LUX ISLAND RESORTS LTD AND ITS SUBSIDIARIES - INTEGRATED ANNUAL REPORT 2022

# LUX ISLAND RESORTS

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 2022. This report was approved by the Board of Directors on 20 September 2022.

**Jean-Claude Béga**
*Chairperson*

# Contents

# Group Structure
As at 30 June 2022

## Lux Island Resort Ltd
(Holding)

| 100% | 100% | 100% | 100% |
|---|---|---|---|
| MERVILLE LTD<br>Owner & Operator of<br>LUX* Grand Baie | HOLIDAY & LEISURE RESORTS LIMITED<br>Owner & Operator of<br>LUX* Grand Gaube | BLUE BAY TOKEY ISLAND LIMITED<br>Property Owner of<br>Ile des deux Cocos | BEAU RIVAGE CO LTD<br>Owner & Operator of<br>LUX* Belle Mare |

NOTE: The complete list of the subsidiaries of Lux Island Resorts Ltd is disclosed at page 145

100%
LES PAVILLONS RESORTS LTD
Owner & Operator of LUX* Le Morne

100%
MSF LEISURE COMPANY LTD
Nautical Centre & Restaurant Emba Filao

100%
OCÉANIDE LIMITED
Investment Company

100%
NERÉIDE LIMITED
Operator of Tamassa Bel Ombre

100%
LIRCO LTD SARL

100%
SAS HÔTEL PRESTIGE RÉUNION
Investment Company

100%
SA LES VILLAS DU LAGON
Operator of LUX* Saint Gilles

SNC SAINT PAUL
Property Owner of LUX* Saint Gilles

100%
LUX ISLAND RESORTS MALDIVES LTD
Investment Company

100%
WHITE SANDS RESORT & SPA PVT LTD
Owner & Operator of LUX* South Ari Atoll

# Board & Committees

## Board of Directors

### Directors
Jean-Claude Béga (Chairperson)
Désiré Elliah (Chief Executive Officer)
Jan Boullé
Jenifer Chung Wong Tsang (appointed on 25.11.2021)
Laurent de la Hogue
Pascale Lagesse
Thierry Lagesse
Maxime Rey

Gerhard Hecker (resigned on 25.11.2021)
Reshan Rambocus (resigned on 09.02.2022)

### Audit and Risk Committee
Jenifer Chung Wong Tsang (appointed as Chairperson on 25.11.2021)
Laurent de la Hogue
Maxime Rey

Gerhard Hecker (resigned on 25.11.2021)
Reshan Rambocus (resigned as Chairperson on 25.11.2021 and as member on 09.02.2022)

### Corporate Governance and Nomination Committee
Pascale Lagesse (Chairperson)
Jean-Claude Béga
Jan Boullé

Gerhard Hecker (resigned on 25.11.2021)

### Remuneration Committee
Pascale Lagesse (Chairperson)
Jean-Claude Béga
Jan Boullé

Reshan Rambocus (resigned on 09.02.2022)

### Company Secretary
IBL Management Ltd

# Management & Administration

### Head Office

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

### Hotels

**Stephan Anseline** - *General Manager* - LUX* Grand Gaube
**Jérémie de Fombelle** -*Regional General Manager* - in charge of LUX* Le Morne and LUX* Saint Gilles in Reunion Island
**Gerhard Hecker** - *General Manager* - LUX* Belle Mare
**Patrice Hudebine** - *Directeur Général* - LUX* Saint Gilles
**Jean-Benoit Nisin** - *General Manager* - Tamassa Bel Ombre & Ile Des Deux Cocos
**John Rogers** - *General Manager* - LUX* South Ari Atoll
**Daniele Vastolo** – *General Manager* - LUX* Grand Baie

### Chief Internal Auditor

Pritila Joynathsing-Gayan

### Legal Advisors

Clarel Benoit
André Robert
Hervé Duval
Vony Ramsamy

### Communication Advisor

Blast Communications Ltd

### Bankers

ABC Banking Ltd
Absa Bank (Mauritius) Ltd
AfrAsia Bank Ltd
Bank One Limited
Bank of Ceylon
Banque Française Commerciale Océan Indien
Caisse d'Epargne-Provence-Alpes-Corse
HSBC Limited
Maubank Ltd
SBM Bank (Mauritius) Ltd
Standard Bank (Mauritius) Ltd
State Bank of India (Mauritius) Ltd
The Mauritius Commercial Bank Ltd

### Auditors

PricewaterhouseCoopers Ltd

### Registered Office

Pierre Simonet Street
Floréal Mauritius

### Notary

Jean-Pierre Montocchio

### Registry and Transfer Office

Pierre Simonet Street
Floréal, Mauritius

# Directorship

As at 30 June 2022

| | 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 |
|---|---|---|---|---|---|---|---|---|---|---|
| Béga Jean-Claude | x | x | x | x | | x | x | | x | |
| Bissessur Jitendra (appointed on 21.03.2022) | | | | | | | | | | |
| Boullé Jan | | | | | | | | | | |
| Chung Wong Tsang Jenifer (appointed on 25.11.2021) | | | | | | | | | | |
| De La Hogue Laurent | | | | | | | | | | |
| Elliah Désiré | x | x | x | x | x | x | x | x | x | x |
| Jones Paul | | | | | | | | | | |
| Lagesse Pascale | | | | | | | | | | |
| Lagesse Thierry | | | | | | | | | | |
| Liu Léon | | | | | | | | | | |
| Ramlagun Hurrydeo | x | x | x | x | | x | x | | x | x (1) |
| Rey Maxime | | | | | | | | | | |
| Sellam Eric | | | | | | | | x | | |

Gerhard Hecker resigned as Director of Lux Island Resorts Ltd on 25.11.2021

Reshan Rambocus resigned as Director of Lux Island Resorts Ltd on 09.02.2022

(1) Hurrydeo Ramlagun appointed on 13.12.2021

| | 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 |
|---|---|---|---|---|---|---|---|---|---|---|
| | X | | X | X | X | X | | X | X | X |
| | | | | | X | | | | | |
| | X | | | | | | | | | |
| | X | | | | | | | | | |
| | X | | | | | | | | | |
| | X | X | X | X | X | X | X | X | X | X |
| | | | | | | | X | | | |
| | X | | | | | | | | | |
| | X | | | | | | | | | |
| | | | | | | | | | | X |
| | | | X | X | X | X | | X | X | X |
| | X | | | | | | | | | |
| | | | | | | | | | | |

### 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, The United Basalt Products Limited, The Bee Equity Partners Ltd and a Non-Executive Director of Phoenix Beverages Limited, Espace Maison Ltée and Ekada Capital Ltd.

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

### Désiré Elliah

Chief Executive Officer

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 is currently the 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.*

### Jenifer Chung Wong Tsang

Jenifer Chung Wong Tsang is a Fellow member (FCA) and a Business & Finance Professional (BFP) of the Institute of Chartered Accountants in England & Wales (ICAEW). Jenifer has over 20 years of experience in audit and tax spanning over numerous sectors including hospitality, financial services, real estate and manufacturing. She started her career in the UK, having worked predominantly for PwC LLP, before returning to Mauritius in 2013 where she worked for PwC Mauritius. Jenifer is currently an independent business and tax adviser, and also the director of a corporate service provider of secretarial services to domestic companies.
She was appointed as a Director of the Company and as Chairperson of the Audit and Risk Committee in November 2021.

*Directorship in other listed companies: None.*

# Board of Directors

**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 served 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 Eagle Insurance Limited, 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: 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, The United Basalt Products Ltd.*

**Maxime Rey**

Born in 1952, Maxime Rey qualified as an accountant and started his career in 1973 in Mauritius in auditing before joining the Sugar Industry.
He moved to South Africa in 1981 where he worked for Kuehne and Nagel (Pty) Ltd, the South African arm of a leading global provider of innovative and fully integrated supply chain solutions.
He was appointed Group Financial Controller in 1989 and Director in 1992. Back in Mauritius in 1993 he joined SWAN, one of the market leaders in the local Insurance sector, becoming Senior Manager - Group Finance, Loans & Legal until he retired in 2016. He is a director of a number of Companies listed on the Stock Exchange of Mauritius and operating in the commercial, investment, sugar and tourism sectors.
He was appointed as Director of the Company in September 2012 and is a member of the Audit & Risk Committee.

*Directorship in other listed companies: Belle Mare Holding Ltd, Constance La Gaieté Company Ltd, IBL Ltd (until 30.06.2022) and MFD Group Ltd.*

# Management Profiles
Head Office

**Désiré Elliah**

*Chief Executive Officer*

See profile on page 10.

**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 Profiles
## Hotel Managers

### John Rogers

*General Manager – LUX* South Ari Atoll*

John Rogers has been appointed to the position of General Manager of LUX* South Ari Atoll. He will join the company in October 2022.
He started his career in 1986 in the Food & Beverage field after obtaining his Higher National Diploma in Hotel, Catering & Institutional Management from Ealing College of Higher Education in the UK.
An experienced and award-winning hotel General Manager with more than 35 years of international working experience, John has acquired extensive knowledge and experience in the luxury hospitality industry having worked for well-established brands like Orient Express, Shangri-La, Le Royal Meridien, Oberoi, Anantara and others.
John joined the group in October 2018 as General Manager of LUX* North Male Atoll and left the company in December 2021 some 3 months after the owners of the resort concluded a sale agreement with Dubai Holding who rebranded the property under their own Jumeirah flag.
Prior to his tenure at LUX* North Male Atoll, John was the General Manager of Carlisle Bay, Antigua, a Leading Hotel of the World, a position which he held for three years from 2015 to 2018.
Having John as part of the team again ensures stability since he knows already the team and masters the LUX* brand requirements, Vision, Purpose and Values.

### Stephan Anseline

*General Manager – LUX* Grand Gaube*

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. After three successful and dedicated years with Tamassa, where he demonstrated hard work and rigor, Stephan was appointed in November 2021 to the position of General Manager of LUX* Grand Gaube.
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

*Regional General Manager – LUX* Resorts & Hotels (in charge of LUX* Le Morne and LUX* Saint Gilles in Reunion Island)*

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. With more than 8 years of experience with LUX* Le Morne, evidenced by his ability to consistently exceed the expectations of our Guests, Jeremie has been promoted to the position of Regional General Manager - LUX* Resorts & Hotels - Mauritius & Ile de la Reunion in May 2022. In this new position, he will be overseeing the LUX* properties in Mauritius and in Ile de la Reunion. 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.

# Management Profiles
## Hotel Managers

### Gerhard Hecker

*General Manager – LUX* Belle Mare*

Born in 1955, Gerhard holds a Diploma as Hotel Economist from the School of Hotel Administration and Business Management in Munich. A seasoned General Manager with over 40 years' experience in the hospitality industry, Gerhard is specialized in 5-star and luxury hotels and resorts, with a strong background in Food and Beverage with substantial experience in hotel management, openings and pre-openings across Europe, Asia, Middle East and Africa. Prior to joining the group as General Manager of LUX* Belle Mare in November 2021, Gerhard was from 2017 to 2020, the General Manager of Shangri-la's Le Touessrok Resort & Spa and was from February to March 2020, the acting General Manager of Shangri-La Villingili Resort & Spa in the Maldives.
Given the wealth of international experience in the luxury segment, and strong hospitality background as well as his knowledge of the destination, Gerhard will undoubtedly raise and maintain the levels of quality and service in such a well-established property like LUX* Belle Mare.

### Patrice Hudebine

*Directeur Général – LUX* Saint Gilles*

Patrice graduated in Economics and Management from the University of Paris 13th, then was 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 and 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-star hotels in France and in Canada. Patrice is also specialized in the acquisition and sale of hotels. He joined the LUX* team in 2009 on Reunion Island and was promoted to the position of General Manager of LUX* Saint Gilles in June 2021.

## Jean-Benoit Nisin

*General Manager – Tamassa Bel Ombre & Ile Des Deux Cocos*

Born in 1976, Jean Benoit graduated in 1997 from the University Beeckman of Liège where he obtained his Bachelor's degree in Physical Education, Sports & Recreation. He also holds a Master's degree in Administration and International Exchange from the University Paris 12 (UPEC).
After 14 years working for Club Med SAS (owning up to 70 resorts worldwide) as Resort Manager in the United States, the Caribbean, the Near and Middle East, Europe and Asia, Jean Benoit was appointed to the position of Resident Manager of LUX* Grand Gaube in January 2020.
Prior to his appointment, he was the General Manager of Club Med in Mauritius (La Plantation D'Albion) and prior to this, he held General Manager roles with the same group in several destinations such as Sanya in the People's Republic of China, Bali, The Maldives, Turkey and The Carribean.
Since his appointment, Jean Benoit has performed an outstanding job at LUX* Grand Gaube and injected his international experience and expertise in the operations.
Jean Benoit was appointed as General Manager of Ile des Deux Cocos in January 2020 and as General Manager of Tamassa in November 2021.

## Daniele Vastolo

*General Manager - LUX* Grand Baie*

Holder of a Diploma from the Hotel School Ottaviano in Napoli, Daniele started his career over two decades ago. With over 20 years' of leadership experience in hospitality, Daniele is a passionate hotelier with extensive experience in managing luxury lifestyle hotels across multi-property portfolios and brand development.
Daniele has a strong track record as he held various General Manager positions within the Shangri-La group throughout the world namely Shangri-La's Fijian Resort & Spa, Yanuca Island in Fiji, Shangri-La's Boracay Resort & Spa in the Philippines, Shangri-La's Long Island Resort & Spa, in Seychelles and as Resident Manager at Shangri-La Hotel Kuala Lumpur, Malaysia.
He also held the position of General Manager of the Kempinski Summerland Hotel & Resort in Beirut, Lebanon and was prior to this position the Group Director of Operations of Nikki Beach Hotels & Resorts EMEA in Dubai for nearly 7 years.
Before joining the LUX* Team in August 2022 as General Manager of LUX* Grand Baie, Daniele was the General Manager of the very high-end Zulal Wellness Resort in Doha.

# Business Model

| Capital | Financial | Human | Natural |
|---|---|---|---|
| **Inputs/ Actions/ Activities** | - Manage cashflow and treasury operations<br>- Minimise foreign currency exposure impact<br>- Improve operational efficiency<br>- Ensure operational effciency and compliance using internal control systems<br>- Identify and mitigate risks, control solutions<br>- Develop a solid investment relations plan | - Equip employees with adequate skills to carry out operations<br>- Foster an ethical environment<br>- Establish a culturally diverse workforce<br>- Establish a gender-balanced workforce<br>- Acquire & retain skilled people<br>- Initiate a rotation scheme with our global talent pool<br>- Effectively manage employee performance<br>- Protect human rights and dignity<br>- Implement health and safety measures<br>- Initiate ongoing training and development | - Physical Location<br>- Ensure energy efficiency<br>- Reduce water use<br>- Increase resource productivity<br>- Lessen carbon footprint<br>- Reduce and manage waste |
| **Key Business Processes** | | - Hotel operations<br>- Food and beverages outlets<br>- Hotel management<br>- Social relationship management | |
| **Results/ Outcomes** | - Growth in Equity Value<br>- Increased revenue and profitability<br>- Safeguard the assets of the group<br>- Growth in Earnings per Share<br>- Ensure adequate liquidity to meet financial commitment<br>- Stabilize the group's businesses | - Engaged Team Members<br>- High-quality service and enhanced guest satisfaction<br>- Increased loyalty<br>- Grooming of talented leaders<br>- Increased productivity<br>- Skilled workforce to maintain sustainable, profitable growth<br>- Low turnover and optimised training costs | - Efficient utilisation of resources<br>- Optimised costs<br>- Enhanced corporate reputation as Responsible Business<br>- Maximised positive impact<br>- Sustainable growth<br>- Light footprint |

## Products & 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

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

- 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

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

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

# Financial Highlights & Ratios

| | Year ended 30th June | | | | |
|---|---|---|---|---|---|
| | 2022 | 2021 | 2020 | 2019 | 2018 |
| | | Re-stated | Re-stated | | |
| | Rs 000 | Rs 000 | Rs 000 | Rs 000 | Rs 000 |
| **Statement of Profit or Loss** | | | | | |
| Total income | 6,810,220 | 2,334,695 | 4,837,605 | 6,189,878 | 5,711,786 |
| **EBITDA before impairment and write offs** | **1,987,502** | **12,749** | **1,028,522** | **1,368,010** | **1,146,954** |
| Impairment of goodwill | - | (23,731) | (667,177) | - | - |
| Other impairment and bad debts written off | (160,115) | (37,958) | (165,277) | (2,107) | - |
| **EBITDA** | **1,827,387** | **(48,940)** | **196,068** | **1,365,903** | **1,146,954** |
| Depreciation and amortisation | (657,478) | (596,038) | (568,519) | (470,022) | (492,371) |
| **Operating (loss)/profit** | **1,169,909** | **(644,978)** | **(372,451)** | **895,881** | **654,583** |
| Net finance charges | (454,412) | (479,799) | (448,186) | (273,629) | (236,428) |
| Exceptional item | - | - | - | - | 75,677 |
| **Profit/(loss) before tax** | **715,497** | **(1,124,777)** | **(820,637)** | **622,252** | **493,832** |
| Income tax (expense)/credit | (236,821) | 90,458 | (57,006) | (91,889) | (78,460) |
| **Profit/(loss) before discontinued operations** | **478,676** | **(1,034,319)** | **(877,643)** | **530,363** | **415,372** |
| Results from discontinued operations | - | - | - | 195,167 | (731) |
| **Profit/(loss) for the year** | **478,676** | **(1,034,319)** | **(877,643)** | **725,530** | **414,641** |
| Non-controlling interest | - | - | - | (173) | 74 |
| **Profit/(loss) attributable to the group** | 478,676 | (1,034,319) | (877,643) | 725,357 | 414,715 |
| **Dividend Declared** | | | | | |
| Cash | - | - | - | 185,107 | 171,395 |
| In specie | - | - | - | 275,605 | - |
| Total | - | - | - | 460,712 | 171,395 |
| Statement of Financial Position | | | | | |
| Total Assets | 17,174,737 | 16,339,190 | 15,604,051 | 12,311,657 | 12,922,926 |
| Equity | 6,621,971 | 5,086,791 | 5,527,734 | 6,007,040 | 6,010,297 |
| Total Liabilities | 10,552,766 | 11,252,399 | 10,076,317 | 6,304,617 | 6,912,629 |
| Interest bearing loans net of cash balance | 3,993,854 | 6,089,232 | 5,004,358 | 4,269,376 | 4,587,237 |
| Financial Ratios | | | | | |
| Earnings per share | 3.5 | (7.7) | (6.4) | 3.87 | 3.03 |
| Dividend per share | - | - | - | 3.36 | 1.25 |
| Net Assets per share | 48.29 | 37.10 | 40.31 | 43.81 | 43.83 |
| EBITDA margin (Note a) | 29% | 1% | 21% | 22% | 20% |
| Interest Cover (Note a) | 4.37 | 0.03 | 2.29 | 5.00 | 4.85 |
| Dividend cover | NA | NA | N/A | 3.92 | 2.42 |
| Return on Equity | 7% | -20% | -16% | 9% | 6% |
| Debt to Equity (Note b) | 0.60 | 1.20 | 0.91 | 0.71 | 0.76 |

Note (a) EBITDA margin and Interest Cover have been calculated using EBITDA before impairment and write offs. Finance charge as from 2020 includes interest on lease liabilities arising on adoption of IFRS 16.
Note (b) Debt used to calculate the ratio excludes lease liabilities arising upon adoption of IFRS 16.

# Financial Status at a Glance

Year ended 30 June 2022

## Consolidated Cash Flow Statement
Year ended 30th June 2022

| | Rs 000 |
|---|---|
| Net cash flows from operating activities | 2,024,371 |
| Net cash flows from investing activities | (616,310) |
| Net cash flows from financing activities | (101,139) |
| Net increase in cash & cash equivalents | 1,306,922 |
| Transfer to assets held for sale | (111,807) |
| *Effects of exchange rate changes* | (53,710) |
| *Cash and Cash equivalents on 30th June 2021* | (61,307) |
| *Cash and Cash equivalents on 30th June 2022* | 1,080,098 |

## Statement of Financial Position
As at 30th June 2021

| | Rs 000 |
|---|---|
| **Assets** | |
| Cash and Cash Equivalents | - |
| Current Assets | 937,334 |
| Investment & Other | 4,136,655 |
| Property Plant and Equipment | 11,057,930 |
| **Total Assets** | **16,131,919** |
| **Liabilities & Equities** | |
| Cash and Cash Equivalents | 61,307 |
| Current liabilities | 2,666,998 |
| Non Current liabilities | 8,316,823 |
| Share Capital, Premium, convertible bonds & Reserves | 4,973,854 |
| Retained Earnings | 112,937 |
| | **16,131,919** |

## Consolidated Income Statement
Year ended 30th June 2022

| | Rs 000 |
|---|---|
| Revenue | 6,810 ,220 |
| Profit for the year | 478,676 |
| Non-controlling interest | - |
| Profit attributable to the group | 478,676 |

## Share Capital & Reserves
As at 30th June 2022

| | Rs 000 |
|---|---|
| Balance at 30th June 2021 | 4,973,854 |
| Issue of convertible bonds | 716,200 |
| Foreign exchange and other reserve | 384,472 |
| Balance at 30th June 2022 | 6,074,526 |

## Retained Earnings
As at 30th June 2022

| | Rs 000 |
|---|---|
| Balance at 30th June 2021 | 112,937 |
| Total Earnings for the year | 473,121 |
| Interest on bonds | (38,613) |
| Balance at 30th June 2022 | 547,445 |

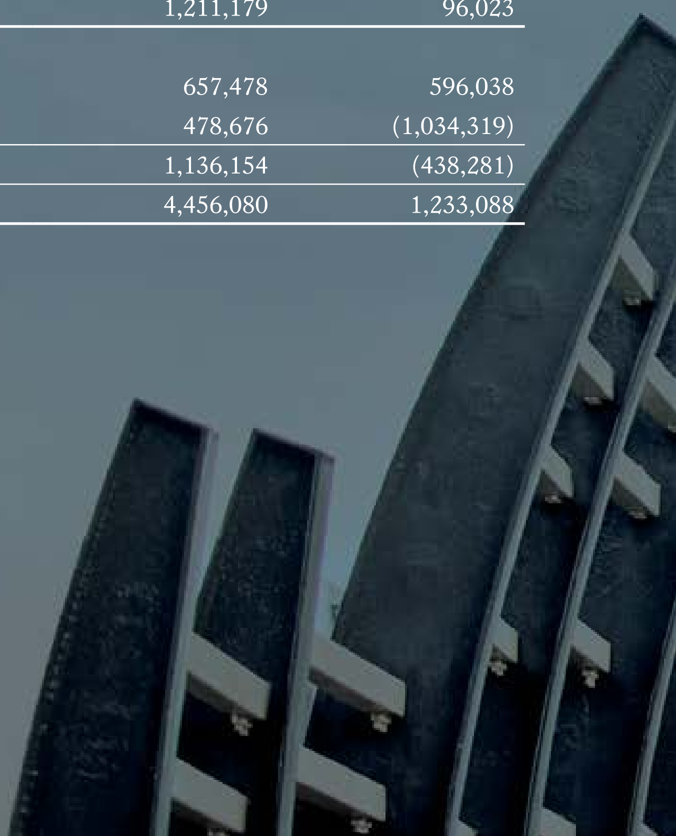
## Statement of Financial Position
As at 30th June 2022

| | Rs 000 |
|---|---|
| **Assets** | |
| Cash and Cash Equivalents | 1,080,098 |
| Current Assets | 1,390,115 |
| Investment & Other | 4,056,983 |
| Property Plant and Equipment | 10,643,819 |
| **Total Assets** | **17,171,015** |
| **Liabilities & Equities** | |
| Cash and Cash Equivalents | - |
| Current liabilities | 2,473,896 |
| Non Current liabilities | 8,075,148 |
| Share Capital. Premium & Reserves | 6,074,526 |
| Retained Earnings | 547,445 |
| | **17,171,015** |

# Value Added Statements

Year ended 30 June 2022

| | Year ended 30-Jun-22 Rs000 | Year ended 30-Jun-21 Rs000 |
|---|---|---|
| Revenue | 6,810,220 | 2,334,695 |
| Value Added Tax | 797,567 | 183,834 |
| Total Revenue | 7,607,787 | 2,518,529 |
| Paid to suppliers for materials and services | 2,991,592 | 1,223,751 |
| Value added | 4,616,195 | 1,294,778 |
| Impairment and write offs/Results from discontinued operations | (160,115) | (61,689) |
| Total wealth created | 4,456,080 | 1,233,088 |
| Distributed as follows: | | |
| Members of staff | | |
| Salaries and other benefits | 1,654,335 | 1,095,547 |
| Providers of capital | | |
| Dividend to ordinary shareholders | - | - |
| Interest paid on borrowings | 454,412 | 479,799 |
| Profit attributable to non-controlling interests | - | - |
| | 454,412 | 479,799 |
| Government and parastatal corporations | | |
| Value Added Tax | 797,567 | 183,834 |
| Income Tax (Current and deferred) | 236,821 | (90,458) |
| Environment Protection fee | 50,698 | 552 |
| Licences, permits and levies | 17,792 | 2,095 |
| Lease costs | 108,301 | - |
| | 1,211,179 | 96,023 |
| Reinvested in the Group to maintain and develop operations | | |
| Depreciation and amortisation | 657,478 | 596,038 |
| Retained profit | 478,676 | (1,034,319) |
| | 1,136,154 | (438,281) |
| | 4,456,080 | 1,233,088 |



# Shared Value Creation

Human Capital

**1.654 Bn**

Salaries and Benefits

Share Price Peak (FY 21-22)

**Rs 60**

(20 May 2021)

Environment
Protection Fee

**50.698 m**

Total Revenue

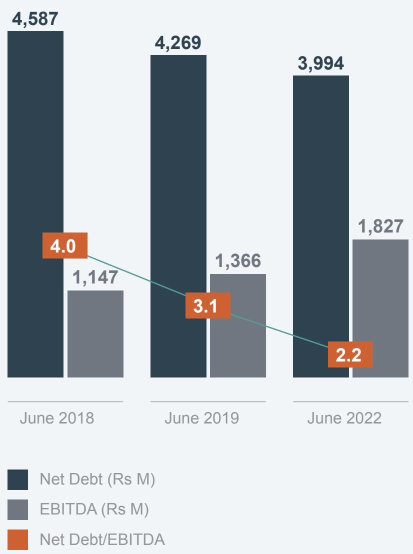
**6.81 Bn**

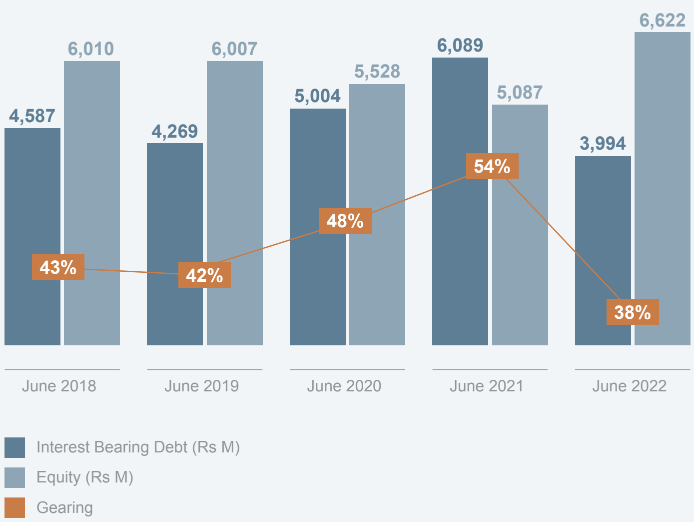
Reinvestment into
Upgrade of Assets (CAPEX)

**657 m**

# Financial Highlights

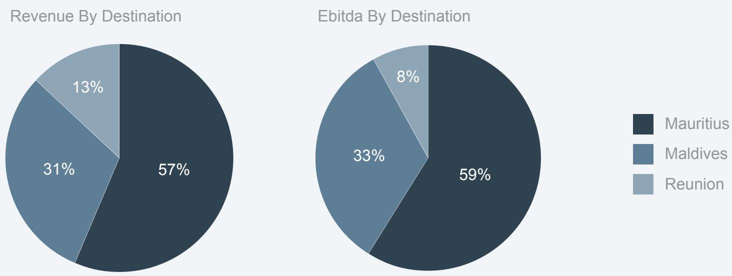
## Evolution of Debt, Ebitda & Debt/Ebitda Ratio



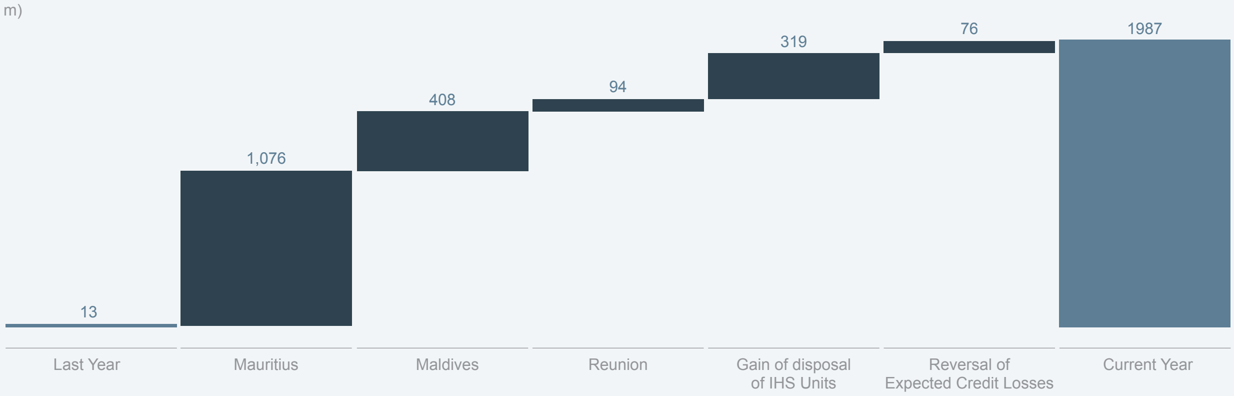

*The statistics for 2020 and 2021 are excluded as results for those years were impacted by COVID and the ratios would be distorted.*

## Geography



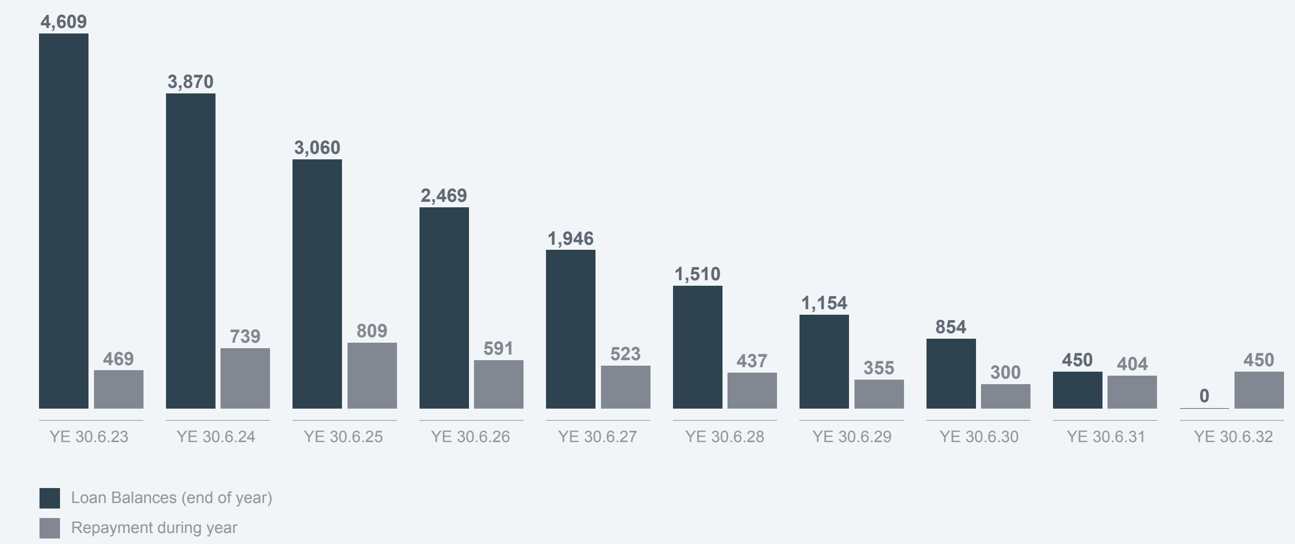

## EBITDA Movement (Before Exceptional)

(Rs m)

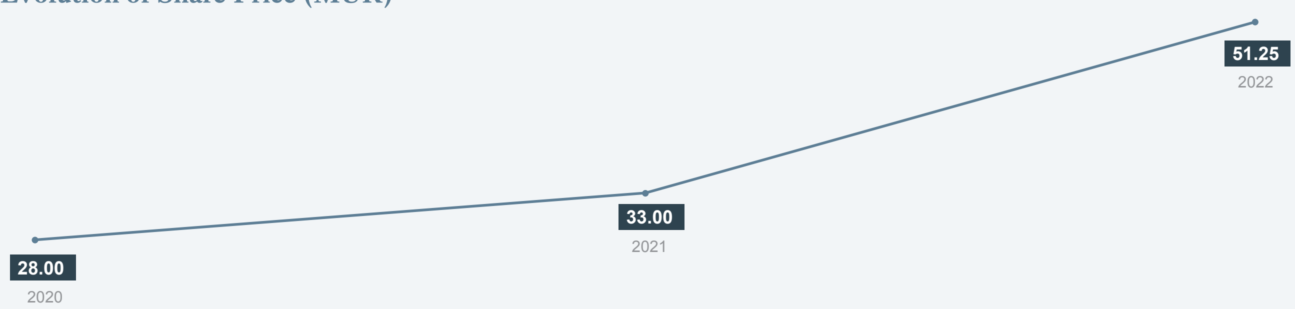


## Loan Balance and Repayment Plan

(Rs m)




## Evolution of Share Price (MUR)




## Overview of the Hotel Properties and date of last refurbishment

| Hotel | Location | Rating | Lease Expiry (Year) | No. of Keys | Last Renovation | Years from Last Renovation |
|---|---|---|---|---|---|---|
| LUX* Grand Baie | Mauritius | 5* Luxury | 2064 | 116 | Dec 21 | < 1 year |
| LUX* Le Morne | Mauritius | 5* | 2069 | 149 | Nov 20 | 1.5 years |
| LUX* Belle Mare | Mauritius | 5* | 2069 | 186 | Sep 23[1] | 0 year |
| LUX* Grand Gaube | Mauritius | 5* | 2068 | 186 | Dec 17 | 4.5 years |
| LUX* South Ari Atoll | Maldives | 5* | 2094 | 193 | Sep 16 | 5.5 years |
| LUX* St Gilles | Reunion | 5* | 2031[2] | 174 | Oct 08 | 15 years |
| Tamassa Bel Ombre | Mauritius | 4* | 2027[3] | 214 | Oct 08 | 15 years |

(1) Expected re-opening date of LUX* Belle Mare

(2) Lease with French Govt expires in Year 2031. LIR is in negotiation with a potential buyer to exit before Lease Expiry

(3) Lease Agreement between LIR and the Owner, GRIT, expires in Year 2027, while Land Lease between Grit and MOHL in Year 2078.

# Material Elements & Connectivity to Achieve Strategic Plans & Objectives

## Value Drivers

| | Financial | Human | Products & Services |
|---|---|---|---|
| **Capital** | Financial | Human | Products & Services |
| **Objectives** | Revenue Growth<br>Cost Optimisation<br>Project Development | The Welfare of People | Brand Strength and Optimal Distribution |
| **Outcomes** | Profitable Growth (Earnings per Share)<br><br>Capital and Cost Efficiency | Human Resources and Training<br><br>Company Culture | Best in class hotel operation<br><br>Sustain a well established brand name |

## Material Issues

| | Financial | Human | Products & Services |
|---|---|---|---|
| **Short Term** | Managing exchange rate impact<br><br>Sustainaning optimal level of working capital | Employ talented and fully engaged people<br><br>Investment to give the best trainings to Team Members | Positive feedback, such as on online platforms like TripAdvisor (high guest satisfaction scores) |
| **Medium Term** | Grow into new markets<br><br>Improve international competitiveness<br><br>Efficient capital structure<br><br>Cost optimisation and cost-reduction programs | Talent and skills management<br><br>Retention of talent through training initiatives and competitive remuneration package<br><br>Develop and adopt 'one company' culture | Effective communication of values, mission and vision to Team Members and guests<br><br>Refreshed and reinvented properties, with enhanced amenities, plus a continuous focus on our hospitality standards for best guest experience and satisfaction<br><br>Enhance promotion and marketing investment<br><br>Win industry awards |
| **Long Term** | Strategic acquisitions into new territories<br><br>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 |

## Natural

Environmental Sustainability

| Energy | Water | Waste and Elements | Emissions | Bio-diversity |
|---|---|---|---|---|
| Deployment plan for full implementation of energy management system to reduce energy consumed by heating and air conditioning | | Reduce solid waste through waste management system (measure, benchmark and reduce year on year) | | |
| | Optimise use of fresh water and ensure efficient consumption | | Invest in Renewable energy technologies aiming to reduce carbon footprint | Continuous deployment of the "Tread Lightly" initiative to offset carbon and support biodiversity conservation projects (endemic fauna and flora) |
| 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 | | | |

## External Links

Elevate the Partnership Quality

| Guests | Government & Environmental Bodies | Tour Operators | Suppliers | Corporate Social Investment |
|---|---|---|---|---|
| | Provide support to authorities and Governmental entities wherever possible | | | |
| Consideration for Guest experience feedback in next development or refurbishment plans<br><br>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 |
| | Continuous support for key governmental partners for Tourism and economy at large | | | |

# Stakeholder Inclusiveness

| | Our People and the Management | Shareholders and Investors | Guests |
|---|---|---|---|
| **How we engage with our stakeholders** | - Internal newsletters<br>- Intranet Platform<br>- CEO roadshows<br>- Executive committees<br>- Regular updates via email/ Memos<br>- Employee surveys<br>- Induction programs<br>- On-going training and education<br>- Performance management programs | - Regular presentations and roadshows<br>- External newsletters<br>- Integrated reports and financial state ments<br>- Media releases and published results<br>- Annual General Meeting<br>- Dedicated analyst and investor meetings<br>- LUX Island Resorts website | - Online satisfaction surveys (e.g TripAdvisor)<br>- Dedicated customer relationship managers and call centres<br>- Active website, Twitter and Facebook engagement<br>- Personal, one-to-one interactions<br>- Live Chat |
| **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. |
| **What our stakeholders expect from us and their concerns** | Expectation:<br>Provide a safe, stimulating and rewarding work environment that offers opportunities for personal and career development.<br>Concern:<br>- Health and safety performance<br>- Job security<br>- Performance management<br>- Decent Work & Labour Practices Equal Opportunity<br>- Gender Equality<br>- Ongoing training programmes and education<br>- Open communication between Team Members and Management<br>- Provision of competitive remuneration and benefits packages | Expectation:<br>Provide sustained returns on investment through sound risk management, strategic growth opportunities and good governance practices.<br>Hotel reputation (Responsible Business)<br>Concern:<br>- Deliver sustainable growth and returns<br>- Dividends<br>- Leadership and strategic direction<br>- Corporate governance and ethics<br>- Projects progression<br>- Capital expenditure plans for current and future periods (risks and opportunities of expansion)<br>- Liquidity and gearing | Expectation:<br>Provide consistent quality experiences that meet their expectations and needs.<br>Concern:<br>- Unique, consistent and quality experience<br>- Simple and quick interaction with Team Members<br>- Value offerings<br>- Recognition for loyalty<br>- Innovative products and services |
| **Impact on Objectives and Strategy** | Elevate Team Member engagement | - Growth revenue<br>- Cost optimisation<br>- Project development | Increase in direct bookings and retain guests |

## Local Community

- Events and sponsorships
- Corporate Social
- Responsibility programmes
- Donations
- Media channels

The empowerment of local communities contributes to the long-term viability of our business.

Expectation:

Help provide a better environment by offering job opportunities, organising social events and sponsorships.

Concern:

- Investment in disadvantage communities (education, health, poverty and empowerment)
- Employment opportunities
- Sponsorships

Environmental sustainability and Inclusive Business

## Accredited Organisations, Legislations, Policies Authorities & Government

- 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)

Government and other regulatory bodies provide us with our licence to trade and the regulatory frameworks within which we operate.

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

Elevate the experience & Stakeholder relationship

## Social

- One-to-one meetings
- Tender and procurement processes
- Supplier forums

Suppliers are vital to the success of our business by enabling us to deliver consistent guest experience.

Expectation:

Provide a framework for transparent supplier selection and effectuate payments in a timely manner.

Concern:

- Timely payment and favourable terms
- Fair treatment

Stakeholder Relationship

# Chairman's Statement

**Last year, I expressed how confident I was about LIR emerging from the pandemic stronger than ever. Today, I am pleased to report that the financial year ended 30 June 2022 was up to my expectations!**

Dear Shareholders,

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 2022.

## Business Performances

Last year, I expressed how confident I was about LIR emerging from the pandemic stronger than ever. Today, I am pleased to report that the financial year ended 30 June 2022 was up to my expectations!

Group total income increased significantly from Rs 2.3bn a year ago to Rs 6.8bn in 2022. EBITDA before impairment and write offs, which last year at Rs 13M, reached Rs 1.987bn. This figure includes a gain of Rs 319M on the sale of the villas and residences at LUX* Grand Baie.

All three destinations where we operate did very well, with a special mention to LUX* South Ari Atoll in the Maldives,

Unfortunately, we were informed by the French Authorities that the lease of LUX* Saint Gilles, expiring in September 2031, will not be renewed automatically despite the fact that our agreement provides for a 10-year extension, subject to mutual agreement between the lessor and lessee.

As a result, the French Authorities will carry out an open tender to the general public at the end of LUX* Saint Gilles's initial term, in September 2031. On a prudence basis, the Board has decided to impair part of the value of the assets of LUX* Saint Gilles given the uncertainty of the outcome of the tendering exercise. We have therefore provided Rs 221M in this regard in the accounts. In this context, we have also initiated discussions with a potential buyer for the acquisition of LUX* Saint Gilles and assets and liabilities of that hotel have been classified as 'held for sale' in our financial statements.

The profit attributable to the Group reached Rs 479M compared to a loss of Rs 1bn last year.

We continue to improve our liquidity resulting from cash generated from our operations, the rescheduling of our debt and the Bonds issued to The Mauritius Investment Corporation Ltd (MIC). As at 30 June 2022, the Group had Rs 1.1bn in Bank, and Borrowings at the same date stood at Rs 5.1bn.

# Chairman's Statement

LIR issued 17 Redeemable Convertible Bonds to the MIC for Rs 170M, while Merville Ltd, which owns and operates LUX* Grand Baie, issued 55 Convertible Bonds for an amount of Rs 550M during the current financial year. Hence, the Convertible Bonds issued to the MIC as at 30 June 2022 stood at Rs 1.47bn and have been classified as equity in the financial statements. Overall, the gearing of the Group (excluding lease liabilities) is very healthy, standing at 38% at the end of June 2022, down from 54% a year ago.

LUX* Grand Baie hotel opened successfully in December 2021, while its residences opened in April 2022. The feedback from the trade and guests has been positive, which augurs a comfortable future for that hotel.

At 30 June 2022, we had executed deeds of sale for 27 out of 29 IHS units available for sale. Sales proceeds, during the current financial year, of Rs1.25bn have been used to finance the construction of the hotel and as mentioned above a profit of Rs 319M was recognised during the current financial year. After the year-end, we signed the sales deed for another unit and we expect to sell the last villa during the current financial year.

In-hand bookings of all our hotels during the first quarter of the financial year ending 30 June 2023 are very satisfactory, hence auguring a comfortable future for the Group.

The fire at LUX* Belle Mare has however hindered our momentum. We are currently in discussion with our insurers in respect of the fire damage and ensuing loss, and work to rebuild the hotel has already started.

We remain committed to delivering long-term shareholder value, at the same time providing a sustainable return in terms of dividends. I am confident that, should there be no further deterioration to the current economic environment and if the present booking trend continues, LIR should be able to pay a dividend during the financial year ending 30 June 2023.
I would like to thank our shareholders for their patience and ongoing support. I am pleased to see the evolution of our share price, which grew to Rs 55 at the time of this report compared to Rs 33 on 30 June 2021, a growth of 55% despite the fire at LUX* Belle Mare.

## Board and Governance

The financial year 2021-2022 has seen quite a few changes to LIR's Board of Directors.

Firstly, we welcomed Ms Jenifer Chung Wong Tsang as Independent Director on 25 November 2021, in replacement of Mr. Gerhard Hecker. Gerhard decided to go back to a full-time employment in the hospitality industry, resigning as Independent Director of the Company to take employment

**I would like to express my gratitude to each and every LIR team member for their valuable commitment over the past financial year. Their hard work and dedication have been key in ensuring the success of the Group in 2021-2022.**

as General Manager of LUX* Belle Mare. Jenifer was also appointed as Chairperson of the Audit & Risk Committee.

Mr. Reshan Rambocus also resigned from his position as Non-Executive Director of the Company, on 9 February 2022. I would like to take this opportunity to thank him for his commitment, engagement and unvaluable support during his directorship.

Looking ahead, in line with our agreement with the MIC, we will welcome one nominee of the MIC on our Board of Directors during the 2022-2023 financial year.

On another note, LIR conducted a risk review exercise with an external consultant, to ensure all risks inherent to the Company and its business are adequately monitored and relevant mitigating measures are implemented.

We also remained continuously committed to respect and improve our governance procedures throughout the year under review, regularly reviewing our charters and disclosing them all on our website.

## Acknowledgement

I would like to express my gratitude to each and every LIR team member for their valuable commitment over the past financial year. Their hard work and dedication have been key in ensuring the success of the Group in 2021-2022.

My thanks also go to LIR's CEO, Mr. Désiré Elliah, for his exemplary leadership throughout yet another challenging financial year. I would also like to address our sincere thanks to the team of The Lux Collective, headed by Mr. Paul Jones.

Finally, thank you to my fellow Directors on the Board, for their help and guidance, as well as all our shareholders for their renewed loyalty and support.

**Jean-Claude Béga**
*Chairperson of the Board*

20 September 2022

# Chief Executive Officer's Interview

**As the hospitality sector works towards recovery and sustained stability, we intend to work in close collaboration with IBL's Sustainability team to find eco-friendly and socially inclusive angles to better manage our assets and carry out future development projects. This is in addition to the various environmental and social projects we have been carrying out for the past decade.**

# How would you rate Lux Island Resorts' performances for the year 2021-2022?

Overall, I am pleased to report some solid performances for Lux Island Resorts in 2021-2022.

In Mauritius, the financial year was off to a very good start, notably with the successful reopening of borders in October 2021. Arrivals to the destination for the months of November and December 2021 reached 120,000; the bookings in hand for December 2021 - though still representing a drop from the corresponding pre-Covid-19 level were promising, particularly during the festive period.

Unfortunately, the listing of Mauritius as "rouge écarlate" by the French Authorities during the first week of December resulted in a number of cancellations which we were not able to mitigate. The various travel restrictions imposed on Reunion Island and South Africa, two destinations which accounted for 25% of our tourist arrivals for the October-December quarter, also impacted our performance.

That being said, once the restrictions on these two countries were lifted in March 2022, we saw a big jump in the number of arrivals for the last quarter of the financial year, representing 75% of the arrivals for the same quarter in 2019.

Recovery was first observed within 5-star resorts, which attracted wealthier guests willing and able to finance more expensive holidays - especially in a post-Covid context, with all PCR tests required at the time in order to travel. Today, with the full reopening of borders across all our destinations, we see 3-star and 4-star hotels starting to improve their performance as well.

On another note, we benefitted from the Wage Assistance Scheme until December 2021, which had a positive impact on our results. The depreciation of the Mauritian Rupee was also advantageous to Lux Island Resorts, as was the successful completion and opening of LUX* Grand Baie in December 2021. Since then, the hotel has recorded very good occupancy and we expect this trend will continue into the next financial year, as things slowly start going back to normal.

When it comes to Reunion Island, LUX* St Gilles has registered an honourable performance for the year under review. Being highly dependent on the domestic market, the hotel was not as greatly impacted by the travel restrictions imposed upon the destination.

Moreover, we received financial assistance of over EUR 400,000 from the Government, which greatly helped improve our results for the year 2021-2022.

As for the Maldives, a very strong performance was observed, with EBITDA at USD 15M, representing 36% of the Group's overall results. This is largely due to the short lockdown and ability of the destination to control the outbreak of Covid-19 across its different islands.

Furthermore, the Maldives boast a number of tourist arrivals that is at par with that of 2019 (pre-pandemic); a number that is expected to grow to 2M in 2023, against 1.6M in 2022. To this end, the Government of Maldives is currently investing massively into new airport infrastructure to welcome more flights and accommodate these new tourists, as well as a few marketing initiatives to widen its reach.

In terms of Group performance, following the construction and opening of LUX* Grand Baie and the renovations made to LUX* Le Morne in 2021, together with the refurbishment of LUX*Grand Gaube and LUX* South Ari Atoll three years ago, most of our properties to date are well positioned to take advantage of the recovery. Once we rebuild LUX* Belle Mare, following the fire in July 2022, Lux Island Resorts Group will benefit from a stronger and more secured position on the market, enabling the Group to confidently welcome new and interesting opportunities in the future.

Moreover, as at 30 June 2022, we had a positive cash balance of MUR 1.1bn, ensuring a comfortable future for Lux Island Resorts Group in 2022-2023, despite the world's sanitary, economic and political situation.

Given the above, we have decided to reduce our drawings from the Mauritius Investment Corporation (MIC), from MUR 1.62bn to MUR 1.47bn. We have also renewed our investments in a variety of state-of-the-art equipment, with a view to optimise our operations and, hence, improve guests' experience of our resorts.

Finally, observing the impact of inflation on our employees, we have offered two MUR 1,000 vouchers (one in May 2022 and one in June 2022) to each and every Lux Island Resorts team member in Mauritius, to help them overcome the difficult times ahead.

# Chief Executive Officer's Interview

## What were the main challenges you faced during the year 2021-2022?

One of the main challenges we faced in Mauritius in 2021-2022 was the shortage of manpower, resulting from the impact of the Covid-19 pandemic on the hospitality industry. A solution to remedy this is for us to work with the Government to attract, train and retain a young workforce willing to commit their careers and lives to the hotel business today.

Another challenge we were confronted with involved air access, which greatly impacted tourist arrivals in Mauritius - especially compared to other destinations in the Indian Ocean, which enjoy a more advantageous travel flux. Other factors undermining Mauritius' recovery today include the war in Ukraine, the spike of oil prices and rising commodity costs worldwide.

Finally, the fire at LUX* Belle Mare in July 2022 meant the next financial year, started dramatically. Fortunately, there were no casualties, and the fire was expidiously contained by the firefighters, with guests being relocated to other nearby resorts.

I would like to take this opportunity to thank LUX* Belle Mare Team Members and all Mauritian hotel groups that supported us in these difficult times, welcoming guests within their resorts and helping out with the clean-up one way or another. We are truly blessed, here in Mauritius, to have such a strong sense of community amongst fellow hoteliers.

## What actions did you take to improve learning & development at Lux Island Resorts?

In Mauritius, LUX* Grand Baie was our key focus during the year under review. Despite several challenges on account of sanitary protocols and restrictions, we managed to achieve over 30 thousand manhours of training over 4 months, leading up to the opening of the resort on 01 December 2021. This included in-house training as well as training by international experts like Ron Kaufman, in areas such as bartending, barista, wellness and service culture.

We also organised several learning and educational initiatives to prepare for the opening of international borders on 01 October 2021, after 18 months of closure. In Mauritius, over 1,700 team members completed the "Protocols sanitaires pour les Opérateurs du Tourisme" online certification training programme organised by l''Association des Hôteliers et Restaurateurs de l'Ile Maurice' (AHRIM).

Furthermore, certification training was conducted by Diversey for the "Safe Hotel" programme in all our resorts in Mauritius, while team members in the Maldives received training by the Health Protection Agency (HPA) and the Ministry of Tourism. In Reunion Island, training was provided by the SOCOTEC Group for the "Label de Sécurité Sanitaire". Overall, across our destinations, extensive trainings were carried out in-house, to implement the relevant new procedures mandated under the sanitary protocols of our respective resorts. Vaccination awareness programmes were also conducted for all team members of Lux Island Resorts Group.

In the Maldives, we partnered with global leadership experts to offer high-value leadership programmes to over 180 team members, while in Mauritius we continued with several leadership development initiatives, including participation to IBL's Management Development Programme and that of the University of Cornell's General Managers Programme, together with several in-house programmes. During May 2022, our resorts participated in The Lux Collective's "Global Collective Learning Week", wherein team members were encouraged to partake in immersive educational experiences curated by each resort's Learning & Development team.

Our focus for the coming year will be to uplift our service culture, operational standards and guest experience across our operations, and above all integrate and take care of our fantastic LUX* Belle Mare team members, who are currently assigned to our other resorts.

# Tells us more about sustainability at Lux Island Resorts Group

Firstly, I am pleased to announce that Lux Island Resorts has decided to align its sustainability initiatives with that of IBL's Embedding Project. We shall from now on assess the practicality of our new sustainability strategy using the embedding methodology proposed by our parent company.

As the hospitality sector works towards recovery and sustained stability, we intend to work in close collaboration with IBL's Sustainability team to find eco-friendly and socially inclusive angles to better manage our assets and carry out future development projects. This is in addition to the various environmental and social projects we have been carrying out for the past decade.

# What are your objectives for the next financial year?

As every business, our first objective for the year 2022-2023 is to improve our results. Fortunately, our hotel bookings for the next three months are extremely satisfactory, surpassing that of the year 2019, pre-pandemic.

This is largely due to what is becoming known as "revenge travel". People who have not been able to travel for so long are now considering the possibility of going away for two to three weeks at a time, a trend that will not last but which we plan to take advantage of for as long as we can.

Considering the popularity of LUX* Grand Baie since its opening in December 2021, not to mention the constant buzz around our other properties, it should not be too difficult to capitalise on this opportunity in 2022-2023.

When it comes to our employees, their well-being remains at the forefront of our activities. Our goal is to be an employer of choice for all young Mauritians and foreigners looking to work in the hotel industry, hence encouraging sustainable tourism in Mauritius.

Regarding LUX* Belle Mare, we are in discussion with our insurers in respect of the damage and ensuing loss. Work has already started with the various service providers, with the earliest reopening expected during the first quarter of the financial year ending 30 June 2024.

We are also constantly on the lookout for various investment opportunities.

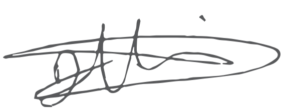
# Acknowledgements

I would like to extend my warm thanks to our incredible teams of Lux Island Resorts Group, in Mauritius, Reunion Island and the Maldives. Your hard work and dedication have been key in helping the Group overcome yet another challenging year.

My gratitude also goes to my colleagues on the Board of Directors as well as our shareholders and financial partners, for their loyalty and support during the last financial year.

Our Chairman, Mr. Jean-Claude Béga, and the CEO of The Lux Collective Ltd, Mr. Paul Jones, have also remained very supportive and helpful throughout the year under review; I am grateful for their precious contribution to Lux Island Resorts' success in 2021-2022.

Finally, our guests, for keeping faith in the Lux Island Resorts brand and choosing one or more of our hotels over and over again!



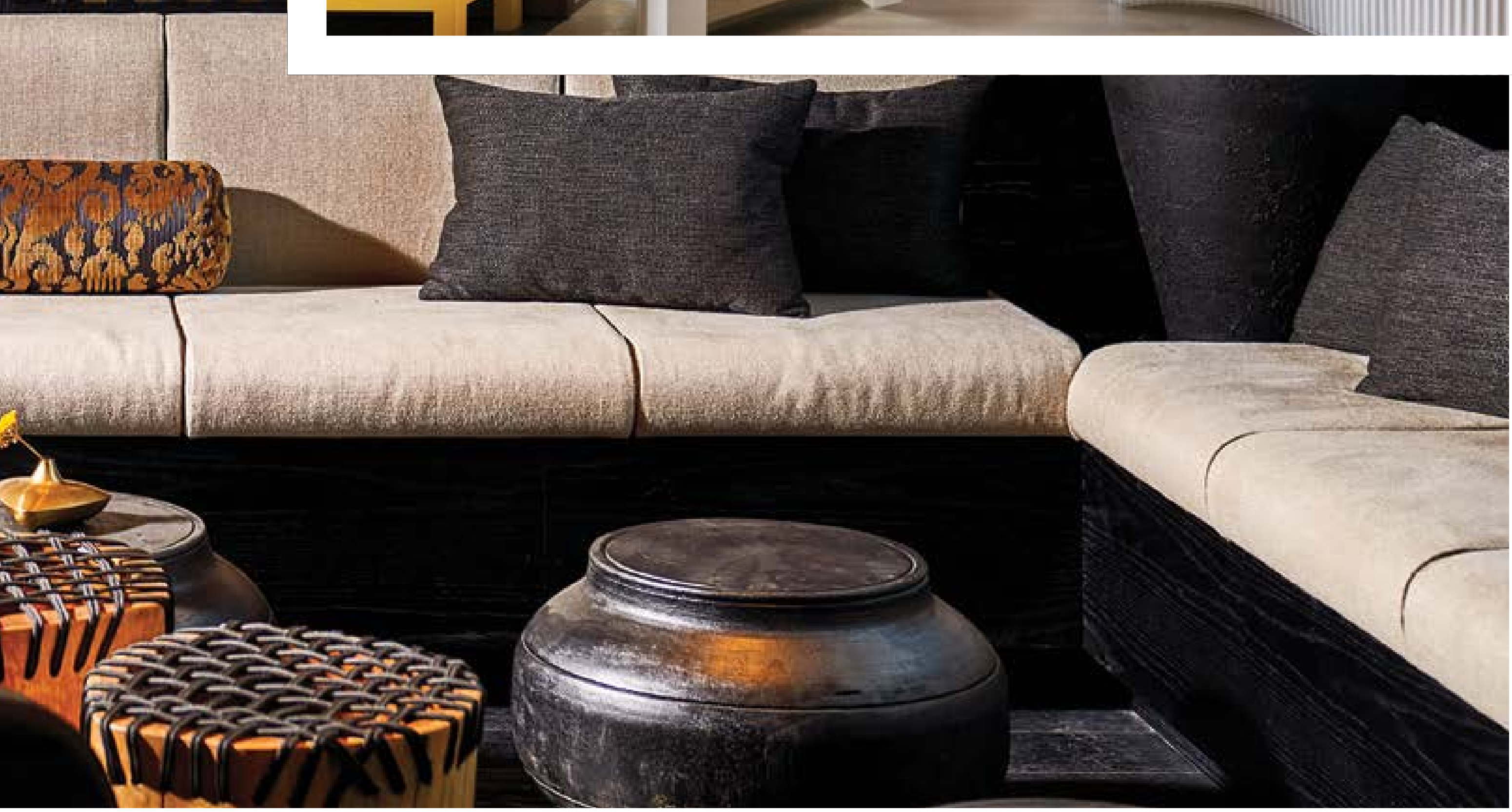
**Désiré Elliah**
*Chief Executive Officer*

20 September 2022


LUX*
GRAND BAIE
MAURITIUS

### LUX* Grand Baie

This stunning new 5-star luxury resort is set along a dreamy stretch of white sand beach near the bustling coastal village of Grand Baie.



LUX*

LE MORNE, MAURITIUS

### LUX* Le Morne

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.

LUX*

GRAND GAUBE
MAURITIUS

### LUX* Grand Gaube

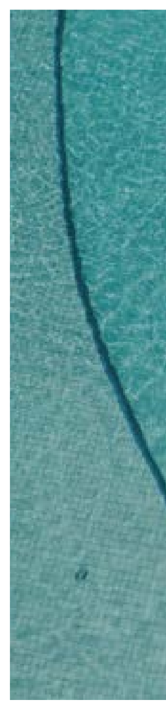
A totally reimagined retro-chic tropical resort in Grand Gaube, on the north coast of Mauritius, tucked away on a peninsula bordering two coves, celebrates life in the tropics the LUX* way.
The eye-catching design of Kelly Hoppen blends perfectly with the surrounding tropical greenery, and each room, 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*

BELLE MARE
MAURITIUS

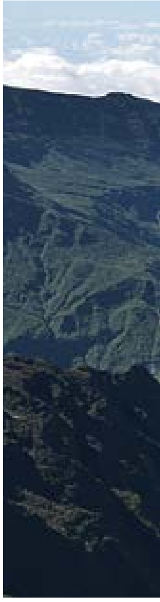
## LUX* Belle Mare

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.



## LUX* Saint Gilles

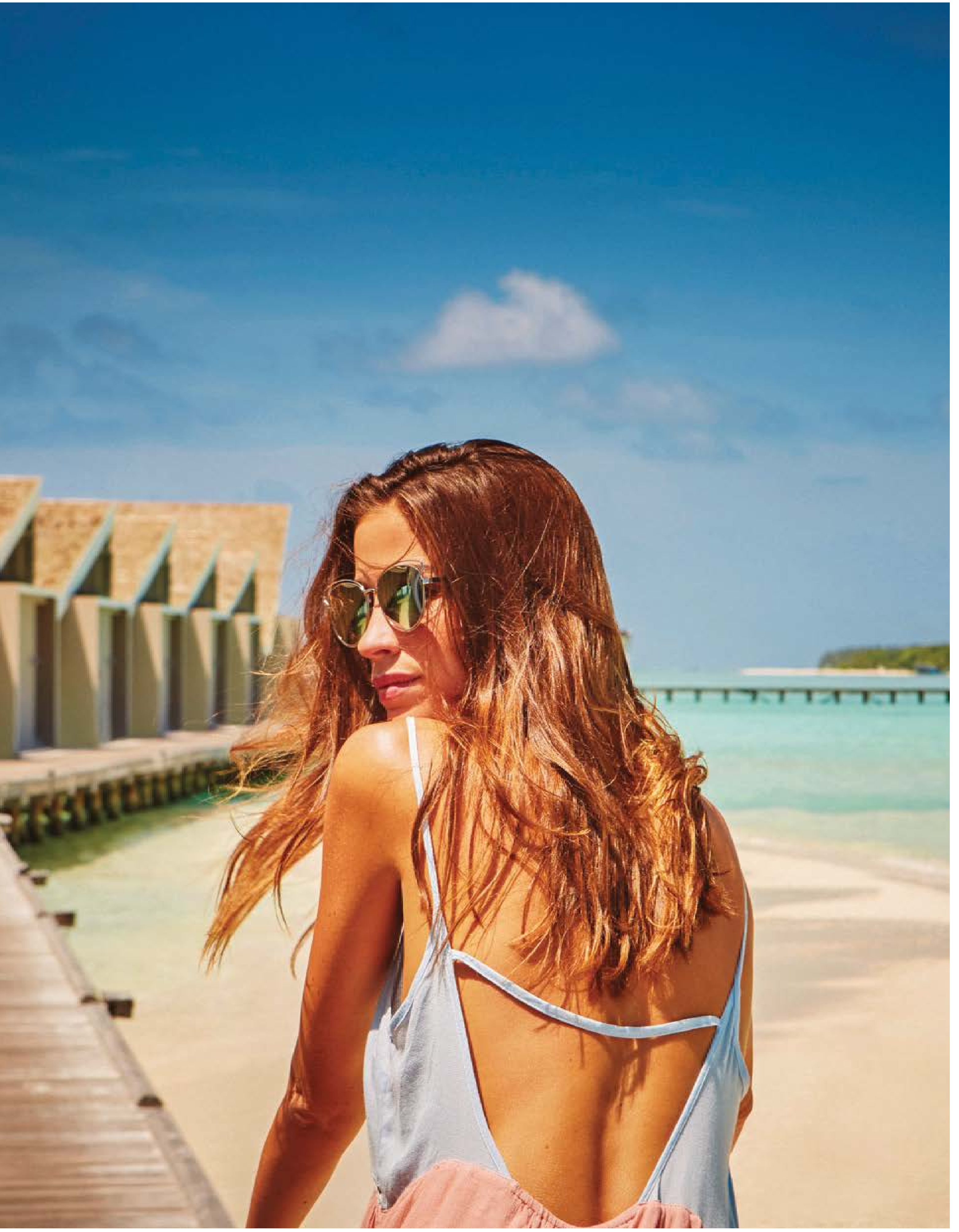
Set on the island's most beautiful beach and protected from the ocean by a coral reef, LUX* Saint Gilles is Reunion's only five-star beach resort. Whether you're in the mood to visit the island's spectacular volcano, snorkel in the lagoon or indulge in a relaxing massage at the LUX* Me spa, this luxury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




LUX*
SAINT GILLES
LA REUNION


## LUX* South Ari Atoll

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 one of the eight restaurants, dance the night away, partake in marine conservation... Whatever you love, you'll find it here at LUX* South Ari Atoll.



tamassa

Bel Ombre

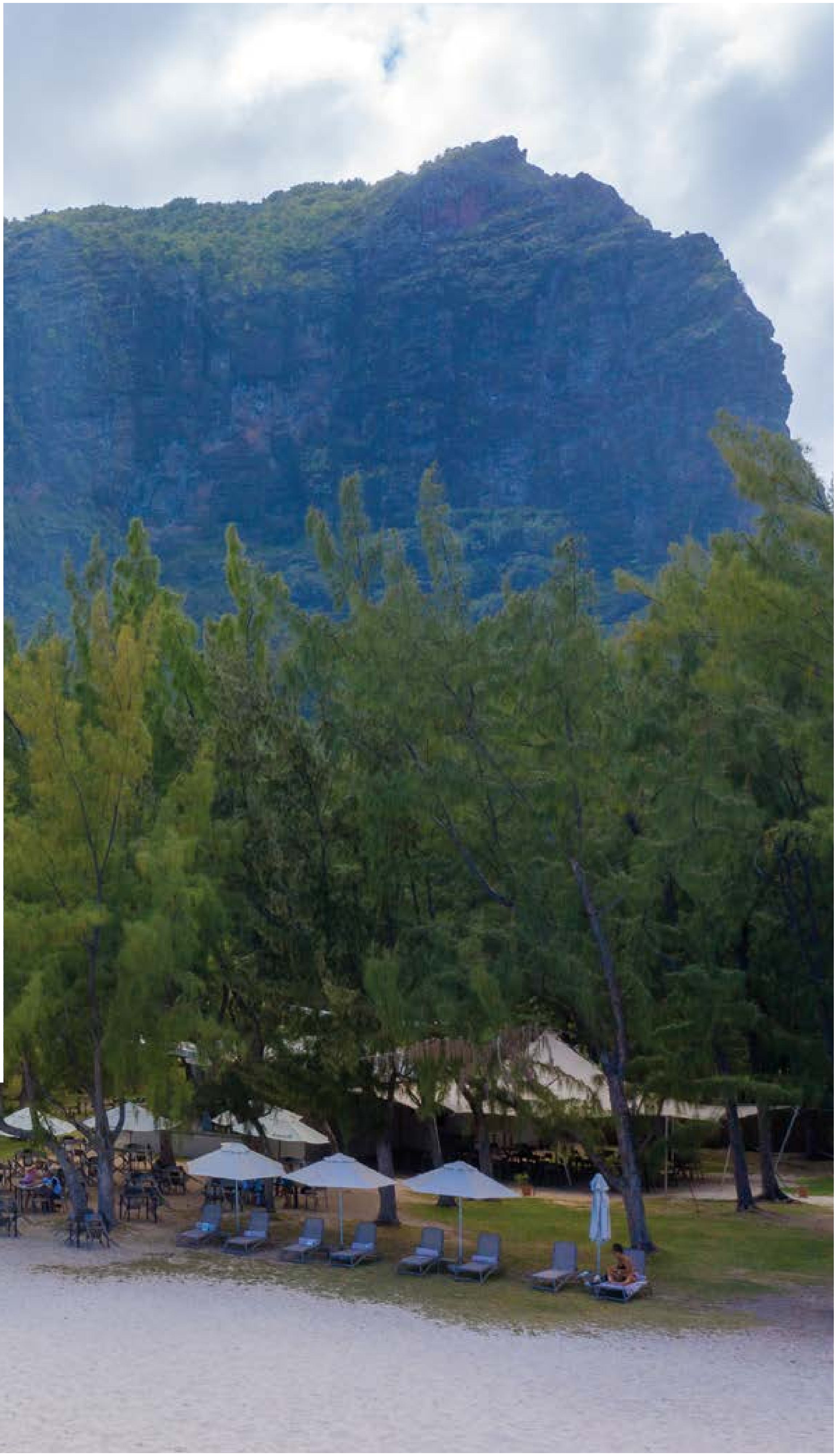
Located in the south region of Mauritius, Tamassa Bel Ombre is surrounded by dramatic mountains and dense sugarcane fields. Here an effervescent zest for life combines with contemporary design to bring the young (and young at heart) the perfect spot for fun and relaxation. Holidays are not only for escaping 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 Bel Ombre, ’together’ really is a wonderful place to be.

# 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.

# 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.



# Awards

### LUX* SAINT GILLES

World Travel Awards
*Reunion Island's Leading Hotel 2021*
World MICE Awards
*Reunion Island's Best Incentive Hotel 2021*
Tripadvisor Travellers' Choice Awards
*2022 Travelers' Choice Award Winner – Top 10% of hotels worldwide*

### TAMASSA Bel Ombre

World Wellness Weekend
*Wellness Champion Badge*

### LUX* SOUTH ARI ATOLL

Condé Nast Traveler Readers' Choice Awards 2021
*Top 30 Resorts in the Indian Ocean – Ranked #13*
British Airways Holidays
*Customer Excellence Award – 9.5/10*
LUXlife Global Wedding Awards
*Most Sustainable Wedding Resort – South Asia*
International Travel Awards
*Best Family All-Inclusive Resort – Maldives*

### LUX* LE MORNE

World Luxury Hotel Awards
*Luxury Beach Hotel Regional Winner : Indian Ocean Island*
TripAdvisor Traveller's Choice Awards
*Ranked in the "Best 10% Top Resorts of the World" 2022*
*Traveller's Choice Best of the Best – Top 25 Hotels – Africa – Ranked # 16*
The Pledge on Food Waste
*Received the prestigious label of "The Pledge on Food Waste" with the highest distinction : "The Pledge all Star" – January 2022*
Greengage Certification (United Kingdom)
*Greengage Certification – Platinium ECOSmart Venue*

## LUX* GRAND BAIE

Mauritius Business Awards
*Best Luxury Hotel*
Robb Report
*Best of the Best 2022*
*– The Best in Travel category for Island Getaway*

## LUX* BELLE MARE

Hotels in Heaven
*50th World Best Venue for Wedding*
World Luxury Hotels Awards
*Luxury Family Resort*
Condé Nast Traveler Readers' Choice Awards 2021
*Top 30 Resorts in the Indian Ocean – Ranked # 25*
TripAdvisor Traveller's Choice Awards
*Top 25 Hotels in Africa – Ranked # 17*
*2022 Traveller's Choice Best of the Best – Top 25 Hotels – Africa – Ranked # 15*
*2022 Traveller's Choice Best of the Best – Top 10 All-Inclusive Resorts – Africa – Ranked # 2*
Mauritius Restaurant Awards
*Best Restaurant in a Resort – Beach Rouge*
British Airways Holidays
*Customer Excellence Award*

## LUX* GRAND GAUBE

British Airways Holidays Customers
*Customer Excellence Award 2021 -9.3 out of 10*
World Travel Awards
*Awarded "Mauritius Leading Resort 2021"*
TripAdvisor Traveller's Choice
*2021 Traveller's Choice Best of the Best Award – Top 25 Hotels in Africa – Ranked # 13*
*2022 Travellers' Choice Award – Top 10% of hotels worldwide*
Holiday Check
*Recommended on HolidayCheck Certificate*
Mauritius Business Awards
*Beach Rouge awarded "Best Restaurant in Mauritius for the year 2022"*

# Corporate Governance

# Corporate Governance

## 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 2022, 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 its 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.

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 the 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.

### Shareholding

The directors regard IBL Ltd as the ultimate holding company and as at 30 June 2022, four directors were common to the Company and IBL Ltd, namely Messrs Jean-Claude Béga, Jan Boullé, Thierry Lagesse and Maxime Rey (until 30 June 2022 where Mr Maxime Rey resigned as Director of IBL Ltd).

As at 30 June 2022, the Company's share capital was Rs 1,371,159,430 (137,115,943 shares) and 4,946 shareholders (30 June 2021: 4,860) recorded 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 2022:

| | |
|---|---|
| IBL Ltd | 56.47% |
| Swan Group | 6.78% |
| National Pension Fund | 5.73% |
| Other shareholders (less than 5% each) | 31.02% |
| Total | 100.00% |

## Relations with Shareholders and Key Stakeholders (continued)

### Shareholding Profile

The Company's shareholding profile as at 30 June 2022 was as follows:

| Defined Brackets | Number of Shareholders | Number of Shares Owned | Percentage % |
|---|---|---|---|
| 1-500 | 2,549 | 343,695 | 0.251 |
| 501-1,000 | 501 | 391,139 | 0.285 |
| 1,001-5,000 | 1,022 | 2,537,472 | 1.851 |
| 5,001-10,000 | 305 | 2,228,159 | 1.625 |
| 10,001-50,000 | 415 | 8,802,007 | 6.419 |
| 50,001-100,000 | 71 | 5,144,541 | 3.752 |
| 100,001-250,000 | 49 | 7,701,057 | 5.616 |
| 250,001-1,000,000 | 24 | 12,360,908 | 9.015 |
| 1,000,001-1,500,000 | 5 | 6,175,840 | 4.504 |
| Over 1,500,000 | 5 | 91,431,125 | 66.682 |

### Summary of Shareholder Category

| Category of Shareholders | Number of Shareholders | Number of Shares Owned | % of Total Issued Shares |
|---|---|---|---|
| Individuals | 4,559 | 18,080,165 | 13.186 |
| Insurance and assurance companies | 11 | 5,544,186 | 4.043 |
| Pension and provident funds | 88 | 23,096,839 | 16.845 |
| Investment and trust companies | 26 | 748,821 | 0.546 |
| Other corporate bodies | 262 | 89,645,932 | 65.380 |

### Share Price Information

As at 30 June 2022, the share price of the Company was around Rs 51.25 compared to Rs 33.00 as at 30 June 2021.

### 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.

# Corporate Governance

## Relations with Shareholders and Key Stakeholders (continued)

### 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.

Following the impact of the Covid-19 on the Group and the hospitality industry since March 2020, no dividend was declared with respect to the year ended 30 June 2022 (2021: nil).

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

| Period | Final paid |
|---|---|
| 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 | - |
| Year ended 30 June 2022 | - |

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.

## Relations with Shareholders and Key Stakeholders (continued)

### Conduct of Shareholder Meetings (continued)

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

### 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 2022.

| Directors | Direct Interest | | Indirect Interest | Number of Other Directorships in Listed Companies |
|---|---|---|---|---|
| | Shares | % | % | |
| Jean-Claude Béga | 79,651 | 0.06 | 0.04 | 5 |
| Jan Boullé | - | - | 0.05 | 5 |
| Jenifer Chung Wong Tsang (appointed on 25.11.2021) | - | - | - | - |
| Laurent de la Hogue | 25,000 | 0.02 | - | - |
| Désiré Elliah | 72,025 | 0.05 | 0.50 | - |
| Pascale Lagesse | - | - | - | - |
| Thierry Lagesse | 1,378 | 0.00 | 0.06 | 5 |
| Maxime Rey | 4,000 | 0.00 | - | 4 |
| Reshan Rambocus (resigned on 09.02.2022) | - | - | - | 2 |
| Gerhard Hecker (resigned on 25.11.2021) | - | - | - | - |

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 2022.

During the period under review, there were no share dealings by directors.

# Corporate Governance

## Relations with Shareholders and Key Stakeholders (continued)

### Director's Interests Register (continued)

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 2022 |
| Annual Meeting of Shareholders | December 2022 |
| Declaration/payment of interim dividend (if applicable) | November/December 2022 |
| Publication of half-yearly results | January 2023 |
| Publication of 3rd-quarter results | April 2023 |
| Declaration/payment of final dividend (if applicable) | June 2023 |
| Financial year-end | June 2023 |
| Publication of abridged end-of-year results | August/September 2023 |

## 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.

## Governance Structure (continued)

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 8 directors as shown below, along with their membership on the Committees of the Company.

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

## Structure of the Board (continued)

### Board Size and Composition (continued)

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 |
| Jenifer Chung Wong Tsang | F | Mauritius | Independent Director | Chairperson of the Audit & Risk Committee |
| Laurent de la Hogue | M | Mauritius | Non-Executive Director | Member of the Audit and Risk 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 |
| Maxime Rey | M | Mauritius | Non-Executive Director | Member of the Audit & Risk Committee |

All Board members are non-executive, except:
- the Chief Executive Officer

### Director's Independence Review

Having 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 following Directors are regarded as Independent Directors of the Company:

- Mrs Pascale Lagesse
- Ms Jenifer Chung Wong Tsang

## Structure of the Board (continued)

### Director's Independence Review (continued)

Mrs Pascale Lagesse was appointed as an Independent Director on the Board on 20 April 2017 and Ms Jenifer Chung Wong Tsang on 25 November 2021.

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 director 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 66 and 67 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.

### 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 Ms Jenifer Chung Wong Tsang who was appointed as Chairperson on 25 November 2021 in replacement of Mr Reshan Rambocus. Mr Reshan Rambocus resigned as Director on 9 February 2022.

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.

### Audit & Risk Committee (ARC) (continued)

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

a. Reviewing significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the 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 internal controls, 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.

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

- Impairment of Goodwill, Non Current Assets (PPE and Right of Use Assets) and investment in subsidiairies
- Accounting treatment of Invest Hotel Scheme (HIS) Villas
- Expected credit loss on 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 Company and the Group for the financial year ended 30 June 2022 ("FY 2022 Financial Statements"). The Board has approved the FY 2022 Financial Statements on 20 September 2022.

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

- Approval of the financial statements as at 30 June 2021
- Approval of the results for Q1, Q2 and Q3
- Approval of the budget for the financial year ending 30 June 2023
- Meeting with the external auditors and planning of the audit
- Taking cognizance of the internal audit reports issued

The members of the ARC are as follows:

| | |
|---|---|
| Jenifer Chung Wong Tang (Chairperson) | Independent Director |
| Laurent de la Hogue | Non-Executive Director |
| Maxime Rey | Non-Executive 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 10 and 11.

### 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.

## Corporate Governance and Nomination Committee (CGNC) (continued)

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 |

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 10 and 11.

## 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.

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 |

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 10 and 11.

# Corporate Governance

## Remuneration Committee (RC) (continued)

### Attendance

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

| Name | Board Meetings | ARC Meetings | CGNC Meetings | RC Meetings |
|---|---|---|---|---|
| Executive Directors | | | | |
| Désiré Elliah | 5 | 4 (in attendance) | 5 (in attendance) | 3 (in attendance) |
| Non-Executive Directors | | | | |
| Jean-Claude Béga | 5 | - | 5 | 3 |
| Jan Boullé | 3 | - | 4 | 2 |
| Jenifer Chung Wong Tsang (appointed on 25.11.2021) | 3/3 | 3/3 | - | - |
| Laurent de la Hogue | 5 | 6 | - | - |
| Pascale Lagesse | 5 | - | 5 | 3 |
| Thierry Lagesse | 5 | - | - | - |
| Maxime Rey | 5 | 6 | - | - |
| Gerhard Hecker (resigned on 25.11.2021) | 2/2 | 3/3 | 3/3 | (1 in attendance) |
| Reshan Rambocus (resigned on 09.02.2022) | 3/3 | 4/4 | - | 2/2 |
| Number of Meetings held | 5 | 6 | 5 | 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. In that respect, Mr Maxime Rey will submit his re-election as Board Member under Section 138 of the Mauritian Companies Act 2001.

This year, to comply with the provisions of the NCCG, Messrs Jean-Claude Béga, Désiré Elliah, Jan Boullé, Laurent de la Hogue, Pascale Lagesse and Thierry Lagesse will submit their re-election as Board Members and Ms Jenifer Chung Wong

## Director Appointment Procedures (continued)

### Role of the CGNC in the Director's Appointment (continued)

Tsang who has been nominated on 25 November 2021 will submit her election as Board Member 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.

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 10 and 11 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.

# Corporate Governance

## Duties, Remuneration and Performance (continued)

### Key Features of Board Processes (continued)

From 01 July 2021 to 30 June 2022, the Board met 5 times for the purpose of considering and approving, amongst others, the following items:

- The review of the performance of the LIR hotels with the representative of TLC, the Manager;
- The audited financial statements for the year ended 30 June 2021 and relevant publications including the annual report for the year ended 30 June 2021;
- The LUX* Grand Baie project;
- Approval of Q1 results;
- Approval of Q2 results;
- Approval of Q3 results;
- Discussion about various potential projects; and
- Approval of the budget for the financial year ending 30 June 2023.

### 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 170 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.

## Duties, Remuneration and Performance (continued)

### Board Evaluation Process (continued)

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.

The Board Appraisal is conducted 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. The last evaluation done in October 2021 confirmed that a majority of directors consider the Board to be effective and well-balanced.

During the 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.

| 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 |
| Member's Fee | 50,000 |
| Remuneration Committee | |
| Chairperson | 75,000 |
| Member's Fee | 50,000 |

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

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

### Remuneration of 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.

# Corporate Governance

## Remuneration Matters (continued)

### 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 outbreak of Covid-19 pandemic, the Board has decided to delay the implementation of the said scheme.

### Directors Remuneration for the year ended 30 June 2022

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

| | Year ended 30 June 2022 | | Year ended 30 June 2021 | |
|---|---|---|---|---|
| | Executive | Non- Executive | Executive | Non- Executive |
| | Rs | Rs | Rs | Rs |
| The Company (Note a) | 18,695,878 | 3,755,109 | 10,931,988 | 2,506,000 |
| Subsidiary (Note a) | 13,399,880 | - | 8,607,807 | - |

Note (a) during the financial year ended 30 June 2021, all executive and non-executive directors have agreed to a voluntary reduction in emoluments.

| | Year ended 30 June 2022 | Year ended 30 June 2021 |
|---|---|---|
| Non Executives | Rs | Rs |
| Jean-Claude Béga | 450,000 | 301,000 |
| Jan Boullé | 400,000 | 252,000 |
| Jenifer Chung Wong Tsang *(appointed on 25.11.21)* | 268,322 | - |
| Laurent de La Hogue | 380,000 | 252,000 |
| Pascale Lagesse | 1,097,500 | 777,000 |
| Thierry Lagesse | 300,000 | 196,000 |
| Maxime Rey | 380,000 | 252,000 |
| Gerard Hecker *(resigned on 25.11.22)* | 173,808 | 140,000 |
| Reshan Rambocus *(resigned on 09.02.22)* | 305,479 | 336,000 |
| | **3,755,109** | **2,506,000** |
| Executive director of the holding company | | |
| Désiré Elliah | 18,695,878 | 10,931,988 |

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

Stephan Anseline – *General Manager – LUX* Grand Gaube*
Riad Chonee – *Group Development and Asset Manager*
Jérémie de Fombelle – *Regional General Manager – LUX* Resorts & Hotels – in charge of LUX* Le Morne and LUX* Saint Gilles in Reunion Island*
Gerhard Hecker – *General Manager – LUX* Belle Mare*
Patrice Hudebine – *Directeur Général – LUX* Saint Gilles*
Jean-Benoit Nisin – *General Manager – Tamassa Bel Ombre & Ile Des Deux Cocos*
Hurrydeo Ramlagun – *Chief Financial Officer*
John Rogers – *General Manager – LUX* South Ari Atoll (as from 01.10.22)*
Daniele Vastolo - *General Manager - LUX* Grand Baie*

## Remuneration Matters (continued)

### List of Key Management Personnel (continued)

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

Responsibility for risk management and internal controls lies with the management company, The Lux Collective ("TLC"), for all hotel operations. The internal auditors are employed by TLC, but also report to the LIR ARC on matters of internal controls for all hotels. The Company collaborates with TLC to ensure that the system of risk governance is appropriate to safeguard shareholders' interests and the Group's assets.

### 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 2022 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.

# Corporate Governance

## Risk Governance and Internal Control (continued)

### 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.

### IT Governance

Through its management company, the Group has an IT Security policy in place in all its hotels 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.

### 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. During the financial year, the Company engaged Ernst & Young to assist in reviewing its key risks and mitigating controls.   The risks are categorised according to compliance, financial, operational and strategic risks. These will be updated annually, with the risk levels and mitigating measures also reviewed.

This section presents the main risks to which the Company and the Group are exposed as well as the mitigating factors in place to deal with them.

## Risk Governance and Internal Control (continued)

### Risk Factors (continued)

| Risk # | Risk description | Mitigating Factors | Risk ranking |
|---|---|---|---|
| 1 | Risk that LIR is unable to attract, develop and retain talent, which has a direct effect on hotel operations and results in guest dissatisfaction.<br><br>Contributing factors:<br>- Youngsters are reluctant to take up jobs in the hotel industry<br>- Existing employees leave the hotel industry to work in luxury cruises<br>- Substitution of Mauritian workforce by imported labour erodes the Mauritian touch in client servicing | - Appealing incentive schemes offered to both existing and potential hires<br>- Talent development and management plans are in place<br>- Active engagement with the public authorities for the grant of work permits to foreign hires and marketing of the hotel industry | High |
| 2 | Over reliance on the Management company impairs the ability of LIR to achieve its strategic goals (e.g. market share expansion, business continuity and growth). | - Regular monitoring of the performance of the Management company<br>- Frequent external benchmarking of the Management company with competitors | High |
| 3 | Risk that the health and safety of guests and Team Members is compromised through various hazards (security, fire, diseases, food safety) resulting in reputational damage. | - Regular trainings on health and safety procedures at all resorts<br>- Internal and government imposed sanitary protocols in place to manage COVID 19<br>- Health & safety audits by reputable international companies and close monitoring of action plans by each resort | High |
| 4 | Risk that cyber-related incidents disrupt business operations, resulting in financial loss and guest dissatisfaction. | - Cyber related policies and framework in place<br>- Regular IT security audits<br>- Dedicated technology team working closely with international professional services firms | High |
| 5 | Risk that adverse consequences of climate change compromise the sustainability of LIR's operations.<br><br>Contributing factors:<br>- Low lying islands in Maldives<br>- Dependency on 2 small island states that are very vulnerable to the impact of climate change | - Authorities allows for dredging works to protect the shoreline in Maldives<br>- Working with governments on environmental projects (e.g. coral farming) | High |
| 6 | Risk of construction delays and/or cost overruns for developmental projects due to (a) shortages of labour (b) increased labour costs and/or (c) natural catastrophes | - Close monitoring of developmental projects to contain costs and ensure that they follow robust and rigorous processes as well as methodologies<br>- Steering Committee set up for all developmental projects, which remains the key decision-maker, especially disagreements between stakeholders | Medium |

## Risk Governance and Internal Control (continued)

### Risk Factors (continued)

| Risk # | Risk description | Mitigating Factors | Risk ranking |
|---|---|---|---|
| 7 | Risk of non-compliance with laws and regulations, resulting in reputation damage, losses and fines. | - Collaboration with reputable local law firms to better understand the prevailing local legislation<br>- Internal working groups and procedures ensure compliance with relevant regulations<br>- Employee training on relevant laws and regulations to ensure compliance | Medium |
| 8 | Risk that guests use social networking sites to share negative emotions, resulting in reputational damage and loss of business. | - Continuous monitoring of social networking sites for customer reviews<br>- Crisis management plan | Medium |
| 9 | Risk that Mauritius loses its attractiveness as a tourist destination due to factors such as viral outbreaks, cyclones and negative media coverage among others, leading to loss of business. | - Engage with the government through 'Association des Hôteliers et Restaurateurs de l'île Maurice' (AHRIM)<br>- Coordinate marketing thinking and efforts with AHRIM, Mauritius Tourism Promotion Authority (MTPA) and Ministry of Tourism<br>- Insurance policies covering operational losses caused by natural catastrophes<br>- The presence of LIR in 3 different countries provides a natural hedge against some external risks which LIR cannot control | Medium |
| 10 | Risk that LIR's infrastructure is not adequately and timeously maintained and/or upgraded, resulting in high costs, shorter economic useful lives and guest dissatisfaction. | - Group checklist in place to facilitate inspection and monitoring of state of assets<br>- Preventive maintenance programs in place in all hotels | Medium |
| 11 | Risk that economic crisis and the declining economic outlook results in impaired assets. | - Prudent approach to investing to ensure sustainable results on growth | Medium |
| 12 | Risk of excessive fluctuations in exchange rates, resulting in volatile financial performance. | - Hedging and treasury management | Medium |
| 13 | Risk of not anticipating and remaining at the forefront of hotel sector trends to optimise guest experience and efficiency, resulting in foregone revenues and loss of market share. | - Regular benchmarking of our resorts via our hotel management company.<br>- LIR, through its management company, is constantly investing in new projects to ensure it keeps at the forefront of hospitality trends. | Medium |
| 14 | Risk that Maldives loses its attractiveness as a tourist destination due to factors such as political instability, terrorist attacks and nationalisation of operators among others, leading to loss of business. | - Insurance cover on equity and expropriation<br>- The presence of LIR in 3 different countries provides a natural hedge against some external risks which LIR cannot control | Medium |
| 15 | Risk of overdependence on a few tour operators, which may disproportionately impact LIR in case they perform poorly | - Regular communication with tour operators and close monitoring of their performance<br>- Insurance cover for losses resulting from irrecoverable trade receivables<br>- Enhanced procedures for credit checks on tour operators | Low |

## Risk Governance and Internal Control (continued)

### 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.

## 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.

## 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.

## Internal and External Audit (continued)

### 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.

Following a tender exercise, PricewaterhouseCoopers (PwC) was appointed as external auditor for the financial year ended 30 June 2020.

PricewaterhouseCoopers Ltd (PwC) has been re-appointed as auditors of the Company and some of its subsidiaries for the year ended 30 June 2022.

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

| | | The Group | | The Company |
|---|---|---|---|---|
| | 30 June 2022 | 30 June 2021 | 30 June 2022 | 30 June 2021 |
| | **Rs** | **Rs** | **Rs** | **Rs** |
| **(a) PWC** | | | | |
| Audit services | 4,571,450 | 4,206,800 | 849,750 | 1,122,500 |
| Tax services | 396,800 | - | 30,000 | - |
| | ***4,968,250*** | 4,206,800 | 879,750 | 1,122,500 |
| **(b) Other Auditors** | | | | |
| Audit services | 1,235,198 | 1,385,500 | - | - |
| Other services – Tax EY | - | 255,200 | - | 28,000 |
| | ***1,235,198*** | 1,640,700 | - | 28,000 |
| | **6,203,448** | 5,847,500 | 879,750 | 1,150,500 |

## Other Disclosure

Donations other than contributions made under CSR projects made by the Group amounted to Rs 520,709 (2021: Rs 14,000) and political donation of Rs Nil (2021 : Rs Nil).

# 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 requirements of 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 2022, 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 20 September 2022 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

## 2015 - 2016

- 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 standards for companies worldwide

## 1987 – 2010

- CSR as per legislation and beyond through NGO support

## 2016 - 2017

- 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 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

## 2011 - 2012

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

## 2017 - 2018

- Assessing renewable energy projects for Mauritius hotels

## 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

## 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 with key sustainability targets
- Introduce 100% Carbon offsetting for stays, deployed across all properties
- Establish Annual Report data process
- Adoption of external for data reliability
- Strategic Sustainability deployed

## 2014 - 2015

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

## 2018 - 2019

- LUX* South Ari Atoll floating photovoltaic plant deployed by Austrian firm Swimsol, world's largest floating photovoltaic plant
- Tread Lightly exceeds its millionth contributing or a carbon neutral stay

## 2019 - 2020

- Includes GRI's covid-19 special A Culture of Health for Business
- 5th anniversary of LIR as of GRI Community
- Earthcheck Sustainability certification for hotels in all destinations

## 2020 - 2030

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

## Reporting Boundaries

The reporting boundary for Key Performance Indicators (KPIs) includes the head office and hotels of Lux Island Resorts in Mauritius, Maldives and Reunion Island, detailed on pages 36 - 53.

The Reporting period is the Financial Year July 2021 - June 2022.

## Management Approach to Governance & Ethics

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.

## 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). However, due to Covid19 Pandemic, all audits are on hold until operations resume for a full financial year. 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.

Due Process and Transparency in matters concerning internal and external sustainability investment for the group are maintained.

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

## 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.

| Internal \ External | Moderate | High | Critical |
|---|---|---|---|
| Critical | Water<br>Corporate Governance | Waste<br>Energy<br>Emissions<br>Health & Safety | Service Quality<br>Team Member Engagement<br>Customer Privacy<br>Economic Performance |
| High | Local Communities<br>Biodiversity<br>Public Policy | Environmental Compliance<br>Training & Education<br>Child Labour<br>Freedom Of Association<br>Forced Or Compulsory Labour | Human Rights<br>Employment & Labour<br>Non-Discrimination<br>Market Presence |
| Moderate | Effluents | Procurement Practices<br>Socio-Economic Compliance | Supplier Social Assessment |

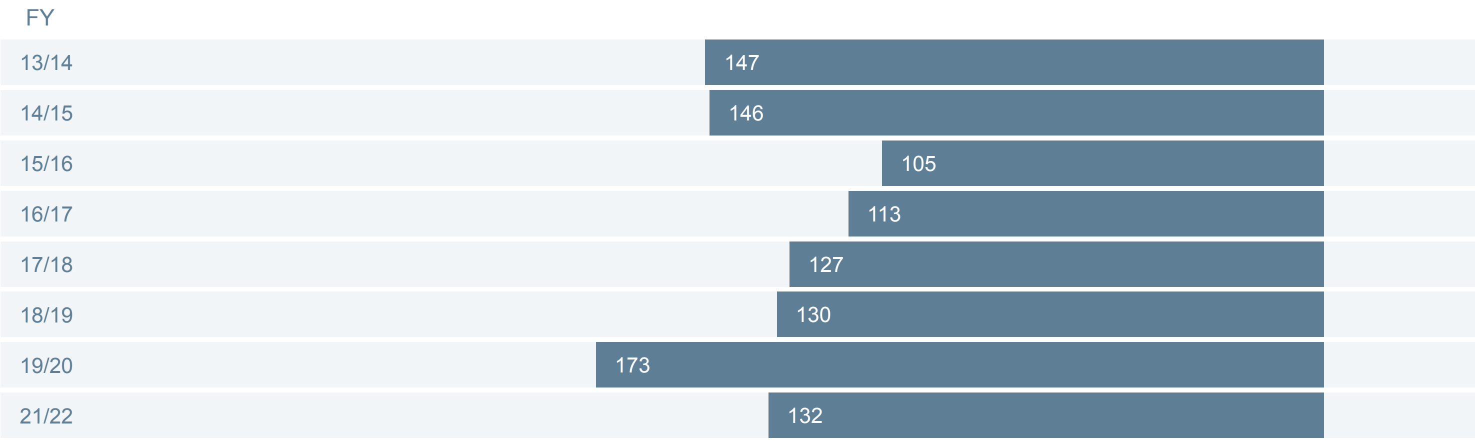
- Team Members & Management
- Shareholders & Investors
- Tour Operators, Travel Agents & Business Partners
- Accredited Organisations, Legislations, Policies, Authorities & Government
- Suppliers
- Local Community

## Extra-Financial Performance

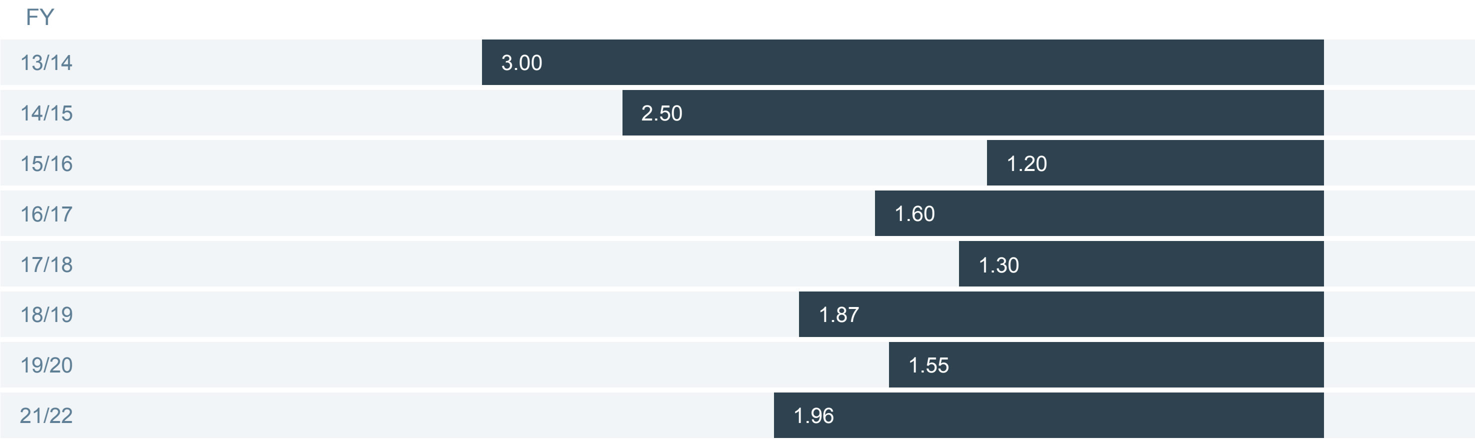
The following extra-financial KPIs reflect the performance of the FY 21/22 over the years since baseline FY 13-14.

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 relevant for the benchmarking exercise.

### Energy Consumption
(KWH/RNS)

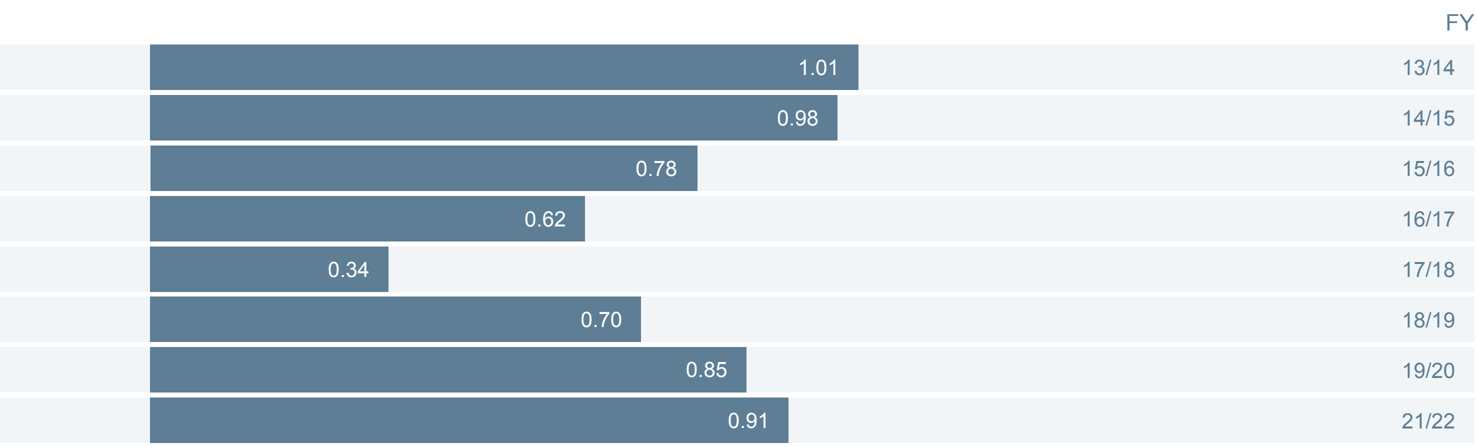



### Water Consumption
(m3/RNS)



Three Mauritian properties will be equipped with photovoltaic plants. 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.

**Wastewater**
(m3/RNS)




**Waste**
(Kg/RNS)

# Tread Lightly

Tread Lightly is a strategic project for carbon footprint consciousness started in 2012.

Through "Tread Lightly', LUX* has taken the initiative of offsetting 100% of the carbon emitted by the guests.

Tread Lightly invites the participating guests to join LUX* in this mission by contributing on a voluntary basis one Euro per night during their stay. The fund collected is used to finance various environmental projects in the destinations LIR operates and worldwide.

Tread Lightly currently supports 7 offsetting projects in Africa and Asia, supplying over 200,000 people with electricity from renewable sources such as hydropower, photovoltaic, wind power or biogas. Tread Lightly was the catalyst in considerably reducing the group's energy and water consumption through practical solutions like energy Management Systems, paper use-reducing LUX* Valet, LED lights, tap aerators or desalination plants. LUX* is cutting down waste, recycling waste, water and used oil. The Laundry Asterix is a creative communication tool, successfully reducing consumption by encouraging guests to be eco-friendly.

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.

The last audit was conducted during the previous Financial Year 2019-2020.

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.

**1,512,079**
Participating Room Nights 2013-2022

**145,810**
$tCO_2e$ offset 2013-2022

**10 UNFCCC***
Vetted Projects located in Africa

*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.

## Human Capital

On account of closure of operations in Mauritius until October 1st 2021, performance appraisal has been deferred to the next financial year. Nevertheless, two of our resorts namely LSAA and LLM carried the appraisal.

**184**

Recorded average man hours of training per year per team member

## Health & Safety

LIR follows the Occupational Safety and Health Act 2005 (OSHA 2005) and the workers are represented in the committee meetings which take place every two months.

The General Manager of the internal committee is the main contact person for all matters pertaining to Health & Safety at property level.

**1955.61**

Man days lost due to injuries

**1.3:1**

Ratio by gender Male: Female

The Management supports the Rights of Workers to Freedom of Association.

50% of our properties in Mauritius have recognised Trade Unions. Reunion Island resort adhere to the local Labour legislations.

Total Headcount of 2824 Team Members, as at end June 2022, includes the Head Office, Reunion Island and Maldives.

New permanent hires reached 1388 with a M : F ratio of 1.86 : 1

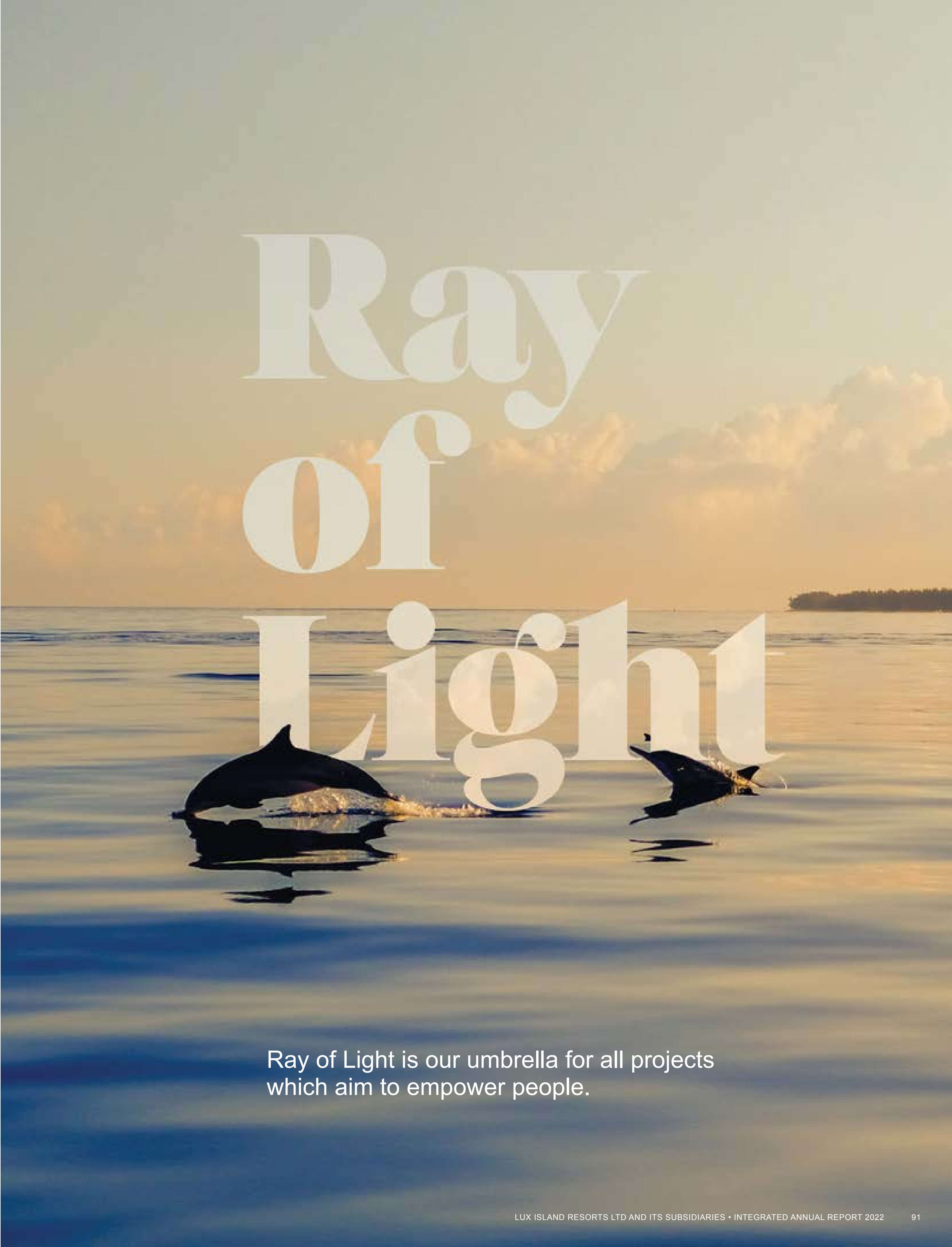
The Male : Female pay ratio is 1 : 1 across the board, per employee category, region, corporate and operations level.

## Corporate Social Responsibility Fund 2021-2022

As a result of the Pandemic, there was no contribution to the CSR fund for the financial year 2021-2022.

We remain conscious and sensitive to the economic impact of covid-19 on livelihoods, food security, access to education and connectivity and healthcare and we were alongside with the community through various activities.

We strive to contribute further with Team members encouraging volunteerism/donations, where 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 thus showing that we care about what matters.



# 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. The main projects undertaken are as follows :

## Let's Grow Together "Partner with SCAR for the welfare of animals"

LUX* Belle Mare started a collaboration with SCAR (Second Chance Animal Rescue) in January 2022 with the main aim to support humane control of stray companion animals through sterilization.

Through this collaboration LUX* Belle Mare has initiated the following actions:

1. Organisation and finance sterilization campaign for cats and dogs
2. Donation of pet beds using discarded linen
3. Donation of leftover/scrap food

| Target | Achievement |
|---|---|
| Sterilise a minimum of 50 dogs and cats | 54 dogs and cats sterilised on 23 April |
| Donation of 10 pet beds | Donated 10 pet beds to SCAR |

Food Donation: Average of 300Kg of food scraps monthly. This food is used by the caregivers of SCAR to feed stray animals at the different feeding points.

Pet beds: 10 pet beds were donated to SCAR who will then give persons adopting a pet through SCAR.

## Beach Cleaning and Lagoon Monitoring

At LUX* Grand Baie, we care about the community where our hotel is operating. There are no better actions to prove this than cleaning up the shared places which matter to our communities together with the local residents. We have therefore taken up the initiative to:

- keep our beach immaculate for our guests all the time.
- Identify a tourist area/beach in Grand Baie and ensure that the latter is kept clean throughout the year with sustained actions in conjunction with the local authorities.
- Work with Ecosud to monitor our lagoons & corals and protect them. Ecosud is a non-governmental organization which helps in the protection of our marine ecosystem. We are collaborating with them for the protection of our coral reefs and the marine life.
- Organize workshops with Ecosud on lagoon and coral restauration for our Team members and guests.

## Kids Go Green

Taking a step back and reflecting on the past months, we cannot ignore the fact that we were all confined. This shook our life and our daily routine. It has definitely brought us together. During this pandemic, we have all witnessed unprecedented and unwavering waves of kindness and human compassion among people. This pandemic made us reflect that the world does not belong to us but we belong to the world. Moreover, we are more focused about caring for our environment. Climate change is something that we cannot ignore anymore. Because there is not much we can do with climate when it is too late.


## Food Waste Certification

LUX* Le Morne is well known for its Zero Food Waste program that was implemented in 2018. The resort wanted to reaffirm its commitment towards Zero Food Waste via a food waste certification. LLM committed to The Pledge on Food Waste for its restaurant "The Kitchen".

LightBlue Environmental Consulting Co Ltd was the company that accompanied us in our journey towards the certification. Other partners working with LightBlue Environmental Consulting and The Pledge on Food Waste were: Signe Natir, Business Mauritius, FoodWise and HRDC.

The certification process was based on 7 pillars and 95 criteria.

A Food Lovers Committee was set up and our team worked a lot in order to achieve the certification.

LUX* Le Morne achieved "All Star", which is the highest level of certification possible with The Pledge on Food Waste. We communicate this achievement through our menu card, posters at the buffet and our policy displayed at the entrance of The Kitchen restaurant.

## Waste To Wealth

Waste to wealth is the transformation of waste from an exhausted utility to a valuable commodity as a mechanism for effective waste management.

Waste to wealth implementation steps are as follows:

- Identify day-to-day waste in the hotel operations.
- Upcycle the waste into a usable commodity.
- Record the number of waste produced monthly as well as the number of used commodity produced monthly for waste to wealth project.
- Items produced are gifted to the the local community or guests when ready.

## TGIF

We’ve all heard of TGIF, short for Thank God It’s Friday! LUX* Grand Gaube recently redefined this acronym by incorporating innovative and symbolic approaches to recycling and social integration to help people in precarious situations. To this end, a team-wide initiative called “To Give It On Friday” was initiated by the resort. Its purpose? Encourage employees to donate unused items that are still in good condition to NGOs that will give them a second life.

Many families struggle to cater for their children and themselves. “LUX* Grand Gaube cannot remain insensitive to this, and thanks to the solidarity of our team, we are bringing a glimmer of light to those in need. Contributing to the well-being of the community and making a positive impact have always been at the root of our mission. A small gesture can go a long way. With the funds raised, the management hopes to continue to contribute to the development of the community and the preservation of the environment,” says Stephan Anseline, Director of LUX* Grand Gaube.

# 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 2022

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.

Signed by :

**Jean-Claude Béga**
*Chairperson of the Board*

**Jenifer Chung Wong Tsang**
*Chairperson of the Audit & Risk Committee*

20 September 2022

# 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 Mauritian Companies Act 2001, in terms of section 166(d).

**IBL Management Ltd**
*Company Secretary*

20 September 2022

# 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 2022, 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 2022;
- 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.

### 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.

## Report on the Audit of the Consolidated and Separate Financial Statements (continued)

### Key Audit Matters (continued)

| Key Audit Matter - Group | How our Audit Addressed the Key Audit Matter |
|---|---|
| **Impairment of Property, Plant and Equipment, Right-of-use assets and Goodwill (see notes 4, 5 and 7 to the financial statements** | |
| The Group has Property, Plant and Equipment, Right-of-use assets and Goodwill amounting to MUR 10.6 billion, MUR 3.4 billion and MUR 466 million respectively (2021: MUR 11.1 billion, MUR 3.4 billion and MUR 458 million respectively) as at 30 June 2022.<br><br>Management assessed whether there was any indicator of impairment on the Property, Plant and Equipment, Right-of-use assets and Goodwill as at 30 June 2022 using discounted cash flows to determine the recoverable amounts of the respective cash generating units (CGUs) to which the assets relate. The recoverable amount of each CGU has been determined based on their fair value less cost to sell.<br><br>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.<br><br>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.<br><br>We obtained management's workings of the recoverable amounts of the different CGUs.<br><br>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 challenging the achievability of the CGU's return to pre-COVID-19 levels of performance. 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.<br><br>Terminal growth rates have been assessed for reasonableness based on market expected long term growth rates.<br><br>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.<br><br>We also assessed whether appropriate disclosures were made by management in the financial statements. |

# Independent Auditor's Report
to the Shareholders of Lux Island Resorts Ltd

## Report on the Audit of the Consolidated and Separate Financial Statements (continued)

### Key Audit Matters (continued)

| Key Audit Matter - Group | How our Audit Addressed the Key Audit Matter |
|---|---|
| **Accounting of Invest Hotel Scheme units (see note 23(d) to the financial statements)**<br><br>The Group has constructed and sold 27 units of villas, penthouses and residences under the Invest Hotel Scheme (IHS) over the current and prior year and subsequently leased these units from the buyers for the remaining period of the underlying government land lease which will end in 2064.<br><br>The sale proceeds from the transaction exceeded the total costs incurred during the construction, resulting in a gain of MUR 319 million during the year ended 30 June 2022.<br><br>A minimum guarantee return was also agreed with the buyers at the inception of the lease.<br><br>This was an area of focus in light of the impact on current and prior years' profits, assets and liabilities depending on whether the transaction qualified as a sale and leaseback under IFRS 16 or should be treated as an outright sale under IFRS 15 and a subsequent lease under IFRS 16. Significant judgement was also applied in the interpretation of the clauses in the sale and lease agreements and significant estimate was involved with respect to the discount rate used to measure the lease liability and right of use asset. | We obtained and read a typical sale (vente en l'état futur d'achèvement) agreement and lease agreement entered into between a buyer of a unit and the subsidiary of Lux Island Resorts Ltd involved in the transaction to gather the key elements of the transaction and discussed with management to understand the substance of the arrangement and any variances to the typical agreements we read.<br><br>We involved our internal legal experts in understanding the terms of the sale agreements.<br><br>We consulted with our accounting technical specialist on the treatment of the transaction under IFRS 15 and the judgements around recognition as a sale and leaseback or an outright sale.<br><br>We assessed the reasonableness of the costs of construction of each unit with reports from certified quantity surveyors to determine the portion of costs that should be recognised in the current year in line with the requirements of IFRS 15.<br><br>We recomputed the gain on the transaction after validating the key inputs namely the costs of disposal and the sales proceeds to supporting documentation.<br><br>We considered the requirements of IFRS 16 for the determination of the lease term for each lease based on our review of the different clauses in the lease agreements.<br><br>We assessed the appropriateness of management's methodology to determine the discount rate used in the computation of the lease liability and right of use assets. |

## Report on the Audit of the Consolidated and Separate Financial Statements (continued)

### Key Audit Matters (continued)

| Key Audit Matter - Company | How our Audit Addressed the Key Audit Matter |
|---|---|
| **Impairment assessment of investments in subsidiary companies (see note 8 to the financial statements)**<br><br>The Company holds investments in subsidiary companies which amounted to MUR 3.8 billion as at 30 June 2022 (2021: MUR 2.5 billion).<br><br>Management determines at the end of each reporting period the existence of any indication of impairment of the Company's investments in subsidiary companies. If there are indicators of impairment, management would assess the recoverable amounts of the investments in subsidiary companies. Any shortfall between the recoverable amounts of the subsidiary companies and their carrying values is recognised in profit or loss.<br><br>The assessment of indicators of impairment and the determination of the recoverable amounts of the investments in subsidiary companies require judgement.<br><br>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.<br><br>This was an area of focus in light of the amounts involved and the level of judgement and estimation required from management. | We considered whether there were internal and external indicators of impairment for investments in subsidiary companies.<br><br>For those investments in subsidiary companies whereby indicators of impairment were identified, we obtained management assessment of the recoverable amounts, which were based on a discounted cash flow model.<br><br>With the support of our internal valuation experts, we challenged management's forecasted revenues and growth rates based on our knowledge of the subsidiary companies operations, and compared them against past performance. This included obtaining an understanding of management's planned business strategies around revenue and cost initiatives.<br><br>We assessed the terminal growth rates used in the discounted cash flow models by comparing same to market expected long-term growth rates.<br><br>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.<br><br>Furthermore, we tested management assessment for reversal of impairment.<br><br>We assessed whether appropriate disclosures were made by management in the financial statements. |

# Independent Auditor's Report

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.

### 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.

## 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 and tax advisor 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.

### Mauritian Financial Reporting Act 2004

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.

### 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*

20 September 2022


# Financial Statements

# Consolidated and Separate Statements of Financial Position

As at 30 June 2022

| | Notes | THE GROUP | | | THE COMPANY | |
|---|---|---|---|---|---|---|
| | | **30 June 2022** | 30 June 2021 Restated | 01 July 2020 Restated | **30 June 2022** | 30 June 2021 |
| | | **Rs'000** | Rs'000 | Rs'000 | **Rs'000** | Rs'000 |
| **ASSETS** | | | | | | |
| **Non-current assets** | | | | | | |
| Property, plant and equipment | 4 | **10,643,819** | 11,057,930 | 10,004,423 | **27,760** | 14,105 |
| Right-of-use assets | 5(a) | **3,443,036** | 3,422,217 | 3,429,232 | **-** | - |
| Investment property | 6 | **86,317** | 82,212 | 82,212 | **86,317** | 82,212 |
| Intangible assets | 7 | **471,077** | 461,889 | 467,316 | **187** | 187 |
| Investment in subsidiary companies | 8 | **-** | - | - | **3,752,169** | 2,475,377 |
| Other receivable | 9 | **43,124** | 45,919 | - | **-** | - |
| Deferred tax assets | 10 | **13,429** | 124,418 | 137,771 | **-** | - |
| | | **14,700,802** | 15,194,585 | 14,120,954 | **3,866,433** | 2,571,881 |
| **Current assets** | | | | | | |
| Inventories | 11 | **269,365** | 437,209 | 261,789 | **-** | - |
| Trade and other receivables | 12 | **482,768** | 412,145 | 530,348 | **1,951,478** | 2,872,250 |
| Contract assets | 22 (b) | **-** | 86,064 | - | **-** | - |
| Current tax assets | 21 (d) | **78** | 1,916 | 5,181 | **-** | - |
| Cash and cash equivalents | 32(a) | **1,083,820** | 207,271 | 156,834 | **674,425** | 24,224 |
| | | **1,836,031** | 1,144,605 | 954,152 | **2,625,903** | 2,896,474 |
| Assets classified as held for sale | 13 | **637,904** | - | 528,945 | **-** | - |
| **TOTAL ASSETS** | | **17,174,737** | 16,339,190 | 15,604,051 | **6,492,336** | 5,468,355 |
| **EQUITY AND LIABILITIES** | | | | | | |
| **Equity** | | | | | | |
| Issued capital | 14(a) | **1,371,159** | 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** | 1,320,986 |
| Other reserves | 15 | **1,922,098** | 1,537,626 | 1,741,901 | **42,184** | 41,252 |
| Retained earnings | | **547,445** | 112,937 | 1,093,688 | **1,555,944** | 759,666 |
| | | **5,161,688** | 4,342,708 | 5,527,734 | **4,290,273** | 3,493,063 |
| Convertible bonds | 16 | **1,460,283** | 744,083 | - | **914,083** | 744,083 |
| **Total equity** | | **6,621,971** | 5,086,791 | 5,527,734 | **5,204,356** | 4,237,146 |
| **Non-current liabilities** | | | | | | |
| Interest-bearing loans and borrowings | 17 | **4,604,315** | 4,880,633 | 2,158,461 | **-** | - |
| Lease liabilities | 5(a) | **2,777,143** | 2,854,072 | 2,730,306 | **-** | - |
| Deferred tax liabilities | 10 | **586,805** | 462,995 | 562,941 | **25,609** | 18,565 |
| Post-employment benefit obligations | 18(b) | **106,885** | 117,483 | 170,628 | **26,247** | 26,285 |
| Government grants | 19 | **-** | 1,640 | 2,973 | **-** | - |
| | | **8,075,148** | 8,316,823 | 5,625,309 | **51,856** | 44,850 |
| **Current liabilities** | | | | | | |
| Interest-bearing loans and borrowings | 17 | **473,359** | 1,415,870 | 3,002,731 | **221,012** | 572,277 |
| Lease liabilities | 5(a) | **175,419** | 174,881 | 141,336 | **-** | - |
| Contract liabilities | 22 (a) | **286,079** | 223,529 | 71,091 | **-** | - |
| Trade and other payables | 20 | **1,115,317** | 1,119,738 | 1,030,375 | **1,015,112** | 614,082 |
| Current tax liabilities | 21 (d) | **8,131** | 1,558 | 1,563 | **-** | - |
| | | **2,058,305** | 2,935,576 | 4,247,096 | **1,236,124** | 1,186,359 |
| Liabilities associated with assets held for sale | 13 | **419,313** | - | 203,912 | **-** | - |
| **Total liabilities** | | **10,552,766** | 11,252,399 | 10,076,317 | **1,287,980** | 1,231,209 |
| **TOTAL EQUITY AND LIABILITIES** | | **17,174,737** | 16,339,190 | 15,604,051 | **6,492,336** | 5,468,355 |

These financial statements have been approved for issue by the Board of Directors and signed on its behalf on 20 September 2022:

**Jean-Claude Béga** **Jenifer Chung Wong Tsang**

*The notes set out on pages 111 to 181 form an integral part of these financial statements.*
*Independent Auditor's report on pages 98 to 103.*

# Consolidated and Separate Statements of Profit or Loss

For the year ended 30 June 2022

| | Notes | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|---|
| | | **2022** | 2021 Restated | **2022** | 2021 |
| | | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Revenue from contracts with customers | 22 | **6,253,732** | 1,857,904 | **-** | - |
| Other operating income | 23 | **556,488** | 476,791 | **125,670** | 100,812 |
| | | **6,810,220** | 2,334,695 | **125,670** | 100,812 |
| Direct operating expenses | 24 | **(1,588,428)** | (593,465) | **-** | - |
| Employee benefit expenses | 25 | **(1,654,335)** | (1,095,547) | **(55,721)** | (37,296) |
| Other operating expenses | 26 | **(1,579,955)** | (632,934) | **(51,680)** | (42,703) |
| | | **(4,822,718)** | (2,321,946) | **(107,401)** | (79,999) |
| **Earnings before interest, tax, depreciation, amortisation, impairment and write offs** | | **1,987,502** | 12,749 | **18,269** | 20,813 |
| Impairment of goodwill | 30 | **-** | (23,731) | **-** | - |
| Impairment of computer software and licences | 7 | **(532)** | - | **-** | - |
| Impairment of property, plant and equipment | 4 | **(211,830)** | (3,139) | **-** | - |
| Fair value gain on investment property | 6 | **4,105** | - | **4,105** | - |
| Reversal of impairment of investment in subsidiary companies | 8 | **-** | - | **801,831** | 59,009 |
| Reversal of impairment of financial assets | 12 (iii) | **83,931** | 7,158 | **-** | - |
| Impairment of right-of-use asset | 5 (a) | **(35,789)** | (54,487) | **-** | - |
| Gain on disposal of assets classified as held for sale | 13 | **-** | 12,510 | **-** | - |
| | | **(160,115)** | (61,689) | **805,936** | 59,009 |
| **Earnings before interest, tax, depreciation and amortisation** | | **1,827,387** | (48,940) | **824,205** | 79,822 |
| Depreciation and amortisation | 27 | **(657,478)** | (596,038) | **(445)** | (92) |
| **Operating profit/(loss)** | | **1,169,909** | (644,978) | **823,760** | 79,730 |
| Interest income | 28 | **3,006** | 1,538 | **27,591** | 10,837 |
| Finance costs | 29 | **(457,418)** | (481,337) | **(24,688)** | (30,624) |
| **Profit/(loss) before income tax** | | **715,497** | (1,124,777) | **826,663** | 59,943 |
| Income tax (expense)/credit | 21 (a) | **(236,821)** | 90,458 | **(6,754)** | (2,797) |
| **Profit/(loss) for the year** | | **478,676** | (1,034,319) | **819,909** | 57,146 |
| Profit/(loss) for the year attributable to: | | | | | |
| - Owners of the parent | | **478,676** | (1,034,319) | **819,909** | 57,146 |
| **Basic Earnings per share attributable to equity holders of the parent:** | 31 | **3.49** | (7.54) | | |
| **Diluted Earnings per share attributable to equity holders of the parent:** | 31 | **2.96** | (7.15) | | |

*The notes set out on pages 111 to 181 form an integral part of these financial statements.*
*Independent Auditor's report on pages 98 to 103.*

# Consolidated and Separate Statements of Other Comprehensive Income

For the year ended 30 June 2022

| | Notes | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|---|
| | | **2022** | 2021 | **2022** | 2021 |
| | | | Restated | | |
| | | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| **Profit/(loss) for the year** | | **478,676** | (1,034,319) | **819,909** | 57,146 |
| **Other comprehensive income that will not be reclassified to profit or loss subsequently** | | | | | |
| Revaluation of property, plant and equipment | 15 | **106,386** | (3,670) | **874** | - |
| Deferred tax relating to revaluation of property, plant and equipment | 15 | **(4,961)** | 950 | **-** | - |
| Actuarial (losses)/gain | 18(f) | **(6,580)** | 68,554 | **1,704** | 17,391 |
| Deferred tax relating to actuarial losses/(gain) | | **1,025** | (10,023) | **(290)** | (2,956) |
| | | **95,870** | 55,811 | **2,288** | 14,435 |
| **Other comprehensive income that may be reclassified to profit or loss subsequently** | | | | | |
| Cash flow hedge movement | 15 | **241,974** | (360,823) | **-** | - |
| Release to profit or loss on repayment of borrowings | 15 | **39,147** | 21,440 | **58** | - |
| Exchange difference on translation of foreign operations | 15 | **1,926** | 137,828 | **-** | - |
| | | **283,047** | (201,555) | **58** | - |
| **Total other comprehensive income, net of tax** | | **378,917** | (145,744) | **2,346** | 14,435 |
| **Total comprehensive income for the year, net of tax** | | **857,593** | (1,180,063) | **822,255** | 71,581 |

*The notes set out on pages 111 to 181 form an integral part of these financial statements.*
*Independent Auditor's report on pages 98 to 103.*

# Consolidated Statement of Changes in Equity

For the year ended 30 June 2022

| THE GROUP | Issued capital (Note 14) Rs'000 | Share premium (Note 14) Rs'000 | Other reserves (Note 15) Restated Rs'000 | Retained earnings Restated Rs'000 | Total Rs'000 | Convertible bonds (Note 16) Rs'000 | Total Equity Rs'000 |
|---|---|---|---|---|---|---|---|
| | *Attributable to the equity holders of the parent* | | | | | | |
| At 01 July 2020 - as restated (Note 42) | | | | | | | |
| - As previously reported | 1,371,159 | 1,320,986 | 1,859,304 | 1,014,411 | 5,565,860 | - | 5,565,860 |
| - Effect of reversal of deferred tax on Hedge Reserve (Note 42) | - | - | (38,126) | - | (38,126) | - | (38,126) |
| - Effect of correction relating to prior year restatement (Note 42) | - | - | (79,277) | 79,277 | - | - | - |
| - As re-stated | 1,371,159 | 1,320,986 | 1,741,901 | 1,093,688 | 5,527,734 | - | 5,527,734 |
| Other comprehensive income for the year - as restated (Note 42) | - | - | (204,275) | 58,531 | (145,744) | - | (145,744) |
| Loss for the year - as restated (Note 42) | - | - | - | (1,034,319) | (1,034,319) | - | (1,034,319) |
| Total comprehensive income for the year, net of tax - as restated | - | - | (204,275) | (975,788) | (1,180,063) | - | (1,180,063) |
| Convertible bonds issued | - | - | - | - | - | 750,000 | 750,000 |
| Convertible bonds issue expenses | - | - | - | - | - | (5,917) | (5,917) |
| Interest on convertible bonds | - | - | - | (4,963) | (4,963) | - | (4,963) |
| At 30 June 2021 - as restated | 1,371,159 | 1,320,986 | 1,537,626 | 112,937 | 4,342,708 | 744,083 | 5,086,791 |
| **At 01 July 2021 - as restated** | **1,371,159** | **1,320,986** | **1,537,626** | **112,937** | **4,342,708** | **744,083** | **5,086,791** |
| Other comprehensive income for the year | - | - | **384,472** | **(5,555)** | **378,917** | - | **378,917** |
| Profit for the year | - | - | - | **478,676** | **478,676** | - | **478,676** |
| Total comprehensive income for the year, net of tax | - | - | **384,472** | **473,121** | **857,593** | - | **857,593** |
| Convertible bonds issued | - | - | - | - | - | **720,000** | **720,000** |
| Convertible bonds issue expenses | - | - | - | - | - | **(3,800)** | **(3,800)** |
| Interest on convertible bonds | - | - | - | **(38,613)** | **(38,613)** | - | **(38,613)** |
| **At 30 June 2022** | **1,371,159** | **1,320,986** | **1,922,098** | **547,445** | **5,161,688** | **1,460,283** | **6,621,971** |

*The notes set out on pages 111 to 181 form an integral part of these financial statements.*
*Independent Auditor's report on pages 98 to 103.*

# Separate Statement of Changes in Equity

For the year ended 30 June 2022

| THE COMPANY | Issued capital (Note 14) Rs'000 | Share premium (Note 14) Rs'000 | Other reserves (Note 15) Rs'000 | Retained earnings Rs'000 | Total Rs'000 | Convertible bonds (Note 16) Rs'000 | Total Equity Rs'000 |
|---|---|---|---|---|---|---|---|
| | *Attributable to the equity holders of the Company* | | | | | | |
| At 01 July 2020 | 1,371,159 | 1,320,986 | 41,252 | 693,048 | 3,426,445 | - | 3,426,445 |
| Other comprehensive income for the year | - | - | - | 14,435 | 14,435 | - | 14,435 |
| Profit for the year | - | - | - | 57,146 | 57,146 | - | 57,146 |
| Total comprehensive income for the year, net of tax | - | - | - | 71,581 | 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) | - | (4,963) |
| At 30 June 2021 | 1,371,159 | 1,320,986 | 41,252 | 759,666 | 3,493,063 | 744,083 | 4,237,146 |
| **At 01 July 2021** | **1,371,159** | **1,320,986** | **41,252** | **759,666** | **3,493,063** | **744,083** | **4,237,146** |
| Other comprehensive income for the year | **-** | **-** | **932** | **1,414** | **2,346** | **-** | **2,346** |
| Profit for the year | **-** | **-** | **-** | **819,909** | **819,909** | **-** | **819,909** |
| Total comprehensive income for the year, net of tax | **-** | **-** | **932** | **821,323** | **822,255** | **-** | **822,255** |
| Convertible bonds issued | **-** | **-** | **-** | **-** | **-** | **170,000** | **170,000** |
| Interest on convertible bonds | **-** | **-** | **-** | **(25,045)** | **(25,045)** | **-** | **(25,045)** |
| **At 30 June 2022** | **1,371,159** | **1,320,986** | **42,184** | **1,555,944** | **4,290,273** | **914,083** | **5,204,356** |

*The notes set out on pages 111 to 181 form an integral part of these financial statements.*
*Independent Auditor's report on pages 98 to 103.*

# Consolidated and Separate Statements of Cash Flows

For the year ended 30 June 2022

| | Notes | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|---|
| | | **2022** | 2021 Restated | **2022** | 2021 |
| | | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| **OPERATING ACTIVITIES** | | | | | |
| Profit/(loss) before tax | | **715,497** | (1,124,777) | **826,663** | 59,943 |
| *Adjustments for:* | | | | | |
| -Waiver of lease payments | | **-** | (56,442) | **-** | - |
| - Impairment of goodwill | 30 | **-** | 23,731 | **-** | - |
| - Impairment of right of use assets | 5(a) | **35,789** | 54,487 | **-** | - |
| - Impairment of intangible assets | 7 | **532** | - | **-** | - |
| - Reversal of impairment of financial assets | 12(iii) | **(83,931)** | (7,158) | **-** | - |
| - Reversal of impairment of investment in subsidiary companies | 8 | **-** | - | **(801,831)** | (59,009) |
| - Impairment of property, plant and equipment | 4 | **211,830** | 3,139 | **-** | - |
| - Movement in provision for slow moving stock | | **(4,300)** | 9,297 | **-** | - |
| - Foreign exchange differences | | **87,404** | 65,756 | **(28,536)** | (52,781) |
| - Depreciation and amortisation | 27 | **657,478** | 596,038 | **445** | 92 |
| - Loss on disposal of property, plant and equipment | 23(c) | **501** | 4,214 | **-** | - |
| - Gain on disposal of assets held for sale | 13 | **-** | (12,510) | **-** | - |
| - Post-employment benefit obligations | | **5,469** | 18,090 | **3,495** | 3,685 |
| - Interest income | 28 | **(3,006)** | (1,538) | **(27,591)** | (10,837) |
| - Interest expense | 29 | **457,418** | 481,337 | **24,688** | 30,624 |
| - Reassessment of lease liabilities | | **(38,285)** | - | **-** | - |
| - Fair value gain on investment property | | **(4,105)** | - | **(4,105)** | - |
| | | **2,038,291** | 53,664 | **(6,772)** | (28,283) |
| Changes in working capital: | | | | | |
| - Decrease/(increase) in inventories | | **154,258** | (184,717) | **-** | - |
| - Decrease/(increase) in trade and other receivables | | **54,363** | 36,673 | **985,792** | (601,715) |
| - Increase/(decrease) in trade and other payables | | **237,267** | 33,921 | **(104,810)** | (455,457) |
| Cash generated from/(used in) operations | | **2,484,179** | (60,459) | **874,210** | (1,085,455) |
| Interest received | | **3,006** | 1,538 | **-** | 87 |
| Contribution paid | | **(1,829)** | (1,714) | **(1,829)** | (1,714) |
| Benefits paid | | **(5,847)** | (2,989) | **-** | - |
| Income tax refund/(paid) | 21(d) | **914** | (14,900) | **-** | - |
| Interest paid | | **(456,052)** | (459,223) | **(18,856)** | (16,150) |
| **Net cash flows generated from/(used in) operating activities** | | **2,024,371** | (537,747) | **853,525** | (1,103,232) |
| **INVESTING ACTIVITIES** | | | | | |
| Purchase of shares in subsidiaries | | **-** | - | **-** | (496) |
| Acquisition of property, plant and equipment | 32(b) | **(613,917)** | (991,543) | **(13,226)** | (72) |
| Purchase of intangible assets | 7 | **(2,712)** | (200) | **-** | - |
| Deemed disposal of subsidiary | 13 | **-** | 231,065 | **-** | - |
| Proceeds from sale of property, plant and equipment | | **319** | 1,755 | **-** | - |
| **Net cash flows used in investing activities** | | **(616,310)** | (758,923) | **(13,226)** | (568) |
| **FINANCING ACTIVITIES** | | | | | |
| Long-term loans received | 17(c) | **61,516** | 2,723,285 | **58,800** | 1,265,192 |
| Payments of long term borrowings | 17(c) | **(711,337)** | (1,929,013) | **(378,450)** | (920,050) |
| Principal elements of lease payments | 5(a) | **(167,518)** | (108,412) | **-** | - |
| Issue of convertible bonds | 16 | **716,200** | 744,083 | **170,000** | 744,083 |
| **Net cash flows (used in)/generated from financing activities** | | **(101,139)** | 1,429,943 | **(149,650)** | 1,089,225 |
| **Net increase/(decrease) in cash and cash equivalents** | | **1,306,922** | 133,273 | **690,649** | (14,575) |
| Cash and cash equivalents at 01 July | | **(61,307)** | (199,604) | **(12,661)** | (2,157) |
| Transfer to assets held for sale | 13 (ii) | **(111,807)** | - | **-** | - |
| Net foreign exchange difference | | **(53,710)** | 5,024 | **(3,575)** | 4,071 |
| **Cash and cash equivalents at 30 June** | 32(a) | **1,080,098** | (61,307) | **674,413** | (12,661) |

During the year there was a non-cash transaction where shares of Merville ltd were transferred from Merville Beach Hotel to Lux Island Resorts at an amount of Rs 474,961,357 in the sepatate statement of cash flows.

*The notes set out on pages 111 to 181 form an integral part of these financial statements.*
*Independent Auditor's report on pages 98 to 103.*

# Notes to the Financial Statements
For the year ended 30 June 2022

## 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 2022. 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 profit of **Rs 479 m** (2021- Loss of Rs 1.0 billion (restated)) while the company made a profit of **Rs 820 m** (2021- Rs 57.1m). At 30 June 2022, the Group's current liabilities exceeded its current assets by **Rs 222 m** (2021- Rs 1.79 billion (restated)) and was in a net asset position of **Rs 6.6 billion** (2021- Rs 5.1 billion (restated)) while the Company's current assets exceeded its current liabilities by **Rs 1.4 billion** (2021- Rs 1.7 billion) and was in a net asset position of **Rs 5.2 billion** (2021- Rs 4.2 billion).

The above commendable performance during the financial year ended 30 June 2022 is attributable to the following:

- Mauritius re-opened its borders to international visitors from October 2021 without much travel restrictions and tourist arrivals in the Country and in our resorts were beyond expectations.
- Maldives borders remained open all throughout the financial year 2021/22 and the Maldives entity achieved an occupancy of 73% and posted an EBITDA of Rs 660m.
- Our hotel in Reunion Island remained open all throughout the financial year 2021/22 but the number of arrivals were impacted by restrictions imposed locally. Nonetheless the Reunion entity achieved an EBITDA of MUR 155m.
- Furthermore, the Group has received Wage assistance from the Government of Mauritius during the period from July to December 2021 amounting to Rs 183 m and a one-off wage assistance for the Reunion entity of Rs 23 m from the French authorities.

**Future Outlook**

Borders are now open without any travel restrictions in all three destinations where the Group operates, namely, Mauritius, Maldives and Reunion. Furthermore, our source market countries have also lifted restrictions on international travel, except for China. The ongoing war in Ukraine is a source of concern but our hotels are not heavily reliant on the Ukraine and Russian market.

The Group has prepared its 2023 budgets on the basis of encouraging booking in hands which is better than pre-Covid levels. However, one of the hotels of the Group has been damaged by the fire which broke out on 02 July 2022. The hotel will remain closed all throughout the financial year ending 30 June 2023.

## 2. Significant Accounting Policies (continued)

### 2.1 Basis of preparation (continued)

**Future Outlook (continued)**

The hotel is insured for both material damages and business interruption and management is compiling all figures with respect to the claim which is being discussed with the loss adjuster. Reconstruction of the hotel has already started so as to start operation as soon as possible. It is worth noting that the Group is expected to generate positive results and cash flows during 2023, even if Lux Belle Mare performance is excluded.

Based on the above and coupled with the fact that repayment of most loans of the Group will start as from July 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 01 July 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 01 July 2021.

**Interest Rate Benchmark Reform – Phase 2**

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.

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 adoption of the amendments had no material impact on the Group’s and the Company’s in prior periods and are not expected to significantly affect the current and future periods.

**New standards, amendments to existing and interpretations issued but effective for financial years beginning after 01 July 2021 and not early adopted by the Group and the Company**

**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 and the Company’s financial statements.

**Amendments to IAS 1, ‘Presentation of financial statements’, on classification of liabilities (effective for annual 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 and the Company’s financial statements.

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

## 2. Significant Accounting Policies (continued)

### 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.

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.

## 2. Significant Accounting Policies (continued)

### 2.2 Principles of consolidation (continued)

*Separate financial statements of the Company (continued)*

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.

### 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, except when deferred in equity as qualifying cash-flow hedge.

Foreign exchange gains and losses are presented in profit or loss on a net basis within other operating income/expense.

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 Group's 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. Significant Accounting Policies (continued)

### 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 buildings and impairment losses recognised after the date of revaluation. 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. During the financial year 2022, the Mauritian entities were revalued using a full valuation while for the two other hotels which are outside Mauritius, a desktop valuation was carried out to assess the value of the land and buildings. 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 profit or loss. The carrying values of property, plant and equipment are reviewed for impairment at each reporting date or when events or changes in circumstances indicate that the carrying value may not be recoverable.

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

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

## 2. Significant Accounting Policies (continued)

### 2.5 Investment properties (continued)

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. 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 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.

## 2. Significant Accounting Policies (continued)

### 2.7 Intangible assets (continued)

***Goodwill (continued)***

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

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

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

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

### 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), or 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.

## 2. Significant Accounting Policies (continued)

### 2.8 Financial assets (continued)

***Initial recognition and measurement (continued)***

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 rate (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 (excluding prepayments) 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 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 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.

## 2. Significant Accounting Policies (continued)

### 2.8 Financial assets (continued)

***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. 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, gain on sale on IHS villas, residences and apartments 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.
- Gain on sale of villas, residences and apartments - recognised net of deposits received less cost of construction and cost to sell.

**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 rate method less any allowance for impairment (i.e expected credit loss). Gains and losses are recognised in 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 presentation in the consolidated and separate statements 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 rate method.

## 2. Significant Accounting Policies (continued)

### 2.9 Financial liabilities (continued)

*Borrowings (continued)*

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.

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. In that case, the borrowings are classified as non-current liabilities.

*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 which are measured at amortised cost, 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.

## 2. Significant Accounting Policies (continued)

### 2.10 Derecognition of financial assets and liabilities (continued)

*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.

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:

## 2. Significant Accounting Policies (continued)

### 2.13 Fair value of financial instruments (continued)

***Determination of fair value (continued)***

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company 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.

**Cash flow Hedge**

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

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.

## 2. Significant Accounting Policies (continued)

### 2.16 Hedge accounting (continued)

**Financial 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 ("EUR"), Great Britain Pound ("GBP") and United State Dollars ("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 non-financial asset 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.

### 2.20 Post employment benefit obligations

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.

In addition for the Contribution Social Genéralisée (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%.

## 2. Significant Accounting Policies (continued)

### 2.20 Post employment benefit obligations (continued)

*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 income 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 income 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.

## 2. Significant Accounting Policies (continued)

### 2.21 Taxes (continued)

*Deferred income tax (continued)*

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
- 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 taxes levied by 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. Significant Accounting Policies (continued)

### 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:

- 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.

The group is also exposed to change in timing of lease payments based on amendments brought by the State Land Act in Mauritius where the Group is now able to pay its lease in arrears (i.e at the end of each financial year) instead of advance payment (i.e at start of each financial year). When adjustments to timing of lease payments, the lease liability is reassessed and adjusted against in profit or loss.

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.

## 2. Significant Accounting Policies (continued)

### 2.22 Leases (continued)

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 three 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. 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 while for Merville Ltd, the rental is determined on the basis of 38% of room revenue, subject to a minimum guaranteed of 3% of amount invested over the first 5 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 rental from operating leases where the Group or the Company is a lessor is recognised as an 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.

### 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 profit or loss in the period to which the wages relate.

### 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.

## 2. Significant Accounting Policies (continued)

### 2.25 Revenue recognition (continued)

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

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 Company are recognised on the following basis:

- Management fees are recognised on an accrual basis.

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

- Gain on sale of IHS units is recognised net of revenue less cost incurred for construction and disposal.

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 rate 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.

## 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 classified as 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.

## 2. Significant Accounting Policies (continued)

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

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 presented separately from other liabilities in the balance sheet.

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.

### 2.33 Earnings per share

#### (i) Basic earnings per share

Basic earning per share is calculated by dividing:

- the profit attributable to owners of the Group and the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares

#### (ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

### 2.34 Finance costs

The finance costs is included as part of profit or loss on the following:

- Leases - interest is charged over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.
- Bank borrowings and bank overdraft– borrowing cost on non-qualifying assets is calculated using the effective interest rate method

## 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 buildings for the Mauritian entities were revalued by an independent professional valuer using a full valuation while for the two other hotels which are outside Mauritius, a desktop valuation was performed 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 periods.

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 hotels, room rates and margins. At 30 June 2022 and 30 June 2021, the status of unused tax losses of the Group was as follows:

| | | **2022** | |
|---|---|---|---|
| | **Recognised Rs'000** | **Unrecognised Rs'000** | **Total Rs'000** |
| Tax losses | **777,959** | **362,887** | **1,140,846** |

| | | 2021 | |
|---|---|---|---|
| | Recognised (Restated) Rs'000 | Unrecognised Rs'000 | Total (Restated) Rs'000 |
| Tax losses | 1,738,847 | 1,355,598 | 3,094,445 |

The unused tax losses of the subsidiary, Lux Saint Gilles, classified as assets held for sale is excluded from the above for the current year.

## 3. Significant Accounting Judgements and Estimates (continued)

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

The Group tests whether goodwill has suffered any impairment on an annual basis. For the 2022 and 2021 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 2022 amounted to **Rs 466.2m** (2021: Rs 458m). 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 2022 is **Rs 106.9m** (2020: Rs 117.5 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 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 by management 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. Directors have made use of approved cash flow projections based on financial budgets covering a five-year period. These cash flow projections make use of growth rate, occupancy rate, average room rate which are based on estimates.

***(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 2022 amounted to **Rs 3.8 billion** (2021: Rs 2.5 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.

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.

## 3. Significant Accounting Judgements and Estimates (continued)

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

During the financial years 30 June 2022 and 30 June 2021, no option has been exercised and hence, no reassessment has been performed. For Merville Ltd, the lease term was assessed on a 5 year period where a guaranteed fixed rental has been used for the calculation of the lease.

***(x) MIC – Convertible bonds***

During the financial year ended 30 June 2022, the Group (through one of its subsidiary namely Merville Ltd), 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 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. 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 or leases ("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 following normal operations of the Group after the COVID-19 pandemic. In making this assessment, the Group has considered the most recent budgets and plans. This led to a charge of **Rs 9.2 m** (2021: Rs 25.9 m) for hedging ineffectiveness impacting the profit or loss of the Group.

## 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 2020 | | | | | | | | |
| - As previously reported | 509,616 | 8,581,041 | 1,353,595 | 721,005 | 47,946 | 129,994 | 785,644 | 12,128,841 |
| - Effect of correction relating to prior year restatement (Note 42) | (79,363) | - | - | - | - | - | - | (79,363) |
| - As re-stated | 430,253 | 8,581,041 | 1,353,595 | 721,005 | 47,946 | 129,994 | 785,644 | 12,049,478 |
| Transfer | - | - | 46,890 | - | - | - | (46,890) | - |
| Additions (Note ii) (Restated) | - | 64,865 | 52,093 | 80,018 | 259 | 1,641 | 985,045 | 1,183,921 |
| 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 i) | - | (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 - As restated | 430,253 | 9,007,137 | 1,484,421 | 717,897 | 52,983 | 145,777 | 1,727,281 | 13,565,749 |
| Additions (Note iii) | **1,666** | **4,996** | **54,623** | **16,258** | **16,875** | **12,591** | **506,908** | **613,917** |
| Transfer | **-** | **1,838,191** | **139,276** | **205,084** | **-** | **34,734** | **(2,217,285)** | **-** |
| Disposal | **-** | **-** | **(14,679)** | **(4,833)** | **(3,291)** | **(2,146)** | **-** | **(24,949)** |
| Transfer to intangible asset (Note 7) | **-** | **-** | **-** | **-** | **-** | **-** | **(1,407)** | **(1,407)** |
| Transfer to held for sale (Note 13) | **-** | **(1,053,223)** | **(228,750)** | **(27,725)** | **(1,881)** | **(16,345)** | **-** | **(1,327,924)** |
| Impairment (Note iv) | **-** | **(211,830)** | **-** | **-** | **-** | **-** | **-** | **(211,830)** |
| Revaluation adjustment | **471** | **(136,023)** | **-** | **-** | **-** | **-** | **-** | **(135,552)** |
| Exchange difference | **-** | **(37,125)** | **(4,891)** | **5,594** | **860** | **172** | **649** | **(34,741)** |
| **At 30 June 2022** | **432,390** | **9,412,123** | **1,430,000** | **912,275** | **65,546** | **174,783** | **16,146** | **12,443,263** |
| **DEPRECIATION** | | | | | | | | |
| At 01 July 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 i) | - | (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 |
| Charge for the year (Note 27) | **20,057** | **252,862** | **106,855** | **96,581** | **2,787** | **14,513** | **-** | **493,655** |
| Disposal adjustments | **-** | **-** | **(14,122)** | **(4,698)** | **(3,291)** | **(2,018)** | **-** | **(24,129)** |
| Revaluation adjustment | **(403)** | **(241,535)** | **-** | **-** | **-** | **-** | **-** | **(241,938)** |
| Transfer to held for sale (Note 13) | **-** | **(643,135)** | **(200,911)** | **(21,066)** | **(1,520)** | **(16,303)** | **-** | **(882,935)** |
| Exchange difference | **-** | **(51,677)** | **(6,073)** | **3,772** | **782** | **168** | **-** | **(53,028)** |
| **At 30 June 2022** | **20,391** | **125,631** | **968,670** | **512,343** | **42,718** | **129,691** | **-** | **1,799,444** |
| **NET BOOK VALUE** | | | | | | | | |
| **At 30 June 2022** | **411,999** | **9,286,492** | **461,330** | **399,932** | **22,828** | **45,092** | **16,146** | **10,643,819** |
| At 30 June 2021 (Restated) | 429,516 | 8,198,021 | 401,500 | 280,143 | 9,023 | 12,446 | 1,727,281 | 11,057,930 |
| At 01 July 2020 (Restated) | 429,558 | 8,103,716 | 378,516 | 270,062 | 10,677 | 26,250 | 785,644 | 10,004,423 |

Note (i) & (iv) - The impairment loss relates to part of property, plant and equipment of the subsidiaries, Nereide Ltd and Lux Saint Gilles.

(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 and the hotel opened on 1st of December 2021.

## 4. Property, Plant and Equipment (continued)

| THE COMPANY | Freehold Land and Buildings Rs'000 | Plant and Equipment Rs'000 | Motor Vehicles Rs'000 | Computer Equipment Rs'000 | Furniture and Fittings Rs'000 | Total Rs'000 |
|---|---|---|---|---|---|---|
| **COST AND VALUATION** | | | | | | |
| At 01 July 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 |
| Additions | **-** | **1,562** | **10,379** | **1,285** | **-** | **13,226** |
| Revaluation adjustment | **470** | **-** | **-** | **-** | **-** | **470** |
| **At 30 June 2022** | **14,542** | **8,053** | **10,379** | **1,285** | **7,751** | **42,010** |
| **DEPRECIATION** | | | | | | |
| At 01 July 2020 | 362 | 6,411 | - | - | 7,344 | 14,117 |
| Charge for the year (Note 27) | 42 | 8 | - | - | 42 | 92 |
| At 30 June 2021 | 404 | 6,419 | - | - | 7,386 | 14,209 |
| Charge for the year (Note 27) | - | **73** | **224** | **103** | **45** | **445** |
| Revaluation adjustment | **(404)** | - | - | - | - | **(404)** |
| **At 30 June 2022** | **-** | **6,492** | **224** | **103** | **7,431** | **14,250** |
| **NET BOOK VALUE** | | | | | | |
| **At 30 June 2022** | **14,542** | **1,561** | **10,155** | **1,182** | **320** | **27,760** |
| At 30 June 2021 | 13,668 | 72 | - | - | 365 | 14,105 |

(a) The freehold land and buildings and buildings, structures and site improvement on leasehold land of the Group which are located in Mauritius were revalued during the 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 and revaluation adjustment has been booked accordingly. A desktop valuation has been performed by the valuer for all freehold land and buildings of the Group outside Mauritius and the value obtained is not materially different from the carrying amount and hence no revaluation gain was noted for these properties.

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.

## 4. Property, Plant and Equipment (continued)

(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.

| | 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 |
|---|---|---|---|---|---|---|---|
| **2022** | | | | | | | |
| Land | Sales comparison approach | **330,544** | **3,977** | Level 3 | Price per square metre | **3,305** | **40** |
| Buildings | Depreciated replacement cost | **9,367,947** | **10,565** | Level 3 | Replacement cost per square metre | **93,679** | **106** |
| | | **9,698,491** | **14,542** | | | **96,984** | **146** |
| 2021 | | | | | | | |
| Land | Sales comparison approach | 330,544 | 3,270 | Level 3 | Price per square metre | 3,305 | 33 |
| Buildings | Depreciated replacement cost | 8,296,993 | 10,398 | Level 3 | Replacement cost per square metre | 82,970 | 104 |
| | | 8,627,537 | 13,668 | | | 86,275 | 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 2022 Rs'000 | THE GROUP 2021 Restated Rs'000 | THE COMPANY 2022 Rs'000 | THE COMPANY 2021 Rs'000 |
|---|---|---|---|---|
| At 01 July | | | | |
| - As previously reported | **8,627,537** | 8,612,637 | **13,668** | 13,710 |
| - Effect of prior year restatement | **-** | (79,363) | **-** | - |
| - As re-stated | **8,627,537** | 8,533,274 | **13,668** | 13,710 |
| Additions | **6,662** | 64,865 | **-** | - |
| Transfer | **1,838,191** | - | **-** | - |
| Depreciation | **(272,919)** | (244,333) | **-** | (42) |
| Impairment | **(211,830)** | (3,139) | **-** | - |
| Transfer to assets held for sale | **(410,088)** | - | **-** | - |
| Revaluation adjustment | **106,386** | (3,670) | **874** | - |
| Exchange difference | **14,552** | 280,540 | **-** | - |
| **At 30 June** | **9,698,491** | 8,627,537 | **14,542** | 13,668 |

## 4. Property, Plant and Equipment (continued)

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

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2022 Rs'000** | 2021 Rs'000 | **2022 Rs'000** | 2021 Rs'000 |
| *Buildings on leasehold land* | | | | |
| Cost | **7,810,929** | 7,232,795 | **-** | - |
| Accumulated depreciation | **(2,035,324)** | (1,879,105) | **-** | - |
| **Net book value** | **5,775,605** | 5,353,690 | **-** | - |
| *Freehold land and buildings* | | | | |
| Cost | **297,842** | 297,842 | **8,562** | 8,562 |
| Accumulated depreciation | **(65,794)** | (59,837) | **(2,471)** | (2,300) |
| **Net book value** | **232,048** | 238,005 | **6,091** | 6,262 |

(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 20.1 million** (2021: Rs 27.6 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 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 |
| Reassessment of right-of-use assets | **27,557** | **-** | **-** | **-** | **27,557** |
| Addition | **158,817** | **-** | **-** | **-** | **158,817** |
| Transfer to assets held for sale (Note 13) | **(34,291)** | **-** | **-** | **-** | **(34,291)** |
| Impairment | **(35,789)** | **-** | **-** | **-** | **(35,789)** |
| Exchange Difference | **69,479** | **-** | **-** | **-** | **69,479** |
| **At 30 June 2022** | **4,296,888** | **77,311** | **12,388** | **7,964** | **4,394,551** |
| **AMORTISATION** | | | | | |
| 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 |
| Charge for the year (Note 27) | **150,532** | **12,638** | **329** | **620** | **164,119** |
| Transfer to assets held for sale (Note 13) | **(10,983)** | **-** | **-** | **-** | **(10,983)** |
| Exchange difference | **11,818** | **-** | **-** | **-** | **11,818** |
| **At 30 June 2022** | **864,681** | **66,613** | **12,372** | **7,849** | **951,515** |
| NET BOOK VALUES | | | | | |
| **At 30 June 2022** | **3,432,207** | **10,698** | **16** | **115** | **3,443,036** |
| At 30 June 2021 | 3,397,801 | 23,336 | 345 | 735 | 3,422,217 |

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

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

| | THE GROUP | |
|---|---|---|
| | **2022 Rs'000** | 2021 Rs'000 |
| **LEASE LIABILITIES** | | |
| At 01 July | **3,028,953** | 2,871,642 |
| Reassessment of lease liability | **(10,728)** | 55,868 |
| Additions | **158,817** | - |
| Interest expense (Note 29) | **252,179** | 248,837 |
| Interest paid | **(251,293)** | (190,109) |
| Principal elements of lease payments | **(167,518)** | (108,412) |
| Amount waived | **-** | (56,442) |
| Transfer to assets held for sale (Note 13) | **(36,610)** | - |
| Exchange difference | **(21,238)** | 207,569 |
| **At 30 June** | **2,952,562** | 3,028,953 |
| **Analysed as follows:** | | |
| Current | **175,419** | 174,881 |
| Non-current | **2,777,143** | 2,854,072 |
| **Total** | **2,952,562** | 3,028,953 |

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

| | THE GROUP | |
|---|---|---|
| | **2022 Rs'000** | 2021 Rs'000 |
| The statement of profit or loss shows the following amounts relating to leases: | | |
| Depreciation charge of right-of-use assets | **164,119** | 166,115 |
| Interest expense | **252,179** | 248,837 |
| Expense relating to short-term leases accounted as part of other operating expenses | **4,385** | 4,768 |

## 6. Investment Property

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2022 Rs'000** | 2021 Rs'000 | **2022 Rs'000** | 2021 Rs'000 |
| At 01 July | **82,212** | 82,212 | **82,212** | 82,212 |
| Fair value gain | **4,105** | - | **4,105** | - |
| **At 30 June** | **86,317** | 82,212 | **86,317** | 82,212 |

The Group's investment property consists of part of the head office property situated in Floréal. 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 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.

The fair value as per the valuation report was different from the carrying value by Rs 4,105,000. The gain arising on fair value of the investment property has been credited to profit or loss.

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2022 Rs'000** | 2021 Rs'000 | **2022 Rs'000** | 2021 Rs'000 |
| Rental income derived from the investment property | **5,624** | 5,624 | **5,624** | 5,624 |

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

## 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 863,170** (2021: 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 | |
|---|---|---|---|---|
| | **2022 Between 1 and 5 years Rs'000** | 2021 Between 1 and 5 years Rs'000 | **2022 Between 1 and 5 years Rs'000** | 2021 Between 1 and 5 years Rs'000 |
| Rental income derived from the investment property | **11,248** | 16,380 | **11,248** | 16,380 |

## 7. Intangible Assets

| THE GROUP | Goodwill Rs'000 | Computer Software & Licences Rs'000 | Total Rs'000 |
|---|---|---|---|
| **COST** | | | |
| At 01 July 2020 | 462,283 | 19,150 | 481,433 |
| Additions | - | 200 | 200 |
| Impairment of goodwill | (23,731) | - | (23,731) |
| Exchange differences | 19,500 | 1,123 | 20,623 |
| At 30 June 2021 | 458,052 | 20,473 | 478,525 |
| Additions | **-** | **2,712** | **2,712** |
| Transfer to held for sale (Note 13) | **-** | **(3,097)** | **(3,097)** |
| Transfer from property,plant and equipment (Note 4) | **-** | **1,407** | **1,407** |
| Impairment | **-** | **(532)** | **(532)** |
| Exchange difference | **8,210** | **(52)** | **8,158** |
| **At 30 June 2022** | **466,262** | **20,911** | **487,173** |
| **AMORTISATION** | | | |
| At 01 July 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 |
| Charge for the year (Note 27) | **-** | **1,337** | **1,337** |
| Transfer to held for sale (Note 13) | **-** | **(1,974)** | **(1,974)** |
| Exchange difference | **-** | **97** | **97** |
| **At 30 June 2022** | **-** | **16,096** | **16,096** |
| **NET BOOK VALUE** | | | |
| **At 30 June 2022** | **466,262** | **4,815** | **471,077** |
| At 30 June 2021 | 458,052 | 3,837 | 461,889 |

## 7. Intangible Assets (continued)

**THE COMPANY**

| | Computer Software | |
|---|---|---|
| | **2022** | 2021 |
| | **Rs'000** | 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 | |
|---|---|---|
| | **2022** | 2021 |
| | **Rs'000** | Rs'000 |
| Les Pavillons Resorts Ltd | **70,000** | 70,000 |
| Holiday & Leisure Resorts Limited | **83,658** | 83,658 |
| Lux Island Resorts Maldives Ltd | **302,417** | 294,207 |
| MSF Leisure Company Ltd | **10,187** | 10,187 |
| | **466,262** | 458,052 |

The Group has not impaired its goodwill for the year ended 30 June 2022 (2021: Rs 23.7m).

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 10.76% to 13.80% (2021: 10.30% to 12.30%) 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 **3.30% to 4%** (2021: 3%) has been assumed in the calculation except for Oceanide Ltd where no terminal growth rate has been used as impairment has been calculated up to the termination of the lease period.

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.

Key assumptions used in the impairment tests for goodwill are: occupany rate, terminal growth rate and discount rate. The assumptions used for 2022 and 2021 are as follows:

| | Discount rate | | Terminal growth rate | | Occupancy rate | |
|---|---|---|---|---|---|---|
| | **2022** | 2021 | **2022** | 2021 | **2022** | 2021 |
| Les Pavillons Resorts Ltd | **10.76%** | 10.30% | **3.30%** | 3.00% | **79.5%-80%** | 49% - 68% |
| Holiday & Leisure Resorts Limited | **10.76%** | 10.30% | **3.30%** | 3.00% | **77.8%-80.4%** | 56% - 79% |
| Lux Island Resorts Maldives Ltd | **13.80%** | 12.30% | **4.00%** | 3.00% | **71.2%-74%** | 68% - 72% |
| Oceanide Ltd | **10.76%** | 10.90% | **Nil** | 3.00% | **74.6%-80%** | 55% - 81% |
| Blue Bay Tokey Island Limited | **11.69%** | 12.01% | **3.30%** | 3.00% | **13,741-15,613#** | 11,400 - 16,224# |
| MSF Leisure Company Ltd | **11.69%** | 12.01% | **3.30%** | 3.00% | **41840*** | 50,356-55,025* |

*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

## 7. Intangible Assets (continued)

Impairment test on goodwill (continued)

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 no impairment charge should be recognised as at 30 June 2022.

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 Occupany rate** | |
|---|---|---|---|---|---|---|
| | **2022 Rs'000** | 2021 Rs'000 | **2022 Rs'000** | 2021 Rs'000 | **2022 Rs'000** | 2021 Rs'000 |
| Les Pavillons Resorts Ltd | **-** | - | **-** | - | **-** | - |
| Holiday & Leisure Resorts Limited | **-** | - | **-** | - | **-** | - |
| Lux Island Resorts Maldives Ltd | **-** | - | **-** | - | **-** | - |
| MSF Leisure Company Ltd | **-** | - | **-** | - | **-** | - |

The recoverable amount of the CGU which have not been impaired at 30 June 2022 and 30 June 2021 would equal its carrying amount if the key assumptions were to change as follows:

| | **Discount rate** | | **Terminal growth rate** | | **Occupany rate** | |
|---|---|---|---|---|---|---|
| **2022** | **From** | **To** | **From** | **To** | **From** | **To** |
| Les Pavillons Resorts Ltd | **10.76%** | **24.99%** | **3.30%** | **-37.33%** | **79.5%-80%** | **46.3% - 48.3%** |
| Holiday & Leisure Resorts Limited | **10.76%** | **13.33%** | **3.30%** | **-0.41%** | **77.8%-80.4%** | **67.3% - 69.9%** |
| Lux Island Resorts Maldives Ltd | **13.80%** | **17.00%** | **4.00%** | **-0.40%** | **71.6%-74%** | **63.1% - 65.9%** |
| MSF Leisure Company Ltd | **11.69%** | **30.50%** | **3.30%** | **-81.10%** | **41,840** | **28,903** |

| | **Discount rate** | | **Terminal growth rate** | | **Occupany 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 |

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.

## 8. Investment in Subsidiary Companies

| | **2022 Rs'000** | 2021 Rs'000 |
|---|---|---|
| **THE COMPANY** | | |
| **At 01 July** | **2,475,377** | 2,415,872 |
| Additions | **474,961** | 496 |
| Reversal of impairment | **836,570** | 174,762 |
| Impairment charge | **(34,739)** | (115,753) |
| **At 30 June** | **3,752,169** | 2,475,377 |

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

## 8. Investment in Subsidiary Companies (continued)

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 801.8m** (2021: Rs 59m) since its recoverable amount was higher than its carrying value for the respective subsidiary companies.

| | Lux Island Resorts Maldives Ltd Rs'000 | Oceanide Ltd Rs'000 | Total Rs'000 |
|---|---|---|---|
| **At 30 June 2022** | | | |
| Equity value determined on the basis of discounted cash flow | **1,531,339** | **174,764** | **1,706,103** |
| Carrying amount of the investment | **(694,769)** | **(209,503)** | **(904,272)** |
| **Reversal of amount previously impaired / (amount impaired)** | **836,570** | **(34,739)** | **801,831** |
| 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) |
| Reversal of amount previously impaired / (amount impaired) | 174,762 | (115,753) | 59,009 |

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 **7.67%** to **13.80%** (2021: 7.16% to 12.3%) 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 3.30% to 4% (2021: 3%) has been assumed in the calculation except for Oceanide Ltd and SAS Hôtel Prestige Réunion where no terminal growth rate has been used as impairment has been calculated up to the termination of the lease period.

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 | | Terminal growth rate | | Occupany rate | |
|---|---|---|---|---|---|---|
| | **2022** | 2021 | **2022** | 2021 | **2022** | 2021 |
| Les Pavillons Resorts Ltd | **10.76%** | 10.30% | **3.30%** | 3.00% | **79.5%-80%** | 49%-68% |
| Holiday & Leisure Resorts Limited | **10.76%** | 10.30% | **3.30%** | 3.00% | **77.8%-80%** | 56%-79% |
| Lux Island Resorts Maldives Ltd | **13.76%** | 12.30% | **4.00%** | 3.00% | **71.6%-74%** | 68%-72% |
| Oceanide Ltd | **10.76%** | 10.90% | **Nil** | 3.00% | **74.6%-80%** | 55%-81% |
| Blue Bay Tokey Island Limited | **11.69%** | 12.01% | **3.30%** | 3.00% | **13,741-15,610#** | 11,400 - 16,224# |
| SAS Hôtel Prestige Réunion | **7.67%** | 7.16% | **Nil** | 1.50% | **75% - 78%** | 74%-76% |
| Beau Rivage Co Ltd | **10.76%** | 10.30% | **3.30%** | 3.00% | **77.90% - 78.90%** | 56%-78% |
| Merville Ltd | **11.00%** | 0.00% | **3.30%** | 0.00% | **55% - 64.50%** | 0.00% |

#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.

## 8. Investment in Subsidiary Companies (continued)

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 2022 and 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 Occupany rate** | |
|---|---|---|---|---|---|---|
| | **2022 Rs'000** | 2021 Rs'000 | **2022 Rs'000** | 2021 Rs'000 | **2022 Rs'000** | 2021 Rs'000 |
| Les Pavillons Resorts Ltd | **-** | - | **-** | - | **-** | - |
| Holiday & Leisure Resorts Limited | **-** | - | **-** | - | **-** | - |
| Lux Island Resorts Maldives Ltd | **-** | 204,444 | **-** | 130,196 | **-** | - |
| Oceanide Ltd | **2,455** | 3,945 | **-** | 6,505 | **7,934** | 23,866 |
| 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** | | **Terminal growth rate** | | **Occupany rate** | |
|---|---|---|---|---|---|---|
| ***2022*** | **From** | **To** | **From** | **To** | **From** | **To** |
| Les Pavillons Resorts Ltd | **10.76%** | **33.84%** | **3.30%** | **-294.66%** | **79.50% - 80.00%** | **46.7% - 47.2%** |
| Holiday & Leisure Resorts Limited | **10.76%** | **11.76%** | **3.30%** | **1.95%** | **77.80% - 80.40%** | **72.7% - 75.30%** |
| Beau Rivage Co Ltd | **10.76%** | **74.64%** | **3.30%** | **-1000.00%** | **77.90% - 78.90%** | **42.4% - 43.4%** |
| Merville Ltd | **10.76%** | **18.02%** | **3.30%** | **-9.55%** | **55.00% - 64.50%** | **39.6% - 49.1%** |

| | **Discount rate** | | **Terminal growth rate** | | **Occupany rate** | |
|---|---|---|---|---|---|---|
| 2021 | **From** | **To** | **From** | **To** | **From** | **To** |
| 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% |

## 8. Investment in Subsidiary Companies (continued)

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.

(a) The subsidiary companies are as follows:

| Name of Companies | Country of incorporation | Effective Shareholding 2022 | | Effective Shareholding 2021 | |
|---|---|---|---|---|---|
| | | **Direct** | **Indirect** | Direct | 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 Ltee | 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 |
| SNC Saint Paul | Reunion Island | **-** | **100** | - | 100 |
| Lux Island Resort Foundation | Mauritius | **100** | **-** | 100 | - |
| Lux Island Resorts Maldives Ltd | Mauritius | **99.99** | **-** | 99.99 | - |
| White Sand Resorts & Spa Pvt Ltd | Maldives | **-** | **100** | - | 100 |
| LIRCO Ltd | Luxembourg | **100** | **-** | 100 | - |
| Oceanide Ltd | Mauritius | **50.03** | **100** | 50.03 | 100 |
| Nereide Ltd | Mauritius | **-** | **100** | - | 100 |

Lux Island Resorts Maldives Ltd has been redomiciled from Seychelles to Mauritius during the current financial year.

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

(b) The increase in investment in subsidiary in 2022 and 2021 is made up of:

| | **2022 Rs'000** | 2021 Rs'000 |
|---|---|---|
| Merville Limited | **474,961** | - |
| LIRCO Ltd | **-** | 471 |
| Lux Island Resort Foundation | **-** | 25 |
| | **474,961** | 496 |

The holding company has acquired 100% of the shares held in Merville Ltd from its wholly owned subsidiary, Merville Beach Hotel Resorts Ltd. Investments in Merville Ltd is therefore held directly now.

## 9. Other Receivable

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2022 Rs'000** | 2021 Rs'000 | **2022 Rs'000** | 2021 Rs'000 |
| At 01 July | **45,919** | 45,919 | **-** | - |
| Exchange difference | **(2,795)** | - | **-** | - |
| **At 30 June** | **43,124** | 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. Furthermore, a contingent fee of EUR 1 million is payable upon Hotel le Recif acheiving a target EBITDA. 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%.

## 10. Deferred Tax Liabilities/(Assets)

Deferred income taxes are calculated on all temporary differences under the liability method.

Deferred tax is reflected in the statement of financial position as follows:

| | THE GROUP | | | THE COMPANY | |
|---|---|---|---|---|---|
| | **2022 Rs'000** | 2021 Restated Rs'000 | 2020 Restated Rs'000 | **2022 Rs'000** | 2021 Rs'000 |
| Deferred tax assets - as restated (Note 42) | **(13,429)** | (124,418) | (137,771) | **-** | - |
| Deferred tax liabilities - as restated (Note 42) | **586,805** | 462,995 | 562,941 | **25,609** | 18,565 |
| **Net deferred tax liabilities** | **573,376** | 338,577 | 425,170 | **25,609** | 18,565 |

The movement in the deferred income tax account is as follows:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2022 Rs'000** | 2021 Restated Rs'000 | **2022 Rs'000** | 2021 Rs'000 |
| At 01 July | | | | |
| - As previously reported | **338,577** | 387,044 | **18,565** | 12,812 |
| - prior year restatement | **-** | 38,126 | **-** | - |
| - As restated | **338,577** | 425,170 | **18,565** | 12,812 |
| Recognised in profit or loss (Note 21(a)) | **228,382** | (83,418) | **6,754** | 2,797 |
| Recognised in other comprehensive income | **3,936** | 9,073 | **290** | 2,956 |
| Exchange difference | **2,481** | (12,248) | **-** | - |
| **At 30 June** | **573,376** | 338,577 | **25,609** | 18,565 |

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

Deferred income tax at 30 June relates to the following:

**THE GROUP**

| | Balance | | Movement | |
|---|---|---|---|---|
| | **2022** | 2021 Restated | **2022** | 2021 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| **Deferred tax liabilities** | | | | |
| Accelerated depreciation | **571,732** | 551,587 | **20,145** | 33,421 |
| Revaluation of property, plant and equipment | **134,127** | 103,066 | **31,061** | (28,988) |
| Post employment benefit obligations | **(16,488)** | (7,600) | **(8,888)** | 12,161 |
| Tax losses | **(103,368)** | (187,729) | **84,361** | (154,282) |
| Lease liabilities | **4,030** | 17,130 | **(13,100)** | 16,283 |
| Provision for slow moving stock | **-** | - | **-** | 4,812 |
| Provision for loss allowance of trade receivables | **(3,228)** | (13,459) | **10,231** | 16,647 |
| | **586,805** | 462,995 | **123,810** | (99,946) |
| **Deferred tax assets** | | | | |
| Accelerated depreciation | **(2)** | (16,686) | **16,684** | (9,190) |
| Revaluation of property, plant and equipment | **15,998** | 14,904 | **1,094** | (3,746) |
| Post employment benefit obligations | **-** | (7,820) | **7,820** | (4,934) |
| Tax losses | **(24,936)** | (107,875) | **82,939** | 36,949 |
| Lease liabilities | **(3,634)** | (5,863) | **2,229** | (5,326) |
| Provision for loss allowance of trade receivables | **(855)** | (1,078) | **223** | (400) |
| | **(13,429)** | (124,418) | **110,989** | 13,353 |
| **Net deferred tax liabilities** | **573,376** | 338,577 | | |
| **Total movement for the year** | | | **234,799** | (86,593) |
| **Recognised as follows:** | | | | |
| In profit or loss (Note 21(a)) | | | **228,382** | (83,418) |
| In other comprehensive income | | | **3,936** | 9,073 |
| Exchange differences | | | **2,481** | (12,248) |
| | | | **234,799** | (86,593) |

**THE COMPANY**

| | Balance | | Movement | |
|---|---|---|---|---|
| | **2022** | 2021 | **2022** | 2021 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| **Deferred tax liabilities** | | | | |
| Accelerated depreciation | **10,843** | 3,414 | **7,429** | 1,192 |
| Revaluation of property, plant and equipment | **-** | 6,408 | **(6,408)** | - |
| Others | **25,466** | 23,000 | **2,466** | 588 |
| | **36,309** | 32,822 | **3,487** | 1,780 |
| **Deferred tax assets** | | | | |
| Tax losses | **(6,296)** | (9,789) | **3,493** | 1,352 |
| Post employment benefit obligations | **(2,408)** | (2,182) | **(226)** | 4,907 |
| Others | **(1,996)** | (2,286) | **290** | (2,286) |
| | **(10,700)** | (14,257) | **3,557** | 3,973 |
| Net deferred tax liabilities | **25,609** | 18,565 | | |
| **Total movement for the year** | | | **7,044** | 5,753 |
| **Recognised as follows:** | | | | |
| In profit or loss (Note 21(a)) | | | **6,754** | 2,797 |
| In other comprehensive income | | | **290** | 2,956 |
| | | | **7,044** | 5,753 |

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

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 periods.

Deferred tax assets have not been recognised on tax losses amounting to **Rs 363 million** (2021: Rs 1.36 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<br>2022<br>Rs'000 |
|---|---|---|---|
| 30 June 2025 | 2025/2026 | 2020/2021 | **39,143** |
| 30 June 2026 | 2026/2027 | 2021/2022 | **66,920** |
| 30 June 2027 | 2027/2028 | 2022/2023 | **2,450** |
| Indefinite | | | **669,446** |
| | | | **777,959** |

## 11. Inventories

**THE GROUP**

| | 2022<br>Rs'000 | 2021<br>Restated<br>Rs'000 | 2020<br>Restated<br>Rs'000 |
|---|---|---|---|
| Food and beverages - at cost | **95,631** | 69,347 | 70,043 |
| Spare parts and maintenance - at cost | **43,367** | 41,885 | 44,091 |
| Boutique items - at Net realisable value | **17,647** | 23,872 | 29,906 |
| Property development - Lux Grand Baie - Restated (Note 42) | **75,732** | 283,330 | 79,363 |
| Others*- at cost | **36,988** | 18,775 | 38,386 |
| | **269,365** | 437,209 | 261,789 |

* 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 2022 amounted to **Rs 33.3m** (2021: Rs 37.6m).

Amount of inventory expensed has been disclosed in note 24.

## 12. Trade and Other Receivables

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2022 Rs'000** | 2021 Rs'000 | **2022 Rs'000** | 2021 Rs'000 |
| Trade receivables | **355,727** | 274,965 | **-** | - |
| Receivable from fellow subsidiaries (Note 36) | **7,002** | 57,027 | **2,362** | 53,347 |
| Receivable from subsidiaries (Note 36) | **-** | - | **1,939,967** | 2,809,414 |
| Other receivables and prepayments | **161,944** | 228,823 | **9,149** | 9,489 |
| | **524,673** | 560,815 | **1,951,478** | 2,872,250 |
| Less loss allowance (Note 37 c (iv)) | **(41,905)** | (148,670) | **-** | - |
| | **482,768** | 412,145 | **1,951,478** | 2,872,250 |

(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 some of its trade receivables with a Global Service Provider, with a view to minimise its credit risk exposure.

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

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2022 Rs'000** | 2021 Rs'000 | **2022 Rs'000** | 2021 Rs'000 |
| Not past due | **185,656** | 32,912 | **-** | - |
| Due less than 30 days | **76,733** | 13,574 | **-** | - |
| More than 30 and less than 60 days | **34,930** | 8,472 | **-** | - |
| More than 60 and less than 90 days | **4,944** | 16,224 | **-** | - |
| More than 90 and less than 180 days | **7,788** | 13,742 | **-** | - |
| More than 180 days | **3,771** | 41,371 | **-** | - |
| | **313,822** | 126,295 | **-** | - |

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

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2022 Rs'000** | 2021 Rs'000 | **2022 Rs'000** | 2021 Rs'000 |
| At 01 July | **148,670** | 162,482 | **-** | - |
| Reversal for the year | **(83,931)** | (7,158) | **-** | - |
| Write off | **(14,732)** | (9,277) | **-** | - |
| Transfer to held for sale | **(7,428)** | - | **-** | - |
| Exchange difference | **(674)** | 2,623 | **-** | - |
| **At 30 June (Note 37 c (iv))** | **41,905** | 148,670 | **-** | - |

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.

Bad debts written off of Rs **14.7m** (2021: Rs 9.3m) relate to individual debtor balance which have been impaired during the year and which were previously provided for.

## 13. Assets Held For Sale

### (i) Hotel Le Récif

On 01 August 2020, the group has finalised the sale of Hotel Le Recif, 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 Recif achieving a target EBITDA (note 9)

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

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 was as follows:

| | THE GROUP | |
|---|---|---|
| | **2022 Rs'000** | 2021 Rs'000 |
| 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**.

### (ii) Les Villas Du Lagon

On 29 June 2022, the group had an offer from a potential buyer for the acquisition of Les Villas Du Lagon, in Reunion Island. The negotiation is still on going for the total proceeds and modus operandi of the transaction.

The breakdown of the assets retranslated at year end rate of Les Villas Du Lagon classified as assets held for sale are as follows:

| | **2022 Rs'000** |
|---|---|
| **Non-current assets** | |
| Property, plant and equipment | **444,989** |
| Intangible assets | **1,123** |
| Right of use assets | **23,308** |
| | **469,420** |
| **Current assets** | |
| Inventories | **16,745** |
| Trade and other receivables | **39,932** |
| Cash and short term deposits | **111,807** |
| | **168,484** |
| | **637,904** |

## 13. Assets Held For Sale (continued)

### (ii) Les Villas Du Lagon (continued)

| | 2022 Rs'000 |
|---|---|
| The liabilities of Les Villas Du Lagon associated with the assets held for sale are as follows: | |
| **Non-current liabilities** | |
| Interest-bearing loans and borrowings | 90,692 |
| Lease liabilities | 33,521 |
| Post employment benefit obligations | 13,481 |
| | 137,694 |
| **Current liabilities** | |
| Interest-bearing loans and borrowings | 55,810 |
| Lease liabilities | 3,089 |
| Trade and other payables | 178,880 |
| Contract liabilities | 42,970 |
| Current tax liabilities | 870 |
| | 281,619 |
| | 419,313 |

## 14. Issued Capital

### (a) Authorised and issued capital

| | THE GROUP AND THE COMPANY | | | |
|---|---|---|---|---|
| | **2022 Number of shares** | 2021 Number of shares | **2022 Rs'000** | 2021 Rs'000 |
| Ordinary shares of Rs 10 each fully paid | | | | |
| At 30 June | **137,115,943** | 137,115,943 | **1,371,159** | 1,371,159 |

### (b) Share premium

| | THE GROUP AND THE COMPANY | |
|---|---|---|
| | **2022 Rs'000** | 2021 Rs'000 |
| At 30 June | **1,320,986** | 1,320,986 |

## 15. Other Reserves

### (a) THE GROUP

| | Foreign exchange translation reserve Restated Rs'000 | Asset revaluation reserve Restated Rs'000 | Total Restated Rs'000 |
|---|---|---|---|
| At 01 July 2020 | | | |
| - As previously reported | 199,122 | 1,660,182 | 1,859,304 |
| - Impact of prior year restatement on hedge rserve | (38,126) | - | (38,126) |
| - Impact of prior year restatement on sale of IHS units | - | (79,277) | (79,277) |
| - As restated | 160,996 | 1,580,905 | 1,741,901 |
| 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 revaluation reserve | - | 950 | 950 |
| At 30 June 2021 | (40,559) | 1,578,185 | 1,537,626 |
| Cash flow hedge on loans and leases in foreign currency | **241,974** | **-** | **241,974** |
| Cash flow hedge reserve released on repayment of loans and leases | **39,147** | **-** | **39,147** |
| Currency translation difference | **1,926** | **-** | **1,926** |
| Revaluation of property, plant and equipment | **-** | **106,386** | **106,386** |
| Tax on revaluation reserve | **-** | **(4,961)** | **(4,961)** |
| **At 30 June 2022** | **242,488** | **1,679,610** | **1,922,098** |

### (b) THE COMPANY

| | Asset revaluation reserve Rs'000 | Cash flow hedge reserve Rs'000 | Total Rs'000 |
|---|---|---|---|
| At 01 July 2020 and 30 June 2021 | 41,310 | (58) | 41,252 |
| Revaluation of property, plant and equipment | **874** | **-** | **874** |
| Release on repayment of loan | **-** | **58** | **58** |
| **At 30 June 2022** | **42,184** | **-** | **42,184** |

**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 from the hedge reserve. 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 asset for which a revaluation gain has been previously recognised in equity.

## 16. Convertible Bond

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2022 Rs'000** | 2021 Rs'000 | **2022 Rs'000** | 2021 Rs'000 |
| At 01 July | **744,083** | - | **744,083** | - |
| Amount subscribed during the year | **720,000** | 750,000 | **170,000** | 750,000 |
| Less cost attributed to the Convertible Bonds | **(3,800)** | (5,917) | **-** | (5,917) |
| **At 30 June** | **1,460,283** | 744,083 | **914,083** | 744,083 |

During the financial year ended 30 June 2021, Lux Island Resorts Ltd signed 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 was 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 was 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) was subscribed in January 2022.

The Group, through one of its subsidiary, Merville Limited also signed an agreement with MIC to issue redeemable convertible bonds for a total amount of Rs 700 million comprising of 70 bonds of Rs 10 million each. As at 30 June 2022, only Rs 550 million out of the total amount of Rs 700 million have been subscribed for.

The key terms and conditions of the funding arrangements for Lux Island Resorts Ltd and Merville Ltd are as follows:

- The maturity date is 9 years from disbursement of the first tranche of the subscription proceeds
- The conversion has been pre-determined prior to subscription
- An interest rates of 3.00% and 4.00% p.a. over the duration of the bonds for Lux Island Resorts Ltd and Merville Limited respectively (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 4$^{th}$ anniversary of the first subscription, the redemption price shall be the nominal amount,
- if redemption happens after the 4$^{th}$ 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 and Rs 405 for Lux Island Resorts Ltd and Merville Limited respectively

## 17. Interest-Bearing Loans and Borrowings

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | 2022 Rs'000 | 2021 Rs'000 | 2022 Rs'000 | 2021 Rs'000 |
| **Current** | | | | |
| Bank loans (Note (a)) | 469,637 | 1,147,292 | 221,000 | 535,392 |
| Bank overdrafts (Note 32a)) | 3,722 | 268,578 | 12 | 36,885 |
| | 473,359 | 1,415,870 | 221,012 | 572,277 |
| **Non-current** | | | | |
| Bank loans (Note (a)) | 4,604,315 | 4,880,633 | - | - |
| | 4,604,315 | 4,880,633 | - | - |
| **Total interest-bearing loans and borrowings** | 5,077,674 | 6,296,503 | 221,012 | 572,277 |

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | 2022 Rs'000 | 2021 Rs'000 | 2022 Rs'000 | 2021 Rs'000 |
| (a) Bank loans can be analysed as follows:- | | | | |
| Loan repayable: | | | | |
| - Within one year | 469,637 | 1,147,292 | 221,000 | 535,392 |
| - After one year and before two years | 755,827 | 526,548 | - | - |
| - After two years and before five years | 1,796,243 | 2,475,320 | - | - |
| - After five years | 2,052,245 | 1,878,765 | - | - |
| | 5,073,952 | 6,027,925 | 221,000 | 535,392 |

| | | | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|---|---|
| **Denomination** | **Effective interest rate** | **Maturity** | 2022 Rs'000 | 2021 Rs'000 | 2022 Rs'000 | 2021 Rs'000 |
| Mauritian Rupee | 4.15% - 5.15% | June 2026 | 514,271 | 512,436 | - | - |
| EURO | EURIBOR + 3% | June 2025 | 59,836 | 77,672 | - | - |
| EURO | EURIBOR + 1.30% | Dec 2025 | - | 195,400 | - | - |
| USD | LIBOR + 1.25% - 1.5% | June 2025 | 95,647 | 101,058 | - | - |
| USD | LIBOR+2.25% | June 2025 | 22,792 | 26,084 | - | - |
| EURO | LIBOR+4% | June 2026 | 127,694 | 140,809 | - | - |
| USD | LIBOR +5% | Mar 2025 | 478,833 | 609,167 | - | - |
| USD | LIBOR +4% | June 2027 | 464,100 | 451,500 | - | - |
| EURO | FIXED + 2.6% | Dec 2026 | 231,706 | 255,000 | - | - |
| EURO | LIBOR +4% | Dec 2028 | 740,081 | 816,000 | - | - |
| GBP | LIBOR+4% | Dec 2028 | 607,816 | 672,767 | - | - |
| USD | LIBOR + 3% | Mar 2026 | 251,940 | 258,000 | - | - |
| USD | LIBOR + 4% | Mar 2028 | 221,000 | 215,000 | - | - |
| USD | LIBOR + 4% | Bridging | 221,000 | 279,392 | 221,000 | 279,392 |
| Mauritian Rupee | 1.5% Fixed | Dec 2024 | 72,000 | 72,000 | - | - |
| Mauritian Rupee | 1.5% Fixed | Dec 2024 | 65,236 | 87,640 | - | - |
| EURO | EURIBOR + 1.225%- 2.275% | At Call | - | 153,000 | - | 51,000 |
| Mauritian Rupee | PLR - 1.3% | At Call | - | 205,000 | - | 205,000 |
| Mauritian Rupee | PLR | June 2036 | 900,000 | 900,000 | - | - |
| Total bank loans | | | 5,073,952 | 6,027,925 | 221,000 | 535,392 |

## 17. Interest-Bearing Loans and Borrowings (continued)

(b) **Financial covenants**

The Group has met all the financial covenant from its principal bank at 30 June 2022 and 30 June 2021 and as such, there were no breaches of covenants at year end.

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

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2022 Rs'000** | 2021 Rs'000 | **2022 Rs'000** | 2021 Rs'000 |
| At 01 July | **6,027,925** | 4,804,754 | **535,392** | 165,100 |
| Proceeds from new loans | **61,516** | 2,723,285 | **58,800** | 1,265,192 |
| Repayments of loans | **(711,337)** | (1,929,013) | **(378,450)** | (920,050) |
| Transfer to assets held for sale (Note 13) | **(146,502)** | - | **-** | - |
| Exchange difference | **(157,650)** | 428,899 | **5,258** | 25,150 |
| **At 30 June** | **5,073,952** | 6,027,925 | **221,000** | 535,392 |
| Bank overdrafts | **3,722** | 268,578 | **12** | 36,885 |
| **Total interest-bearing loans and borrowings** | **5,077,674** | 6,296,503 | **221,012** | 572,277 |

At 30 June 2022, the Group and the Company have undrawn facilities amounting to **Rs 542m** and **Rs 155m** respectively (2021: Rs 496.2m and Rs 118.6m 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) A residual gratuity for employees under a defined contribution scheme in line with the requirements of the Workers Rights Act (WRA) 2019.

(b) The liabilities in respect of the defined benefit obligations (i) and (iii) above are analysed as follows:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2022 Rs'000** | 2021 Rs'000 | **2022 Rs'000** | 2021 Rs'000 |
| Funded obligation - (Notes (c - o)) | **21,895** | 21,803 | **21,895** | 21,803 |
| Unfunded obligation (Notes (p - u)) | **84,990** | 95,680 | **4,352** | 4,482 |
| | **106,885** | 117,483 | **26,247** | 26,285 |

**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 | |
|---|---|---|---|---|
| | **2022 Rs'000** | 2021 Rs'000 | **2022 Rs'000** | 2021 Rs'000 |
| Present value of funded obligation (Note 18(h)) | **69,404** | 65,546 | **69,404** | 65,546 |
| Fair value of plan assets (Notes 18(g)) | **(47,509)** | (43,743) | **(47,509)** | (43,743) |
| **Liability in the statement of financial position** | **21,895** | 21,803 | **21,895** | 21,803 |

## 18. Post Employement Benefit Obligations (continued)

**FUNDED OBLIGATION (CONTINUED)**

(d) Movement in the statement of financial position:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2022 Rs'000** | 2021 Rs'000 | **2022 Rs'000** | 2021 Rs'000 |
| At 01 July | **21,803** | 35,173 | **21,803** | 35,173 |
| Total expenses (Note 18(e)) | **3,156** | 3,148 | **3,156** | 3,148 |
| Actuarial gains recognised in other comprehensive income | **(1,235)** | (14,804) | **(1,235)** | (14,804) |
| Contributions paid | **(1,829)** | (1,714) | **(1,829)** | (1,714) |
| **At 30 June** | **21,895** | 21,803 | **21,895** | 21,803 |

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

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2022 Rs'000** | 2021 Rs'000 | **2022 Rs'000** | 2021 Rs'000 |
| Current service cost | **2,272** | 1,985 | **2,272** | 1,985 |
| Interest cost | **884** | 1,163 | **884** | 1,163 |
| **Total included in staff costs** | **3,156** | 3,148 | **3,156** | 3,148 |

(f) The total actuarial losses recognised in other comprehensive income are as follows:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2022 Rs'000** | 2021 Rs'000 | **2022 Rs'000** | 2021 Rs'000 |
| Funded obligation (Note 18(j)) | **(1,235)** | (14,804) | **(1,235)** | (14,804) |
| Unfunded obligation (Note 18(s)) | **7,815** | (53,750) | **(469)** | (2,587) |
| | **6,580** | (68,554) | **(1,704)** | (17,391) |

(g) Changes in the fair value of plan assets are as follows:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2022 Rs'000** | 2021 Rs'000 | **2022 Rs'000** | 2021 Rs'000 |
| At 01 July | **43,743** | 37,713 | **43,743** | 37,713 |
| Interest on plan assets | **1,826** | 1,281 | **1,826** | 1,281 |
| Employer's contribution | **1,829** | 1,715 | **1,829** | 1,715 |
| Scheme expenses | **(146)** | 99 | **(146)** | 99 |
| Cost of insuring risk benefits | **(161)** | 158 | **(161)** | 158 |
| Actuarial losses | **2,457** | 4,816 | **2,457** | 4,816 |
| Benefits paid | **(2,039)** | (2,039) | **(2,039)** | (2,039) |
| **At 30 June** | **47,509** | 43,743 | **47,509** | 43,743 |

## 18. Post Employement Benefit Obligations (continued)

### FUNDED OBLIGATION (CONTINUED)

(h) Changes in defined benefit obligation are as follows:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2022 Rs'000** | 2021 Rs'000 | **2022 Rs'000** | 2021 Rs'000 |
| At 01 July | **65,546** | 72,886 | **65,546** | 72,886 |
| Current service cost | **1,965** | 2,243 | **1,965** | 2,243 |
| Interest cost | **2,711** | 2,444 | **2,711** | 2,444 |
| Actuarial gains | **1,221** | (9,988) | **1,221** | (9,988) |
| Benefits paid | **(2,039)** | (2,039) | **(2,039)** | (2,039) |
| **At 30 June** | **69,404** | 65,546 | **69,404** | 65,546 |

(i) The main categories of plan assets are as follows:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2022 Rs'000** | 2021 Rs'000 | **2022 Rs'000** | 2021 Rs'000 |
| Local equities | **15,902** | 9,903 | **15,902** | 9,903 |
| Overseas equities | **14,421** | 12,913 | **14,421** | 12,913 |
| Fixed interest | **9,505** | 20,927 | **9,505** | 20,927 |
| Cash | **7,681** | - | **7,681** | - |
| **Total market value of assets** | **47,509** | 43,743 | **47,509** | 43,743 |

(j) Analysis of amount recognised in other comprehensive income:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2022 Rs'000** | 2021 Rs'000 | **2022 Rs'000** | 2021 Rs'000 |
| Gains on pension scheme assets | **(2,457)** | (4,816) | **(2,457)** | (4,816) |
| Experience gains on the liabilities | **2,656** | (1,420) | **2,656** | (1,420) |
| Changes in assumptions underlying the present value of the scheme | **(1,434)** | (8,568) | **(1,434)** | (8,568) |
| **Actuarial losses recognised in other comprehensive income** | **(1,235)** | (14,804) | **(1,235)** | (14,804) |

(k) **Sensivity analysis**

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2022 Rs'000** | 2021 Rs'000 | **2022 Rs'000** | 2021 Rs'000 |
| Decrease in defined benefit obligation due to 1% increase in discount rate | **8,398** | 6,972 | **8,398** | 6,972 |
| Increase in defined benefit obligation due to 1% increase in future long-term salary assumption | **915** | 900 | **915** | 900 |

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.

## 18. Post Employement Benefit Obligations (continued)

**FUNDED OBLIGATION (CONTINUED)**

(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 2022.

(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 1.6m (2021: 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 | |
|---|---|---|---|---|
| | **2022** | 2021 | **2022** | 2021 |
| | **%** | % | **%** | % |
| Discount rate | **4.3** | 4.2 | **4.3** | 4.2 |
| Future expected pension scheme | **0.0** | 0.0 | **0.0** | 0.0 |
| Future long term salary increase | **2.0** | 2.0 | **2.0** | 2.0 |
| 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 | |
|---|---|---|---|---|
| | **2022** | 2021 | **2022** | 2021 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Present value of unfunded obligation | **84,990** | 95,680 | **4,352** | 4,482 |

## 18. Post Employement Benefit Obligations (continued)

UNFUNDED OBLIGATION (CONTINUED)

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

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2022 Rs'000** | 2021 Rs'000 | **2022 Rs'000** | 2021 Rs'000 |
| At 01 July | **95,680** | 135,455 | **4,482** | 6,532 |
| Transfer | **131** | - | **-** | - |
| Transfer to assets held for sale (Note 13) | **(13,481)** | - | **-** | - |
| Total expenses (Note 18(r)) | **2,313** | 14,942 | **339** | 537 |
| Actuarial losses (Note 18(s)) | **7,815** | (53,750) | **(469)** | (2,587) |
| Benefits paid | **(5,847)** | (2,989) | **-** | - |
| Exchange differences | **(1,621)** | 2,022 | **-** | - |
| **At 30 June** | **84,990** | 95,680 | **4,352** | 4,482 |

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

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2022 Rs'000** | 2021 Rs'000 | **2022 Rs'000** | 2021 Rs'000 |
| Current service cost | **(1,072)** | 10,568 | **133** | 302 |
| Interest cost | **3,385** | 4,374 | **206** | 235 |
| **Total included in staff costs** | **2,313** | 14,942 | **339** | 537 |

(s) Amount recognised in other comprehensive Income

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2022 Rs'000** | 2021 Rs'000 | **2022 Rs'000** | 2021 Rs'000 |
| Actuarial losses/(gains) | **2,508** | (7,080) | **(885)** | 170 |
| Changes in assumptions | **5,307** | (46,670) | **416** | (2,757) |
| | **7,815** | (53,750) | **(469)** | (2,587) |

(t) Sensivity analysis

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2022 Rs'000** | 2021 Rs'000 | **2022 Rs'000** | 2021 Rs'000 |
| Decrease in defined benefit obligation due to 1% increase in discount rate | **16,316** | 11,521 | **876** | 746 |
| Increase in defined benefit obligation due to 1% increase in future long-term salary assumption | **16,592** | 15,498 | **890** | 880 |

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

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2022 %** | 2021 % | **2022 %** | 2021 % |
| Discount rate | **4.5 to 4.9** | 4.2 to 5.1 | **4.50** | 4.60 |
| Future salary increases | **2.00** | 2.00 | **2.00** | 2.00 |

## 19. Government Grants

| | THE GROUP | |
|---|---|---|
| | **2022** | 2021 |
| | **Rs'000** | Rs'000 |
| At 01 July | **3,367** | 4,459 |
| Release against depreciation charge (Note 27) | **(1,633)** | (1,613) |
| Transfer to assets held for sale* | **(1,734)** | - |
| Exchange difference | - | 521 |
| **At 30 June** | - | 3,367 |
| Analysed as follows: | | |
| To be released within one year shown within "other payables" in "trade and other payables" | - | 1,727 |
| To be released after one year classified under non-current liabilities | - | 1,640 |
| | - | 3,367 |

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.

*The amount transfered to assets held for sale is included under trade and other payables for Lux Saint Gilles as per note 13.

## 20. Trade and Other Payables

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2022** | 2021 Restated | **2022** | 2021 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Trade payables | **358,482** | 479,487 | **4,996** | - |
| Amount payable to subsidiaries (Note 36) | - | - | **983,297** | 584,689 |
| Amount payable to fellow subsidiaries and other related parties (Note 36) | **126,105** | 128,086 | **5,884** | - |
| Accrued expenses | **377,268** | 227,217 | **13,494** | 12,102 |
| Other payables | **253,462** | 284,948 | **7,441** | 17,291 |
| | **1,115,317** | 1,119,738 | **1,015,112** | 614,082 |

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.

For amount payable to subsidiaries and fellow subsidiaries refer to Note 36.

## 21. Taxation

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2022** | 2021 | **2022** | 2021 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| (a) Charge for the year | | | | |
| Current tax on taxable profit for the year (Note (d)) | **8,432** | - | - | - |
| Overprovision/(underprovision) in previous year (Note (d)) | **7** | (7,040) | - | - |
| Deferred taxation movement (Note 10) | **228,382** | (83,418) | **6,754** | 2,797 |
| **Income tax expense/(credit)** | **236,821** | (90,458) | **6,754** | 2,797 |

## 21. Taxation (continued)

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

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2022** | 2021 Restated | **2022** | 2021 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Profit/(loss) before tax | **715,497** | (1,124,777) | **826,663** | 59,943 |
| Tax calculated at a rate of 17% (2021: 17%) | **121,634** | (191,212) | **140,533** | 10,190 |
| Effect of different tax rates | **(6,156)** | - | **-** | - |
| Impairments not allowable for tax purposes | **42,186** | 13,831 | **(136,311)** | (10,041) |
| Expenses not deductible for tax purposes (Note(i)) | **10,954** | 1,929 | **5,961** | 1,366 |
| Tax incentives and allowances | **(8,805)** | - | **(3,752)** | (1,474) |
| Overprovision/(underprovision) of income tax in previous year | **7** | (7,040) | **-** | - |
| Overprovision in deferred tax | **(1,330)** | 2,756 | **323** | 2,756 |
| Derecognition of previous tax losses | **59,311** | 53,925 | **-** | - |
| Tax losses not utilised | **19,020** | 35,353 | **-** | - |
| | **236,821** | (90,458) | **6,754** | 2,797 |

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 | |
|---|---|---|---|---|
| | **2022** | 2021 | **2022** | 2021 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| At 01 July | **(358)** | (3,618) | **-** | - |
| Change for the year inclusive of Corporate Social Responsibility (CSR) (Note (a)) | **8,432** | - | **-** | - |
| Overprovision/(underprovision) provision in prior years (Note (a)) | **7** | (7,040) | **-** | - |
| Transfer of levy refundable | **-** | 25,088 | **-** | - |
| Refund received during the year | **1,424** | - | **-** | - |
| Paid during the year | **(510)** | (14,900) | **-** | - |
| Transfer to assets held for sale (Note 13) | **(870)** | - | **-** | - |
| Exchange difference | **(72)** | 112 | **-** | - |
| **At 30 June** | **8,053** | (358) | **-** | - |
| Income tax is reflected in the statement of financial position as follows: | | | | |
| Current tax assets | **(78)** | (1,916) | - | - |
| Current tax liabilities | **8,131** | 1,558 | - | - |

## 22. Revenue From Contracts With Customers

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2022 Rs'000** | 2021 Rs'000 | **2022 Rs'000** | 2021 Rs'000 |
| Room revenue | **3,642,238** | 913,789 | **-** | - |
| Food and beverages | **1,982,155** | 710,324 | **-** | - |
| Others | **629,339** | 233,791 | **-** | - |
| | **6,253,732** | 1,857,904 | **-** | - |
| Timing of revenue recognition: | | | | |
| Point in time | **2,611,494** | 944,115 | **-** | - |
| Over time | **3,642,238** | 913,789 | **-** | - |
| | **6,253,732** | 1,857,904 | **-** | - |
| Revenue by geographical region: | | | | |
| Mauritius | **3,317,241** | 345,519 | **-** | - |
| Reunion | **828,159** | 556,773 | **-** | - |
| Maldives | **2,108,332** | 955,612 | **-** | - |
| | **6,253,732** | 1,857,904 | **-** | - |

**(a) 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 | |
|---|---|---|
| | **2022 Rs'000** | 2021 Rs'000 |
| At 01 July | **223,529** | 71,091 |
| Deposit received during the year | **1,432,808** | 405,589 |
| Transfer to assets held for sale (Note 13) | **(42,970)** | - |
| Amount release to profit or loss | **(1,327,288)** | (253,151) |
| **At 30 June** | **286,079** | 223,529 |

**(b) Contract assets**

| THE GROUP | |
|---|---|
| **2022 Rs'000** | 2021 Restated Rs'000 |
| **-** | 86,064 |

The contract assets are amount due from sale of IHS villas and residence.

## 23. Other Operating Income

### (a) Operating income

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2022** | 2021 Restated | **2022** | 2021 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Management fee from subsidiaries | **-** | - | **54,865** | 11,694 |
| Rental income | **5,624** | 5,624 | **5,624** | 5,624 |
| Foreign exchange gains | **-** | 51,469 | **50,875** | 77,984 |
| Wage Assistance Scheme | **182,594** | 332,450 | **-** | - |
| Waiver of lease payments | **-** | 56,442 | **-** | 5,510 |
| Consultancy fee from subsidiary | **-** | - | **12,000** | - |
| Profit on sale of IHS units (Note (d)) | **319,388** | 28,980 | **-** | - |
| Others | **10,597** | 1,826 | **2,306** | - |
| | **518,203** | 476,791 | **125,670** | 100,812 |

### (b) Non-operating income

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2022** | 2021 | **2022** | 2021 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Reassessment of lease liabilities | **38,285** | - | **-** | - |
| Total other operating income | **556,488** | 476,791 | **125,670** | 100,812 |

### (c) Loss on disposal of property, plant and equipment

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2022** | 2021 | **2022** | 2021 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Disposal proceeds | **319** | 1,755 | **-** | - |
| Net book value of assets disposed/scrapped | **(820)** | (5,969) | **-** | - |
| **Net loss** | **(501)** | (4,214) | **-** | - |

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

### (d) Profit on sale of IHS units

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2022** | 2021 Restated | **2022** | 2021 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Revenue recognised | **955,686** | 294,314 | **-** | - |
| Expenditure attributable | **(636,298)** | (265,334) | **-** | - |
| Net gain on sale of IHS units | **319,388** | 28,980 | **-** | - |

## 24. Direct Operating Expenses

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2022** | 2021 | **2022** | 2021 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Food, beverages and room supplies | **1,175,814** | 431,654 | **-** | - |
| Others | **412,614** | 161,811 | **-** | - |
| | **1,588,428** | 593,465 | **-** | - |

Cost of inventories included in direct operating expenses.

## 25. Employee Benefit Expenses

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2022** | 2021 | **2022** | 2021 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Wages and salaries | **1,541,477** | 976,555 | **46,195** | 30,146 |
| Social security costs | **63,364** | 68,152 | **2,056** | 1,398 |
| Pension costs: | | | | |
| Defined contribution scheme | **44,025** | 32,750 | **3,975** | 2,067 |
| Defined benefit scheme (Note 18(e)) | **3,156** | 3,148 | **3,156** | 3,148 |
| Other retirement benefit (Note 18(r)) | **2,313** | 14,942 | **339** | 537 |
| | **1,654,335** | 1,095,547 | **55,721** | 37,296 |

## 26. Other Operating Expenses

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2022** | 2021 | **2022** | 2021 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Marketing expenses | **241,788** | 67,591 | **-** | - |
| Heat, light and power | **306,119** | 157,922 | **-** | - |
| Repairs and maintenance | **182,882** | 97,211 | **508** | 508 |
| Foreign exchange losses | **9,186** | - | **-** | - |
| Communication expenses | **56,459** | 28,608 | **1,172** | 287 |
| Management fees | **330,993** | 66,467 | **7,181** | 4,997 |
| Others* | **452,528** | 215,135 | **42,819** | 36,911 |
| | **1,579,955** | 632,934 | **51,680** | 42,703 |

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

## 27. Depreciation and Amortisation

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2022 Rs'000** | 2021 Rs'000 | **2022 Rs'000** | 2021 Rs'000 |
| Depreciation of property,plant and equipment (Note 4) | **493,655** | 429,926 | **445** | 92 |
| Amortisation of intangible assets (Note 7) | **1,337** | 1,610 | **-** | - |
| Amortisation of Right-of-use assets (Note 5(a)) | **164,119** | 166,115 | **-** | - |
| Release of grant (Note 19) | **(1,633)** | (1,613) | **-** | - |
| | **657,478** | 596,038 | **445** | 92 |

## 28. Interest Income

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2022 Rs'000** | 2021 Rs'000 | **2022 Rs'000** | 2021 Rs'000 |
| Interest income | **3,006** | 1,538 | **27,591** | 10,837 |

Interest income arises from effective interest rates.

## 29. Finance Costs

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2022 Rs'000** | 2021 Rs'000 | **2022 Rs'000** | 2021 Rs'000 |
| Interest expense on: | | | | |
| - Bank overdrafts | **5,465** | 15,638 | **799** | 3,402 |
| - Bank loans | **199,294** | 216,360 | **18,057** | 12,747 |
| - Leases (Note 5(a)) | **252,179** | 248,837 | **-** | - |
| - Other loans and payables | **480** | 502 | **5,832** | 14,475 |
| | **457,418** | 481,337 | **24,688** | 30,624 |

## 30. Impairment of Goodwill

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2022 Rs'000** | 2021 Rs'000 | **2022 Rs'000** | 2021 Rs'000 |
| Blue Bay Tokey Island Ltd | **-** | 23,731 | **-** | - |
| | **-** | 23,731 | **-** | - |

## 31. Earnings per Share

| | THE GROUP | |
|---|---|---|
| | **2022** | 2021 |
| | | Restated |
| | **Rs'000** | Rs'000 |
| Profit/ (loss) attributable to equity holders of the parent | **478,676** | (1,034,319) |
| Weighted average number of ordinary shares | **137,115,943** | 137,115,943 |
| **Basic earnings per share** | **3.49** | (7.54) |

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**

| | | |
|---|---|---|
| Convertible Bonds subscribed to date by LIR | **920,000** | 750,000 |
| Conversion price | **33.52** | 33.52 |
| Number of ordinary shares to be issued upon conversion of Bonds subscribed to date | **24,699,185** | 7,478,667 |
| Existing number of shares | **137,115,943** | 137,115,943 |
| Total number of shares | **161,815,128** | 144,594,610 |
| Diluted earnings per share | **2.96** | (7.15) |

## 32. Notes to the Statement of Cash Flows

| | | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|---|
| | | **2022** | 2021 | **2022** | 2021 |
| | | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| **(a)** | **Cash and cash equivalents** | | | | |
| | Cash and cash equivalents | **1,083,820** | 207,271 | **674,425** | 24,224 |
| | Bank overdrafts (Note 17) | **(3,722)** | (268,578) | **(12)** | (36,885) |
| | | **1,080,098** | (61,307) | **674,413** | (12,661) |

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 | |
|---|---|---|---|---|---|
| | | **2022** | 2021 | **2022** | 2021 |
| | | | Restated | | |
| | | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| | Total amount acquired (Note 4) | **613,917** | 1,183,921 | **13,226** | 72 |
| | Amount outstanding at year end | **-** | (192,378) | **-** | - |
| | **Financed by cash** | **613,917** | 991,543 | **13,226** | 72 |
| (ii) | Purchase of investment in subsidiary from another subsidiary | **-** | - | **474,961** | - |

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

### (c) Net Debt Reconciliation

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2022** | 2021 Restated | **2022** | 2021 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| ***Net debt*** | | | | |
| (Cash and cash equivalents)/Net overdraft position (Note 32(a)) | **(1,080,098)** | 61,307 | **(674,413)** | 12,661 |
| Borrowings (Excluding bank overdraft and lease liabilities) (Note 17(a)) | **5,073,952** | 6,027,925 | **221,000** | 535,392 |
| Lease liabilities (Note 5 (a)) | **2,952,562** | 3,028,953 | **-** | - |
| | **6,946,416** | 9,118,185 | **(453,413)** | 548,053 |

All the above borrowings carry variable interest rates.

**Liabilities from financing activities - THE GROUP**

| | Convertible bonds Rs'000 | Borrowings Rs'000 | Leases Rs'000 | Sub-total Rs'000 | Cash and cash equivalents Rs'000 | Total Rs'000 |
|---|---|---|---|---|---|---|
| At 01 July 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) | - | (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 | 9,862,268 |
| Cash flows | **716,200** | **(649,821)** | **(167,518)** | **(101,139)** | **(1,306,922)** | **(1,408,061)** |
| Other movements | **-** | **(146,502)** | **112,365** | **(34,137)** | **111,807** | **77,670** |
| Exchange difference | **-** | **(157,650)** | **(21,238)** | **(178,888)** | **53,710** | **(125,178)** |
| **At 30 June 2022** | **1,460,283** | **5,073,952** | **2,952,562** | **9,486,797** | **(1,080,098)** | **8,406,699** |

**Liabilities from financing activities - THE COMPANY**

| | Convertible bonds Rs'000 | Borrowings Rs'000 | Sub-total Rs'000 | Cash and cash equivalents Rs'000 | Total Rs'000 |
|---|---|---|---|---|---|
| At 01 July 2020 | - | 165,100 | 165,100 | 2,157 | 167,257 |
| Cash flows | 744,083 | 345,142 | 1,089,225 | 14,575 | 1,103,800 |
| Exchange difference | - | 25,150 | 25,150 | (4,071) | 21,079 |
| At 30 June 2021 | 744,083 | 535,392 | 1,279,475 | 12,661 | 1,292,136 |
| Cash flows | **170,000** | **(319,650)** | **(149,650)** | **(683,499)** | **(833,149)** |
| Exchange difference | **-** | **5,258** | **5,258** | **(3,575)** | **1,683** |
| **At 30 June 2022** | **914,083** | **221,000** | **1,135,083** | **(674,413)** | **460,670** |

## 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.

*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 2022 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 2022** | | | | |
| Segment revenue from contract with customers | **3,317,241** | **828,159** | **2,108,332** | **6,253,732** |
| Segment interest income | **3,006** | **-** | **-** | **3,006** |
| Segment finance cost | **(240,528)** | **(3,208)** | **(213,682)** | **(457,418)** |
| Segment depreciation and amortisation | **(428,826)** | **(90,531)** | **(138,121)** | **(657,478)** |
| Segment result before finance charges | **804,164** | **(155,759)** | **521,504** | **1,169,909** |
| Segment assets | **10,603,558** | **682,815** | **5,888,364** | **17,174,737** |
| Segment liabilities | **5,516,949** | **535,685** | **4,500,132** | **10,552,766** |
| Capital expenditure | **572,396** | **21,075** | **20,446** | **613,917** |
| Cash flows from operating activties | **1,665,826** | **153,465** | **205,080** | **2,024,371** |
| Cash flows from investing activities | **(574,655)** | **(21,167)** | **(20,488)** | **(616,310)** |
| Cash flows from financing activities | **88,251** | **(32,632)** | **(156,758)** | **(101,139)** |

| | Mauritius Rs'000 | Reunion Rs'000 | Maldives Rs'000 | Total Rs'000 |
|---|---|---|---|---|
| For the year ended 30 June 2021 (as restated) | | | | |
| 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 | (746,622) | (17,774) | 119,418 | (644,978) |
| Segment assets | 9,336,911 | 1,148,626 | 5,853,653 | 16,339,190 |
| Segment liabilities | 5,837,572 | 648,149 | 4,766,678 | 11,252,399 |
| Capital expenditure | 1,127,992 | 18,653 | 37,276 | 1,183,921 |
| Cash flows from operating activties | (438,700) | (236,304) | 137,257 | (537,747) |
| Cash flows from investing activities | (979,933) | 258,286 | (37,276) | (758,923) |
| Cash flows from financing activities | 1,436,214 | (9,176) | 2,905 | 1,429,943 |

## 34. Contingent Liabilities

**THE GROUP**

At 30 June 2022, the Group had the following contingent liabilities:

(a) Bank guarantees of **Rs 45.2m** and guarantee for loans of **USD 20.2m** and **EUR 5m** (2021: Rs 421.7m 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 59.4m** (2021: Rs 60.4m) 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.

**THE COMPANY**

Bank guarantees of **Rs 44.7m** and guarantee for loans of **USD 20.2m and EUR 5m** (2021: Rs 42.6m and loan of USD 23.8m and EUR 5m) 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 | |
|---|---|---|---|---|
| | **2022 Rs'000** | 2021 Rs'000 | **2022 Rs'000** | 2021 Rs'000 |
| **Capital commitments** | | | | |
| Authorised by directors but not yet contracted for | **282,808** | 349,737 | **-** | - |
| Contracted for but not provided for in accounts | **-** | 232,523 | **-** | - |
| | **282,808** | 582,260 | **-** | - |

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

## 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 | Amount due from related party 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) | **2022** | **613,315** | **22,389** | **11,504** | **124,192** | **7,002** | - | - | - | - | - | - |
| | 2021 | 118,053 | 114,344 | 5,624 | 108,438 | 57,027 | - | - | - | - | - | - |
| Entities over which directors have significant influence (Note b) | **2022** | **5,131** | - | - | **1,913** | - | - | **51,000** | **231,706** | **6,398** | **101,826** | - |
| | 2021 | 2,242 | - | - | 19,648 | - | - | - | 306,000 | 6,239 | 240 | - |
| Key management personnel (Note c) | **2022** | **1,539** | - | **6,757** | - | - | - | - | - | - | - | **97,075** |
| | 2021 | - | - | - | - | 6,423 | - | - | - | - | - | 69,056 |
| **THE COMPANY** | | | | | | | | | | | | |
| Subsidiaries (Note d) | **2022** | - | - | - | **983,297** | **1,939,967** | **24,585** | - | - | **5,830** | - | - |
| | 2021 | - | - | - | 584,689 | 2,809,414 | 10,750 | - | - | 14,475 | - | - |
| Fellow subsidiaries (Note a) | **2022** | **18,647** | - | **5,624** | **5,884** | **2,362** | **2,764** | **51,000** | - | **273** | **100,762** | - |
| | 2021 | 18,668 | - | 5,624 | - | 53,347 | - | - | 51,000 | 407 | 240 | - |
| Key management personnel (Note c) | **2022** | - | - | - | - | - | - | - | - | - | - | **31,971** |
| | 2021 | - | - | - | - | - | - | - | - | - | - | 19,654 |

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% (2021: +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 90.7m** (2021: Rs 66.8m) as well as contributions to pension scheme for post retirement benefits of **Rs 6.4m** (2021: Rs 2.3m). For the Company, the emoluments include short term benefits of **Rs 29.5m** (2021: Rs 17.3m) and contributions to pension scheme for post retirement benefits of **Rs 2.4m** (2021: Rs 2.3m).

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.

## 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 2022 and 2021.

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%** (2021: 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 2022 and 2021 were as follows:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2022** | 2021 Restated | **2022** | 2021 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Debt (i) | **8,030,236** | 9,325,456 | **221,012** | 572,277 |
| Cash in hand and at bank | **(1,083,820)** | (207,271) | **(674,425)** | (24,224) |
| Net debt | **6,946,416** | 9,118,185 | **(453,413)** | 548,053 |
| Equity (ii) | **6,621,971** | 5,086,791 | **5,204,356** | 4,237,146 |
| Total capital plus debt | **13,568,387** | 14,204,976 | **4,750,943** | 4,785,199 |
| **Gearing ratio** | **51%** | 64% | **Nil** | 11% |

(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 reopening of the borders, the performance of all the hotels in the Group has improved significantly, with a profit after tax of **Rs 479.6m** (2021: losses after tax Rs 1,034m) , resulting an increase in equity for 2022 and a decrease in 2021.

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 has agreed with its bankers to exclude the impact of IFRS 16 in the computation of all financial covenants. If equity at 30 June 2022 and 2021 is adjusted with the impact of the lease liability, the gearing ratio would have been at 38% and 54% respectively.

### (b) Categories of financial instruments

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2022** | 2021 Restated | **2022** | 2021 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| **Financial assets** | | | | |
| Financial assets at amortised cost | **1,545,412** | 605,599 | **2,620,603** | 2,889,574 |
| | **1,545,412** | 605,599 | **2,620,603** | 2,889,574 |
| **Financial liabilities** | | | | |
| Financial liabilities at amortised cost | **8,982,953** | 10,182,294 | **1,236,124** | 1,185,059 |
| | **8,982,953** | 10,182,294 | **1,236,124** | 1,185,059 |

## 37. Financial Risk Management Objectives and Policies (continued)

### (b) Categories of financial instruments (continued)

Financial assets include trade and other receivables,contract assets and cash and cash equivalents, but exclude prepayments and taxes amounting to **Rs 64.3m** (2021: Rs 145.8m) for the Group and **Rs 5.3m** for the company (2021: Rs 6.9m).

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 162.6m** (2021: Rs 262.9m) for the Group and **Rs Nil** (2021: Rs 1.3m) 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 2022 and at 30 June 2021 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 2022 | | | | |
| Euro | **196,390** | **1,701,058** | **111,180** | **-** |
| Pound sterling | **77,387** | **607,751** | **3,348** | **-** |
| US Dollar | **181,496** | **3,932,606** | **903,257** | **221,000** |
| Other foreign currencies | **564** | - | - | - |
| Total foreign currencies | **455,837** | **6,241,415** | **1,017,785** | **221,000** |
| Mauritian Rupee | **1,089,575** | **2,741,538** | **1,602,818** | **1,015,124** |
| Total | **1,545,412** | **8,982,953** | **2,620,603** | **1,236,124** |
| 30 June 2021 (Restated) | | | | |
| 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 | 242,393 | 3,740,633 | 1,761,284 | 847,192 |
| Total | 605,599 | 10,182,294 | 2,889,574 | 1,185,059 |

## 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 | |
| | **2022 Rs'000** | 2021 Rs'000 | **2022 Rs'000** | 2021 Rs'000 |
| Profit or loss | **(75,233)** | (80,970) | **5,559** | 5,593 |
| Equity | **(75,696)** | (55,840) | **-** | - |
| | **GBP IMPACT** | | | |
| | THE GROUP | | THE COMPANY | |
| | **2022 Rs'000** | 2021 Rs'000 | **2022 Rs'000** | 2021 Rs'000 |
| Profit or loss | **(26,518)** | (31,704) | **167** | 161 |
| Equity | **(30,393)** | (33,638) | **-** | - |
| | **US DOLLAR IMPACT** | | | |
| | THE GROUP | | THE COMPANY | |
| | **2022 Rs'000** | 2021 Rs'000 | **2022 Rs'000** | 2021 Rs'000 |
| Profit or loss | **(187,556)** | (191,249) | **34,113** | 33,769 |
| Equity | **(105,050)** | (125,530) | **-** | - |

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.

## 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*

| | **2022** | | 2021 | |
|---|---|---|---|---|
| | **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*

| | **2022** | | | 2021 | | |
|---|---|---|---|---|---|---|
| | **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%** | **N/A** | N/A | EURIBOR + 1.3% - 4.0% | 1% - 1.5% |
| USD | **LIBOR + 4%** | **LIBOR +1.25% - 5%** | **N/A** | LIBOR + 4% | LIBOR +1.25% - 5% | N/A |
| Mauritian Rupee | **PLR & PLR + 0.525%** | **PLR + 4.15%- 5.15%** | **1.5%** | PLR & PLR + 0.525% | PLR + 0.65%- 1.65% | 1.5%- 4% |

*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 (loans and leases) and 0.25 basis points for EURO and USD borrowings (loans and leases) impact will be as follows:

**EURO IMPACT**

| | **THE GROUP** | | **THE COMPANY** | |
|---|---|---|---|---|
| | **2022 Rs'000** | 2021 Rs'000 | **2022 Rs'000** | 2021 Rs'000 |
| Profit or loss | **(1,834)** | (4,043) | **-** | (128) |
| Equity | **-** | - | **-** | - |

**US DOLLAR IMPACT**

| | **THE GROUP** | | **THE COMPANY** | |
|---|---|---|---|---|
| | **2022 Rs'000** | 2021 Rs'000 | **2022 Rs'000** | 2021 Rs'000 |
| Profit or loss | **(8,723)** | (8,994) | **(553)** | (698) |
| Equity | **-** | - | **-** | - |

## 37. Financial Risk Management Objectives and Policies (continued)

### (c) Financial risk management (continued)

*(ii) Interest rate risk management (continued)*

*Interest rate sensitivity analysis (continued))*

| | MUR IMPACT | | | |
|---|---|---|---|---|
| | THE GROUP | | THE COMPANY | |
| | **2022 Rs'000** | 2021 Rs'000 | **2022 Rs'000** | 2021 Rs'000 |
| Profit or loss | **(10,452)** | (15,846) | **-** | (1,025) |
| Equity | **-** | - | **-** | - |

A decrease in interest rate by 50 basis points of Mauritan Rupee borrowings (loan and leases) and by 25 basis points for EURO and USD borrowings (loan and leases) 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 2022 and 2021. 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 2022 and 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. 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.

## 37. Financial Risk Management Objectives and Policies (continued)

*(iv) Credit risk management (continued)*

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 2022** | | | | | | | |
| ***Expected credit loss rate*** | | ***3.48%*** | ***5.04%*** | ***7.07%*** | ***8.73%*** | ***0.58%*** | ***91.45%*** |
| Carrying amount | **355,727** | **192,354** | **80,807** | **37,586** | **5,417** | **8,998** | **30,565** |
| Expected credit loss | **41,905** | **6,698** | **4,074** | **2,656** | **473** | **52** | **27,952** |
| 01 July 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 |

Borders in all destinations where the Group operates are now open and all hotels in Mauritius have started to welcome foreign guests as from October 2021 while Maldives and Reunion Island were fully operational as from July 2021.

The decrease in expected credit loss is principally the result of collection of a significant portion of the long outstanding debtors (pre-covid) during the financial year ended 30 June 2022.

*(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 222m** as at 30 June 2022 (2021: Rs 1.79 billion) and this has been the case over the last past five years. The Group is now in a cash positive situation and at 30 June 2022, cash and cash equivalent amounted to Rs 1.08 billion. Furthermore, there are no more travel restrictions in the destinations where the Group operates nor in the main source markets except for China. Despite the closure of one hotel of the Group, which has been damaged by fire on 02 July 2022, all throughout the financial year ending 30 June 2023, the Group expects to achieve positive results during the financial year ending 30 June 2023 and coupled with the fact that most loan repayments have been deferred up to June 2023, the Directors are confident and are satisfied that Group has the adequate resources to continue operating in the near future .

*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 2022** | | | | | | |
| Non-interest bearing | - | **952,717** | **-** | **-** | **-** | **952,717** |
| Variable interest rate instruments | **4.37%-6.55%** | **3,722** | **652,297** | **2,541,993** | **1,898,461** | **5,096,473** |
| Fixed interest rate instruments | **2.8%-9.33%** | **-** | **459,131** | **2,276,595** | **2,603,707** | **5,339,433** |
| Financial and other guarantees | - | **1,168,136** | **-** | **-** | **-** | **1,168,136** |
| | | **2,124,575** | **1,111,428** | **4,818,588** | **4,502,168** | **12,556,759** |
| 30 June 2021 (Restated) | | | | | | |
| Non-interest bearing | - | 856,838 | - | - | - | 856,838 |
| 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 | - | - | 252,523 | - | - | 252,523 |
| | | 2,825,516 | 1,791,755 | 3,785,408 | 1,863,567 | 10,266,246 |

## 37. Financial Risk Management Objectives and Policies (continued)

*(v) Liquidity risk management (continued)*

*Liquidity and interest rate risk tables - financial liabilities - undiscounted*

| | 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 2022** | | | | | | |
| Non-interest bearing | - | **1,015,112** | **-** | **-** | **-** | **1,015,112** |
| Variable interest rate instruments | **4.37%** | **12** | **230,258** | **-** | **-** | **230,270** |
| Financial and other guarantees | - | **1,167,686** | **-** | **-** | **-** | **1,167,686** |
| | | **2,182,810** | **230,258** | **-** | **-** | **2,413,068** |
| 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 |

### (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 2022 and 30 June 2021 are as follows:

| | | THE GROUP | | | |
|---|---|---|---|---|---|
| | Fair value hierarchy | *2022* | | 2021 | |
| | | Carrying value Rs'000 | Fair value Rs'000 | Carrying value (As restated) Rs'000 | Fair value (As restated) Rs'000 |
| **Financial assets:** | | | | | |
| Amortised costs: | | | | | |
| Trade and other receivables (including contract assets) | Level 2 | **461,592** | **461,592** | 398,328 | 398,328 |
| Cash and short-term deposits | Level 2 | **1,083,820** | **1,083,820** | 207,271 | 207,271 |
| | | **1,545,412** | **1,545,412** | 605,599 | 605,599 |
| **Financial liabilities:** | | | | | |
| Amortised costs: | | | | | |
| Interest-bearing loans and borrowings | Level 2 | **5,077,674** | **5,077,674** | 6,296,503 | 6,296,503 |
| Lease Liabilities | Level 2 | **2,952,562** | **2,952,562** | 3,028,953 | 3,028,953 |
| Trade and other payables | Level 2 | **952,717** | **952,717** | 856,838 | 856,838 |
| | | **8,982,953** | **8,982,953** | 10,182,294 | 10,182,294 |

## 37. Financial Risk Management Objectives and Policies (continued)

### (d) Fair value of financial instruments (continued)

| | Fair value hierarchy | THE COMPANY | | | |
|---|---|---|---|---|---|
| | | 2022 | | 2021 | |
| | | 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 | **1,946,178** | **1,946,178** | 2,865,350 | 2,865,350 |
| Cash and cash equivalents | Level 2 | **674,425** | **674,425** | 24,224 | 24,224 |
| | | **2,620,603** | **2,620,603** | 2,889,574 | 2,889,574 |
| **Financial liabilities:** | | | | | |
| Amortised costs: | | | | | |
| Borrowings | Level 2 | **221,012** | **221,012** | 572,277 | 572,277 |
| Trade and other payables | Level 2 | **1,015,112** | **1,015,112** | 612,782 | 612,782 |
| | | **1,236,124** | **1,236,124** | 1,185,059 | 1,185,059 |

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.

## 38. Financial Summary

### (a) THE GROUP

| | 2022 Rs'000 | 2021 Restated Rs'000 | 2020 Restated Rs'000 |
|---|---|---|---|
| Non-current assets | **14,700,802** | 15,194,585 | 14,120,954 |
| Current assets (excluding assets held-for-sale) | **1,836,031** | 1,144,605 | 954,152 |
| Issued capital | **1,371,159** | 1,371,159 | 1,371,159 |
| Share premium | **1,320,986** | 1,320,986 | 1,320,986 |
| Convertible bonds | **1,460,283** | 744,083 | - |
| Other reserves | **1,922,098** | 1,537,626 | 1,741,901 |
| Retained earnings | **547,445** | 112,937 | 1,093,688 |
| Current liabilities (excluding liabilities held-for-sale) | **2,058,305** | 2,935,576 | 4,247,096 |
| Non-current liabilities | **8,075,148** | 8,316,823 | 5,625,309 |
| Total revenue | **6,253,732** | 1,857,904 | 4,653,907 |
| Profit/(loss) before tax | **715,497** | (1,124,777) | (820,637) |
| Profit/(loss) attributable to owners of the parent | **478,676** | (1,034,319) | (877,643) |

## 38. Financial Summary (continued)

### (b) THE COMPANY

| | 2022<br>Rs'000 | 2021<br>Rs'000 |
|---|---|---|
| Non-current assets | **3,866,433** | 2,571,881 |
| Current assets | **2,625,903** | 2,896,474 |
| Issued capital | **1,371,159** | 1,371,159 |
| Share premium | **1,320,986** | 1,320,986 |
| Convertible bonds | **914,083** | 744,083 |
| Other reserves | **42,184** | 41,252 |
| Retained earnings | **1,555,944** | 759,666 |
| Current liabilities | **1,236,124** | 1,186,359 |
| Non-current liabilities | **51,856** | 44,850 |
| Total revenue | **125,670** | 100,812 |
| Profit before tax | **826,663** | 59,943 |
| Profit for the year | **819,909** | 57,146 |

## 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 2022. (2021: 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 02 July 2022, a fire broke out at Lux Belle Mare, a hotel operated by the subsidiary, Beau Rivage Co Ltd. The hotel will remain closed all throughout the financial year ending 30 June 2023. The hotel is insured for both material damages and business interruption and management is compiling all figures with respect to the claim which is being discussed with the loss adjuster. Reconstruction of the hotel has already started so as to start operation as soon as possible. It is worth noting that the Group is expected to generate positive results and cash flows during 2023, even if Lux Belle Mare performance is excluded. Moreover, the Directors would assess the hedge effectiveness on the leases of Beau Rivage and the ineffective portion would be recycled to profit or loss during the year ending 30 June 2023.

The fire is considered to be a non-adjusting event as the event arose after the balance sheet date.

## 42. Prior Year Ajustments

### (a) Deferred tax on hedge reserves

The Group has loans and leases denominated in foreign currencies which are translated at year end exchange rate every year. The loans and leases in foreign currency act as a hedge instrument to mitigate the foreign currency impact on revenue denominated in foreign currencies. The exchange differences arising on translation of loans and leases in foreign currencies are accounted in the hedge reserve. In the prior years, the Group recorded the corresponding deferred tax effect arising on the hedge reserve movement.

Gains or losses arising on translation of loans and leases in foreign currencies are not subject to income tax and as such no deferred tax should have been recorded on hedge reserve movement in prior years. The Group has therefore restated the prior years financial statements to reverse opening balance of tax on hedge reserve at 01 July 2020 as well as tax on movement on hedge reserve during the financial year ended 30 June 2021. The restatement will only have an impact on deferred tax and hedge reserve.

### (b) Sale of villas and residences under the IHS Scheme

During the redevelopment of Lux* Grand Baie (Merville Ltd), the Group has constructed some villas and residences under the Investment Hotel Scheme (IHS) to be sold to private owners under the VEFA (Vente en Etat Future D'achevement) scheme. These units would then be leased to Merville Ltd in return for a rental determined principally on the room revenues generated by the hotel.

The group did not account for any income or expenses (net of revenue generated from deposits less cost of construction and cost to sell) during the year ended 30 June 2021 as per the requirement of IFRS 15. The transaction is considered in 2 separate phases, whereby Merville Ltd has recognised the sale of IHS units under IFRS 15 (i.e. the sales occurs when the VEFA is signed which is usually during construction period) and recognise the lease liability and right of use assets under IFRS 16 (i.e. lease of the units to the hotel would start only after construction period and the unit holders have paid for full consideration and taken possession of their respective units). Moreover, freehold land used for the IHS project was included as part of property, plant and equipment at 30 June 2020. The Group has therefore restated the prior year accounts to that effect.

The impact of the prior year adjustments are shown below:

| | THE GROUP 2020 | | |
|---|---|---|---|
| | As previously stated Rs'000 | Adjustments Rs'000 | As restated Rs'000 |
| **Consolidated statement of financial position (extract)** | | | |
| Property, plant and equipment | 10,083,786 | (79,363) | 10,004,423 |
| Inventories | 182,426 | 79,363 | 261,789 |
| Deferred tax liabilities | 524,815 | 38,126 | 562,941 |
| Other reserves | 1,859,304 | (117,403) | 1,741,901 |
| Retained earnings | 1,014,411 | 79,277 | 1,093,688 |

| | THE GROUP 2021 | | |
|---|---|---|---|
| | As previously stated Rs'000 | Adjustments Rs'000 | As restated Rs'000 |
| **Consolidated statement of financial position (extract)** | | | |
| Property, plant and equipment | 11,606,594 | (548,664) | 11,057,930 |
| Inventories | 153,879 | 283,330 | 437,209 |
| Trade and other payables | 1,327,989 | (208,251) | 1,119,738 |
| Contract assets | - | 86,064 | 86,064 |
| Deferred tax assets | 173,916 | (49,498) | 124,418 |
| Deferred tax liabilities | 422,459 | 40,536 | 462,995 |
| Other reserves | 1,702,008 | (164,382) | 1,537,626 |
| Retained earnings | 9,608 | 103,329 | 112,937 |

## 42. Prior Year Ajustments (continued)

| | THE GROUP 2021 | | |
|---|---|---|---|
| | As previously stated Rs'000 | Adjustments Rs'000 | As restated Rs'000 |
| **Consolidated statement of profit or loss (extract)** | | | |
| Other operating income | 447,811 | 28,980 | 476,791 |
| Income tax credit | 95,386 | (4,928) | 90,458 |
| Decrease in loss for the year | | 24,052 | |
| **Consolidated statement of other comprehensive income (extract)** | | | |
| Profit/(loss) for the year | (1,058,371) | 24,052 | (1,034,319) |
| Deferred tax relating to components of other comprehensive income | 46,979 | (46,979) | - |
| Other comprehensive income for the year | (98,765) | (46,979) | (145,744) |
| Total comprehensive income for the year | (1,157,136) | (22,927) | (1,180,063) |
| **Consolidated statement of cash flows (extract)** | | | |
| **Operating activities** | | | |
| (Loss)/profit before tax | (1,153,757) | 28,980 | (1,124,777) |
| **Changes in working capital:** | | | |
| - Decrease/(increase) in inventories | 19,250 | (203,967) | (184,717) |
| - Decrease in trade and other receivables | 122,737 | (86,064) | 36,673 |
| - Increase in trade and other payables | 242,171 | (208,250) | 33,921 |
| **Investing activities** | | | |
| Acquisition of property, plant and equipment | (1,460,844) | 469,301 | (991,543) |

| | THE GROUP 2020 | | |
|---|---|---|---|
| | As previously stated Rs'000 | Adjustments Rs'000 | As restated Rs'000 |
| **Consolidated statement of changes in equity (extract)** | | | |
| Other reserves | 1,859,304 | (117,403) | 1,741,901 |
| Retained earnings | 1,014,411 | 79,277 | 1,093,688 |

| | THE GROUP 2021 | | |
|---|---|---|---|
| | As previously stated Rs'000 | Adjustments Rs'000 | As restated Rs'000 |
| **Consolidated statement of changes in equity (extract)** | | | |
| Other reserves | 1,702,008 | (164,382) | 1,537,626 |
| Retained earnings | 9,608 | 103,329 | 112,937 |

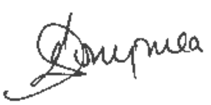
# Notice to Shareholders

Notice is hereby given that the Annual Meeting of Shareholders of the Company will be held at Cyril Lagesse Auditorium, 1st Floor, IBL House, Caudan Waterfront, Port Louis, on Thursday 8 December 2022 at 10hrs with the following agenda:

## Resolutions

1. To consider and approve the audited financial statements for the year ended 30 June 2022
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 Maxime Rey as Director of the Company under Section 138(6) of the Companies Act 2001*
11. To elect Ms Jenifer Chung Wong Tsang as Director of the Company*
12. To ratify the remuneration paid to the non-executive directors for the year ended 30 June 2022
13. To ratify the remuneration paid to the auditors for the year ended 30 June 2022
14. To appoint the auditors under Section 200 of the Companies Act 2001 and to authorise the Board to fix their remuneration

By Order of the Board



**IBL Management Ltd**
*Secretary*

14 November 2022

*** - Biography of the directors can be found at pages 10 and 11 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 appointed for the holding of the meeting or adjourned meeting. In default, the instrument of proxy shall not be treated as valid.*

*A proxy form is included in this 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 7 November 2022.*

*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.*

LUX ISLAND RESORTS LTD

# Proxy Form

I / We

of

being a shareholder of Lux Island Resorts Ltd hereby appoint

of

or failing him/her, the Chairperson of the Meeting 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 Cyril Lagesse Auditorium, 1st Floor, IBL House, Caudan Waterfront, Port Louis on Thursday 8 December 2022 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 | Abstain |
| 1. To consider and approve the audited financial statements for the year ended 30 June 2022 | | | |
| 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 Maxime Rey as Director of the Company under Section 138(6) of the Companies Act 2001 | | | |
| 11. To elect Ms Jenifer Chung Wong Tsang as Director of the Company | | | |
| 12. To ratify the remuneration paid to the non-executive directors for the year ended 30 June 2022 | | | |
| 13. To ratify the remuneration paid to the auditors for the year ended 30 June 2022 | | | |
| 14. To appoint the auditors under Section 200 of the Companies Act 2001 and to authorise the Board to fix their remuneration | | | |

Signed this

Signature

**Registered Office**
Pierre Simonet Street, Floréal

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