain its accounting for hedge under IAS 39.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a new five-step model applies to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and supersedes all current revenue recognition requirements under IFRS. The new accounting policies are set out in note 2.5 (v).

The amendment to IFRS 15 "Clarifications to IFRS 15 Revenue Recognition from Contracts with Customers" has been taken into account.

The Group adopted IFRS 15 using the full retrospective method of adoption.

The impact of IFRS 15 on the main stream of revenue of the Group is as follows:

Treatment as per IAS 18	Changes under IFRS 15	Impact Assessment
Room Revenue		
Recognised as revenue when performance obligation performed, i.e. once the guests check-in at the hotel premises. Revenue is recognised daily.	None	No impact
Food & Beverage revenue		
F&B revenue is generated from packaged sales (e.g. half boards, full boards or All-inclusive) or through direct sales at the restaurants or bars. Packaged sales are recognised as revenue daily when it is probable that the future economic benefits will flow to the entity and those benefits can be measured reliably, i.e, once the guests check-in at the hotel premises. Direct sales are recognised upon consumption.	Recognised as revenue when performance obligation is performed (i.e on consumption).	The timing of F&B revenue recognition for packaged sales is recognised on the night of stay rather than on consumption. However, the impact has been assessed as not being material as the portion of F&B sale that would have to be deferred is not significant on any single day, and the impact would further be mitigated by opening cut-off adjustments.

2. ACCOUNTING POLICIES (CONTINUED)

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

IFRS 15 Revenue from Contracts with Customers *(continued)*

Treatment as per IAS 18	Changes under IFRS 15	Impact Assessment
Minor Other Departments		
Minor other departments include the provision of services such as laundry, spa and boutique sales. The Group acts as an agent from time to time (e.g. for diving, big game fishing, horse riding, etc.). In an agency relationship, the gross inflows of economic benefits include amounts collected on behalf of the principal and which do not result on increases in equity for the entity. The amounts collected on behalf of the principal are not revenue. Instead revenue is the amount of commission.	For the provision of services where the entity is an agent, it should recognise revenue based on the commission it receives from the sale (the gross amount of payments received from the customer less payments to the third party provider). Where the entity acts as a principal, revenue has to be recorded gross of costs.	Both under IAS18 and IFRS 15, only commission revenue (gross revenue less payments) should be recognised. The Group acts as an agent only on few instances and income recognised is the net commission pertaining to the specific sales and no impact on the FS.

Recognition of packages sales to tour operators.

The Group derives package revenue (room revenue and food and beverage revenue) via tour operators ("TO"). The TOs receives or retains a percentage of the package revenue – usually called a commission - collected from the guests. Previously, the commission paid to the TO was accounted as expenses under the caption 'commission to TO'. Under IFRS 15, the notion of Agent and Principal has been re-defined and it has been concluded that the TO is acting as a principal as they are selling a package to the end customer. Revenue from packages sales should therefore be recognised net of commission. The impact of the above has brought a reduction in the Group's revenue for an amount of Rs 95m in 2019 with a similar reduction in other operating expense and hence no impact on EBITDA. Comparative figures have been amended with a reduction in the Group's revenue and other operating expenses by Rs 95 million in 2018. Deposits received from guests are classified on contract liabilities.

The following adjustments were made to the amounts recognised in the statement of financial position at 1 July 2018.

Group

	IAS 18 carrying amount 30th June 2018 Rs'000	Reclassification Rs'000	IFRS 15 carrying amount 1 July 2018 Rs'000
Contract liabilities	-	165,713	165,713
Trade and other payables	1,159,999	(165,713)	994,286

2. ACCOUNTING POLICIES (CONTINUED)

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

IFRS 15 Revenue from Contracts with Customers *(continued)*

Recognition of packages sales to tour operators.

The following adjustments were made to the amounts recognised in the statement of profit or loss for the year ended 30th June 2019:

	As previously stated Rs'000	Impact of IFRS 15 Rs'000	As re-stated Rs'000
Revenue	5,743,512	(99,313)	5,644,199
Other operating expenses	2,064,496	(99,313)	1,965,183

2.4 ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following standards, amendments to existing standards and interpretations were in issue but not yet effective. The Group would adopt these standards, if applicable, when they become effective. No early adoption of these standards and interpretations is intended by the Board of directors.

New or revised standards	Effective for accounting period beginning on or after
IFRS 16 Leases	1st January 2019
IFRS 17 Insurance Contracts	1st January 2021
Amendments	
IFRIC interpretation 23 Uncertainty over Income Tax Treatments	1st January 2019
Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)	1st January 2019
Prepayment features with negative compensation – Amendments to IFRS 9	1st January 2019
Plan Amendment, Curtailment or Settlement (Amendment to IAS 19)	
Annual improvements to IFRS (2015-2017 Cycle)	
Sale or Contribution of assets between an investor and its associate or joint venture (Amendments to IFRS 10 and IAS 28)	Effective date deferred indefinitely

Where the adoption of the standards or amendments or improvements is deemed to have an impact on the financial statements or performance of the Group, their impact is described below.

IFRS 16 Leases – effective 1st January 2019

IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17 Leases and the related Interpretations when it becomes effective for accounting periods beginning on or after 1st January 2019. The date of initial application of IFRS 16 for the Group will be for the financial year starting on 1st of July 2019.

The Group has chosen the modified retrospective approach to apply the requirements of IFRS16. The impact of the standard will not be to restate comparatives but show the impact in opening retained earnings. In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

IFRS 16 Leases – effective 1st January 2019 *(continued)*

Impact of the new definition of a lease

The Group will make use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to apply to those leases entered or modified before 1st of July 2019.

The change in definition of a lease mainly relates to the concept of control. IFRS 16 distinguishes between leases and service contracts on the basis of whether the use of an identified asset is controlled by the customer. Control is considered to exist if the customer has:

– The right to obtain substantially all of the economic benefits from the use of an identified asset; and

– The right to direct the use of that asset.

Operating leases

IFRS 16 will change how the Group accounts for leases previously classified as operating leases under IAS 17, which were off-balance sheet.

On initial application of IFRS 16, for all leases (except as noted below), the Group will:

a) Recognise right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of the future lease payments;

b) Recognise depreciation of right-of-use assets and interest on lease liabilities in the statement of profit or loss;

c) Separate the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the statement of cash flow.

Under IFRS 16, right-of-use assets will be tested for impairment in accordance with IAS 36 Impairment of Assets.

This will replace the previous requirement to recognise a provision for onerous lease contracts.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Group will opt to recognise a lease expense on a straight-line basis as permitted by IFRS 16.

As at 30th June 2019, the Group had non-cancellable lease commitments of MUR 15.7 billion.

A preliminary assessment indicates that all these arrangements relate to leases other than short-term leases and leases of low-value assets, and hence the Group will recognise a right-of-use asset of MUR 2,863 m and a corresponding lease liability of MUR 2,863 m in respect of all these leases.

Under IAS 17, all lease payments on operating leases are presented as part of cash flows from operating activities.

The impact of the changes under IFRS 16 would be to increase the cash generated by operating activities by MUR 288 m and to decrease net cash used in financing activities by the same amount.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

IFRS 16 Leases – effective 1st January 2019 *(continued)*

Finance leases

The main differences between IFRS 16 and IAS 17 with respect to assets formerly held under a finance lease is the measurement of the residual value guarantees provided by the lessee to the lessor. IFRS 16 requires that the Group recognises as part of its lease liability only the amount expected to be payable under a residual value guarantee, rather than the maximum amount guaranteed as required by IAS 17. On initial application the Group will present equipment previously included in property, plant and equipment within the line item for right-of-use assets and the lease liability, previously presented within borrowing, will be presented in a separate line for lease liabilities.

Based on an analysis of the Group's finance leases as at 30th June 2019 on the basis of the facts and circumstances that exist at that date, the directors of the Company have assessed that the impact of this change will not have an impact on the amounts recognised in the Group's consolidated financial statements.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include the requirements relating to interest and penalties associated with uncertain tax treatments.

The Interpretation specifically addresses the following:

(i) Whether an entity considers uncertain tax treatments separately

(ii) The assumptions an entity makes about the examination of tax treatments by taxation authorities

(iii) How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates

(iv) How an entity considers changes in facts and circumstances

An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed.

The interpretation is effective for annual reporting periods beginning on or after 1st January 2019, but certain transition reliefs are available. The Company will apply interpretation from its effective date. Since the Company operates in a complex multinational tax environment, applying the Interpretation may affect its consolidated financial statements and the required disclosures. In addition, the Company may need to establish processes and procedures to obtain information that is necessary to apply the Interpretation on a timely basis.

2. ACCOUNTING POLICIES (CONTINUED)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Foreign currency translation

The consolidated and separate financial statements are presented in Mauritian Rupees ("Rs"), which is the parent's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded in the functional currency at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency at the rate of exchange ruling at the reporting date. All differences are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken to other comprehensive income until the disposal of the net investment, at which time they are recognised in profit or loss. Tax charges and credits attributable to exchange differences on those borrowings are also dealt with in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Where the functional currency of the subsidiaries at the reporting date is not the presentation currency of the Group (the Mauritian Rupee), the assets and liabilities of these subsidiaries are translated into Mauritian Rupee at the rate of exchange ruling at the reporting date and, income and expenses are translated at the average exchange rates for the year. The exchange differences arising on the translation are taken through other comprehensive income. On disposal of a foreign entity, the deferred cumulative amount recognised in other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

(b) Property, plant and equipment

All property, plant and equipment are initially recorded at cost. Land and buildings are subsequently shown at fair value, based on valuations by external independent valuers, less accumulated depreciation for property and impairment losses recognised after the date of revaluation. The policy of the Group is to revalue the Land and Buildings every three years. All other property, plant and equipment are stated at historical cost less accumulated depreciation and impairments.

Construction in progress are stated at cost and are not depreciated. When completed, construction in progress are transferred to plant and equipment.

Increases in the carrying amount arising on revaluation are credited to revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged through other comprehensive income against the revaluation reserve to the extent that the decrease does not exceed the amount held in the revaluation reserve in respect of that same asset; all other decreases are charged to the profit or loss.

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

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit. On disposal of revalued assets, amounts in revaluation and other reserves relating to that asset are transferred to retained earnings.

Depreciation is calculated on the straight line method to write off the cost of each asset, or the revalued amounts, to their residual values over their estimated useful lives.

2. ACCOUNTING POLICIES (CONTINUED)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Property, plant and equipment *(continued)*

The useful life, residual value and method of depreciation of an item of property, plant and equipment are reviewed at each financial year end and adjusted prospectively if appropriate. The residual values and remaining useful lives of buildings have been estimated by the independent external valuers.

The annual rate of depreciation is as follows:

Buildings	-	2% - 9.45 %
Plant and equipment	-	10% - 20%
Furniture and fittings	-	10% - 33.33%
Motor vehicles	-	20%
Computer equipment	-	10% - 33.33%

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

(c) Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. Fair values are determined based on an annual valuation performed by an accredited external independent valuer applying a valuation model recommended by the International Valuation Standards Committee.

Investment properties are derecognised either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. The amount of consideration to be included in the gain or loss arising from the derecognition of investment property is determined in accordance with the requirements for determining the transaction price in IFRS 15.

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

(d) Investment in subsidiaries

Financial statements of the Company

Investment in subsidiary companies are carried at cost which is the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquirer. Acquisition-related costs are recognized in profit or loss as incurred. The carrying amount is reduced to recognise any impairment in the value of individual investments. The impairment loss is taken to profit or loss.

2. ACCOUNTING POLICIES (CONTINUED)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Investment in subsidiaries *(continued)*

Consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

(e) Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

(f) Intangible assets

Goodwill

Goodwill acquired in a business combination is initially measured as the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquire (if any) over the net of the acquisition-date amounts of the identifiable assets and liabilities assumed. If after reassessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree, the excess is recognized in profit or loss as a gain on bargain purchase. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

2. ACCOUNTING POLICIES (CONTINUED)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Intangible assets *(continued)*

Goodwill (continued)

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or group of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- is not larger than a segment based on either the Group's primary or the Group's secondary reporting format determined in accordance with IFRS 8 Segment Reporting.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units), to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. Where goodwill forms part of a cash-generating unit (group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Gain on bargain purchase represents the excess of the acquirer's interest in the fair values of the identifiable net assets and liabilities acquired over the cost of acquisition. It is recognised immediately as income in the statement of comprehensive income.

Gain on bargain purchase arising from the acquisition of an associated company is included as income in the determination of the Group's share of the associate's profit or loss of the period in which the associate was acquired.

Other intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is charged against profits in the year in which the expenditure is incurred. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset. The estimated useful lives of intangible assets with finite useful lives are as follows:

Computer software & Licenses	-	5 years
Leasehold rights	-	over the period of the leases.

2. ACCOUNTING POLICIES (CONTINUED)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Intangible assets *(continued)*

Other intangible assets (continued)

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

(g) Financial assets

Initial recognition and measurement

<u>Policy applicable as from 1 July 2018</u>

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in section (e) Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

2. ACCOUNTING POLICIES (CONTINUED)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Financial assets *(continued)*

Subsequent measurement *(continued)*

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade and other receivables.

Financial assets at fair value through OCI (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its non-listed equity investments under this category.

2. ACCOUNTING POLICIES (CONTINUED)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Financial assets *(continued)*

Financial assets at fair value through profit or loss *(continued)*

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

Other income (Under IFRS 9)

The Group earns other income such as interest income on its bank accounts and earns dividend income from shareholders.

- Interest income - as it accrues (taking into account the effective yield on the asset) unless collectability is in doubt.
- Dividend income - when the shareholder's right to receive payment is established.

Trade and other receivables

Trade and other receivables are initially recognised at original invoice amount and are subsequently carried at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised through profit or loss when the receivables are derecognised or impaired, as well as through the amortisation process.

Other financial assets

Financial assets within the scope of IAS 39 are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

All regular way purchases and sales of financial assets are recognised on the trade date, i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

2. ACCOUNTING POLICIES (CONTINUED)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Financial assets *(continued)*

Other financial assets *(continued)*

The Group has the following investments:

Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not loans and receivables, held-to-maturity investments or investments held at fair value through profit or loss.

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

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the reporting date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument, which is substantially the same; discounted cash flow analysis and option pricing models.

Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purpose of the consolidated and separate statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Such financial assets are carried at amortised cost using the effective interest rate method.

(h) Financial liabilities

Initial recognition and measurement

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

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs. The Group's financial liabilities include trade and other payables, bank overdrafts and loans and borrowings.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in profit or loss.

(i) Derecognition of financial assets and liabilities

Financial assets

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

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

Where the Company or the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's or the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company or the Group could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial liabilities

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

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

(j) Impairment of financial assets

Policy applicable as from 1st January 2018

For trade and intercompany account receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2. ACCOUNTING POLICIES (CONTINUED)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Impairment of financial assets *(continued)*

Policy applicable prior to 1st January 2018

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Available-for-sale financial assets

If an available-for-sale asset is impaired, if there is objective evidence of a significant or prolonged decline in the fair value of the investment below its cost, an amount comprising the difference between its cost and its current fair value, less any impairment loss previously recognised in profit or loss, the cumulative loss is transferred from other comprehensive income to profit or loss. Reversals in respect of equity instruments classified as available-for-sale are not recognised in profit or loss. Reversals of impairment losses on debt instruments are reversed through profit or loss, only if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

Trade and other receivables

For amounts due from customers carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are individually not significant. If the Group determines that no objective evidence of impairment exists for individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss.

(k) Offsetting of financial instruments

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

2. ACCOUNTING POLICIES (CONTINUED)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Fair value of financial instruments

Determination of fair value

The Company determines the fair value of its financial instruments, such as equities, debentures and other interest bearing investments and derivatives, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted price or binding dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. Securities defined in these accounts as 'listed' are traded in an active market.

Where the Company has financial assets and financial liabilities with offsetting positions in market risks or counterparty credit risk, it has elected to use the measurement exception provided in IFRS 13 to measure the fair value of its net risk exposure by applying the bid or ask price to the net open position as appropriate.

For all other financial instruments not traded in an active market, the fair value is determined by using valuation techniques deemed to be appropriate in the circumstances. Valuation techniques include the market approach (i.e., using recent arm's length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (i.e., discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the beginning of each reporting period.

2. ACCOUNTING POLICIES (CONTINUED)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

(n) Hedge accounting

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment; or
- cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment; or
- hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

The Group currently has only cash flow hedges and has elected to continue applying the accounting policies for hedge accounting under IAS 39.

Cash flow Hedge

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income, while any ineffective portion is recognised immediately in profit or loss.

Amounts taken to other comprehensive income are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts taken to other comprehensive income are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction or firm commitment is no longer expected to occur, amounts previously recognised in other comprehensive income are transferred to profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in other comprehensive income remains separately in equity until the forecast transaction or firm commitment affects profit or loss.

Risk management strategy

The hedge on the foreign currency revenues by the foreign currency loans are treated as cash flow hedge and the purpose is to hedge the foreign currency risks relating to the Euro, GBP and USD sales. Refer to Note 38 for more details on the risk management policies.

2. ACCOUNTING POLICIES (CONTINUED)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Hedge accounting *(continued)*

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. Non-financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the non-financial asset, the estimated future cash flows of the investment has been affected. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset.

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

(o) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition, are accounted for on a weighted average cost basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(p) Provisions

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

2. ACCOUNTING POLICIES (CONTINUED)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Retirement benefit obligations

The Group operates a defined benefit plan for some of its employees. For the remaining employees, the Group contributes to a unitised defined contribution pension scheme that was established on 1 July 2002. The employer contributes 9% of salaries less their contribution to the National Pensions Scheme in respect of members of the fund. Members contribute 6% of salaries less their contribution to the National Pensions Scheme. In each case the minimum monthly contribution is Rs. 100.

Defined benefits schemes

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding net interest (not applicable to the Group) and the return on plan assets (excluding net interest), are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods. Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognises restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under 'employee benefit expenses' in profit or loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income

Defined contributions schemes

Payments to defined contribution retirement plans are charged as an expense as they fall due. Unpaid contributions are recognized as a liability.

Other retirement benefits

For employees who are not covered by the above plan, the net present value of gratuities payable under the Employment Rights Act 2008 is calculated and a liability accounted for. The obligations under this item are not funded.

Liabilities with respect to above schemes are calculated by Swan Life Ltd (Actuarial Valuer) annually.

Right of set off

The Group does not offset the asset relating to one plan against a liability relating to another plan as it:

- does not have a legally enforceable right to use a surplus in one plan to settle obligations under the other plan; and
- does not intend to either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

2. ACCOUNTING POLICIES (CONTINUED)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Taxes

Current tax

Tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

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

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

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilized, except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

The principal temporary differences arise from depreciation on property, plant and equipment, revaluations of certain non-current assets, provisions for bad debts, tax losses carried forward and retirement benefit obligations.

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

2. ACCOUNTING POLICIES (CONTINUED)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Taxes *(continued)*

Deferred tax (continued)

Income tax relating to items recognised directly in other comprehensive income is recognised in other comprehensive income and not profit or loss.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it is incurred during the measurement period or in profit or loss.

Value Added Tax

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

- Where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of value added tax included.

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

(s) Lease

Group as lessee

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Leases are classified as finance leases whenever 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.

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. The interest balance should be recognised as a finance cost.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The difference between actual payments and the straight lining of the expense is recognised as a liability or asset in the statement of financial position.

2. ACCOUNTING POLICIES (CONTINUED)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Lease *(continued)*

Group as a lessor

Assets subject to operating leases are presented in the statement of financial position according to the nature of the asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Costs, including depreciation, incurred in earning the lease income are recognised as an expense. Lease income is recognised on a straight-line basis over the lease term even if the receipts are not on such a basis.

- Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms

(t) Borrowing costs

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

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

(u) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, it is recognised as deferred income and released to income in equal annual amounts over the expected useful life of the related asset.

(v) Revenue recognition

(i) ***Revenue from contracts with customers***

The Group is in the business of hotel operation. Revenue is recognised at an amount that reflects the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer.

Recognition of packages sales to tour operators.

The Group derives package revenue (room revenue and food and beverage revenue) via tour operators (“TO”). The TOs receives or retains a percentage of the package revenue – usually called a commission - collected from the guests. Revenue from packages sales are recognised net of commission.

The main stream of revenue of the Group is as follows:

Room Revenue

Recognised as revenue when performance obligation performed, i.e. once the guests check-in at the hotel premises. Revenue is recognised daily.

Food & Beverage revenue

F&B revenue is generated from packaged sales (e.g. half boards, full boards or All-inclusive) or through direct sales at the restaurants or bars. Packaged sales are recognised as revenue daily when it is probable that the future economic benefits will flow to the entity and those benefits can be measured reliably, i.e, upon consumption.

2. ACCOUNTING POLICIES (CONTINUED)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Revenue recognition *(continued)*

Other Operating Departments

Minor other departments include the provision of services such as laundry, spa and boutique sales. The Group acts as an agent from time to time (e.g. for diving, big game fishing, horse riding, etc.).

In an agency relationship, the gross inflows of economic benefits include amounts collected on behalf of the principal and which do not result on increases in equity for the entity. The amounts collected on behalf of the principal are not revenue. Instead revenue is the amount of commission.

(ii) ***Other revenues***

Other revenues earned by the Group are recognised on the following basis:

- Management fees are recognised on an accrual basis.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section p) Financial instruments – initial recognition and subsequent measurement.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

(w) Share based payment

Executives of the Group receive remuneration in the form of share-based payments, whereby they render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The statement of profit or loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

2. ACCOUNTING POLICIES (CONTINUED)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Share based payment *(continued)*

No expense is recognised for awards that do not ultimately vest, except for equity-settled transaction for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction or is otherwise beneficial to the employee as measured at the date of modification.

(x) Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(y) Cash dividend

The Company recognises a liability to make cash distributions to equity holders of the parent when the distribution is authorised by the directors and the distribution is no longer at the discretion of the Company. A corresponding amount is recognised directly in equity.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

(a) Judgements

In the process of applying the Group's accounting policies, management has made the following judgement, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements:

Determination of functional currency

The determination of the functional currency of the Group is critical since recording of transactions and exchange differences arising thereon are dependent on the functional currency selected.

Despite the fact that prices of the services in the tourism industry are generally denominated and settled in foreign currency, the actual underlying computation to arrive at those prices significantly depend on the country's competitive forces, which, in line with IAS21 para 9(a) gives a strong indication that the Mauritian Rupee is the functional currency. Besides, in line with IAS21 para 9(b) the currency in which labour, material and costs of providing services is materially the MUR. Furthermore, the shareholders of the Company are looking for returns in Mauritian Rupee and the Group's performance is evaluated in Mauritian Rupee.

Therefore, the directors consider Mauritian Rupee as the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions.

(b) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Revaluation of land and buildings

Land and buildings are carried at valuation and it is the Group's policy to revalue land and buildings of the Group every three years unless the Directors consider that the values changed significantly before then. The land and building were revalued during the previous financial year by an independent professional valuer. The valuation takes into consideration recent market transactions, the income generating capacity of the assets being revalued as well as expected yield. Refer to Note 4 for further details.

(ii) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised.

Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Main assumptions used in the determination of future taxable profits include inter-alia: occupancy rates of the hotel, room rates and margins.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

(b) Estimates and assumptions *(continued)*

(ii) Deferred tax assets *(continued)*

At 30th June, the status of unused tax losses of the Group was as follows:

	2019		
	Recognised Rs'000	**Unrecognised Rs'000**	**Total Rs'000**
Tax losses	**1,162,039**	**507,200**	**1,669,239**

	2018		
	Recognised Rs'000	Unrecognised Rs'000	Total Rs'000
Tax losses	861,265	641,846	1,503,111

(iii) Impairment of goodwill

Goodwill is tested on an annual basis for impairment loss in accordance with IAS 36. This requires an estimation of the "value in use" of the cash generating units to which goodwill is allocated. Estimating a value in use amount requires management to make estimates of the expected future cash flows from the cash generating unit and the selection of suitable discount rate in order to compute the present value of expected cash flow. The carrying amount of goodwill as at 30th June 2019 amounted to Rs. 1,074 Million (2018: Rs. 106 Million). Further details are given in note 5.

(iv) Retirement benefits obligations

The cost of defined benefit pension plans and related provision, as disclosed in note 16 to the financial statements requires the use of actuarial valuations. The actuarial valuation involves the use of significant estimates in respect of inter-alia, discount rate, expected return on plan assets, future salary increases, mortality rate and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. The net employee liability at 30th June 2019 is Rs.112.6 Million (2018: Rs. 94.4 Million). Further details are set out in note 16.

(v) Provision for expected credit losses of trade receivables

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The assessment of the correlation between historical observed default rates and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in note 38.

4. PROPERTY, PLANT AND EQUIPMENT

The Group	Freehold Land and Buildings Rs'000	Buildings on Leasehold Land Rs'000	Plant and Equipment Rs'000	Furniture and Fittings Rs'000	Motor Vehicles Rs'000	Computer Equipment Rs'000	Construction in Progress Rs'000	Total Rs'000
COST AND VALUATION								
At 1 July 2017	**601,389**	**6,938,454**	**1,216,762**	**639,053**	**74,774**	**159,701**	**269,301**	**9,899,434**
Acquisition of subsidiary (Note 22)	-	287,519	4,720	1,702	-	4,924	552	299,417
Additions	450	1,296,549	170,005	136,778	3,157	50,124	(259,146)	1,397,917
Disposal	-	(4,172)	(11,404)	(3,276)	(11,986)	(1,327)	-	(32,165)
Exchange difference	-	3,147	(1,372)	(2,096)	(259)	(238)	1	(817)
At 30th June 2018	**601,839**	**8,521,497**	**1,378,711**	**772,161**	**65,686**	**213,184**	**10,708**	**11,563,786**
Impairment (Note i)	(73,264)	(327,822)	-	-	-	-	-	(401,086)
Additions	5,226	19,718	68,179	21,093	1,367	18,195	53,502	187,280
Disposal	-	(4,236)	(105,951)	(91,054)	-	(21,436)	-	(222,677)
Disposal of subsidiary (Note 7c)	-	(16,478)	(26,044)	(12,550)	(11,815)	(62,712)	-	(129,599)
Transfer to investment property (Note 5)	(82,212)	-	-	-	-	-	-	(82,212)
Exchange difference	-	60,355	11,839	5,662	670	1,266	469	80,261
At 30th June 2019	**451,589**	**8,253,034**	**1,326,734**	**695,312**	**55,908**	**148,497**	**64,679**	**10,995,753**
DEPRECIATION								
At 1 July 2017	-	**43,813**	**742,711**	**322,112**	**56,065**	**97,851**	-	**1,262,552**
Charge for the year (Note 27)	1,604	245,341	126,103	70,614	7,192	24,803	-	475,657
Disposal adjustments	-	(1,150)	(10,126)	(2,910)	(11,409)	(1,190)	-	(26,785)
Exchange difference	-	7,036	(448)	(803)	(208)	(90)	-	5,487
At 30th June 2018	**1,604**	**295,040**	**858,240**	**389,013**	**51,640**	**121,374**	-	**1,716,911**
Impairment (Note i)	(2,072)	(6,149)	-	-	-	-	-	(8,221)
Charge for the year (Note 27)	1,121	240,620	116,299	73,963	3,803	26,432	-	462,238
Disposal adjustments	-	-	(103,095)	(86,690)	-	(10,733)	-	(200,518)
Disposal of subsidiary (Note 7c)	-	(6,068)	(14,563)	(5,885)	(8,913)	(48,086)	-	(83,515)
Exchange difference	-	5,431	8,772	2,745	572	877	-	18,397
At 30th June 2019	**653**	**528,874**	**865,653**	**373,146**	**47,102**	**89,864**	-	**1,905,292**
NET BOOK VALUE								
At 30th June 2019	**450,936**	**7,724,160**	**461,081**	**322,166**	**8,806**	**58,633**	**64,679**	**9,090,461**
At 30th June 2018	600,235	8,226,457	520,471	383,148	14,046	91,810	10,708	9,846,875

Note (i) - Following decision to redevelop Merville Beach Hotel into LUX* Grand Bay, a 5* luxury hotel, the old building will be fully demolished and has therefore been impaired against revaluation reserve.

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Company	Freehold Land and Buildings Rs'000	Plant and Equipment Rs'000	Furniture and Fittings Rs'000	Total Rs'000
COST AND VALUATION				
At 01 July 2017 & 30th June 2018	92,249	6,409	7,304	105,962
Additions	4,035	-	380	4,415
Transfer to investment property	(82,212)	-	-	(82,212)
At 30th June 2019	**14,072**	**6,409**	**7,684**	**28,165**
DEPRECIATION				
At 01st July 2017	-	5,071	7,226	12,297
Charge for the year	278	452	77	807
At 30th June 2018	**278**	**5,523**	**7,303**	**13,104**
Charge for the year	42	443	-	485
At 30th June 2019	**320**	**5,966**	**7,303**	**13,589**
NET BOOK VALUE				
At 30th June 2019	**13,752**	**443**	**381**	**14,576**
At 30th June 2018	91,971	886	1	92,858

(a) The freehold land and buildings and buildings on leasehold land of the Group and the Company in Mauritius were revalued in June 2017 at their open market value, by reference to recent market transactions on arm's length term, by Noor Dilmahomed & Associates, an independant professional valuer.

The building on leasehold land of the subsidiary, White Sand Resorts & Spa Pvt Ltd was also revalued in June 2017 by Maldives Valuers Pvt. Ltd, independent professional surveyors at their open market value, by reference to recent market transactions on arm's length term.

The Directors have reassessed the fair value of the hotels in Reunion Island. On the basis of current economic environment, the Directors are satisfied that the carrying value of the hotels reflect the fair value at the reporting date.

The book values were adjusted to the revalued amount at 30th June 2017 and the revaluation surpluses/(deficits) net of deferred taxation were recorded under the asset revaluation reserve.

The Group's policy is to revalue its property every three years unless there is evidence that the fair value of the assets differ materially from the carrying amount.

The Directors have reassessed the fair value of the properties as at 30th June 2019. On the basis of current economic environment, the Directors are satisfied that the carrying value of the hotels reflect the fair value at the reporting date.

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The following table gives information about how the fair values of land and buildings were determined and sensitivity analysis of reasonable changes in key inputs.

Sensitivity analysis

Increases/(decreases) in estimated price per square metre by 100 basis points in isolation would result in a higher/ (lower) fair value on a linear basis.

	Valuation technique and key input	Fair value The Group Rs'000	Fair value The Company Rs'000	Fair Value Hierarchy	Significant unobservable input	Sensitivity of the input to fair value The Group Rs'000	Sensitivity of the input to fair value The Company Rs'000
2019							
Land	Sales comparison approach	**431,243**	**3,270**	Level 3	Price per square meter	**4,312**	**33**
Buildings	Sales comparison approach	**7,743,853**	**10,482**	Level 3	Price per square meter	**77,439**	**105**
		8,175,096	**13,752**			**81,751**	**138**
2018							
Land	Sales comparison approach	449,773	21,799	Level 3	Price per square meter	4,498	218
Buildings	Sales comparison approach	8,376,919	70,172	Level 3	Price per square meter	83,769	702
		8,826,692	91,971			88,267	920

Transfers between levels

There were no transfers into or out of Level 1 and Level 2 of the fair value hierarchy during the year.

The table below shows a reconciliation of all movements in the fair value categorised within Level 3 of the fair value hierarchy between the beginning and end of the reporting year:

	The Group 2019 Rs'000	The Group 2018 Rs'000	The Company 2019 Rs'000	The Company 2018 Rs'000
At the beginning of the year	**8,826,692**	7,496,030	**91,971**	92,249
Acquisition of subsidiary	-	287,519	-	-
Transfer to investment property (Note 5)	**(82,212)**	-	**(82,212)**	-
Additions	**24,944**	1,296,999	**4,035**	-
Disposal of subsidiary	**(10,410)**	-	-	-
Disposals	**(4,236)**	(3,022)	-	-
Depreciation	**(241,741)**	(246,945)	**(42)**	(278)
Impairment	**(392,865)**	-	-	-
Exchange difference	**54,924**	(3,889)	-	-
At 30th June	**8,175,096**	8,826,692	**13,752**	91,971

NOTES TO THE FINANCIAL STATEMENTS - FOR THE YEAR ENDED 30 JUNE 2019

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

If the land and buildings were stated on the historical cost basis, the amounts would be as follows:

	The Group 2019 Rs'000	The Group 2018 Rs'000	The Company 2019 Rs'000	The Company 2018 Rs'000
Buildings on leasehold land				
Cost	**7,418,413**	7,393,469	-	-
Accumulated depreciation	**(1,589,128)**	(1,441,009)	-	-
Net book value	**5,829,285**	5,952,460	-	-
Freehold land and buildings				
Cost	**297,842**	321,414	**8,562**	57,078
Accumulated depreciation	**(47,923)**	(41,730)	**(1,958)**	(11,910)
Net book value	**249,919**	279,684	**6,604**	45,168

(b) Property, plant and equipment of the Group include leased assets as follows:

	Computer equipment 2019 Rs'000	Computer equipment 2018 Rs'000	Motor Vehicles 2019 Rs'000	Motor Vehicles 2018 Rs'000	Plant and equipment 2019 Rs'000	Plant and equipment 2018 Rs'000
Cost	**17,538**	20,130	**15,683**	18,824	**90,897**	90,897
Accumulated depreciation	**(9,315)**	(6,164)	**(13,519)**	(13,286)	**(33,288)**	(22,744)
Net book value	**8,223**	13,966	**2,164**	5,538	**57,609**	68,153

(c) Bank borrowings are secured on all the assets of the Group and the Company. Finance lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

(d) Borrowing costs capitalised during the year is nil (2018: Rs 16.6 million).

5. INVESTMENT PROPERTY

	The Group 2019 Rs'000	The Group 2018 Rs'000	The Company 2019 Rs'000	The Company 2018 Rs'000
At 01st July	-	-	-	-
Transfer from property, plant and equipment (at fair value)	**82,212**	-	**82,212**	-
At 30th June	**82,212**	-	**82,212**	-

The Group's investment property consist of the head office property situated in Floreal. The major part of the building is occupied by the previous subsidiary, The Lux Collective Ltd and is held to earn rental income.

The freehold land and building of the Company was revalued in June 2017 at its open market value, by reference to recent market transactions on arm's length term, by Noor Dilmahomed & Associates, an independant professional valuer.

5. INVESTMENT PROPERTY (CONTINUED)

The Directors have reassessed the fair value of the property as at 30th June 2019. On the basis of current economic environment, the Directors are satisfied that the carrying value of the property reflects the fair value at the reporting date and thus there are no fair valuation movement for the year.

	The Group		The Company	
	2019 Rs'000	2018 Rs'000	**2019 Rs'000**	2018 Rs'000
Rental income derived from the investment property	**5,460**	-	**5,460**	-

Presently, all direct operating expenses, (repairs and maintenance, insurance etc) are borne by the lessee.
The fair value of the investment property is categorised within Level 3 of the fair value hierarchy as it is based on significant unobservable inputs. Its value is most sensitive to the price per square metre used to determine the fair value. A 1% change in the price per square metre will impact the value of the investment by Rs 822,000.

6. INTANGIBLE ASSETS

The Group

	Leasehold Rights Rs'000	Goodwill Rs'000	Computer Software & Licences Rs'000	Total Rs'000
COST				
At 01 July 2017	880,317	1,067,075	71,781	2,019,173
Acquisition of subsidiary (Note 22)	35,026	-	1,193	36,219
Additions	-	-	10,627	10,627
Disposals	-	-	(146)	(146)
Exchange differences	(7,089)	(5,632)	(18)	(12,739)
At 30th June 2018	908,254	1,061,443	83,437	2,053,134
Disposal of subsidiary (Note 7c)	-	-	(148,930)	(148,930)
Additions	173,750	-	105,628	279,378
Write off	-	-	(21,625)	(21,625)
Exchange differences	19,047	12,874	207	32,128
At 30th June 2019	**1,101,051**	**1,074,317**	**18,717**	**2,194,085**

NOTES TO THE FINANCIAL STATEMENTS - FOR THE YEAR ENDED 30 JUNE 2019

6. INTANGIBLE ASSETS (CONTINUED)

The Group *(continued)*

	Leasehold Rights Rs'000	Goodwill Rs'000	Computer Software & Licences Rs'000	Total Rs'000
AMORTISATION				
At 01 July 2017	316,853	-	62,521	379,374
Charge for the year (Note 27)	22,847	-	4,662	27,509
Disposals	-	-	(146)	(146)
Exchange differences	(2,712)	-	(48)	(2,760)
At 30th June 2018	336,988	-	66,989	403,977
Disposal of subsidiary (Note 7c)	-	-	(35,314)	(35,314)
Charge for the year (Note 27)	12,255	-	2,698	14,953
Write off	-	-	(21,625)	(21,625)
Exchange differences	6,678	-	185	6,863
At 30th June 2019	**355,921**	-	**12,933**	**368,854**
NET BOOK VALUE				
At 30th June 2019	**745,130**	**1,074,317**	**5,784**	**1,825,231**
At 30th June 2018	571,266	1,061,443	16,448	1,649,157

The Company

	Computer Software Rs'000
At 1 July 2018	-
Acquisition during the year	**187**
Amortisation during the year	-
Net book value at 30th June 2019	**187**

(a) Impairment test on goodwill

Goodwill acquired is measured as the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets and liabilities assumed. Goodwill has been assessed as having an indefinite life and in accordance with IAS 36, goodwill has been assessed for impairment based on each cash generating unit.

	The Group	
	2019 Rs'000	2018 Rs'000
Les Pavillons Resorts Ltd	**70,000**	70,000
Holiday & Leisure Resorts Limited	**83,658**	83,658
Lux Island Resorts Maldives Ltd	**566,440**	553,566
Oceanide Ltd	**314,256**	314,256
Other subsidiaries	**39,963**	39,963
	1,074,317	1,061,443

6. INTANGIBLE ASSETS (CONTINUED)

(a) Impairment test on goodwill (continued)

The recoverable amount of each cash generating unit (CGU) has been determined based on their value-in-use. The pre-tax cash flow projection is based on financial budgets approved by management covering a five-year period. The pre-tax discount rate applied represents the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC) which ranges between 7% to 12% (2018: 8% to 13%) for the various entities of the Group. The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service.

A terminal growth rate of 3% has been assumed in the calculation.

The key assumptions used for preparing the cash flow forecasts are based on management's past experience of the industry and the ability of each cash generating unit to at least maintain its market share.

Any reasonable possible change in key assumptions on which management has based its determination of the recoverable amounts of CGUs are not expected to cause their carrying amounts to exceed the recoverable amounts.

7. INVESTMENT IN SUBSIDIARY COMPANIES

The Company

	2019 Rs'000	2018 Rs'000
At 01 July	**3,523,585**	3,523,585
Rights issue in subsidiaries (Note b)	**342,020**	-
Disposal of subsidiary following spin-off (Note c)	**(3,383)**	-
Distribution of investment in subsidiary (Note b)	**(275,605)**	-
At 30th June	**3,586,617**	3,523,585

(a) The subsidiary companies are as follows:

Name of Companies	**Country of incorporation**	**Effective Shareholding 2019 Direct %**	**Effective Shareholding 2019 Indirect %**	Effective Shareholding 2018 Direct %	Effective Shareholding 2018 Indirect %
Les Pavillons Resorts Ltd	Mauritius	100	-	100	-
Beau Rivage Co Ltd	Mauritius	100	-	100	-
Blue Bay Tokey Island Limited	Mauritius	100	-	100	-
Café Lux Ltd	Mauritius	-	-	100	-
Holiday & Leisure Resorts Limited	Mauritius	100	-	100	-
Lux Resorts Ltd	Mauritius	-	100	-	100
Merville Beach Hotel Limited	Mauritius	-	100	-	100
Merville Limited	Mauritius	-	100	-	100
MSF Leisure Company Ltd	Mauritius	-	100	-	100
LTK Ltd	Mauritius	-	100	-	100

7. INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)

(a) The subsidiary companies are as follows:

Name of Companies	**Country of incorporation**	**Effective Shareholding 2019 Direct %**	**Effective Shareholding 2019 Indirect %**	Effective Shareholding 2018 Direct %	Effective Shareholding 2018 Indirect %
FMM Ltée	Mauritius	-	100	-	100
Lux Island Resorts UK Limited	England	-	-	100	-
Lux Island Resorts (Seychelles) Ltd *	Seychelles	-	-	-	90
LIRTA Ltd *	Mauritius	-	-	-	90
Naiade Holidays (Pty) Ltd	South Africa	100	-	100	-
SAS Hôtel Prestige Réunion	Reunion Island	100	-	100	-
SA Les Villas Du Lagon	Reunion Island	-	100	-	100
SAS Hotel Le Récif	Reunion Island	-	100	-	100
SNC Saint Paul	Reunion Island	-	100	-	100
SA Société Villages Hôtel de l'Océan Indien	Reunion Island	-	100	-	100
Island Light Vacations Ltd	Mauritius	-	-	-	100
Lux Island Resort Foundation	Mauritius	100	-	100	-
Lux Island Resorts Maldives Ltd	Seychelles	100	-	100	-
White Sand Resorts & Spa Pvt Ltd	Maldives	-	100	-	100
The Lux Collective Ltd (Note (b))	Mauritius	-	-	90	-
Oceanide Ltd	Mauritius	100	-	100	-
Nereide Ltd	Mauritius	-	100	-	100
Lux Hotel Management (Shanghai) Co Ltd*	China	-	-	-	90
The Lux Collective Pte.Ltd. *	Singapore	-	-	-	90
Salt Hospitality Ltd *	Mauritius	-	-	-	90
Palm Boutique Hotel Ltd *	Mauritius	-	-	-	90

The subsidiaries listed above operate in the hospitality sector or provide related services.

* These subsidiaries have been transferred to The Lux Collective as from 1st of November 2018 following spin off. Please refer to note 7(c) for more details.

(b) The increase in investment in subsidiary is made up of:

	2019 Rs'000	2018 Rs'000
Rights issue in Hotel Prestige Reunion	**180,450**	-
Rights issue in The Lux Collective Ltd (prior to spin-off)	**161,570**	-
	342,020	-

7. INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)

(c) Following a board meeting held on 22 October 2018, the directors of Lux Island Resorts Ltd decided to segregate the activities of hotel management and property owner. In this context, the board of directors have approved the distribution of all shares held by the Company in the subsidiary, The Lux Collective Ltd ("TLC") in the form of a dividend in specie. TLC is the management company of the all hotels owned and operated by LIR. The book value of the dividend in specie amounted to Rs 275.6 million.

The distribution was made on 31st of December 2018, but the effective date of deconsolidation of TLC group was 1st of December 2018 being the date when the shares of LIR were traded ex-div on the stock exchange of Mauritius. As part of the spin-off, LIR also disposed of the companies, Cafe Lux Ltd for a nominal value of Rs1 and Lux Island Resorts UK Ltd for a nominal amount of GBP 1 to TLC. Cafe Lux is a brand owned by TLC and Lux Island Resorts UK is a marketing company incorporated in UK to market the hotels managed by TLC.

The book value of the investment disposed are as follows:

	2019 Rs'000	2018 Rs'000
Café Lux Ltd	**3,382**	-
Lux Island Resorts UK Ltd	**1**	-
	3,383	-

(d) **Discontinued operations**

The fair value of the net assets of the TLC group and the 2 above-mentioned subsidiaries disposed of as at 30 November 2018 were as follows:

	The Company 2019 Rs'000
Fair Value of net assets disposed:	
Property, plant and equipment (Note 4)	**46,084**
Intangible assets (Note 5)	**113,616**
Other financial assets	**5**
Deferred tax assets (Note 9)	**17,400**
Inventories	**6,369**
Trade and other receivable	**618,374**
Borrowings	**(118,209)**
Employee defined benefit liabilities (Note 16)	**(13,496)**
Trade and other payables	**(841,943)**
Income tax payable (Note 19)	**(2,258)**
Cash and bank balances	**(24,280)**
Net assets disposed	**(198,338)**
Fair value of consideration	-
Gain on deemed disposal of subsidiary	**(198,338)**
The cash flow impact of the deemed disposal is as follows:	
Cash consideration	-
Cash and cash equivalent at date of distribution (overdraft)	**(24,280)**
Net cash inflow impact	**24,280**

7. INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)

(d) **Discontinued operations** *(continued)*

The results of The Lux Collective Ltd (TLC) group up to date of deconsolidation are as follows:

	The Group 2019 Rs'000	The Group 2018 Rs'000
Revenue	**200,351**	439,121
Direct operating expenses	**8,148**	-
Employee benefits expenses	**102,548**	221,424
Other operating expenses	**84,999**	197,320
	195,695	418,744
Earnings before interest, tax, depreciation and amortisation	**4,656**	20,377
Depreciation and amortisation (Note 27)	**(5,832)**	(9,448)
Operating results	**(1,176)**	10,929
Finance charges	**(1,995)**	(3,798)
Results before income tax	**(3,171)**	7,131
Income tax (Note 19)	-	(7,862)
Results after tax	**(3,171)**	(731)
The net cash flows of TLC Group are as follows:		
Operating activities	**(16,853)**	39,150
Investing activities	**6,069**	(42,733)
Financing activities	**13,522**	(9,363)
Net cash flows	**2,738**	(12,946)

8. OTHER FINANCIAL ASSETS

	The Group 2019 Rs'000	The Group 2018 Rs'000	The Company 2019 Rs'000	The Company 2018 Rs'000
Investments				
At 01 July	**5**	5	-	-
Disposal of subsidiary	**(5)**	-	-	-
Revaluation	-	-	-	-
At 30th June,	-	5	-	-
Available-for-sale investments consist of:				
- Quoted shares	-	5	-	-

In 2018, the investment was classified as available for sale investment and has as at 1st of July 2018 been reclassified to fair value through other comprehensive income, under IFRS 9.

9. DEFERRED TAX (ASSET)/LIABILITY

Deferred income taxes are calculated on all temporary differences under the liability method.

Deferred tax is reflected in the statement of financial position as follows:

	The Group		The Company	
	2019 Rs'000	2018 Rs'000	**2019 Rs'000**	2018 Rs'000
Deferred tax assets	**(201,491)**	(192,409)	**(18,154)**	-
Deferred tax liabilities	**525,308**	571,280	**-**	283
Net deferred tax liabilities/(assets)	**323,817**	378,871	**(18,154)**	283
The movement in the deferred income tax account is as follows:				
At 01 July				
- As previously reported	**378,871**	445,209	**283**	(1,406)
- Tax effect on adopting IFRS 9	**(4,053)**	-	**-**	-
- As re-stated	**374,818**	445,209	**283**	(1,406)
Acquisition of subsidiary	**-**	(26,497)	**-**	-
Recognised in profit or loss (Note 19)	**(1,423)**	(34,074)	**(18,123)**	1,876
Recognised in other comprehensive income	**(66,582)**	(4,175)	**(314)**	(187)
Disposal of subsidiary (Note 7(d))	**17,400**	-	**-**	-
Exchange differences	**(396)**	(1,592)	**-**	-
At 30th June	**323,817**	378,871	**(18,154)**	283

Deferred income tax at 30th June relates to the following:

The Group	Balance		Movement	
	2019 Rs'000	2018 Rs'000	**2019 Rs'000**	2018 Rs'000
Deferred tax liabilities				
Accelerated depreciation	**402,394**	380,027	**22,367**	(14,848)
Revaluation of property, plant and equipment	**199,998**	244,006	**(44,008)**	(19,816)
	602,392	624,033	**(21,641)**	(34,664)
Deferred tax assets				
Employee defined benefit liabilities	**(14,104)**	(18,753)	**4,649**	(787)
Tax losses	**(256,526)**	(212,047)	**(44,479)**	(21,574)
Provision for bad debts and others	**(7,945)**	(14,362)	**6,417**	(9,313)
	(278,575)	(245,162)	**(33,413)**	(31,674)
Net deferred tax liabilities	**323,817**	378,871		
Total movement for the year			**(55,054)**	(66,338)
Less effect of adopting IFRS 9			**(4,053)**	-
Less disposal of subsidiary (note 7d)			**17,400**	-
Less acquisition of subsidiary (Note 22)			**-**	(26,497)
Net movement for the year			**(68,401)**	(39,841)

9. DEFERRED TAX (ASSET)/LIABILITY (CONTINUED)

The Group	**2019 Rs'000**	2018 Rs'000
Recognised as follows:		
In profit or loss (Note 19)	**(1,423)**	(34,074)
In other comprehensive income	**(66,582)**	(4,175)
Exchange differences	**(396)**	(1,592)
	(68,401)	(39,841)

The Company	Balance		Movement	
	2019 Rs'000	2018 Rs'000	**2019 Rs'000**	2018 Rs'000
Deferred tax liabilities				
Accelerated depreciation	**2,409**	1,215	**1,194**	546
Revaluation of property, plant and equipment	**6,408**	6,408	**-**	(90)
Others	**-**	85	**(85)**	(183)
	8,817	7,708	**1,109**	273
Deferred tax assets				
Tax losses	**(26,657)**	(7,425)	**(19,232)**	1,416
Employee defined benefit liabilities	**(257)**	-	**(257)**	-
Others	**(57)**	-	**(57)**	-
	(26,971)	(7,425)	**(19,546)**	1,416
Net deferred tax liabilities/(assets)	**(18,154)**	283		
Total movement for the year			**(18,437)**	1,689
Recognised as follows:				
In profit or loss (Note 19)			**(18,123)**	1,876
In other comprehensive income			**(314)**	(187)
			(18,437)	1,689

Deferred tax assets have not been recognised on tax losses amounting to Rs 507.2 million (2018: Rs 641million). Refer to Note 3(b) (i) for further details.

10. INVENTORIES

	The Group	
	2019	2018
	Rs'000	Rs'000
Food and beverages	**77,442**	86,395
Spare parts and maintenance	**39,940**	39,433
Boutique items	**32,934**	43,553
Others	**40,327**	41,867
	190,643	211,248

Inventories have been pledged as securities for bank borrowings of the Group. All inventories are stated at the lower of cost and net realisable value. Provision for write downs of inventories at 30th June 2019 amounted to Rs 24.2m (2018: Rs 22.7m).

11. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2019	2018 Re-stated	**2019**	2018 Re-stated
	Rs'000	Rs'000	**Rs'000**	Rs'000
Trade receivables	**514,595**	544,630	**-**	-
Receivable from subsidiaries (Note 37)	**-**	-	**1,527,164**	1,971,460
Other receivables and prepayments	**279,126**	312,483	**7,565**	7,904
	793,721	857,113	**1,534,729**	1,979,364
Less expected credit losses	**(46,447)**	(37,305)	**-**	-
	747,274	819,808	**1,534,729**	1,979,364

(i) Trade receivables are not secured, non interest-bearing and are generally on 30 days term. Impairment of receivables have been assessed on an individual basis and also on a collective basis under the 'Expected Credit loss' model. The Group has subscribed to a credit protection scheme for its trade receivables with a Global Service Provider, with a view to minimise its credit risk exposure.

11. TRADE AND OTHER RECEIVABLES (CONTINUED)

(ii) At 30th June 2019, the ageing analysis of unimpaired trade receivables by due dates is as follows:

	The Group		The Company	
	2019	2018	**2019**	2018
	Rs'000	Rs'000	**Rs'000**	Rs'000
Not past due	**190,928**	193,362	**-**	-
Due less than 30 days	**124,134**	130,175	**-**	-
More than 30 and less than 60 days	**71,572**	66,194	**-**	-
More than 60 and less than 90 days	**27,300**	45,611	**-**	-
More than 90 days	**54,214**	71,983	**-**	-
	468,148	507,325	**-**	-

None of the above balances have been impaired.

(iii) The movement in expected credit losses on trade receivables were as follows:

	The Group		The Company	
	2019	2018	**2019**	2018
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 01 July				
- As previuosly reported	**37,305**	19,145	**-**	-
- Effect of adopting IFRS 9	**26,358**	-	**-**	-
- As re-stated	**63,663**	19,145	**-**	-
Acquisition of subsidiary	**-**	5,401	**-**	-
Charge for the year	**2,107**	15,780	**-**	-
Utilised	**(19,715)**	(2,303)	**-**	-
Exchange difference	**392**	(718)	**-**	-
At 30th June	**46,447**	37,305	**-**	-

Expected credit losses on trade receivables is based on Lifetime Expected Credit Losses.

The decrease in the gross carrying amount of trade receivables did not have a significant bearing on the ECL movement which decreased mainly due to a decrease in specific impairment.

12. ISSUED CAPITAL

	The Group and The Company			
(a) Stated capital	**2019**	2018	**2019**	2018
Ordinary shares of Rs 10 each	**Number of shares**	Number of shares	**Rs'000**	Rs'000
At 01 July & 30th June,	**137,115,943**	137,115,943	**1,371,159**	1,371,159

12. ISSUED CAPITAL (CONTINUED)

(b) Share premium

	The Group and The Company	
	2019 Rs'000	2018 Rs'000
At 01 July & 30th June	**1,320,986**	1,320,986

13. OTHER RESERVES

(a) The Group

	Foreign exchange translation reserve Rs'000	Asset revaluation reserve Rs'000	Share based payment reserve Rs'000	Total Rs'000
At 01 July 2017				
- As previously stated	**64,563**	**1,115,201**	**7,504**	**1,187,268**
- Prior year adjustment	-	519,798	-	519,798
- As re-stated	**64,563**	**1,634,999**	**7,504**	**1,707,066**
Cash flow hedge on loan in foreign currency	(42,638)	-	-	(42,638)
Cash flow hedge reserve released on repayment of loan	(599)	-	-	(599)
Currency translation difference	(5,586)	-	-	(5,586)
Tax on other comprehensive income	7,146	-	-	7,146
Share based payment expense (Note 33)	-	-	1,948	1,948
Share based payment issued (Note 33)	-	-	(4,162)	(4,162)
Share of non-controlling interests	313	-	-	313
Transfer to non-controlling interests	(270)	-	-	(270)
At 30th June 2018	**22,929**	**1,634,999**	**5,290**	**1,663,218**
Cash flow hedge on loan in foreign currency	121	-	-	**121**
Cash flow hedge reserve released on repayment of loan	46,800	-	-	**46,800**
Currency translation difference	50,216	-	-	**50,216**
Tax on other comprehensive income	(297)	-	-	**(297)**
Share based payment issued (Note 33)	-	-	(5,290)	**(5,290)**
Revaluation reserve utilised for impairment	-	(392,864)	-	**(392,864)**
Tax on revaluation reserve	-	65,381	-	**65,381**
Transfer of revaluation reserve to retained earnings	-	(49,157)	-	**(49,157)**
At 30th June 2019	**119,769**	**1,258,359**	**-**	**1,378,128**

13. OTHER RESERVES (CONTINUED)

(b) The Company

	Asset revaluation reserve Rs'000	Cash flow hedge reserve Rs'000	Total Rs'000
At 01st July 2017	**41,310**	**1,309**	**42,619**
Cash flow hedge on loan in foreign currency	-	2,102	2,102
Release on repayment of loan	-	(3,201)	(3,201)
Tax effect	-	187	187
At 30th June 2018	**41,310**	**397**	**41,707**
Cash flow hedging on loan in foreign currency	-	**(2,776)**	**(2,776)**
Release on repayment of loan	-	**2,440**	**2,440**
Tax effect	-	**57**	**57**
At 30th June 2019	**41,310**	**118**	**41,428**

Nature and purpose of other reserves

Exchange translation reserve

This reserve is in respect of cash flow hedge reserve as well as foreign translation currency reserve. The hedge reserve is used to record the exchange differences arising on the Euro, GBP and US$ loans taken by the Group and which have been designated as hedging instruments against future revenues of the Group in the respective currencies. The risk management objective is to hedge the changes in cash flows arising from foreign exchange rate risk associated with future revenues and cash flows of the Group. The hedging strategy is to enter into loan agreements (the "hedging instruments"), in Euro, GBP and US$ with future principal payments that will be matched by the future remittances from customers in these currencies. The movement for the year is in respect of exchange difference on conversion of loan in USD, GBP and EURO at year end rate. Upon annual repayment of long term borrowings the portion of hedge realised is released to profit or loss. The foreign currency translation reserve is used to record exchange differences arising from the translation of financial statements of foreign subsidiaries.

The portion of the foreign currency revenues being hedged by the loans is less than 40% of the total annual revenue in the respective currencies. In other words, for each currency in which the loans are denominated, the respective future revenues is at least 2.5 times the amount of the loans to be disbursed annually. Based on that and based on past trends, it is considered as highly probable. The designated budgeted cash flows in foreign currency until maturity of the loans amount Rs 1,784.7 million (2018: Rs 1,842.1 million). The foreign currency loans have a maturity of up to the year 2027 and therefore, the cash flows are expected to occur and affect profit or loss throughout this period. During the financial year 2019, Rs 0.1 million was recognised in other comprehensive income (2018: Rs 42.6 million) and Rs 46.8 million was reclassified to profit or loss (2018: Rs 0.6 million). The amount released to profit or loss on repayment of the loans has been recorded within "Foreign exchange gains" in "Other operating income".

Asset revaluation reserve

The asset revaluation reserve is used to record increases in the fair value of land and buildings (net of deferred tax on the revalued asset) and decreases to the extent that such decreases relates to an increase on the same asset previously recognised in equity. Refer to Note 43 for prior year adjustment.

Share based payment reserve

The share based payment reserve is used to recognise the value of equity-settled share based payments provided to its executives as part of their remuneration. Refer to note 33.

14. NON-CONTROLLING INTERESTS

	The Group	
	2019 Rs'000	2018 Rs'000
At 01 July	**1,523**	2,578
Share of result for the year	**173**	(74)
Share of reserve for the year	-	591
Arising on part disposal of subsidiary	-	(1,572)
Disposal of subsidiary	**(1,696)**	-
At 30st June	-	1,523

Following distribution of shares of The Lux Collective Ltd as dividend in specie, TLC is no more a subsidiary of Lux Island Resorts Ltd.

15. INTEREST-BEARING LOANS AND BORROWINGS

	The Group		The Company	
	2019 Rs'000	2018 Rs'000	**2019 Rs'000**	2018 Rs'000
Current				
Bank loans (Note (a))	**943,919**	860,914	**257,856**	256,293
Finance leases (Note (b))	**19,485**	22,478	-	-
Bank overdrafts (Note 32a))	**276,693**	308,436	**33,705**	19,680
Other loans (Note (c))	**73,663**	58,806	-	-
	1,313,760	1,250,634	**291,561**	275,973
Non-current				
Bank loans (Note (a))	**3,159,425**	3,492,457	-	112,502
Finance leases (Note (b))	**41,098**	63,612	-	-
Other loans (Note (c))	-	75,614	-	-
	3,200,523	3,631,683	-	112,502
Total interest-bearing loans and borrowings	**4,514,283**	4,882,317	**291,561**	388,475

15. INTEREST-BEARING LOANS AND BORROWINGS (CONTINUED)

	The Group		The Company	
	2019 Rs'000	2018 Rs'000	**2019 Rs'000**	2018 Rs'000
(a) Bank loans can be analysed as follows:				
Loan repayable:				
- Within one year	**943,919**	860,914	**257,856**	256,293
- After one year and before two years	**490,957**	549,385	-	29,942
- After two years and before five years	**1,401,959**	1,317,015	-	41,280
- After five years	**1,266,509**	1,626,057	-	41,280
	4,103,344	4,353,371	**257,856**	368,795

Denomination	Effective interest rate	Maturity	The Group 2019 Rs'000	The Group 2018 Rs'000	The Company 2019 Rs'000	The Company 2018 Rs'000
EURO	LIBOR + 4%	June 2020	-	12,586	-	-
MUR	6.25% - 6.75%	June 2023	**592,247**	696,668	-	-
EURO	EURIBOR + 3%	June 2023	**73,236**	91,315	-	-
EURO	5.76%	Dec 2018	-	7,517	-	-
EURO	EURIBOR + 1.60%	June 2022	**51,263**	83,617	-	-
EURO	EURIBOR + 1.30%	Dec 2022	**96,997**	120,709	-	-
USD	LIBOR + 1.25% - 1.5%	June 2023	**99,272**	121,270	-	-
USD	LIBOR + 2.5%	Dec 2019	**77,017**	75,267	-	-
USD	LIBOR + 2.5% - 3.25%	Dec 2019	**32,786**	96,254	-	-
USD	LIBOR + 2.5%	Dec 2019	**59,819**	175,502	-	-
USD	LIBOR+2.25%	June 2023	**25,623**	31,301	-	-
USD	LIBOR+2.75%	June 2019	-	9,938	-	-
EURO	LIBOR+4%	June 2023	**10,844**	19,696	-	-
EURO	LIBOR+4.%	June 2020	**130,252**	151,582	-	-
EURO	LIBOR+3%	June 2020	**41,293**	107,256	**16,416**	33,715
USD	LIBOR +5%	Mar 2024	**586,667**	688,000	-	-
USD	LIBOR +4%	June 2024	**397,760**	326,800	-	110,080
MUR	PLR	June 2019	-	5,452	-	-
EURO	EURIBOR+4%	June 2028	**641,600**	640,000	-	-
GBP	LIBOR+4%	June 2026	**505,988**	511,641	-	-
USD	LIBOR + 3.25%	Mar 2026	**211,200**	-	-	-
USD	LIBOR + 4%	Mar 2027	**147,840**	-	-	-
EURO	EURIBOR + 1.5%	At Call	**256,640**	180,000	**176,440**	100,000
MUR	PLR less 3%	At Call	**65,000**	125,000	**65,000**	125,000
EURO (see (i) below)	LIBOR + 4%	June 2027	-	76,000	-	-
Total bank loans			**4,103,344**	4,353,371	**257,856**	368,795

(i) Loan of the subsidiary, The Lux Collective Ltd, deconsolidated during the year.

15. INTEREST-BEARING LOANS AND BORROWINGS (CONTINUED)

(b)

	The Group		The Company	
	2019 Rs'000	2018 Rs'000	**2019 Rs'000**	2018 Rs'000
Finance lease liabilities - minimum lease payments:				
Within one year	**22,999**	27,454	-	-
After one year and before two years	**19,112**	24,960	-	-
After two years and before five years	**26,284**	46,176	-	-
	68,395	98,590	-	-
Future finance charges on finance leases	**(7,812)**	(12,500)	-	-
Present value of finance lease liabilities	**60,583**	86,090	-	-

	The Group		The Company	
	2019 Rs'000	2018 Rs'000	**2019 Rs'000**	2018 Rs'000
Finance lease liabilities - minimum lease payments:	**2019**	2018	**2019**	2018
The present value of finance lease liabilities may be analysed as follows:				
Within one year	**19,485**	22,478	-	-
After one year and before two years	**16,895**	21,148	-	-
After two years and before five years	**24,203**	42,464	-	-
	60,583	86,090	-	-

Finance lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default. The rate of interest on the lease vary between 2% to 7.65%.

(c) Other loans

Other loans of the subsidiary White Sand Resorts & Spa Pvt Ltd are denominated in US$ and are unsecured and bears an interest rate of 3% annually. The loan is repayable as follows:

	The Group	
	2019 Rs'000	2018 Rs'000
Within one year	**73,663**	58,806
After one year and before two years	-	75,614
After two years and before five years	-	-
	73,663	134,420

15. INTEREST-BEARING LOANS AND BORROWINGS (CONTINUED)

(d) The movement in interest bearing loans and borrowings (excluding bank overdrafts) is as follows:

	The Group		The Company	
	2019 Rs'000	2018 Rs'000	**2019 Rs'000**	2018 Rs'000
At 01 July	**4,573,881**	3,712,064	**368,795**	533,496
Proceeds from new loans	**1,212,699**	1,682,988	**448,313**	118,262
Additions in finance leases	-	64,054	-	-
Repayments of loans	**(1,440,064)**	(1,014,187)	**(562,028)**	(280,862)
Repayments of finance leases	**(21,173)**	(14,244)	-	-
Disposal of subsidiary	**(118,208)**	-	-	-
Exchange differences	**30,455**	143,206	**2,776**	(2,101)
At 30th June	**4,237,590**	4,573,881	**257,856**	368,795
Bank overdrafts	**276,693**	308,436	**33,705**	19,680
Total interest bearing loans and borrowings	**4,514,283**	4,882,317	**291,561**	388,475

16. EMPLOYEE DEFINED BENEFIT LIABILITIES

(a) The benefits of employees of the Group fall under three different types of arrangements:

(i) A defined benefit scheme which is funded. The plan assets are held independently by a pension fund;

(ii) A defined contribution scheme; and

(iii) Retirement benefits as defined under the Employment Rights Act 2008 and which are unfunded.

(b) The liabilities in respect of the defined benefit obligations (i) and (iii) above are analysed as follows:

	The Group		The Company	
	2019 Rs'000	2018 Rs'000	**2019 Rs'000**	2018 Rs'000
Funded obligation - (Notes (c - o))	**7,840**	3,937	**7,840**	-
Unfunded obligation (Notes (p - u))	**104,805**	90,435	**3,861**	-
	112,645	94,372	**11,701**	-

Prior to separation between The Lux Collective Ltd (TLC) and Lux Island Resorts Ltd (LIR), all team members at the head office were employed by TLC. Post separation, some employees have been transferred from TLC to LIR and the liabilities pertaining to the defined contribution scheme were transferred from TLC to LIR in January 2019. Furthermore, the liability of the defined benefit scheme in respect of LIR staff has been transferred to the company on 30th June 2019.

16. EMPLOYEE DEFINED BENEFIT LIABILITIES (CONTINUED)

FUNDED OBLIGATION

(c) The amounts recognised in the statement of financial position in respect of the funded obligation are as follows:

	The Group		The Company	
	2019 Rs'000	2018 Rs'000	**2019 Rs'000**	2018 Rs'000
Present value of funded obligation (Note 16(h))	**47,713**	51,127	**47,713**	-
Fair value of plan assets (Notes 16(g))	**(39,873)**	(47,190)	**(39,873)**	-
Liability in the statement of financial position	**7,840**	3,937	**7,840**	-

(d) Movement in the statement of financial position:

	The Group		The Company	
	2019 Rs'000	2018 Rs'000	**2019 Rs'000**	2018 Rs'000
At 01 July	**3,937**	13,158	-	-
Total expenses (Note 16(e))	-	2,167	-	-
Actuarial gains recognised in other comprehensive income	-	(9,689)	-	-
Contributions paid	-	(1,699)	-	-
Disposal of subsidiary	**(3,937)**	-	-	-
Transfer from previous subsidiary	**7,840**	-	**7,840**	-
At 30th June	**7,840**	3,937	**7,840**	-

(e) The amounts recognised in the statement of profit or loss are as follows:

	The Group		The Company	
	2019 Rs'000	2018 Rs'000	**2019 Rs'000**	2018 Rs'000
Current service cost	-	1,385	-	-
Interest cost	-	620	-	-
Scheme expenses	-	162	-	-
Total included in staff costs	-	2,167	-	-

(f) The total actuarial gains recognised in other comprehensive income are as follows:

	The Group		The Company	
	2019 Rs'000	2018 Rs'000	**2019 Rs'000**	2018 Rs'000
Funded obligation (Note (j))	-	(9,689)	-	-
Unfunded obligation (Note (s))	**9,639**	(7,789)	-	-
	9,639	(17,478)	-	-

16. EMPLOYEE DEFINED BENEFIT LIABILITIES (CONTINUED)

FUNDED OBLIGATION *(continued)*

(g) Changes in the fair value of plan assets are as follows:

	The Group		The Company	
	2019 Rs'000	2018 Rs'000	**2019 Rs'000**	2018 Rs'000
At 01 July	**47,190**	42,985	-	-
Interest on plan assets	-	2,137	-	-
Employer's contribution	-	1,699	-	-
Scheme expenses	-	(34)	-	-
Cost of insuring risk benefits	-	(128)	-	-
Actuarial losses	-	2,570	-	-
Benefits paid	-	(2,039)	-	-
Disposal of subsidiary	**(47,190)**	-	-	-
Transfer from previous subsidiary	**39,873**	-	**39,873**	-
At 30th June	**39,873**	47,190	**39,873**	-

(h) Changes in defined benefit obligation are as follows:

	The Group		The Company	
	2019 Rs'000	2018 Rs'000	**2019 Rs'000**	2018 Rs'000
At 01 July	**51,127**	56,143	-	-
Current service cost	-	1,385	-	-
Interest cost	-	2,757	-	-
Actuarial gains	-	(7,119)	-	-
Benefits paid	-	(2,039)	-	-
Disposal of subsidiary	**(51,127)**	-	-	-
Transfer from previous subsidiary	**47,713**	-	**47,713**	-
At 30th June	**47,713**	51,127	**47,713**	-

(i) The main categories of plan assets are as follows:

	The Group		The Company	
	2019 Rs'000	2018 Rs'000	**2019 Rs'000**	2018 Rs'000
Local equities	**13,660**	16,365	**13,660**	-
Overseas equities	**9,797**	11,675	**9,797**	-
Fixed interest	**12,947**	18,768	**12,947**	-
Properties	**3,469**	382	**3,469**	-
Total market value of assets	**39,873**	47,190	**39,873**	-

16. EMPLOYEE DEFINED BENEFIT LIABILITIES (CONTINUED)

FUNDED OBLIGATION *(continued)*

(j) Analysis of amount recognised in other comprehensive income:

	The Group		The Company	
	2019 Rs'000	2018 Rs'000	**2019 Rs'000**	2018 Rs'000
Gains on pension scheme assets	-	(2,570)	-	-
Experience gains on the liabilities	-	(546)	-	-
Changes in assumptions underlying the present value of the scheme	-	(6,573)	-	-
Actuarial gains recognised in other comprehensive income	-	(9,689)	-	-

(k) **Sensivity analysis**

	The Group		The Company	
	2019 Rs'000	2018 Rs'000	**2019 Rs'000**	2018 Rs'000
Decrease in defined benefit obligation due to 1% increase in discount rate	**6,047**	5,513	**6,047**	-
Increase in defined benefit obligation due to 1% increase in future long-term salary assumption	**891**	1,257	**891**	-

The sensitivity analysis above have been determined based on sensibly possible changes of the discount rate or salary increase rate occuring at the end of the reporting period if all other assumptions remained unchanged.

The plan is a defined benefit arrangement, with benefits based on final salary, it provides for a pension at retirement and a benefit on death or disablement in service before retirement.

(l) (i) The assets of the plan are invested in IBL Pension Fund which includes a diversified portfolio of asset classes. In view of exposure to equities, some volatility in the return from one year to the other is expected.

(ii) As the fund is expected to produce a smooth return, a fairly reasonable indication of the future returns can be obtained by looking at historical ones. Therefore, the long term expected return on asset assumption has been based on historical performance of the fund.

(iii) The fixed interest portfolio includes government bonds, debentures, mortgages and cash. The expected return for this asset class has been based on yields of government bonds at 30th June 2019.

(m) Future cash flows

- The funding policy is to pay benefits out of the reporting entity's cashflow as and when due.
- The weighted average duration of the defined benefit obligation is 15 years.
- Employer's contributions to be paid in the next reporting period is estimated at Rs. 1.96m (2018: Rs. 1.5m).
- The plan entitles the employees to a lump sum and pension payments at retirement age.

16. EMPLOYEE DEFINED BENEFIT LIABILITIES (CONTINUED)

FUNDED OBLIGATION *(continued)*

(n) Risk Associated with the Plans

The Defined Benefit Plans expose the Group to actuarial risks such as interest rate risk and salary risk.

Interest rate risk

If the bond interest rate decreases, the liabilities would be calculated using a lower discount rate, and would therefore increase.

Salary risk

If salary increases are higher than assumed in our basis, the liabilities would increase giving rise to actuarial losses.

(o) The principal actuarial assumptions with respect to the defined benefit scheme used for accounting purposes were:

	The Group		The Company	
	2019 %	2018 %	**2019 %**	2018 %
Discount rate	**5.0**	6.0	**5.0**	-
Future NPS ceiling increase	**5.0**	6.0	**5.0**	-
Future expected pension scheme	**0.0**	0.0	**0.0**	-
Future long term salary increase	**4.0**	4.0	**4.0**	-
Post retirement mortality tables	**Pa(92)**	Pa(92)	**Pa(92)**	-

UNFUNDED OBLIGATION

(p) The amounts recognised in the statement of financial position in respect of unfunded obligation are as follows:

	The Group		The Company	
	2019 Rs'000	2018 Rs'000	**2019 Rs'000**	2018 Rs'000
Present value of unfunded obligation	**104,805**	90,435	**3,861**	-

(q) Movement in the liability recognised in the statement of financial position:

	The Group		The Company	
	2019 Rs'000	2018 Rs'000	**2019 Rs'000**	2018 Rs'000
At 01 July	**90,435**	82,896	-	-
Acquisition of subsidiary (Note 22)	-	2,285	-	-
Disposal of subsidiary	**(8,724)**	-	-	-
Transfer	**1,236**	-	**2,062**	-
Total expenses (Note (r))	**14,509**	14,149	**285**	-
Actuarial losses/(gains) (Note (s))	**9,639**	(7,789)	**1,514**	-
Benefits paid	**(2,378)**	(1,409)	-	-
Exchange differences	**88**	303	-	-
At 30th June	**104,805**	90,435	**3,861**	-

16. EMPLOYEE DEFINED BENEFIT LIABILITIES (CONTINUED)

UNFUNDED OBLIGATION (CONTINUED)

(r) The amounts recognised in the statement of profit or loss are as follows:

	The Group		The Company	
	2019 Rs'000	2018 Rs'000	**2019 Rs'000**	2018 Rs'000
Current service cost	**10,342**	9,844	**168**	-
Interest cost	**4,167**	4,305	**117**	-
Total included in staff costs	**14,509**	14,149	**285**	-

(s) Amount recognised in other comprehensive Income

	The Group		The Company	
	2019 Rs'000	2018 Rs'000	**2019 Rs'000**	2018 Rs'000
Actuarial (gains)/losses	**669**	(7,789)	**1,514**	-
Changes in assumptions	**8,970**	-	**-**	-
	9,639	(7,789)	**1,514**	-

(t) Sensivity analysis

	The Group		The Company	
	2019 Rs'000	2018 Rs'000	**2019 Rs'000**	2018 Rs'000
Decrease in defined benefit obligation due to 1% increase in discount rate	**16,670**	13,523	**881**	-
Increase in defined benefit obligation due to 1% increase in future long-term salary assumption	**16,777**	13,917	**887**	-

(u) The principal actuarial assumptions with respect to the unfunded scheme used for accounting purposes were as follows:

	The Group		The Company	
	2019 %	2018 %	**2019 %**	2018 %
Discount rate	**5.50**	6.00	**5.50**	-
Future salary increases	**4.00**	4.00	**4.00**	-

17. GOVERNMENT GRANTS

	The Group	
	2019 Rs'000	2018 Rs'000
At 01 July	**6,668**	7,822
Release against depreciation charge (Note 27)	**(1,337)**	(1,347)
Exchange differences	**-**	193
At 30th June	**5,331**	6,668
Analysed as follows:		
To be released within one year shown within "other payables" in "trade and other payables"	**1,341**	1,338
To be released after one year classified under non-current liabilities	**3,990**	5,330
	5,331	6,668

The grant is in respect of Government assistance to finance the construction of a hotel in Reunion Island and has been accounted under the income approach. The grant is being released to profit or loss against depreciation charge over the useful life of the asset.

18. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2019 Rs'000	2018 Rs'000	**2019 Rs'000**	2018 Rs'000
Trade payables	**339,995**	354,332	**2**	370
Amount payable to subsidiaries (Note 37)	**-**	-	**899,244**	948,600
Amount payable to fellow subsidiaries (Note 37)	**35,497**	81,404	**-**	-
Accrued expenses	**203,626**	190,712	**6,338**	1,137
Other payables	**344,949**	367,938	**9,481**	10,823
	924,067	994,386	**915,065**	960,930

Trade and other payables are non-interest bearing and are normally settled on 60-days term.

Other payables comprises mainly of provisions for payroll related costs, amounts payable to contractors and other provisions made in the normal course of business.

For amount payable to subsidiaries and fellow subsidiaries refer to Note 37.

(a) ***CONTRACT LIABILITIES***

The contract liabilities are in respect of deposits collected from customers for future stay in our hotels.

19. TAXATION

		The Group		The Company	
		2019 Rs'000	2018 Rs'000	**2019 Rs'000**	2018 Rs'000
(a)	Charge for the year				
	Current tax on taxable profit for the year (Note (d))	**91,775**	24,836	-	-
	(Over)/underprovision in previous year	**(16)**	(2,800)	-	780
	Withholding tax	**1,553**	95,212	-	-
	Deferred taxation movement (Note 9)	**(1,423)**	(34,074)	**(18,123)**	1,876
	Corporate Social Responsibility (Note (d))	-	3,148	-	-
	Income tax expense/(credit)	**91,889**	86,322	**(18,123)**	2,656
	Analysed as follows				
	Continuing activities	**91,889**	78,460	**(18,123)**	2,656
	Discontinued activities (Note 7 (d))	-	7,862	-	-
		91,889	86,322	**(18,123)**	2,656

(b) Reconciliation between income tax expense and accounting profit is as follows:

	The Group		The Company	
	2019 Rs'000	2018 Rs'000	**2019 Rs'000**	2018 Rs'000
Profit before tax	**622,252**	500,963	**392,329**	216,577
Tax calculated at a rate of 17% (2018: 17%)	**105,783**	85,164	**66,696**	36,818
Effect of different tax rates	**1,526**	(33,247)	-	-
Expenses not deductible for tax purposes (Note(i))	**13,442**	2,884	**8,681**	5,130
Tax incentives and allowances	**(10,927)**	(808)	**(93,500)**	(51,000)
(Over)/underprovision of income tax in previous year	**(16)**	(2,800)	-	780
Tax losses not recognised	-	25,382	-	10,928
Utilisation of unused tax losses (Note (ii))	**(19,472)**	(85,110)	-	-
Withholding tax	**1,553**	95,212	-	-
Other adjustments	-	(355)	-	-
	91,889	86,322	**(18,123)**	2,656

Note (i) - Expenses not deductible is mainly in respect of the subsidiary, WSR, where finance charges are capped as eligible for tax purposes.

Note (ii) - Tax losses utilised are in respect of Reunion entities, weher every year part of the unused tax losses are accounted for based on forecasts results.

(c) Different tax rates arise on the taxation of foreign units located in Réunion Island, Seychelles, UK, South Africa and China.

19. TAXATION (CONTINUED)

(d) Statement of financial position

	The Group		The Company	
	2019 Rs'000	2018 Rs'000	**2019 Rs'000**	2018 Rs'000
At 01 July	**33,949**	15,567	-	-
Provision for the year (Note (a))	**91,775**	24,836	-	-
Corporate Social Responsibility (Note (a))	-	3,148	-	-
(Over)/underprovision provision in prior years (Note (a))	**(16)**	(2,800)	-	780
Withholding tax (Note (a))	**1,553**	95,212	-	-
Paid during the year	**(72,690)**	(101,946)	-	(780)
Disposal of subsidiary (Note 7c)	**(2,258)**	-	-	-
Exchange difference	**13**	(68)	-	-
At 30th June	**52,326**	33,949	-	-

20. REVENUE FROM CONTRACTS WITH CUSTOMERS

	The Group		The Company	
	2019 Rs'000	2018 Rs'000	**2019 Rs'000**	2018 Rs'000
		Re-stated		
Room revenue	**3,704,427**	3,366,444	-	-
Food and beverages	**1,988,838**	1,857,016	-	-
Others	**558,291**	520,052	-	-
	6,251,556	5,743,512	-	-
Less tour operators commissions	**(95,202)**	(99,313)		
	6,156,354	5,644,199	-	-

21. LOSS ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

	The Group		The Company	
	2019 Rs'000	2018 Rs'000	**2019 Rs'000**	2018 Rs'000
Disposal proceeds	**13,392**	1,050	-	-
Net book value of assets disposed/scrapped	**(22,159)**	(5,380)	-	-
Net loss	**(8,767)**	(4,330)	-	-

The loss on disposal of property, plant and equipment for the current year is recorded under 'Other operating expenses'.

22. BUSINESS COMBINATION

Last year, the Group acquired 100% of the shares of Hotel Le Recif, a four star hotel, in Reunion island. The acquisition has been made with a view to consolidate the Group position in Reunion island and also based on the favourable negociated consideration. The fair values of the identifiable assets and liabilities of Hotel Le Recif at the date of acquisition were as follows:

	The Group
	2018 Rs'000
Fair Value of net assets acquired:	
Property, plant and equipment (Note 4)	299,417
Intangible assets (Note 6)	36,219
Deferred tax assets (Note 9)	26,497
Inventories	2,831
Trade and other receivable	55,657
Borrowings	(108,222)
Employee defined benefit liabilities (Note 16)	(2,285)
Trade and other payables	(80,443)
Cash and bank balances	(10,894)
Net assets acquired	218,777
Fair value of purchase consideration	(143,100)
Gain on bargain purchase of subsidiary	75,677

	The Group
	2018 Rs'000
The cash flow impact of the acquisition is as follows:	
Consideration	(143,100)
Movement in trade and other receivables	75,525
Cash and cash equivalent acquired	(10,894)
Net cash disbursed	(78,469)

23. OTHER OPERATING INCOME

	The Group		The Company	
	2019 Rs'000	2018 Rs'000	**2019 Rs'000**	2018 Rs'000
Rental income	**7,398**	5,402	**5,460**	7,800
Foreign exchange gains	**16,793**	32,972	**27,739**	25,899
Dividend income	-	-	**550,000**	300,000
Re-measurement of consideration on disposal of subsidiary	-	1,784	-	-
Compensation for delay in contract	-	20,000	-	-
Others	**9,333**	7,429	-	6,301
	33,524	67,587	**583,199**	340,000

24. COST OF INVENTORIES

	The Group		The Company	
	2019 Rs'000	2018 Rs'000	**2019 Rs'000**	2018 Rs'000
Food, beverages and room supplies	**872,998**	841,044	-	-
Others	**291,693**	256,846	-	-
	1,164,691	1,097,890	-	-

25. EMPLOYEE BENEFIT EXPENSES

	The Group		The Company	
	2019 Rs'000	2018 Rs'000	**2019 Rs'000**	2018 Rs'000
Wages and salaries	**1,380,982**	1,334,902	**27,411**	-
Social security costs	**134,911**	134,215	**392**	-
Executive share scheme (Note 33)	-	1,948	-	-
Pension costs:				
Defined contribution scheme	**15,344**	14,378	**564**	-
Defined benefit scheme (Note 16(e))	-	2,167	-	-
Other retirement benefit (Note 16(q))	**14,509**	14,149	**285**	-
	1,545,746	1,501,759	**28,652**	-

26. OTHER OPERATING EXPENSES

	The Group		The Company	
	2019 Rs'000	2018 Rs'000	2019 Rs'000	2018 Rs'000
		Re-stated		
Marketing expenses	380,121	282,612	-	-
Heat, light and power	301,467	249,826	-	-
Repairs and maintenance	175,912	164,135	166	-
Land lease	78,968	123,656	-	-
Rental of properties	162,975	165,535	-	-
Communication expenses	57,855	65,985	-	-
Management fees	296,850	294,523	6,853	-
Others*	659,390	618,911	108,402	67,212
	2,113,538	1,965,183	115,421	67,212

*Others include mainly indirect expenses of room and F&B Departments, bank charges and commissions, printing and stationery, communication costs, motor vehicles running expenses, loss on disposal of property, plant and equipment etc.

27. DEPRECIATION AND AMORTISATION

	The Group		The Company	
	2019 Rs'000	2018 Rs'000	2019 Rs'000	2018 Rs'000
Depreciation of property,plant and equipment (Note 4)	462,238	475,657	485	807
Amortisation of intangible assets (Note 6)	14,953	27,509	-	-
Release of grant (Note 17)	(1,337)	(1,347)	-	-
	475,854	501,819	485	807
Analysed as follows:				
Continuing operations	470,022	492,371	485	807
Discontinued operations	5,832	9,448	-	-
	475,854	501,819	485	807

28. OPERATING PROFIT

	The Group		The Company	
	2019 Rs'000	2018 Rs'000	2019 Rs'000	2018 Rs'000
The operating profit is arrived at after crediting:				
Loss on disposal of property, plant and equipment	-	(4,330)	-	-
Gain on exchange on sales of foreign currency and translation of financial assets and liabilities	16,793	32,972	27,738	25,899
and charging:				
Depreciation on property, plant and equipment	462,238	468,785	485	807
Amortisation of intangible assets	14,953	27,509	-	-
Operating lease payments recognised as expense	241,943	289,191	-	-

29. INTEREST INCOME FROM EFFECTIVE INTEREST RATE

	The Group		The Company	
	2019 Rs'000	2018 Rs'000	2019 Rs'000	2018 Rs'000
Interest income	388	383	2,178	383

Interest income arises from effective interest rates.

30. FINANCE COSTS

	The Group		The Company	
	2019 Rs'000	2018 Rs'000	2019 Rs'000	2018 Rs'000
Interest expense on:				
- Bank overdrafts	12,778	9,645	1,331	1,470
- Bank loans	246,358	214,795	18,059	22,995
- Finance leases	4,575	3,237	-	-
- Other loans and payables	10,306	9,134	29,100	31,322
	274,017	236,811	48,490	55,787

31. EARNINGS PER SHARE

	The Group	
	2019 Rs'000	2018 Rs'000
CONTINUING AND DISCONTINUED OPERATIONS		
Profit attributable to equity holders of the parent	**725,357**	414,715
Weighted average number of ordinary shares	**137,115,943**	137,115,943
Earnings per share	**5.29**	3.02
CONTINUING OPERATIONS		
Profit attributable to equity holders of the parent	**530,363**	415,372
Weighted average number of ordinary shares	**137,115,943**	137,115,943
Earnings per share	**3.87**	3.03
DISCONTINUED OPERATIONS		
Profit attributable to equity holders of the parent	**195,167**	(731)
Weighted average number of ordinary shares	**137,115,943**	137,115,943
Earnings per share	**1.42**	(0.01)

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

32. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Cash and cash equivalents

	The Group		The Company	
	2019 Rs'000	2018 Rs'000	**2019 Rs'000**	2018 Rs'000
Cash and short term deposits	**156,053**	209,437	**47,388**	42,608
Bank overdrafts (Note 15)	**(276,693)**	(308,436)	**(33,705)**	(19,680)
	(120,640)	(98,999)	**13,683**	22,928

32. NOTES TO THE STATEMENT OF CASH FLOWS (CONTINUED)

(b) Non-cash transactions

(i) Part of the acquisition of property, plant and equipment was financed by finance leases as follows:

		The Group		The Company	
		2019 Rs'000	2018 Rs'000	**2019 Rs'000**	2018 Rs'000
	Total amount acquired (Note 4)	**187,280**	1,397,917	**4,415**	-
	Financed through finance leases	-	(64,054)	-	-
	Financed by cash	**187,280**	1,333,863	**4,415**	-
(ii)	Dividend income from subsidiaries	-	-	**550,000**	300,000
(iii)	Dividend in Specie of TLC shares	**275,605**	-	**275,605**	-

33. SHARE BASED PAYMENT

Executive share scheme

Up to 30th November 2018, Lux Island Resorts Ltd, through its subsidiary, The Lux Collective Ltd ("TLC") (formerly known as Lux Hospitality Ltd (LHL)), operated an executive share scheme, an "equity-settled" share-based payment. A shared understanding of the terms and conditions of the share based payment arrangements has been agreed between LHL and its senior management team. At grant date, LHL will confer to its executives the right to equity instruments in LHL subject to certain vesting conditions.

Following the spin-off and upon distribution of LHL shares to its shareholders, the board of directors of Lux Island Resorts Ltd (LIR) has decided to terminate the ESS. No provision for ESS has therefore been made with respect to the year ended 30th June 2019.

The Board of directors is working on a new ESS for the executives of Lux Island Resorts Ltd. However the proposed scheme has not yet been approved by the Remuneration Committee of LIR and the ESS is expected to be implemented during the next financial year.

The type of share-based payment that LHL had opted was an "equity-settled" share-based payment. A shared understanding of the terms and conditions of the share based payment arrangements has been agreed between LHL and its senior management team. At grant date, LHL would confer to its executives the right to equity instruments in LHL subject to certain vesting conditions.

The executive team were entitled to shares in LHL after a vesting period. Such vesting period was the period between the grant date and the date the shares are allotted. This period had been fixed by the Board at three years during which the senior management team members had to remain in employment with LHL or other companies forming part of Lux Group of Companies. Therefore, these equity instruments started to vest during the financial year June 2017.

Once the shares were issued, they would rank 'pari passu' as to dividend, capital, voting rights and in all other respects with the existing shares of LHL.

33. SHARE BASED PAYMENT (CONTINUED)

Executive share scheme (continued)

The number of shares granted, was calculated in accordance with a performance-based formula approved by the Remuneration Committee. The formula rewarded executives to the extent of the Group's and the individual achievement judged against both qualitative and quantitative criteria from the following measures:

(i) improvement in Lux Island Resorts Ltd share price;

(ii) improvement in the Group EBITDA and free cash flow; and

(iii) elevating guest experience.

As mentioned last year, the Board was reviewing the present ESS to replace it with another mechanism which as at the reporting date has not yet been finalised. No options were granted with respect to the year ended 30th June 2018 and as at 30th June 2018 total options granted amounted to 3,520,462 out of which 2,418,148 will vest if the executives are still in continuous employment after the year ended 30th June, 2019. During the year ended 30th June 2018, 2,507,241 shares had been issued pursuant to the share scheme, representing Rs 4.2 million.

For the year ended 30th June 2018, a total charge of Rs. 1.9 million had been recognised as share based payment expense in profit or loss for executive still in employment at year end based on the fair value of LHL shares awarded.

LHL's equity instruments are not publicly traded, the fair value of the equity instrument granted was determined using the discounted cash flow method by an independent professional valuer.

Movement during the year

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share option during the year:

	2019 Number	2018 WAEP	2018 Number
Outstanding at 01 July	**3,520,462**	**1.66**	6,180,653
Granted	-	**1.66**	-
Forfeited	-	**1.66**	(152,950)
Exercised*	-	**1.66**	(2,507,241)
Disposal of subsidiary	**(3,520,462)**		
Expired	-	-	
Outstanding at 30th June	-	**1.66**	3,520,462
Excercisable at 30th June	-	**1.66**	3,520,462

*The weighted average share price at the date of exercise of these options in 2018 was Rs 3.

The weighted average remaining contractual life for the share options outstanding as at 30th June 2018 was 1 year.

The weighted average fair value of options granted during 2018 was Nil.

The exercise price for options outstanding at the end of 2018 was Rs 1.66

34. SEGMENTAL REPORTING

Primary segment - Business

Internal reports reviewed by the Chief Operating Decision Makers in order to allocate resources to the segments and to assess their performance, comprise the hotel segment and the non-hotel segment. The non-hotel segment remains insignificant (i.e less than 10%) both in terms of revenue and trading results compared to the Group. The Directors therefore consider that there is no relevance in disclosing segmental information at this level.

Secondary segment - Geographical

The contribution of the hotel units in Réunion Island via Hotel Prestige Réunion and for the unit in Maldives via White Sand Resorts & Spa Pvt Ltd for the year to 30th June 2019 are more than 10% in terms of revenue and the following disclosures are made with respect to segmental reporting.

For the year ended 30th June 2019	Mauritius Rs'000	Reunion Rs'000	Maldives Rs'000	Total Rs'000
Segment revenue	**3,642,634**	**961,013**	**1,552,707**	**6,156,354**
Segment finance income	**388**	-	-	**388**
Segment finance expenses	**(151,583)**	**(7,227)**	**(115,207)**	**(274,017)**
Segment depreciation and amortisation	**(250,213)**	**(109,409)**	**(110,400)**	**(470,022)**
Segment result before finance charges	**532,978**	**32,691**	**330,212**	**895,881**
Segment assets	**6,918,076**	**1,324,439**	**4,050,850**	**12,293,365**
Capital expenditure	**104,439**	**30,073**	**52,768**	**187,280**
Cash flows from operating activties	**731,280**	**63,846**	**216,706**	**1,011,832**
Cash flows from investing activities	**(171,996)**	**(30,472)**	**(226,518)**	**(428,986)**
Cash flows from financing activities	**(536,937)**	**(63,152)**	**(4,951)**	**(605,040)**

For the year ended 30th June 2018	Mauritius Rs'000	Reunion Rs'000	Maldives Rs'000	Total Rs'000
Segment revenue	3,202,199	926,813	1,515,187	5,644,199
Segment finance income	383	-	-	383
Segment finance expenses	(142,976)	(8,723)	(85,112)	(236,811)
Segment depreciation and amortisation	(226,865)	(65,333)	(200,173)	(492,371)
Segment result before finance charges	345,799	153,587	230,874	730,260
Segment impairment losses	(16,996)	(11,693)	(31,317)	(60,006)
Segment assets	7,684,866	1,398,085	3,845,988	12,928,939
Capital expenditure	1,353,131	28,582	16,204	1,397,917
Cash flows from operating activties	310,023	310,145	121,050	741,218
Cash flows from investing activities	(1,376,490)	(29,215)	(16,204)	(1,421,909)
Cash flows from financing activities	796,414	(68,175)	(73,682)	654,557

35. CONTINGENT LIABILITIES

The Group

At 30th June 2019, the Group had the following contingent liabilities:

(a) Bank guarantees of Rs 68.2 million and USD 24.3 million (2018: Rs 132.8 million and USD 16.2 million) given on behalf of subsidiaries arising in the ordinary course of business from which it is anticipated that no material losses will arise.

(b) Legal claims of Rs 53.3 million (2018: Rs 55.7 million) have been lodged against the Group in the Intermediary Court of Mauritius arising from claims mainly in respect of termination of employment or contracts. The directors have been advised that some claims appear unfounded and that the severance allowance/damages claim in others appear grossly exaggerated. The company has also entered into counter proceedings for an amount of Rs 75 million against one of the plaintiffs.

The Company

Bank guarantees of Rs 67.8 million and USD 24.3 million (2018: Rs 132.8 million and USD 16.2 million) have been given on behalf of subsidiary companies with respect to long term debt contracted by the latter arising in the ordinary course of business from which it is anticipated that no material losses will arise.

36. COMMITMENTS

	The Group		The Company	
	2019 Rs'000	2018 Rs'000	**2019 Rs'000**	2018 Rs'000
Capital commitments				
Authorised by directors but not yet contracted for	**2,498,421**	266,669	-	-
Contracted for but not provided for in accounts	**244,958**	-	-	-
	2,743,379	266,669	-	-

Operating lease commitments

The properties leased by the Group are long term leases with renewal option included in the contracts.

Future minimum rentals payable under these leases are as follows:

	The Group		The Company	
	2019 Rs'000	2018 Rs'000	**2019 Rs'000**	2018 Rs'000
Within one year	**314,901**	270,914	-	-
After one year but not more than five years	**1,316,196**	1,116,814	-	-
More than five years	**14,057,924**	7,916,448	-	-
	15,689,021	9,304,176	-	-

37. RELATED PARTY DISCLOSURES

		Purchase of goods and services from related parties Rs'000	Purchase of property, plant and equipment from related party Rs'000	Other operating income from related party Rs'000	Amount due to related party Rs'000	Dividend from related parties Rs'000	Amount due from related parties Rs'000	Interest received from related party Rs'000	Net loan repayment to related party Rs'000	Loan due to related party Rs'000	Interest paid to related party Rs'000	Net bank balance with related party Rs'000	Emoluments Rs'000
The Group													
Fellow subsidiaries (Note a)	**2019**	**315,000**	-	**3,185**	**35,497**	-	-	-	-	-	-	-	-
	2018	81,052	435,299	-	81,404	-	-	-	-	922	605	-	-
Entities over which directors have significant influence (Note b)	**2019**	**13,231**	-	-	**2,379**	-	-	-	**21,436**	**10,845**	**942**	**1,673**	-
	2018	11,041	-	20,000	3,099	-	-	-	12,652	32,281	1,744	2,058	-
Key management personnel (Note c)	**2019**	-	-	-	-	-	-	-	-	-	-	-	**66,396**
	2018	-	-	-	-	-	-	-	-	-	-	-	83,799
The Company													
Subsidiaries (Note d)	**2019**	-	-	-	**899,244**	**550,000**	**1,527,164**	**1,750**	-	-	**29,100**	-	-
	2018	-	-	6,600	948,600	300,000	1,971,460	-	-	-	26,700	-	-
Fellow subsidiaries (Note a)	**2019**	**5,925**	-	**5,400**	-	-	-	-	-	-	-	-	-
	2018	5,850	-	-	-	-	-	-	-	-	-	-	-
Key management personnel (Note c)	**2019**	-	-	-	-	-	-	-	-	-	-	**159**	**19,242**
	2018	-	-	-	-	-	-	-	-	-	-	-	-

Note (a) - Fellow subsidiaries are entities over which the ultimate holding company, IBL Ltd, exercises control.

Note (b) - Entities over which directors have significant influence are associated companies of the ultimate holding, IBL Ltd. The bank loan from the associated company of the ultimate holding company is denominated in EURO and carry interest at LIBOR + 4%. The loans are repayable by monthly instalments maturing in June 2020.

Note (c) - Key management personnel includes executive directors and top level management personnel. For the Group the emoluments include short-term employee benefits of Rs 64.8 million (2018: Rs 80.1 million) as well as benefits under the Employee Share Scheme of nil (2018: Rs 1.95 million) and contribution to pension scheme for post retirement benefit of Rs 1.6 million (2018: Rs 1.7 million). For the company, the emoluments include short term benefits of Rs 17.7 million in 2019 (2018: nil and contribution to pension scheme for post retirement benefit of Rs 1.6million (2018: nil).

Note (d) - Amount due to and receivable from subsidiaries are unsecured and bears interest at PLR less 325 basis points. Settlement occurs in cash and there is no fixed repayment terms.

There has been no impairment of amount due to and receivable from related parties. The amount receivable from related parties are neither past due nor impaired.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balances.

The Group manages its capital structure and makes adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. No changes were made in the objectives, policies or processes during the years ended 30th June 2019 and 2018.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus debt. The Group's policy is to keep the gearing ratio below 45% (2018: 45%). The Group includes within net debt, interest bearing loans and borrowings, less cash in hand and at bank. The gearing ratios at 30th June 2019 and 2018 were as follows:

	The Group		The Company	
	2019 Rs'000	2018 Rs'000	**2019 Rs'000**	2018 Rs'000
Debt (i)	**4,514,283**	4,882,317	**291,561**	388,475
Cash in hand and at bank	**(156,053)**	(209,437)	**(47,388)**	(42,608)
Net debt	**4,358,230**	4,672,880	**244,173**	345,867
Equity (ii)	**6,007,040**	6,010,297	**4,065,536**	4,117,332
Total capital plus debt	**10,365,270**	10,683,177	**4,309,709**	4,463,199
Gearing ratio	**42%**	44%	**6%**	8%

(i) Debt is defined as long and short term borrowings, as detailed in Note 15.

(ii) Equity includes all capital and reserves of the Group and the Company respectively.

(b) Categories of financial instruments

	The Group		The Company	
	2019 Rs'000	2018 Rs'000	**2019 Rs'000**	2018 Rs'000
Financial assets				
Financial assets at fair value through OCI (FVOCI) (PY: Available for sale financial assets)	-	5	-	-
Financial assets at amortised cost (PY: Loans and receivables)	**754,576**	879,836	**1,582,116**	2,021,972
	754,576	879,841	**1,582,116**	2,021,972
Financial liabilities				
Financial liabilities at amortised cost (PY: same)	**828,041**	1,093,110	**908,725**	1,131,189
Financial liabilities at amortised cost (PY: Loans and borrowings)	**4,514,283**	4,882,317	**291,561**	388,475
	5,342,324	5,975,427	**1,200,286**	1,519,664

Loans and receivables include trade and other receivables and cash and cash equivalents, but exclude prepayments. Financial liabilities at amortised cost consist of trade and other payables and dividend payable.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Financial risk management

The Group's Corporate Treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group. These risks include market risk (currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on Group's financial performance. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

(i) *Foreign currency risk management*

The Group has transactional currency exposure. It is the practice in the hospitality industry to fix tariffs yearly in advance. In order to achieve stability of tariffs in the overseas markets and as a hedge against a fall in the value of the Mauritian Rupee, contracts with tour operators are denominated in the major international currencies of the markets in which the foreign tour operators belong.

A significant number of contracts are therefore denominated in Euros, Pounds Sterling and US Dollars and invoices are raised in these currencies, with above 90% of Group's sales denominated in Euro, GBP and USD. While protecting the enterprise against any fall in the parity of the Mauritian Rupee, it exposes it to a fall in revenue should the Rupee appreciate against one or more of the international currencies. The risk management policies are detailed under Note 13(b).

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency risk. Currency exposure arising from the net assets of the Group's foreign operation is managed primarily through borrowings denominated in the relevant foreign currencies.

The currency profile of the financial assets and financial liabilities at 30th June 2019 and at 30th June 2018 is as follows:

	The Group		The Company	
	Financial assets Rs'000	**Financial liabilities Rs'000**	**Financial assets Rs'000**	**Financial liabilities Rs'000**
30th June 2019				
Euro	**344,456**	**1,452,451**	**298,580**	**197,195**
Pound sterling	**107,411**	**505,988**	**8,828**	-
US Dollar	**142,306**	**1,883,396**	**819,137**	-
Other foreign currencies	-	-	-	-
Total foreign currencies	**594,173**	**3,841,835**	**1,126,545**	**197,195**
Mauritian Rupee	**160,403**	**1,500,489**	**455,571**	**1,003,092**
Total	**754,576**	**5,342,324**	**1,582,116**	**1,200,287**
30th June 2018				
Euro	393,424	1,669,311	627,258	133,715
Pound sterling	132,156	512,706	5,340	-
US Dollar	159,439	1,830,041	1,002,841	114,067
Other foreign currencies	27,937	-	-	-
Total foreign currencies	712,956	4,012,058	1,635,439	247,782
Mauritian Rupee	166,885	1,963,369	386,533	1,271,882
Total	879,841	5,975,427	2,021,972	1,519,664

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Financial risk management (continued)

(i) Foreign currency risk management (continued)

The following table details the Group's sensitivity to a 5% increase and decrease in the Mauritian Rupee against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number below indicates an increase in profit and equity where the Mauritian Rupee depreciates 5% against the relevant currency. There would be an equal and opposite impact on the profit and equity, if the Mauritian Rupee strengthens by 5% against the relevant currency.

Sensitivity Analysis

	EURO IMPACT			
	The Group		**The Company**	
	2019 Rs'000	2018 Rs'000	**2019 Rs'000**	2018 Rs'000
Profit or loss	**(10,524)**	(50,140)	**14,712**	24,719
Equity	**(35,770)**	(28,188)	**9,643**	(42)

	GBP IMPACT			
	The Group		**The Company**	
	2019 Rs'000	2018 Rs'000	**2019 Rs'000**	2018 Rs'000
Profit or loss	**(5,370)**	(18,895)	**441**	267
Equity	**(25,299)**	(1,104)	**-**	-

	US DOLLAR IMPACT			
	The Group		**The Company**	
	2019 Rs'000	2018 Rs'000	**2019 Rs'000**	2018 Rs'000
Profit or loss	**(2,164)**	(18,350)	**40,956**	44,439
Equity	**(62,217)**	(77,560)	**-**	-

The equity impact of a change in rate of Euro vis-à-vis the Mauritian Rupee is attributable mainly to net investment in the subsidiary in Réunion Island and also to the hedge reserve arising on hedge accounting of Euro loans.

The equity impact of a change in rate of USD vis-à-vis the Mauritian Rupee is attributable mainly to net investment in the subsidiary, Lux Island Resorts Maldives Ltd, and also to the hedge reserve arising on hedge accounting of USD loans.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Financial risk management (continued)

(ii) Interest rate risk management

The Group is exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings.

The Group analyses its interest rate exposure on a dynamic basis. The Group considers various scenarios in assessing its interest rate exposure, including refinancing, renewal of existing facilities, alternative financing and hedging. Based on these scenarios, the Group calculates the sensitivity of the Group's profit before tax to a defined interest rate shift. The scenarios are run only for liabilities that represent the major interest-bearing positions.

The interest rate profile of the Group at 30th June 2019 was:

Financial assets

	2019		2018	
	Balances with banks Interest rate %	**Trade receivables Interest rate %**	Balances with banks *Interest rate* %	Trade receivables *Interest rate* %
GBP	LIBOR-1%	Nil	LIBOR-1%	Nil
EURO	EURIBOR-1%	Nil	EURIBOR-1%	Nil
USD	LIBOR-1%	Nil	LIBOR-1%	Nil
MUR	PLR - 4%	Nil	PLR - 4%	Nil

Financial liabilities

	2019			2018		
	Bank overdrafts	**Loans**		Bank overdrafts	Loans	
	Floating interest rate %	***Floating interest rate %***	***Fixed interest rate %***	*Floating interest rate* %	*Floating interest rate* %	*Fixed interest rate* %
GBP	N/A	LIBOR + 4%	N/A	N/A	LIBOR + 4%	N/A
EURO	N/A	EURIBOR + 1.3% - 4.5%	N/A	N/A	EURIBOR + 1.3% - 4.5%	N/A
USD	LIBOR + 4%	LIBOR +1.5% - 5%	N/A	LIBOR + 4%	LIBOR +1.5% - 5%	N/A
MUR	PLR & PLR + 0.5% to 1%	PLR + 2.5%	N/A	PLR + 0.5% to 1%	PLR + 2.5%	7% to 8%

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates on the financial instruments at the reporting date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the balance sheet date was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel. It represents management's assessment of the reasonably possible change in interest rate.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Financial risk management (continued)

(ii) Interest rate risk management (continued)

If interest rates had been 50 basis points higher for MUR borrowings (net of bank balances) and 0.25 basis points for EURO and USD borrowings (net of bank balances) impact will be as follows:

EURO IMPACT

	The Group		The Company	
	2019 Rs'000	2018 Rs'000	**2019 Rs'000**	2018 Rs'000
Profit or loss	**(3,255)**	(3,417)	**(482)**	(288)
Equity	-	-	-	-

US DOLLAR IMPACT

	The Group		The Company	
	2019 Rs'000	2018 Rs'000	**2019 Rs'000**	2018 Rs'000
Profit or loss	**(4,095)**	(4,102)	-	(273)
Equity	-	-	-	-

	The Group		The Company	
	2019 Rs'000	2018 Rs'000	**2019 Rs'000**	2018 Rs'000
Profit or loss	**(5,816)**	(4,746)	**(3,638)**	(622)
Equity	-	-	-	-

A decrease in interest rate by 50 basis points of MUR borrowings (net of bank balances) and by 25 basis points for EURO and USD borrowings (net of bank balances) will have an equal and opposite impact of an increase in the interest rate as shown above.

(iii) Other price risks

The Group is exposed to equity price risks arising from equity investments. The investment made in equity are held for strategic rather than trading purposes. The Group does not actively trade these investments. The investments held are not material for the Group and as such no sensitivity analysis has been prepared.

(iv) Credit risk management

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

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Financial risk management (continued)

(iv) Credit risk management (continued)

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. The Group has subscribed to a credit protection scheme for its client portfolio across the Group with a Global Service Provider, with a view to minimise its credit risk exposure.

With respect to credit risk arising from other financial assets of the Group which are neither past due nor impaired, comprising cash and cash equivalents and other receivables, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Refer to Note (b) above for maximum exposure to credit risk of the Group's financial assets at 30th June 2019 and 2018.

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

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit loss. The provisions are based on days past due for the debtors. In determining the provision matrix, no segregation has been made among the debtors due to their homogeneity. The calculation reflects the probability-weighted outcome that is available at the reporting date about past events, current conditions and future economic conditions. Generally trade receivables are written-off if past due for more than one year except for customers with special credit agreement.

The Group has subscribed to a credit protection scheme for its client portfolio across the Group with a Global Service Provider, with a view to minimise its credit risk exposure. At 30th June 2019, 62% of trade debtors were covered under the credit protection insurance policy (2018: 61%). The Group considers debtors due for more than 150 days as credit impaired, as the insurance policy covers balances due before 150 days.

The Group's trade receivable exposure to credit risk is set out below:

	Total Rs'000	**Current Rs'000**	**< 30 days Rs'000**	**< 60 days Rs'000**	**< 90 days Rs'000**	**< 120 days Rs'000**	**>150 days Rs'000**
30th June 2019							
Expected credit loss rate		***2.1%***	***4.1%***	***7.2%***	***10.3%***	***19.7%***	***31.2%***
Carrying amount	514,595	190,928	124,134	71,572	27,300	17,326	83,335
Expected credit loss	46,477	4,009	5,089	5,153	2,812	3,413	26,001
1 July 2018							
Expected credit loss rate	*2.1%*	*4.1%*	*7.8%*	*11.1%*	*20.3%*	*45.5%*	
Carrying amount	544,620	193,362	130,175	66,194	45,611	22,571	86,707
Expected credit loss	63,663	4,061	5,337	5,163	5,063	4,582	39,457

With respect to credit risk arising from other financial assets of the Group which are neither past due nor impaired, comprising cash and cash equivalents and other receivables, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Refer to Note (b) above for maximum exposure to credit risk of the Group's financial assets at 30th June 2019 and 2018.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Financial risk management (continued)

(v) Liquidity risk management

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

The Directors are aware that the Group has a net current liability of Rs 1,350 million as at 30th June 2019 (2018: Rs 1,375 million) and this has been the case over the last past five years. The Directors are confident and are satisfied that Group has the adequate resources to continue operating in the near future and that no material uncertainty exists based on the following:

- The Group has available overdraft facilities of Rs 600 million out of which only Rs 272 million has been used as at 30th June 2019.Furthermore, the Group has positive cash balances of MUR 152 million as at 30th June 2019;
- At 30th June 2019, the Group had borrowings amounting to Rs 321 million which were repayable at call. These facilities have been renewed after year end and repayment under the new agreements have been extended to a longer period.
- The budgeted cash flows for the year ending 30th June 2020 shows maintained earnings on 2019 and the Group's ability to meet all financial commitments towards the banks as well as improved dividend payout.
- The Group has continuously been generating EBITDA of above Rs 1.0 billion over the past 3 years;
- The Group's Debt Service Coverage Ratio over the past 3 years has always exceeded 1, implying sufficient operating cash flows have been generated to meet all commitments towards the bank in terms of capital and interest repayment and for payments of dividend and maintenance capital expenditure;
- The Group's gearing has continuously been decreasing from 59% in 2012 to 42% in 2019 despite contracting significant loan of Rs 1.1 billion last year to finance renovation of Lux Grand Gaube.

The Group's objective is to maintain a flexibility between continuity of funding and flexibility through the use of bank overdraft, bank loans and finance leases.

Liquidity and interest rate risk tables - financial liabilities - undiscounted

The Group

	Weighted average effective interest rate %	Less than 1 month Rs'000	1 to 3 months Rs'000	3 months to 1 year Rs'000	1 to 5 years Rs'000	More than 5 years Rs'000	Total Rs'000
30th June 2019							
Non-interest bearing	-	**828,041**	-	-	-	-	**828,041**
Variable interest rate instruments	**6%**	**276,693**	**229,991**	**923,200**	**2,210,253**	**1,466,924**	**5,107,061**
Fixed interest rate instruments	**N/A**	-	-	-	-	-	-
		1,104,734	**229,991**	**923,200**	**2,210,253**	**1,466,924**	**5,935,102**

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Financial risk management (continued)

(v) Liquidity risk management (continued)

Liquidity and interest rate risk tables - financial liabilities - undiscounted (continued)

The Group

	Weighted average effective interest rate %	Less than 1 month Rs'000	1 to 3 months Rs'000	3 months to 1 year Rs'000	1 to 5 years Rs'000	More than 5 years Rs'000	Total Rs'000
30th June 2018							
Non-interest bearing	-	1,093,110	-	-	-	-	1,093,110
Variable interest rate instruments	5.0%	308,436	203,453	833,002	2,344,584	1,842,050	5,531,525
Fixed interest rate instruments	5.68%, 7%-8%	-	25,532	75,226	149,079	-	249,837
		1,401,546	228,985	908,228	2,493,663	1,842,050	6,874,472

The Company

	Weighted average effective interest rate %	Less than 1 month Rs'000	1 to 3 months Rs'000	3 months to 1 year Rs'000	1 to 5 years Rs'000	More than 5 years Rs'000	Total Rs'000
30th June 2019							
Non-interest bearing	-	**52,226**	-	-	-	-	**52,226**
Variable interest rate instruments	4%	**33,705**	**6,033**	**1,116,036**	-	-	**1,155,774**
Fixed interest rate instrument	N/A	-	-	-	-	-	-
		85,931	**6,033**	**1,116,036**	-	-	**1,208,000**
30th June 2018							
Non-interest bearing	-	178,602	-	-	-	-	178,602
Variable interest rate instruments	2%	19,681	10,948	1,206,445	82,555	43,757	1,363,386
Fixed interest rate instrument	N/A	-	-	-	-	-	-
		198,283	10,948	1,206,445	82,555	43,757	1,541,988

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Financial risk management (continued)

(v) Liquidity risk management (continued)

The following table details the Group's expected maturity for its non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Group anticipates that the cash flow will occur in a different period.

Liquidity and interest rate risk tables - financial assets - undiscounted

The Group

	Weighted average effective interest rate %	Less than 1 month Rs'000	1 to 3 months Rs'000	3 months to 1 year Rs'000	1 to 5 years Rs'000	More than 5 years Rs'000	Total Rs'000
30th June 2019							
Non-interest bearing	-	**598,523**	-	-	-	-	**598,523**
Variable interest rate instruments	0.34%	**156,053**	-	-	-	-	**156,053**
		754,576	-	-	-	-	**754,576**
30th June 2018							
Non-interest bearing	-	670,399	-	-	5	-	670,404
Variable interest rate instruments	1%	209,437	-	-	-	-	209,437
		879,836	-	-	5	-	879,841

The Company

	Weighted average effective interest rate %	Less than 1 month Rs'000	1 to 3 months Rs'000	3 months to 1 year Rs'000	1 to 5 years Rs'000	More than 5 years Rs'000	Total Rs'000
30th June 2019							
Non interest-bearing	-	**7,275**	-	-	-	-	**7,275**
Variable interest rate instruments	1.00%	**47,388**	-	**1,527,164**	-	-	**1,574,552**
		54,663	-	**1,527,164**	-	-	**1,581,827**
30th June 2018							
Non interest-bearing	-	7,904	-	-	-	-	7,904
Variable interest rate instruments	3%	42,608	-	1,986,245	-	-	2,028,853
		50,512	-	1,986,245	-	-	2,036,757

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Fair value of financial instruments

The carrying amounts of the Group's and the Company's financial assets and financial liabilities approximate their fair values due to the short-term nature of the balances involved. The carrying amounts of the interest-bearing loans and borrowings approximate their fair values since they carry interest rates which are linked to market rates. They are classified under Level 2 of the fair value hierarchy, with the significant input in determining fair value being the applicable interest rates. The technique used to determine the fair value is the discounted cash flow method. A summary of the carrying amounts and fair values of the financial instruments at 30th June 2019 and 30th June 2018 are as follows:

The Group

	Fair value hierarchy	2019 Carrying value Rs'000	2019 Fair value Rs'000	2018 Carrying value Rs'000	2018 Fair value Rs'000
Financial assets:					
Fair value through OCI (PY: Available-for-sale investments)	Level 1	-	-	5	5
Trade and other receivables	Level 2	**598,653**	**598,653**	670,399	670,399
Cash and short-term deposits	Level 2	**151,714**	**151,714**	209,437	209,437
		750,367	**750,367**	879,841	879,841
Financial liabilities:					
Interest-bearing loans and borrowings	Level 2	**4,509,944**	**4,509,944**	4,882,317	4,882,317
Trade and other payables	Level 2	**828,041**	**828,041**	1,093,110	1,093,110
		5,337,985	**5,337,985**	5,975,427	5,975,427

The Company

	Fair value hierarchy	2019 Carrying value Rs'000	2019 Fair value Rs'000	2018 Carrying value Rs'000	2018 Fair value Rs'000
Financial assets:					
Trade and other receivables	Level 2	**1,534,728**	**1,534,728**	1,979,364	1,979,364
Cash and short-term deposits	Level 2	**43,049**	**43,049**	42,608	42,608
		1,577,777	**1,577,777**	2,021,972	2,021,972
Financial liabilities:					
Interest-bearing loans and borrowings	Level 2	**287,222**	**287,222**	388,475	388,475
Trade and other payables	Level 2	**915,065**	**915,065**	1,131,189	1,131,189
		1,202,287	**1,202,287**	1,519,664	1,519,664

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Fair value of financial instruments (continued)

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

There has been no transfers between the hierarchy levels in the current and prior year.

Refer to Note 4 for classification of Land and Buildings and Note 8 for classification of Available-for-sale investments in the fair value hierarchy.

39. PRIOR YEAR ADJUSTMENTS

The prior year adjustment relates to reclassification of reserves from retained earnings to other resorts upon disposal and revaluation of properties in prior years and have been re-instated as at 1 July 2017.

The adjustments in retained earnings and revaluation reserves for the year 2017 are as follows:

	As previously stated Rs'000	Adjustments Rs'000	As re-stated Rs'000
			2017
Retained earnings	1,912,066	(519,798)	1,392,268
Other reserves	1,187,268	519,798	1,707,066
			2018
Retained earnings	2,173,209	(519,798)	1,653,411
Other reserves	1,143,420	519,798	1,663,218

(i) Upon disposal of its property in 2017, Nereide Ltd transferred all revaluation reserve of Rs 193m on building to retained earnings in its financial statements. The same accounting entry was made in the consolidated accounts. However, this transfer should have been limited to Rs 38m as Rs 155m of the revaluation reserve was used against pre-acquisition reserves.

(ii) The properties of subsidiaries were revalued downwards by Rs 489m against revaluation reserves in 2017. However, for Group accounts purposes, this amount should have been limited to Rs 124m as an amount of Rs 365m related to pre-acquisition reserves.

40. FINANCIAL SUMMARY

(a) The Group

	2019 Rs'000	2018 Re-stated Rs'000	2017 Re-stated Rs'000	2016 Rs'000
Non-current assets	**11,199,395**	11,688,446	10,391,750	11,074,365
Current assets	**1,093,970**	1,240,493	1,146,409	1,148,837
Issued capital	**1,371,159**	1,371,159	1,371,159	1,369,094
Share premium	**1,320,986**	1,320,986	1,320,986	1,313,217
Other reserves	**1,378,128**	1,663,218	1,707,066	1,931,299
Retained earnings	**1,936,767**	1,653,411	1,392,268	1,393,783
Current liabilities (including liabilities held-for-sale)	**2,443,859**	2,615,977	2,221,570	2,874,080
Non-current liabilities	**3,842,466**	4,302,665	3,522,532	3,338,270
Total revenue	**6,189,878**	5,787,463	5,438,384	5,158,256
Profit before tax	**622,252**	493,832	254,859	480,930
Profit attributable to owners of the parent	**725,357**	414,715	186,949	418,604
Dividends	**460,712**	171,395	171,381	157,390

(b) The Company

	2019 Rs'000	2018 Rs'000	2017 Rs'000	2016 Rs'000
Non-current assets	**3,701,746**	3,616,443	3,618,656	3,615,209
Current assets	**1,582,117**	2,021,972	2,719,672	2,219,355
Issued capital	**1,371,159**	1,371,159	1,371,159	1,369,094
Share premium	**1,320,986**	1,320,986	1,320,986	1,313,217
Other reserves	**41,428**	41,707	42,619	39,523
Retained earnings	**1,331,963**	1,383,480	1,340,954	936,694
Current liabilities	**1,206,626**	1,408,298	1,952,105	1,965,335
Non-current liabilities	**11,701**	112,785	310,505	210,701
Total revenue	**583,199**	340,000	673,709	114,611
Profit before tax	**392,329**	216,577	569,662	59,077
Profit for the year	**410,452**	213,921	575,641	59,382
Dividends	**460,712**	171,395	171,381	157,390

41. ULTIMATE HOLDING COMPANY

The ultimate holding company is IBL Ltd, a company incorporated in Mauritius and listed on the Stock Exchange of Mauritius. The registered office is situated at 4th Floor, IBL House, Le Caudan Waterfront, Port Louis.

42. DIVIDENDS

On 22 October 2018, the Board of directors have declared a dividend in Specie of all its shares held in the subsidiary, The Lux Collective Ltd (previously Lux Hospitality Ltd) following the spin off between the management Company and the property Company. The carrying value of the investment was Rs 275m representing a dividend per share of Rs 2.01. Furthermore, on 22th April 2019, the Board of directors have declared a final dividend of Rs 1.35 per share (2018: Rs 1.25) per each ordinary share held, totalling Rs 185.1 million (2018: Rs 171.4 million) with respect to the year ended 30th June 2019. The dividend has been paid on 22th June 2019. The dividend declared in financial year 2018 was paid during this financial year.

43. EVENTS AFTER THE REPORTING DATE

There are no significant events after the reporting date which require adjustments or additional disclosures in the financial statements.

NOTICE OF MEETING TO SHAREHOLDERS

Notice is hereby given that the Annual Meeting of Shareholders of the Company will be held at its Registered Office, Pierre Simonet Street, Floreal, on Tuesday 10th December 2019 at 14hrs with the following agenda:

RESOLUTIONS

1. To consider and approve the audited financial statements for the year ended 30th June 2019
2. To receive the auditors report
3. To consider the annual report
4. To re-elect Mr Jean-Claude Béga as Director of the Company **
5. To re-elect Mr Désiré Elliah as Director of the Company **
6. To re-elect Mr Jan Boullé as Director of the Company **
7. To re-elect Mr Laurent de la Hogue as Director of the Company **
8. To re-elect Mrs Pascale Lagesse as Director of the Company **
9. To re-elect Mr Thierry Lagesse as Director of the Company **
10. To re-elect Mr Reshan Rambocus as Director of the Company **
11. To re-elect Mr Maxime Rey as Director of the Company**
12. To ratify the remuneration paid to the non-executive directors for the year ended 30th June 2019
13. To ratify the remuneration paid to the auditors for the year ended 30th June 2019
14. To appoint the auditors under Section 200 of the Companies Act 2001 and to authorise the Board to fix their remuneration

By Order of the Board

IBL MANAGEMENT LTD
Secretary

14th November 2019

***** - Biography of the directors can be found at pages 14 to 17.***

A shareholder of the Company entitled to attend and vote at this meeting may appoint a proxy (in the case of an individual shareholder) or a representative (in the case of a shareholder company, by way of a written board resolution), whether a member or not, to attend and vote on his behalf.

The instrument appointing a proxy, any general power of attorney or the written resolution appointing a representative should reach the Registered Office of the Company, Pierre Simonet Street, Floreal, Mauritius, not less than twenty four hours before the time appointed for the holding of the meeting or adjourned meeting. In default, the instrument of proxy shall not be treated as valid.

A proxy form is included in this annual report and is also available at the registered office of the Company.

For the purpose of this Annual Meeting, the Directors have resolved in compliance with Section 120 (3) of the Companies Act 2001, that the shareholders who are entitled to receive notice of the meeting and attend such meeting shall be those shareholders whose names are registered in the share register of the Company as at 29th October 2019.

This notice is issued pursuant to Listing Rule 11.16.

The Board of Lux Island Resorts Ltd accepts full responsibility for the accuracy of the information contained in this notice.

PROXY FORM

Lux Island Resorts Ltd

I / We

of

being a shareholder of Lux Island Resorts Ltd hereby appoint

of

or failing him/her,

of

as my / our proxy to vote for me / us on my / our behalf at the Annual Meeting of Shareholders of the Company to be held at the Registered Office, Pierre Simonet Street, Floreal on Tuesday 10th December 2019 commencing at 14hrs and at any adjournment thereof.

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

Vote with a tick

	Resolutions	**For**	**Against**
1.	To consider and approve the audited financial statements for the year ended 30th June 2019		
2.	To receive the auditors report		
3.	To consider the annual report		
4.	To re-elect Mr Jean-Claude Béga as Director of the Company		
5.	To re-elect Mr Désiré Elliah as Director of the Company		
6.	To re-elect Mr Jan Boullé as Director of the Company		
7.	To re-elect Mr Laurent de la Hogue as Director of the Company		
8.	To re-elect Mrs Pascale Lagesse as Director of the Company		
9.	To re-elect Mr Thierry Lagesse as Director of the Company		
10.	To re-elect Mr Reshan Rambocus as Director of the Company		
11.	To re-elect Mr Maxime Rey as Director of the Company		
12.	To ratify the remuneration paid to the non-executive directors for the year ended 30th June 2019		
13.	To ratify the remuneration paid to the auditors for the year ended 30th June 2019		
14.	To appoint the auditors under Section 200 of the Companies Act 2001 and to authorise the Board to fix their remuneration		

Signed this Signature

Registered Office - Pierre Simonet Street Floreal

ANNEX 1: GRI STANDARDS CONTENT INDEX

GRI Empowering Sustainable Decisions
Materiality Disclosures
LUX Island Resorts Ltd
Oct 2019
Service

For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report.

GRI Standard	Index Disclosure		Page References and Remarks	External Assurance	Mapping with Sustainable Development Goals (SDGs)
GRI STANDARD DISCLOSURES 'in accordance' Core option					
GRI 101: Foundation 2016					
GRI 102 General Disclosures 2016	102-1	Name of the organization	page 1		
	102-2	Primary brands, products, and services.	page 44-61		
	102-3	Location of the organization's headquarters.	page 9		
	102-4	Number of countries where the organization operates	page 41		
	102-5	Nature of ownership and legal form	page 35		
	102-6	Markets served, and types of customers and beneficiaries	page 41		
	102-7	Scale of the organisation	Chariman's Report page 35		
	102-8	Total number of employees by employment contract, gender and region	page 114		
	102-9	Description of supply chain	tourist arrivals by source page 41		
	102-10	Significant changes during the reporting period regarding the organisation's size, structure, ownership, or its supply chain	page 39		
	102-11	Whether and how the precautionary approach or principle is addressed by the organisation	Tread Lightly - emissions page 104		

ANNEX 1: GRI STANDARDS CONTENT INDEX (CONTINUED)

GRI Standard	Index Disclosure		Page References and Remarks	External Assurance	Mapping with Sustainable Development Goals (SDGs)
GRI 102 General Disclosures 2016	102-12	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or which it endorses.	page 100		
	102-13	Memberships in associations and national/ international advocacy organisations	page 100		
	102-14	Statement from senior decision-maker about the relevance of sustainability and organisation's strategy	at the beginning of Chairman's report page 35		
	102-15	Key impacts, risks, and opportunities	page 82		
	102-16	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	page 69		SDG4,5,16
	102-18	Governance structure of the organisation, including committees of the highest governance body and those responsible for decision-making on economic, environmental and social impacts.	page 70		
	102-40	List of stakeholder groups engaged by the organisation	page 116		
	102-41	Percentage of total employees covered by collective bargaining agreements	page 114		
	102-42	Basis for identification and selection of stakeholders with whom to engage	page 116		
	102-43	Organisation's approach to stakeholder engagement	page 116		
	102-44	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns	page 116		
	102-45	All entities included in the organisation's consolidated financial statements or equivalent documents	page 170		
	102-46	Process for defining the report content and the Topic Boundaries; and how the organisation has implemented the Reporting Principles for Defining Report Content	page 100		

ANNEX 1: GRI STANDARDS CONTENT INDEX (CONTINUED)

GRI Standard	Index Disclosure		Page References and Remarks	External Assurance	Mapping with Sustainable Development Goals (SDGs)
GRI 102 General Disclosures 2016	102-47	All the material topics identified in the process for defining report content.	page 102		
	102-48	Effect of any restatements of information provided in previous reports, and the reasons for such restatements.	page 103		
	102-49	Significant changes from previous reporting periods in the Scope and Topic Boundaries	Page 103 (Fifth Sustainability reporting - resorts in China have not been maintained in boundary this year)		
	102-50	Reporting period for information provided	page 1		
	102-51	Date of most recent previous report	fifth sustainability report (last one was for period 2017-2018)		
	102-52	Reporting cycle	page 39		
	102-53	Contact point for questions regarding the report or its contents	annabelle.forget@lir.mu, evita.fakun@theluxcollective.com		
	102-54	Claims of reporting in accordance with the GRI Standards	page 35		
	102-55	GRI Index with "in accordance" option chosen and references to External Assurance Reports	page 219		
	102-56	Organisation's policy and current practice with regard to seeking external assurance for the report	page 101	Annex 2 :Report on the selected Key Performance Indicators for the LUX Island Resorts Ltd as at June 2019 by Ernst & Young	

GRI Standard	Index Disclosure		Page References and Remarks	External Assurance	Mapping with Sustainable Development Goals (SDGs)
Material Topics **This reference to GRI 103: Management Approach 2016 and Disclosures 103-1, 103-2 and 103-3 applies to all material topics covered by the topic-specific GRI Standards listed below.**					
GRI 103 Management Approach 2016	103-1	Explanation of Material Topic and its boundaries	Page 102 LUX Island Resorts Ltd follows reporting principles of Materiality, Completeness, Balance, Compatibility, Accuracy, Timeliness, Clarity, Reliability and Stakeholder Inclusiveness. The GRI topics that are material to LIR Ltd and what we reported in this index are: health & safety, water, corporate governance, emissions, energy, waste, effluents, anti-corruption, service quality, team members' engagement, customer privacy, economic performance, local communities, biodiversity, public policy, environmental compliance, training & education, child labour, freedom of association, forced or compulsory labour, human rights, employment & labour, non-discrimination, market presence, procurement practices, socio-economic compliance, supplier social assessment.		
	103-2	The Management Approach and its Components	page 100, page 102		
	103-3	Evaluation of the Management Approach	page 103	Annex 2 :Report on the selected Key Performance Indicators for the LUX Island Resorts Ltd as at June 2019 by Ernst & Young	

ANNEX 1: GRI STANDARDS CONTENT INDEX (CONTINUED)

GRI Standard	Index Disclosure		Page References and Remarks	External Assurance	Mapping with Sustainable Development Goals (SDGs)
SPECIFIC STANDARD DISCLOSURES					
Environment					SDG7,8,12,13
GRI 302: Energy 2016	302-1	Energy consumption within the organization	page 103	Page 225 Annex 2 :Report on the selected Key Performance Indicators for the LUX Island Resorts Ltd as at June 2019 by Ernst & Young	
	302-2	Energy consumption outside of the organization	NA		
	302-3	Energy intensity	page 103		
	302-4	Reduction of energy consumption	page 105		
	302-5	Reductions in energy requirements of products and services	page 105		
GRI 303: Water 2016	303-1	Total water withdrawal by source	page 103		SDG3,12, 13,14,15
	303-2	Water sources significantly affected by withdrawal of water	page 103		
GRI 304: Biodiversity 2016	304-3	Biodiversity	page 110		

GRI Standard	Index Disclosure		Page References and Remarks	External Assurance	Mapping with Sustainable Development Goals (SDGs)
GRI 305: Emissions 2016	305-1	Direct greenhouse gas (GHG) emissions (Scope 1)in metric tons of CO2 equivalent	page 104	Page 225 Annex 2 :Report on the selected Key Performance Indicators for the LUX Island Resorts Ltd as at June 2019 by Ernst & Young	
	305-2	Energy indirect greenhouse gas (GHG) emissions (Scope 2):	page 104	Page 225 Annex 2 :Report on the selected Key Performance Indicators for the LUX Island Resorts Ltd as at June 2019 by Ernst & Young	
	305-3	Other indirect greenhouse gas (GHG) emissions (Scope 3)	page 104		SDG13,14,15
	305-4	Greenhouse gas (GHG) emissions intensity intensity ratio: direct (Scope 1), energy indirect (Scope 2), other indirect (Scope 3).	page 104		
	305-5	Reduction of greenhouse gas (GHG) emissions	page 104		SDG3,12,14
GRI 306: Effluents & Waste 2016	306-1	Total water discharge by quality and destination	page 103		
	306-2	Total weight of waste by type and disposal method	page 103		SDG3,6,12
SOCIAL					
Human Rights					
GRI 412: Human Rights Assessment 2016	412-2	Total hours of employee training on human rights policies or procedures	page 114	Page 225 Annex 2 :Report on the selected Key Performance Indicators for the LUX Island Resorts Ltd as at June 2019 by Ernst & Young	SDG5,8,16

GRI Standard	Index Disclosure		Page References and Remarks	External Assurance	Mapping with Sustainable Development Goals (SDGs)
GRI 406: Non-discrimination 2016	406-1	Total number of incidents of discrimination and corrective actions taken	page 114		
Labor Practices & Decent Work					
GRI 401: Employment 2016	401-1	Total number and rates of new employee hires and employee turnover by age group, gender and region	page 114		SDG5,8
GRI 403: Occupational Health and Safety 2016	403-2	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	page 114		SDG3,8
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee by gender, and by employee category	page 114		SDG4,5,8
	404-3	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	page 114		SDG5,8
GRI 405: Diversity and Equal Opportunity 2016	405-1	Composition of governance bodies and breakdown of employees per employee category according to gender, age group	page 114		
	405-2	Ratio of basic salary and remuneration of women to men by employee category	page 114		
Society					
GRI 413: Local Communities 2016	413-1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	page 111		SDG1,2,3,4, 5,14,15,16,17
Economic					
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	page 111		SDG2,5,7,8,9
	201-2	Financial implications and other risks and opportunities for the organization's activities due to climate change	page 110		

ANNEX 2: REPORT ON THE SELECTED KEY PERFORMANCE INDICATORS FOR THE LUX ISLANDS RESORTS LTD ("LIR") AS AT 30TH JUNE 2019.

LAD/TL/hp/bd/289/18
25th October 2019
The Board of Directors
Lux Islands Resorts Ltd
Pierre Simonet Street
Floreal

Dear Sirs
Report on the Selected Key Performance Indicators for the Lux Islands Resorts Ltd ("LIR") as at 30 June 2019

We have performed the procedures agreed with you and enumerated below with respect to Selected Key Performance Indicators for the Lux Islands Resorts Ltd ("LIR") as at 30th June 2019. Our engagement was undertaken in accordance with the International Standard on Related Services 4400 applicable to agreed-upon procedures engagements. The procedures were performed solely to assist you in the reporting of the Selected Key Performance Indicators in the annual report of Lux Islands Resorts Ltd ("LIR") as at 30th June 2019.

PROCEDURES AND FINDINGS:

The procedures are summarised as follows:

- **KPI - 1: Energy Consumption**

1) With respect to Diesel & petrol
   (a) Obtained the compiled list of diesel and petrol consumptions from management.
   (b) Obtained the summary of monthly consumption of Diesel & petrol from the cost controller.
   (c) Checked the computation of the monthly summary.
   (d) Compared compiled list with the monthly summary. For any variance, obtain explanation from the cost controller.
   (e) From a sample, agreed the consumption to their respective purchase vouchers.

2) With respect to Liquid Petroleum Gas ("LPG")
   (a) Obtained the compiled list of LPG consumptions from management.
   (b) Obtained the monthly Heat, Light and Power ("HLP") report from the maintenance coordinator showing consumption and readings for LPG (tank only).
   (c) Checked the computation of the monthly report.
   (d) Compared compiled list with the monthly summary. For any variance, obtain explanation from the maintenance coordinator.
   (e) Obtained the purchase quantity from reports generated from the Material controls software, as well as the reconciliation performed between the purchases, issues and the total consumption.
   (f) Checked the accuracy of the reconciliation.
   (g) From a sample, checked the amount reported against the actual bills.

3) With respect to Electricity
   (a) Obtained the compiled list of Electricity consumptions from management.
   (b) Obtained the summary of monthly consumption of Electricity from the maintenance controller
   (c) Checked the computation of the monthly summary.
   (d) From a sample, agreed the consumption to their respective CEB bills.

PROCEDURES AND FINDINGS: (CONTINUED)

- **KPI - 2: Greenhouse Gas Emissions arising from Scope 1 and 2**

(a) Obtained the compiled list of Greenhouse Gas Emissions ("GGE") per scope and entity from management.
(b) From a sample, agreed metrics provided to supporting received from client. Where conversions are required, agreed the conversion metric used against the global rates and investigated where significant variances are identified.

- **KPI - 3: Human Rights**

<u>*Training on human rights policies or procedure*</u>

(a) Obtained the policies on human rights and procedures applicable and presentation on Human rights training.
(b) Obtained the monthly training spreadsheet prepared by the Quality Assurance department.
(c) Obtained the attendance sheets containing the duration of training, participants name, gender and signature.
(d) From a sample, recomputed the number of training hours as per attendance sheet and compared with the monthly training spreadsheet. For any variance, obtain explanation from the Quality Assurance & Training Manager.

<u>*Incidents of discrimination and corrective actions taken.*</u>

(a) Obtained the compiled list of discriminations and whistle blowing incidents from management.
(b) Obtained the discrimination and whistle blowing incident reports from the HR Manager.
(c) Compared compiled list with incident reports. For any variance, obtain explanation from the HR Manager.
(d) From a sample, inquired with the individuals concerned if the incident occurred and was addressed.

- **KPI - 4: Labour Practices and Decent Work.**

(a) Obtained the HR Details report from management.
(b) Obtained compiled list of new recruits from client.
(c) Obtained the HR metrics for the year under review
(d) Obtained list of leavers for the year under review and compared with list of new recruits to verify whether the list contained names of employees who have left the entities.
(e) From a sample, agreed to contract of employment to ensure only permanent employees considered.
(f) Agreed the total number of new permanent recruits from client's list to GRI report, compiled list and HR metrics.
(g) For any differences, obtain explanation from the HR Manager.

PROCEDURES AND FINDINGS: (CONTINUED)

We report our findings below:

The summarised KPIs per location as provided by management is detailed in Appendix 1.

With respect to KPI – 1, except for LUX* South Ari Atoll, Hotel Le Récif and LUX* Saint Gilles, where no supporting information has been made available to us, we found no exceptions for the remaining locations.

With respect to KPI – 2, except for LUX* South Ari Atoll and LUX* Saint Gilles, where no supporting information has been made available to us. For the remaining locations, no significant variances were identified.

With respect to KPI - 3, except for LUX* South Ari Atoll, Hotel Le Récif and LUX* Saint Gilles, where no supporting information has been made available to us, we found no exceptions for the remaining locations.

With respect to KPI - 4, except for LUX* Saint Gilles where no supporting information has been made available to us, we found no exceptions for the remaining locations.

The procedures that we performed do not constitute an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements and, consequently, no assurance is hereby being expressed.

Had we performed additional procedures or had we performed an audit or review of the financial statements in accordance with International Standards on Auditing or International Standards on Review Engagements, other matters might have come to our attention that would have been reported to you.

Finally, our report is solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose or to be distributed to any other parties without our express written confirmation.

Ernst Young

ERNST & YOUNG
Ebène, Mauritius

APPENDIX 1

FY 18-19

Total per Room Night Sold

KPI 1	ELECTRICITY (KWh)	62
	DIESEL (KWh)	85
	GAS (KWh)	26
	TOTAL ENERGY (KWH)	173
		Total
KPI 2	CARBON FOOTPRINT (SCOPE 1 & 2) (kgCO2)	46,955,321
	TOTAL CARBON FOOTPRINT	48,539
	SCOPE 1 tCO2	24,311
	SCOPE 2 tCO2	22,645
KPI 4	TOTAL NEW HIRES	1,484
KPI 3	Total Hours of Training on Human Rights	1,677

The above figures include only the following hotels:

1 Lux* Belle Mare
2 Lux* Grand Gaube
3 Lux* Le Morne
4 Merville Beach
5 Tamassa
6 Lux* South Ari Atoll
7 Hotel Le Recif
8 Lux* Saint Gilles

As part of its ongoing programme to help protect the environment, IBL Ltd and its subsidiaries have chosen to use Lenza Green paper for their Annual Reports.

Lenza Green paper is made from 100% recycled pulp, certified FSC (Forest Stewardship Council).

FSC is an international, non-govermental, non-profit making organisation created in 1993.

It encourages socially, ecologically and economically responsible forestry management initiatives.

DETAILED ENVIRONMENTAL PROFILE

Fibre source:	40 /40
Fossil CO_2 emissions from manufacturing:	18 /20
Waste to landfill:	10 /10
Waste pollution from bleaching:	10 / 10
Organic water pollution:	9 / 10
Environmental management systems:	10 / 10

This report has been prepared in accordance to the GRI Standards: Core option

Picture cover of LUX* Grand Baie

CGI photography accredited JFA Architects - Visual Designs

*LIGHTER. BRIGHTER.