LUX ISLAND RESORTS

2021

INTEGRATED ANNUAL REPORT

LUX ISLAND RESORTS LTD AND ITS SUBSIDIARIES

GRI: 102-1, 102-50

Dear Stakeholder,

Your Board of Directors is pleased to present the Integrated Annual Report of Lux Island Resorts Ltd for the year ended 30 June 2021. This report was approved by the Board of Directors on 16 September 2021.

Jean-Claude Béga
Chairperson

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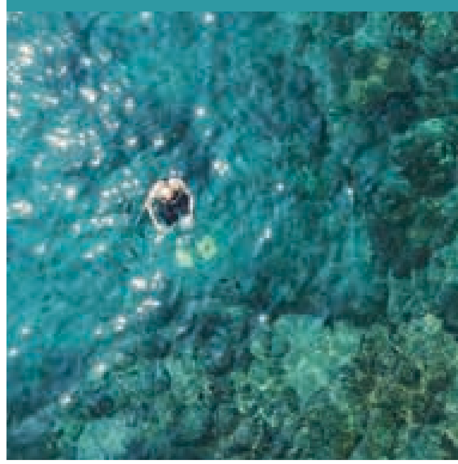
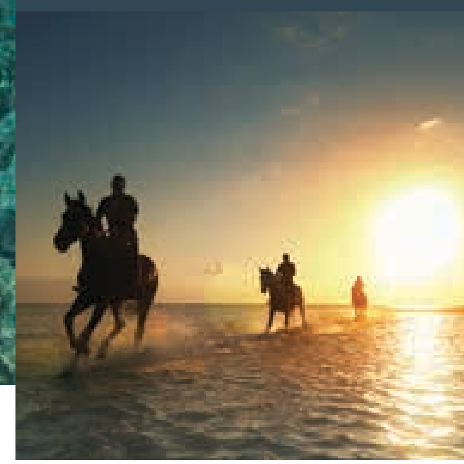


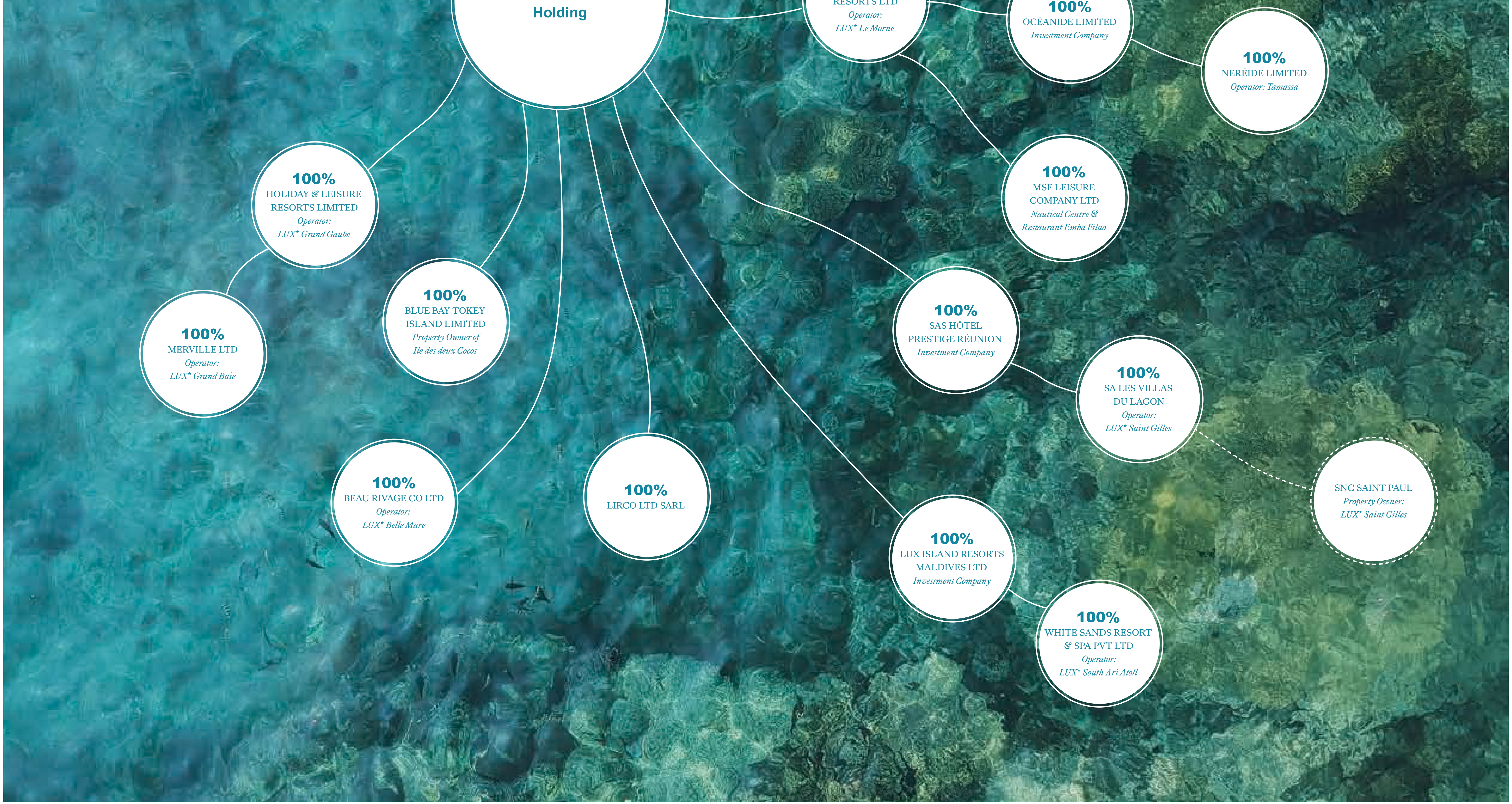


Carefully

Because we care.
Our collection of beautiful hotels rewrites the rules of resort life as you know it.

Group Structure

As at 30 June 2021



GRI: 102-5, 102-7

Board and Committees

Board of Directors

Directors
Jean-Claude Béga *(Chairperson)*
Désiré Elliah *(Chief Executive Officer)*
Jan Boullé
Laurent de la Hogue
Gerhard Hecker *(appointed on 30.12.2020)*
Pascale Lagesse
Thierry Lagesse
Reshan Rambocus
Maxime Rey

Audit and Risk Committee
Reshan Rambocus *(Chairperson)*
Laurent de la Hogue
Gerhard Hecker *(appointed on 30.12.2020)*
Maxime Rey

Corporate Governance and Nomination Committee
Pascale Lagesse *(Chairperson)*
Jean-Claude Béga
Jan Boullé
Gerhard Hecker *(appointed on 30.12.2020)*

Remuneration Committee
Pascale Lagesse *(Chairperson)*
Jean-Claude Béga
Jan Boullé
Reshan Rambocus

Company Secretary
IBL Management Ltd

Management and Administration

Head Office
Désiré Elliah – *Chief Executive Officer*
Hurrydeo Ramlagun – *Chief Financial Officer*
Riad Chonee – *Group Development and Asset Manager*

Hotel Managers
Patrice Aira - *General Manager – LUX* South Ari Atoll*
Stephan Anseline - *General Manager – Tamassa*
Jérémie de Fombelle - *General Manager – LUX* Le Morne*
Patrice Hudebine - *Acting General Manager – LUX* Saint Gilles*
Ashish Modak - *Regional General Manager – LUX* Belle Mare, LUX* Grand Gaube, LUX* Grand Baie*
Steven Philipps - *General Manager - LUX* Grand Baie*

Chief Internal Auditor
Pritila Joynathsing-Gayan

Legal Advisors
Clarel Benoit
André Robert
Hervé Duval

Communication Advisor
Blast Communications Ltd

Auditors
PricewaterhouseCoopers Ltd
Chartered Accountants

Registered office
Pierre Simonet Street
Floréal
Mauritius

Notary
Jean Pierre Montocchio

Registry and transfer office
Pierre Simonet Street
Floréal
Mauritius

Bankers and Financial Institutions
ABC Banking Ltd
AfrAsia Bank Ltd
Bank One Limited
ABSA Bank (Mauritius) Ltd
Bank of Ceylon
Banque Française Commerciale Océan Indien
Caisse d'Epargne-Provence-Alpes-Corse
HSBC Limited (Mauritius, UK, Germany, Maldives)
Maubank Ltd
Mauritius Commercial Bank (Seychelles) Ltd
Mauritius Investment Corporation Ltd
SBM Bank (Mauritius) Ltd
Standard Bank (Mauritius) Ltd
State Bank of India (Mauritius) Ltd
The Mauritius Commercial Bank Ltd

GRI:102-3

Directorship

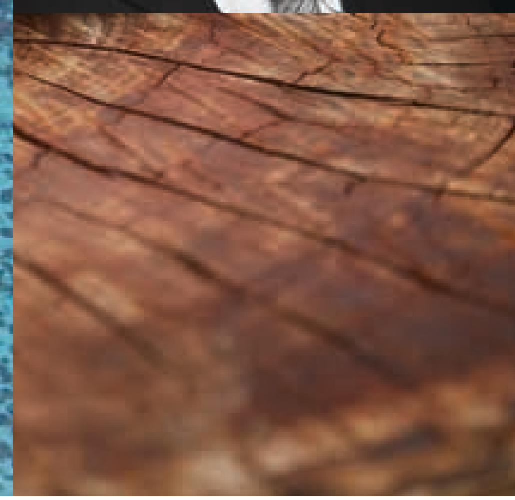
As at 30 June 2021

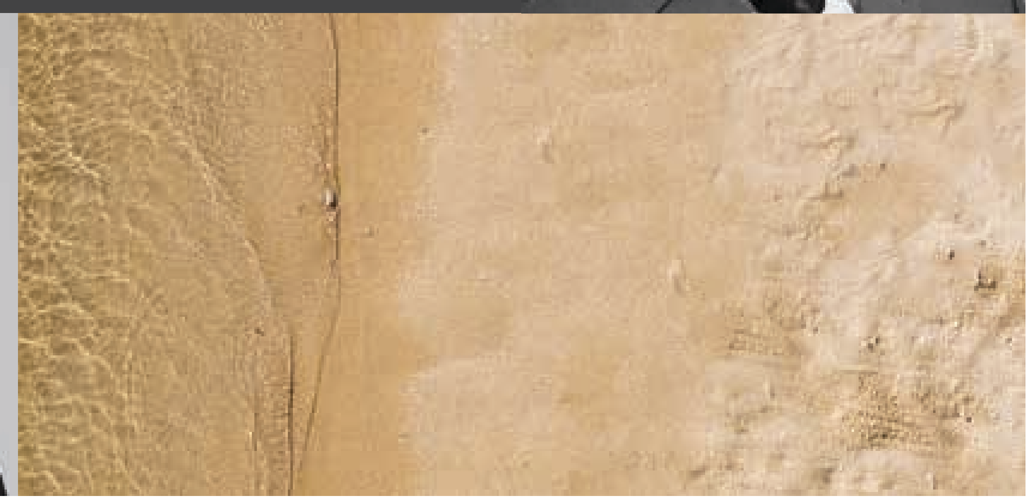
	Beau Rivage Co Ltd	Blue Bay Tokey Island Limited	FMM Ltée	Holiday & Leisure Resorts Limted	Hotel Prestige Réunion SAS	LIR Properties Ltd (formerly LUX Resorts Ltd)	Les Pavillons Resorts Ltd	Lirco Ltd SARL	LTK Ltd	Lux Island Resorts Foundation		Lux Island Resorts Ltd	Lux Island Resorts Maldives Ltd	Les Villas du Lagon SA	Merville Beach Hotel Ltd	Merville Limited	MSF Leisure Company Ltd	Naiade Holidays (Proprietary) Limited	Néréide Limited	Océanide Limited	White Sands Resort & Spa Pvt Ltd
Béga Jean-Claude	x	x	x	x		x	x		x			x		x	x	x	x		x	x	x
Boullé Jan												x									
De La Hogue Laurent												x									
Elliah Désiré	x	x	x	x	x	x	x	x (1)	x	x		x	x	x	x	x	x	x	x	x	x
Germain Stéphanie													x (2)								
Hecker Gerhard												x (3)									
Hoareau Daniella													x (4)								
Lagesse Pascale												x									
Lagesse Thierry												x									
Liu Léon																					x
Rambocus Reshan												x									
Ramlagun Hurrydeo	x	x	x	x		x	x		x					x	x	x	x		x	x	x
Rey Maxime												x									
Sellam Eric								x (5)													
Bernadette Suzanne Julie (Alternate to Daniella Hoareau and Stéphanie Germain)													x (6)								

(1) Elliah Désiré appointed on 06.08.2020
(2) Germain Stéphanie resigned on 30.06.2021
(3) Hecker Gerhard appointed on 30.12.2020
(4) Hoareau Daniella resigned on 30.06.2021
(5) Sellam Eric appointed on 06.08.2020
(6) Bernadette Suzanne Julie (Alternate to Daniella Hoareau and Stéphanie Germain resigned on 30.06.2021)

Board of Directors

1. Jean-Claude Béga
2. Désiré Elliah
3. Jan Boullé
4. Laurent de la Hogue
5. Gerhard Hecker
6. Pascale Lagesse
7. Thierry Lagesse
8. Reshan Rambocus
9. Maxime Rey





Directors' Profiles

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 is currently the Group Head of Financial Services and Business Development and an Executive Director of IBL Ltd. He currently leads IBL Group's financial services and business development activities including Mergers & Acquisitions (M&A).
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 BlueLife Limited, Eagle Insurance Limited, The Bee Equity Partners Ltd and DTOS Ltd and a Non-Executive Director of Phoenix Beverages Limited and of some other companies.

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

Désiré Elliah

Désiré Elliah has been appointed as Chief Executive Officer of Lux Island Resorts Ltd (LIR) on 01 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 gain significant executive experience in numerous aspects of the tourism industry. 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.
Désiré Elliah is a Fellow of the Association of Chartered Certified Accountants.

Directorship in other listed companies: None

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 01 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: Bluelife Limited, IBL Ltd, Phoenix Beverages Limited, Phoenix Investment Company Limited and The United Basalt Products Ltd

Laurent De La Hogue

Laurent de la Hogue holds a Masters' degree in Management and Finance from the 'Ecole Supérieure de Gestion et Finance' of Paris, France. He also completed a Risk Management Programme from INSEAD, Singapore and a General Management Programme from ESSEC Business School.
He started his career with an international bank before joining GML Management Ltée in 2001 as Treasurer where he was involved in the setting up of the group central treasury management unit and in development of projects. He is the Head of Financial Services of IBL Ltd since July 2016. He serves as Director on a number of organisations operating in the industrial, commercial, financial (regulated entities) and investment sectors. He is currently the Non-Executive Chairman of Ekada Capital Ltd, IBL Treasury Ltd and LCF Securities Ltd.
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 company: The United Basalt Products Ltd.

Gerhard Hecker

Born 1955 in Germany, Gerhard Hecker graduated with a diploma as Hotel Economist from the School of Hotel Administration and Business Management in Munich, Germany. He later enhanced his academic knowledge attending programs at the Graduate School of Business Stanford University, the Cornell Nanyang Institute of Hotel Management and the Singapore Management University.
Gerhard's career spans over 44 years in the hospitality industry and he has served in senior management positions for the Intercontinental Hotels Group in Germany, Egypt, Hong Kong, Singapore, China, Indonesia, Dubai, Malaysia and Thailand.
Gerhard joined Shangri-La Hotels & Resorts in 2006 to prepare the Futian Shangri-la for its opening and later managed the company's properties in Jakarta, Dubai and Mauritius.
Gerhard has been appointed as director of the Company in December 2020 and as member of its Audit & Risk Committee and of its Corporate Governance and Nomination Committee.

Directorship in other listed companies: None

Pascale Lagesse

Pascale Lagesse is an experienced lawyer who handles domestic and international matters for large corporations and was admitted to the Paris Bar in 1989.
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.
As 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 recognised as one of the leading labour 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 organisations and associations. She holds numerous officer-level positions with the International Bar Association (IBA) and is presently the assistant Treasurer of the IBA , member of the Management Board and the LPD Council. She was previously the Chair of the Employment and Industrial Relations Law Committee of the IBA.
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

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 is also the 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 and The United Basalt Products Ltd

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 and Compagnie Immobilière Limitée.

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 and Tropical Paradise Company Ltd.

Management & Administration

Head Office

Désiré Elliah

Chief Executive Officer

See profile page 14.

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 01 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, Chad, 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 Lux Island Resorts Ltd.

Riad Chonee

Group Development and Asset Manager

Riad graduated with distinction in Quantity Surveying from the University of Cape Town and is a Chartered Member of the Royal Institution of Chartered Surveyors (UK) and a Professional Member of 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 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 property developments within the Beau Plan Smart City. Riad joined Lux Island Resorts as the Group Development and Asset Manager in August 2019 and has been responsible for driving the development of hotel projects and to strategically manage the assets of the Group.

Management & Administration

Hotel Managers

Patrice Aira

General Manager – LUX South Ari Atoll*

Holder of a Master degree in Business Administration in Hospitality Management from the Ecole Supérieure Internationale De Savignac in France, Patrice started his career in 1990. With more than 25 years of experience in the luxury hotels world, Patrice is a passionate hotelier and a very skilled international General Manager having worked in the United States, Canada, Egypt, and Mauritius. He is known to have a strong focus on hands-on management and his experience contributes to exceed not only Guests but also Team Members expectations in all areas of the resort. Before joining the LUX* Team in March 2021, Patrice was the General Manager of Lily Beach Resort & Spa in the Maldives.

Stephan Anseline

General Manager – Tamassa

Before joining the group in 2014, Stephan was the Director of Food and Beverage of Sofitel So Mauritius. He was appointed 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 acquired a Specialisation 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 LUX* 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 specialisation in Hotel Management from the International Hotel Management School of Institut Vatel in Paris. He successfully completed the prestigious General Management Program (GMP) and Professional Development Program (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.

Patrice Hudebine

Acting General Manager - LUX St-Gilles*

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 joined the LUX* Team in 2009 on Reunion Island.

Ashish Modak

Regional General Manager – LUX Belle Mare, LUX* Grand Gaube, LUX* Grand Baie*

Ashish has had a robust career of 26 years in overall hospitality management in finest hotels in Asia, Middle East and Africa. His academic achievements include Executive MBA from the National University of Singapore and 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; General Management Program from ESSEC Business School, Paris in 2013-2014 and Hotel Real Estate Investments & Asset Management Program from Cornell University in 2020.

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 appointed as the Regional General Manager responsible for LUX* Belle Mare, LUX* Grand Gaube and LUX* Grand Baie.

Steven Phillips

General Manager - LUX Grand Baie*

Born in Wales in 1963, Steven holds a BTEC Advanced Diploma in Hotel & Institutional Operations from United Kingdom as well as a Diploma in Wine from the UK Guild of Wine & Spirits. He is an accomplished hotelier who has held senior positions in luxury properties with very strong preopening and operational management experience having successfully opened five luxury properties during his career. He was the Regional General Manager of Constance Halaveli & Moofushi from 2007 to 2011, the Island General Manager of three properties of Minor Hotels in Abu Dhabi from 2011 to 2013 and the General Manager of Gili Lankanfushi from 2014 to 2017. Prior to joining the group in March 2020 as General Manager of LUX* Grand Baie, he was, since October 2017, the Area General Manager of Joali, Maldives.

Business Model of Lux Island Resort

Capital

Inputs/ Actions/ Activities

Financial

- Manage cashflow and treasury operations
- Minimise foreign currency exposure
- Improve operational efficiency
- Ensure operational effciency and compliance using internal control systems
- Identify and mitigate risks, control solutions
- Develop a solid investment Relations Plan

Human

- 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 people
- 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

Natural

- 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 outlets
- Hotel management
- Social relationship management

Results/ Outcomes

- Growth in Equity Value
- Increased revenue and profitability
- Safeguard the assets of the group
- Growth in Earnings per Share
- Ensure adequate liquidity to meet financial commitment
- Stabilize the group's businesses

- 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 optimised training costs

- Efficient utilisation of resources
- Optimised costs
- Enhanced corporate reputation as Responsible Business
- Maximised positive impact
- Sustainable growth
- Light footprint

Capital

Inputs/ Actions/ Activities

Products and Services

- Carefully select destinations
- Curate innovative design and architecture
- Train and empower dedicated teams to provide services
- Establish efficient, streamlined operations & processes
- Maintain assets efficiently
- Conceive inventive packages
- Adopt modern Information Technology
- Create innovative and differentiated experiences

Intellectual

- Propriety knowledge
- Systems and Operations
- Leadership expertise

Social

- Build and nurture trust within various teams
- Deliver exceptional design and architecture experience to guests
- Develop strong relationships with suppliers
- Create lasting relationships with business partners
- Consistently create value for investors and shareholders
- Purposeful interactions with the community

Key Business Processes

- Finance
- Maintainance & Engineering
- Human Resources
- Information Technology
- Legal and secretarial
- Sales and marketing / Revenue management
- Property development
- Sustainability & CSR
- Operations

Results/ Outcomes

- High quality locations
- World-class resorts
- Outstanding products and services
- Improved Guest Satisfaction
- Boost in revenue
- Enhanced guest experience with technology and comfort
- Increased local and international guest loyalty

Intellectual:

- Innovation-driven culture
- Efficient operations with relevant policies and procedures
- Development of a culture rooted in trust and respect

Social:

- Top-rated guest satisfaction
- Loyal supplier base
- Empowered community
- Increased industry participation and engagement
- Positive corporate reputation
- > Inclusive business

Financial Highlights & Ratios

	Year ended 30 June				
	2021	2020	2019	2018	2017
STATEMENT OF PROFIT OR LOSS	**Rs' 000**	Rs' 000	Rs '000	Rs '000	Rs' 000
Revenue	2,305,715	4,837,605	6,189,878	5,711,786	5,260,500
EBITDA before impairment and write offs	**(16,231)**	**1,028,522**	**1,368,010**	**1,146,954**	**1,089,020**
Impairment of goodwill	(23,731)	(667,177)	-	-	-
Other impairment and bad debts written off	(37,958)	(165,277)	(2,107)	-	-
EBITDA	**(77,920)**	**196,068**	**1,365,903**	**1,146,954**	**1,089,020**
Depreciation and amortisation	(596,038)	(568,519)	(470,022)	(492,371)	(442,214)
Operating (loss)/profit	**(673,958)**	**(372,451)**	**895,881**	**654,583**	**646,806**
Net finance charges	(479,799)	(448,186)	(237,629)	(236,428)	(241,831)
Exceptional item	-	-	-	75,677	177,884
(Loss)/Profit before tax	**(1,153,757)**	**(820,637)**	**658,252**	**493,832**	**582,859**
Income tax credit /(expense)	95,386	(57,006)	(91,889)	(78,460)	(75,123)
(Loss)/Profit before discontinued operations	**(1,058,371)**	**(877,643)**	**566,363**	**415,372**	**507,736**
Results from discontinued operations	-	-	195,167	(731)	-
(Loss)/Profit for the year	**(1,058,371)**	**(877,643)**	**761,530**	**414,641**	**507,736**
Non-controlling interest	-	-	(173)	74	7,213
(Loss)/Profit attributable to the group	**(1,058,371)**	**(877,643)**	**761,357**	**414,715**	**514,949**
DIVIDEND DECLARED					
Cash	-	-	185,107	171,395	171,381
In specie	-	-	275,605	-	-
Total	-	-	460,712	171,395	171,381
STATEMENT OF FINANCIAL POSITION					
Total Assets	16,567,958	15,604,051	12,311,657	12,922,926	11,538,159
Equity	5,147,844	5,565,860	6,007,040	6,008,774	5,794,057
Total Liabilities	11,420,114	10,038,191	6,304,617	6,912,629	5,744,102
Interest bearing loans net of cash balance	6,089,232	5,004,358	4,269,376	4,587,237	3,712,064
FINANCIAL RATIOS					
Earnings per share	(7.7)	(6.4)	3.87	3.03	3.75
Dividend per share	-	-	3.36	1.25	1.25
Net Assets per share	37.54	40.59	43.81	43.82	42.26
EBITDA margin (Note a)	NA	21%	22%	20%	21%
Interest Cover (Note a)	NA	2.29	4.99	5.17	4.50
Dividend cover	NA	N/A	3.92	2.42	3.00
Return on Equity	-21%	-16%	12%	7%	9%
Debt to Equity (Note b)	1.18	0.90	0.75	0.81	0.68

Note (a) EBITDA margin and Interest Cover have been calculated using EBITDA before impairment and write offs. Finance charge in 2020 and 2021 includes interest on lease liabilities under IFRS 16.

Note (b) Debt used to calculate the ratio excludes lease liabilities under IFRS 16.

Financial Status at a Glance

Year ended 30 June 2021

Consolidated Cash Flow Statement Year ended 30 June 2021	**Rs 000**
Net cash flows from operating activities	(68,446)
Net cash flows from investing activities	(1,228,224)
Net cash flows from financing activities	1,429,943
Net increase in cash & cash equivalents	133,273
Net foreign exchange difference	5,024
Cash and Cash equivalents on 30 June 2020	(199,604)
Cash and Cash equivalents on 30 June 2021	(61,307)

Statement of Financial Position As at 30 June 2020	
Assets	Rs 000
Cash and Cash Equivalents	-
Current Assets	717,955
Assets held for sale	528,945
Investment & Other	4,116,531
Property Plant and Equipment	10,083,786
Total Assets	**15,447,217**
Liabilities & Equities	
Cash and Cash Equivalents	199,604
Current liabilities	3,890,658
Liabilities associated with assets held for sale	203,912
Non Current liabilities	5,587,183
Share Capital. Premium & Reserves	4,551,449
Retained Earnings	1,014,411
	15,447,217

Consolidated Income Statement Year ended 30 June 2021	**Rs 000**
Revenue	2,305,715
Loss for the period	(1,058,371)
Loss attributable to the group	(1,058,371)

Share Capital & Reserves As at 30 June 2021	**Rs 000**
Balance at 30 June 2020	4,551,449
Issue of convertible bonds	744,083
Foreign exchange and other reserve	(157,296)
Balance at 30 June 2021	5,138,236

Retained Earnings As at 30 June 2021	**Rs 000**
Balance at 30 June 2020	1,014,411
Total Earnings for the year	(1,058,371)
Interest on bonds and others	(53,568)
Balance at 30 June 2021	9,608

Statement of Financial Position As at 30 June 2021	
Assets	Rs 000
Cash and Cash Equivalents	-
Current Assets	567,940
Assets held for sale	-
Investment & Other	4,186,153
Property Plant and Equipment	11,606,594
Total Assets	**16,360,687**
Liabilities & Equities	
Cash and Cash Equivalents	61,307
Current liabilities	2,875,249
Liabilities associated with assets held for sale	-
Non Current liabilities	8,276,287
Share Capital. Premium & Reserves	5,138,236
Retained Earnings	9,608
	16,360,687

Value Added Statements

Year ended 30 June 2021

	Year ended 30 June 2021 Rs'000	Year ended 30 June 2020 Rs'000
Revenue	2,305,715	4,837,605
Value Added Tax	183,834	601,517
Total Revenue	2,489,549	5,439,122
Paid to suppliers for materials and services	1,223,751	2,411,175
Value added	1,265,797	3,027,947
Impairment and write offs	(61,689)	(832,454)
Total wealth created	**1,204,108**	**2,195,493**
Distributed as follows:		
Members of staff		
Salaries and other benefits	1,095,547	1,372,756
Providers of capital		
Dividend to ordinary shareholders	-	-
Interest paid on borrowings	479,799	448,186
Profit attributable to non-controlling interests	-	
	479,799	**448,186**
Government and parastatal corporations		
Value Added Tax	183,834	601,517
Income Tax (Current and deferred)	(95,386)	57,006
Environment Protection fee	552	21,119
Licences, permits and levies	2,095	4,033
	91,095	**683,675**
Reinvested in the Group to maintain and develop operations		
Depreciation and amortisation	596,038	568,519
Retained profit	(1,058,371)	(877,643)
	(462,333)	**(309,124)**
Total Wealth Distributed and Retained	**1,204,108**	**2,195,493**

Shared-Value Creation

Human Capital
1,095 Bn
Salaries and Benefits

Total CSR Fund
4.1 m
(2% of Taxable Profit)

Share Price Peak (FY 20-21)
Rs 33
(20 May 2021) and climbing

Environment Protection Fee
552k

Sustainability Index Peak Performance
129.97
(January 2021)

Reinvestment into Upgrade of Assets (CAPEX)
596 m

Total Revenue
2,306 Bn

GRI: 201-1, 201-2

Material Elements and Connectivity to Achieve Strategic Plans & Objectives

Value drivers

Capital	Financial	Human	Products and Services	Natural	External Links
Objectives	Revenue Growth Cost Optimisation Project development	The Welfare of People	Brand strength and optimal distribution	Environmental Sustainability	Elevate the Partnership Quality
Outcomes	Profitable Growth (Earnings per Share) Capital and Cost Efficiency	Human Resources and Training Company Culture	Best in class hotel operation Sustain a well established brand name	Energy Water Waste and elements Emissions Biodiversity	Guests Government and environmental bodies Tour operators Suppliers Corporate social Investment
Short Term	Managing exchange rate impact Sustainaning optimal level of working capital	Employ talented and fully engaged people Investment to give the best trainings to Team Members	Positive feedback, such as on online platforms like TripAdvisor (high guest satisfaction scores)	Reduce solid waste through waste management system (measure, benchmark and reduce year on year) Deployment plan for full implementation of energy management system to reduce energy consumed by heating and air conditioning	Provide support to authorities and Governmental entities wherever possible to curb covid-19 cases
Medium Term	Grow into new markets Efficient capital structure Improve international competitiveness Cost optimisation and cost-reduction programs	Talent and skills management Retention of talent through training initiatives and competitive remuneration package Develop and adopt 'one company' culture	Refreshed and reinvented properties, with enhanced amenities, plus a continuous focus on our hospitality standards for best guest experience and satisfaction Enhance promotion and marketing investment Effective communication of values, mission and vision to Team Members and guests Win industry awards	Optimise use of fresh water and ensure efficient consumption Continuous deployment of the "Tread Lightly" initiative to offset carbon and support biodiversity conservation projects (endemic fauna and flora) Invest in Renewable energy technologies aiming to reduce carbon footprint	Consideration for Guest experience feedback in next development or refurbishment plans Delivering on the need for information on Safety and Sanitary protocols to reassure overseas travellers Contribute to the refreshing of public assets, support in the maintenance of some public infrastructures (ex : hospitals, beaches, etc) Ensure, wherever needed, stable and positive relationships Ethical procurement of supplier services for Transparency, Consideration for their expertise Community investment through NGO support and empowerment
Long Term	Strategic acquisitions into new territories Optimal funding sources	Engage professional services of firms committed to creating value through leadership and talent	Superb and unique experience to each and every guest	Research, test and invest in technologies to reduce energy consumption Ensure on strict compliance with water protection legislations, against pollution, conduct regular water quality tests and control	Continuous support for key governmental partners for Tourism and economy at large

GRI: 102-42

Stakeholder Inclusiveness

Stakeholder Group	Our People and the Management	Shareholders and Investors	Guests	Local Community	Accredited organisations, Legislations, Policies Authorities & Government	Suppliers & Contractors
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 state ments • Media releases and published results • Annual General Meeting • Dedicated analyst and investor presentation • LUX Island Resorts website	• Online satisfaction surveys (e.g TripAdvisor) • Dedicated customer relationship managers and call centres • Active website, Twitter and Facebook engagement • Personal, one-to-one interactions • Live Chat	• 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 values 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.	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 experience.
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. Hotel 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: 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. Concern: • 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 Team Member engagement	• Growth revenue • Cost optimisation • Project development	Increase in direct bookings and retain guests	Environmental sustainability and Inclusive Business	Elevate the experience & Stakeholder relationship	Stakeholder Relationship

GRI: 102-40, 102-43, 102-44

Chairman's Statement

"SAFEGUARDING ITS ASSETS, POSITIONING ITSELF FOR A FUTURE MARKET RECOVERY"

Dear Shareholder,

On behalf of the Board of Directors, it gives me a great pleasure to present the Integrated Annual Report of Lux Island Resorts Ltd (LIR) for the financial year ended 30 June 2021. This report has been prepared in accordance with the GRI Standards : Core option.

We are living in extraordinary times. COVID-19's continued impact on the travel and tourism sector led to a GDP loss of USD 4.5bn and the disappearance of as many as 62 million jobs worldwide in 2020, according to the World Travel and Tourism Council.

Throughout this crisis, LIR has continually focused on keeping its teams and guests safe, safeguarding its assets, and positioning itself for a future market recovery. The pandemic has revealed the strength and resilience of our leadership and teams both in our hotels and at head office. It has also highlighted the importance of doing the right thing for our guests, for the people who rely on us for their livelihoods, for our shareholders and other stakeholders.

Given the above, I am confident that LIR will emerge from the pandemic with the capacity to pursue new opportunities and to adapt to the new ways that people are travelling.

GRI: 102-54

Chairman's Statement

Business performance

COVID-19's impact on our Group's revenue, profit and cash positions in FY 2021 was substantial. While LIR's operations in Reunion and the Maldives performed quite well given the circumstances, with an EBITDA of Rs 60m and Rs 254m respectively, our Mauritian operations registered a negative EBITDA of Rs 330m. As a result, the Group loss for the year amounted to Rs 1.06bn, compared to Rs 878m a year ago.

In these exceptional circumstances, we have had to focus on cost controls and other measures to maintain our cash flow. We are extremely grateful to have received wage assistance from the Mauritian and French governments (for Reunion). This helped us preserve employment throughout the 2020-21 financial year.

At a special meeting held on 30 December 2020, our shareholders approved the issue of 100 redeemable Convertible Secured Bonds of Rs 10m each for an aggregate amount of Rs 1bn to the Mauritius Investment Corporation Ltd (MIC). As at 30 June 2021, LIR has issued 75 Redeemable Convertible Secured Bonds to the MIC for an amount of Rs 750m. In accordance with IAS 32, the bonds net of transaction costs are classified as equity in our statement of financial position.

The support of our banking partners and the MIC has been critical. We remain in constant dialogue with our bankers and have now secured a moratorium on a significant portion of our loan capital repayments for the next two years.

Thanks to both our cost-containment measures as well as the support of our financial partners and the Mauritian government, the Board is confident that LIR can weather the COVID-19 storm for the foreseeable future while safeguarding employment as far as possible and meeting our financial obligations.

Preparing for recovery

Throughout this crisis, LIR has made every effort to preserve jobs, shareholder value and the quality of LIR's existing assets, while keeping our teams and guests safe. My fellow Directors and I continued to work closely with the executive team to manage LIR's strategic and operational response to the pandemic. We have also held several board meetings this year to maintain oversight and sign off key decisions.
The Board is aware of the need to balance cost containment with maintaining LIR's assets and talents, to ensure the company can capitalise on the market's future recovery.

We therefore approved strategic capital expenditure to preserve our properties' standards. Despite the challenging economic environment and thanks to the support of the Mauritius Commercial Bank, the MIC and the sale of villas and residences under the Invest Hotel Scheme, we pursued the development of LUX* Grand Baie Resort. The hotel is now scheduled to open in December 2021. The Board is confident that this new hotel, which will cost Rs 2.6bn, will contribute significantly to the Group's profitability in the coming years.

Throughout the year, our sister management company, The Lux Collective Ltd (TLC) also continued to develop new commercial offers to entice our guests back to our properties once they start to travel again. These offers are set out in more detail in the CEO's report.

Unfortunately, due to the uncertain outlook, LIR will not be able to pay a dividend this year. We recognise that this is disappointing, and we aim to reinstate dividends as soon as our business recovers to reward our shareholders for their patience and ongoing support.

Board and governance changes

LIR's resilience and ability to respond to challenges such as the COVID-19 crisis depends in part on having the right mix of experience and background on its Board. We are therefore delighted to welcome Mr Gerhard Hecker as a new independent director. With close to 45 years of experience in the hospitality industry, and having served in senior management positions for high-profile hotels in Germany, Egypt, Hong Kong, Singapore, Malaysia and Thailand, Mr Hecker is a considerable asset to the Group. He has also been appointed as a member of LIR's Corporate Governance and Nomination Committee and of its Audit & Risk Committee.

In line with our agreement with the MIC, the latter will nominate one representative to LIR's Board. The nominee will be appointed in FY 2022.
We are committed to continuously improving our governance procedures. This year, we reviewed LIR's governance structure and board charters to ensure that the Group is compliant with existing regulation and the Mauritian code of good governance.

Outlook

It is extremely difficult to predict our performance for the coming year. While vaccination rollouts around the world could help drive a recovery in travel, room occupancy rates are likely to remain low amid uncertainty regarding travel restrictions and a trend towards local and regional, rather than long-haul, travel. LIR welcomes the reopening of Mauritius' borders, but its success will depend on our ability to rebuild customer confidence and on Mauritius remaining a COVID-safe destination.

We will also need to effectively market the destination – including via a recently announced collaboration between the Mauritian Tourism Promotion Authority and private operators. We will also continue to innovate on our offer to entice clients back and potentially tap into new source markets such as the Middle East.

We are confident about LIR's future and believe that, in the long term, the prospects are bright.

Acknowledgements

The Board would like to thank Lux Island Resorts' CEO, Désiré Elliah, and the leadership team for their hard work and agility in navigating these extraordinarily difficult times.
I would also like to address our sincere thanks to the team of The Lux Collective, headed by Paul Jones, with whom we have worked closely to mitigate the impact of the Covid-19 crisis.
I also express my gratitude to my Board colleagues for their valuable assistance and guidance.

Thank you also to our shareholders for their continued confidence and to the authorities in the destinations we work in for their ongoing support during this very challenging time.

The Board is aware that it has not been an easy year for our teams. We would like to thank our members of staff for their commitment over the past year.

Jean-Claude Béga
Chairperson of the Board

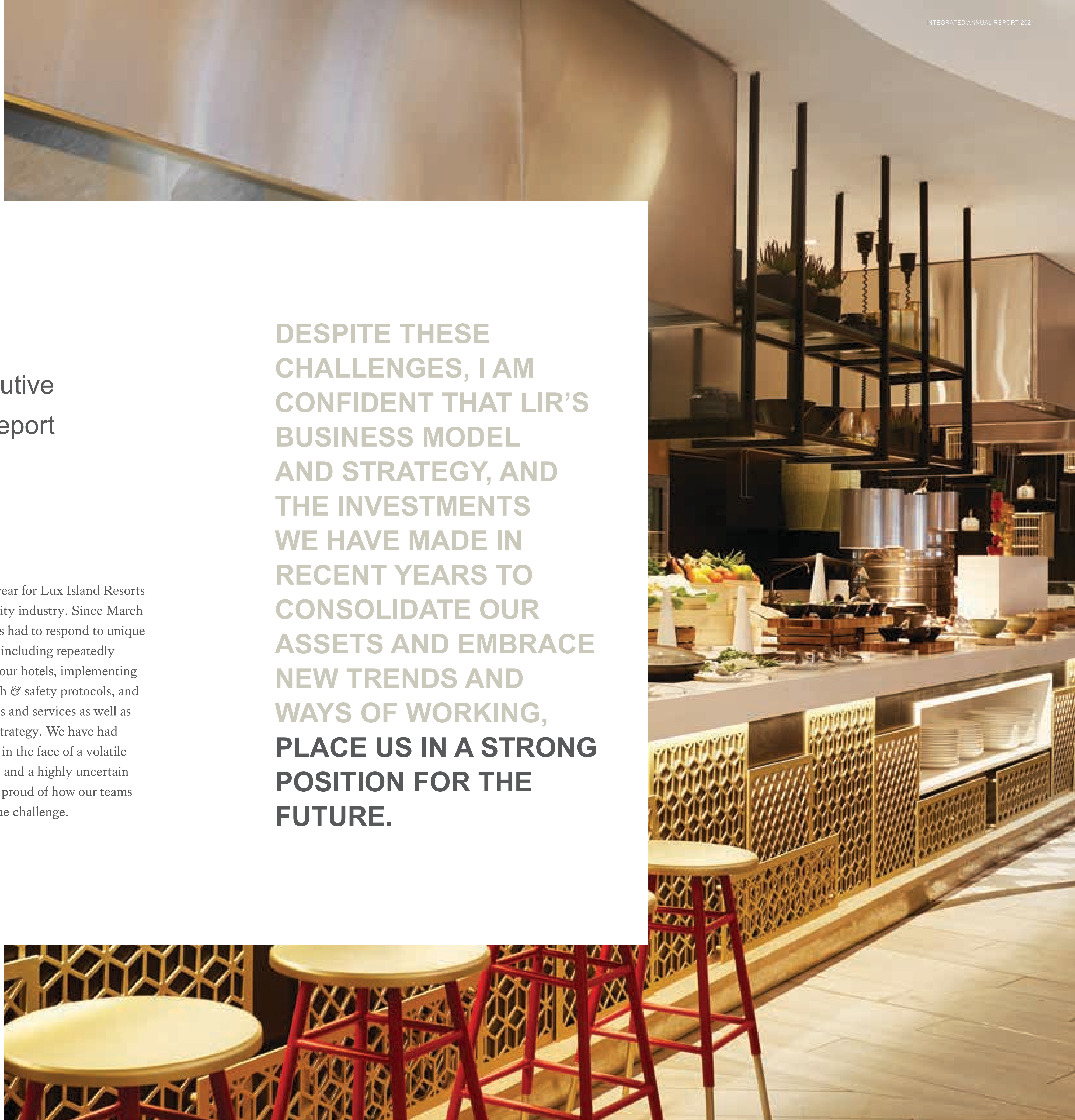
16 September 2021

Chief Executive Officer's Report

Dear Stakeholder,

It has been a difficult year for Lux Island Resorts and the global hospitality industry. Since March 2020, our company has had to respond to unique operational challenges including repeatedly closing and reopening our hotels, implementing new hygiene and health & safety protocols, and rethinking our products and services as well as certain aspects of our strategy. We have had to be particularly agile in the face of a volatile operating environment and a highly uncertain outlook. I remain very proud of how our teams have risen to this unique challenge.

DESPITE THESE CHALLENGES, I AM CONFIDENT THAT LIR'S BUSINESS MODEL AND STRATEGY, AND THE INVESTMENTS WE HAVE MADE IN RECENT YEARS TO CONSOLIDATE OUR ASSETS AND EMBRACE NEW TRENDS AND WAYS OF WORKING, PLACE US IN A STRONG POSITION FOR THE FUTURE.



GRI: 102-6, 102-14

Chief Executive Officer's Report

Performance

The COVID-19 crisis has had a major impact on LIR's results, especially our Mauritian operations. The table below sets up the performance of the Group by country of operation.

	Maldives	Reunion	Mauritius	Total
Occupancy	48%	56%	14%	27%
Average Room Rate (Rs)	16,458	7,993	5,015	9,512
Rev PAR (Rs)	7,900	4,476	702	2,568
	Rs 000	Rs 000	Rs 000	Rs 000
Total Revenue	956,514	577,123	772,079	2,305,716
Direct Costs	289,915	134,522	169,028	593,465
Employee Benefits Expenses	205,713	276,828	613,006	1,095,547
Other Operating Expenses	206,964	105,560	320,411	632,935
	702,592	516,910	1,102,445	2,321,947
EBITDA	**253,922**	**60,213**	**(330,366)**	**(16,231)**

In Mauritius, ongoing restrictions on international travel meant that there were no foreign tourists during the year under review. The country also experienced a second lockdown from 10 March 2021 to 30 April 2021, resulting in the temporary closure of LIR's hotels and adversely impacting our income. As a result, our Mauritian hotels operated for only six months of the year and catered to an exclusively domestic market.
One of our properties, Tamassa, was made available to the government for the major part of the financial year as a quarantine and contact-tracing centre.

Against this backdrop, our hotels in Mauritius posted revenue of Rs 772m, taking into account the help it received from the government Wage Assistance Scheme and a negative EBITDA of Rs 330m.

Our Maldives operations reopened at the end of August 2020 and saw a strong recovery. However, LUX* South Ari Atoll was forced to close once again in March 2021 due to an increasing number of positive cases in the country. It reopened at the beginning of April. The hotel's occupancy was 48% for the parts of the year that it was operational. Its turnover amounted to USD 24m and generated USD 6m in EBITDA, helping to reduce the Group's losses.

In Reunion, occupancy was driven mainly by the local market in the absence of arrivals from France. Like our Maldives operation, our Reunion hotel has been self-financing for the year and has generated cash flow for the group.

While we have made strategic capital outlays to maintain and/or upgrade our hotel assets, we continue to manage cash carefully to preserve liquidity and meet our financial obligations. We have maintained voluntary pay cuts of 25% on average for managers and executives and have negotiated payment facilities with our financial partners and creditors. As mentioned in the Chairman's statement, we have been fortunate to receive assistance with wages from the Reunion and Mauritian governments and have made our first drawdowns on our agreement with the Mauritius Investment Corporation (MIC) to cover our short to medium term cash needs.

Project development

Throughout the past year's enforced periods of inactivity, our Group continued to work on development projects. Using in-house expertise, we partially refurbished LUX* Le Morne, one of our best-performing assets prior to the COVID-19 pandemic, and completed snagging and repair work at LUX* Belle Mare, LUX* Grand Gaube and in the Maldives.

The development of LUX* Grand Baie in Mauritius, which began in 2018-2019, was stopped for the second time between March and April 2021. Despite the lockdown and the depreciation of the rupee, we are confident that the project will be completed within the allocated budget.

Our ability to finance the project despite the downturn demonstrates investor confidence in the project. We successfully completed the project's financing thanks to the support of our financing partners and the sale of villas and residences. The properties are sold as part of Mauritius' Invest Hotel Scheme (IHS) and off plan (under 'Vente en Etat Futur d'Achèvement') as provided for in the Mauritian civil code. The buyers also agree a lease contract with LIR, whereby the Company leases the unit back from the buyer. The proceeds of the property sales, totalling Rs 1.3bn, are being used entirely to redevelop LUX* Grand Baie.

As of 30th June 2021, we signed deeds of sales for 12 units, with the remaining units available for sale, due to be signed for by the end of December 2021. The profit on disposal will be recognised on completion and delivery of the units. Deposits collected amounting to Rs 205m are shown as accounts payable in the financial statements.
This redevelopment represents a major investment for our company, and we anticipate that the property will prove a major draw for guests when it opens in December 2021.

The amount spent on LUX* Grand Baie (Rs 1.4bn) and LUX* Le Morne (Rs 135 m) during the year makes up most of the increase in Property Plant & Equipment, up from Rs 10.08bn last year to Rs 11.60bn as at 30th June 2021.

Borrowings and gearing

The following table shows the movement in borrowings for the financial year ended 30th June 2021.

	Rs 000
!st July 2020	4,804,754
New loans	
-COVID Loans - Mauritius Operations	160,000
-Maldives operations	275,200
-Redevelopment of LUX* Grand Baie	430,000
Loan payments	(58,823)
Exchange difference on translation of foreign currency loans	419,911
At 30th June 2021	6,031,042

The Group had to borrow Rs 275m to finance a cash flow shortfall in the Maldives. The shortfall for our Mauritius operations was financed by the bonds issue subscribed by the MIC as well as government-sponsored COVID-19 loans. During the year, the Group also borrowed Rs 430m for the redevelopment of LUX* Grand Baie and repaid Rs 58.8m in loans. Due to the depreciation of the rupee against the British pound, the US dollar and the Euro, the Group had to book an exchange difference of Rs 420m resulting from the translation of foreign currency loans.

The Group's hedging strategy is to contract a portion of its borrowings in Euro, GBP and USD so that future payments in those currencies are matched with future remittances from guests. With 90% of Group sales denominated in Euro, GBP and USD, the Group hedging strategy is highly effective. The corresponding entry for Rs 420m has therefore been shown as a movement in Other Comprehensive Income.

As mentioned in the Chairman's report, the bonds subscribed by the MIC have been classified as equity, as the terms and conditions satisfy all the criteria prescribed by IAS 32. With the adoption of IFRS 16 since last year, the gearing calculation has been impacted significantly with the lease liability arising upon the recognition of the Right-of-Use asset.
If the lease liability is taken into account, the Group gearing as at 30th June 2021 is 64% compared to 59% a year ago. If borrowings at 30th June 2021 are adjusted for the impact of lease liability, the gearing would go down to 54% against 47% at 30th June 2020.

Chief Executive Officer's Report

Impairments due to COVID 19

The Group had to reassess the impact of COVID-19 on the amount recoverable from each business unit based on that unit's cash flow projections. These projections were themselves based on certain assumptions and current market conditions. The reassessment resulted in additional provision for the year of Rs 81m.

Operational priorities over the past year

Safety for all

Ensuring the safety and wellbeing of our team members and guests continued to be top priorities for LIR and our sister management company, The Lux Collective (TLC). We sought to protect our guests and colleagues by:

- Enforcing health & safety protocols and complying with sanitary and regulatory measures in each of the countries we operate in;
- Creating a COVID-safe environment in our hotels, ensuring that 100% of staff are vaccinated and running a campaign to encourage their families to get vaccinated as well;
- Offering flexible booking and cancellation policies so our guests can book their travel with confidence; and
- Integrating new technologies such as digital check-ins and paperless menus and payments to provide seamless and COVID-safe customer experiences that eliminate physical interactions.

Supporting our colleagues

We are aware that it has been a challenging year for many of our colleagues. Throughout this crisis, and particularly during the second Mauritian lockdown, when our teams worked from home, we remained in regular communication with them, providing up to date information about the pandemic's evolution. We also continued to provide workshops to help them manage stress and anxiety and to offer them access to remote psychological support.

Enhancing our offer

Throughout the year, TLC continued to develop new commercial offers that reflect our guests' changing needs and expectations. The aim is to offer our guests exceptional experiences once they feel able to travel again, and to drive occupancy and extra revenue for our Mauritian hotels thanks to special events during the 2021-22 festive period.

Sustainability and giving back to the community

In the wake of the pandemic, travellers are seeking out more meaningful experiences that connect them to the local community and environment. Despite the disruption to our business over the past year, LIR pursued its Tread Lightly programme to protect the natural environment in each of our destinations. In Mauritius, we are also working with the government and other hospitality groups to clean up the country's beaches and tackle soil and beach erosion.

Since November 2020, we have been training our teams in specific ways to care for our guests, team members, community, and the local environment. Almost 50% of our team members had completed this 'Yes I Care' programme by June 2021. We will continue to roll it out over the coming year.

Our sustainability approach is set out on page p. 88 of this report.

Looking forward

Our industry's recovery may take some time. We are heartened by the recovery we are seeing in the Maldives and in Reunion and welcome the full reopening of Mauritius' borders in October 2021.

To capitalise on this recovery, it's crucial that we continue to invest in our assets and offer while remaining mindful of liquidity. Travellers' preferences and expectations are also changing, and we must adapt our offer accordingly, seeking out new source markets and modifying how we work to minimise contact and ensure our guests' and teams' safety. Despite these challenges, I am confident that LIR's business model and strategy, and the investments we have made in recent years to consolidate our assets and embrace new trends and ways of working, place us in a strong position for the future.

Acknowledgements

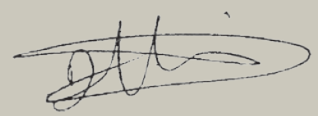
I want to express my sincere gratitude to LIR's teams for their hard work, energy and understanding over the past year. I am aware that this period has been very hard on some of our colleagues. Thank you for your continued commitment.

I would also like to thank my fellow Board members for their trust and confidence. A particular thank you to the Chairman, Mr Jean-Claude Béga, for all his support and counsel during this year.

I would also like to thank Paul Jones, the CEO of The Lux Collective, and his team for working with us so closely as we navigate this crisis. We look forward to continuing to work with you towards a better tomorrow.

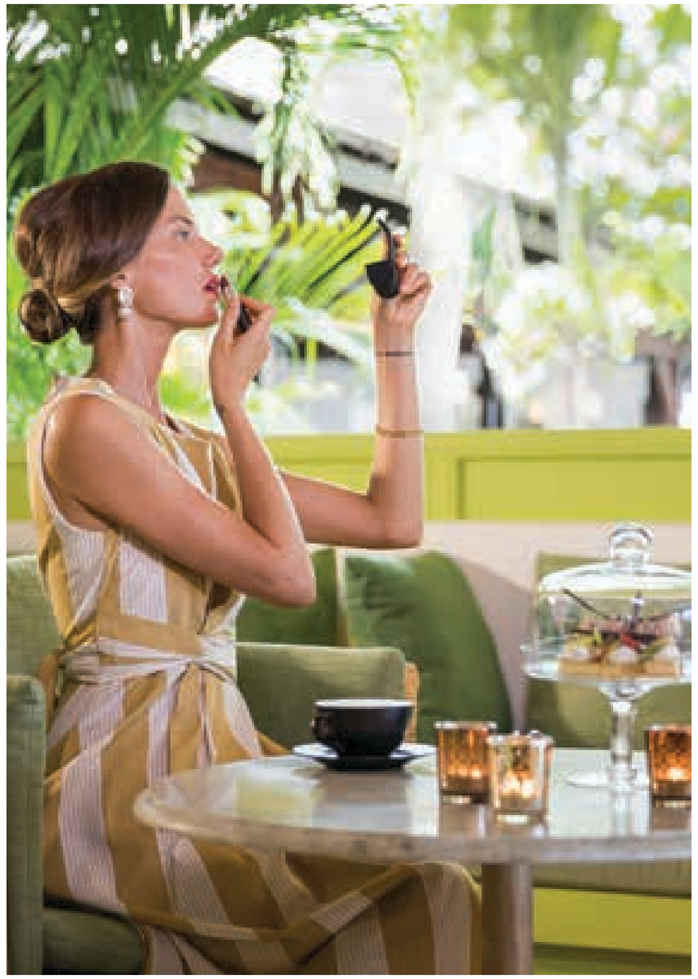
LIR's resilience is made possible by the ongoing support of our financial partners and shareholders, as well as of the national authorities in each of our destinations. I am grateful for their ongoing assistance, their patience, and their confidence in our company.

To all our guests – we look forward to welcoming you back when you feel ready and able to travel.



Désiré Elliah
Chief Executive Officer

16 September 2021



LUX*

LE MORNE, MAURITIUS

LUX* Le Morne Resort:
A mindful tropical resort on the wild west coast of Mauritius. Blessed with the best sunset of the island, life's a beach at LUX* Le Morne. The chic and serene boutique resort is located at the foot of Le Morne mountain, a UNESCO World Heritage site.

The renovated resort calls all lovers of barefoot luxury and mindful travel. The hotel is a gem that truly embodies the spirit of island living.

LUX*

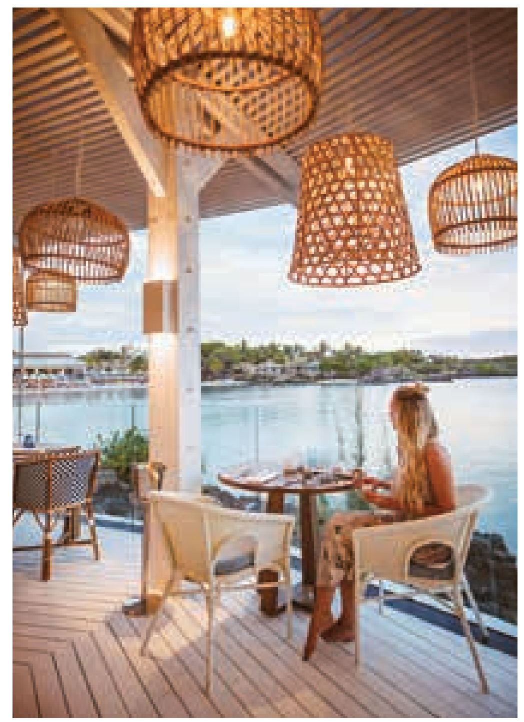
BELLE MARE
MAURITIUS

LUX* Belle Mare Resort & Villas:
A vibrant, forward-thinking luxury hotel in Mauritius that truly captures the best of island living.
A beautiful resort nestled on the wild east coast of Mauritius, encapsulates island living at its best: a glimmering lagoon and sugar-white sand beach, unrivaled service and charm, a huge swimming pool, exquisitely designed villas, fabulous restaurants and the most creative pop-up dining experiences, and even in-house coffee and ice-cream brands and an organic farm. We mean it when we say there's something for everyone.

GRI 102-2

LUX* Grand Gaube Resort & Villas:
A totally reimagined retro-chic tropical resort in Grand Gaube, on the north coast of Mauritius, tucked away on a peninsula bordering two coves, celebrates life in the tropics the LUX* way.
The eye-catching design of Kelly Hoppen blends perfectly with the surrounding tropical greenery, and each room, suite and villa is made to feel like a home—that is, if home is having an outdoor bathtub overlooking the Indian Ocean. The resort is known for its focus on wellness and its culinary gems, which include a fabulous Peruvian, an overwater Turkish restaurant and even a rum treehouse.

LUX*
GRAND GAUBE
MAURITIUS



GRI 102-2

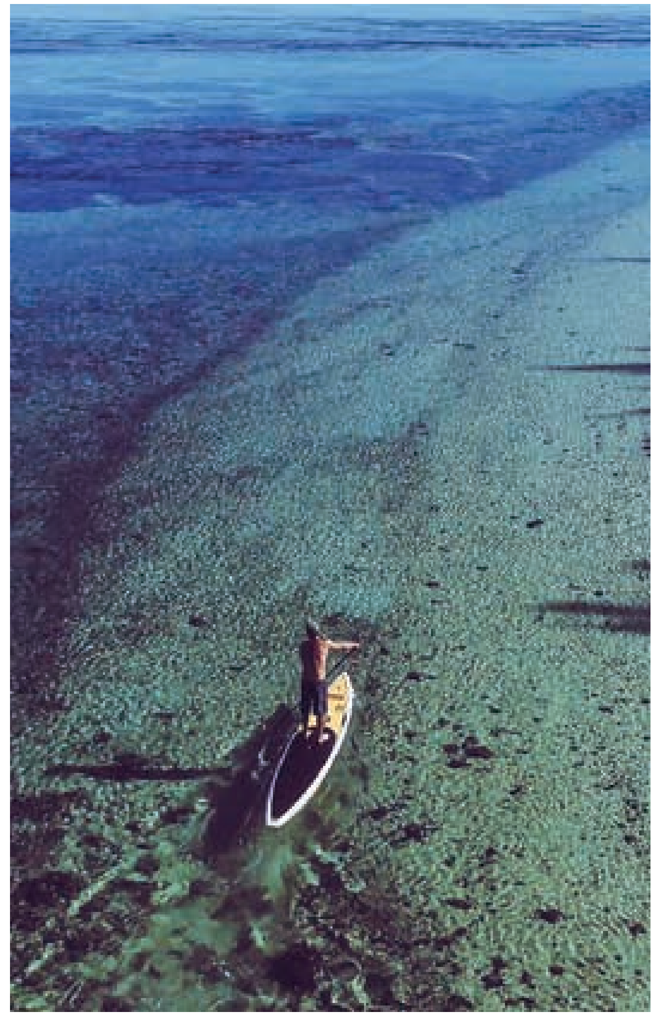
LUX*
GRAND BAIE
MAURITIUS

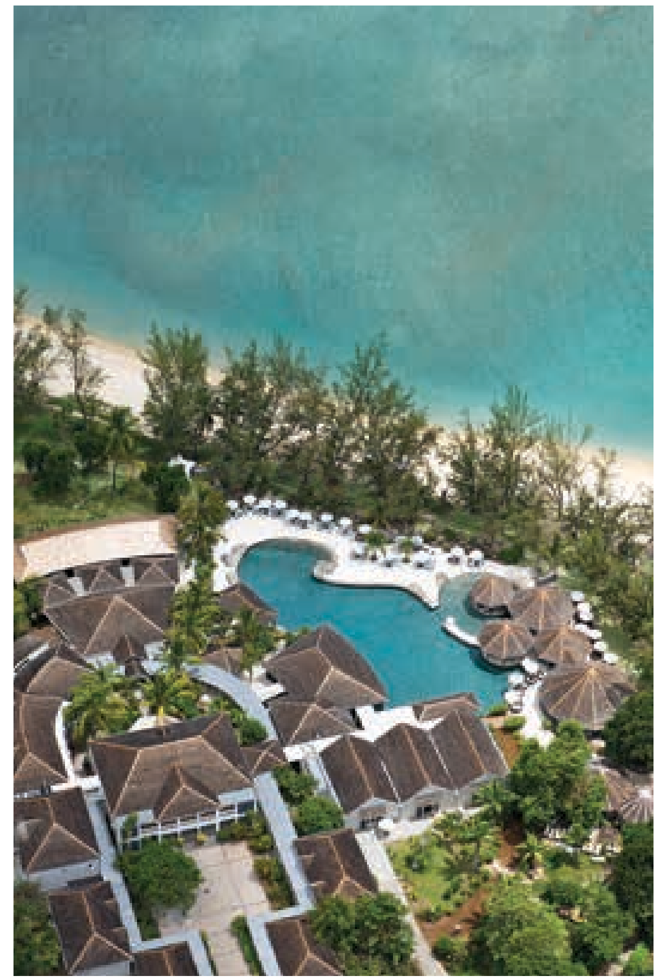
LUX* Grand Baie Resort & Residences:
Set along a dreamy stretch of white sand beach near the bustling coastal village of Grand Baie, this stunning new 5-star luxury resort is due to open in December 2021.

GRI 102-2

LUX*

SAINT GILLES
LA REUNION





LUX* Saint Gilles Resort:
Set on the island's most beautiful beach and protected from the ocean by a coral reef, LUX* Saint Gilles is Reunion's only five-star beach resort. Whether you're in the mood to visit the island's spectacular volcano, snorkel in the lagoon or indulge in a relaxing massage at the LUX* Me spa, this luxury beach resort offers the best of every world.

GRI 102-2

LUX* South Ari Atoll Resort & Villas:
The Maldives is one of those places that continue to pop up on travellers' bucket lists. And for a very good reason. If you've fantasized about living a–lavish–Robinson Crusoe life on a faraway tropical island, you're in the right place. At LUX* South Ari Atoll, you will ride your bicycle along the jetty, swim alongside whale sharks, hang out in your bungalow on stilts, dine at any of the eight restaurants, dance the night away, partake in marine conservation... Whatever it is you love, you'll find it here at LUX* South Ari Atoll.

LUX*

SOUTH ARI ATOLL
MALDIVES

GRI 102-2

tamassa

Tamassa Bel Ombre:
Introducing Tamassa, our vibrant Mauritian fourstar resort set in tropical gardens on white sandy beaches with rustling coconut trees and a cobalt lagoon.

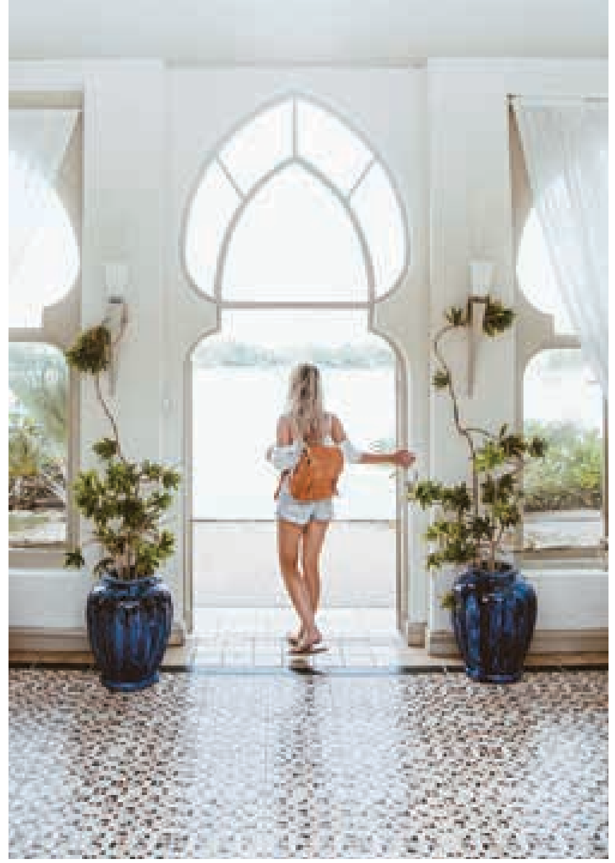
Located in the south region of Mauritius, Tamassa is surrounded by dramatic mountains and dense sugarcane fields. Here an effervescent zest for life combines with contemporary design to bring the young (and young at heart) the perfect spot for fun and relaxation. Holidays are not only for escaping the everyday, but also a precious chance to reconnect and remind ourselves of the most important thing in life – each other. With a resort experience designed around bringing people together, at Tamassa, 'together' really is a wonderful place to be.

GRI 102-2

EMBA FILAO

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.

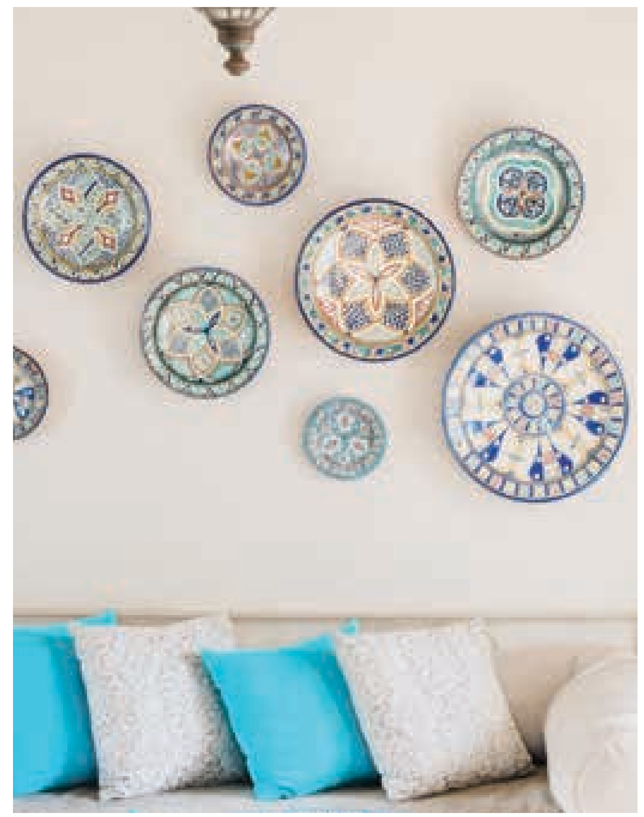
ILE DES DEUX COCOS



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.

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.



GRI 102-2

Awards

LUX* Resorts & Hotels

TripAdvisor Traveler's Choice 2021
Top 25 Hotels - Africa
LUX* Grand Gaube - #13
LUX* Belle Mare - #17

Top 25 All-Inclusive Hotels - World
LUX* Belle Mare - #4

Conde Nast Traveller Readers' Choice Awards 2020
22nd Top Resorts in the Indian Ocean
LUX* Belle Mare Resort & Villas
29th Top Resorts in the Indian Ocean
LUX* South Ari Atoll Resort & Villas

Travel + Leisure India Best Awards 2020
International Hotels – Best Luxury Resorts
LUX* South Ari Atoll Resort & Villas

TripAdvisor Travellers Choice Awards 2020
4th out of 25 in Africa
LUX* Grand Gaube Resort & Villas
6th out of 25 in Africa
LUX* Le Morne Resort
Top 25 Hotels in the World
LUX* Belle Mare Resort & Villas
Top 25 Luxury Hotels in the World
LUX* Belle Mare Resort & Villas
2nd out of 25 in Africa
LUX* Belle Mare Resort & Villas
4th out of 25 in the World for Best All-Inclusive Resorts
LUX* Belle Mare Resort & Villas

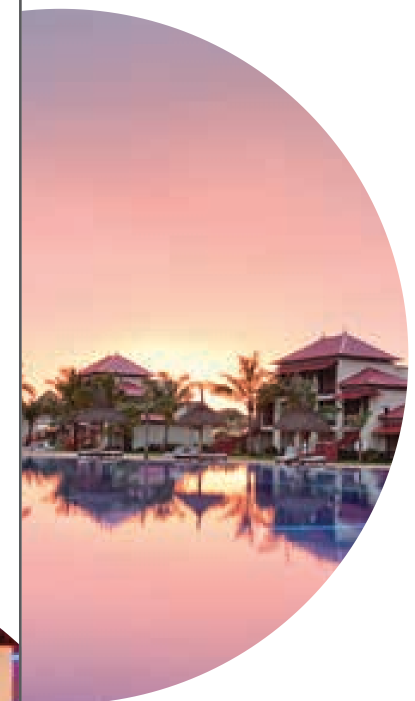
Luxury Lifestyle Awards 2020
Top 10 Best Luxury Hotels in Mauritius
LUX* Grand Gaube Resort & Villas

World Travel Awards 2020
Reunion Island's Leading Hotel
LUX* Saint Gilles Resort

Tamassa Bel Ombre

World Luxury Hotel Awards 2020
Luxury Family All-Inclusive Hotel (Country Win)
Tamassa Bel Ombre

Luxury Lifestyle Awards 2020
Top 10 Best Luxury Hotels in Mauritius
Tamassa Bel Ombre



TripAdvisor Travellers Choice Awards 2020
12th out of 25 in Africa
Tamassa Bel Ombre
15th out of 25 in the World for Best All-Inclusive Resorts
Tamassa Bel Ombre

Holiday Check 2020
Best All-Inclusive Resort rating of 5.6/6
Tamassa Bel Ombre

Traveller Review Awards 2020
Booking.com rating of 9.3/10
Tamassa Bel Ombre

Quality

The quality of our offers and our services will reconnect you with the quality of life in our hotels.

CORPORATE GOVERNANCE REPORT

Statement of compliance by the Board

Lux Island Resorts Ltd ('the Company' or 'LIR') and its subsidiaries (together '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 (NCCG) 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 30 June 2021 except for:

- The composition of the Board : The Board is actually composed of only one executive Director. The Board is of the view that a strong management presence is important and is still currently considering to appoint another executive director.
- The composition of the committees : The Board is currently considering the recruitment of additional independent directors who will also sit on the committees, thus ensuring the compliance in its composition in respect of the number of independent directors, as per the recommendations contained in the NCCG.
- Other directorships of the Board: The Board has decided not to disclose the other directorships of the Directors as this information is available upon request at the registered office of the Company.
- Audit & Risk Committee Chair : The Audit & Risk Committee is presently chaired by Mr Reshan Rambocus who has been reclassified as Non-Executive Director during the year under review following the amendment brought to the Companies Act 2001 with respect to the requirements and definition of independence. To be in line with the requirements of the Code and its Audit & Risk Committee Charter, the Board will appoint another Independent Director to chair the Audit & Risk Committee.

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 except the alterations made to the Constitution and approved by the Shareholders on 30 December 2020 to entrench the pre-conversion governance provisions in clause 2.8 and post-conversion governance provisions in clauses 11.1 and 11.2 of the Subscription Agreement between The Mauritius Investment Corporation Ltd (MIC) and Lux Island Resorts Ltd.

As per clause 2.8 of the Subscription Agreement, for as long as the MIC owns one or more Bonds, it may nominate one person to be appointed as Director on the Board of LIR.

The post-conversion provision clause 11.1 stipulates that the MIC is entitled to one Director on the Board of LIR per portion of shares held by it and representing at least twenty per cent (20%) of the total number of shares of LIR. Furthermore, certain decisions as per clause 11.2 of the subscription agreement and reproduced in article 2.11 of the constitution will require the affirmative vote of the MIC Director, to the extent that and only if such director(s) is/are present at the meeting of the Board where such matters are being decided, before, in the case of some of them, being recommended to the shareholders for approval.

CORPORATE GOVERNANCE REPORT

Shareholding

The directors regard IBL Ltd as the ultimate holding company and as at 30 June 2021, four directors were common to the Company and IBL Ltd, namely Messrs Jean-Claude Béga, Jan Boullé, Thierry Lagesse and Maxime Rey.

As at 30 June 2021, the Company's share capital was Rs 1,371,159,430 (137,115,943 shares) and 4,860 shareholders (30 June 2020: 4,742) present on the shareholder's registry. There has been no change in the share capital during this financial year.

The following shareholders had more than 5% of the capital of the Company at 30 June 2021:

IBL Ltd	56.47%
Swan Group	6.72%
National Pension Fund	5.62%
Other shareholders (less than 5% each)	31.19%
Total	100.00%

Shareholding profile

The Company's shareholding profile as at 30 June 2021 was as follows:

Defined brackets	Number of shareholders	Number of shares owned	Percentage %
1-500	2,438	329,842	0.241
501-1,000	484	378,105	0.276
1,001-5,000	1,020	2,525,309	1.842
5,001-10,000	341	2,482,402	1.810
10,001-50,000	420	9,087,734	6.628
50,001-100,000	63	4,436,916	3.236
100,001-250,000	59	9,633,043	7.025
250,001-1,000,000	27	13,242,714	9.658
1,000,001-1,500,000	3	3,705,089	2.702
Over 1,500,000	5	91,294,789	66.582

Summary of Shareholder Category

Category of shareholders	Number of shareholders	Number of shares owned	Percentage %
Individuals	4,441	18,132,027	13.224
Insurance and assurance companies	17	5,691,873	4.151
Pension and provident funds	114	24,564,957	17.915
Investment and trust companies	25	378,949	0.276
Other corporate bodies	263	88,348,137	64.434

CORPORATE GOVERNANCE REPORT

Share Price Information
As at 30 June 2021, the share price of the Company was around Rs 33 compared to Rs 28 as at 30 June 2020.

Shareholder Rights
The Company recognises 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 Directors are committed to providing shareholders with adequate, timely, and sufficient information pertaining to the Company's and 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.

Communication with shareholders and stakeholders
Engagement with the shareholders and wider stakeholder groups plays a vital role throughout the business, therefore the Company actively engages with its shareholders and stakeholders to promote regular, effective and fair communication.

The Board recognises the importance of two-way communications with its shareholders and stakeholders. In addition to giving a balanced report of results and progress at each annual meeting, the board ensures that transparency and disclosure are at the centre of the Company's communication with the 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 Chairperson and the Chief Executive Officer review the most recent performance, analysis, business key-value drivers and metrics, and share the Company's and the Group's insights and business strategy. During those meetings, analysts, fund managers and reporters have the opportunity to ask questions to the Chairperson and the Chief Executive Officer. Any figures or information presented during the media meetings are simultaneously posted on the Company's website.

Dividend Policy
The amount of dividends declared and paid depends on many factors, including the results of the operations, cash flow, capital expenditure, 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. The Audit & Risk Committee and the Board ensure that the Company satisfies the solvency test before declaring any dividend.

CORPORATE GOVERNANCE REPORT

Following the impact of the Covid-19 on the Group and the industry since March 2020, no dividend was declared with respect to the year ended 30 June 2021 (2020: nil).

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

Period	Final paid
Year ended 30 June 2017	1.25
Year ended 30 June 2018	1.25
Year ended 30 June 2019	1.35
Year ended 30 June 2019 (Note 1)	2.01 (representing the dividend in specie – The Lux Collective (TLC) shares)
Year ended 30 June 2020	-
Year ended 30 June 2021	-

Note 1 : represents the carrying value of the investment in TLC distributed as dividend in specie.

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 Company's and the Group's business activities and financial performance.

Directors are encouraged to attend Shareholders' meetings.

The external auditors are also present at such meeting.

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 body corporate which is a shareholder of the 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 Mauritian Companies Act 2001
- The ratification of the remuneration paid to the Auditors
- The ratification of Non-Executive Directors remuneration
- Any other matter which may require the Shareholder's approval

CORPORATE GOVERNANCE REPORT

Director's Interests Register

The table below outlines each Director's respective direct and indirect interests and number of other directorships in listed companies as at 30 June 2021.

Directors	Shares	Direct Interest	Indirect Interest	Number of Other Directorships in Listed Companies
		%	%	
Jean-Claude Béga	79,651	0.06	0.04	4
Jan Boullé	-	-	0.05	5
Laurent de la Hogue	25,000	0.02	-	1
Désiré Elliah	72,025	0.05	0.50	-
Gerhard Hecker (appointed on 30.12.20)	-	-	-	-
Pascale Lagesse	-	-	-	-
Thierry Lagesse	1,378	0.00	0.05	5
Reshan Rambocus	-	-	-	2
Maxime Rey	4,000	0.00	-	5

Other than having shares in the holding company, none of the directors have any interest in the subsidiaries of the Company as at 30 June 2021.

During the period under review, share dealings by directors were as follows:

	Number of Shares Purchased/(Sold) Directly	Number of Shares Purchased/(Sold) Indirectly
Désiré Elliah	(687,952)	687,952

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 Mauritian 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 2021
Annual Meeting of Shareholders	December 2021
Declaration/payment of interim dividend (if applicable)	November/December 2021
Publication of half-yearly results	January 2022
Publication of 3rd-quarter results	April 2022
Declaration/payment of final dividend (if applicable)	June 2022
Financial year-end	June 2022
Publication of abridged end-of-year results	August/September 2022

CORPORATE GOVERNANCE REPORT

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 ("Board") is to provide effective leadership and direction to enhance the long-term value of the Company 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:

- 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 Company's and the Group's operations 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 judgement and determine the feasibility of the plans and/or forecasts being realised;
- Monitor the performance of the group regarding budgets and forecasts prepared by Management;
- Monitor the execution of the strategy by the 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; and
- 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 organisation.

The Board Charter is reviewed on an annual basis.

Chairperson of the Board

The Board is headed by the Chairperson 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 Chairperson plays an instrumental role in developing the business of the Company and the Group and that he provides the Company and the Group with strong leadership and vision. The Chairperson of the company is 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; and
- 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.

The Code of Ethics of the Group is approved by the Board and distributed to all Team Members of the Group.

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 9 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 9 Directors is appropriate for enabling effective decision-making.

Following the amendment brought to the Companies Act 2001 with respect to the requirements and definition of independence, effective since 1 January 2021, Mr Reshan Rambocus has been re-classified as Non-Executive Director, given that a situation of cross-directorship has been noted.
After the reclassification of Mr Reshan Rambocus as Non-Executive Director, the Board will appoint another Independent Director who will also sit on its various committees to ensure compliance with the Code and its Charters.

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-Executive 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	Non applicable
Jan Boullé	M	Mauritius	Non-Executive Director	Member of the Corporate Governance and Nomination Committee and of the Remuneration Committee
Laurent de la Hogue	M	Mauritius	Non-Executive Director	Member of the Audit and Risk Committee
Gerhard Hecker	M	Mauritius	Independent Director	Member of the Audit & Risk Committee and of the Corporate Governance and Nomination Committee
Pascale Lagesse	F	France	Independent Director	Chairperson of the Corporate Governance and Nomination Committee and of the Remuneration Committee
Thierry Lagesse	M	Mauritius	Non-Executive Director	Non applicable
Reshan Rambocus	M	Mauritius	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.

CORPORATE GOVERNANCE REPORT

Director's independence review

Having at least 2 independent directors play a crucial role in ensuring that we have a strong and 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. However, 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 Company and 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 actual Directors are regarded as Independent Directors of the Company:

- Mrs Pascale Lagesse
- Mr Gerhard Hecker

Mrs Pascale Lagesse was appointed as an Independent Director on the Board on 20 April 2017, and Mr Gerhard Hecker on 30 December 2020.

We believe that the Independent Directors have and will demonstrate a high commitment to their roles as Directors.

Non- executive Directors

Our non-executive Directors meet and/or hold discussions at least annually without the presence of other executive 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 70 to 73 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 companies 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 companies 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.

CORPORATE GOVERNANCE REPORT

Company secretary
The Company Secretary is IBL Management 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 the Board's 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 Committee (ARC)

The ARC is presently chaired by Mr Reshan Rambocus who has been reclassified as Non-Executive Director during the year under review. To be in line with the requirements of the Code and its Audit & Risk Committee Charter, the Board will appoint another Independent Director to chair the 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 Board and the ARC. The Charter is reviewed on an annual basis.

The Board considers that the members of the ARC are appropriately qualified to discharge the 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.

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 Company and the Group and any formal announcement relating to the Company's and the Group's financial performance;
(b) Reviewing and reporting to the Board, at least annually, the adequacy and effectiveness of the Company's and the Group's interna ontrols, including financial, operational, compliance and information technology controls;
(c) Reviewing the effectiveness of the Company's and the Group's internal and external audit function;
(d) Reviewing the scope and results of the external audit, and the independence and objectivity of the external auditors; and
(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.

CORPORATE GOVERNANCE REPORT

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

- Going concern
- Impairment of Goodwill, Non-Current Assets (PPE and Right of Use Assets) and investment in subsidiaries
- Accounting treatment of funding received from the Mauritius Investment Corporation (MIC)
- Accounting treatment of Invest Hotel Scheme (IHS) Villas
- Expected credit loss of trade receivables

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 are sought. Some of 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 30 June 2021 ("FY 2021 Financial Statements"). The Board has approved the FY 2021 Financial Statements on 16 September 2021.

The ARC met 6 times during the year and has considered, inter alia, the following:

- Approval of the financial statements as at 30 June 2020
- Approval of the results for Q1, Q2 and Q3
- The impact of the second confinement related to the Covid-19 on the Company's and the Group's operations and business continuity plan
- Discussion about the financing options resulting from the pandemic of the Covid-19
- Discussion in respect of the agreement with the Mauritius Investment Corporation Ltd (MIC)
- Approval of the budget for the financial year ending 30 June 2022
- Meeting with the external auditors and planning of the audit
- Taking cognisance of the internal audit reports issued

The members of the ARC are as follows:

• Reshan Rambocus (Chairperson)	Non-Executive Director
• Laurent de la Hogue	Non-Executive Director
• Maxime Rey	Non-Executive Director
• Gerhard Hecker (appointed on 30.12.20)	Independent Director

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 & 15.

CORPORATE GOVERNANCE REPORT

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 Board and 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.

The members of the CGNC are :

- Pascale Lagesse (Chairperson) Independent Director
- Jean-Claude Béga Non-Executive Chairperson of the Board
- Jan Boullé Non-Executive Director
- Gerhard Hecker (appointed on 30.12.20) Independent Director

The Board is taking appropriate actions to better 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 & 15.

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 Board and 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 organisational 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.

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 proposed by the CGNC.

CORPORATE GOVERNANCE REPORT

The members of the RC are :

- Pascale Lagesse (Chairperson) Independent Director
- Jean-Claude Béga Non-Executive Chairperson of the Board
- Jan Boullé Non-Executive Director
- Reshan Rambocus Non-Executive Director

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 & 15.

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 Director				
Désiré Elliah	4	6 (in attendance)	3 (in attendance)	3 (in attendance)
Non-Executive Directors				
Jean-Claude Béga	4	-	3	3
Jan Boullé	3	-	3	3
Laurent de la Hogue	4	6	-	-
Gerhard Hecker (appointed on 30.12.20)	3/3	3/3	1/1	-
Pascale Lagesse	4	-	3	3
Thierry Lagesse	4	-	-	-
Reshan Rambocus	4	6	-	3
Maxime Rey	4	5	-	-
Number of Meetings held	4	6	3	3

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, 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, are proposed for election at the forthcoming Annual Meeting of Shareholders.

Under Section 138 of the Mauritian Companies Act 2001, 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, all the directors will submit their re-election as Board Members at the forthcoming Annual Meeting of Shareholders..

The CGNC has recommended the re-election and/or election of all Board members, 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 are provided with the Board Charter, which clearly outlines their duties and obligations. The Company's relevant governing documents are also handed over to the new Directors.

Newly-appointed non-executive directors who are not familiar with the Company's and the Group's business or the Hospitality Sector's activities are invited to visit 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 Company's and the Group's business. This process ensures the creation of a well-informed and competent Board.

Continuing development of Directors

The Chairperson regularly reviews and agrees with each Director, if necessary, on his or her training and development needs. The Chairperson ensures that all Directors have received proper training and the Company provides, as far as possible, the necessary resources for the Director to best develop his knowledge and capabilities.

CORPORATE GOVERNANCE REPORT

The trainings normally comprise of:

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

Succession Planning and Directors service contract

The Board believes that good succession planning is a key contributor to the delivery of the Company's and of the Group's strategy and its ability to create value in the long term. The Board is committed to recognising and nurturing talent across the Company's and the Group's executive and management teams in order to develop current and future leaders. Succession planning, which is reviewed on an annual basis, is within the purview of the Corporate Governance and Nomination Committee.

The contract of Mr Désiré Elliah is governed by the Mauritius labour law.

Directors profile

Please refer to pages 14 & 15 for the Directors profile.
A few directors are also Directors on the board of other companies which are not listed.
The Board believes that this information will be cumbersome and will not add any value to the Annual Report. However, this information is available upon request at the Company's registry.

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 Committees meetings, Annual Meetings together with the agenda of items or matters to be discussed, 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 01 July 2020 to 30 June 2021, the Board met 4 times for the purpose of considering and approving, amongst others, the following items:

- The audited financial statements for the year ended 30 June 2020 and relevant publications including the annual report for the year ended 30 June 2020;
- Discussion about the LUX* Grand Baie project;
- Approval of Q1 results;
- Approval of Q2 results;
- Approval of Q3 results;
- The impact of the Covid-19 on the Company's and the Group's operations and business continuity plan and discussion on the financing options
- Discussion in respect of the agreement with the Mauritius Investment Corporation Ltd (MIC)
- Approval of the budget for the financial year ending 30 June 2022

CORPORATE GOVERNANCE REPORT

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, in advance for their review and consideration.

Senior Management, Senior Executives of the Management Company (TLC), 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.

There are no restrictions placed over the right of access to information for the directors.

Related party transactions

For the purpose of these financial statements, parties are considered to be related to the Company or the Group if they have the ability, directly or indirectly, to control the Company or the Group or exercise significant influence over the Company or the Group in making financial and operating decisions, or vice versa, or if they and the Company or the Group are subject to common control. Related party transactions are disclosed in note 36 on page 173 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 and the Group. 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 or the Group without fear of reprisal or victimisation. It also outlines the complaint handling and reporting processes to improve transparency.

All new employees and directors of the Company and the Group receive training on the Code of Ethics and the Whistleblowing policy. The Company secretary maintains an interest register and in case he or she 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 dealt with in accordance with the Company's Code of Ethics.

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 every two years.

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.

CORPORATE GOVERNANCE REPORT

The Board Appraisal is conducted periodically by means of a questionnaire filled by each Director. The questions are categorised 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 Chairperson's appraisal;
- Board's committees; and
- 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 discharge of their duties, may require professional advice. The Company Secretary can assist them in obtaining independent professional advice at the Company's expenses.

Remuneration Matters

Statement of Remuneration Philosophy

All directors receive a fixed fee and an additional fee for each board meeting attended. In addition, members of the ARC, of the CGNC and of the RC receive an annual extra fee for their attendance to their respective committee.
As a gesture of solidarity to the executives who took a voluntary salary cut following the outbreak of the Covid-19 and its impact on our operations, the directors have agreed to a decrease of 30% in their emoluments for the period 01 January 2020 to 30 June 2021.
The table below summarizes the remuneration approved by the directors but does not include the 30% reduction.

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.

CORPORATE GOVERNANCE REPORT

Remuneration of Executives 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 was terminated following the split with The Lux Collective Ltd and the Remuneration Committee is working on a 'phantom share scheme'. However, due to the Covid-19 pandemic, the Board has decided to delay the implementation of the said scheme.

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

	Year ended 30 June 2021		Year ended 30 June 2020	
	Executive	Non- Executive	Executive	Non- Executive
	Rs	Rs	Rs	Rs
The Company (Note a)	10,931,988	2,506,000	11,883,813	3,590,000
Subsidiary (Note a)	8,607,807	-	9,001,759	-

Note (a) during the financial year ended 30 June 2021, all non-executive directors have agreed to a voluntary reduction in their director fee by 30%. The executives of the company as well have accepted a voluntary pay reduction from 12.5% to 30% during the financial year ended 30 june 2021.

Details of fees received by directors of the holding company for the financial year ended 30 June 2021 are as follows:

	Year ended 30 June 2021	Year ended 30 June 2020
Non Executives	Rs	Rs
Jean-Claude Béga	301,000	490,000
Jan Boullé	252,000	420,000
Gerard Hecker	140,000	-
Laurent de la Hogue	252,000	420,000
Pascale Lagesse	777,000	960,000
Thierry Lagesse	196,000	340,000
Reshan Rambocus	336,000	540,000
Maxime Rey	252,000	420,000
	2,506,000	**3,590,000**
Executive director of the holding company		
Désiré Elliah	10,931,988	11,883,813

CORPORATE GOVERNANCE REPORT

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
Patrice Aira – General Manager – LUX* South Ari Atoll
Stephan Anseline – General Manager – Tamassa
Riad Chonee – Group Development and Asset Manager
Jérémie de Fombelle – General Manager – LUX* Le Morne
Patrice Hudebine – Acting General Manager – LUX* Saint Gilles
Ashish Modak – Regional General Manager – LUX* Belle Mare, LUX* Grand Gaube, LUX* Grand Baie
Steven Philipps – General Manager – LUX* Grand Baie
Hurrydeo Ramlagun – Chief Financial Officer

The job description of the above Executives has been approved by the Remuneration Committee.

The organisation 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 organisational performance".

The aim of a Non-Executive Director basic fee is to provide a fair remuneration, at a rate that attracts and retains high-calibre 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 Company's and the Group's assets, and determines the nature and extent of the risks that the Board is prepared 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 and the Group'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.

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 Company and the Group for the financial year ended 30 June 2021 have been properly maintained, and the financial statements give a true and fair view of the Company's and the Group's operations and finances in accordance with the applicable financial reporting framework and are free from material misstatement; and
(b) The system of risk management and internal controls in place within the Company and the Group is adequate and effective in addressing the material risks that the Company and the Group may face in their 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 Company and 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 Company and the Group.

The Board is satisfied by the ARC's review of the Company's and the Group's internal controls being adequate, including operational, compliance and information technology controls, financial risk 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 have obtained 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 internal control. Internal control deficiencies noted during the audit, together with the recommendations of the external auditors, are presented to the ARC.

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 Company's and 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 Company and the Group in their current business environment.

Based on its policies and as per its established standards, the Company monitors and evaluates the significant expenditures related to the information technology.

IT Governance

The Company and the Group have 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 Board also approves all major IT expenditures to ensure value is obtained from the investments in information technology.

The Company and the Group are also embracing technological change and are actively pursuing upgrades to their information systems to support their 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.

Risk Factors

The Company's and the Group's corporate risk management policy is designed to effectively protect the interests of the Company and of its stakeholders. Our key risks are categorised according to financial, environmental, technology and operational risks. These are updated annually, with the risk levels and mitigating measures also reviewed.
This section presents the significant risks to which the Company and the Group are exposed as well as the mitigation measures in place to deal with them. The overall assessment of our principal risks and uncertainties considers the impact of changes in our external environment and core operations, as we continue to be affected by the Covid 19 pandemic.

GRI: 102-15

CORPORATE GOVERNANCE REPORT

Risk Factors (continued)

Risk Ref	Risk Name	Risk Description	Risk Level	Mitigating measures
1	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. The global pandemic, COVID 19 and closure of country borders has caused a halt in hotel activities for a prolonged period. We remain at the mercy of government policies, in the countries where we operate (vaccinations, new protocols for hotel stays, etc.) and in our feeder markets (coloured tiers for safe travelling of citizens, quarantines upon return, etc.), to re-open borders and re-start our hotel activities.	H	• Our insurance policies cover operational losses caused by natural catastrophes such as cyclones,floods, earthquakes and tsunamis. • The Group has launched an ongoing cost reduction plan across all its resorts in March 2020. • The diverse geographical presence of the group provides a natural hedge against some external risks which we cannot control.
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. The global pandemic has caused many airlines to stop or reduce their operations, while those still in operation are expected to increase their ticket prices, further reducing the spending power of our customer base. This has a direct impact on our business.	H	• We work with authorities via hotelier associations in countries where we operate to ensure that the needs of the industry are taken into account in government policies. • Our diverse geographical presence act as a hedge against over-dependence on any one airline.
3	Competition in Hospitality Business	Increase in luxury hotel supplies and other types of accommodation (such as Airbnb), in the markets where the Group 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 Group depends on the ability of its Manager, The Lux Collective, to adapt and react to these changing environments. COVID19 has heightened competition in a limited and price sensitive market. This could negatively impact our business performance in the near future.	H	• The focus on the quality of service has ensured that the Group'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.
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). In addition, COVID19 has forced us to implement costly health and safety measures in all our resorts, which may sometimes act as hindrance to both our guests and Team Members.	H	• COVID 19 safety certifications from trusted service providers such as SGS and Diversey. • 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.

GRI: 102-15

CORPORATE GOVERNANCE REPORT

Risk Factors (continued)

Risk Ref	Risk Name	Risk Description	Risk Level	Mitigating measures
5	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.
6	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. The global pandemic has affected the spending power of our client base and their ability to travel. Covid related travel protocols vary across countries and can change rapidly (vaccines, PCR tests, quarantines, lockdowns, etc.).This will continue to have an effect on us in the foreseeable future with no clear timeline on recovery.	H	• The diverse geographical presence of the group and its international customer base provides a natural hedge against some macro-economic risks. • The Group, through its management company, maintains a flexible business model that allows it to target marketing expenditure to relevant customer segments and changing hospitality trends.
7	Credit Risk	The Group's credit risk is primarily attributable to business transacted with its Tour Operators (TOs). We have no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. However, with the pandemic, many TOs have had financial difficulties and are no longer insured under our credit insurance scheme.	H	• Although we have maintained our insurance cover on trade receivables, we have enhanced the procedures for credit checks on Tour Operators and only work on pre-payment terms with uninsured TOs. • We also continue to invest in direct channels to encourage booking directly through our reservations systems.
8	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.
9	Currency Risk	Our reporting currency is 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 and 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 thereby, matching revenues and expenses in same currency as far as possible.
10	Liquidity Risk	The Group is exposed to liquidity risk where sufficient funds might not be available to meet financial commitments for loan and interest payments, to finance maintenance Capex as well as major renovation projects. The pandemic has heightened this risk as banks are less likely to lend to companies in our industry.	M	• 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. • Moreover, our banks have supported us during the pandemic with rescheduling of our loans and we have obtained financial assistance from the Mauritius Investment Corporation (MIC).

CORPORATE GOVERNANCE REPORT

Risk Factors (continued)

Risk Ref	Risk Name	Risk Description	Risk Level	Mitigating measures
11	Talent Management Risk	Our growth depends largely on our ability to retain and recruit talented Team Members (TMs) in key positions. If we are unable to recruit and retain sufficient numbers of TMs, 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. The impact of COVID19 has been two-folds in the hospitality industry: - Retention of TMs has been made easier due to a decrease in demand of man power in this industry; - On the other hand, the attractiveness of the industry has declined and there is the risk of a brain drain from key TMs to other sectors.	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.
12	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. We have used the pandemic lockdown period to uplift some of our properties so that we are ready to welcome our guests.	M	• Financial discipline and management of gearing ratio. • Preventive maintenance programs to be set up for the group.
13	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.
14	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.
15	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.

CORPORATE GOVERNANCE REPORT

Risk Factors (continued)

Risk Ref	Risk Name	Risk Description	Risk Level	Mitigating measures
16	3rd 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 3rd parties.
17	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.
18	Succession Planning Risk	Our future success depends to a larger extent on the efforts of the senior management at LIR and at The Lux Collective (TLC), who 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.
19	Development Risk	For any new developments we undertake, we face the risk of construction delays or cost overruns, including those due to shortages or increased costs of labour or materials or natural catastrophes. These are exacerbated by our heavy reliance on third parties for quality of construction, costs and timely delivery.	M	• We have a rigorous screening process in place to ensure we work with the best professionals in the industry. • Regular progress monitoring and reporting by management. • Setting-up of a project steering committee for informed decision-making.
20	Sustainability Risk	There is increased scrutiny of our business by all stakeholders with respect to sustainability practices in place. We remain at risk of not being able to meet the increased demands and costs associated with sustainable growth and the speed at which these changes occur. This could expose us to loss of business and limitations in access to funds if we do not respond to the changes fast enough.	M	• External assurance on sustainability and certifications. • Corporate sustainability management plan.
21	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.	L	• Training of our Team Members in ethics and our values. • Controls in place at operational level. • Regular audits.

CORPORATE GOVERNANCE REPORT

Risk Factors (continued)

Risk Ref	Risk Name	Risk Description	Risk Level	Mitigating measures
22	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.
23	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.

Data Protection

Regulations on data protection, including the EU General Data Protection Regulation (GDPR), remain a focus area for the Company and the Group. Through their Management Company, The Lux Collective, the Company and the Group ensure that all their operations are compliant to the data protection regulations. This year we appointed Deloitte Mauritius to assist us in implementing additional measures on data protection in our operations. We conducted a two day workshop with all concerned stakeholders to review the access rights on systems and review our data flows.

Insurance

Overview of the Group's insurance policy

The Company's and 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 Company and the Group are 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 and the Group'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 and the Group'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 of its subsidiaries. For interim financial statements, the Board gives its approval for the publication of the said accounts.

Internal and External Audit

Internal audit

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

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 Audit 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.

PricewaterhouseCoopers Ltd (PwC) has been re-appointed as auditors of the Company and some of its subsidiaries for the year ended 30 June 2021.

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

	The Group		The Company	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	Rs	Rs	Rs	Rs
(a) PWC				
Audit services	4,206,800	3,375,000	1,122,500	1,125,000
(b) Other Auditors				
Audit services	1,385,500	2,306,132	-	-
Other services – Tax EY	255,200	282,655	28,000	25,000
	1,640,700	2,588,787	28,000	25,000
	5,847,500	6,323,737	1,150,500	1,150,000

CORPORATE GOVERNANCE REPORT

Other Disclosure

Donations other than contributions made under CSR projects made by the Group amounted to Rs 14,000 (2020: Rs 89,599) and political donation of Rs Nil (2020 : Rs 2 million).

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 Mauritian 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 consolidated and separate financial statements give a true and fair view of the financial position of Lux Island Resorts Ltd (the "Company") and its subsidiaries (together the "Group") and of the Company standing alone as at 30 June 2021, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and in compliance with the Mauritian Companies Act 2001.

Approved by the Board of Directors on 16 September 2021 and signed on its behalf by:

Jean-Claude Béga
Chairperson of the Board

Pascale Lagesse
Chairperson of the Corporate Governance & Nomination Committee

Sustainability

Sustainable Development

Milestones

1987 – 2010

CSR as per legislation and beyond through NGO support and (Previous company Naiade Ltd)

2011 - 2012

- Naiade restructured into LUX Island Resorts
- Begin Stakeholder Engagement process
- Creation of Tread Lightly for environmental projects
- In-house water bottling project Earth & Dance kickstarted

2012 - 2013

- Introduction of Global Reporting Initiative (GRI) Sustainability reporting guidelines to the Board of Directors
- Launch internal sustainability workshops
- LUX* Sustainability Committee created with members in each resort
- Full-fledged implementation of Earth & Dance

2013 - 2014

- 1st Annual Report of LUX ISLAND RESORTS AND ITS SUBSIDIARIES using GRI G4 as disclosure guide
- Creation of LUX* Corporate Sustainability Management Plan Vision 2020 with key sustainability targets
- Introduce 100% Carbon free stays for stays, deployed across all properties
- Establish Annual Report data collection process
- Adoption of external assurance for data reliability
- Strategic Sustainability Policies deployed

2014 - 2015

- 1st Integrated Annual Report (IAR) of LUX ISLAND RESORTS AND ITS SUBSIDIARIES with GRI G4
- Data collection and reporting exercise aligned with international norms
- Materiality coined
- Creation of Ray of Light for corporate social outreach projects

2015 - 2016

- 2nd IAR of LUX ISLAND RESORTS AND ITS SUBSIDIARIES with GRI G4
- 1st hotel group listed on Sustainability Index of Stock Exchange of Mauritius
- Establish agreement with Carbon Finance expert AERA Group (ex-Eco-sur Afrique)
- LIR joins the Global Reporting Initiative's Gold Community to contribute to shaping sustainability reporting standards for companies worldwide

2016 - 2017

- 3rd IAR of LUX ISLAND RESORTS AND ITS SUBSIDIARIES with latest GRI Standards
- Projects map 17 UN SDGs
- Data collection and reporting exercise continue to be aligned with international norms such as IIRC principles
- Partnership with The Code of Conduct for the Protection of Children from Sexual Exploitation in Travel and Tourism
- LUX* Saint Gilles restaurant La Plage achieves Green Key certification
- Deployment of off-grid photovoltaic plant at Ile des Deux Cocos

2017 - 2018

- 4th IAR of LUX ISLAND RESORTS AND ITS SUBSIDIARIES with latest GRI Standards
- LUX* South Ari Atoll floating photovoltaic plant assessment
- Assessing renewable energy projects for Mauritius hotels

2018 - 2019

- 5th IAR of LUX ISLAND RESORTS AND ITS SUBSIDIARIES using GRI Standards
- LUX* South Ari Atoll floating photovoltaic plant deployed by Austrian firm Swimsol, world's largest floating photovoltaic plant
- Assessing photovoltaic plant projects for Mauritius hotels with IBL Energy
- Tread Lightly exceeds its millionth contributing guest or a carbon neutral stay

2019 - 2020

- 6th IAR aligned with GRI Standards and international sustainability reporting principles
- Includes GRI's covid-19 special A Culture of Health for Business
- 5th anniversary of LIR as member of GRI Community
- Earthcheck Sustainability certification for hotels in all destinations

2020 - 2030

- UN Decade of Action: Accelerate action and initiatives towards realising the UN SDGs for sustainable Profit, sustainable natural capital management to sustain livelihoods

Reporting Boundary

The reporting boundary for Key Performance Indicators (KPIs) includes the head office of LUX Island Resorts Ltd (LIR), hotels of LIR in Mauritius, Maldives and Reunion Island, detailed on pages 40 - 57.

The Reporting period is the Financial Year July 2020 - June 2021.

Management Approach to Governance & Ethics

This sustainability report is designed in accordance with the GRI Standards, its content therefore follows all four principles of GRI i.e. Stakeholder Inclusiveness, Sustainability Context, Materiality and Completeness. The report quality is ensured by following the reporting principles of Accuracy, Balance, Clarity, Comparability, Reliability, Timeliness.

The strategy and reporting approach to sustainable development considers local, regional and international standards.

The Financial information disclosure follows the International Financial Reporting Standards (IFRS) and the Code of Corporate Governance of Mauritius paying particular attention to Principle No.6 and Principle No.8 with specific reporting requirements for integrity and transparency.

LIR is conscious of its operations spanning various countries therefore considers local, regional and international reporting guidelines and requirements.
This report has been prepared in accordance with the GRI Standards: Core option. (GRI index on page 186.)
The report is designed to come as close as possible to the principles of IIRC. The other expectations met are those of the Stock Exchange of Mauritius Sustainability Index, designed in 2015 according to the Global Reporting Initiative (GRI) G4

The Principles 6 and 8 of the New Code of Corporate Governance for Mauritius:

Principle 6: Reporting with Integrity
The board should present a fair, balanced and understandable assessment of the organisation's financial, environmental, social and governance position, performance and outlook in its annual report and on its website.

Principle 8: Relations with Shareholders and Other Key Stakeholders
The board should be responsible for ensuring that an appropriate dialogue take place among the organisation, its shareholders and other key stakeholders. The board should respect the interests of its shareholders and other key stakeholders within the context of its fundamental purpose.

The sustainability strategy maps the United Nations' recommendations to align action in line with the 17 priority Sustainable Development Goals.

Key Performance Indicators (KPI) listed below serve to demonstrate how effectively we are achieving key sustainability objectives. We have measured Energy Consumption, Water Usage, Wastewater Management, Waste Management, Carbon Footprint over the FY 13-14 (Baseline) towards the FY 2019-2020 (the target year). All audits are on hold due to the pandemic, until operations resume a steady pace. 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.

Key partnership for the Goals with the management company The Lux Collective Ltd

Due Process and Transparency in matters concerning internal and external sustainability investment for both LUX Island Resorts and the management company The Lux Collective (TLC) are maintained.

For accountability, LIR hotels continue to relay information on all material sustainability KPIs to the relevant Corporate departments via their Sustainability Champions.

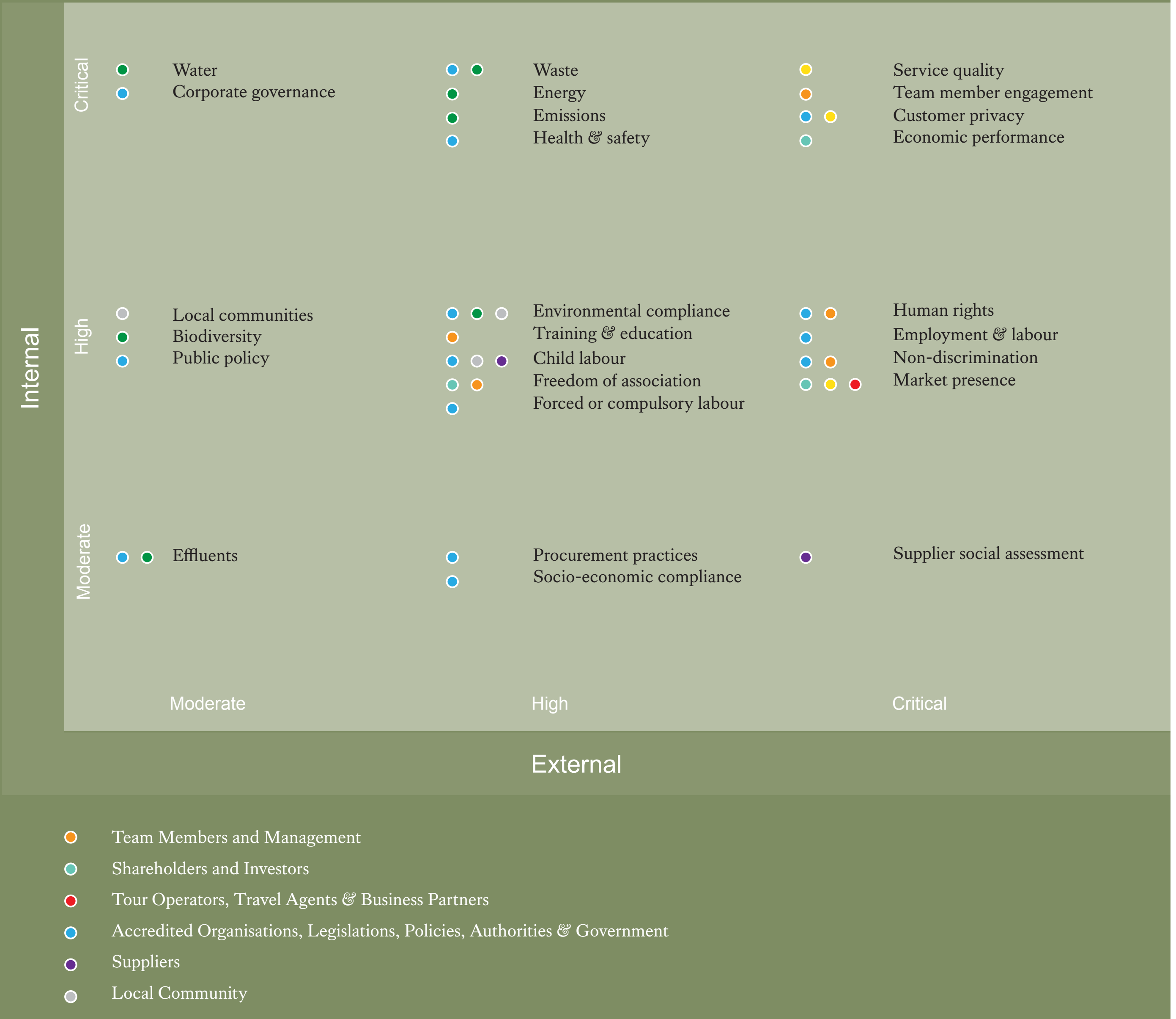
With regards to reliability of information, the company has hired the services of PricewaterhouseCoopers Mauritius to review the report content. The external assurance exercise was skipped for the year under review due to border closure impact on the Group's overall activity. It will be resumed as from the following financial year.

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.

LUX Island Resorts has renewed its membership with the Global Reporting Initiative Community, supporting the development and advancement of corporate sustainability reporting standards.

Materiality Matrix

The Materiality assessment below highlights areas of significant global, regional and national impact for both operations and corporate. The 2D matrix defined by value-chain mapping and multi-criteria analysis (MCA) processes consider external and internal material topics, reflected in the following extra-financial KPIs performance.



GRI: 102-11, 102-12, 102-13, 102-16, 102-18, 102-46, 102-52, 102-54, 102-56

GRI: 102-11, 102-12, 102-13, 102-16, 102-18, 102-46, 102-47

Env iron ment

Extra-Financial Performance

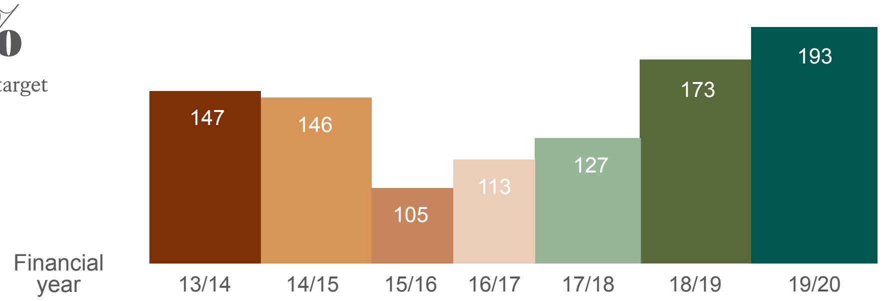
The following extra-financial KPIs reflect the performance of the FY 19-20 over the years since baseline FY 13-14.
Data collected during the year 2020-2021 have not been considered for this report as they are not representative of normal business activity and would therefore not be substantial to the strategy.
The Sustainability Management Plan 2020 under the previous LUX* Resorts & Hotels group will be updated with new LUX Island Resorts Sustainability Targets 2025-2030 for **Environmental stewardship.**

Energy consumption

Energy (KWH/RNS)

+31%
from baseline

-10%
Vision 2020 target



Three properties of Mauritius will be equipped with photovoltaic plants as from the year 2021. The projects will be developed and deployed in collaboration with IBL Energy alongside energy efficiency plans in order to monitor closer the energy consumption and reduction on site.

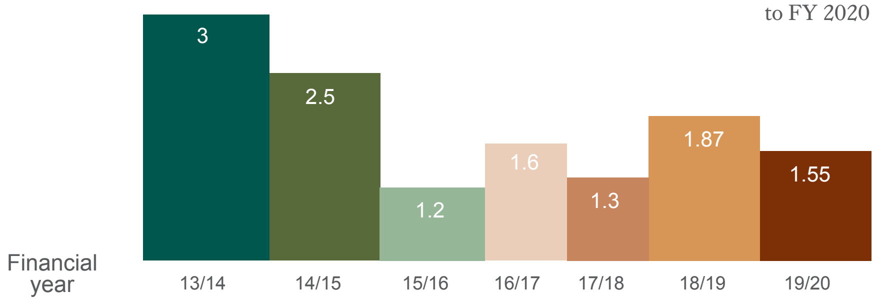
Water footprint

Water (M3/RNS)

Vision 2020 target outperformed

-48%
from baseline

-10%
Vision 2020 target
reduction % from baseline
to FY 2020



GRI: 302-1, 302-3, 302-4, 302-5, 303-1, 303-2

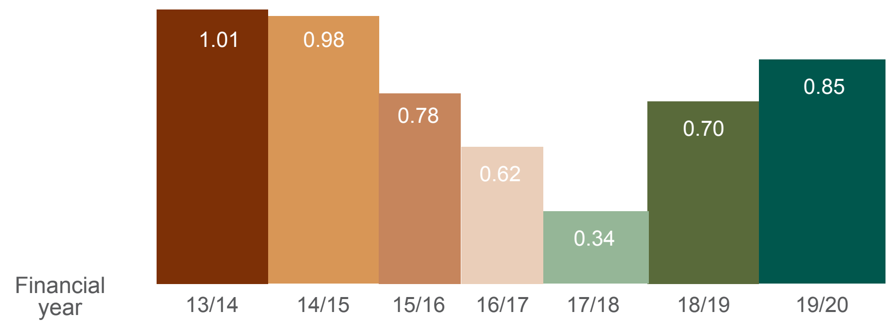
Wastewater

Wastewater (M3/RNS)

Vision 2020 target outperformed

-15%
from baseline

-10%
Vision 2020 target
reduction % from baseline
to FY 2020



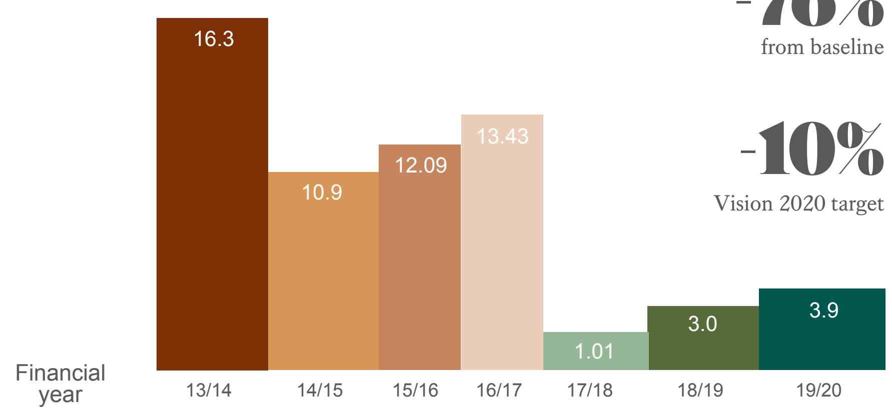
Waste & recycling

Waste (KG/RNS)

Vision 2020 target outperformed

-76%
from baseline

-10%
Vision 2020 target



GRI: 306-1, 306-2

Tread Lightly

Tread Lightly is a strategic project for carbon footprint consciousness.

Tread Lightly invites the participating guests to join LUX in this mission. The project is set to resume during FY 2021-2022 as the tourism sector restarts activities with borders re-opening.

Carbon Footprint
Carbon emissions measurement is outsourced for transparency to climate finance expert AERA Group, using the Hotel Carbon Measurement Initiative (HCMI) methodology developed by the World Travel and Tourism Council and International Tourism partnership.

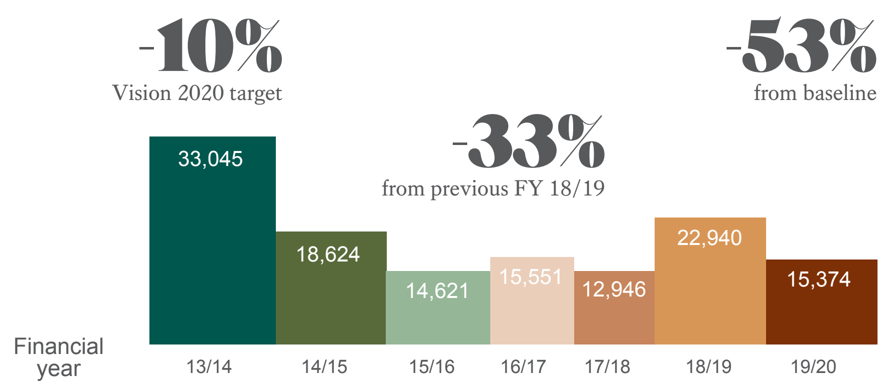
The net emissions reduction progressed since baseline FY 13-14 and targeted 10% reduction achieved as promised, by end of the Vision 2020 target year.

The latest audit was conducted during the previous Financial Year 2019-2020. Three scopes are disclosed below.

Carbon Footprint
Net carbon footprint scopes 1 & 2 (TCO2E)

Vision 2020 target outperformed

FY 19-20 total tco2 offset = 21,574
FY 19-20 Scope 3 emissions in tco2 = 1,583



As a mitigating measure to emissions, the group invests in Gold Standard carbon sequestration projects since 2013.
The Verified Carbon Standard Projects issuing certificates are registered with the United Nations Framework Convention on Climate Change (UNFCCC). Projects support the creation of jobs and uplift communities.

1,346,522
participating room nights 2013-2020

10
UNFCCC* vetted Projects located in Africa

145,810 tCO2e
offset 2013-2020

*The United Nations Framework Convention on Climate Change (UNFCCC) is the parent treaty of the 2015 Paris Climate Change Agreement. The main aim of the Paris Agreement is to keep a global average temperature rise this century well below 2 degrees Celsius and to drive efforts to limit the temperature increase even further to 1.5 degrees Celsius above pre-industrial levels.

GRI: 202-2, 305-1, 305-2, 305-3, 305-4, 305-5

Biodiversity Conservation

Mauritian Wildlife Foundation

A contribution of Rs 300,000 was made to support the critical work done by The Mauritian Wildlife Foundation across the island and the Ile Aux Aigrettes islet, home to the rare endemic plants and species of Mauritius.

Eco Sud

The NGO Eco-sud has been widely recognized for its raw devotion to the cause of marine life conservation and sustainable job creation for those who depend on the sea as a source of income.

For its scientific approach to lagoon monitoring, the NGO received contributions to support much needed work in the Bel Ombre lagoon due to erosion. The necessity to alter human activity in the Blue Bay Marine Park is even more urgent due to the damaging consequences following the aftermath of the MV Wakashio oil spill. Eco-Sud receives in 2021 a total contribution of Rs 279,791 in order to support LUX* Le Morne, Tamassa and LUX* Grand Baie with various conservation activities.

Ile des Deux Cocos and Tamassa will also be actively promoting the eco-tours of the NGO.

GRI: 304-3, 201-2

Social

Human Resources

- The recorded average hours of training per year per employee = 174.8
- Percentage of employees receiving regular performance and career development reviews were 0% for the reporting period, except LUX* South Ari Atoll (100%) and LUX* Saint Gilles (79%)

Health & Safety

The Human Resources H&S policy also follows the Occupational Safety and Health Act 2005 (OSHA 2005). 100% of workers are represented in the committee meetings which take place every other month.

The Vice Chairperson of the internal committee is the main contact person for all matters pertaining to Health & Safety.

- Lost days due to injuries amounted 1,397.32 and
- the ratio by gender M: F is 1.8: 1

The Management supports the Rights of Workers to Freedom of Association.
50% of our properties in Mauritius have recognised Trade Unions. Reunion Island resorts adhere to the local Labour legislations.

Total Headcount of 2,257 Team Members, as at end June 2021, includes the Head Office, Reunion Island and Maldives.

- New permanent hires reached 165 with a Male:Female gender ratio of 3.3 : 1
- The Male: Female pay ratio is 1:1 across the board, per employee category, region, corporate and operations level.

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

Corporate Social Responsibility Fund 2020-2021

From 2% of taxable profit, LUX Island Resorts have yielded Rs 4.1M for CSR.
During the previous FY, the groups doubled the CSR partnerships from 10 NGOs to 20 social and environmental partners. The CSR contributions to biodiversity conservation are detailed under the flagship Tread Lightly project section (UPDATE Pages 98 – 99)

Ray of light

Ray of Light is our umbrella for all projects which aim to empower People. As we move away from philanthropic models to investment in key projects, the funds are allocated according to the scale of the projects.
In line with CSR legislations, 50% of our CSR fund is remitted to the Mauritius Revenue Authority (MRA) and redirected to the National Social Inclusion Foundation (NSIF).

Over Rs 24M

Invested in social and environmental projects since 2011

Remaining funds are shared with NGOs selected by the group through an open call for projects. We assess applications according to their relevance to the United Nations 17 priority goals and our overall sustainability strategy to contribute in an impactful way as far as possible. We remain conscious and sensitive to the current economic impact of covid-19 on livelihoods, food security, access to education and connectivity and healthcare.

We strive to contribute further with Team members encouraged to volunteer or donate. Each NGO becomes affiliated with a resort, the corporate office or as a group-wide partnership with an intention to create value together, beyond CSR or financial contributions. CSR Funds are also shared with IBL's Fondation Joseph Lagesse's projects for poverty alleviation through empowerment, quality education and self-sustenance of the People.

NGO	Project	Rs 1,579,582.50
Elles C Nous	Elles c Nous requires a field worker who is responsible for all activities that support the centre, pay bills, fetch donations and distribute,and be of support to the director in field work activities	60,000.00
Thalassemia Society of Mauritius	Thalassemia Society brings much needed support to Thalassemia patients and their family. This year the NGO will strenghthen the protection of their health with equipment to reduce covid-19 threats and support with MRI needs for the elder patients	140,000.00
Atelier de Formation Joie De Vivre	Sponsor for the salary of the fitness teacher & extra-curricular activities	60,000.00
Soleil de l'ouest	Community garden (West) empowerment of 2 beneficiaries	60,000.00
Laventure Technical School for Disabled	75 disabled students (renovation of kitchen for home eco class)	50,000.00
Curepipe Handisport Association	Transport for sports training (disabled)	40,000.00
Protection of Animal Welfare Society	Sterilisations & shelter of Mon Loisir	40,000.00
Angel Special School and Welfare Association	Angel Special School and Welfare Association is an all age, mixed school and has a Therapy and Training Centre for pupils with impairment and multiple learning difficulties. It is situated in the southern part of Mauritius, precisely at Chemin Grenier and Riviere Des Anguilles. We have witnessed and enabled many positive changes in our children during the past years.	60,000.00
Service D'Accompagnement de Formation, d'Integration et de la Rehabilitation de L'Enfant	Sécurité Alimentaire, enfants en situations de rue à Maurice ainsi que leurs mam Formation et implémentation des 35 x 12 poules pondeuses + 35 batteries pondeuses Assurer un suivi mensuel des projets + rapports trimestriels	60,000.00
Gender Links	Safe Haven Halfway Home (25 residents)	147,524.25
Association Paille en Queue	Education & ICT / IT Room	72,267.00
New Chinatown Foundation	Greening of Port Louis with endemic plants (MWF) & Solar lights	50,000.00
TIPA	Terrain for Interactive Pedagogy through Art, beneficiaries are vulnerable children who face socio-economic issues that negatively affect their social, cognitive and moral development. helping these children through a holistic and innovative educational approach favouring the overall development of the child	60,000.00
Mauritian Wildlife Foundation	Rare plant and species conservation is the expertise of MWF and is ongoing for many years, with pollution on the rise, MWF will work towards sensitisation of the public and provide facilities for upcycling of plastic, re-introducing endemic plants in urban zones to support the conservation work and raise awareness	300,000.00
Eco-sud	Lagoon monitoring & eco activities with resort guests Local Community community of Le Morne region and South West in general	100,000.00
Eco-sud	Bel Ombre, Blue Bay and local community of the South in general	79,791.25
Eco-sud	lagoon monitoring turtle beach Grand Baie Bay and Grand Gaube area	100,000.00
SOS Childen's Villages Mauritius	20 secondary school students receiving tuitions (Rs 400 x 9 months) 2 secondary school students attending tuitions (Rs 1000 x 9 months) some extras	100,000.00

Vibrant

To celebrate life times that are joyful,
cheerful and full of vibrancy.

STATEMENT OF COMPLIANCE BY THE BOARD

(Section 75 (3)of the Financial Reporting Act)

Name of PIE : Lux Island Resorts Ltd

Reporting Period : 30 June 2021

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

- The composition of the Board : The Board is actually composed of only one executive Director. The Board is of the view that a strong management presence is important and is still currently considering to appoint another executive director.
- The composition of the committees : The Board is currently considering the recruitment of additional independent directors who will also sit on its committees, thus ensuring the compliance in its composition in respect of the number of independent directors, as per the recommendations contained in the NCCG
- Other directorships of the Board: The Board has decided not to disclose the other directorships of the Directors as this information is available upon request at the registered office of the Company.
- Audit & Risk Committee Chair : The Audit & Risk Committee is presently chaired by Mr Reshan Rambocus who has been reclassified as Non-Executive Director during the year under review following the amendment brought to the Companies Act 2001 with respect to the requirements and definition of independence. To be in line with the requirements of the Code and its Audit & Risk Committee Charter, the Board will appoint another Independent Director to chair the Audit & Risk Committee.

Signed by :

Jean-Claude Béga
Chairperson of the Board

Reshan Rambocus
Chairperson of the Audit & Risk Committee

16 September 2021

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

16 September 2021

Independent Auditor's Report

To the Shareholders of Lux Island Resorts Ltd

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Our Opinion

In our opinion, the consolidated and separate financial statements give a true and fair view of the financial position of Lux Island Resorts Ltd (the "Company") and its subsidiaries (together the "Group") and of the Company standing alone as at 30 June 2021, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and in compliance with the Mauritian Companies Act 2001.

What we have audited

Lux Island Resorts Ltd's accompanying consolidated and separate financial statements comprise:

- the consolidated and separate statements of financial position as at 30 June 2021;
- the consolidated and separate statements of profit or loss for the year then ended;
- the consolidated and separate statements of other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the separate statement of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

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 Consolidated and Separate Financial Statements" section of our report.

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

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (the "IESBA Code"). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Independent Auditor's Report (continued)

To the Shareholders of Lux Island Resorts Ltd

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate 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.

Key Audit Matter – Group and Company	How our Audit addressed the Key Audit Matter
Basis of preparation – impact of COVID-19 (see note 2.1 to the financial statements)	
The financial statements explain how the Directors have formed a judgement that it is appropriate to adopt the going concern basis of preparation for the Group and the Company. The judgement is based on an evaluation of the inherent risks to the Group business model and how those risks might affect the Group's financial resources or ability to continue operations up to 30 June 2022. The impact of the COVID-19 pandemic and the actions taken to limit its transmission has had a significant negative impact on the key metrics - particularly the cash flows - of the Group. Over the past year, the Group has taken a number of actions to reduce cash outflows and maintain liquidity including, but not limited to: - Obtaining MUR 750 million facility with the Mauritius Investment Corporation Ltd; - using the Government Wage Assistance scheme; - obtaining debt covenant waiver letters for the period end; - using the proceeds received from the sale of IHS villas and the sale of hotel Le Recif; and - using the additional loans received from financial institutions. The future financial performance of the Group and the Company is dependent on the wider market and its recovery from the pandemic. The current and ongoing restrictions in place to control the virus spreading has heightened uncertainty in the Group's assessment of these factors.	We obtained the cash flow forecast prepared by management for the financial year 2022. We checked the mathematical accuracy of the forecast and validated the opening cash position. We obtained evidence over management's underlying cash flow projections for the Group by agreeing data to other external and internal sources as necessary, including approved budgets, and comparing the cost assumptions to historical actuals. We obtained evidence about the additional funding to be obtained by the Group for the upcoming year with the banking institutions and the Mauritius Investment Corporation Ltd. We performed an independent sensitivity analysis to assess the impact of changes in the key assumptions underlying the cash flow forecast such as a further decrease in occupancy rate, lower average room revenue and the timing of receipt of additional funding from banking institutions and government bodies. We reviewed the loan agreements for the outstanding borrowings as at year end to identify any financial covenants imposed on the Group.
Management's assessment of going concern is based on cash flow projections, the additional funding negotiated by the Group with the banking institutions and the Mauritius Investment Corporation Ltd, and business plan. Cash flow projections and business plan are dependent on significant management judgement and can be influenced by management bias. This is a key audit matter as there is significant judgement applied in developing the cash flow forecasts including assumptions relating to the date when the Group's resorts will resume their operations.	Furthermore, we reviewed the adequacy and appropriateness of management's going concern disclosures in the financial statements.

Independent Auditor's Report (continued)

To the Shareholders of Lux Island Resorts Ltd

Key Audit Matters (continued)

Key Audit Matter – Group and Company (continued)	**How our Audit addressed the Key Audit Matter** (continued)
Basis of preparation – impact of COVID-19 (see note 2.1 to the financial statements) (continued) **Accounting of funds received from the Mauritius Investment Corporation Ltd ("MIC") (see note 16 to the financial statements)** During the financial year 2021, the Company issued redeemable convertible bonds to the Mauritius Investment Corporation Ltd ("MIC"), a wholly owned subsidiary of the Bank of Mauritius. One of the objectives of the MIC is to provide support to companies affected by the COVID-19 pandemic. Management engaged with the wider hospitality industry group, who asked an accounting expert to form a view of the accounting treatment of the MIC bonds. Management mandated their own legal experts to provide a legal opinion on certain aspects of the legal agreement between the Company and the MIC. Based on the interpretation of some clauses in the agreements with MIC, it was concluded that it is an accounting policy choice to adopt either the equity route or partly debt and equity. Management has opted to adopt the equity route. The accounting of the MIC funding obtained was a key area of audit focus owing to the legal complexity of the agreement and the magnitude involved.	We obtained and reviewed the terms of the subscription agreement entered between the Company and the MIC, as well as the legal opinion prepared by management's legal experts. We involved our internal legal experts to assess the terms of the contract and the legal opinion received from management's legal experts. We involved our accounting technical specialists to assess all legal facts in light of characteristics of debt vs equity instruments. We assessed whether the bonds were properly classified and that appropriate disclosures were made by management in the financial statements in line with the accounting policy choice of the Company.

Key Audit Matter – Group	**How our Audit addressed the Key Audit Matter**
Impairment of Goodwill (see note 7 to the financial statements) The Group has goodwill arising from past business combinations for which indicators of impairment exist as at 30 June 2021. The Group has impaired goodwill by MUR 23.7 million (2020: MUR 667.2 million) for the year ended 30 June 2021. Management assessed goodwill for impairment at 30 June 2021 using discounted cash flows to determine the recoverable amounts of the respective cash generating units (CGUs) to which the goodwill has been allocated. The recoverable amount of each CGU has been determined based on their fair value less cost to sell. The assessment of the recoverable amount of each cash generating unit requires the use of a number of key assumptions and judgements, including the estimated future cash flows, long-term growth rates, profitability levels and discount rates applied. This was an area of focus in light of the amounts involved and the level of judgement and estimation required from management.	We obtained and assessed management's workings of the recoverable amounts of the different CGUs to which goodwill was allocated. With the support of our internal valuation experts, we tested the assumptions used in the discounted cash flow models by comparing these assumptions to our independently derived expectations, which are based on the historical performance of the businesses, as well as expectations for the markets in which the CGUs operate. We also considered reasonable possible changes in key assumptions, such as occupancy rate and average room rate by taking into consideration the potential impact of COVID-19. The budgeted figures used in the discounted cash flow models were compared to the historical performance of the respective CGUs in order to assess the reasonableness of the forecasted cash flows. Terminal growth rates have been assessed for reasonableness based on market expected long term growth rates. In order to determine the reasonableness of the discount rates used in the cash flow models, these were compared to point estimates independently calculated by us based on the markets in which the CGUs operate, taking into consideration the nature of the CGUs. We have also verified the mathematical accuracy of the models. We also assessed whether appropriate disclosures were made by management in the financial statements.

Independent Auditor's Report (continued)

To the Shareholders of Lux Island Resorts Ltd

Key Audit Matters (continued)

Key Audit Matter – Group (continued)	**How our Audit addressed the Key Audit Matter** (continued)
Impairment of Property, Plant and Equipment and Right-of-use assets (see notes 4 and 5 to the financial statements) The Group has Property, Plant and Equipment and Right-of-use assets for which indicators of impairment exist as at 30 June 2021. The Group has impaired Property, Plant and Equipment and Right-of-use assets by MUR 6.8 million and MUR 54.5 million respectively (2020: MUR 12.6 million and MUR Nil respectively) for the year ended 30 June 2021. Management assessed the recoverable amounts of Property, Plant and Equipment and Right-of use assets for which indicators of impairment exist using a fair value less cost to sell model. The assessment of the recoverable amounts of the Property, Plant and Equipment and Right-of-use assets requires the use of a number of key assumptions and judgements, including the estimated future cash flows, long-term growth rates, profitability levels and discount rates applied. This was an area of focus in light of the amounts involved and the level of judgement and estimation required from management.	As part of our planning procedures, we discussed with management the CGUs which were not performing as expected and analysed their financial performance for the year. We obtained management's assessment of the recoverable amounts of these CGUs. With the support of our internal valuation experts, we assessed the validity of the assumptions used in the cash flow models by comparing these assumptions to our independently derived expectations. The budgeted figures used in the discounted cash flow models were compared to the historical performance of the respective CGUs in order to assess the reasonableness of the forecasted cash flows. We also considered reasonable possible changes in key assumptions, including making allowances for the near-term weaker trading from the impacts of COVID-19. Terminal growth rates have been assessed for reasonableness based on market expected long-term growth rates. In order to determine the reasonableness of the discount rates used in the cash flow models, these were compared to point estimates independently calculated by us based on the markets in which the CGUs operate, taking into consideration the nature of the CGUs. We have also verified the mathematical accuracy of the models. We assessed whether appropriate disclosures were made by management in the financial statements.
Key Audit Matter – Company	
Impairment assessment of investments in subsidiary companies (see note 8 to the financial statements) The Company holds investments in subsidiaries which amounted to MUR 2.5 billion as at 30 June 2021 (2020: MUR 2.4 billion). Management determines at the end of each reporting period the existence of any indication of impairment of the Company's investments in subsidiaries. If there are indicators of impairment, management would assess the recoverable amounts of the investment in subsidiary companies. Any shortfall between the recoverable amounts of the subsidiaries and their carrying value is recognised in profit or loss. The assessment of indicators of impairment and the determination of the recoverable amounts of the investments in subsidiaries require judgement. The determination of the recoverable amounts, using a fair value less cost to sell model, requires the use of a number of key assumptions and estimates such as the estimated future cash flows, long-term growth rates, discount rates and profitability levels. This was an area of focus in light of the amounts involved and the level of judgement and estimation required from management.	We assessed for internal and external indicators of impairment for investments in subsidiary companies. For those investments in subsidiary companies whereby indicators of impairment were identified, we obtained management assessment of the recoverable amounts, which is based on a discounted cash flow model. With the support of our internal valuation experts, we challenged management's forecasted revenues, growth rates and discount rates based on our knowledge of the subsidiaries' operations, and compared them against actual performance. This included obtaining an understanding of management's planned business strategies around revenue and cost initiatives. We assessed the terminal growth rates used in the discounted cash flow models by comparing same to market expected long-term growth rates. We also assessed the reasonableness of the discount rates used by comparing same to a range of discount rates independently calculated by us based on the markets in which the businesses operate, taking into account the nature of the individual businesses. Furthermore, we tested management assessment for reversal of impairment accounted in prior years. We assessed whether appropriate disclosures were made by management in the financial statements.

Independent Auditor’s Report (continued)

To the Shareholders of Lux Island Resorts Ltd

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

Other Information

The directors are responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated and separate financial statements and our auditor’s report thereon.

Our opinion on the consolidated and separate 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 consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate 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, 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.

In addition to the responsibilities described above and our work undertaken in the course of the audit, the Mauritian Financial Reporting Act 2004 requires us to report certain matters as described below.

Corporate Governance Report

Our responsibility under the Mauritian Financial Reporting Act 2004 is to report on the compliance with the Code of Corporate Governance (“Code”) 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 Company has, pursuant to section 75 of the Mauritian Financial Reporting Act 2004, complied with the requirements of the Code.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

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

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group’s and the 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 intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Group’s and Company’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 consolidated and separate 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 consolidated and separate 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 and Company’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 directors’ 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 consolidated and separate 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 Group and/or the Company to cease to continue as a going concern.

Independent Auditor’s Report (continued)

To the Shareholders of Lux Island Resorts Ltd

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

Auditor’s Responsibilities for the Audit of the Consolidated and Separate Financial Statements (continued)

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate 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 to express an opinion on the 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.

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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate 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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Mauritian Companies Act 2001

The Mauritian Companies Act 2001 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

(a) we have no relationship with or interests in the Company or any of its subsidiaries other than in our capacity as auditor of the Company and some of its subsidiaries;

(b) we have obtained all the information and explanations we have required; and

(c) in our opinion, proper accounting records have been kept by the Company as far as appears from our examination of those records.

Other Matter

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

PricewaterhouseCoopers

Gilles Beesoo, licensed by FRC

16 September 2021

Consolidated and separate statements of financial position

As at 30 June 2021

	Notes	The Group		The Company	
		2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
ASSETS					
Non-current assets					
Property, plant and equipment	4	**11,606,594**	10,083,786	**14,105**	14,125
Right-of-use assets	5(a)	**3,422,217**	3,429,232	**-**	-
Investment property	6	**82,212**	82,212	**82,212**	82,212
Intangible assets	7	**461,889**	467,316	**187**	187
Investment in subsidiary companies	8	**-**	-	**2,475,377**	2,415,872
Other receivable	9	**45,919**	-	**-**	-
Deferred tax assets	10	**173,916**	137,771	**-**	-
		15,792,747	14,200,317	**2,571,881**	2,512,396
Current assets					
Inventories	11	**153,879**	182,426	**-**	-
Trade and other receivables	12	**412,145**	530,348	**2,872,250**	2,184,257
Current tax assets	21(d)	**1,916**	5,181	**-**	-
Cash and cash equivalents	32(a)	**207,271**	156,834	**24,224**	56,103
		775,211	874,789	**2,896,474**	2,240,360
Assets classified as held for sale	13	**-**	528,945	**-**	-
TOTAL ASSETS		**16,567,958**	15,604,051	**5,468,355**	4,752,756
EQUITY AND LIABILITIES					
Equity					
Issued capital	14(a)	**1,371,159**	1,371,159	**1,371,159**	1,371,159
Share premium	14(b)	**1,320,986**	1,320,986	**1,320,986**	1,320,986
Convertible bonds	16	**744,083**	-	**744,083**	-
Other reserves	15	**1,702,008**	1,859,304	**41,252**	41,252
Retained earnings		**9,608**	1,014,411	**759,666**	693,048
Total equity		**5,147,844**	5,565,860	**4,237,146**	3,426,445
Non-current liabilities					
Interest-bearing loans and borrowings	17	**4,880,633**	2,158,461	**-**	-
Lease liabilities	5(a)	**2,854,072**	2,730,306	**-**	-
Deferred tax liabilities	10	**422,459**	524,815	**18,565**	12,812
Post-employment benefit obligations	18(b)	**117,483**	170,628	**26,285**	41,705
Government grants	19	**1,640**	2,973	**-**	-
		8,276,287	5,587,183	**44,850**	54,517
Current liabilities					
Interest-bearing loans and borrowings	17	**1,415,870**	3,002,731	**572,277**	223,360
Lease liabilities	5(a)	**174,881**	141,336	**-**	-
Contract liabilities	22	**223,529**	71,091	**-**	-
Trade and other payables	20	**1,327,989**	1,030,375	**614,082**	1,048,434
Current tax liabilities	21(d)	**1,558**	1,563	**-**	-
		3,143,827	4,247,096	**1,186,359**	1,271,794
Liabilities associated with assets held for sale	13	**-**	203,912	**-**	-
Total liabilities		**11,420,114**	10,038,191	**1,231,209**	1,326,311
TOTAL EQUITY AND LIABILITIES		**16,567,958**	15,604,051	**5,468,355**	4,752,756

These financial statements have been approved for issue by the Board of Directors and signed on its behalf on 16 September 2021:

Jean-Claude Béga
Chairperson of the Board

Reshan Rambocus
Chairperson of the Audit & Risk Committee

The notes set out on pages 119 to 182 form an integral part of these financial statements. Independent Auditor's report on pages 108 to 113.

Consolidated and separate statements of profit or loss

For the year ended 30 June 2021

	Notes	The Group		The Company	
		2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
Revenue from contracts with customers	22	**1,857,904**	4,653,907	**-**	-
Other operating income	23(a)	**447,811**	183,698	**100,812**	713,273
		2,305,715	4,837,605	**100,812**	713,273
Cost of inventories	24	**(593,465)**	(1,095,390)	**-**	-
Employee benefit expenses	25	**(1,095,547)**	(1,372,756)	**(37,296)**	(31,410)
Other operating expenses	26	**(632,934)**	(1,340,937)	**(42,703)**	(69,613)
		(2,321,946)	(3,809,083)	**(79,999)**	(101,023)
Earnings before interest, tax, depreciation, amortisation, impairment and write offs		**(16,231)**	1,028,522	**20,813**	612,250
Impairment of goodwill	30	**(23,731)**	(667,177)	**-**	-
Impairment of property, plant and equipment	4	**(3,139)**	(12,622)	**-**	-
Reversal of impairment/(impairment) of investment in subsidiary companies	8	**-**	-	**59,009**	(1,170,745)
Reversal of impairment/(impairment) of financial assets	12(iii)	**7,158**	(126,318)	**-**	-
Impairment of right-of-use asset	5(a)	**(54,487)**	-	**-**	-
Gain on disposal of assets classified as held for sale	13	**12,510**	-	**-**	-
Bad debts written off		**-**	(26,337)	**-**	-
		(61,689)	(832,454)	**59,009**	(1,170,745)
Earnings before interest, tax, depreciation and amortisation		**(77,920)**	196,068	**79,822**	(558,495)
Depreciation and amortisation	27	**(596,038)**	(568,519)	**(92)**	(528)
Operating (loss)/profit		**(673,958)**	(372,451)	**79,730**	(559,023)
Interest income	28	**1,538**	337	**10,837**	2,278
Finance costs	29	**(481,337)**	(448,523)	**(30,624)**	(21,964)
(Loss)/profit before income tax		**(1,153,757)**	(820,637)	**59,943**	(578,709)
Income tax credit/(expense)	21(a)	**95,386**	(57,006)	**(2,797)**	(35,889)
(Loss)/profit for the year		**(1,058,371)**	(877,643)	**57,146**	(614,598)
(Loss)/profit for the year attributable to:					
- Owners of the parent		**(1,058,371)**	(877,643)	**57,146**	(614,598)
Basic loss per share attributable to equity holders of the parent:	31	**(7.72)**	(6.40)		
Diluted loss per share attributable to equity holders of the parent:	31	**(7.32)**	(6.40)		

The notes set out on pages 119 to 182 form an integral part of these financial statements.
Independent Auditor's report on pages 108 to 113.

Consolidated and separate statements of other comprehensive income

For the year ended 30 June 2021

	Notes	The Group		The Company	
		2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
(Loss)/profit for the year		**(1,058,371)**	(877,643)	**57,146**	(614,598)
<u>Other comprehensive income that will not be reclassified to profit or loss subsequently</u>					
Revaluation of property, plant and equipment	15	**(3,670)**	483,248	**-**	-
Deferred tax relating to revaluation of property, plant and equipment	15	**950**	(81,425)	**-**	-
Actuarial losses	18(f)	**68,554**	(53,317)	**17,391**	(29,297)
Deferred tax relating to actuarial losses		**(10,023)**	8,604	**(2,956)**	4,980
		55,811	357,110	**14,435**	(24,317)
<u>Other comprehensive income that may be reclassified to profit or loss subsequently</u>					
Cash flow hedge movement	15	**(360,823)**	(243,933)	**-**	-
Release to profit or loss on repayment of borrowings	15	**21,440**	74,553	**-**	(119)
Exchange difference on translation of foreign operations	15	**137,828**	218,561	**-**	-
Deferred tax relating to components of other comprehensive income	15	**46,979**	30,172	**-**	(57)
		(154,576)	79,353	**-**	(176)
Total other comprehensive income, net of tax		**(98,765)**	436,463	**14,435**	(24,493)
Total comprehensive income for the year, net of tax		**(1,157,136)**	(441,180)	**71,581**	(639,091)

The notes set out on pages 119 to 182 form an integral part of these financial statements.
Independent Auditor's report on pages 108 to 113.

Consolidated statement of changes in equity

For the year ended 30 June 2021

		Attributable to the equity holders of the parent					
The Group	**Notes**	**Issued capital *(Note 14)* Rs'000**	**Share premium *(Note 14)* Rs'000**	**Convertible bonds *(Note 16)* Rs'000**	**Other reserves *(Note 15)* Rs'000**	**Retained earnings Rs'000**	**Total Rs'000**
At 01 July 2019		1,371,159	1,320,986	-	1,378,128	1,936,767	6,007,040
Other comprehensive income for the year		-	-	-	481,176	(44,713)	436,463
Loss for the year		-	-	-	-	(877,643)	(877,643)
Total comprehensive income for the year, net of tax		-	-	-	481,176	(922,356)	(441,180)
At 30 June 2020		1,371,159	1,320,986	-	1,859,304	1,014,411	5,565,860
At 01 July 2020		**1,371,159**	**1,320,986**	**-**	**1,859,304**	**1,014,411**	**5,565,860**
Other comprehensive income for the year		**-**	**-**	**-**	**(157,296)**	**58,531**	**(98,765)**
Loss for the year		**-**	**-**	**-**	**-**	**(1,058,371)**	**(1,058,371)**
Total comprehensive income for the year, net of tax		**-**	**-**	**-**	**(157,296)**	**(999,840)**	**(1,157,136)**
Convertible bonds issued		**-**	**-**	**750,000**	**-**	**-**	**750,000**
Convertible bonds issue expenses		**-**	**-**	**(5,917)**	**-**	**-**	**(5,917)**
Interest on convertible bonds		**-**	**-**	**-**	**-**	**(4,963)**	**(4,963)**
At 30 June 2021		**1,371,159**	**1,320,986**	**744,083**	**1,702,008**	**9,608**	**5,147,844**

Separate statement of changes in equity

For the year ended 30 June 2021

The Company	**Notes**	**Issued capital *(Note 14)* Rs'000**	**Share premium *(Note 14)* Rs'000**	**Convertible bonds *(Note 16)* Rs'000**	**Other reserves *(Note 15)* Rs'000**	**Retained earnings Rs'000**	**Total Rs'000**
At 01 July 2019		1,371,159	1,320,986	-	41,428	1,331,963	4,065,536
Other comprehensive income for the year		-	-	-	(176)	(24,317)	(24,493)
Loss for the year		-	-	-	-	(614,598)	(614,598)
Total comprehensive income for the year, net of tax		-	-	-	(176)	(638,915)	(639,091)
At 30 June 2020		1,371,159	1,320,986	-	41,252	693,048	3,426,445
At 01 July 2020		**1,371,159**	**1,320,986**	**-**	**41,252**	**693,048**	**3,426,445**
Other comprehensive income for the year		**-**	**-**	**-**	**-**	**14,435**	**14,435**
Profit for the year		**-**	**-**	**-**	**-**	**57,146**	**57,146**
Total comprehensive income for the year, net of tax		**-**	**-**	**-**	**-**	**71,581**	**71,581**
Convertible bonds issued		**-**	**-**	**750,000**	**-**	**-**	**750,000**
Convertible bonds issue expenses		**-**	**-**	**(5,917)**	**-**	**-**	**(5,917)**
Interest on convertible bonds		**-**	**-**	**-**	**-**	**(4,963)**	**(4,963)**
At 30 June 2021		**1,371,159**	**1,320,986**	**744,083**	**41,252**	**759,666**	**4,237,146**

The notes set out on pages 119 to 182 form an integral part of these financial statements.
Independent Auditor's report on pages 108 to 113.

Consolidated and separate statements of cash flows

For the year ended 30 June 2021

	Notes	The Group		The Company	
		2021	2020	**2021**	2020
		Rs'000	Rs'000	**Rs'000**	Rs'000
OPERATING ACTIVITIES					
(Loss)/profit before tax		**(1,153,757)**	(820,637)	**59,943**	(578,709)
Adjustments for:					
-Waiver of lease payments		**(56,442)**	-	-	
- Impairment of goodwill	30	**23,731**	667,177	-	-
- Impairment of right of use assets		**54,487**	-	-	-
- (Reversal of impairment)/Impairment of financial assets		**(7,158)**	126,318	-	-
- Bad debts written off		-	26,337	-	-
- (Reversal of impairment)/Impairment of investment in subsidiary companies	8	-	-	**(59,009)**	1,170,745
- Impairment of property, plant and equipment	4	**3,139**	12,622	-	-
- Movement in provision for slow moving stock		**9,297**	4,100	-	-
- Foreign exchange differences		**65,756**	(104,647)	**(52,781)**	(126,420)
- Depreciation and amortisation	27	**596,038**	568,519	**92**	528
- Loss on disposal of property, plant and equipment	23(b)	**4,214**	4,137	-	-
- Gain on disposal of assets held for sale	13	**(12,510)**	-	-	-
- Post-employment benefit obligations		**18,090**	6,631	**3,685**	2,672
- Interest income	28	**(1,538)**	(337)	**(10,837)**	(2,278)
- Interest expense	29	**481,337**	448,523	**30,624**	21,964
- Dividend income	23(a)	-	-	-	(500,000)
		24,684	938,743	**(28,283)**	(11,498)
Changes in working capital:					
- Decrease in inventories		**19,250**	1,735	-	-
- Decrease/(increase) in trade and other receivables		**122,737**	24,556	**(601,715)**	(5,346)
- Increase/(decrease) in trade and other payables		**242,171**	16,811	**(455,457)**	87,402
Cash generated from operations		**408,842**	981,845	**(1,085,455)**	70,558
Interest received		**1,538**	337	**87**	333
Contribution paid		**(1,714)**	(1,965)	**(1,714)**	(1,965)
Benefits paid		**(2,989)**	-	-	-
Income tax paid	21(d)	**(14,900)**	(102,466)	-	-
Interest paid		**(459,223)**	(413,511)	**(16,150)**	(5,347)
Net cash flows (used in)/generated from operating activities		**(68,446)**	464,240	**(1,103,232)**	63,579
INVESTING ACTIVITIES					
Purchase of shares in subsidiaries		-	-	**(496)**	-
Acquisition of property, plant and equipment	32(b)	**(1,460,844)**	(829,685)	**(72)**	(77)
Purchase of intangible assets	7	**(200)**	(5,137)	-	-
Deemed disposal of subsidiary	13	**231,065**	-	-	-
Proceeds from sale of property, plant and equipment		**1,755**	2,972	-	-
Net cash flows used in investing activities		**(1,228,224)**	(831,850)	**(568)**	(77)
FINANCING ACTIVITIES					
Long-term loans received	17(c)	**2,723,285**	1,226,730	**1,265,192**	654,300
Payments of long term borrowings	17(c)	**(1,929,013)**	(850,103)	**(920,050)**	(756,556)
Principal elements of lease payments	5(a)	**(108,412)**	(78,846)	-	-
Issue of convertible bonds	16	**744,083**	-	**744,083**	-
Net cash flows generated from financing activities		**1,429,943**	297,781	**1,089,225**	(102,256)
Net increase/(decrease) in cash and cash equivalents		**133,273**	(69,829)	**(14,575)**	(38,754)
Cash and cash equivalents at 01 July		**(199,604)**	(31,786)	**(2,157)**	32,512
Transfer to assets held for sale		-	(99,922)	-	-
Net foreign exchange difference		**5,024**	1,933	**4,071**	4,085
Cash and cash equivalents at 30 June	32(a)	**(61,307)**	(199,604)	**(12,661)**	(2,157)

The notes set out on pages 119 to 182 form an integral part of these financial statements.
Independent Auditor's report on pages 108 to 113.

Notes to the financial statements

For the year ended 30 June 2021

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 investment in hotel properties as well as operations of those hotels. The management is entrusted to its sister company, The Lux Collective Ltd, under long term management contract.

2. Significant Accounting Policies

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

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, investment property and plan assets for post-employment benefit obligations 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 (IFRS) and in compliance with the Mauritian Companies Act 2001.

The consolidated financial statements comprise the financial statements of Lux Island Resorts Ltd and its subsidiaries as at 30 June 2021. Where necessary, comparative figures have been amended to conform with change in presentation in the current year.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's and the Company's accounting policies. The areas including a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed Note 3.

During the year, the Group made a loss of **Rs 1.1 billion** (2020 – Loss of Rs 877.6m) while the company made a profit of Rs **57.1 m** (2020- Loss of Rs 614.6m) respectively. At 30 June 2021, the Group's current liabilities exceeded its current assets by **Rs 2.4 billion** (2020- Rs 3.4 billion) and was in a net asset position of **Rs 5.1 billion** (2020- Rs 5.6 billion) while the Company's current assets exceeded its current liabilities by **Rs 1.7 billion** (2020- Rs 968.6 m) and was in a net asset position of **Rs 4.2 billion** (2020- Rs 3.4 billion).

The Covid-19 pandemic has triggered an unprecedented crisis in the hospitality industry and the global lockdown, as from the fourth quarter of the financial year ended 30 June 2020 and which continued during the financial year ended 30 June 2021, led to a sudden and severe drop in tourists arrivals and receipts worldwide.

The three destinations in which the Company and its operating subsidiaries operate (the "Group") – Mauritius, the Maldives and Reunion Island – have not been spared as follows:

- Mauritius remained in lock down during the fourth quarter of the financial year ended 30 June 2021. Despite ease of COVID-19 protocol locally, the borders have remained closed for foreign tourists from April 2020 to June 2021;
- Maldives re-opened its borders as from August 2020, but travel restrictions on our source markets impacted negatively on the number of arrivals; and
- Our hotel in Reunion island remained open all throughout the financial year 2020/21 but the number of arrivals were impacted by restrictions imposed locally and in France, which is its main source market, following outbreak of second and third wave in France and Reunion island.

As announced last year, the Group proactively implemented several measures to strengthen its financial and liquidity position as follows:

- A moratorium of one year on capital repayments between 01 July 2020 and 30 June 2021;
- A Covid-19 sponsored loan for an amount of Rs 160m at a competitive interest rate of 1.5% per annum was disbursed in FY 2020/21;
- A term loan of USD 7.8 m to meet the working capital requirement of the Maldives operation, out of which, USD 6.4 m has been disbursed as at 30 June 2021;
- A Government sponsored term loan of EUR 2 m to finance working capital of the Reunion operation; and
- The Group has finalised the Subscription Agreement with the Mauritius Investment Corporation Ltd ("MIC"), a wholly-owned subsidiary of the Bank of Mauritius, for an initial financing of Rs 1 billion through the issue of 100 Convertible Bonds of Rs 10 m each. The Group and the MIC have subsequently mutually agreed to reduce the financing to Rs 920 m. As at 30 June 2021, the MIC has subscribed for 75 Convertible Bonds for an amount of Rs 750 m.

Notes to the financial statements (continued)

For the year ended 30 June 2021

2. Significant Accounting Policies (continued)

2.1 Basis of preparation (continued)

In addition to the above measures, the Group has been able to mitigate the impact of COVID on its results and financial positions through the following:

- Wage Assistance Scheme from the Government of Mauritius for an amount of Rs 312m during the financial year under review;
- Waiver of land lease payments for the financial year ended 30 June 2021 from the Government of Mauritius for an amount of Rs 45m;
- Wage Assistance from the French Government for the Reunion entity for an amount of Rs 20m;
- Disposal of Hotel Le Recif in Reunion Island for an amount of EUR 8m;
- Voluntary pay reduction from the management team of the Group; and
- Stringent cost containment exercise at all level for the Company and its operating subsidiaries.

Based on the above incentive coupled with the performance of the hotels in Maldives and Reunion Island, which despite difficult operating conditions, achieved an average occupancy of Rs 43% and 57% respectively, the Group realised a negative EBITDA of Rs 16.2m during the financial year ended 30 June 2021 but made a loss after tax of Rs 1.1 billion (2020 – Loss of Rs 877.6m).

Future Outlook

Despite the difficult cash flow situation, the Board of directors decided to continue with the redevelopment of Lux Grand Baie, thanks to the support of our bankers, the MIC and the financing scheme through the sales of residences and villas under the Investment Hotel Scheme (“IHS”). This represents a major investment for the group to the tune of Rs 2.9 billion. The property will prove a major draw for guests when it opens in November 2021. The Group used the closure of borders as an opportunity to carry out essential maintenance and repairs that would otherwise have interrupted our hotels’ operations. Using in-house expertise and with a limited budget of Rs 135m, all the rooms and part of the public area of Lux le Morne have been renovated while snagging and repair work at LUX* Belle Mare, LUX* Grand Gaube and in the Maldives have been completed successfully.

Furthermore, the Group will raise additional finance during the financial year 2021/22 though the disbursement of last tranche of USD 1.4m loan facilities for Maldives operations and the issue of the remaining 17 Convertible Bonds of Rs 10m each with the MIC.

On 23 August 2021, Merville Ltd and the MIC have signed a subscription agreement for a financing of Rs 700m to finance the redevelopment of Lux Grand Baie. The financing is in the form of 70 convertible bonds of Rs 10m each convertible into shares at the end of 9 years after disbursement date with options of early redemption by the issuer.

For the Maldives and Reunion Island destination, the borders are open without much restrictions while for Mauritius, the Government has announced a partial reopening of borders for foreign tourists as from 15 July 2021, and a full reopening for vaccinated foreign tourists as from 01 October 2021. Furthermore, the Group has been able to negotiate a further moratorium of 2 years for a significant portion of its loans and will also benefit from the wage assistance scheme from the Government during the first quarter of the financial year 2021/22 for all its hotels in Mauritius while land lease payment for the Mauritius hotels have been deferred for another year.

Against the above backdrop, the Group has prepared its budgets on the basis that both Lux Saint Gilles in Reunion Island and Lux South Ari Atoll in Maldives are expected to generate net positive cash flows, driven by encouraging occupancies coupled with cost containment measures while the hotels in Mauritius would break even despite full reopening of borders as from 01 October 2021. Based on booking in hands which are encouraging, the Directors are very confident that the Group will be able to meet all its operational and financial commitments during the financial year ending 30 June 2022.

The financial statements have been prepared on a going concern basis, which assumes that the Group and the Company will continue in operational existence for the foreseeable future. The directors believe that it is appropriate for the financial statements to be prepared on the going concern basis since based on the financial forecast, the Group and the Company would have sufficient cash to sustain their operations over the next twelve months.

New standards, amendments to existing standards and interpretation issued and effective for the first time for the financial year beginning on or after 01 January 2021

In the current year, the Group and the Company have assessed all of the new standards, amendments to existing standards and interpretations issued by the International Accounting Standards Board (“IASB”) that are relevant to their operations and effective for accounting periods beginning on or after 01 January 2021.

Covid-19-Related Rent Concessions (Amendment to IFRS 16) provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification.

Notes to the financial statements (continued)

For the year ended 30 June 2021

2. Significant Accounting Policies (continued)

2.1 Basis of preparation (continued)

New standards, amendments to existing standards and interpretation issued and effective for the first time for the financial year beginning on or after 01 January 2021 (continued)

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

(a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(b) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and

(c) there is no substantive change to other terms and conditions of the lease.

In the current financial year, the Group has applied the amendment to IFRS 16 (as issued by the International Accounting Standards Board (IASB) in May 2020).

Impact of adoption

As a result of adopting these requirements, rent deferrals which would otherwise have been treated as lease modifications have been accounted for as if the change was not a lease modification. The adoption of the amendments had no impact on the consolidated income statement.

In addition, the Group has also adopted the following standards which have been assessed as having no financial impact or disclosure as at 30 June 2021:

Covid-19 - Related Rent Concessions (Amendment to IFRS 16)

Amendments to IFRS 3 Definition of a Business

The amendment to IFRS 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output and clarifies that a business can exist without including all of the inputs and processes needed to create outputs. Furthermore, it introduces an optional concentration test that allows a simplified assessment of whether an acquired set of activities and assets is not a business.

These amendments had no material impact on the financial statements of the Group.

Amendments to IAS 1 and IAS 8 Definition of Material

The IASB refined its definition of material to make it easier to understand. It is now aligned across IFRS Standards and the Conceptual Framework. The changes in Definition of Material (Amendments to IAS 1 and IAS 8) all relate to a revised definition of ‘material’ which is quoted below from the final amendments.

“Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.”

The Board has also removed the definition of material omissions or misstatements from IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

These amendments had no material impact on the financial statements of the Group.

Amendments to References to the Conceptual Framework in IFRS Standards

The IASB decided to revise the Conceptual Framework because certain important issues were not covered and certain guidance was unclear or out of date. The revised Conceptual Framework, issued by the IASB, includes:

- A new chapter on measurement;
- Guidance on reporting financial performance;
- Improved definitions of an asset and a liability, and guidance supporting these definitions; and
- Clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.

New standards, amendments to existing standards and interpretation issued and effective for the first time for the financial year beginning on or after 01 January 2021

Amendments to References to the Conceptual Framework in IFRS Standards

The IASB also updated references to the Conceptual Framework in IFRS Standards by issuing Amendments to References to the Conceptual Framework in the IFRS Standards. This was done to support transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction.

These amendments had no material impact on the financial statements of the Group.

There are no other new standards and amendments to standards and interpretations that are effective for annual period beginning on or after 01 January 2021 that would be relevant or have a material impact on the Group’s and of the Company’s financial statements.

Notes to the financial statements (continued)

For the year ended 30 June 2021

2. Significant Accounting Policies (continued)

2.1 Basis of preparation (continued)

New standards, amendments and interpretations issued but effective for financial years beginning on or after 01 January 2021 and not early adopted by the Group (continued)

Amendment to IFRS 16, 'Leases' – COVID-19 related rent concessions Extension of the practical expedient (effective for periods beginning on or after 01 April 2021)

On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient under IFRS 16 in relation to COVID-19 related rent concessions from 30 June 2021 to 30 June 2022. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs. The Group will adopt this amendment as from 01 July 2021.

Interest Rate Benchmark Reform – Phase 2 (effective for periods beginning on or after 01 January 2021)

Benchmark interest rates such as the London Inter-bank Offered Rates (LIBOR) and other inter- bank offered rates have been prioritised for reform and replacement with Risk Free Rates (RFR) by global regulators. Reform of LIBOR rates is expected to be largely completed by the end of 2021.

The amendments introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the inter-bank offered rate (IBOR) reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the Group and the Company is exposed to and how the Group and the Company manages those risks as well as the Group's and the Company's progress in transitioning from IBORs to alternative benchmark rates, and how the Group and the Company is managing this transition. The amendments are effective for annual reporting periods beginning on or after 01 January 2021. The amendments are not expected to have a material impact on the Group's and the Company's financial statements.

The table below provides a summary of the expected exposure of Group and the Company to the IBOR reform as at 30 June 2021:

	The Group	The Company
	Rs'000	Rs'000
Non-derivative assets and liabilities exposed to LIBOR		
Financial liabilities – amortised cost		
Interest bearing loans and borrowings:		
EURO LIBOR	1,289,481	-
USD LIBOR	1,940,201	279,392
GBP LIBOR	672,767	-
	3,902,449	279,392

Classification of liabilities as current or non-current (amendments to IAS 1)

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments are effective for annual periods beginning on or after 01 January 2023 and are not likely to have a material effect on the Group's financial statements.

Amendments to IAS 1, 'Presentation of financial statements', on classification of liabilities (effective for periods beginning on or after 01 January 2023)

These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability. The amendments are not expected to have a material impact on the Group's financial statements.

Property, plant and equipment – proceeds before intended use (amendments to IAS 16)

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss. The amendments are effective for annual reporting periods beginning on or after 01 January 2022. The amendments are not expected to have a material impact on the Group's financial statements.

There are no other new standards and amendments to standards and interpretations that are effective for annual period beginning on or after 01 January 2021 that would be relevant or have a material impact on the Group's and of the Company's financial statements.

2.2 Principles of consolidation

Separate financial statements of the Company

In the separate financial statements of the Company, investment in subsidiary companies are carried at cost net of impairment losses. The carrying amounts are reduced to recognise any impairment in the value of individual investments.

Notes to the financial statements (continued)

For the year ended 30 June 2021

2. Significant Accounting Policies (continued)

2.2 Principles of consolidation (continued)

Separate financial statements of the Company (continued)

Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets given, liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement.

Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of recognised amounts of the acquiree's net assets.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously-held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such remeasurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

Inter-company transactions, balances and expenses on transactions between group companies are eliminated. Profits or losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Disposal of subsidiaries

When the Group ceases to have control or significant influence, any retained interest in the entity is re-measured to its fair value, at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture, or financial asset.

In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Investment in subsidiaries

Investments in subsidiaries are carried at cost in the separate financial statements. Where an indication of impairment exists, the recoverable amount of the investment is assessed. Where the recoverable amount of an investment in subsidiary is less than its carrying amount, the investment is written down immediately to its recoverable amount and the impairment loss is recognised as an expense in profit or loss.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position.

Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

When the Group ceases to consolidate because of a loss of control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Notes to the financial statements (continued)

For the year ended 30 June 2021

2. Significant Accounting Policies (continued)

2.3 Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). For the purpose of the consolidated and separate financial statements, the results and financial position of each entity are expressed in Mauritian rupee ("Rs"), which is the functional currency of the Company, and the presentation currency for the consolidated and separate financial statements.

Transactions and balances

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

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within other operating income. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other operating income.

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

Group companies

The results and financial position of foreign operations that have a functional currency different from the presentation currency of the Group are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the statement of financial position date,
- share capital are stated at their historical value on the statement of financial position,
- income and expenses for each statement of profit or loss and statement of other comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.4 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 by an external valuer. The Directors perform an assessment of the fair value of property, plant and equipment on an annual basis. All other property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group or the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

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.

Notes to the financial statements (continued)

For the year ended 30 June 2021

2. Significant Accounting Policies (continued)

2.4 Property, plant and equipment (continued)

Depreciation is calculated on the straight-line method to write off the cost of each asset, or the revalued amounts, to their residual values over their estimated useful lives. The useful life, residual value and method of depreciation of an item of property, plant and equipment 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 and for other types of assets it is determined by directors.

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.

2.5 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.

2.6 Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the group;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

  Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financial institution under comparable terms and conditions.

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.

Notes to the financial statements (continued)

For the year ended 30 June 2021

2. Significant Accounting Policies (continued)

2.6 Business combinations (continued)

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.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

2.7 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 acquiree (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 recognised 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.

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 profit or loss.

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

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.

Notes to the financial statements (continued)

For the year ended 30 June 2021

2. Significant Accounting Policies (continued)

2.8 Financial assets

Initial recognition and measurement

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 2.25 Revenue from contracts with customers.

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.

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 and cash and short-term deposits.

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.

Changes in the fair value of equity investments at fair value through other comprehensive income are not 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.

Financial assets at fair value through profit or loss

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.

Notes to the financial statements (continued)

For the year ended 30 June 2021

2. Significant Accounting Policies (continued)

2.8 Financial assets (continued)

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

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 profit or loss.

Other income

The Group earns other income such as interest income on its bank accounts and the Company earns dividend income from subsidiaries. These are accounted for as follows:

- 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.

For trade receivables, the Group applies a simplified approach in calculating expected credit losses (ECLs). Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at the end of the reporting period. 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 180 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. The information about the ECLs on the Group's trade receivables is disclosed in note 37 (c) (iv).

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.

2.9 Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, these are accounted net of directly attributable transaction costs.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Notes to the financial statements (continued)

For the year ended 30 June 2021

2. Significant Accounting Policies (continued)

2.9 Financial liabilities (continued)

Borrowings (continued)

Borrowings are classified as current liabilities unless the Group or the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Trade payables

These amounts represent liabilities for goods and services provided to the Group or the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

The Group's financial liabilities include trade and other payables, bank overdrafts, interest-bearing loans and borrowings and lease liabilities.

2.10 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 Company's or the Group's continuing involvement is the amount of the transferred asset that the Company or 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 Company's or 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.

2.11 Impairment of financial assets

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 180 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.

2.12 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated and separate statements 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.

2.13 Fair value of financial instruments

Determination of fair value

The Company and the Group determine the fair value of their financial instruments, such as equities and other interest-bearing investments, at each reporting date.

Notes to the financial statements (continued)

For the year ended 30 June 2021

2. Significant Accounting Policies (continued)

2.13 Fair value of financial instruments (continued)

Determination of fair value (continued)

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 and the Group.

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.

Where the Company and the Group have financial assets and financial liabilities with offsetting positions in market risks or counterparty credit risk, they have 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 valuemeasurement 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 and the Group determine 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.

2.14 Share Capital

Ordinary shares are classified as 'issued capital' in equity. Any premium received over and above the par value of the shares is classified as 'share premium' in equity. Incremental costs directly attributable to the issue of the new shares or options are shown in equity as deduction, net of tax, from proceeds.

2.15 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.

2.16 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.

Notes to the financial statements (continued)

For the year ended 30 June 2021

2. Significant Accounting Policies (continued)

2.16 Hedge accounting (continued)

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 and leases and 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 37 for more details on the risk management policies.

2.17 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 the fair value (using a fair value less cost to sell model), the estimated future cash flows are discounted to their present value using a post-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.

2.18 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.

Cost of inventory expensed comprise of food and beverage costs attributable to food and beverage revenue in the various outlets of the hotels of the Group as well as Room and other amenities and cost of boutique items. Further details are provided in note 24.

2.19 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.

Notes to the financial statements (continued)

For the year ended 30 June 2021

2. Significant Accounting Policies (continued)

2.20 Post employment benefit obligaitions

The Group operates a defined benefit plan for some of its employees. For the remaining employees, the Group contributes to an unitised defined contribution pension scheme that was established on 01 July 2002. The employer contributes 6.5% to 9% of salaries less their contribution to the National Pensions Scheme in respect of members of the fund. Members contribute 3.5% to 6% of salaries less their contribution to the National Pensions Scheme. In each case the minimum monthly contribution is Rs 100.

With effect from 01 September 2020, the Contribution Social Genéralisée (CSG) has replaced the National Pensions Fund (NPF) contribution. Under the CSG employers deduct the employee's contribution from his or her wage or salary and pay that contribution together with the employer's contribution to the Mauritius Revenue Authority (MRA). For employees earning less than Rs 50,000 per month the employee's contribution is 1.5% of the wage or salary and the employer's share is 3%. For employees earning more than Rs 50,000 per month the employee's contribution is 3% of the wage or salary and the employer's share is 6%.

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 recognised 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 recognised as a liability. *Other retirement benefits*

For employees who are not covered (or who are insufficiently covered by the above pension plans), the net present value of gratuity on retirement payable under the Workers Rights Act (WRA) 2019 is calculated by a qualified actuary and provided for. The obligations arising 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.

Employee benefit expenses comprise of total basic salaries and bonuses of all team members employed by the Group. Bonuses include incentive bonus for all team members determined on the basis of achievable financial targets. Other payroll costs include contributions to post retirement benefit obligations as well as other costs associated with the employment of the team members such as travelling, meals, uniforms, medical etc. Further details are provided in note 25.

2.21 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; or

Notes to the financial statements (continued)

For the year ended 30 June 2021

2. Significant Accounting Policies (continued)

2.21 Taxes (continued)

Deferred tax (continued)

- 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 utilised, 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 loss allowance on trade receivables, provision for slow moving stock, tax losses carried forward, lease liabilities and post employment benefit obligations.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantially enacted by the end of the reporting period in the countries where the company and its subsidiaries operate and generate taxable income.

Current and deferred tax is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

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.

2.22 Leases

The group leases land, buildings, vehicles, computer and other equipment. Rental contracts are typically made for fixed periods of 5 to 99 years but may have extension options as described below.

Contracts may contain both lease and non-lease components. The group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

Notes to the financial statements (continued)

For the year ended 30 June 2021

2. Significant Accounting Policies (continued)

2.22 Leases (continued)

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the group under residual value guarantees
- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Company, which does not have recent third-party financing; and
- makes adjustments specific to the lease, eg term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the group entities use that rate as a starting point to determine the incremental borrowing rate.

The group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost (interest charge). The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use land and buildings held by the group.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise IT equipment and small items of office furniture.

Variable lease payments

The Group has two property leases which contain variable payment terms that are linked to revenue and profit. For the lease of Tamassa Hotel, over and above the fixed element of the lease, there is a variable element of the lease representing 20% of the gross operating profit after fixed rental while for Beau Rivage Villa, the rental is determined on the basis of 38% of room revenue, subject to a minimum guaranteed of 5% of amount invested over the first 10 years of the lease.

Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the group. These are used to maximise operational flexibility in terms of managing the assets used in the group's operations. The majority of extension and termination options held are exercisable only by the group and not by the respective lessor.

Lessor

The Group and company derives income from rental of its investment property. Lease income from operating leases where the Group or the Company is a lessor is recognised in income on a straight-line basis over the lease term.

2.23 Borrowing costs

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

Notes to the financial statements (continued)

For the year ended 30 June 2021

2. Significant Accounting Policies (continued)

2.24 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. Grants in respect of wages obtained under the wage assistance scheme are accounted for in the statement of profit or loss in the period to which the wages relate. Repayment of the grant (COVID-19 Levy) is contingent on the chargeable income of the entity over the current and is recognised as a levy repayable to the tax authorities. The grant is shown net of the COVID-19 Levy.

2.25 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 mainstream of revenue of the Group is as follows:

Hotel Revenues

It corresponds to all the revenues received from guests by the hotels. The services rendered (including room rentals, food and beverage sales and other ancillary services) are distinct performance obligations, for which prices invoiced to the guests are representative of their stand-alone selling prices. These obligations are fulfilled over time when they relate to room rentals, along the stay in the hotel, and at a point in time for other goods or services, when they have been delivered or rendered.

Room Revenue

Recognised as revenue when performance obligation is performed. Revenue is recognised over the duration of stay of the guests. Where the Group act as the principal, the gross revenue is recognised as income.

Food & Beverage revenue

F&B revenue is recognised upon consumption at the different restaurants or bars (i.e at a point in time).

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 received/ receivable by the Group.

(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

Trade receivables are amounts due from customers for goods sold or services provided in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the Group's impairment policies and the calculation of the loss allowance are provided in note 37 (c) (iv).

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.

Notes to the financial statements (continued)

For the year ended 30 June 2021

2. Significant Accounting Policies (continued)

2.26 Other operating expenses

Other operating expenses are accounted for in profit or loss on the accrual basis. Other operating expenses comprise of administrative costs and other expenses which are not directly allocated to the main operating departments, namely room and food and beverage. Further details are provided in note 26.

2.27 Earnings before interest, tax, depreciation, amortisation, impairment and write offs

Earnings before interest, tax, depreciation, amortisation impairment and write offs is stated after adding to EBITDA significant items of a non-recurring nature such as impairment charges and write off.

Due to the nature of the exceptional items, certain one-off and non-trading items are classified separately in order to draw the attention of the users of the financial statements. In the judgement of the Directors, this presentation shows the underlying performance of the Group and the Company more accurately.

2.28 Segmental reporting

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

2.29 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 classified as 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.

2.30 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.

2.31 Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are

Notes to the financial statements (continued)

For the year ended 30 June 2021

2. Significant Accounting Policies (continued)

presented separately from other liabilities in the balance sheet.

2.31 Non-current assets (or disposal groups) held for sale and discontinued operations (continued)

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss.

2.32 Convertible bonds

A policy choice is available for the treatment of the convertible bonds, that is, the Group and the Company can either treat the convertible bonds as equity or compound financial instrument with an embedded derivative. The Directors have opted to treat the convertible bonds as equity where both the principal and interest components have been classified as equity on initial recognition based on the subscription proceeds received, net of transaction costs, and is not subsequently remeasured.

3. Significant Accounting Judgements and Estimates

The preparation of the Group's consolidated and the Company's 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 assets or liabilities affected in future periods.

Estimates and assumptions

The Group and the Company make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) ***Revaluation of land and buildings***

Land and buildings are carried at fair value and it is the Group's policy to revalue its land and buildings every three years by an external valuer and the Directors perform an assessment of the fair value of property, plant and equipment on an annual basis. The land and building were revalued during the previous financial year by an independent professional valuer and a desktop valuation was performed by

3. Significant Accounting Judgements and Estimates (continued)

a independent professional valuer during the current financial year. 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) ***Assets lives and residual values***

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

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

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

(iii) ***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. Recoverability of deferred tax assets have been assessed for each subsidiary based on the forecasted taxable profit to be generated during the next financial period and in the case of another subsidiary, the tax loss recognised has been limited to future taxable profits to be generated over the next five financial years.

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.

Notes to the financial statements (continued)

For the year ended 30 June 2021

3. Significant Accounting Judgements and Estimates (continued)

At 30 June 2021 and 30 June 2020, the status of unused tax losses of the Group was as follows:

	2021		
	Recognised Rs'000	**Unrecognised Rs'000**	**Total Rs'000**
Tax losses	**1,586,807**	**1,355,598**	**2,942,405**

	Recognised Rs'000	Unrecognised Rs'000	Total Rs'000
Tax losses	1,048,658	1,294,366	2,343,024

(iv) ***Impairment of goodwill***

The Group tests whether goodwill has suffered any impairment on an annual basis. For the 2021 and 2020 reporting periods, the recoverable amount of the cash-generating units (CGUs) was determined based on fair value less cost to sell models which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period. The carrying amount of goodwill as at 30 June 2021 amounted to **Rs 458m** (2020: Rs 462.3m). Further details are given in note 7.

(v) ***Post employment benefit obligations***

The cost of defined benefit pension plans and related provision, as disclosed in note 18 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. Any change in these assumptions will impact the carrying amount of pension obligations. The Group and the Company determine the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. Other key assumptions for pension obligations are based in part on the current market conditions. The post-employment benefit obligations at 30 June 2021 is **Rs 117.5 m** (2020: Rs 170.6 m). Further details are set out in note 18.

(vi) ***Provision for loss allowance 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 37.

(vii) ***Impairment of other non-current assets***

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

(viii) ***Impairment of investment in subsidiary companies***

Investment in subsidiaries are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the investment's carrying value exceeds its recoverable amount, which represents the investment's fair value less cost to sell, which require the use of assumptions. The calculations use cash flow projections of the subsidiary based on financial forecasts prepared by management covering a five-year period. The carrying amount of the investment as at 30 June 2021 amounted to **Rs 2.5 billion** (2020: Rs 2.4 billion). Further details are provided in note 8.

(ix) ***Determining the lease term***

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Notes to the financial statements (continued)

For the year ended 30 June 2021

3. Significant Accounting Judgements and Estimates (continued)

(ix) ***Determining the lease term (continued)***

The Group applies judgement in evaluating whether it is reasonably certain or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination, including: whether there are significant penalties to terminate (or not extend); whether any leasehold improvements are expected to have a significant remaining value; historical lease durations; the importance of the underlying asset to the Group's operations; and the costs and business disruption required to replace the leased asset. The lease term is reassessed if a significant event or a significant change in circumstances occurs which affects the assessment of reasonable certainty.

(x) ***MIC – Convertible bonds***

During the financial year ended 30 June 2021, the Group and the Company, has contracted with the Mauritius Investment Corporation Ltd ("MIC"), a wholly owned subsidiary of the Bank of Mauritius to issue redeemable convertible bonds. A policy choice is available for the treatment of the convertible bonds, that is, the Group and the Company can either treat the convertible bonds as equity or compound financial instrument with an embedded derivative. The Directors have applied judgement in evaluating the options available and have opted to treat the convertible bonds as equity. Please refer to note 16 for further details.

(xi) ***Hedge ineffectiveness***

The Group is exposed to foreign currency risk, most significantly to the EUR, GBP and USD, on the Group's sales denominated in these currencies. The Group hedges these exposures by entering into foreign currency loans ("hedging instruments") with future principal payments that will match the future sales ("hedged item") in these currencies.

To apply hedge accounting, a condition is that the forecast transaction must be "highly probable". The Group has applied judgement in assessing whether the forecasted foreign currency revenue remain "highly probable", still expected to occur or is no longer expected to occur, particularly in light of the decline in expected bookings patterns resulting from the COVID-19 pandemic and the related suspension of the operations of the Group. In making this assessment, the Group has considered the most recent budgets and plans, including the COVID-19 scenario. This led to a charge of **Rs 25.9m** for hedging ineffectiveness impacting the profit or loss of the Group.

(xii) ***Sale of villas, residences and apartments***

The Group has started the construction of villas, residences and apartments with the intention of selling these to individuals and companies as part of the IHS scheme and these are expected to be completed by the end of November 2021. The arrangement could be considered in the scope of a sale and leaseback transaction and accounted for under IFRS 16 'Leases' or under the scope of IFRS 15 'Revenue from Contracts with Customers'. The Group therefore has a policy choice to either recognise the gain or loss on sale and leaseback arrangement at a point in time (i.e at the date of commencement of the lease) or recognise the revenue over time (based on the percentage completion of those villas, residences and apartments). The Directors have applied judgement in evaluating the options available and have opted to recognise the transaction as a sale and leaseback in line with the requirements of IFRS 16. Therefore, at the lease commencement date (which is the date the Company welcomes its first paying guests), the Group will derecognise all construction costs incurred up to that date and recognise a right-of-use asset, a liability and a gain or loss on the rights transferred to the buyer. Construction costs incurred up to the lease commencement date are capitalised as 'Assets in Progress' within Property, Plant and Equipment ("PPE") in accordance with IAS 16 "Property, plant and equipment".

Notes to the financial statements (continued)

For the year ended 30 June 2021

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 01 July 2019	451,589	8,253,034	1,326,734	695,312	55,908	148,497	64,679	10,995,753
Impairment (Note i)	-	(3,899)	(12,145)	-	-	-	-	(16,044)
Additions (Note ii)	-	19,809	58,433	17,122	5,011	6,415	722,895	829,685
Disposal	-	-	(20,988)	(20,720)	(1,725)	(5,677)	-	(49,110)
Transfer to Right-of-use assets (Note 5)	-	(1,409)	(87,299)	(628)	(15,684)	(16,447)	-	(121,467)
Transfer to assets held for sale	-	(298,731)	(5,999)	(7,390)	-	(12,172)	(7,912)	(332,204)
Revaluation adjustment	58,027	112,134	-	-	-	-	-	170,161
Exchange difference	-	500,103	94,859	37,309	4,436	9,378	5,982	652,067
At 30 June 2020	509,616	8,581,041	1,353,595	721,005	47,946	129,994	785,644	12,128,841
Transfer	-	-	**46,890**	-	-	-	**(46,890)**	-
Additions (Note iii)	-	**64,865**	**52,093**	**80,018**	**259**	**1,641**	**1,454,346**	**1,653,222**
Disposal	-	-	**(51,308)**	**(67,464)**	**(760)**	**(1,121)**	-	**(120,653)**
Write off	-	-	-	**(38,768)**	**(465)**	-	-	**(39,233)**
Transfer from Right-of-use assets (Note 5)	-	-	**10,616**	-	**3,296**	**8,937**	-	**22,849**
Impairment (Note iv)	-	**(5,314)**	-	-	-	-	-	**(5,314)**
Revaluation adjustment	-	**(3,670)**	-	-	-	-	-	**(3,670)**
Exchange difference	-	**370,215**	**72,535**	**23,106**	**2,707**	**6,326**	**3,482**	**478,371**
At 30 June 2021	**509,616**	**9,007,137**	**1,484,421**	**717,897**	**52,983**	**145,777**	**2,196,582**	**14,114,413**
DEPRECIATION								
At 01 July 2019	653	528,874	865,653	373,146	47,102	89,864	-	1,905,292
Impairment (Note i)	-	(1,277)	(2,145)	-	-	-	-	(3,422)
Charge for the year (Note 27)	42	214,936	93,259	76,398	1,642	20,679	-	406,956
Disposal adjustments	-	-	(17,965)	(17,958)	(1,724)	(4,472)	-	(42,119)
Transfer to assets held for sale	-	(35,117)	(2,776)	(896)	-	(1,695)	-	(40,484)
Transfer to Right-of-use assets (Note 5)	-	(45)	(34,525)	(162)	(13,520)	(8,282)	-	(56,534)
Revaluation adjustment	-	(313,087)	-	-	-	-	-	(313,087)
Exchange difference	-	83,041	73,578	20,415	3,769	7,650	-	188,453
At 30 June 2020	695	477,325	975,079	450,943	37,269	103,744	-	2,045,055
Charge for the year (Note 27)	**42**	**244,291**	**91,935**	**75,616**	**2,297**	**15,745**	-	**429,926**
Disposal adjustments	-	-	**(48,536)**	**(64,322)**	**(760)**	**(1,066)**	-	**(114,684)**
Write Off	-	-	-	**(38,768)**	**(465)**	-	-	**(39,233)**
Impairment (Note iv)	-	**(2,175)**	-	-	-	-	-	**(2,175)**
Transfer from Right-of-use assets (Note 5)	-	-	**7,076**	-	**3,296**	**8,938**	-	**19,310**
Exchange difference	-	**89,675**	**57,367**	**14,285**	**2,323**	**5,970**	-	**169,620**
At 30 June 2021	**737**	**809,116**	**1,082,921**	**437,754**	**43,960**	**133,331**	-	**2,507,819**
NET BOOK VALUE								
At 30 June 2021	**508,879**	**8,198,021**	**401,500**	**280,143**	**9,023**	**12,446**	**2,196,582**	**11,606,594**
At 30 June 2020	508,921	8,103,716	378,516	270,062	10,677	26,250	785,644	10,083,786

Note (i) & (iv)- The impairment loss relates part of property, plant and equipment of the subsidiary, Nereide Ltd, as a consequence of downward medium-term trading expectations impacted by COVID-19 pandemic.

(ii) & (iii) - The main component of additions of property, plant and equipment in work-in-progress is in respect of the redevelopment of Lux* Grand Baie which also includes the construction costs of the villas, residences and apartments to be sold under IHS Scheme. The project is expected to be completed by end of November 2021 and the costs of the villas, residences and apartments will be disposed upon recognition of sales under the sale and leaseback transaction in line with the requirements of IFRS 16 'Leases'.

Notes to the financial statements (continued)

For the year ended 30 June 2021

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 2019	14,072	6,409	7,684	28,165
Additions	-	40	37	77
At 30 June 2020	14,072	6,449	7,721	28,242
Additions	**-**	**42**	**30**	**72**
At 30 June 2021	**14,072**	**6,491**	**7,751**	**28,314**
DEPRECIATION				
At 01 July 2019	320	5,966	7,303	13,589
Charge for the year	42	445	41	528
At 30 June 2020	362	6,411	7,344	14,117
Charge for the year	**42**	**8**	**42**	**92**
At 30 June 2021	**404**	**6,419**	**7,386**	**14,209**
NET BOOK VALUE				
At 30 June 2021	**13,668**	**72**	**365**	**14,105**
At 30 June 2020	13,710	38	377	14,125

(a) The freehold land and buildings and buildings on leasehold land of the Group were revalued during the previous year at their open market value, by reference to recent market transactions on arm's length term, by Noor Dilmahomed & Associates, an independant professional valuer. During the current year, a desktop valuation has been performed by the valuer for all freehold land and buildings of the Group and the value obtained is not materially different from the carrying amount and hence no revaluation adjustment required. Freehold land was valued taking into consideration comparable sales evidences. Sales prices of comparable land in close proximity were adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square metre.

The buildings, structures and site improvement have been valued on a depreciated replacement cost basis taking into consideration their replacement cost, with adjustments being made for age and condition. This method of valuation is based on the theory of substitution and is used in situations where it is difficult to estimate inputs to be used to calculate value due to volatile market factors. The most significant input into this method of valuation is the replacement cost per square metre.

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.

(b) 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.

Notes to the financial statements (continued)

For the year ended 30 June 2021

4. Property, Plant and Equipment (continued)

2021	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
Land	Sales comparison approach	**409,907**	**3,270**	Level 3	Price per square metre	**4,099**	**33**
Buildings	Depreciated replacement cost	**8,296,993**	**10,398**	Level 3	Replacement cost per square metre	**82,970**	**104**
		8,706,900	**13,668**			**87,069**	**137**
2020							
Land	Sales comparison approach	489,270	3,270	Level 3	Price per square metre	4,893	33
Buildings approach	Sales comparison	8,123,367	10,440	Level 3	Price per square metre	81,234	104
		8,612,637	13,710			86,127	137

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 2021 Rs'000	The Group 2020 Rs'000	The Company 2021 Rs'000	The Company 2020 Rs'000
At 01 July	**8,612,637**	8,175,096	**13,710**	13,752
Additions	**64,865**	19,809	**-**	-
Depreciation	**(244,333)**	(214,978)	**(42)**	(42)
Impairment	**(3,139)**	(2,622)	**-**	-
Transfer to Right-of-use assets	**-**	(1,364)	**-**	-
Transfer to assets held for sale	**-**	(263,614)	**-**	-
Revaluation adjustment	**(3,670)**	483,248	**-**	-
Exchange difference	**280,540**	417,062	**-**	-
At 30 June	**8,706,900**	8,612,637	**13,668**	13,710

If the land and buildings were stated on the historical cost basis, the amounts would be as follows:

	The Group 2021 Rs'000	The Group 2020 Rs'000	The Company 2021 Rs'000	The Company 2020 Rs'000
Buildings on leasehold land				
Cost	**7,232,795**	7,173,244	**-**	-
Accumulated depreciation	**(1,879,105)**	(1,735,045)	**-**	-
Net book value	**5,353,690**	5,438,199	**-**	-
Freehold land and buildings				
Cost	**297,842**	297,842	**8,562**	8,562
Accumulated depreciation	**(59,837)**	(53,880)	**(2,300)**	(2,129)
Net book value	**238,005**	243,962	**6,262**	6,433

Notes to the financial statements (continued)

For the year ended 30 June 2021

4. Property, Plant and Equipment (continued)

(c) Bank borrowings are secured on all the assets of the Group and the Company. There is no restriction on title or use of the property, plant and equipment (PPE) pledged as security for bank borrowings. However in the event of potential disposal of the pledged assets by the Group or the Company, the latter should inform the banks/financial institutions with whom the borrowings have been contracted. The banks/financial instituitions shall rank first in the settlement of the outstanding borrowings out of the proceeds to be received from the disposal.

(d) Borrowing costs capitalised during the year is **Rs 27.6 million** (2020: Rs 8.4 million).

(e) Refer to note 35 for capital commitments.

5. Right-of-Use Assets & Lease Liabilities

(a) **Amounts recognised in the statement of financial position**

RIGHT-OF-USE ASSETS	Land & Buildings Rs'000	Plant & equipment Rs'000	Motor vehicles Rs'000	Computer equipment Rs'000	Total Rs'000
COSTS					
At 01 July 2019	-	-	-	-	-
Effect of adopting IFRS 16	2,627,482	-	-	-	2,627,482
Transfer from property, plant and equipment (Note 4)	1,409	87,927	15,684	16,447	121,467
Transfer from Intangible assets (Note 7)	1,125,605	-	-	-	1,125,605
Additions	-	-	-	454	454
Exchange Difference	167,418	-	-	-	167,418
At 30 June 2020	3,921,914	87,927	15,684	16,901	4,042,426
At 01 July 2020	3,921,914	87,927	15,684	16,901	4,042,426
Reassessment of right-of-use assets	**70,058**	-	-	-	**70,058**
Transfer to property, plant and equipment (Note 4)	**-**	**(10,616)**	**(3,296)**	**(8,937)**	**(22,849)**
Impairment	**(61,518)**	**-**	**-**	**-**	**(61,518)**
Exchange Difference	**180,661**	**-**	**-**	**-**	**180,661**
At 30 June 2021	**4,111,115**	**77,311**	**12,388**	**7,964**	**4,208,778**
AMORTISATION					
At 01 July 2019	-	-	-	-	-
Transfer from property, plant and equipment (Note 4)	45	34,687	13,520	8,282	56,534
Transfer from Intangible assets (Note 7)	376,145	-	-	-	376,145
Charge for the year (Note 27)	138,252	12,401	948	4,207	155,808
Exchange difference	24,707	-	-	-	24,707
At 30 June 2020	539,149	47,088	14,468	12,489	613,194
At 01 July 2020	539,149	47,088	14,468	12,489	613,194
Reassessment of right-of-use assets	**5,497**	**-**	**-**	**-**	**5,497**
Charge for the year (Note 27)	**147,603**	**13,963**	**871**	**3,678**	**166,115**
Transfer to property, plant and equipment (Note 4)	**-**	**(7,076)**	**(3,296)**	**(8,938)**	**(19,310)**
Impairment	**(7,031)**	**-**	**-**	**-**	**(7,031)**
Exchange difference	**28,096**	**-**	**-**	**-**	**28,096**
At 30 June 2021	**713,314**	**53,975**	**12,043**	**7,229**	**786,561**
NET BOOK VALUES					
At 30 June 2021	**3,397,801**	**23,336**	**345**	**735**	**3,422,217**
At 30 June 2020	3,382,765	40,839	1,216	4,412	3,429,232

Notes to the financial statements (continued)

For the year ended 30 June 2021

5. Right-of-Use Assets & Lease Liabilities (continued)

(a) **Amounts recognised in the statement of financial position** (continued)

LEASE LIABILITIES

	The Group	
	2021 Rs'000	2020 Rs'000
At 01 July	**2,871,642**	-
Transfer from interest bearing loans and borrowings (Note 17(c))	**-**	60,583
Effect of adopting IFRS 16	**-**	2,627,482
Reassessment of lease liability	**55,868**	-
Additions	**-**	454
Interest expense (Note 29)	**248,837**	233,949
Interest paid	**(190,109)**	(233,949)
Principal elements of lease payments	**(108,412)**	(78,846)
Amount waived	**(56,442)**	-
Exchange difference	**207,569**	261,969
At 30 June	**3,028,953**	2,871,642
Analysed as follows:		
Current	**174,881**	141,336
Non-current	**2,854,072**	2,730,306
Total	**3,028,953**	2,871,642

There were no additions to right-of-use assets during the year (30 June 2020: Rs 454,000).

(b) **Amounts recognised in the statement of profit or loss**

The statement of profit or loss shows the following amounts relating to leases:

	2021	2020
Depreciation charge of right-of-use assets	**166,115**	155,808
Interest expense	**248,837**	233,949
Expense relating to short-term leases accounted as part of other operating expenses	**4,768**	5,282

6. Investment Property

	The Group		The Company	
	2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
At 30 June	**82,212**	82,212	**82,212**	82,212

The Group's investment property consists of the head office property situated in Floreal. The major part of the building is occupied by the sister company, The Lux Collective Ltd, and is held to earn rental income.

The freehold land and building of the Company was revalued during the previous year at its open market value, by reference to recent market transactions on arm's length term, by Noor Dilmahomed & Associates, an independent professional valuer. During the current year, a desktop valuation has been performed by the valuer and there were no impact on the value of the freehold land and building.

The fair value as per the valuation report was not materially different from the carrying value. The Directors are therefore 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	
	2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
Rental income derived from the investment property	**5,460**	5,460	**5,460**	5,460

Presently, all direct operating expenses, (repairs and maintenance, insurance etc) are borne by the lessee.

Notes to the financial statements (continued)

For the year ended 30 June 2021

6. Investment Property (continued)

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 822,120** (2020: 822,120).

The Group and the Company have a rental agreement with The Lux Collective Ltd for a period of 5 years starting 01 July 2019.

Maturity analysis

	The Group		The Company	
	2021 Between 1 and 5 years Rs'000	2020 Between 1 and 5 years Rs'000	**2021 Between 1 and 5 years Rs'000**	2020 Between 1 and 5 years Rs'000
Rental income derived from the investment property	**16,380**	21,840	**16,380**	21,840

7. Intangible Assets

The Group	**Leasehold Rights Rs'000**	**Goodwill Rs'000**	**Computer Software & Licences Rs'000**	**Total Rs'000**
COST				
At 01 July 2019	1,101,051	1,074,317	18,717	2,194,085
Disposal	-	-	(4,179)	(4,179)
Additions	-	-	5,137	5,137
Transfer to Right-of-use assets (Note 5(a))	(1,125,605)	-	-	(1,125,605)
Transfer to assets held for sale	(36,392)	-	(2,127)	(38,519)
Impairment of goodwill	-	(667,177)	-	(667,177)
Exchange differences	60,946	55,143	1,602	117,691
At 30 June 2020	-	462,283	19,150	481,433
Additions	**-**	**-**	**200**	**200**
Impairment of goodwill	**-**	**(23,731)**	**-**	**(23,731)**
Exchange difference	**-**	**19,500**	**1,123**	**20,623**
At 30 June 2021	**-**	**458,052**	**20,473**	**478,525**

The Group	**Leasehold Rights Rs'000**	**Goodwill Rs'000**	**Computer Software & Licences Rs'000**	**Total Rs'000**
AMORTISATION				
At 01 July 2019	355,921	-	12,933	368,854
Charge for the year (Note 27)	1,381	-	5,773	7,154
Transfer to Right-of-use assets (Note 5(a))	(376,145)	-	-	(376,145)
Transfer to assets held for sale	(2,014)	-	(717)	(2,731)
Disposal adjustment	-	-	(4,061)	(4,061)
Exchange difference	20,857	-	189	21,046
At 30 June 2020	-	-	14,117	14,117
Charge for the year (Note 27)	**-**	**-**	**1,610**	**1,610**
Exchange difference	**-**	**-**	**909**	**909**
At 30 June 2021	**-**	**-**	**16,636**	**16,636**
NET BOOK VALUE				
At 30 June 2021	**-**	**458,052**	**3,837**	**461,889**
At 30 June 2020	-	462,283	5,033	467,316

Notes to the financial statements (continued)

For the year ended 30 June 2021

7. Intangible Assets (continued)

The Company	Computer Software 2021 Rs'000	2020 Rs'000
At 01 July	**187**	187
Amortisation during the year	**-**	-
Net book value at 30 June	**187**	187

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 acquired 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 2021 Rs'000	2020 Rs'000
Les Pavillons Resorts Ltd	**70,000**	70,000
Holiday & Leisure Resorts Limited	**83,658**	83,658
Lux Island Resorts Maldives Ltd	**294,207**	274,707
Blue Bay Tokey Island Limited	**-**	23,731
MSF Leisure Company Ltd	**10,187**	10,187
	458,052	462,283

As a consequence of the downward medium-term trading expectations due to the current economic environment which has been exacerbated by the global COVID-19 pandemic, the Group has impaired its goodwill by **Rs 23.7m** for the year ended 30 June 2021 (2020: Rs 667.2m).

The recoverable amount of each cash generating unit (CGU) has been determined based on their fair value less cost to sell. The post-tax cash flow projection is based on financial budgets approved by management covering a five-year period. The post-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 **10.30% to 12.30%** (2019: 10.01% to 12.03%) 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.
Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. These growth rates are consistent with the industry in which each CGU operates.

A terminal growth of **3%** (2020: 2% to 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.

Notes to the financial statements (continued)

For the year ended 30 June 2021

7. Intangible Assets (continued)

Impairment test on goodwill (continued)

Key assumptions used in the impairment tests for goodwill are: occupany rate, terminal growth rate and discount rate. The assumptions used for 2021 and 2020 are as follows:

	Discount rate		Terminal growth rate		Occupancy rate	
	2021 Rs'000	2020 Rs'000	2021 Rs'000	2020 Rs'000	2021 Rs'000	2020 Rs'000
Les Pavillons Resorts Ltd	**10.30%**	10.01%	**3.00%**	3.00%	**49% - 68%**	45%-80%
Holiday & Leisure Resorts Limited	**10.30%**	10.01%	**3.00%**	3.00%	**56% - 79%**	38%-79%
Lux Island Resorts Maldives Ltd	**12.30%**	12.03%	**3.00%**	3.00%	**68% - 72%**	37%-67%
Oceanide Ltd	**10.90%**	10.01%	**3.00%**	3.00%	**55% - 81%**	43%-83%
Blue Bay Tokey Island Limited	**12.01%**	10.01%	**3.00%**	2.00%	**11,400 - 16,224#**	11,000-20,000#
MSF Leisure Company Ltd	**12.01%**	10.01%	**3.00%**	2.00%	**50,356-55,025***	37,000-48,000*

*MSF Leisure Company Ltd - The number of tickets sold is considered as one of the key assumptions used in the impairment assessment

#Blue Bay Tokey Island Limited - The number of guests is considered as one of the key assumptions used in the impairment assessment

The Directors and management have performed a sensitivity analysis in order to consider and assess the impact of possible changes in key assumptions on the carrying value of goodwill.

The assumptions that are considered to be the main drivers in the calculation of the recoverable amount of goodwill and where changes are reasonably possible are: occupany rate, terminal growth rate and discount rate.

The table below sets out the outcome of the sensitivity analysis and the resulting hypothetical additional impairments that would result from this modeling. It is the Directors' and management's view that the appropriate impairment charge has been recognised as at 30 June 2021.

Additional impairment to be recognised for a reasonable change in key assumptions

Sensitivity analysis	Increase of 0.5% in Discount rate		Decrease of 0.5% in Terminal growth rate		Decrease of 1% in Occupancy rate	
	2021 Rs'000	2020 Rs'000	2021 Rs'000	2020 Rs'000	2021 Rs'000	2020 Rs'000
Les Pavillons Resorts Ltd	**-**	-	**-**	-	**-**	-
Holiday & Leisure Resorts Limited	**-**	83,658	**-**	83,658	**-**	56,493
Lux Island Resorts Maldives Ltd	**-**	219,458	**-**	167,458	**-**	137,458
Oceanide Ltd	**3,412**	-	**8,955**	-	**46,553**	-
Blue Bay Tokey Island Limited	**1,612**	3,819	**1,200**	1,819	**17,405**	2,403
MSF Leisure Company Ltd	**-**	-	**-**	-	**-**	-

The recoverable amount of the CGU which have not been impaired at 30 June 2021 and 30 June 2020 would equal its carrying amount if the key assumptions were to change as follows:

	Discount rate		Terminal growth rate		Occupancy rate	
2021	From	To	From	To	From	To
Les Pavillons Resorts Ltd	**10.30%**	**17.44%**	**3.00%**	**-8.18%**	**49% - 68%**	**40% - 44%**
Holiday & Leisure Resorts Limited	**10.30%**	**12.99%**	**3.00%**	**-0.54%**	**56% - 79%**	**56% - 65%**
Lux Island Resorts Maldives Ltd	**12.30%**	**13.14%**	**3.00%**	**1.92%**	**68% - 72%**	**68% - 70%**
MSF Leisure Company Ltd	**12.01%**	**25.64%**	**3.00%**	**-25.45%**	**50,356-55,025**	**17,000 - 39,000**

	Discount rate		Terminal growth rate		Occupancy rate	
2020	From	To	From	To	From	To
Les Pavillons Resorts Ltd	10.01%	13.16%	3.00%	-1.66%	45%-80%	45%-78%
Holiday & Leisure Resorts Limited	10.01%	11.00%	3.00%	2.00%	38%-79%	38%-70%
MSF Leisure Company Ltd	10.01%	28.20%	2.00%	-103.00%	37,000-48,000	19,000-32,000

The directors and management have considered and assessed reasonably possible changes for other assumptions and have not identified any instances that could cause the carrying amount of the different CGUs to exceed its recoverable amount.

Notes to the financial statements (continued)

For the year ended 30 June 2021

8. Investment In Subsidiary Companies

The Company	2021 Rs'000	2020 Rs'000
At 01 July	**2,415,872**	3,586,617
Additions	**496**	-
Reversal of impairment	**174,762**	-
Impairment charge	**(115,753)**	(1,170,745)
At 30 June	**2,475,377**	2,415,872

Investment in subsidiaries are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

As a consequence of the downward medium-term trading expectations due to the current economic environment which has been exacerbated by the global COVID-19 pandemic, the Company has during the year, computed the recoverable amount of all its investments in subsidiaries using the Discounted Cash Flow techniques and has accounted for a net reversal of impairment of its investment by **Rs 59m** (2020: impairment of Rs 1,171m) since its recoverable amount was higher/lower than its carrying value for the respective subsidiary companies.

	Lux Island Resorts Maldives Ltd Rs'000	Oceanide Ltd Rs'000	Blue Bay Tokey Island Ltd Rs'000	Total Rs'000
At 30 June 2021				
Equity value determined on the basis of discounted cash flow	**694,769**	**209,503**	**-**	**904,272**
Carrying amount of the investment	**(520,007)**	**(325,256)**	**-**	**(845,263)**
(Amount impaired)/reversal of amount previously impaired	**174,762**	**(115,753)**	**-**	**59,009**
At 30 June 2020				
Equity value determined on the basis of discounted cash flow	520,007	325,256	-	845,263
Carrying amount of the investment	(1,531,338)	(454,894)	(29,776)	(2,016,008)
Amount impaired	(1,011,331)	(129,638)	(29,776)	(1,170,745)

The recoverable amount has been determined by calculating the equity value. The discount rate has been determined using a capital asset model to calculate a post-tax rate that reflects market assessment of the time value of money.

The recoverable amount of each cash generating unit (CGU) has been determined based on their fair value less cost to sell. The post-tax cash flow projection is based on financial budgets approved by management covering a five-year period. The post-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 **7.16%** to **12.3%** (2020: 7.04% to 12.03%) 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.

Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. These growth rates are consistent with the industry in which each CGU operates.

Notes to the financial statements (continued)

For the year ended 30 June 2021

8. Investment In Subsidiary Companies (continued)

Key assumptions used in the impairment tests for investment in subsidiary companies are: occupany rate, terminal growth rate and discount rate. The assumptions used are as follows:

	Discount rate 2021	Discount rate 2020	Terminal growth rate 2021	Terminal growth rate 2020	Occupancy rate 2021	Occupancy rate 2020
Les Pavillons Resorts Ltd	**10.30%**	10.01%	**3.00%**	3.00%	**49%-68%**	45%-80%
Holiday & Leisure Resorts Limited	**10.30%**	10.01%	**3.00%**	3.00%	**56%-79%**	38%-79%
Lux Island Resorts Maldives Ltd	**12.30%**	12.03%	**3.00%**	3.00%	**68%-72%**	37%-67%
Oceanide Ltd	**10.90%**	10.01%	**3.00%**	3.00%	**55%-81%**	43%-83%
Blue Bay Tokey Island Limited	**12.01%**	10.01%	**3.00%**	2.00%	**11,400 - 16,224#**	11,000-20,000#
SAS Hôtel Prestige Réunion	**7.16%**	7.04%	**1.50%**	2.00%	**74%-76%**	55%-78%
Beau Rivage Co Ltd	**10.30%**	10.01%	**3.00%**	3.00%	**56%-78%**	44%-80%

#Blue Bay Tokey Island Limited - The number of guests is considered as one of the key assumptions used in the impairment assessment.

The Directors and management have performed a sensitivity analysis in order to consider and assess the impact of possible changes in key assumptions on the carrying value of investment in subsidiary companies.
The assumptions that are considered to be the main drivers in the calculation of the recoverable amount of investment in subsidiary companies and where changes are reasonably possible are: occupany rate, terminal growth rate and discount rate.
The table below sets out the outcome of the sensitivity analysis and the resulting hypothetical additional impairments that would result from this modeling. It is the Directors' and management's view that the appropriate impairment charge has been recognised as at 30 June 2021 and 30 June 2020.

Additional impairment to be recognised for a reasonable change in key assumptions

Sensitivity analysis	Increase of 0.5% in Discount rate 2021 Rs'000	Increase of 0.5% in Discount rate 2020 Rs'000	Decrease of 0.5% in Terminal growth rate 2021 Rs'000	Decrease of 0.5% in Terminal growth rate 2020 Rs'000	Decrease of 1% in Occupany rate 2021 Rs'000	Decrease of 1% in Occupany rate 2020 Rs'000
Les Pavillons Resorts Ltd	**-**	-	**-**	-	**-**	-
Holiday & Leisure Resorts Limited	**-**	43,790	**-**	128,511	**-**	52,169
Lux Island Resorts Maldives Ltd	**204,444**	186,199	**130,196**	137,787	**-**	108,926
Oceanide Ltd	**3,945**	6,700	**6,505**	6,700	**23,866**	6,700
Blue Bay Tokey Island Limited	**-**	-	**29,776**	-	**-**	-
SAS Hôtel Prestige Réunion	**-**	-	**-**	-	**-**	-
Beau Rivage Co Ltd	**-**	-	**-**	-	**-**	-

The recoverable amount of the CGU which have not been impaired would equal its carrying amount if the key assumptions were to change as follows:

	Discount rate From	Discount rate To	Terminal growth rate From	Terminal growth rate To	Occupancy rate From	Occupancy rate To
2021						
Les Pavillons Resorts Ltd	**10.30%**	**18.89%**	**3.00%**	**-11.29%**	**49%-68%**	**40%-41%**
Holiday & Leisure Resorts Limited	**10.30%**	**10.89%**	**3.00%**	**2.27%**	**56%-79%**	**56%-75%**
SAS Hôtel Prestige Réunion	**7.16%**	**12.51%**	**1.50%**	**-5.85%**	**74%-76%**	**68%-70%**
Beau Rivage Co Ltd	**10.30%**	**30.61%**	**3.00%**	**-93.16%**	**56%-78%**	**50%-54%**

	Discount rate From	Discount rate To	Terminal growth rate From	Terminal growth rate To	Occupancy rate From	Occupancy rate To
2020						
Les Pavillons Resorts Ltd	10.01%	15.40%	3.00%	-5.80%	45%-80%	45%-78%
Holiday & Leisure Resorts Limited	10.01%	11.00%	3.00%	2.00%	38%-79%	38%-75%
SAS Hôtel Prestige Réunion	7.04%	12.00%	2.00%	-6.10%	55%-78%	55%-63%
Beau Rivage Co Ltd	10.01%	19.70%	3.00%	-16.30%	44%-80%	44%-78%

The directors and management have considered and assessed reasonably possible changes for other key assumptions and have not identified any instances that could cause the carrying amount of the different CGUs to exceed its recoverable amount.

Notes to the financial statements (continued)

For the year ended 30 June 2021

8. Investment In Subsidiary Companies (continued)

(a) The subsidiary companies are as follows:

Name of Companies	Country of incorporation	Effective Shareholding 2021 Direct %	Effective Shareholding 2021 Indirect %	Effective Shareholding 2020 Direct %	Effective Shareholding 2020 Indirect %
Les Pavillons Resorts Ltd	Mauritius	**100**	**-**	100	-
Beau Rivage Co Ltd	Mauritius	**100**	**-**	100	-
Blue Bay Tokey Island Limited	Mauritius	**100**	**-**	100	-
Holiday & Leisure Resorts Limited	Mauritius	**100**	**-**	100	-
LIR Properties 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
FMM Ltée	Mauritius	**-**	**100**	-	100
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
SNC Saint Paul	Reunion Island	**-**	**100**	-	100
SA Société Villages Hôtel de l'Océan Indien	Reunion Island	**-**	**100**	-	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
LIRCO Ltd	Luxembourg	**100**	**-**	-	-
Oceanide Ltd	Mauritius	**51**	**100**	51	100
Neréide Ltd	Mauritius	**-**	**100**	-	100

The subsidiaries listed above operate in the hospitality sector or provide related services.

(b) The increase in investment in subsidiary in 2021 is made up of:

	2021 Rs'000	2020 Rs'000
LIRCO Ltd	**471**	-
Lux Island Resort Foundation	**25**	-
	496	-

(c) During the year, the Company disposed of its indirect investment in SAS Hotel Le Récif. The subsidiary was already included as part of assets held for sale at 30 June 2020 as per note 13.

9. Other Receivable

	The Group 2021 Rs'000	The Group 2020 Rs'000	The Company 2021 Rs'000	The Company 2020 Rs'000
At 30 June	**45,919**	-	**-**	-

As per the deed of sale of SAS Hotel Le Récif, an amount of EUR 1 million is receivable 4 years after effective date of transfer. Refer to note 13 for more details. The contingent fee has not been included at this stage as it is very difficult to assess whether the set target results would be achieved.

The proceeds receivable is interest free and has been accounted at its net present value using an effective discount rate of 3%.

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Notes to the financial statements (continued)

For the year ended 30 June 2021

10. Deferred Tax (Assets)/Liabilities

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 2021 Rs'000	The Group 2020 Rs'000	The Company 2021 Rs'000	The Company 2020 Rs'000
Deferred tax assets	**(173,916)**	(137,771)	**-**	-
Deferred tax liabilities	**422,459**	524,815	**18,565**	12,812
Net deferred tax liabilities	**248,543**	387,044	**18,565**	12,812
The movement in the deferred income tax account is as follows:				
At 01 July	**387,044**	323,817	**12,812**	(18,154)
Transfer to assets held for sale	**-**	23,188	**-**	-
Recognised in profit or loss (Note 21(a))	**(88,346)**	10,624	**2,797**	35,889
Recognised in other comprehensive income	**(37,906)**	42,649	**2,956**	(4,923)
Exchange difference	**(12,249)**	(13,234)	**-**	-
At 30 June	**248,543**	387,044	**18,565**	12,812

Deferred income tax at 30 June relates to the following:

The Group	Balance 2021 Rs'000	Balance 2020 Rs'000	Movement 2021 Rs'000	Movement 2020 Rs'000
Deferred tax liabilities				
Accelerated depreciation	**432,889**	518,166	**(85,277)**	111,396
Revaluation of property, plant and equipment	**70,397**	93,928	**(23,531)**	(99,662)
Post employment benefit obligations	**(7,600)**	(19,761)	**12,161**	(5,637)
Tax losses	**(76,898)**	(33,447)	**(43,451)**	17,154
Lease liabilities	**17,130**	847	**16,283**	847
Provision for slow moving stock	**-**	(4,812)	**4,812**	(240)
Provision for loss allowance of trade receivables	**(13,459)**	(30,106)	**16,647**	(24,351)
	422,459	524,815	**(102,356)**	(493)
Deferred tax assets				
Accelerated depreciation	**103,067**	(7,496)	**110,563**	(10,415)
Revaluation of property, plant and equipment	**42,165**	18,650	**23,515**	13,888
Post employment benefit obligations	**(7,820)**	(2,886)	**(4,934)**	(2,629)
Tax losses	**(219,282)**	(144,824)	**(74,458)**	32,749
Lease liabilities	**(90,968)**	(537)	**(90,431)**	(537)
Provision for loss allowance of trade receivables	**(1,078)**	(678)	**(400)**	30,664
	(173,916)	(137,771)	**(36,145)**	63,720
Net deferred tax liabilities	**248,543**	387,044		
Total movement for the year			**(138,501)**	63,227
Less transfer to assets held for sales			**-**	(23,188)
Net movement for the year			**(138,501)**	40,039
Recognised as follows:				
In profit or loss (Note 21(a))			**(88,346)**	10,624
In other comprehensive income			**(37,906)**	42,649
Exchange differences			**(12,249)**	(13,234)
			(138,501)	40,039

Notes to the financial statements (continued)

For the year ended 30 June 2021

10. Deferred Tax (Assets)/Liabilities (continued)

The Company

	Balance		Movement	
	2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
Deferred tax liabilities				
Accelerated depreciation	**3,414**	2,222	**1,192**	(187)
Revaluation of property, plant and equipment	**6,408**	6,408	**-**	-
Others	**23,000**	22,412	**588**	22,412
	32,822	31,042	**1,780**	22,225
Deferred tax assets				
Tax losses	**(9,789)**	(11,141)	**1,352**	15,516
Post employment benefit obligations	**(2,182)**	(7,089)	**4,907**	(6,832)
Others	**(2,286)**	-	**(2,286)**	57
	(14,257)	(18,230)	**3,973**	8,741
Net deferred tax liabilities	**18,565**	12,812		
Total movement for the year			**5,753**	30,966
Recognised as follows:				
In profit or loss (Note 21(a))			**2,797**	35,889
In other comprehensive income			**2,956**	(4,923)
			5,753	30,966

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. The Directors have assessed the recoverability of deferred tax assets for each subsidiary based on the forecasted taxable profit to be generated during the next financial period and in the case of another subsidiary, the tax loss recognised has been limited to future taxable profits to be generated over the next five financial years.

Deferred tax assets have not been recognised on tax losses amounting to **Rs 1.36 billion** (2020: Rs 1.29 billion). Refer to Note 3(iii) for further details.

The tax losses of the Group on which deferred tax assets have been recognised are available for offset against future tax profits as follows:

Financial year ending	Tax year ending	Losses relating to tax year ended	**The Group 2021 Rs'000**
30 June 2022	2022/2023	2017/2018	**-**
30 June 2023	2023/2024	2018/2019	**101,410**
30 June 2024	2024/2025	2019/2020	**231,858**
30 June 2025	2025/2026	2020/2021	**428,082**
30 June 2026	2026/2027	2021/2022	**-**
Indefinite			**825,457**
			1,586,807

Notes to the financial statements (continued)

For the year ended 30 June 2021

11. Inventories

	The Group	
	2021 Rs'000	2020 Rs'000
Food and beverages - at cost	**69,347**	70,043
Spare parts and maintenance - at cost	**41,885**	44,091
Boutique items - at Net realisable value	**23,872**	29,906
Others*- at cost	**18,775**	38,386
	153,879	182,426

* Other stocks include mainly Room amenities & guest supplies, Food & Beverage supplies and printing and stationary.

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 30 June 2021 amounted to **Rs 37.6m** (2020: Rs 28.3m).

Amount of inventory expensed has been disclosed in note 24.

12. Trade and Other Receivables

	The Group		The Company	
	2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
Trade receivables	**274,965**	433,951	**-**	-
Receivable from fellow subsidiaries (Note 36)	**57,027**	57,680	**53,347**	54,117
Receivable from subsidiaries (Note 36)	**-**	-	**2,809,414**	2,111,517
Other receivables and prepayments	**228,823**	201,199	**9,489**	18,623
	560,815	692,830	**2,872,250**	2,184,257
Less loss allowance (Note 37 c (iv))	**(148,670)**	(162,482)	**-**	-
	412,145	530,348	**2,872,250**	2,184,257

(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.

Bad debts written off of **Rs 9.3m** (2020: Rs 31.6m) relate to individual debtor balance which have been impaired during the year and which were not previously provided for.

(ii) At year end, the ageing analysis of unimpaired trade receivables by due dates is as follows:

	The Group		The Company	
	2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
Not past due	**32,912**	14,530	**-**	-
Due less than 30 days	**13,574**	7,954	**-**	-
More than 30 and less than 60 days	**8,472**	7,807	**-**	-
More than 60 and less than 90 days	**16,224**	77,420	**-**	-
More than 90 and less than 180 days	**13,742**	60,391	**-**	-
More than 180 days	**41,371**	103,367	**-**	-
	126,295	271,469	**-**	-

Notes to the financial statements (continued)

For the year ended 30 June 2021

12. Trade and Other Receivables (continued)

(iii) The movement in expected credit losses on trade receivables were as follows:

	The Group		The Company	
	2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
At 01 July	**162,482**	46,447	-	
Transfer to assets held for sale	**-**	(9,804)	-	-
Charge for the year	**(7,158)**	126,318	-	-
Write off	**(9,277)**	(5,209)	-	-
Exchange difference	**2,623**	4,730	-	-
At 30 June (Note 37 c (iv))	**148,670**	162,482	-	-

Expected credit losses on trade receivables is based on Lifetime Expected Credit Losses.

Other financial assets include amount due from a fellow subsidiary and other short term sundry receivables. The Group and the Company have performed an impairment assessment for other financial asset and the impairment loss is immaterial.

13. Assets held for Sale

On 01 August 2020, the group has finalised the sale of Hotel Le Récif, in Reunion Island for a total proceeds of EUR 9 million, payable as follows:

- EUR 7 million payable on date of signature

- EUR 1 million payable 4 years after date of signature (note 9)

- EUR 1 million contingent upon Hotel Le Récif achieving a target EBITDA (note 9)

The amount of EUR 7 million as per the deed of sale has already been paid. There is no impairment of the assets of Hotel Le Récif as the disposal proceeds exceeds the fair value of the net assets.

The breakdown of the assets at 01 July 2020 retranslated at mid rate of Hotel Le Récif classified as assets held for sale are as follows:

	2021 Rs'000	2020 Rs'000
Non-current assets		
Property, plant and equipment	-	318,395
Intangible assets	-	38,851
Deferred tax assets	-	25,294
	-	382,540
Current assets		
Inventories	-	2,382
Trade and other receivables	-	44,101
Cash and short term deposits	-	99,922
	-	146,405
	-	528,945

Notes to the financial statements (continued)

For the year ended 30 June 2021

13. Assets held for Sale (continued)

The liabilities at 01 July 2020 of Hotel Le Récif associated with the assets held for sale are as follows:

	2021 Rs'000	2020 Rs'000
Non-current liabilities		
Interest-bearing loans and borrowings	-	113,209
Post employment benefit obligations	-	4,200
	-	117,409
Current liabilities		
Trade and other payables	-	86,503
	-	86,503
	-	203,912

The effective date of the disposal was 01 July 2020 where the net asset value of the subsidiary after netting off of intercompany transactions was **Rs 264.5m**.

The profit following the disposal of Hotel Le Récif is as follows:		
Fair value of consideration	**276,984**	-
Carrying value of net assets disposed	**(264,474)**	-
Gain on disposal	**12,510**	-

As per the deed of sale of SAS Hotel Le Récif, an amount of **EUR 1 million (Rs 45.9m)** is receivable 4 years after effective date of transfer. Cash proceeds upon disposal of Hotel Le Récif was **Rs 231.1m**.

14. Issued Capital

	The Group and The Company			
	2021 Number of shares	2020 Number of shares	**2021 Rs'000**	2020 Rs'000
(a) Authorised and issued capital				
Ordinary shares of Rs 10 each fully paid				
At 30 June	**137,115,943**	137,115,943	**1,371,159**	1,371,159

	The Group and The Company	
	2021 Rs'000	2020 Rs'000
(b) Share premium		
At 30 June	**1,320,986**	1,320,986

Notes to the financial statements (continued)

For the year ended 30 June 2021

15. Other Reserves

(a) The Group	Foreign exchange translation reserve Rs'000	Asset revaluation reserve Rs'000	Total Rs'000
At 01 July 2019	119,769	1,258,359	1,378,128
Cash flow hedge on loans and leases in foreign currency	(243,933)	-	(243,933)
Cash flow hedge reserve released on repayment of loans and leases	74,553	-	74,553
Currency translation difference	218,561	-	218,561
Tax on other comprehensive income	30,172	-	30,172
Revaluation of property, plant and equipment	-	483,248	483,248
Tax on revaluation reserve	-	(81,425)	(81,425)
At 30 June 2020	199,122	1,660,182	1,859,304
Cash flow hedge on loans and leases in foreign currency	**(360,823)**	**-**	**(360,823)**
Cash flow hedge reserve released on repayment of loans and leases	**21,440**	**-**	**21,440**
Currency translation difference	**137,828**	**-**	**137,828**
Revaluation of property, plant and equipment	**-**	**(3,670)**	**(3,670)**
Tax on other comprehensive income	**46,979**	**-**	**46,979**
Tax on revaluation reserve	**-**	**950**	**950**
At 30 June 2021	**44,546**	**1,657,462**	**1,702,008**

(a) The Company	Asset revaluation reserve Rs'000	Cash flow hedge reserve Rs'000	Total Rs'000
At 01 July 2019	41,310	118	41,428
Release on repayment of loan	-	(119)	(119)
Tax effect	-	(57)	(57)
At 30 June 2020 & 2021	41,310	(58)	41,252

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 USD loans and leases 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 loans and lease agreements (the "hedging instruments"), in EURO, GBP and USD 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 and leases, 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.

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.

Notes to the financial statements (continued)

For the year ended 30 June 2021

16. Convertible Bond

	The Group and The Company 2021 Rs'000	2020 Rs'000
At 01 July	**-**	-
Amount subscribed during the year	**750,000**	-
Less cost attributed to the Convertible Bonds	**(5,917)**	-
At 30 June	**744,083**	-

During the financial year ended 30 June 2021,Lux Island Resorts Ltd sigtned a subscription agreement with the Mauritius Investment Corporation Ltd ("MIC"), a wholly owned subsidiary of the Bank of Mauritius to issue redeemable convertible bonds for a total amount of Rs 1 billion comprising of 100 bonds of Rs 10 million each. Subsequently both parties have mutually agreed to reduce the subscription amount to Rs 920 million (92 bonds).

One of the main objectives of the MIC is to provide financial support to companies impacted by the Covid-19 pandemic and in particular to the tourism sector which had the worst impact due to the full border closure. The MIC support is in the form of redeemable convertible bonds to companies which required urgent working capital to sustain its viability.

The Company issued 75 (in two tranches of 45 and 30 each) 3% redeemable convertible bonds in favour of MIC as at 30 June 2021. The last tranche of Rs 170 million (17 convertible bonds) will be issued in November 2021.

The key terms and conditions of the funding arrangements are as follows:

- The maturity date is 9 years from first disbursement of the first tranche of the subscription proceeds
- The conversion has been pre-determined prior to the subscription
- An interest rates of 3.00% p.a. over the duration of the bonds (from issue date to the earlier of the redemption date or the conversion date). The interest is payable on the last day of each interest period. On maturity date, any unpaid capital and interest is converted into ordinary shares in accordance with the predetermined conversion price.
- Redemption of the bonds shall be at the option of the issuer. The issuer may redeem some or all the bonds, any time prior to the maturity date. The option price shall be determined as follows:
- if redemption happens before the 4th anniversary of the first subscription, the redemption price shall be the nominal amount,
- if redemption happens after the 4th anniversary of the first subscription, the redemption amount shall be 100.5% of the nominal amount.
- All outstanding bonds will be converted into ordinary shares at a pre-agreed formula and price on maturity date. The number of shares to be issued shall be determined as per below formula:

$$[(A+B)/C]$$

- A is the nominal amount of all bonds held by the subscriber
- B is equal to the amount of outstanding and unpaid interest in relation to the bonds held by the subscriber, and
- C is the conversion price which has been set at Rs 33.52

Notes to the financial statements (continued)

For the year ended 30 June 2021

17. Interest-Bearing Loans and Borrowings

	The Group		The Company	
	2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
Current				
Bank loans (Note (a))	**1,147,292**	2,646,293	**535,392**	165,100
Bank overdrafts (Note 32a))	**268,578**	356,438	**36,885**	58,260
	1,415,870	3,002,731	**572,277**	223,360
Non-current				
Bank loans (Note (a))	**4,880,633**	2,158,461	**-**	-
	4,880,633	2,158,461	**-**	-
Total interest-bearing loans and borrowings	**6,296,503**	5,161,192	**572,277**	223,360

	The Group		The Company	
	2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
(a) Bank loans can be analysed as follows:-				
Loan repayable:				
- Within one year	**1,147,292**	2,646,293	**535,392**	165,100
- After one year and before two years	**526,548**	602,656	**-**	-
- After two years and before five years	**2,475,320**	951,002	**-**	-
- After five years	**1,878,765**	604,803	**-**	-
	6,027,925	4,804,754	**535,392**	165,100

Denomination	Effective interest rate	Maturity	The Group **2021 Rs'000**	The Group 2020 Rs'000	The Company **2021 Rs'000**	The Company 2020 Rs'000
Mauritian Rupee	4.75% - 5.75%	June 25 to June 26	**512,436**	524,158	**-**	-
EURO	LIBOR + 2.6% - 4%	June 2025	**77,672**	68,562	**-**	-
EURO	EURIBOR + 1.30%	Dec 2023	**195,400**	178,607	**-**	-
USD	LIBOR + 2.75%	June 2025	**101,058**	94,360	**-**	-
USD	LIBOR+2.6%	June 2025	**26,084**	24,355	**-**	-
EURO	LIBOR+4%	June 2026	**140,809**	126,820	**-**	-
USD	LIBOR +5%	Dec 2025	**609,167**	568,792	**-**	-
USD	LIBOR +4%	Sep 2028	**451,500**	453,695	**-**	-
EURO	LIBOR + 2.5%	June 2026	**255,000**	225,250	**-**	-
EURO	LIBOR +4%	Dec 2029	**816,000**	720,800	**-**	-
GBP	LIBOR+3.8%	June 2026	**672,767**	557,435	**-**	-
USD	LIBOR + 3.5%	Mar 2028	**258,000**	238,090	**-**	-
USD	LIBOR + 4%	Mar 2029	**215,000**	168,630	**-**	-
USD	LIBOR + 4%	Bridging	**279,392**	-	**279,392**	-
Mauritian Rupee	1.5% Fixed	Dec 2024	**72,000**	-	**-**	-
Mauritian Rupee	1.5% Fixed	Dec 2024	**87,640**	-	**-**	-
EURO	EURIBOR + 1.225%- 2.275%	At Call	**153,000**	180,200	**51,000**	90,100
Mauritian Rupee	PLR - 1.3%	At Call	**205,000**	75,000	**205,000**	75,000
Mauritian Rupee	PLR	June 2036	**900,000**	-	**-**	-
Mauritian Rupee	PLR	At call	**-**	600,000	**-**	-
Total bank loans			**6,027,925**	4,804,754	**535,392**	165,100

Notes to the financial statements (continued)

For the year ended 30 June 2021

17. Interest-Bearing Loans and Borrowings (continued)

(b) **Financial covenants**

The Group has obtained waiver of financial covenant from its principal bank at 30 June 2021 and as such, there were no breaches of covenants at year end. For financial year 30 June 2020, the Group did not satisfy its debt covenants (Gearing ratio and interest cover), which as per the loan agreements represented a breach of covenant whereby the bank had the right to claim the whole amount due with respect to those loans. As a consequence of breach of financial covenant, the Group has reclassify Rs 1.24 billion of loan payable of more than one year to current liability at 30 June 2020.

(c) The movement in interest-bearing loans and borrowings (excluding bank overdrafts) is as follows:

	The Group		The Company	
	2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
At 01 July	**4,804,754**	4,237,590	**165,100**	257,856
Proceeds from new loans	**2,723,285**	1,226,730	**1,265,192**	654,300
Repayments of loans	**(1,929,013)**	(850,103)	**(920,050)**	(756,556)
Transfer to lease liabilities	**-**	(60,583)	**-**	-
Exchange difference	**428,899**	251,120	**25,150**	9,500
At 30 June	**6,027,925**	4,804,754	**535,392**	165,100
Bank overdrafts	**268,578**	356,438	**36,885**	58,260
Total interest-bearing loans and borrowings	**6,296,503**	5,161,192	**572,277**	223,360

At 30 June 2021, the Group and the Company have undrawn facilities amounting to **Rs 496.2m** and **Rs 118.6m** respectively (2020: Rs 280m and Rs 97m for the Group and Company respectively).

18. Post Employement Benefit Obligations

(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) Other retirement benefits as defined under the Workers Rights Act (WRA) 2019 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	
	2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
Funded obligation - (Notes (c - o))	**21,803**	35,173	**21,803**	35,173
Unfunded obligation (Notes (p - u))	**95,680**	135,455	**4,482**	6,532
	117,483	170,628	**26,285**	41,705

Notes to the financial statements (continued)

For the year ended 30 June 2021

18. Post Employement Benefit Obligations (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	
	2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
Present value of funded obligation (Note 18(h))	**65,546**	72,886	**65,546**	72,886
Fair value of plan assets (Notes 18(g))	**(43,743)**	(37,713)	**(43,743)**	(37,713)
Liability in the statement of financial position	**21,803**	35,173	**21,803**	35,173

(d) Movement in the statement of financial position:

	The Group		The Company	
	2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
At 01 July	**35,173**	7,840	**35,173**	7,840
Total expenses (Note 18(e))	**3,148**	2,281	**3,148**	2,281
Actuarial gains recognised in other comprehensive income	**(14,804)**	27,017	**(14,804)**	27,017
Contributions paid	**(1,714)**	(1,965)	**(1,714)**	(1,965)
At 30 June	**21,803**	35,173	**21,803**	35,173

(e) The amounts recognised in the statement of profit or loss are as follows:				
Current service cost	**1,985**	1,905	**1,985**	1,905
Interest cost	**1,163**	376	**1,163**	376
Total included in staff costs	**3,148**	2,281	**3,148**	2,281
(f) The total actuarial losses recognised in other comprehensive income are as follows:				
Funded obligation (Note 18(j))	**(14,804)**	27,017	**(14,804)**	27,017
Unfunded obligation (Note 18(s))	**(53,750)**	26,300	**(2,587)**	2,280
	(68,554)	53,317	**(17,391)**	29,297
(g) Changes in the fair value of plan assets are as follows:				
At 01 July	**37,713**	39,873	**37,713**	39,873
Interest on plan assets	**1,281**	2,146	**1,281**	2,146
Employer's contribution	**1,715**	1,965	**1,715**	1,965
Scheme expenses	**99**	(48)	**99**	(48)
Cost of insuring risk benefits	**158**	(132)	**158**	(132)
Actuarial losses	**4,816**	(4,052)	**4,816**	(4,052)
Benefits paid	**(2,039)**	(2,039)	**(2,039)**	(2,039)
At 30 June	**43,743**	37,713	**43,743**	37,713

Notes to the financial statements (continued)

For the year ended 30 June 2021

18. Post Employement Benefit Obligations (continued)

FUNDED OBLIGATION (continued)

	The Group		The Company	
	2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
(h) Changes in defined benefit obligation are as follows:				
At 01 July	**72,886**	47,713	**72,886**	47,713
Current service cost	**2,243**	1,724	**2,243**	1,724
Interest cost	**2,444**	2,523	**2,444**	2,523
Actuarial gains	**(9,988)**	22,965	**(9,988)**	22,965
Benefits paid	**(2,039)**	(2,039)	**(2,039)**	(2,039)
At 30 June	**65,546**	72,886	**65,546**	72,886
(i) The main categories of plan assets are as follows:				
Local equities	**9,903**	9,244	**9,903**	9,244
Overseas equities	**12,913**	9,545	**12,913**	9,545
Fixed interest	**20,927**	18,627	**20,927**	18,627
Properties	**-**	297	**-**	297
Total market value of assets	**43,743**	37,713	**43,743**	37,713
(j) Analysis of amount recognised in other comprehensive income:				
Gains on pension scheme assets	**(4,816)**	4,052	**(4,816)**	4,052
Experience gains on the liabilities	**(1,420)**	7,320	**(1,420)**	7,320
Changes in assumptions underlying the present value of the scheme	**(8,568)**	15,645	**(8,568)**	15,645
Actuarial losses recognised in other comprehensive income	**(14,804)**	27,017	**(14,804)**	27,017
(k) **Sensivity analysis**				
Decrease in defined benefit obligation due to 1% increase in discount rate	**6,972**	8,541	**6,972**	8,541
Increase in defined benefit obligation due to 1% increase in future long-term salary assumption	**900**	1,364	**900**	1,364

The sensitivity analysis above have been determined based on sensibly possible changes of the discount rate or salary increase rate occurring 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 30 June 2021.

Notes to the financial statements (continued)

For the year ended 30 June 2021

18. Post Employement Benefit Obligations (continued)

FUNDED OBLIGATION (continued)

(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 **9 years**.
- Employer's contributions to be paid in the next reporting period is estimated at **Rs 1.68m** (2020: Rs. 1.68m).
- The plan entitles the employees to a lump sum and pension payments at retirement age.

(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	
	2021 %	2020 %	**2021 %**	2020 %
Discount rate	**4.2**	3.4	**4.2**	3.4
Future NPS ceiling increase	**0.0**	0.0	**0.0**	0.0
Future expected pension scheme	**0.0**	0.0	**0.0**	0.0
Future long term salary increase	**2.0**	4.0	**2.0**	4.0
Post retirement mortality tables	**Pa(92)**	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	
	2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
Present value of unfunded obligation	**95,680**	135,455	**4,482**	6,532

(q) Movement in the liability recognised in the statement of financial position:

	The Group		The Company	
	2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
At 01 July	**135,455**	104,805	**6,532**	3,861
Transfer	**-**	(3,850)	**-**	-
Total expenses (Note 18(r))	**14,942**	7,427	**537**	391
Actuarial losses (Note 18(s))	**(53,750)**	26,300	**(2,587)**	2,280
Benefits paid	**(2,989)**	(905)	**-**	-
Exchange differences	**2,022**	1,678	**-**	-
At 30 June	**95,680**	135,455	**4,482**	6,532

Notes to the financial statements (continued)

For the year ended 30 June 2021

18. Post Employement Benefit Obligations (continued)

UNFUNDED OBLIGATION (continued)

(r) The amounts recognised in the statement of profit or loss are as follows:

	The Group		The Company	
	2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
Current service cost	**10,568**	2,633	**302**	171
Interest cost	**4,374**	4,794	**235**	220
Total included in staff costs	**14,942**	7,427	**537**	391

(s) Amount recognised in other comprehensive Income

	The Group		The Company	
	2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
Actuarial (gains)/losses	**(7,080)**	(14,319)	**170**	(50)
Changes in assumptions	**(46,670)**	40,619	**(2,757)**	2,330
	(53,750)	26,300	**(2,587)**	2,280

(t) Sensivity analysis

	The Group		The Company	
	2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
Decrease in defined benefit obligation due to 1% increase in discount rate	**11,521**	22,805	**746**	1,211
Increase in defined benefit obligation due to 1% increase in future long-term salary assumption	**15,498**	19,230	**880**	1,120

(u) The principal actuarial assumptions with respect to the unfunded scheme used for accounting purposes were as follows:

	The Group		The Company	
	2021 %	2020 %	**2021 %**	2020 %
Discount rate	**4.2 to 5.1**	3.5 to 3.7	**4.60**	3.60
Future salary increases	**2.00**	4.00	**2.00**	4.00

Notes to the financial statements (continued)

For the year ended 30 June 2021

19. Government Grants

	The Group	
	2021 Rs'000	2020 Rs'000
At 01 July	**4,459**	5,331
Release against depreciation charge (Note 27)	**(1,613)**	(1,399)
Exchange difference	**521**	527
At 30 June	**3,367**	4,459
Analysed as follows:		
To be released within one year shown within "other payables" in "trade and other payables"	**1,727**	1,486
To be released after one year classified under non-current liabilities	**1,640**	2,973
	3,367	4,459

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.

20. Trade and Other Payables

	The Group		The Company	
	2021 Rs'000	2020 Rs'000	2021 Rs'000	2020 Rs'000
Trade payables	**479,487**	359,768	**-**	-
Amount payable to subsidiaries (Note 36)	**-**	-	**584,689**	992,078
Amount payable to fellow subsidiaries and other related parties (Note 36)	**145,586**	46,912	**-**	-
Accrued expenses	**227,217**	223,068	**12,102**	12,245
Loan interest payable	**-**	42,057	**-**	-
Other payables	**475,699**	358,570	**17,291**	44,111
	1,327,989	1,030,375	**614,082**	1,048,434

Trade and other payables are non-interest bearing and are normally settled on 60-days term.

Other payables comprises mainly of accruals for payroll related costs, amounts payable to contractors and other accruals made in the normal course of business as well as deposits from sales of IHS units for an amount of **Rs 207m**.

For amount payable to subsidiaries and fellow subsidiaries refer to Note 36. Interest accrued have been included under interest-bearing loans and borrowings at 30 June 2021.

21. Taxation

	The Group		The Company	
	2021 Rs'000	2020 Rs'000	2021 Rs'000	2020 Rs'000
(a) Charge for the year	**Rs'000**	Rs'000	**Rs'000**	Rs'000
Current tax on taxable profit for the year (Note (d))	**-**	47,116	**-**	-
Overprovision in previous year (Note (d))	**(7,040)**	(734)	**-**	-
Deferred taxation movement (Note 10)	**(88,346)**	10,624	**2,797**	35,889
Income tax (credit)/expense	**(95,386)**	57,006	**2,797**	35,889

Notes to the financial statements (continued)

For the year ended 30 June 2021

21. Taxation (continued)

(b) Reconciliation between income tax expense and accounting profit is as follows:

	The Group		The Company	
	2021 Rs'000	2020 Rs'000	2021 Rs'000	2020 Rs'000
(Loss)/ profit before tax	**(1,153,757)**	(820,637)	**59,943**	(578,709)
Tax calculated at a rate of 17% (2020: 17%)	**(196,139)**	(139,508)	**10,190**	(98,381)
Effect of different tax rates	**-**	-	**-**	-
Impairments not allowable for tax purposes	**13,831**	66,751	**(10,041)**	199,026
Expenses not deductible for tax purposes (Note(i))	**1,929**	3,384	**1,366**	1,536
Dividend income not subject to tax	**-**	-	**-**	(85,000)
Tax incentives and allowances	**-**	(478)	**(1,474)**	-
Overprovision of income tax in previous year	**(7,040)**	(734)	**-**	-
Overprovision in deferred tax	**2,756**	(7,319)	**2,756**	-
Derecognition of previous tax losses	**53,925**	134,146	**-**	18,708
Tax losses not utilised	**35,352**	-	**-**	-
Other adjustments	**-**	764	**-**	-
	(95,386)	57,006	**2,797**	35,889

Note (i) - Expenses not deductible is mainly in respect of the subsidiary, White Sand Resorts & Spa Pvt Ltd, where finance charges are capped as eligible for tax purposes.

(c) Different tax rates arise on the taxation of foreign units located in Réunion Island and Maldives.

(d) Statement of financial position

	The Group		The Company	
	2021 Rs'000	2020 Rs'000	2021 Rs'000	2020 Rs'000
At 01 July	**(3,618)**	52,326	**-**	-
Change for the year inclusive of Corporate Social Responsibility (CSR) (Note (a))	**-**	47,116	**-**	-
Overprovision provision in prior years (Note (a))	**(7,040)**	(734)	**-**	-
Transfer of levy refundable	**25,088**	-	**-**	-
Paid during the year	**(14,900)**	(102,466)	**-**	-
Exchange difference	**112**	140	**-**	-
At 30 June	**(358)**	(3,618)	**-**	-
Income tax is reflected in the statement of financial position as follows:				
Current tax assets	**(1,916)**	(5,181)	-	-
Current tax liabilities	**1,558**	1,563	-	-

Notes to the financial statements (continued)

For the year ended 30 June 2021

22. Revenue from Contracts with Customers

	The Group		The Company	
	2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
Room revenue	**913,789**	2,765,262	**-**	-
Food and beverages	**710,324**	1,469,727	**-**	-
Others	**233,791**	418,918	**-**	-
	1,857,904	4,653,907	**-**	-
Timing of revenue recognition:				
Point in time	**944,115**	1,888,645	**-**	-
Over time	**913,789**	2,765,262	**-**	-
	1,857,904	4,653,907	**-**	-
Revenue by geographical region:				
Mauritius	**345,519**	2,776,252	**-**	-
Reunion	**556,773**	768,554	**-**	-
Maldives	**955,612**	1,109,101	**-**	-
	1,857,904	4,653,907	**-**	-

Contract liabilities

The contract liabilities are in respect of deposits collected from customers for future stay in our hotels.

The following table shows a reconciliaiton of the movement in deposits:

	The Group	
	2021 Rs'000	2020 Rs'000
At 01 July	**71,091**	153,706
Deposit received during the year	**405,589**	1,030,913
Amount release to profit or loss	**(253,151)**	(1,113,528)
At 30 June	**223,529**	71,091

23. Other Operating Income

(a) Operating income

	The Group		The Company	
	2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
Management fee from subsidiaries	**-**	-	**11,694**	37,152
Rental income	**5,624**	6,564	**5,624**	5,460
Foreign exchange gains	**51,469**	103,981	**77,984**	169,619
Dividend income	**-**	-	**-**	500,000
Wage Assistance Scheme	**332,450**	73,153	**-**	-
Waiver of lease payments	**56,442**	-	**5,510**	-
Others	**1,826**	-	**-**	1,042
	447,811	183,698	**100,812**	713,273

Notes to the financial statements (continued)

For the year ended 30 June 2021

23. Other Operating Income (continued)

(b) Loss on disposal of property, plant and equipment

	The Group		The Company	
	2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
Disposal proceeds	**1,755**	2,972	**-**	-
Net book value of assets disposed/scrapped	**(5,969)**	(7,109)	**-**	-
Net loss	**(4,214)**	(4,137)	**-**	-

The loss on disposal of property, plant and equipment for the current and prior year is recorded under 'Other operating expenses'.

24. Cost of Inventories

	The Group		The Company	
	2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
Food, beverages and room supplies	**431,654**	808,823	**-**	-
Others	**161,811**	286,567	**-**	-
	593,465	1,095,390	**-**	-

25. Employee Benefit Expenses

	The Group		The Company	
	2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
Wages and salaries	**976,555**	1,213,830	**30,146**	25,607
Social security costs	**68,152**	128,449	**1,398**	844
Pension costs:				
Defined contribution scheme	**32,750**	20,769	**2,067**	2,287
Defined benefit scheme (Note 18(e))	**3,148**	2,281	**3,148**	2,281
Other retirement benefit (Note 18(r))	**14,942**	7,427	**537**	391
	1,095,447	1,372,756	**37,296**	31,410

26. Other Operating Expenses

	The Group		The Company	
	2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
Marketing expenses	**67,591**	237,700	**-**	-
Heat, light and power	**157,922**	240,791	**-**	-
Repairs and maintenance	**97,211**	132,332	**508**	502
Communication expenses	**28,608**	48,757	**287**	-
Management fees	**66,467**	258,111	**4,997**	5,825
Others*	**215,135**	423,246	**36,911**	63,286
	632,934	1,340,937	**42,703**	69,613

*Others include mainly bank charges and commissions, printing and stationery, motor vehicles running expenses and loss on disposal of property, plant and equipment.

Notes to the financial statements (continued)

For the year ended 30 June 2021

27. Depreciation and Amortisation

	The Group		The Company	
	2021 Rs'000	2020 Rs'000	2021 Rs'000	2020 Rs'000
Depreciation of property, plant and equipment (Note 4)	429,926	406,956	92	528
Amortisation of intangible assets (Note 7)	1,610	7,154	-	-
Amortisation of Right-of-use assets (Note 5(a))	166,115	155,808	-	-
Release of grant (Note 19)	(1,613)	(1,399)	-	-
	596,038	568,519	92	528

28. Interest Income

	The Group		The Company	
	2021 Rs'000	2020 Rs'000	2021 Rs'000	2020 Rs'000
Interest income	1,538	337	10,837	2,278

Interest income arises from effective interest rates.

29. Finance Costs

	The Group		The Company	
	2021 Rs'000	2020 Rs'000	2021 Rs'000	2020 Rs'000
Interest expense on:				
- Bank overdrafts	15,638	12,097	3,402	989
- Bank loans	216,360	197,687	12,747	2,442
- Leases (Note 5(a))	248,837	233,949	-	-
- Other loans and payables	502	4,790	14,475	18,533
	481,337	448,523	30,624	21,964

30. Impairment of Goodwill

	The Group		The Company	
	2021 Rs'000	2020 Rs'000	2021 Rs'000	2020 Rs'000
Lux Island Resorts Maldives Ltd	-	346,875	-	-
Oceanide Limited	-	314,257	-	-
Blue Bay Tokey Island Ltd	23,731	6,045	-	-
	23,731	667,177	-	-

Notes to the financial statements (continued)

For the year ended 30 June 2021

31. Earnings per Share

	The Group	
	2021 Rs'000	2020 Rs'000
Loss attributable to equity holders of the parent	(1,058,371)	(877,643)
Weighted average number of ordinary shares	137,115,943	137,115,943
Basic earnings per share	(7.72)	(6.40)

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.

Diluted Earnings per share

Diluted earings per share	(7.32)	(6.40)

32. Notes to the Statement of Cash Flows

	The Group		The Company	
	2021 Rs'000	2020 Rs'000	2021 Rs'000	2020 Rs'000
(a) **Cash and cash equivalents**				
Cash and cash equivalents	207,271	156,834	24,224	56,103
Bank overdrafts (Note 17)	(268,578)	(356,438)	(36,885)	(58,260)
	(61,307)	(199,604)	(12,661)	(2,157)

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

(b) **Non-cash transactions**

(i) Payments for the purchase of property, plant and equipment during the year are as follows:

	The Group		The Company	
	2021 Rs'000	2020 Rs'000	2021 Rs'000	2020 Rs'000
Total amount acquired (Note 4)	1,653,222	829,685	72	77
Amount outstanding at year end	(192,378)	-	-	-
Financed by cash	1,460,844	829,685	72	77
(ii) Dividend income from subsidiaries (Note 36)	-	-	-	500,000
(c) **Net Debt Reconciliation**				
Net debt				
Cash and cash equivalents (Net overdraft position) (Note 32(a))	61,307	199,604	12,661	2,157
Borrowings (Excluding bank overdraft and lease liabilities) (Note 5(a))	6,027,925	4,804,754	535,392	165,100
Lease liabilities (Note 5 (a))	3,028,953	2,871,642	-	-
	9,118,185	7,876,000	548,053	167,257

All the above borrowings carry variable interest rates.

Notes to the financial statements (continued)

For the year ended 30 June 2021

32. Notes to the Statement of Cash Flows (continued)

(c) **Net Debt Reconciliation** (continued)

***Net debt* (continued)**

Liabilities from financing activities - the Group

	Convertible bonds Rs'000	Borrowings Rs'000	Leases Rs'000	Sub-total Rs'000	Overdraft Rs'000	Total Rs'000
At 01 July 2019	-	4,177,007	60,583	4,237,590	31,786	4,269,376
Effect of adopting IFRS 16	-	-	2,627,936	2,627,936	-	2,627,936
Cash flows	-	376,627	(78,846)	297,781	78,147	375,928
Transferred to assets held for sale	-	(27,911)	-	(27,911)	91,604	63,693
Exchange difference	-	279,031	261,969	541,000	(1,933)	539,067
At 30 June 2020	-	4,804,754	2,871,642	7,676,396	199,604	7,876,000
Cash flows	**744,083**	**794,272**	**(108,412)**	**1,429,943**	**(133,273)**	**1,296,670**
Non-cash movement	**-**	**-**	**248,263**	**248,263**	**-**	**248,263**
Other movements	**-**	**-**	**(190,109)**	**(190,109)**	**-**	
Exchange difference	**-**	**428,899**	**207,569**	**636,468**	**(5,024)**	**631,444**
At 30 June 2021	**744,083**	**6,027,925**	**3,028,953**	**9,800,961**	**61,307**	**10,052,377**

Liabilities from financing activities - the Company

	Convertible bonds Rs'000	Borrowings Rs'000	Sub-total Rs'000	Overdraft Rs'000	Total Rs'000
At 01 July 2019	-	257,856	257,856	(32,512)	225,344
Cash flows	-	(102,256)	(102,256)	38,754	(63,502)
Exchange difference	-	9,500	9,500	(4,085)	5,415
At 30 June 2020	-	165,100	165,100	2,157	167,257
Cash flows	**744,083**	**345,142**	**1,089,225**	**10,504**	**1,099,729**
Exchange difference	**-**	**25,150**	**25,150**	**-**	**25,150**
At 30 June 2021	**744,083**	**535,392**	**1,279,475**	**12,661**	**1,292,136**

33. Segmental Reporting

Primary segment - Business

Internal reports reviewed by the Chief Operating Decision Makers (i.e the Directors) 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.

Notes to the financial statements (continued)

For the year ended 30 June 2021

33. Segmental Reporting (continued)

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 30 June 2021 are more than 10% in terms of revenue and the following disclosures are made with respect to segmental reporting.

	Mauritius Rs'000	Reunion Rs'000	Maldives Rs'000	Total Rs'000
For the year ended 30 June 2021				
Segment revenue from contract with customers	**345,519**	**556,773**	**955,612**	**1,857,904**
Segment interest income	**86**	**1,452**	**-**	**1,538**
Segment finance cost	**(233,247)**	**(5,680)**	**(242,410)**	**(481,337)**
Segment depreciation and amortisation	**(371,038)**	**(90,496)**	**(134,504)**	**(596,038)**
Segment result before finance charges	**(775,602)**	**(17,774)**	**119,418**	**(673,958)**
Segment assets	**9,565,679**	**1,148,626**	**5,853,653**	**16,567,958**
Segment liabilities	**6,005,287**	**648,149**	**4,766,678**	**11,420,114**
Capital expenditure	**1,404,915**	**18,653**	**37,276**	**1,460,844**
Cash flows from operating activties	**30,601**	**(236,304)**	**137,257**	**(68,446)**
Cash flows from investing activities	**(1,449,234)**	**258,286**	**(37,276)**	**(1,228,224)**
Cash flows from financing activities	**1,436,214**	**(9,176)**	**2,905**	**1,429,943**

Secondary segment - Geographical

	Mauritius Rs'000	Reunion Rs'000	Maldives Rs'000	Total Rs'000
For the year ended 30 June 2020				
Segment revenue from contract with customers	2,776,252	768,554	1,109,101	4,653,907
Segment interest income	337	-	-	337
Segment finance cost	(219,700)	(7,513)	(221,310)	(448,523)
Segment depreciation and amortisation	(379,769)	(64,050)	(124,700)	(568,519)
Segment result before finance charges	(136,105)	11,489	(247,835)	(372,451)
Segment assets	8,418,870	1,706,823	5,478,358	15,604,051
Segment liabilities	(4,471,892)	(1,177,397)	(4,388,902)	(10,038,191)
Capital expenditure	776,728	29,501	23,456	829,685
Cash flows from operating activties	269,909	2,868	191,463	464,240
Cash flows from investing activities	(775,413)	(32,981)	(23,456)	(831,850)
Cash flows from financing activities	462,404	112,505	(277,128)	297,781

34. Contingent Liabilities

The Group

At 30 June 2021, the Group had the following contingent liabilities:

(a) Bank guarantees of **Rs 421.7m** and guarantee for loans of **USD 23.8m** and **EUR 5m** (2020: Rs 51.6m and loan of USD 23.8m and EUR 5m) given on behalf of subsidiaries arising in the ordinary course of business from which it is anticipated that no material losses will arise. The Directors consider that no liabilities will arise as the probability for default in respect of the guarantee is remote.

(b) Legal claims of **Rs 60.4m** (2020: Rs 54.4m) 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. At this stage, the Directors do not believe that the Group will be required to settle the amounts claimed.

Notes to the financial statements (continued)

For the year ended 30 June 2021

34. Contingent Liabilities (continued)

The Company

Bank guarantees of **Rs 42.6m** and guarantee for loans of **USD 23.8m and EUR 5m** (2020: Rs 51m and loan of USD 23.8m) 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. The Directors consider that no liabilities will arise as the probability for default in respect of the guarantee is remote.

35. Commitments

	The Group		The Company	
	2021	2020	**2021**	2020
	Rs'000	Rs'000	**Rs'000**	Rs'000
Capital commitments				
Authorised by directors but not yet contracted for	**349,737**	2,041,615	**-**	-
Contracted for but not provided for in accounts	**232,523**	871,803	**-**	-
	582,260	2,913,418	**-**	-

The above capital commitments relate only to property, plant and equipment. There are no capital commitment in relation to investment property or intangible assets.

Notes to the financial statements (continued)

For the year ended 30 June 2021

36. 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)	**2021**	**135,553**	**114,344**	**5,624**	**108,438**	**-**	**57,027**	**-**	**-**	**-**	**-**	**-**	**-**
	2020	462,756	38,266	5,460	46,912	-	57,680	-	-	-	-	-	-
Entities over which directors have significant influence (Note b)	**2021**	**2,242**	**-**	**-**	**19,648**	**-**	**-**	**-**	**-**	**306,000**	**6,239**	**240**	**-**
	2020	7,070	-	-	2,467	-	-	-	10,845	270,300	3,032	1,822	-
Key management personnel (Note c)	**2021**	**-**	**-**	**-**	**17,500**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**69,056**
	2020	-	-	-	-	-	-	-	-	-	-	-	73,760
Other related parties	**2021**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	2020	-	-	-	-	-	-	-	-	-	-	-	-
The Company													
Subsidiaries (Note d)	**2021**	**-**	**-**	**-**	**584,689**	**-**	**2,809,414**	**10,750**	**-**	**-**	**14,475**	**-**	**-**
	2020	-	-	-	992,078	500,000	2,111,517	1,945	-	-	16,615	-	-
Fellow subsidiaries (Note d)	**2021**	**18,668**	**-**	**5,624**	**-**	**-**	**53,347**	**-**	**-**	**51,000**	**407**	**240**	**-**
	2020	17,637	-	5,460	-	-	54,117	-	-	45,050	1,917	124	-
Key management personnel (Note c)	**2021**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**19,654**
	2020	-	-	-	-	-	-	-	-	-	-	-	20,260

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 + 2.5% (2020: +2.5%). The loan includes a Money Market Line of EURO 1 million carrying interest at LIBOR +2% and a term loan of EURO 5 million repayable by monthly installments carrying interest rate of LIBOR +2.5%.

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 66.8m** (2020: Rs 71.9m) as well as contributions to pension scheme for post retirement benefits of **Rs 2.3m** (2020: Rs 1.86m). For the Company, the emoluments include short term benefits of **Rs 17.3m** (2020: Rs 18.4m) and contributions to pension scheme for post retirement benefits of **Rs 2.3m** (2020: Rs 1.86m).

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.

Notes to the financial statements (continued)

For the year ended 30 June 2021

37. 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 30 June 2021 and 2020.

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%** (2020: 45%) during normal trading conditions. The Group includes within net debt, interest bearing loans and borrowings and lease liabilities, less cash in hand and at bank. The gearing ratios at 30 June 2021 and 2020 were as follows:

	The Group		The Company	
	2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
Debt (i)	**9,325,456**	8,032,834	**572,277**	223,360
Cash in hand and at bank	**(207,271)**	(156,834)	**(24,224)**	(56,103)
Net debt	**9,118,185**	7,876,000	**548,053**	167,257
Equity (ii)	**5,147,844**	5,565,860	**4,237,146**	3,426,445
Total capital plus debt	**14,266,029**	13,441,860	**4,785,199**	3,593,702
Gearing ratio	**64%**	59%	**11%**	5%

(i) Debt is defined as long and short term borrowings, as detailed in Note 17 and lease liabilities as detailed in Note 5.

(ii) Equity includes all capital and reserves as well as the Convertible Bonds of the Group and the Company respectively.

(iii) Following the outbreak of the COVID-19 pandemic, the performance of all the hotels in the Group has been impacted significantly, with a losses after tax of **Rs 1,058m** and Rs 878m in 2021 and 2020 respectively, causing a significant decrease in equity.

Furthermore, with the adoption of IFRS 16, gearing calculation has been impacted significantly with the lease liability arising upon recognition of right-of-use asset. The Group is in discussion with its bankers to exclude the impact of IFRS 16 in the computation of all financial covenants. If equity at 30 June 2021 and 2020 is adjusted with the impact of the lease liability, the gearing ratio would have been at 54% and 47% respectively.

(b) Categories of financial instruments

	The Group		The Company	
	2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
Financial assets				
Financial assets at amortised cost	**519,535**	617,360	**2,889,574**	2,234,795
	519,535	617,360	**2,889,574**	2,234,795
Financial liabilities				
Financial liabilities at amortised cost	**10,390,545**	8,859,976	**1,185,059**	1,267,641
	10,390,545	8,859,976	**1,185,059**	1,267,641

Notes to the financial statements (continued)

For the year ended 30 June 2021

37. Financial Risk Management Objectives and Policies (continued)

(b) Categories of financial instruments (continued)

Financial assets include trade and other receivables and cash and cash equivalents, but exclude prepayments and taxes amounting to **Rs 145.8m** (2020: Rs 69.8m) for the Group and **Rs 6.9m** for the company (2020: Rs 5.6m).

Financial liabilities at amortised cost consist of trade and other payables, interest bearing loans and borrowings and lease liabilities, but excludes taxes and levy refudable amounting to **Rs 262.9m** (2020: Rs 203.2m) for the Group and **Rs 1.3m** (2020: Rs 4.2m) for the company.

(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 Group 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 15.

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 30 June 2021 and at 30 June 2020 is as follows:

	The Group		The Company	
	Financial assets Rs'000	**Financial liabilities** Rs'000	**Financial assets Rs'000**	**Financial liabilities** Rs'000
30 June 2021				
Euro	**168,090**	**1,787,483**	**163,592**	**51,736**
Pound sterling	**38,680**	**672,766**	**3,217**	**-**
US Dollar	**156,436**	**3,981,412**	**961,431**	**286,054**
Other foreign currencies	**-**	**-**	**50**	**77**
Total foreign currencies	**363,206**	**6,441,661**	**1,128,290**	**337,867**
Mauritian Rupee	**156,329**	**3,948,884**	**1,761,284**	**847,192**
Total	**519,535**	**10,390,545**	**2,889,574**	**1,185,059**
30 June 2020				
Euro	255,838	2,344,466	349,705	147,838
Pound sterling	81,718	557,435	16,901	1,965
US Dollar	128,429	3,565,778	984,159	23,001
Other foreign currencies	-	-	3	-
Total foreign currencies	465,985	6,467,679	1,350,768	172,804
Mauritian Rupee	151,375	2,392,297	884,027	1,094,837
Total	617,360	8,859,976	2,234,795	1,267,641

Notes to the financial statements (continued)

For the year ended 30 June 2021

37. 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	
	2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
Profit or loss	**(80,970)**	(104,431)	**5,593**	10,093
Equity	**(55,840)**	(64,591)	**-**	-

GBP IMPACT

	The Group		The Company	
	2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
Profit or loss	**(31,704)**	(23,786)	**161**	747
Equity	**(125,530)**	(27,872)	**-**	-

US DOLLAR IMPACT

	The Group		The Company	
	2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
Profit or loss	**(191,249)**	(171,867)	**33,769**	48,058
Equity	**(33,638)**	45,552	**-**	-

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.

(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.

Notes to the financial statements (continued)

For the year ended 30 June 2021

37. Financial Risk Management Objectives and Policies (continued)

(c) Financial risk management (continued)

(ii) Interest rate risk management (continued)

The interest rate profile of the Group at 30 June was:

Financial assets	2021		2020	
	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
Mauritian Rupee	**PLR - 4%**	**Nil**	PLR - 4%	Nil

Financial liabilities	2021			2020		
	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 + 3.8%**	**N/A**	N/A	LIBOR + 3.8%	N/A
EURO	**N/A**	**EURIBOR + 1.3% - 4.0%**	**1% - 1.5%**	N/A	EURIBOR + 1.3% - 4.0%	N/A
USD	**LIBOR + 4%**	**LIBOR +1.25% - 5%**	**N/A**	LIBOR + 4%	LIBOR +1.25% - 5%	N/A
Mauritan Rupee	**PLR & PLR + 0.525%**	**PLR + 0.65% - 1.65%**	**1.5%- 4%**	PLR & PLR + 0.525%	PLR + 0.65% - 1.65%	N/A

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.

If interest rates had been 50 basis points higher for Mauritan Rupee 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	
	2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
Profit or loss	**(4,043)**	(5,497)	**(255)**	(1)
Equity	**-**	-	**-**	-

US DOLLAR IMPACT

	The Group		The Company	
	2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
Profit or loss	**(8,994)**	(7,583)	**(1,397)**	(225)
Equity	**-**	-	**-**	-

Notes to the financial statements (continued)

For the year ended 30 June 2021

37. Financial Risk Management Objectives and Policies (continued)

(c) Financial risk management (continued)

(ii) Interest rate risk management (continued)

	MUR IMPACT			
	The Group		The Company	
	2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
Profit or loss	**(15,846)**	(14,004)	**(9,133)**	(5,506)
Equity	**-**	-	**-**	-

A decrease in interest rate by 50 basis points of Mauritan Rupee 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 not exposed to equity price risks arising from equity investments.

(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.

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 30 June 2021 and 2020. 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.

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 30 June 2021, most of trade debtors of the Group were not covered under the credit protection insurance policy as most of the debtors for the Mauritius entities were aged above the coverage period (2020: 30%). The Group considers debtors due for more than 180 days as credit impaired, as the insurance policy covers balances due before 180 days. 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. The information about the ECLs on the Group's trade receivables is disclosed in note 12.

Notes to the financial statements (continued)

For the year ended 30 June 2021

37. Financial Risk Management Objectives and Policies (continued)

(c) Financial risk management (continued)

(iv) Credit risk management

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	< 180 days Rs'000	>180 days Rs'000
30 June 2021							
Expected credit loss rate		***3.63%***	***0.01%***	***0.05%***	***0.33%***	***12.11%***	***77.86%***
Carrying amount	**274,965**	**34,152**	**13,575**	**8,476**	**16,278**	**15,635**	**186,849**
Expected credit loss	**148,670**	**1,240**	**1**	**4**	**54**	**1,893**	**145,478**
01 July 2020							
Expected credit loss rate		*2.30%*	*8.00%*	*14.00%*	*20.00%*	*38.00%*	*50.10%*
Carrying amount	433,951	14,875	8,645	9,077	96,775	97,404	207,175
Expected credit loss	162,482	345	691	1,270	19,355	37,013	103,808

Following outbreak of COVID -19, our hotels in Mauritius operated only for local guests and did not generate income in foreign currencies. Furthermore, most of the sales were principally on a cash basis, hence explaining higher trade recievables in the bucket of above 180 days.

The increase in debtors ageing has resulted into an increase in the percentage of expected loss per the different buckets as well as a decrease in the percentage of debtors covered by insurance as only debtors within 6 months are covered by insurance, resulting into a significant increase in the level of provision for doubtful debts at 30 June 2021.

(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 2.4 billion** as at 30 June 2021 (2020: Rs 3.4 billion) and this has been the case over the last past five years. Despite the uncertainty faced by the tourist industry in general, 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 already negotiated with its main bankers to defer all loan repayment for Mauritius and Maldives entities up to July 2023. Furthermore, short term loan includes a revolving loan of Rs 358m in the form of Money Market Line. These will either be converted into long term loans or will be renewed until the Group can generate sufficient cash flow for repayment;

  With the announcement of opening of borders in Mauritius as from 01 October, 2021, the Directors are confident that the Group will be able to achieve its budgeted results based on bookings in hands and hence meets all its operational and financial commitments during the financial year ended 30 June 2022.

- The Group has already received Government sponsored COVID-19 loan of Rs 160 million;

- The Company and MIC have on 18 September 2020 signed a term sheet pursuant to which MIC has committed to subscribe to redeemable and convertible secured bonds (the "Bonds") having a nominal value of Rs 10 million to be issued by the Company for a total subscription amount of Rs 1 Billion. The MIC and LIR have subsequantly agreed to a reduced facility of Rs 920 million and 75 Bonds have already been issued up to 30 June 2021 while the remaining 17 bonds will be issued in September 2021, to be used for working capital requirements;

- The Reunion entity has already contracted a Government sponsored loan of EUR 2 million carrying interest rate of EURIBOR + 2%. Given that Lux* St Gilles achieved commendable results in FY 20/21, the amount drawn under this facility is still available and will be used in case of a shartfall either in reunion or at group level. Based on business level in Quarter 1, and future outlook, it is highly probable that the Reunion entity will not use this amount which will then be used for Mauritian entities.

- The Group has already secured a term loan of USD 7.8 million for the Maldives entity and this loan coupled with operational income will be sufficient to enable the company in Maldives to meet all its commitments during the financial year 2022.

Notes to the financial statements (continued)

For the year ended 30 June 2021

37. Financial Risk Management Objectives and Policies (continued)

(c) Financial risk management (continued)

(v) Liquidity risk management (continued)

Finally, with the support of the Government of Mauritius through the Wage Assistance Scheme, the Group's operational cost saving on payroll is estimated at around Rs 25 million per month. The Government has already announned that this support will continue up to 30 September 2021.

Liquidity and interest rate risk tables - financial liabilities - undiscounted

The Group

	Weighted average effective interest rate %	At Call Rs'000	Within one year Rs'000	1 to 5 years Rs'000	More than 5 years Rs'000	Total Rs'000
30 June 2021						
Non-interest bearing	-	1,065,089	-	-	-	1,065,089
Variable interest rate instruments	4.25%-6.55%	268,578	860,245	3,638,143	1,863,567	6,630,533
Fixed interest rate instruments	2.8%-9.33%	-	678,987	147,265	-	826,252
Financial and other guarantees	-	1,700,100	-	-	-	1,700,100
Other contractual commitment	-	-	232,523	-	-	232,523
		3,033,767	1,771,755	3,785,408	1,863,567	10,454,497
30 June 2020						
Non-interest bearing	-	827,142	-	-	-	827,142
Variable interest rate instruments	4.1%	1,800,849	1,250,523	1,805,169	629,280	5,485,821
Fixed interest rate instruments	5.04%-9.33%	-	341,440	1,368,373	11,530,082	13,239,895
Financial and other guarantees	-	1,234,484	-	-	-	1,234,484
Other contractual commitment	-	-	871,803	-	-	871,803
		3,862,475	2,463,766	3,173,542	12,159,362	21,659,145

The Company

	Weighted average effective interest rate %	At Call Rs'000	Within one year Rs'000	1 to 5 years Rs'000	More than 5 years Rs'000	Total Rs'000
30 June 2021						
Non-interest bearing	-	612,782	-	-	-	612,782
Variable interest rate instruments	1.75%-4.15%	36,885	535,392	-	-	572,277
Financial and other guarantees	-	1,321,000	-	-	-	1,321,000
		1,970,667	535,392	-	-	2,506,059
30 June 2020						
Non-interest bearing	-	1,044,281	-	-	-	1,044,281
Variable interest rate instruments	1% - 2.8%	58,260	165,419	-	-	223,679
Financial and other guarantees	-	1,008,604	-	-	-	1,008,604
		2,111,145	165,419	-	-	2,276,564

Notes to the financial statements (continued)

For the year ended 30 June 2021

37. 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. A summary of the carrying amounts and fair values of the financial instruments at 30 June 2021 and 30 June 2020 are as follows:

The Group

		2021		2020	
	Fair value hierarchy	Carrying value Rs'000	Fair value Rs'000	Carrying value Rs'000	Fair value Rs'000
Financial assets:					
Amortised costs:					
Trade and other receivables	Level 2	312,264	312,264	460,526	460,526
Cash and short-term deposits	Level 2	207,271	207,271	156,834	156,834
		519,535	519,535	617,360	617,360
Financial liabilities:					
Amortised costs:					
Interest-bearing loans and borrowings	Level 2	6,296,503	6,296,503	5,161,192	5,161,192
Lease Liabilities	Level 2	3,028,953	3,028,953	2,871,642	2,871,642
Trade and other payables	Level 2	1,065,089	1,065,089	827,142	827,142
		10,390,545	10,390,545	8,859,976	8,859,976

The Company

		2021		2020	
	Fair value hierarchy	Carrying value Rs'000	Fair value Rs'000	Carrying value Rs'000	Fair value Rs'000
Financial assets:					
Amortised costs:					
Trade and other receivables	Level 2	2,865,350	2,865,350	2,178,692	2,178,692
Cash and cash equivalents	Level 2	24,224	24,224	56,103	56,103
		2,889,574	2,889,574	2,234,795	2,234,795
Financial liabilities:					
Amortised costs:					
Borrowings	Level 2	572,277	572,277	223,360	223,360
Trade and other payables	Level 2	612,782	612,782	1,044,281	1,044,281
		1,185,059	1,185,059	1,267,641	1,267,641

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 in the fair value hierarchy.

Notes to the financial statements (continued)

For the year ended 30 June 2021

38. Financial Summary

(a) The Group

	2021 Rs'000	2020 Rs'000
Non-current assets	**15,792,747**	14,200,317
Current assets	**775,211**	874,789
Issued capital	**1,371,159**	1,371,159
Share premium	**1,320,986**	1,320,986
Convertible bonds	**744,083**	-
Other reserves	**1,702,008**	1,859,304
Retained earnings	**9,608**	1,014,411
Current liabilities (excluding liabilities held-for-sale)	**3,143,827**	4,247,096
Non-current liabilities	**8,276,287**	5,587,183
Total revenue	**1,857,904**	4,653,907
Loss before tax	**(1,153,757)**	(820,637)
Loss attributable to owners of the parent	**(1,058,371)**	(877,643)

(b) The Company

	2021 Rs'000	2020 Rs'000
Non-current assets	**2,571,881**	2,512,396
Current assets	**2,896,474**	2,240,360
Issued capital	**1,371,159**	1,371,159
Share premium	**1,320,986**	1,320,986
Convertible bonds	**744,083**	-
Other reserves	**41,252**	41,252
Retained earnings	**759,666**	693,048
Current liabilities	**1,186,359**	1,271,794
Non-current liabilities	**44,850**	54,517
Total revenue	**100,812**	713,273
Profit/(loss) before tax	**59,943**	(578,709)
Profit/(loss) for the year	**57,146**	(614,598)

39. 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.

40. Dividends

No dividends have been declared with respect to the year ended 30 June 2021. (2020: Rs Nil).

41. Events after the Reporting Date

There are no significant events after the reporting date which require adjustment or additional disclosures in the financial statements, except for the following:

On 23 August 2021, Merville Ltd and the Mauritius Investment Corporation Ltd ("MIC") have signed a subscription agreement for a financing of Rs 700 million to finance the redevelopment of Lux* Grand Baie. The financing is in the form of 70 convertible bond of Rs 10 million each convertible into shares at the end of 9 years after disbursement date with options of early redemption by the issuer.

NOTICE 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, Floréal, on Thursday 9 December 2021 at 10hrs with the following agenda:

Resolutions

1. To consider and approve the audited financial statements for the year ended 30 June 2021
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 re-elect Mr Gerhard Hecker as Director of the Company*
13. To ratify the remuneration paid to the non-executive directors for the year ended 30 June 2021
14. To ratify the remuneration paid to the auditors for the year ended 30 June 2021
15. 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
Company Secretary

15 November 2021

* ***Biography of the directors can be found at pages 14 & 15 of the Integrated Annual Report.***

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, Floréal, Mauritius, not less than twenty four hours before the time fixed 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 Integrated 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 10 November 2021.

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 Thursday 9 December 2021 commencing at 10hrs and at any adjournment thereof.

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

Resolutions	Vote with a tick	
	For	Against
1. To consider and approve the audited financial statements for the year ended 30 June 2021		
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 re-elect Mr Gerhard Hecker as Director of the Company		
13. To ratify the remuneration paid to the non-executive directors for the year ended 30 June 2021		
14. To ratify the remuneration paid to the auditors for the year ended 30 June 2021		
15. 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

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	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.	Pages 40 - 57	
	102-3	Location of the organization's headquarters.	Page 9	
	102-4	Number of countries where the organization operates	Page 36	
	102-5	Nature of ownership and legal form	Pages 6 - 7	
	102-6	Markets served, and types of customers and beneficiaries	Page 34 - 39	
	102-7	Scale of the organisation	Page 6 - 7	
	102-8	Total number of employees by employment contract, gender and region	Page 100	
	102-9	Description of supply chain	Page 32	
	102-10	Significant changes during the reporting period regarding the organisation's size, structure, ownership, or its supply chain	Page 32	
	102-11	Whether and how the precautionary approach or principle is addressed by the organisation	Pages 92 - 93	
	102-12	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or which it endorses.		
	102-13	Memberships in associations and national/ international advocacy organisations		

GRI: 102-55

Annex 1: Gri Standards Content Index

GRI Standard	Index Disclosure		Page References and Remarks	Mapping with Sustainable Development Goals (SDGs)
GRI 102 General Disclosures 2016	102-14	Statement from senior decision-maker about the relevance of sustainability and organisation's strategy	CEO'S Report Page 34 - 39	
	102-15	Key impacts, risks, and opportunities	Page 80 - 87	
	102-16	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	Page 92 - 93	SDG 8
	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.		
	102-40	List of stakeholder groups engaged by the organisation	Page 28	
	102-41	Percentage of total employees covered by collective bargaining agreements	Page 100	
	102-42	Basis for identification and selection of stakeholders with whom to engage	Page 27	
	102-43	Organisation's approach to stakeholder engagement	Page 28	
	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		
	102-45	All entities included in the organisation's consolidated financial statements or equivalent documents	Page 150	
	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 92 - 93	
	102-47	All the material topics identified in the process for defining report content.	Page 93	
	102-48	Effect of any restatements of information provided in previous reports, and the reasons for such restatements.	No Restatements For The Fy 20 - 21 Report	

Annex 1: Gri Standards Content Index

GRI Standard	Index Disclosure		Page References and Remarks	Mapping with Sustainable Development Goals (SDGs)
GRI 102 General Disclosures 2016	102-49	Significant changes from previous reporting periods in the Scope and Topic Boundaries	No significant changes in Scope or Topic Boundaries	
	102-50	Reporting period for information provided	Page 1	
	102-51	Date of most recent previous report	LIR and Subsidiaries IAR 2019-2020	
	102-52	Reporting cycle	Page 92	
	102-53	Contact point for questions regarding the report or its contents	evita.fakun@theluxcollective.com annabelle.forget@lir.mu	
	102-55	GRI Index with "in accordance" option chosen and references to External Assurance Reports	Page 186	
	102-54	Claims of reporting in accordance with the GRI Standards	Chairman's Statement Page 30 & 92	
	102-56	Organisation's policy and current practice with regard to seeking external assurance for the report	Pages 92	

Annex 1: Gri Standards Content Index

GRI Standard	Index	Disclosure	Page References and Remarks	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	LIR follows reporting principles of Materiality, Completeness, Balance, Compatibility, Accuracy, Timeliness, Clarity, Reliability and Stakeholder Inclusiveness. The GRI topics that are material to LIR as reported in this index are: health & safety, water, corporate governance, emissions, energy, waste, 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, effluents, procurement practices, socio-economic compliance, supplier social assessment.	
	103-2	The Management Approach and its Components		
	103-3	Evaluation of the Management Approach		

Annex 1: Gri Standards Content Index

GRI Standard	Index	Disclosure	Page References and Remarks	Mapping with Sustainable Development Goals (SDGs)
SPECIFIC STANDARD DISCLOSURES				
ENVIRONMENT				SDGs 7,8,12,13
GRI 302: Energy 2016	302-1	Energy consumption within the organization	Page 96	
	302-2	Energy consumption outside of the organization	N/A	
	302-3	Energy intensity	Page 96	
	302-4	Reduction of energy consumption		
	302-5	Reductions in energy requirements of products and services		
GRI 303: Water 2016	303-1	Total water withdrawal by source		
	303-2	Water sources significantly affected by withdrawal of water		SDGs 3,12,13,14,15
GRI 304: Biodiversity 2016	304-3	Biodiversity	Page 99	SDGs 14,15
GRI 305: Emissions 2016	305-1	Direct greenhouse gas (GHG) emissions (Scope 1)in metric tons of CO_2 equivalent	Page 98	SDG 13
	305-2	Energy indirect greenhouse gas (GHG) emissions (Scope 2):		
	305-3	Other indirect greenhouse gas (GHG) emissions (Scope 3)		
	305-4	Indirect (Scope 3).		
	305-5	Reduction of greenhouse gas (GHG) emissions		
GRI 306: Effluents & Waste 2016	306-1	Total water discharge by quality and destination	Page 97	SDGs 3,6,12
	306-2	Total weight of waste by type and disposal method		
SOCIAL: HUMAN RIGHTS				
GRI 412: Human Rights Assessment 2016	412-2	Total hours of employee training on human rights policies or procedures	Page 100	SDG 8
GRI 406: Non-discrimination 2016	406-1	Total number of incidents of discrimination and corrective actions taken		

Annex 1: Gri Standards Content Index

GRI Standard	Index	Disclosure	Page References and Remarks	Mapping with Sustainable Development Goals (SDGs)
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 100	
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		
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee by gender, and by employee category		SDG 8
	404-3	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category		
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		
GRI 405: Diversity and Equal Opportunity 2016	405-2	Ratio of basic salary and remuneration of women to men by employee category		
SOCIETY				
GRI 413: Local Communities 2016	413-1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	Pages 102 - 103	SDGs 1,2,3,4, 5,14,15,16,17
ECONOMIC				
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	Shared Value Creation Page 25	SDGs 2,5,7,8,9
	201-2	Financial implications and other risks and opportunities for the organization's activities due to climate change	Pages 25, 98 - 99	SDG 13