LUX ISLAND RESORTS

Lux Island Resorts Ltd and its Subsidiaries
Integrated Annual Report 2023

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 2023. This report was approved by the Board of Directors on 22 September 2023.

Jean-Claude Béga
Chairperson

Contents

Group Structure
as at 30 June 2023

Lux Island Resort Ltd (Holding)

- **100% MERVILLE LTD**
  Owner & Operator of LUX* Grand Baie
- **100% HOLIDAY & LEISURE RESORTS LIMITED**
  Owner & Operator of LUX* Grand Gaube
- **100% BLUE BAY TOKEY ISLAND LIMITED**
  Property Owner of Ile des deux Cocos
- **100% BEAU RIVAGE CO LTD**
  Owner & Operator of LUX* Belle Mare
- **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**
  E-Commerce
- **100% SAS HÔTEL PRESTIGE RÉUNION**
  Investment Company
  - **100% SA LES VILLAS DU LAGON**
    Operator of LUX* Saint Gilles
    - **SAS 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

Directors	Jean-Claude Béga (Chairperson) Désiré Elliah (Chief Executive Officer) Jan Boullé John Brennan (appointed on 24.01.2023) Jenifer Chung Wong Tsang Laurent de la Hogue Pascale Lagesse Thierry Lagesse Maxime Rey
Audit and Risk Committee	Jenifer Chung Wong Tsang (Chairperson) John Brennan (appointed on 24.01.2023) Laurent de la Hogue Maxime Rey
Remuneration, Nomination, Corporate Governance and Ethics Committee ***(following the merger of the Corporate Governance & Nomination Committee and the Remuneration Committee)***	Pascale Lagesse (Chairperson) Jean-Claude Béga Jan Boullé John Brennan (appointed on 24.01.2023)
Company Secretary	IBL Management Ltd

Management & Administration

Head Office	Désiré Elliah – Chief Executive Officer Hurrydeo Ramlagun – Chief Financial Officer Riad Chonee – Chief Asset Management Officer
Hotels	Stephan Anseline – General Manager – LUX* Grand Gaube Ashok Bhugoo – Acting General Manager – LUX* Le Morne Gerhard Hecker – General Manager – LUX* Belle Mare Patrice Hudebine – Directeur Général – LUX* Saint Gilles Nicolas Messian - General Manager - LUX* Grand Baie Jean-Benoit Nisin – General Manager – Tamassa Bel Ombre & Ile Des Deux Cocos John Rogers – General Manager – LUX* South Ari Atoll
Chief Internal Auditor	Pritila Joynathsing-Gayan
Legal Advisors	Clarel Benoit André Robert Hervé Duval Vony Ramsamy
Communication Advisor	Blast Communications Ltd
Auditor	PricewaterhouseCoopers Mauritius
Registered Office	Pierre Simonet Street Floréal Mauritius
Notary	Jean Pierre Montocchio
Registry and Transfer Office	Pierre Simonet Street Floréal Mauritius
Bankers	ABC Banking Ltd AfrAsia Bank Ltd Absa Bank (Mauritius) 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

Directorship
as at 30 June 2023

	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
Béga Jean-Claude	●	●	●	●		●	●	
Bissessur Jitendra								
Boullé Jan								
Brennan John *(appointed on 24.01.23)*								
Chung Wong Tsang Jenifer								
De La Hogue Laurent								
Elliah Désiré	●	●	●	●	●	●	●	●
Jones Paul								
Lagesse Pascale								
Lagesse Thierry								
Liu Léon								
Ramlagun Hurrydeo	●	●	●	●		●	●	
Rey Maxime								
Sellam Eric								●

	LTK Ltd	Lux Island Resorts Foundation	Lux Island Resorts Ltd	Lux Island Resorts Maldives Ltd	Les Villas du Lagon SA	Merville Beach Hotel Ltd	Merville Limited	MSF Leisure Company Ltd	Naiade Holidays (Proprietary) Limited	Néréide Limited	Océanide Limited	White Sands Resort & Spa Pvt Ltd
Béga Jean-Claude	●		●	● (1)	●	●	●	●		●	●	●
Bissessur Jitendra							●					
Boullé Jan			●									
Brennan John *(appointed on 24.01.23)*			●									
Chung Wong Tsang Jenifer			●									
De La Hogue Laurent			●									
Elliah Désiré	●	●	●	●	●	●	●	●	●	●	●	●
Jones Paul									●			
Lagesse Pascale			●									
Lagesse Thierry			●									
Liu Léon												●
Ramlagun Hurrydeo	●	●			●	●	●	●		●	●	●
Rey Maxime			●									
Sellam Eric												

(1) Béga Jean-Claude
(appointed on 17.05.2023)

Board of Directors

Jean-Claude
Béga

Désiré
Elliah

Jan
Boullé

Jenifer
Chung Wong Tsang

Laurent
De La Hogue

Pascale
Lagesse

Thierry
Lagesse

Maxime
Rey

John
Brennan

Directors' Profiles

Jean-Claude Béga
Chairperson

Born in 1963, Jean-Claude Béga is a Fellow of the Association of Chartered Certified Accountants and has retired from IBL Ltd on 30 June 2023 after 26 years of service.
He was appointed as Director of the Lux Island Resorts Ltd in June 2004 and as Chairperson on 01 January 2019. He is also a member of the Remuneration, Nomination, Corporate Governance and Ethics Committee (following the merger, during the year under review, of the Corporate Governance and Nomination Committee and of the Remuneration Committee) of the Company.
Jean-Claude Béga also acts as Non-Executive Chairman of BlueLife Limited and of The United Basalt Products Limited and as Non-Executive Director of subsidiaries and affiliates of these companies.

Directorship in other listed companies : Non-Executive Chairman of BlueLife Limited and of The United Basalt Products Limited.

Désiré Elliah
Chief Executive Officer

Désiré Elliah is the Chief Executive Officer of Lux Island Resorts Ltd (LIR) since 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. He is a member of the Remuneration, Nomination, Corporate Governance and Ethics Committee (following the merger, during the year under review, of the Corporate Governance and Nomination Committee and of the Remuneration Committee of the Company) since 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.

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 was the Non-Executive Chairman of IBL Treasury Ltd until 30 June 2023 and is currently the Non-Executive Chairman of Eagle Insurance Limited and Ekada Capital 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.
A frequent speaker and author of legal publications, she is recognised as one of the leading labor and employment lawyers on the French market. In 2013, she was the recipient of the "Outstanding Contribution to the Legal Profession Award" by Chambers Europe.
She is involved in a variety of international legal organisations and associations and holds numerous officer-level positions with the International Bar Association (IBA).
She was previously the Chair of the Employment and Industrial Relations Law Committee of the IBA.
She is presently the Treasurer 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. She acts as Chairperson of the Remuneration, Nomination, Corporate Governance and Ethics Committee (following the merger, during the year under review, of the Corporate Governance and Nomination Committee and of the Remuneration Committee) since 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 Ltd, 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 and MFD Group Ltd.

John Brennan

John Brennan is non-Executive Chairman of a leading hotel investment and management group, Klarent Hospitality, owned by Henderson Park. He is also the Founder and Managing Director of Cloudbrook Partners, a boutique investment and advisory firm that provides advice to investors in the hospitality sector.
Between 2015 and 2018, John was the Chief Executive Officer of Amaris Hospitality which grew to comprise 89 hotels, operating over 14,000 rooms and employing 8,000 employees. Established by Lone Star, the business was subsequently sold to a range of international investors realising over €1.7 billion for its owners.
Previously, John was the Chief Executive Officer of Jurys Inn Group where, between 2009 and 2017, he repositioned the brand, added 30 percent more rooms, right-sized the cost base and created a market-leading hotel management platform, before leading its successful sale in 2015. During the period the business achieved a 10 percent EBITDA CAGR.
Prior to working in the Jurys Inn Group, John was the Head of Hospitality at Dublin based Avestus Capital Partners. In this role, John oversaw acquisitions, disposals, asset management and investor reporting on Avestus hotel investments across Europe.
John started his career with Four Seasons Hotels and Resorts in 1984. John worked for Four Seasons for 23 years and during this period, he worked in 12 different hotels in 7 countries. John's last position with Four Seasons was as Regional Vice-President with responsibility for hotels in Dublin, Budapest and Prague.
John has an MA and BSc (Management) from Trinity College Dublin.
He was appointed as Director of the Company in January 2023 and is a member of the Audit & Risk Committee and of the Remuneration, Nomination, Corporate Governance and Ethics Committee (following the merger, during the year under review, of the Corporate Governance and Nomination Committee and of the Remuneration Committee) of the Company.

Directorship in other listed companies: None.

Management Profiles

Désiré Elliah
Chief Executive Officer

See profile on page 14.

Hurrydeo Ramlagun
Chief Financial Officer

Hurrydeo Ramlagun is a Fellow of the Association of Chartered Certified Accountants. He has been appointed as Chief Financial Officer of Lux Island Resorts Ltd (LIR) on 01 January 2019. He joined the Company in 2008 as Financial Reporting Manager and Group Treasurer. Prior to joining LIR Group, he worked at De Chazal Du Mée (DCDM), 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
Chief Asset Management Officer

Riad graduated with distinction in Quantity Surveying from the University of Cape Town. He is a Chartered Member of the Royal Institution of Chartered Surveyors, United Kingdom, 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 the Terra Group and led the conception and implementation of various property developments within the Beau Plan Smart City.
Riad joined Lux Island Resorts in 2019 and has since been responsible for driving hotel development projects as well as strategically managing the assets of the Group.

Management Profiles

John Rogers
General Manager – LUX* South Ari Atoll

John Rogers has been appointed to the position of General Manager of LUX* South Ari Atoll with effect from the 01 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 already knows 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. To enhance his educational path, Stephan successfully completed the General Managers program at Cornell in 2023.

Ashok Bhugoo

Acting General Manager – LUX* Le Morne

Holder of a Bachelor's Degree with honors in Tourism, Hospitality and Leisure Management from the University of Mauritius, Ashok continued his personal development in the past years and participated in the IBL LEAP: (2018-2019) which is IBL's Leadership Executive Acceleration Program and followed the Cornell University's General Managers Program in 2022.
Ashok Bhugoo is a very experienced Mauritian national, who has been in employment with the group since March 2018. Prior to joining the group, he was the General Manager of Paradise Cove for two and a half years and before taking up employment with Paradise Cove, he spent 13 years at Le Prince Maurice where he was promoted on two occasions from the position of Food & Beverage Manager to the position of Executive Assistant Manager and subsequently as Resident Manager. His rich career started with Saint Geran and he later joined the Beachcomber Royal Palm where he was promoted on several occasions up to the position of Assistant Food & Beverage Manager.
Ashok has a wealth of international exposure in prestigious luxury hotels worldwide namely Château de la Messardiere in Saint Tropez (France), Hotel de Paris in Monte Carlo (Monaco), La Mamounia and Royal Mansoor in Marrakech (Morocco), Hotel Adlon Kempinski in Berlin and Le Grand Hotel in Helligendam (Germany).
Ashok started at LUX* Le Morne in 2018 as Resort Manager where he stayed for three and a half years before being promoted to the post of Deputy General Manager at LUX* Grand Baie in July 2021 where he was an instrumental support in the opening of LUX* Grand Baie in November 2021.
Ashok's aim is to grow within the group and with his passionate commitment and having an excellent rapport with the Guests and his Team Members, he has been appointed in February 2023 to the post of Acting General Manager of LUX* Le Morne. His goal is to continue fostering growth and delivering outstanding experiences in his new leadership role.

Gerhard Hecker

General Manager – LUX* Belle Mare

Born in 1955, Gerhard, a German national, 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 specialised 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 from February to March 2020, the acting General Manager of Shangri-La Villingili Resort & Spa in the Maldives. Later he became a member of the board of Lux Island Resorts from December 2020 to November 2021.
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.

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 & General Manager of Tamassa in November 2021.

Nicolas Messian

General Manager - LUX* Grand Baie

Born in 1973, Nicolas Messian is a French national who left his homeland in 2006 to gain international experience. Holder of a Bachelor of Science in Hospitality Management from the Hotel Business School of Lausanne as well as a Master of Revenue Management Certificate from Cornell University, Nicolas started his career in 1997. With more than 26 years' experience in the hospitality industry, with a robust food & beverage background, Nicolas defines himself as a charismatic hotelier endowed with an entrepreneurial spirit who has gained experience within the most renowned hotel companies and has successfully managed iconic luxury properties throughout the world.
Nicolas has a strong track record as he held various General Manager and Hotel Manager positions from 2011 to 2022 at Mandarin Oriental Emirates Palace in Abu Dhabi, The Ritz-Carlton in Toronto, The Dorchester in London and One&Only Royal Mirage in Dubai.
Prior to his appointment as General Manager of LUX* Grand Baie in April 2023, Nicolas was the Regional Director and General Manager of The Algonquin Resort, St Andrews in Canada.

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 specialised in the acquisition and sale of hotels.
He joined the group in 2009 in Reunion Island and was promoted to the position of General Manager of LUX* Saint Gilles in June 2021.

Business Model

CAPITAL	INPUTS/ACTIONS/ACTIVITIES	KEY BUSINESS PROCESSES	RESULTS/OUTCOMES
Financial	Manage cashflow and treasury operations Minimise foreign currency exposure impact Improve operational efficiency Ensure operational effciency and compliance using internal control systems Identify and mitigate risks, control solutions Develop a solid investment relations plan	Financial Management Asset Management Compliance Risk Management	Growth in Equity Value Increased revenue and profitability Safeguard the assets of the group Growth in Earnings per Share Ensure adequate liquidity to meet financial commitments Stabilize the group's business
Human	Equip employees with adequate skills to carry out operations Foster an ethical environment Establish a culturally diverse workforce Establish a gender-balanced workforce Acquire & retain skilled people Initiate a rotation scheme with our global talent pool Effectively manage employee performance Protect human rights and dignity Implement health and safety measures Initiate ongoing training and development	Hotel operations Hotel management Social relationship management Risk Management Capacity Building	Engaged Team Members High-quality service and enhanced guest satisfaction Increased loyalty Grooming of talented leaders Increased productivity Skilled workforce to maintain sustainable, profitable growth Low turnover and optimised training costs
Natural	Physical Location Ensure energy efficiency Reduce water use Increase resource productivity Lessen carbon footprint Reduce and manage waste	Sustainability SOPs & Procedures Project Management Risk Management	Efficient utilisation of resources Optimised costs Enhanced corporate reputation as Responsible Business Maximised positive impact Sustainable growth 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	Compliance Customer Satisfaction Surveys Feedback Mechanism Communication channels	High quality locations World-class resorts Outstanding products and services Improved Guest Satisfaction Boost in revenue Enhanced guest experience with technology and comfort Increased local and international guest loyalty
Intellectual	Propriety knowledge Systems and Operations Leadership expertise	Finance Maintainance & Engineering Human Resources Information Technology Legal and secretarial Sales and marketing/Revenue management Property development Sustainability & CSR Operations	Innovation-driven culture Efficient operations with relevant policies and procedures Development of a culture founded on trust and respect
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	Social Relationship Management Stakeholder Inclusion & Engagement	Top-rated guest satisfaction Loyal supplier base Empowered community Increased industry participation and engagement Positive corporate reputation Inclusive business
Digital	Data automation for KPIs monitoring and reporting. Implementing best technology for resources optimisation Building Management System Tools for Sustainable Asset Management Low-cost Devices	Operations Engineering Team Design Team for upcoming projects (e.g., Lux* Belle Mare renovation) Asset Manager Sustainability Team IT Team Sales & Marketing Team	Asset Management Smart Building / Resorts / Properties Energy Efficiency Reduce costs Increase revenue Decarbonisation Resources optimiation Purpose-driven

Financial Highlights & Ratios

	Year ended 30th June				
	2023 Rs 000	2022 Rs 000	2021 Rs 000	2020 Rs 000	2019 Rs 000
Statement of Profit or Loss					
Total income	8,265,011	6,810,220	2,334,695	4,837,605	6,189,878
EBITDA before impairment, insurance recovery and write offs	**2,338,481**	**1,987,502**	**12,749**	**1,028,522**	**1,368,010**
Impairment of goodwill	-	-	(23,731)	(667,177)	-
Other gains and losses	559,669	(160,115)	(37,958)	(165,277)	(2,107)
EBITDA	**2,898,150**	**1,827,387**	**(48,940)**	**196,068**	**1,365,903**
Depreciation and amortisation	(625,791)	(657,478)	(596,038)	(568,519)	(470,022)
Operating profit/ (loss)	**2,272,359**	**1,169,909**	**(644,978)**	**(372,451)**	**895,881**
Net finance charges	(538,968)	(454,412)	(479,799)	(448,186)	(273,629)
Profit/(loss) before tax	**1,733,391**	**715,497**	**(1,124,777)**	**(820,637)**	**622,252**
Income tax (expense)/credit	(275,608)	(236,821)	90,458	(57,006)	(91,889)
Profit/(loss) before discontinued operations	**1,457,783**	**478,676**	**(1,034,319)**	**(877,643)**	**530,363**
Results from discontinued operations	-	-	-	-	195,167
Profit/(loss) for the year	**1,457,783**	**478,676**	**(1,034,319)**	**(877,643)**	**725,530**
Non-controlling interest	-	-	-	-	(173)
Profit/(loss) attributable to the group	**1,457,783**	**478,676**	**(1,034,319)**	**(877,643)**	**725,357**
Dividend Declared					
Cash	274,232	-	-	-	185,107
In specie	-	-	-	-	275,605
Total	274,232	-	-	-	460,712
Statement of Financial Position					
Total Assets	19,230,108	17,174,737	16,339,190	15,604,051	12,311,657
Equity	8,063,486	6,621,971	5,086,791	5,527,734	6,007,040
Total Liabilities	11,166,622	10,552,766	11,252,399	10,076,317	6,304,617
Interest bearing loans net of cash balance	3,774,993	3,993,854	6,089,232	5,004,358	4,269,376
Financial Ratios					
Earnings per share	10.6	3.5	(7.7)	(6.4)	3.87
Dividend per share	2.00	-	-	-	3.36
Net Assets per share	58.81	48.29	37.10	40.31	43.81
EBITDA margin (Note a)	28%	29%	1%	21%	22%
Interest Cover (Note a)	4.34	4.37	0.03	2.29	5.00
Dividend cover	5.32	NA	NA	N/A	3.92
Return on Equity	18%	7%	-20%	-16%	9%
Debt to Equity (Note b)	0.47	0.60	1.20	0.91	0.71

Note a. EBITDA margin and Interest Cover have been calculated using EBITDA before impairment, insurance recovery 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.

Balance Sheet Status at a Glance

as at 30 June 2023

Consolidated Cash Flow Statement
Year ended 30th June 2023

		Rs 000
Net cash flows from operating activities		1,768,469
Net cash flows used in investing activities (1)		(1,188,930)
Net cash flows used in financing activities(2)		(684,513)
Net decrease in cash & cash equivalents		(104,974)
Transfer from assets held for sale	(3)	111,807
Effects of exchange rate changes		8,190
Cash and Cash equivalents on 30th June 2022		1,080,098
Cash and Cash equivalents on 30th June 2023		1,095,121

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
Equity & Liabilities	
Current liabilities	2,473,896
Non Current liabilities	8,075,148
Share Capital, Premium & Reserves	4,614,243
Retained Earnings	547,445
Convertible bonds	1,460,283
Total Equity & Liabilities	17,171,015

Consolidated Income Statement
Year ended 30th June 2023

	Rs 000
Total income	8,265,011
Profit for the year	1,457,783
Non-controlling interest	-
Profit attributable to the group	1,457,783

Share Capital & Reserves
As at 30th June 2023

	Rs 000
Balance at 30th June 2022	4,614,243
Foreign exchange and other reserve	364,928
Balance at 30th June 2023	4,979,171

Retained Earnings
As at 30th June 2023

	Rs 000
Balance at 30th June 2022	547,445
Profit for the year	1,457,783
Other comprehensive income	(45,587)
Interest on bonds	(61,377)
Dividends	(274,232)
Balance at 30th June 2023	1,624,032

Statement of Financial Position
As at 30th June 2023

		Rs 000
Assets		
Cash and Cash Equivalents		1,095,121
Current Assets		1,762,037
Investment & Other		4,172,475
Property, Plant and Equipment	(4)	12,197,017
Total Assets		19,226,650
Equity & Liabilities		
Current liabilities		3,381,742
Non Current liabilities		7,781,422
Share Capital. Premium & Reserves		4,979,171
Retained Earnings		1,624,032
Convertible bonds		1,460,283
Total Equity & Liabilities		19,226,650

Notes

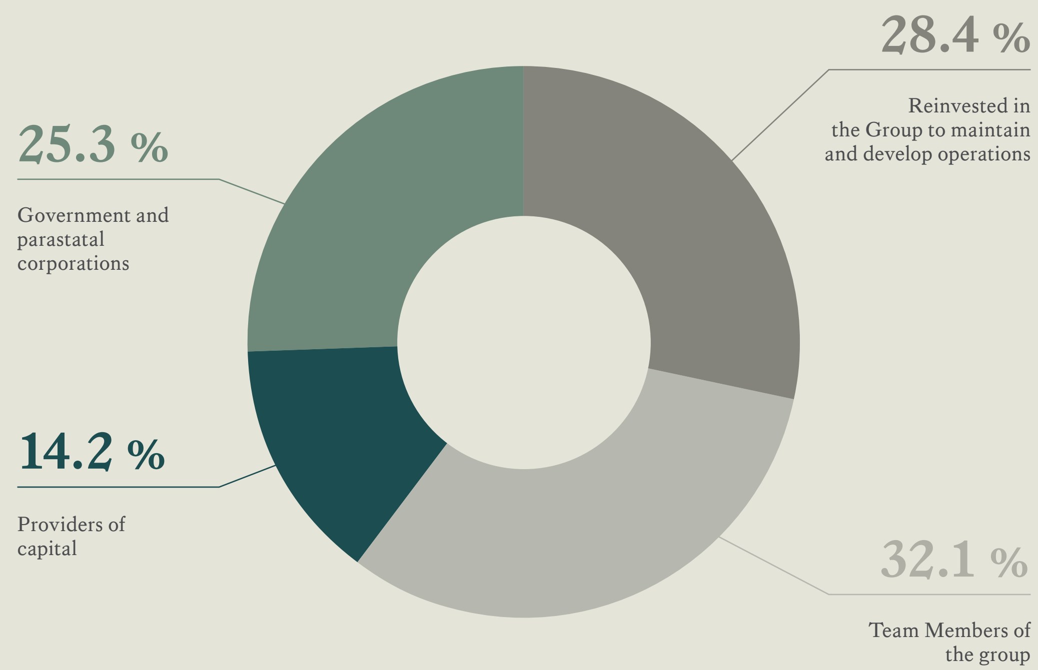
(1) Net cash flows used in investing activities is mainly in respect Reconstruction of LUX* Belle Mare which is scheduled to re-open on 1 October 2023.
(2) Net cash flows used in financing activities is in respect loan repayment of some loans for which there was no moratorium period as well as repayment of a bridging loan.
(3) Transfer from assets held for sale is with respect to cash balance of LUX* Saint Gilles which is no more classified as assets held for sale.
(4) Increase in property, plant and equipment is attributable to reconstruction cost of LUX* Belle Mare and revaluation of all the Group's properties net of impairment of LUX* Belle Mare assets destroyed by the fire.

Value Added Statements
as at 30 June 2023

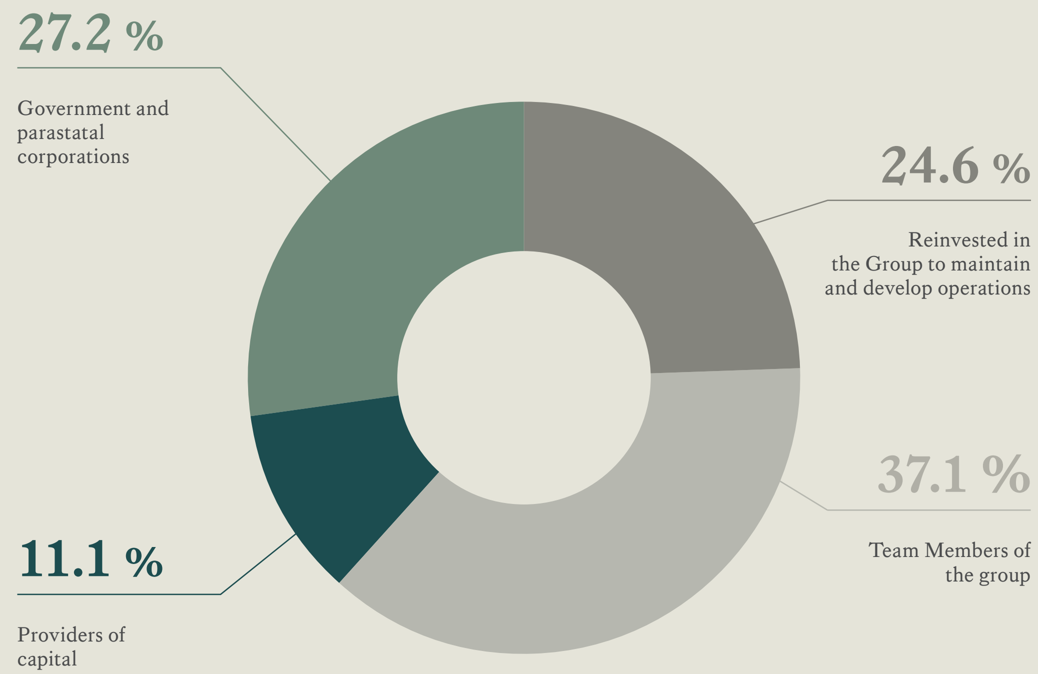
	Year ended 30-Jun-23 Rs 000	Year ended 30-Jun-22 Rs 000
Total Income	8,265,011	6,810,220
Value Added Tax	1,061,785	797,567
Total Revenue	9,326,796	7,607,787
Paid to suppliers for materials and services	3,723,277	2,991,592
Value added	5,603,519	4,616,194
Other gains and losses	559,669	(160,115)
Total wealth created	**6,163,188**	**4,456,079**
Distributed as follows:		
Team Members of the Group		
Salaries and other benefits	**1,981,607**	**1,654,335**
Providers of capital		
Dividend to ordinary shareholders	274,232	-
Interest paid on borrowings	538,968	454,412
Interest to MIC	61,377	38,613
	874,577	**493,025**
Government and parastatal corporations		
Value Added Tax	1,061,785	797,567
Income Tax (Current and deferred)	275,608	236,821
Environment Protection fee	69,257	50,698
Licences, permits and levies	35,236	17,792
Lease costs	117,152	108,301
	1,559,039	**1,211,178**
Reinvested in the Group to maintain and develop operations		
Depreciation and amortisation	625,791	657,478
Retained profit	1,122,174	440,063
	1,747,965	1,097,541
	6,163,188	**4,456,079**

Shared Value Creation

2023

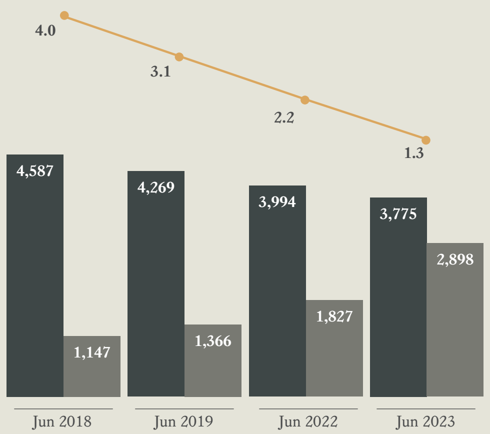


2022

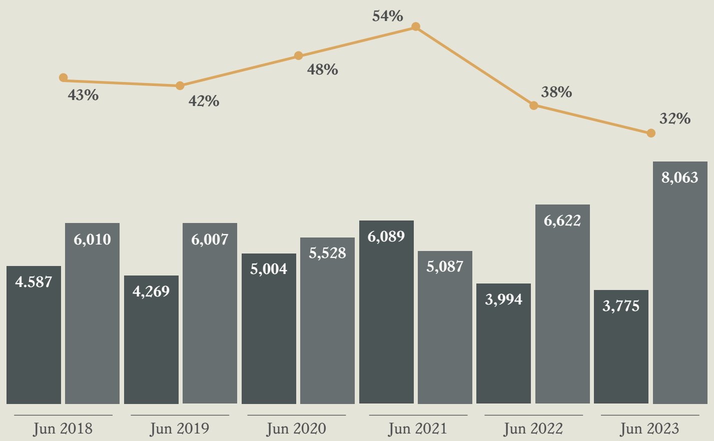


Financial Highlights

Evolution of Debt, EBITDA & Debt/EBITDA Ratio



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

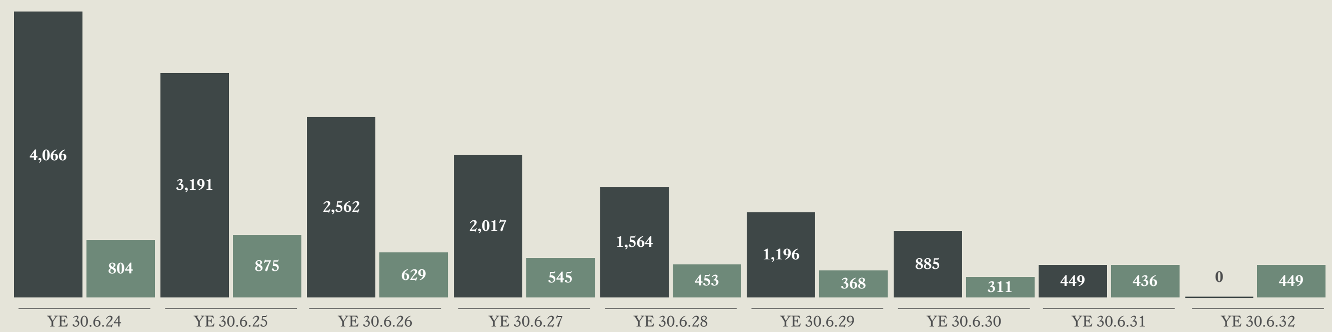


Interest Bearing Debt Equity (Rs M) Gearing

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

Loan Balance and Repayment Plan

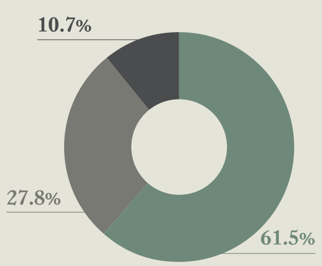
(Rs m)



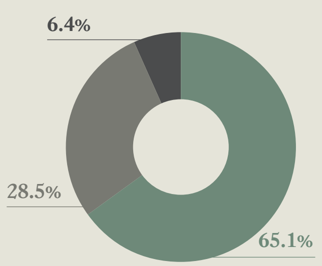
Loan Balances (end of year) Repayment during year

Geography - 2023

Revenue By Destination

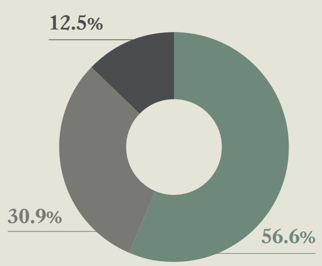


EBITDA By Destination

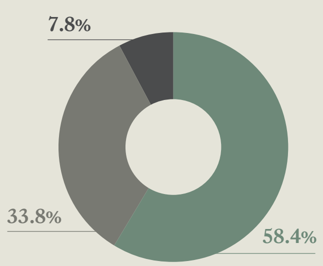


Geography - 2022

Revenue By Destination

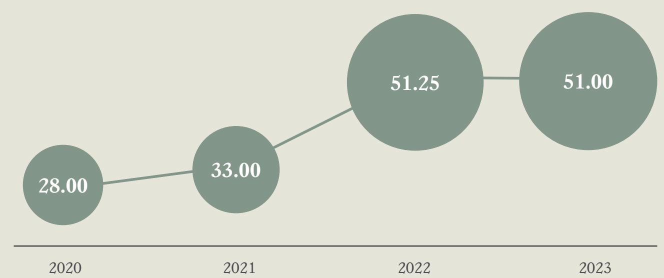


EBITDA By Destination

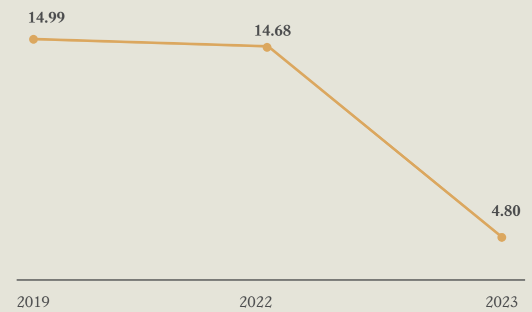


Maldives Reunion Mauritius

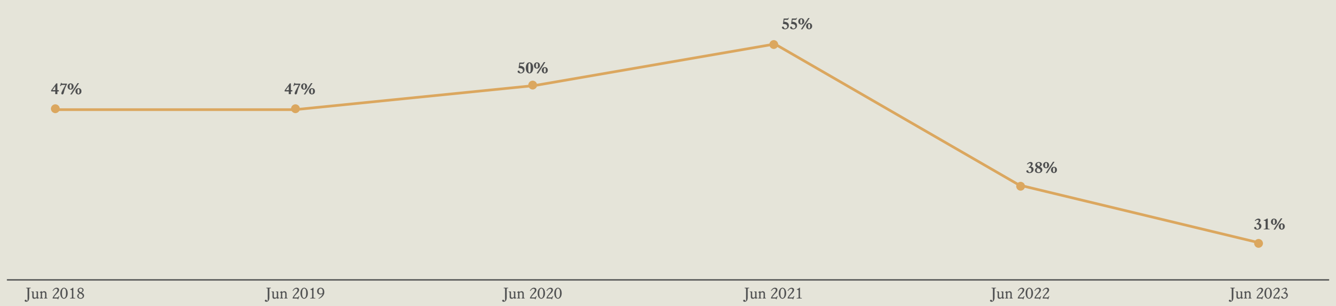
Evolution of Share Price (MUR)



Price Earning Ratio



Loan to Value



Overview of the Hotel Properties and date of the 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	2.5 years
LUX* Belle Mare	Mauritius	5*	2069	186	Oct 23#	0 year
LUX* Grand Gaube	Mauritius	5*	2068	186	Dec 17	5.5 years
LUX* South Ari Atoll	Maldives	5*	2094	193	Sep 16	6.5 years
LUX* St Gilles	Reunion	5*	2031##	174	Oct 08	16 years
Tamassa Bel Ombre	Mauritius	4*	2027###	214	Oct 08	16 years

Expected re-opening date of LUX* Belle Mare

Lease with French Govt expires in Year 2031. LIR is in negotiation with Reunion Authorities. If succesful, LSG will soon be subject to a renovation.

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

Capital	FINANCIAL	HUMAN	PRODUCTS & SERVICES	NATURAL
Objectives	Revenue Growth Cost Optimisation Project Development	The Welfare of People	Brand Strength and Optimal Distribution	Environmental Sustainability
Outcomes	Profitable Growth (Earnings per Share) Capital and Cost Efficiency	Human Resources and Training Company Culture	Best in class hotel operation Sustain a well established brand name	Energy Water Waste and Elements Emissions Biodiversity

MATERIAL ISSUES

	FINANCIAL	HUMAN	PRODUCTS & SERVICES	NATURAL
Short Term	Managing exchange rate impact Sustainaning optimal level of working capital	Employ talented and fully engaged people Investment to give the best trainings to Team Members	Positive feedback, such as on online platforms like TripAdvisor (high guest satisfaction scores)	Energy: Deployment plan for full implementation of energy management system to reduce energy consumed by heating and air conditioning Waste and Elements: Reduce solid waste through waste management system (measure, benchmark and reduce year on year)
Medium Term	Grow into new markets Efficient capital structure Improve international competitiveness Cost optimisation and cost-reduction programs	Talent and skills management Retention of talent through training initiatives and competitive remuneration package Develop and adopt 'one company' culture	Effective communication of values, mission and vision to Team Members and guests Refreshed and reinvented properties, with enhanced amenities, plus a continuous focus on our hospitality standards for best guest experience and satisfaction Enhance promotion and marketing investment Win industry awards	Water: Optimise use of fresh water and ensure efficient consumption Emissions: Invest in Renewable energy technologies aiming to reduce carbon footprint Biodiversity: Continuous deployment of the "Tread Lightly" initiative to offset carbon and support biodiversity conservation projects (endemic fauna and flora)
Long Term	Strategic acquisitions into new territories Optimal funding sources	Engage professional services of firms committed to creating value through leadership and talent	Superb and unique experience to each and every guest	Energy: Research, test and invest in technologies to reduce energy consumption Water: Ensure strict compliance with water protection legislations, against pollution, conduct regular water quality tests and control

Material Elements & Connectivity to Achieve Strategic Plans & Objectives

VALUE DRIVERS

Capital	DIGITAL					EXTERNAL LINKS			
Objectives	Asset Management, Efficiency and Risk Management					Elevate the Partnership Quality			
Outcomes	Automation of data	Increase Efficiency	Cost Reduction	Increase Revenue	Risk Management	Systems	Digital Tools	Experts in system automation	Suppliers / consultants

MATERIAL ISSUES

Short Term	Plan for digitalisation and data automation		Focus on Efficiency and Asset Management				Work with experts in this area for low cost devices, tools, building management systems		
Medium Term		Optimise use of Low-cost devices and automated data tools		Invest in Systems and technologies which will reduce energy consumption, hence reduce carbon footprint	Allocate budget for technologies and systems for data automation to enhance reporting and monitoring	Engage with suppliers, partners, and consultant for efficient properties	Maintenance facilities and tools	Reduce impact on the environment	Work with experts in the field for advanced technologies
Long Term	Invest in technologies to optimize on resources and manage risks	Low impact Technologies and properties					Focus on sustainable properties and asset management		

Stakeholder Inclusiveness

	OUR PEOPLE AND THE MANAGEMENT	SHAREHOLDERS AND INVESTORS	GUESTS	LOCAL COMMUNITY	ACCREDITED ORGANISATIONS, LEGISLATIONS, POLICIES AUTHORITIES & GOVERNMENT	SOCIAL
How we engage with our stakeholders	Internal newsletters Intranet Platform CEO roadshows Executive committees Regular updates via email/ Memos Employee surveys Induction programs On-going training and education Performance management programs	Regular presentations and roadshows External newsletters Integrated reports and financial statements Media releases and published results Annual General Meeting Dedicated analyst and investor meetings LUX Island Resorts website	Online satisfaction surveys (e.g TripAdvisor) Dedicated customer relationship managers and call centres Active website, Twitter and Facebook engagement Personal, one-to-one interactions Live Chat	Events and sponsorships Corporate Social Responsibility programmes Donations Media channels	Establish and maintain constructive relationships Comment on developments in legislation Participate in forums Regulatory surveillance, reporting and interaction Membership of industry bodies (e.g MTPA)	One-to-one meetings Tender and procurement processes Supplier forums
Their contribution to values creation	Team Members are our most important asset and are the foundation of our business by their being productive and elevating guest experiences to LUX* Shining level.	Investors provide the financial capital necessary to sustain growth, development and innovation.	Their perceptions and behaviours help us to understand their needs and deliver relevant experiences, leading to brand enhancement and increase in revenue.	The empowerment of local communities contributes to the long-term viability of our business.	Government and other regulatory bodies provide us with our licence to trade and the regulatory frameworks within which we operate.	Suppliers are vital to the success of our business by enabling us to deliver consistent guest experience.
What our stakeholders expect from us and their concerns	Expectation: Provide a safe, stimulating and rewarding work environment that offers opportunities for personal and career development. Concern: Health and safety performance Job security Performance management Decent Work & Labour Practices Equal Opportunity Gender Equality Ongoing training programmes and education Open communication between Team Members and Management Provision of competitive remuneration and benefits packages	Expectation: Provide sustained returns on investment through sound risk management, strategic growth opportunities and good governance practices. Hotel reputation (Responsible Business) Concern: Deliver sustainable growth and returns Dividends Leadership and strategic direction Corporate governance and ethics Projects progression Capital expenditure plans for current and future periods (risks and opportunities of expansion) Liquidity and gearing	Expectation: Provide consistent quality experiences that meet their expectations and needs. Concern: Unique, consistent and quality experience Simple and quick interaction with Team Members Value offerings Recognition for loyalty Innovative products and services	Expectation: Help provide a better environment by offering job opportunities, organising social events and sponsorships. Concern: Investment in disadvantage communities (education, health, poverty and empowerment) Employment opportunities Sponsorships	Expectation: Provide incentives for community empowerment through job creation, compliance with laws and regulations, and generate taxation revenue. Concern: Taxation revenue Compliance with legislation and licence conditions Job creation Investment in public and tourism infrastructure Investment in disadvantaged communities Environmentally-friendly operations and reduction in energy and water consumption	Expectation: Provide a framework for transparent supplier selection and effectuate payments in a timely manner. Concern: Timely payment and favourable terms Fair treatment
Impact on Objectives and Strategy	Elevate Team Member engagement	Growth revenue Cost optimisation Project development	Increase in direct bookings and retain guests	Environmental sustainability and Inclusive Business	Elevate the experience & Stakeholder relationship	Stakeholder Relationship

Chairman's Statement

I am pleased to report extremely satisfying performances for LIR Group. I would like to thank all LIR employees for their renewed loyalty and continued efforts this year again. We would certainly not be where we are today without their valuable input and support.

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present once again the Integrated Annual Report of Lux Island Resorts Ltd (LIR) and its subsidiaries for the financial year ended 30 June 2023.

Business Performances

For the second consecutive year following the Covid-19 pandemic, I am pleased to report extremely satisfying performances for LIR Group.

Group turnover went from Rs 6.25bn to Rs 7.77bn, while EBITDA (before other gains and losses) increased to Rs 2.3 bn (+18%) - including a capital gain of Rs 38m, resulting from the sale of a villa at LUX* Grand Baie.

Individually, our three destinations also did very well this past financial year. Mauritius posted an EBITDA of Rs 1,521m, representing 65% of the Group's overall numbers, while the Maldives and Reunion Island registered an EBITDA of MUR 667m (29%) and MUR 150m (6%), respectively.

Following the improved performance of the hotels, an amount of Rs 144m was booked during the year as other gains, representing the reversal of impairment charges accounted in previous years.

An agreement has been reached regarding the compensation receivable following the fire at LUX* Belle Mare. The compensation for loss of profit amounting to Rs 243m is final, mitigating the impact of closure costs incurred during the reconstruction of the hotel. Regarding Material Damages, an amount of Rs 729m has been recognised as compensation as agreed with the insurers based on the latest QS report. The final compensation will be determined after the final costing of the refurbishment cost is validated by the loss adjustors in November / December 2023. There is, however, no indication that the final cost will differ materially from the estimate. Any variation in compensation will be reflected in the results for the financial year ending 30 June 2024.

Operating Profit, which was Rs 1.2bn a year ago, almost doubled to Rs 2.3bn. Net finance costs increased by Rs 85m to Rs 538m. This increase is mainly due to a full-year interest charge on the loan contracted to construct LUX* Grand Baie (last year, a significant amount of interest incurred on that project was capitalized) and rising interest rates. Profit attributable to the Group increased from Rs 479m last year to Rs 1.46bn. Basic Earnings Per Share, which was Rs 3.49 a year ago, has increased to Rs 10.63 for the financial year ended 30 June 2023.

Overall, the gearing of the Group is very healthy, standing at 32% as at 30 June 2023. This can be attributed to the repayment of long term loans to the tune of Rs 527m and improved equity resulting from improved retained earnings and revaluation gains arising on revaluation of the Group's properties.

I mentioned last year that we wanted to reward shareholders, delivering long-term value while providing sustainable return through dividends. Today, I am happy to report we have successfully paid our first dividend post-Covid, to the value of Rs 2.00 per share, representing Rs 274m. I am confident that, unless we face unforeseen circumstances, LIR should be able to pay yearly dividends going forward.

Board and Governance

With a view to having a balanced Board of Directors boasting different skillsets, we appointed Mr John Brennan as Independent Director and member of the Audit & Risk and Remuneration Committees in January 2023. With 23 years' experience in the hospitality industry, working in 12 different hotels across 7 countries, John brings to the table exceptional abilities dealing with management companies as well as a vast expertise in operations.

Furthermore, we have implemented a new Code of Ethics across the Group, guiding both Directors' and LIR employees' commitment to moral conduct, integrity, ethical behaviour and the spirit of law. Values and ethics are the bedrock of the principled culture, shaping the way the Group governs, does business and interacts with people, partners and competitors.

Chairman's Statement

On another note, to be more efficient, the Board has decided to merge the Corporate Governance & Nomination and Remuneration committees into a Remuneration, Nomination, Corporate Governance and Ethics Committee, composed of two Independent Directors, one of whom is the Chairperson and two Non-Executive Directors.

Following the consolidation of the two committees, we are busy reviewing the Board Charter and the new Remuneration, Nomination, Corporate Governance and Ethics Charter, so as to be aligned with recent developments in the industry. Our Audit & Risk Committee Charter has also been reviewed during the 2022-2023 financial year, to better address the relationship between LIR and the management company, The Lux Collective (TLC).

Moreover, we regularly review and update the risk assessment measure implemented last year to ensure all risks inherent to the Group and its business are adequately monitored and addressed. This year, the focus is on the Group's Risk Appetite Statement.

Sustainability

Following the implementation of the Practice Direction No. 2 of 2022, issued by the Registrar of Companies, LIR has invited all shareholders to access this Annual Report using a QR Code or link directing them to our website.

In line with this initiative and with a view to avoiding huge paper waste, we conducted another exercise with our shareholders, encouraging those who have not yet opted to receive our Annual Report in soft copy to provide us with their email address so we may remedy the situation.

Acknowledgement

I would like to thank all LIR employees for their renewed loyalty and continued efforts this year again. We would certainly not be where we are today without their valuable input and support.

My warm thanks also go to Désiré Elliah, LIR's CEO, for leading the team in 2022-2023.

I am also grateful for the support of my colleagues on the Board of Directors, as well as to our shareholders who have maintained their trust in LIR this year again.

Jean-Claude Béga
Chairperson of the Board

22 September 2023

Chief Executive Officer's Interview

"This year, I am pleased to say we have embarked on the Sustainability Radar Mapping exercise, which will enable us to evaluate our performance over the years and take a stance to ensure more sustainable asset management and construction moving forward."

The last three years have seen their fair share of challenges. How did Lux Island Resorts perform in 2022-2023?

During the year under review, we have continued surfing on the good performances of the financial year 2021-2022. The two last quarters, in 2023, have been exceptional - both for the industry as well as LUX* hotels in Mauritius.

All our resorts that are currently in operation - LUX* Belle Mare being in renovation at the moment - have posted significant increase in occupancies resulting in an overall increase in turnover of 24% over last year.

In addition, we somehow benefited from the depreciation of the Mauritian rupee as well as the "revenge travel" trend having emerged during the last financial year, which have both contributed to the 12% increase in guests' average length of stay.

Still in Mauritius, I am happy to report we sold another villa at LUX* Grand Baie during the year. At the time of writing, only one villa remain unsold and we are confident we will sell it during the financial year ending 30 June 2024. We are very pleased with the performance of LUX* Grand Baie during its first year of operation; it is very rare to see a hotel post profits in its first full year of operation.

The Maldives has also done very well this financial year, especially during the second half of the finacial year 2023. Despite revenge travel having started to fade over there, performances seem to remain constant. The Government is expecting about 2 million tourist arrivals for the calendar year 2023 and has set a 3-million target by 2028, which augurs very well for the destination.

Boasting higher prices and greater occupation rates, the Maldives represents a great asset for Lux Island Resorts, contributing to 28% of its revenue and 29% of its EBITDA.

When it comes to LUX* St Gilles in Reunion Island, last year we mentioned an issue with the current lease, which expires in 2031. Though nothing has been finalised yet, we are working with the Authorities to address the issue. We shall inform shareholders accordingly once we have more information.

All in all, Lux Island Resorts has fared well for itself during this past financial year. Despite the crisis, we continued to generate cash from our operations and had, as at 30 June 2023, MUR 1 billion in the bank after repaying MUR 527 million of bank loan.

Moreover, upon completion of renovation works at the LUX* Belle Mare, all our hotels across our three destinations will be relatively new (except LUX* St Gilles), having been either recently built or refurbished. We are thus well positioned to take advantage of the recovery post the Covid-19 pandemic.

Recovery following the Covid-19 pandemic has been tremendous for the hospitality industry, both globally and in Mauritius. How did Lux Island Resorts manage on this front?

In 2022, the global GDP contribution from travel and tourism amounted to USD 7.7 trillion. In 2023, it is forecasted to reach an estimated USD 9.5 T.

In Mauritius, we are still benefiting from revenge travel – a trend that will eventually slow down moving forward but which we are trying our best to capitalise on while it lasts.

Tourism represents 10% of total global employment, exceeding other sectors such as financial services (9.1%) and health (7.4%). The industry thus has the potential to enhance socio-economic resilience and Lux Island Resorts will contribute to the upliftment of its communities, markets and destinations.

However, our main challenge remains the shortage of labour impacting the hospitality industry .

In this respect, Lux Island Resorts welcome the Mauritian Government's decision to hire foreign manpower, which obviously calls for the development of a new strategy. We need to find new ways and means to attract, train and retain talents, especially amongst the youth.

In line with our relentless commitment to learning & development, the Management Company, The Lux Collective Ltd, has implemented several transformative incentives for our current employees in 2022-2023 – a tactic we feel has created a more engaged and motivated workforce:

- We pilot launched a versatile Learning Management Platform, providing tailored on-demand learning experiences.
- Our partnership with professional platforms like TYPSY expanded access to industry knowledge.
- We sponsored our team members so they could join the inaugural cohort of the Food & Beverage Apprenticeship Programme offered by the LIRTA Ltd, The Lux Collective's training academy.
- Senior leaders benefitted from prestigious programmes while middle management followed supervisory development programmes having as objective to refine their team leadership skills. We also sponsored employees on various other professional skills building programmes, including workshops by experts such as Robin Banks and Colin and Steven Hall, enriching over 1,500 team members.

All that said, we do believe that Mauritius being renowned for its "Mauritian hospitality" is an advantage we need to maintain, which is why we will only be bringing these foreigners to work in the back office while client facing personnel will remain as far as possible exclusively local.

Last year, you mentioned the hopeful reopening of LUX* Belle Mare following the fire, scheduled for the first quarter of the financial year ending 30 June 2024. Is the project still on track?

The renovation of LUX* Belle Mare is going smoothly and we are confident we will be able to reopen the hotel for the high season, around October 2023, maintaining the same 5-star positioning but with a brand-new and modern look.

We are especially proud of how we managed costs on this project, notably in light of the inflation that followed Covid-19 pandemic and its resulting impact on the hospitality industry as a whole as well as Lux Island Resorts more specifically.

The complete renovation, including closure costs, sits at MUR 2 billion, of which MUR 1 billion came from our insurance compensation.

Initially, the claim made to the Insurance company following the fire was the highest in Mauritius! The situation was extremely complex, due to its financial magnitude but also because of all the players involved, which explains the length of the negotiations regarding the reimbursement procedure. I commend the tremendous work of Eagle Insurance and City Brokers Ltd in helping us overcome this challenge.

I would also like to thank all LUX* Belle Mare employees, who have been very patient and sympathetic during these difficult times, going to work across different LUX* hotels around the island during the renovation period. We are really looking forward to welcoming them and our esteemed guests within the new, beautiful premises.

Did Lux Island Resorts embark on any new sustainability initiatives during the year under review?

I mentioned last year that we had decided to align our sustainability initiatives with that of our parent company, IBL, adopting an eco-friendlier and more socially inclusive approach to managing our assets and carrying out future development projects.

This year, I am pleased to say we have embarked on the Sustainability Radar Mapping exercise, which will enable us to evaluate our performance over the years and take a stance to ensure more sustainable asset management and construction moving forward.

With the IFRS' announcement regarding the implementation of the ISSB standards, we are working on the disclosure of our climate-related impact and investments.

On another note, we have entrusted ESG data accuracy and analysis to an external firm, Positive Luxury, thereby ensuring transparency in the process, independence in the interpretation and reliability of the information we present to our stakeholders.

As part of our agreement with the firm, audits were conducted at LUX* Le Morne, LUX* Grand Baie, LUX* Grand Gaube, Tamassa Bel Ombre and LUX* South Ari Atoll, to assess LIR's compliance with both standard ESG pillars as well as innovation. The results will be published by Positive Luxury on a publicly accessible, interactive dashboard.

The tourism sector brings together different ethnicities, breaks cultural barriers and creates peace and harmony in diversity through stakeholder inclusion. Owing to our experience in creating tangible positive impacts, we are leveraging our resources to enhance our Service, communities and environment for our stakeholders, aligning

Chief Executive Officer's Interview

with both local and international goals. We do so through capacity building, empowerment, stakeholder engagement and working with experts in the respective fields.

Overall, our goal is to build the resilience of our business through calculated green investments and objectives. We recognise that leadership is a position of service and believe that resilience is the key to delivering quality service to our stakeholders. Without resilience, the other pillars rest on shaky foundations.

This is why we have upgraded our sustainability strategy in 2022-2023, embedding resilience building as a core pillar. Our commitment guides us to manage risks and identify opportunities to create community, business and environmental resilience, which also contribute to destination resilience and sustainability within the communities where Lux Island Resorts operates.

Give us an overview of the financial year 2023-2024

At the time of writing, the bookings in hand for our resorts across all destinations are extremely promising. We are already ahead of our 2019 numbers, pre-Covid, which leads us to believe we will have a very good first quarter and should hence enjoy a very positive financial year 2023-2024.

In contrast, the high inflation, increased interest rates and Ukraine/Russia war are still impacting our activities. We also still have an issue regarding air access in Mauritius; we need more flights, notably from the Middle East, if we want to widen our reach and match our competitors. Our main market at the time, totalling a strong 65% of our guests, is Europe (mainly France, England and Germany). The remaining 35% is divided between Reunion Island, South Africa and a couple of other countries.

On a more positive note, we understand Air Mauritius will soon be buying new planes and hope this will help us welcome more tourists as well as guests from other destinations like China, for example.

Finally, should the outcome of the LUX* St Gilles lease be positive, as hoped, we are planning to renovate the hotel, following which we will be able to start looking for some new opportunities in the region.

Acknowledgements

I would like to salute the incredible dedication of Lux Island Resorts team members across our three destinations. They are by far our most valuable asset; their renewed commitment in ensuring excellent customer service has been key in helping the Group weather the storm of the pandemic and navigate the new normal.

I am also thankful to our Chairman, Jean-Claude Béga, and The Lux Collective's CEO, Paul Jones, for their faith in our activities and contribution towards the success of the brand in 2022-2023.

I would like to extend my warm thanks to my fellow Directors for their wise counsel, as well as our shareholders, financial partners and guests, for their renewed trust and loyalty in Lux Island Resorts.

Désiré Elliah
Chief Executive Officer

22 September 2023

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 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*

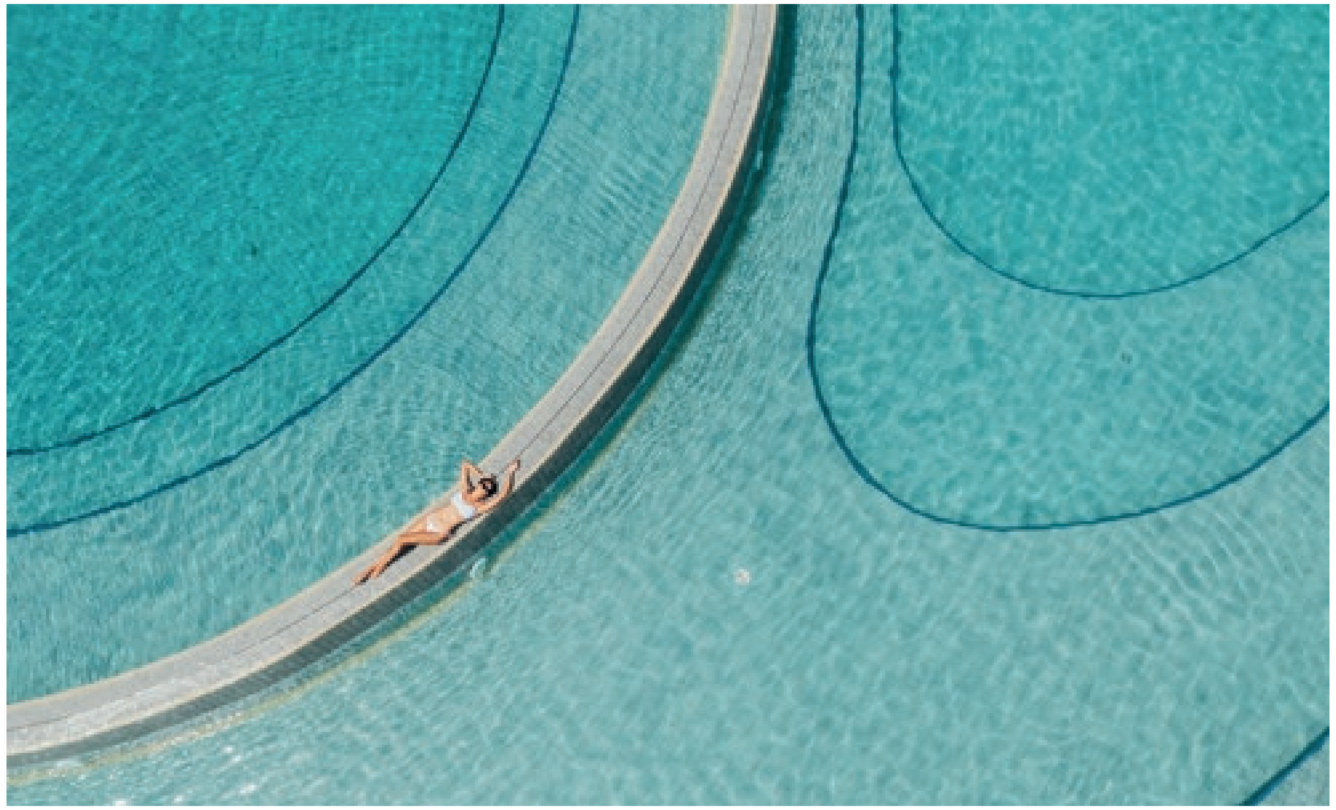
GRAND GAUBE
MAURITIUS

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, a home 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

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. The re-opening of the hotel is scheduled in October 2023.



LUX*

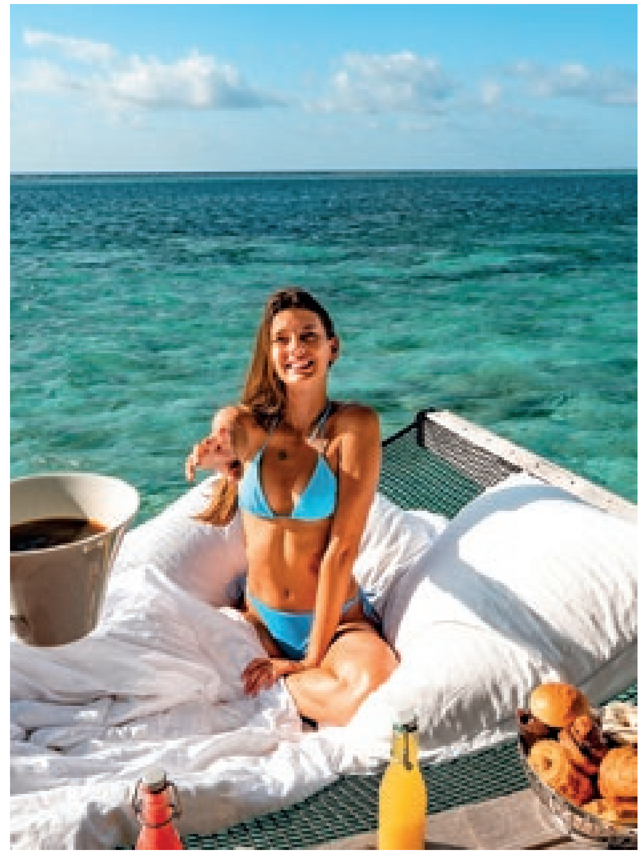
BELLE MARE
MAURITIUS

LUX*

SAINT GILLES
LA REUNION

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.



tamassa

Bel Ombre

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

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

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

Trip Advisor Travelers' Choice Awards
Winner in the category Top 10 hotels worldwide
World Travel Awards
Awards as Reunion Island's Leading Hotel

LUX* SOUTH ARI ATOLL

Forbes Travel Guide
Awarded 4-Star Rating in Forbes Travel Guide
LUXLife Global Vegan Awards
Awarded as Best Vegan-Friendly Resort in the Indian Ocean
World Hospitality Awards
Awarded as Top-3 in "Best Sustainable Action Local"
World's Finest Suites 2023 by Elite Traveller
LUX Villa awarded Gold in Sustainability & In-Suite Facilities*
LUXlife Hospitality Excellence Awards
Most Sustainable Wedding Resort - South Asia 2023
Travel+Leisure Luxury Awards Asia Pacific
Ranked in the Top 10 for Best Maldives Resort Pools
Ranked in the Top 10 as Best Maldives Resort for Families
Trip Advisor Travelers' Choice Awards
Travellers' Choice Award
Condé Nast Travele Readers' Choice Awards
Ranked 21st as "The Best Resorts in the World - in the Indian Ocean category
Luxlife Global Wedding Awards
Awarded as Most Sustainable Wedding Resort -South Asia
International Travel Awards
Awarded as Best Family All-Inclusive Resort

LUX* BELLE MARE

Trip Advisor Travelers' Choice Awards
Ranked 2nd as Best of The Best - Top 10 All-Inclusive Resorts
Ranked 15th out Top 25 Hotels - Africa
Condé Nast Traveler Readers' Choice Awards
Awarded as Reader's Choice

LUX* GRAND GAUBE

Forbes Travel Guide
Awarded 4-Star Rating in Forbes Travel Guide
Trip Advisor Travelers' Choice Awards
Ranked in the Top 10 of hotels worldwide
Luxury Travel Advisor
The Most Instagrammable Hotel in the World 2023
Trip Advisor Travelers' Choice Awards
Ranked Top 5 in the Indian Ocean and 1st in Mauritius
Ranked in the Top 10% of hotels worldwide
Condé Nast Traveler Readers' Choice Awards
Ranked as Top 5 in the Indian Ocean and 1st in Mauritius

TAMASSA

TUI Group
A TUI Global Hotel Award Quality Hotel
British Airways Holidays
Customer Excellence Awards 2022

LUX* GRAND BAIE

Forbes Travel Guides
Awarded 5-Star Rating in Forbes Travel Guide
Trip Advisor Travelers' Choice Awards
Awarded as Traveller's Choice 2023
Robb Report
Awarded as Best of the Best 2022 – The Best in Travel category for Island Getaway

LUX* LE MORNE

Forbes Travel Guide
Awarded 4-Star Rating in Forbes Travel Guide
Traveller Review Awards – Booking.com
Rated 9.2 out of 10
Trip Advisor Travelers' Choice Awards
Ranked 16th out of 25 in Africa
Condé Nast Traveler Readers' Choice Awards
Ranked amongst the TOP 10 BEST RESORTS in the Indian Ocean

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 and the Board of Directors affirms its commitment to ensuring that good governance principles are reflected in its business activities.

We are pleased to confirm that we have complied with all of the requirements and provisions for the year ended 30 June 2023, 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 has appointed, during the year under review, a new independent director, bringing the total number of independent directors to 3 (total number of Board Members is 9) with a view to comply with the recommendations contained in the NCCG with regards to the composition of its committees.
- Other directorships of the Board: The Board has decided not to disclose the other directorships (other then in listed companies) 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 2023, three directors were common to the Company and IBL Ltd, namely Messrs Jean-Claude Béga (who resigned as Director of IBL Ltd on 30 June 2023), Jan Boullé and Thierry Lagesse .

As at 30 June 2023, the Company's share capital was Rs 1,371,159,430 (137,115,943 shares) and 4,854 shareholders (30 June 2022: 4,946) 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 2023:

IBL Ltd	56.47%
Swan Group	7.72%
National Pension Fund	5.73%
Other shareholders (less than 5% each)	30.08%
Total	**100.00%**

Relations with Shareholders and Key Stakeholders (continued)

Shareholding Profile

The Company's shareholding profile as at 30 June 2023 was as follows:

Defined Brackets	Number of Shareholders	Number of Shares Owned	Percentage%
1-500	2,550	344,337	0.2511
501-1,000	495	387,194	0.2824
1,001-5,000	990	2,433,866	1.7751
5,001-10,000	276	2,016,672	1.4708
10,001-50,000	392	8,421,717	6.1420
50,001-100,000	63	4,570,747	3.3335
100,001-250,000	52	8,101,496	5.9085
250,001-1,000,000	26	12,832,548	9.3589
1,000,001-1,500,000	5	6,576,241	4.7961
Over 1,500,000	5	91,431,125	66.6816

Summary of Shareholder Category

Category of Shareholders	Number of Shareholders	Number of Shares Owned	Percentage%
Individuals	4,474	17,163,841	12.5177
Insurance and assurance companies	11	5,566,786	4.0599
Pension and providence funds	89	23,817,453	17.3703
Investment and trust companies	20	612,856	0.4470
Other corporate bodies	260	89,955,007	65.6051

Share Price Information

As at 30 June 2023, the share price of the Company was around Rs 51 compared to Rs 51.25 as at 30 June 2022.

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.

This year, the Company has decided to take advantage of the Practice direction no 2 of 2022 issued by the Registrar of Companies pursuant to Section 12 (8) of the Companies Act 2001 and dated 21st December 2022, relating to the sending of Annual reports and Financial statements ("the Practice Direction"), a copy of the annual report ''may be in any electronic version and may be sent by any electronic means''.

In line with the Practice Direction and to go even further in terms of sustainability and avoid a huge waste of paper, the shareholders are invited to access the Annual Report for the year ended 30 June 2023 via a QR Code, on the website www.luxislandresorts.com or through a link.

Relations with Shareholders and Key Stakeholders (continued)

Shareholder Rights (continued)

The notice and proxy form of the Annual Meeting shall still be sent to all shareholders via registered post.

Should the shareholder wish to retain its right to receive a hard copy of the Annual Report, he can do so by sending a notification to the Company to that effect and the Annual Report shall be sent to him within three working days.

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, the Board decides annually the amount of dividend to be declared. 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 since the financial year ended 30 June 2019. However, for the year ended 30 June 2023, the Board declared a dividend of Rs 2.00 per share.

Summary of dividend per share paid over the past 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
Year ended 30 June 2020	-
Year ended 30 June 2021	-
Year ended 30 June 2022	-
Year ended 30 June 2023 (Note 2)	2.00

Note 1: represents the carrying value of the investment in TLC distributed as dividend in specie.
Note 2: the dividend was paid on 4 August 2023

Relations with Shareholders and Key Stakeholders (continued)

Conduct of Shareholder Meetings

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

Directors are encouraged to attend Shareholders' meetings.

The external auditors are also present at such meeting.

The Constitution also allows a shareholder of the Company to appoint a proxy (in the case of an individual shareholder) or a representative (in the case of a body corporate which is a shareholder of the Company, by way of a proxy), 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 approval of the remuneration of the Non-Executive Directors for the next financial year and the ratification of the remuneration of the Non-Executive Directors for the financial year under review.
- 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 2023.

Directors	Direct Interest		Indirect Interest	Number of Other Directorships in Listed Companies
	Shares	%	%	
Jean-Claude Béga	79,651	0.06	0.04	2
Jan Boullé	-	-	0.05	5
John Brennan (appointed on 24.01.2023)	-	-	-	-
Jenifer Chung Wong Tsang	-	-	-	-
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	-	3

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 2023.

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

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. The register is regularly updated with the information submitted by the directors and/or other insiders as applicable.

Relations with Shareholders and Key Stakeholders (continued)

Calendar of Important Events with Respect to the Forthcoming Financial Period

Publication of 1st quarter results	October 2023
Annual Meeting of Shareholders	December 2023
Declaration/payment of interim dividend (if applicable)	November/December 2023
Publication of half-yearly results	January 2024
Publication of 3rd-quarter results	April 2024
Declaration/payment of final dividend (if applicable)	June 2024
Financial year-end	June 2024
Publication of abridged end-of-year results	August/September 2024

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 Management;
- Review and approve significant corporate actions and major transactions;
- Assess the effectiveness of the Board in accomplishing its function and meeting out its objectives;
- Ensure ethical behaviour and compliance with laws and regulations, auditing and accounting principles and the Company's own governing documents;
- Identify key stakeholder groups and acknowledge that their perceptions affect the Company's reputation;
- Consider sustainability issues, e.g environmental and social factors, as part of its strategic formulation; and
- Perform such other functions as prescribed by law, or assigned to the Board in the Company's governing documents.

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

The Board Charter is reviewed on an annual basis.

Chairperson of the Board

The Board is headed by the Chairperson and there is a clear separation of responsibilities between the leadership of the Board and the Executives responsible for managing the Company's business. The Board notes that the Chairperson plays an instrumental role in developing the business of the Company and the Group and that he provides the Company and the Group with strong leadership and vision. The Chairperson of the company is Mr Jean-Claude Béga.

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

- Leading the Board to ensure its effectiveness in all aspects of its role;
- Setting the agenda and ensuring that adequate time is granted to discuss all agenda items particularly strategic issues;
- Ensuring that the Directors receive complete, adequate information in a timely manner;
- Ensuring effective communication with shareholders;

Corporate
Governance

Governance Structure (continued)

Chairperson of the Board (continued)

- 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 Board has adopted a new Code of Ethics for the directors and the employees which is available for consultation on its website.

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

Structure of the Board

Board Size and Composition

The Board is a unitary board that currently consists of 9 directors as shown below, along with their membership on the Committees.

Each year, the Board examines the size, composition, skills and core competencies of its members to ensure there is an appropriate balance and diversity of gender, skills, experience and knowledge. The Board includes Directors from different industries and backgrounds, with business and management experience, who, collectively, provide the core abilities for the leadership of the Company. Taking into account the scope and nature of the Group's operations, the Board considers that the current Board of 9 Directors is appropriate for enabling effective decision-making.

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 Remuneration, Nomination, Corporate Governance and Ethics Committee
Désiré Elliah (Chief Executive Officer)	M	Mauritius	Executive Director	Non applicable
Jan Boullé	M	Mauritius	Non-Executive Director	Member of the Remuneration, Nomination, Corporate Governance and Ethics Committee
John Brennan (appointed on 24.01.2023)	M	Ireland	Independent Director	Member of the Audit & Risk Committee and of the Remuneration, Nomination, Corporate Governance and Ethics 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 Remuneration, Nomination, Corporate Governance and Ethics 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

Structure of the Board (continued)

Director's Independence Review

Having at least 3 independent directors plays 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 take 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 who 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 independence.

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

- Mrs Pascale Lagesse
- Ms Jenifer Chung Wong Tsang
- Mr John Brennan

Mrs Pascale Lagesse was appointed as an Independent Director on the Board on 20 April 2017, Ms Jenifer Chung Wong Tsang on 25 November 2021 and Mr John Brennan on 24 January 2023.

The Board believes that the Independent Directors have and will demonstrate a high commitment to their roles as Directors.

Delegation by the Board

The Board has delegated certain functions to 2 Committees, namely the Audit & Risk Committee (ARC) and the Remuneration, Nomination, Corporate Governance and Ethics Committee (RNCGEC). In April 2023, the Board has decided (in order to deal with the various matters in a more efficient manner) to merge its Corporate Governance and Nomination Committtee and its Remuneration Committee . Each committee has its own written terms of reference, which are available on the Company's website. Please refer to pages 73 to 74 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 RNCGEC reviews each Director's ability to devote sufficient time and attention to the affairs of the Company during the RNCGEC's annual assessment process. The RNCGEC 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 a governance expert, the Company Secretary guides 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.

The ARC is governed by a Charter, in line with the provisions of the NCCG. The Charter of the ARC has been reviewed during the year and is available on the website of the Company.

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 Management as well as full discretion to invite any Director or executive officer to attend its meetings. Reasonable resources are made available to enable the ARC to discharge its functions properly.

In addition to its statutory functions, the ARC considers and reviews any other matters as may be agreed 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 report, before recommendation 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:

- Assessment of impairment of goodwill and other non current assets (PPE and Right of Use Assets)
- Reversal of impairment of investments in subsidiairies
- Impact of the fire at LUX* Belle Mare (Beau Rivage Co Ltd)

These matters as well as any other issues identified by the ARC are discussed with both the internal and external auditors. Depending on the issue, independent expert advice is 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 2023 ("FY 2023 Financial Statements"). The Board has approved the FY 2023 Financial Statements on 22 September 2023.

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

- Approval of the financial statements as at 30 June 2022
- Approval of the results for Q1, Q2 and Q3
- Meeting with the external auditors and planning of the audit
- Approval of the budget for the financial year ending 30 June 2024
- Recommandation of a dividend declaration for the year ended 30 June 2023
- Approval of a new Audit & Risk Committee Charter
- Taking cognisance of the internal audit reports issued

The members of the ARC are as follows:

- Jenifer Chung Wong Tang (Chairperson)	Independent Director
- John Brennan (appointed on 24.01.23)	Independent Director
- Laurent de la Hogue	Non-Executive Director
- Maxime Rey	Non-Executive Director

The Board has appointed another independent director on the committee during the year under review and will continue to take appropriate actions to comply with the recommendations of the NCCG in terms of the number of independent directors constituting the ARC.

Profiles and qualifications of the members of the ARC are disclosed on pages 14-15.

Remuneration, Nomination, Corporate Governance and Ethics Committee (RNCGEC)

The Board has decided in April 2023 to merge its Corporate Governance and Nomination Committee and its Remuneration Committee. The first meeting of the new Committtee is scheduled in October 2023.

The Charter of the new Committee that determines its objects and functions, is still under review and will be available on the website of the Company after its approval by the Board.

The Charter will be reviewed on an annual basis.

The main objects and functions of the Committee, amongst others are :

- 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 approval of a general framework of remuneration for the key management personnel.

The members of the RNCGEC are :

- Pascale Lagesse (Chairperson)	Independent Director
- John Brennan (appointed on 24.01.23)	Independent Director
- Jean-Claude Béga	Non-Executive Chairperson of the Board
- Jan Boullé	Non-Executive Director

Profiles and qualifications of the members of the RNCGEC are disclosed on pages 14-15.

The Board deems that the current composition of this new committee is adequate with 2 Independent Directors, amongst which is the Chairperson.

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	Corporate Governance and Nomination Committee Meetings	Remuneration Committee Meetings
Executive Directors				
Désiré Elliah	7	6 (in attendance)	3 (in attendance)	3 (in attendance)
Non-Executive Directors				
Jean-Claude Béga	7	-	3	3
Jan Boullé	7	-	3	3
John Brennan (appointed on 24.01.23)	3/3	2/2	-	1/1
Jenifer Chung Wong Tsang	7	6	-	-
Laurent de la Hogue	7	6	-	-
Pascale Lagesse	7	-	3	3
Thierry Lagesse	5	-	-	-
Maxime Rey	6	6	-	-
Number of Meetings held	7	6	3	3

Director Appointment Procedures

Role of the RNCGEC in the Director's appointment

The RNCGEC is responsible for selecting and appointing new Directors.

All new Board members are first considered, and recommended by the RNCGEC, 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 RNCGEC 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 RNCGEC 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 and Mr Thierry Lagesse will submit their re-election as Board Members under Section 138 of the Mauritian Companies Act 2001.

This year, in line with the provisions of the NCCG, all directors will submit their re-election as Board Members and Mr John Brennan who has been nominated on 24 January 2023 will submit his election as Board Member at the forthcoming Annual Meeting of Shareholders.

The RNCGEC 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 financial 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 Remuneration, Corporate Governance and Ethics Committee.

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

Directors profile

Please refer to pages 14-15 to pages 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.

Please refer to page 10-11 for the the list of directors of each susbisidiary including the name of any director who ceased to hold office during the year under review.

Duties, Remuneration and Performance

Key features of Board processes

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

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

From 01 July 2022 to 30 June 2023, the Board met 7 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 2022 and relevant publications including the annual report for the year ended 30 June 2022;
- The LUX* Belle Mare renovation project after the fire in July 2022
- Approval of Q1 results;
- Approval of Q2 results;
- Approval of Q3 results;
- Approval of a dividend for the year ended 30 June 2023 and
- Approval of the budget for the financial year ending 30 June 2024.

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 185 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 has been reviewed by the RNCGEC during the course of the year and, which includes a section on conflict of interest, is applicable to the directors and all employees of 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 victimization. It also outlines the complaint handling and reporting processes to improve transparency.

All directors and employees of 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. No addition has been made to the interest register during the year under review for the Company and its subsidiairies. 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.

There was no major transaction to disclose as per section 130 (2) of the Companies Act 2001 for the financial year ended 30 June 2023.

Board Evaluation Process

The RNCGEC is tasked with carrying out the processes implemented

Duties, Remuneration and Performance (continued)

Board Evaluation Process (continued)

by the Board, assessing the effectiveness of the Board as a whole and the contribution by each individual Director to the effectiveness of the Board every two years.

The next Board evaluation exercise is scheduled for the financial year ending 30 June 2024.

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 RNCGEC and improvement actions are considered for implementation. The last evaluation 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 RNCGEC, 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 committees receive an annual extra fee for their attendance to their respective committee. The fee for the Board Members have been reviewed as per below.
The fee for the Remuneration, Nomination, Corporate Governance and Ethics Committee members (following the merger of the Corporate Governance and Nomination Committee and of the Remuneration Committee) is not yet finalized. For the year under review, the same fees as last year have been applied.

Board	Rs
Chairperson	500,000
Board Members' Fee	300,000
Meeting Fee for the Chairperson	40,000
Meeting Fee for the Board Members	30,000
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

Two independent Directors who do not reside in Mauritius are paid a remuneration of Euro 20,000. This fee has been calculated proportionately for Mr John Brennan who was appointed during the course of the year under review.

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.

Executive Share Scheme – 'ESS'

The previous ESS was terminated following the split with The Lux Collective Ltd and the RNCGEC 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.

Remuneration Matters (continued)

Directors remuneration for the year ended 30 June 2023

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

	Year ended 30 June 2023		Year ended 30 June 2022	
	Executive	Non- Executive	Executive	Non- Executive
	Rs	Rs	Rs	Rs
The Company	16,638,590	5,228,751	18,695,878	3,755,109
Subsidiary	15,039,401	-	13,399,880	-

	Year ended 30 June 2023	Year ended 30 June 2022
Non Executives	Rs	Rs
Jean-Claude Béga (Note 1)	**880,000**	450,000
Jan Boullé (Note 1)	**610,000**	400,000
John Brennan (appointed on 24.01.23)	**453,650**	-
Laurent de La Hogue (Note 1)	**590,000**	380,000
Pascale Lagesse	**1,024,998**	1,097,500
Thierry Lagesse	**450,000**	300,000
Maxime Rey	**560,000**	380,000
Jenifer Chung Wong Tsang	**660,000**	268,322
Gerhard Hecker (resigned on 25.11.22)	-	173,808
Reshan Rambocus (resigned on 09.02.22)	-	305,479
	5,228,648	3,755,109
Executive director of the holding company		
Désiré Elliah	**16,638,590**	18,695,878

(Note 1): The fees of Mr Jean-Claude Béga, Mr Jan Boullé and Mr Laurent de La Hogue are paid to IBL Management Ltd.

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*
Ashok Bhugoo – *Acting General Manager – LUX* Le Morne*
Riad Chonee – C*hief Asset Management Officer*
Gerhard Hecker – *General Manager – LUX* Belle Mare*
Patrice Hudebine – *Directeur Général – LUX* Saint Gilles*
Nicolas Messian – *General Manager – LUX* Grand Baie*
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*

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.

Corporate
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Remuneration Matters (continued)

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 2023 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.

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.

Risk Governance and Internal Control (continued)

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 #	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. Contributing factors: - Youngsters are reluctant to take up jobs in the hotel industry - Existing employees leave the hotel industry to work in luxury cruises - Substitution of Mauritian workforce by imported labour erodes the Mauritian touch in client servicing	- Appealing incentive schemes offered to both existing and potential hires - Talent development and management plans are in place - Active engagement with the public authorities for the grant of work permits to foreign hires and marketing of the hotel industry	High
2	The ability of LIR to achieve its strategic goals depends on the performance of the Management Company (e.g. market share expansion, business continuity and growth).	- Regular monitoring of the performance of the Management company - 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 - Internal and government imposed sanitary protocols in place to manage COVID 19 - 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 - Regular IT security audits - 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. Contributing factors: - Low lying islands in Maldives - 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 the Maldives - Working with governments on environmental projects (e.g. coral farming)	High

Risk Governance and Internal Control (continued)

Risk Factors (continued)

Risk #	Risk description	Mitigating Factors	Risk ranking
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 - Steering Committee set up for all developmental projects, which remains the key decision-maker, especially disagreements between stakeholders	Medium
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 - Internal working groups and procedures ensure compliance with relevant regulations - 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 - 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) - Coordinate marketing thinking and efforts with AHRIM, Mauritius Tourism Promotion Authority (MTPA) and Ministry of Tourism - Insurance policies covering operational losses caused by natural catastrophes - 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 - 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 and 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. - 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 - 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 - Insurance cover for losses resulting from irrecoverable trade receivables - 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.

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.

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Internal and External Audit (continued)

External Audit Independence (continued)

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 2023.

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

	The Group		The Company	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	Rs	Rs	Rs	Rs
(a) PWC				
Audit services	**6,042,619**	4,571,450	**1,450,000**	849,750
Other services	**600,000**	-	**133,516**	-
Tax services	**412,911**	396,800	**30,000**	30,000
	7,055,530	4,968,250	**1,613,516**	879,750
(b) Other Auditors				
Audit services	**852,081**	1,235,198	-	-
	852,081	1,235,198	-	-
Total	**7,907,611**	6,203,448	**1,613,516**	879,750

Internal and External Audit (continued)

External Audit Independence (continued)

The details of the audit fees, other services and tax services are disclosed per subsidiairy below:

	Audit fees	Other services	Tax
	Rs	Rs	Rs
Holiday & Leisure Resorts Ltd	800,000	65,935	40,000
Beau Rivage Co Ltd	600.000	89,011	40,000
Les Pavillons Resorts Ltd	800,000	89,011	40,000
Merville Limited	800,000	89,011	35,000
White Sands Resort & Spa Pvt Ltd	542,619	-	102,911
Les Villas du Lagon SA	852,081	-	-
Néréide Limited	800,000	133,516	35,000
Lux Island Resorts Ltd	1,450,000	133,516	30,000
Lux Island Resorts Maldives Ltd	150,000	-	10,000
Océanide Limited	100,000	-	5,000
Blue Bay Tokey Island Limited	-	-	25,000
MSF Leisure Company Ltd	-	-	25,000
FMM Ltee	-	-	5,000
LTK Ltd	-	-	5,000
Merville Beach Hotel Ltd	-	-	5,000
Lux Island Resorts Foundation	-	-	5,000
LIR Properties Ltd	-	-	5,000
Total	**6,894,700**	**600,000**	**412,911**

Other Disclosure

Donations

Donations, other than contributions made under CSR projects, made by the the Company and its subsidiaries amounted to Rs 460,776 (2022: Rs 520,709) and are disclosed as per below :

No political donation was made for the financial year ended 30 June 2023 (2022 : Rs Nil).

Donations for the year ended 30 June 2023	Rs
Lux Island Resorts Ltd	30,000
Holiday & Leisure Resorts Ltd	43,588
Les Pavillons Resorts Ltd	144,982
White Sands Resort & Spa Pvt Ltd	182,655
Néréide Limited	59,551
Total	**460,776**

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; and
- they have taken reasonable steps for the prevention and detection of fraud and other irregularities.

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 2023, 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 22 September 2023 and signed on its behalf by:

Jean-Claude Béga
Chairperson of the Board

Pascale Lagesse
Chairperson of the Remuneration, Nomination, Corporate Governance and Ethics Committee

Sustainability

As stated in the CEO's Message, during the year LIR Group has upgraded its sustainability strategy by embedding resilience building as one of its core pillars to ensure strong foundations for a sustainable future.

This supports socio-economic resilience, environmental resilience and hence contributing to destination resilience where LIR Group is operating. This includes stakeholder inclusion, engagement, capacity building, empowerment, and risk management. We've entrusted ESG (Environmental, social and corporate governance) data accuracy and analysis to external firms mentioned in later sections of this report, to ensure transparency in the process, independence in the interpretation and reliability of the information we offer to all our stakeholders. Our goal is to build together, the resilience and sustainability of our business through calculated green investments and objectives.

Our Sustainability Journey

1987 – 2010

- CSR as per legislation and beyond through NGO support

2011 - 2012

- Naiade Resorts Ltd restructured to Lux Island Resorts Ltd
- Stakeholder Engagement process
- Creation of Tread Lightly
- Earth & Dance in-house water bottling project

2012 - 2013

- GRI Sustainability Reporting
- LUX* Sustainability Committee creation
- Launch of Sustainability Workshops

2013 - 2014

- GRI G4 disclosure for Annual Report
- LUX* Corporate Sustainability Management Plan
- 100% Carbon offsetting for stays
- External Assurance

2014 – 2015

- 1st Integrated Annual Report
- Materiality
- Ray of Light
- International guidelines for reporting of data

2015 – 2016

- 1st hotel group listed on Sustainability Index of Stock Exchange of Mauritius
- Carbon Finance Agreement with AERAE
- GRI Gold Community

2016 – 2017

- UN Sustainable Development Goals (UNSDGs) Mappping
- International Integrated Reporting Council (IIRC)
- The Code Conduct for Child protection from Sexual Exploitation in Travel & Tourism
- Green key certification of LUX* St Gilles
- Ille des Deux Cocos off-grid photovoltaic plant

2017 – 2018

- Assessment for renewable energy projects at LUX*
- Reporting on Energy Consumption
- Monitoring targets for energy reduction

2018 – 2019

- LUX* South Ari Atoll Maldives floating photovoltaic plant.
- Tread Lightly reaches millionth room nights contribution for carbon neutrality.

2019 – 2020

- GRI Covid-19 special A Culture of Health for Business
- 5th Anniversary for GRI Gold Community
- Earthcheck certification for all hotels

2020 – 2030

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

Socio-economic growth and community resilience

- Creation of employment
- Contributing to Tax for government socio-economic and environmental projects.
- Upliftment of livelihoods in areas where LIR is operating.
- Social and governance compliance and regulations

Sustainability Risks reduction & Environmental protection

- Reduction and reporting on GHG (Greenhouse Gas) emissions.
- Reduced sustainability risks & regulatory costs.
- Reduced risks of reputational costs through mitigations environmental concerns
- Social and governance compliance and regulator relationships

Reducing Costs & increasing Revenues

- Reduced costs by working on energy efficiency in our resorts.
- Reduced relative resource consumption.
- Creation of Opportunity for new products & services

Confidence Building

- Brand is purpose driven.
- Feedback mechanism through customer surveys.
- Improved reputation and trust (trusted by the markets, stakeholders and public).
- Improved employee, stakeholder, and regulator relationships

In line with its commitment to build socio-economic resilience and sustainability, LIR has been working closely with its communities by integrating the "circle of care" initiatives. Some of the initiatives are as follows:

Project Zero Hunger

In 2020 millions of people worldwide

2,400,000,000

Were moderately or severely food-insecure with a lack of regular access to adequate food.

720 to 811 million

Suffered from hunger

149,200,000

Children below 5 years (22%) were suffering from stunting (low height for their age).

The UNSDG 2 (Sustainable Development Goal 2) has as objective to create a world free of hunger by 2030. In 2020 there were 2.4 billion people (around 30%) of the world's population who were moderately or severely food-insecure with a lack of regular access to adequate food. In 2020, 720-811 million persons worldwide suffer from hunger and globally 149.2 million children below 5 years (22%) were suffering from stunting (low height for their age). We are already in 2023 and to achieve the target, LIR recognises that it is essential to have coordinated actions for healthy nutrition wherever possible. Taking these statistics into account, the resorts often perform voluntary food donation. For example, the LUX* Grand Gaube team carried out Voluntary donation of food and clothes to underprivileged people and children of the World Light Kids Villa Orphanage and Grand Gaube village Council.

Furthermore, the resorts collaborate with Foodwise for food donation monthly. Moreover, Tamassa resort participated in Food Donation to the Senior Citizens of Bel Ombre. The resort also contributed to food donation to Women's Associations, Senior Citizens Association and Social Welfare Committee of Chemin Grenier. LIR Group recognises that a person cannot think well with an empty stomach and without the right thoughts, there cannot be right action. Hence, food is of utmost priority for an individual. Wherever possible the resorts educate the guests, teams and communities about healthy eating habit which is key for proper development and growth.

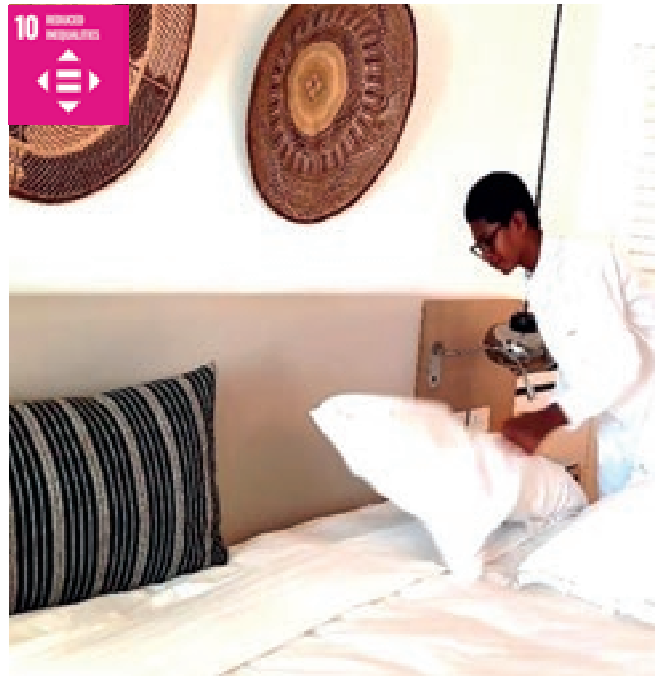
Education & School Material

The UNSDG 4 states that quality education is fundamental to create a peaceful and prosperous world as education enhance knowledge and skills for good health, employment, and foster tolerance. Globally, 147 million children missed most of their in-class sessions over the past two years, which represents around $17 trillion lost earnings.LIR resorts contribute to school materials to underprivileged children to encourage them to continue their studies. LIR resorts allow their team members to participate through a collection of school materials from their team members (e.g., LUX* Grand Gaube) to distribute to respective NGOs.

Furthermore, Edutainment programs such as "Kids Go green" are carried out in collaboration with schools such as Paille En Queue school in Grand Gaube. Other activities include helping the children to learn about gardening, sessions with Mauritius Police Force, sessions on Recycling at Junk Art Gallery, and sessions with Mauritius Wildlife Foundation about Healthy Eating counselling. Tamassa resort contributed through a Prize Giving Ceremony at Mootoocoomaren Sangeelee SSS by Acknowledging Academic and Sports Curriculum success stories of the school.

LIR contributed to book donation to A.Dh Dhigurah School Library.

The Books were collected through various households from Singapore in partnership with Ron Kaufman with the LUX* South Ari Atoll.



Let's Grow Together !

The UNSDG 10 has as objective to reduce inequalities and to ensure that no one is left behind. To reduce inequality, community inclusion is essential.

Through community inclusion, the LIR resorts are helping school dropouts.

For example, LUX* Grand Gaube has partnered with Paille En Queue School in Grand Gaube to initiate students to the hospitality career through an Apprenticeship Program. The program consists of 4 hours of skills development per day per apprentice. It is also expected that the unemployed women in Grand Gaube will be invited for flexitime jobs.

Circle of Happiness !

The UNSDG 17 enhance partnerships to reach the sustainable development objectives. LIR believes that partnership is both local and global. Partnership with the local communities, guests, NGOs, businesses, and experts help to identify opportunities to reach the goals. For example, to enhance harmony, the resort such as LUX* Grand Gaube is offering guided Energy Alignment & Meditation to its guests. The session "Energy maze" allow guests to go through the energy maze to harmonise their energy, guided by the master yoga. This allows the guests to partner with the resort in its sustainability goals.

The fund collected from this initiative is expected to be donated to the village council of Grand Gaube for the "Light up the darkness" project.

Health and Well-being

The UNSDG 3 has as aim to ensure healthy lives and promote well-being for all at all ages. The Covid-19 has halted progress of work in health coverage and the pandemic has disrupted essential health services, increased the prevalence of many health issues while it has lowered global life expectancy. LIR contributes to health and well-being not only of its team and guests but of the communities it serves, for example, Tamassa resort during the year. This is an activity which other resorts also participate in.

NGOs and Causes Supported by LIR

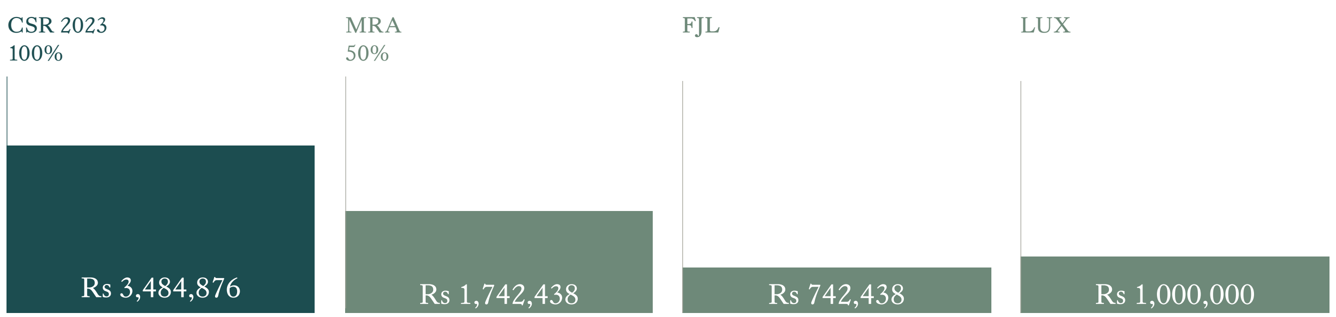
Our CSR fund consisting of 2% of our taxable profit, was distributed to the National Social Inclusion Foundation (NSIF), to the "Fondation Joseph Lagesse" and to our usual CSR Partners to sustain their activities. Funds are allocated in line with national priority areas such as poverty alleviation, quality education, empowerment of women, or biodiversity conservation.

We further consider the United Nations Sustainable Development Goals such as 1. No Poverty, 2. Zero Hunger, 3. Good Health and Wellbeing, 4. Quality Education, 5. Gender Equality, 10. Reduced Inequalities, 11. Sustainable Cities and Communities, 14. Life below Water, 15. Life on Land, 17. Partnerships for the Goals.

Breakdown of CSR Fund carried out jointly with our Management Company The Lux Collective Ltd.

Total CSR Fund 2023

CSR Fund distributed as the following:



Breakdown of CSR Fund and Projects supported by LIR:

NGOs/Projects	Corporate Partner	Sponsorship	Amount
ELLES C NOUS ASSOCIATION	LIR & TLC	A field worker responsible for all activities that support the centre, pay bills, fetch donations, and distribute, and be of support to the director in field work activities	40,000
THALASSEMIA SOCIETY OF MAURITIUS	LUX* Belle Mare	Thalassemia Society brings much needed support to Thalassemia patients and their family. This year the NGO will continue to care for their health with equipment to reduce covid-19 contamination and support the elder patients with MRI, treatment, and transportation expenses	50,000
LOVEBRIDGE LTD	LUX* Le Morne	Inclusiveness project for Children of South West region via Built to Care projects for kids at LUX* Le Morne	40,000
Atelier de Formation Joie De Vivre	LUX* Le Morne	Salary of the fitness teacher & extra curricular activities	40,000
LAVENTURE TECHNICAL SCHOOL FOR DISABLED	SALT of Palmar	75 disabled students (renovation of kitchen for home eco class)	40,000
Angel Special School and Welfare Association	Tamassa	Angel Special School and Welfare Association is an all age, mixed school and has a Therapy and Training Centre for pupils with impairment and multiple learning difficulties. It is situated in the southern part of Mauritius, precisely at Chemin Grenier and Riviere Des Anguilles. We have witnessed and enabled many positive changes in our children during the past years.	40,000
GENDER LINKS	LIR & TLC	Safe Haven Halfway Home (25 residents), after school club for children	50,000
Association Paille en Queue	LUX* Grand Gaube	Education & ICT / IT Room / installation of projectors	50,000
MAURITIAN WILDLIFE FOUNDATION	LIR & TLC	Rare plant and species conservation is the expertise of MWF and is ongoing for many years, with pollution on the rise, MWF will work with LUX to re-introduce endemic plants in urban zones to support the conservation work and raise awareness. In 2023 TLC Group of resorts to become CHAMPION OF LATANIER BLEU	221,219
ECO SUD	LIR & TLC	Lagoon monitoring & eco activities with resort guests Local Community community of Le Morne region and South West in general Bel Ombre, Blue Bay and local community of the South in general lagoon monitoring turtle beach Grand Baie Bay and Grand Gaube area	168,781
SOS CHILDREN'S VILLAGES MAURITIUS	LIR & TLC	Secondary school students receiving tuitions & some expenses of the ngo	30,000
Le PONT DU TAMARINIER	LLM	LLM & PWC	100,000
FONDATION COURS JEANNE D'ARC	LIR & TLC	EDUCATION FEES FOR 2023 FOR STUDENT YAEL ELMIRE, SPECIAL NEEDS SCHOOLING	30,000
THE GLOBAL RAINBOW FOUNDATION	LUX* Grand Baie	Training disabled workers for hospitality, training TMs on sign language developing, Inclusive Workplace policy together	50,000
PROTECTION OF ANIMAL WELFARE SOCIETY	LIR, TLC & LBM	Sterilisation campaigns for strays: dogs & cats	20,000
NEW CHINATOWN FOUNDATION	LIR & TLC	Projects: Lighting, bins in each main crossroad and endemic plants donations to city of Port Louis	30,000
FONDATION JOSEPH LAGESSE	LIR & TLC	PROJET LITERACY and Food Security at Bois Marchand, food program for children, the sponsorship of two students from disadvantaged backgrounds at VATEL via their LIFT	742,438

NGOs and Causes Supported by LIR

LIR initiatives extend beyond national CSR. For example, through its project Tree of the Wishes, LUX* South Ari Atoll Maldives has been able to donate USD 20, 000 to Childrens Home. During the Celebration of Earth Day, there were tree planting activities on the island and the celebration was extended to local island in the Maldives such as ADH. Dhidhoo, where local communities participated in planting trees at the local island.

Environmental Resilience & Sustainability

The UNSDG 13 has as aim to strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries. For this to be possible, it is essential to Integrate climate change measures into national policies, strategies, and planning. The Intergovernmental Panel on Climate Change (IPCC) advises that reductions in greenhouse gas (GHG) emissions are essential in all sectors. Emissions must already be decreasing and reduced by almost half by 2030, to limit global warming to 1.5°C above pre- industrial levels. In 2021, the global mean temperature was about 1.1°C above the pre-industrial level (from 1850 to 1900). The years from 2015 to 2021 were the seven warmest on record.

By 2030, an estimated 700 million people will be at risk of displacement by drought alone.

An estimated 7 million people die every year from air pollution. According to the IPCC, human-caused emissions of carbon dioxide need to fall 45% from 2010 levels by 2030 and reach net-zero around 2050 to prevent 1.5 °C-2.0°C. It is hence imperative that urgent actions are taken to combat climate change and its impacts. LIR Group recognises its leadership role towards mitigating environmental impacts and contributing to environmental resilience and sustainability.

Tread Lightly

Tread Lightly was introduced in 2011, which is intended to sustain not only for the present generation but also for future generation.

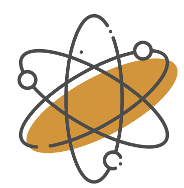
The introduction of the initiative was followed by the creation of the group's Sustainability committee structure. Through Tread lightly, LIR guests have the opportunity to reduce their carbon footprint through voluntary contribution of an offsetting fee of one euro per night stay. The project also aligns with the Paris Climate Change Agreement for a carbon clean present and future.

The Sustainability committee helps to ensure the implementation of the project at each resort. Today the project has materialised intro concrete implementations and initiatives which continue to expand. Key projects include renewable energy such as solar panels, Energy management system on HVAC (Heating, Ventilation & Air-Conditioning), low energy lighting. LIR Group has also been working on energy reduction projects through savings sharing schemes. This helps the group to attract the best sustainability partners to assist in working on a sustainable environment for the present and future generations. This has led to financial benefits and better business performance at LIR.

The group recognise that tourism has the potential to contribute to environmental and socio-economic resilience and sustainability. By engaging with its guests and stakeholders, LIR resorts recognise that informed travellers make sustainable choices to reduce their footprint. The resorts are working with accredited sustainability certification EarthCheck recognised by the Global Sustainable Tourism Council (GSTC), to not only satisfy travellers' environmental needs but also the urgent actions required to mitigate the impacts. The Environmental and Emissions Reduction Fund is established to support environmental and sustainability initiatives within the organisation. The fund subsidises projects that reduce carbon emissions, minimise waste generation,conserve resources, and promote sustainable practices such as:

Blue and Green Carbon Projects: Land, Marine Biodiversity.

Carbon footprint tracking and reduction.



Audits to verify alignment with Science-Based targets.

Decarbonisation

Clean Energy

A Greenhouse gas emissions (GHG) inventory is being built by a team of expert consultants hired to map the sources of emissions at the following properties: LUX* Belle Mare, LUX* Le Morne, LUX* Grand Baie, LUX* Grand Gaube, Tamassa Bel Ombre, LUX* South Ari Atoll. The inventory will follow the Greenhouse Gas Protocol, aligned with the highest standards of the Science-Based Target initiative to decarbonise in line with the 1.5 degrees Celsius trajectory. As such, each resort will build a decarbonisation Action Plan, following the guidance of the expert consultants in terms of direct and indirect emissions (Scopes 1, 2 and 3). With accurate data, we will also engage with our suppliers and value chain to reduce emissions in a consistent manner.

The UNSDG 7 has as aim to ensure universal access to affordable, reliable, and modern energy services by 2030. This implies increase of renewable energy in the global energy mix, hence improvement in energy efficiency. Collaboration and cooperation are essential for clean energy. Although there is a lot of initiatives being taken, there is still tremendous amount of work to be done. At the current pace, it is estimated that about 660 million people will still lack access to electricity and around 2 billion people will still be dependent on polluting fuels for cooking by 2030. Statistics show that around 733 million people don't have access to electricity. This represents about one out of ten people globally. As a leader in the sector, LIR Group has taken various initiatives for cleaner energy. As mentioned earlier initiatives include solar panels at LUX* South Ari Atoll and Ile des deux Cocos. Other projects include solar water heaters at LUX* Grand Gaube and Building Management System at LUX* Grand Baie.

In 2023

1 out of 10

People (733 million) don't have access to electricity globally.

By 2030

2bn

People will still be dependent on polluting fuels for cooking

660m

People will still lack access to electricity

To further its commitment, LIR Group is working with E-Motion Recharge Solutions Ltd for allowing electric vehicle charging station at its premises. This encourages and facilitates use of electric vehicles, hence reduce carbon emissions and its impact on the environment.

An increase in use of electric vehicles means a decrease in use of polluting fuels. By working on such types of projects, LIR Group contributes to the reduction of carbon footprint not only by its direct stakeholders but also stakeholders beyond the resorts' operations.

Biodiversity (Marine)

Following the alarming report by the Intergovernmental Panel on Climate Change (IPCC), we choose a precautionary approach to the conservation of natural environment and habitats, especially since our assets are on the vulnerable islands, most prone to the destructive effects of global warming. We support the collaboration of each of our properties in Mauritius, Maldives, and Reunion Island for marine life conservation. A collaboration with Ecosud was crystallised via the signature of a Memorandum of Understanding (MoU) whereby our resorts commit to helping raise awareness among our Leadership, our Team Members, our neighbourhoods, and our Guests.

Eco-Sud share a common interest in the conservation of marine biodiversity and particularly in the protection of turtles and their habitats along the beaches of Mauritius. Ecosud will help develop and implement projects related to marine biodiversity conservation and eco-tourism activities. The company will provide educational materials and sessions to guests, team members, and the local community on turtle-friendly practices and marine biodiversity conservation. The NGO will collaborate with the resorts in the development of coral nurseries, snorkelling trails, and eco-dives VIP tours; and organise educational sessions and events at the properties. Blue Carbon projects will be developed in partnership with the NGO and experts, following surveys and lagoon mappings.

Biodiversity (Land)

Our long-term collaboration with the Mauritian Wildlife Foundation, is taken further this year with our commitment to becoming a Gold Champion of an endangered species.

Beyond the financial support to conserve the endemic species and their habitats by this recognised NGO, we trust our resorts to collaborate deeply with their experts in order to raise awareness, to create initiatives together for the rewilding of our country, to support the endemic fauna and flora, to host and protect these endemic plants. We will support the engagement of our team members in various nature-based outings, on a voluntary basis and for their own wellbeing.

Digital Transformation

The tread Lightly initiative has allowed for resources to introduce not only automation of its carbon accounting but also independent sustainability audits.

Altruistiq

The Group will be working with Altruistiq for the automation of its carbon accounting, reporting, and communication, hence allowing the respective teams to have access to digital data. The system is expected to help measusring and managing the project of emissions reduction and decarbonisation. Furthermore, the Altruistiq platform helps to create automated data pipelines that saves 80-90 percent emissions.

Independent Sustainability Audits

Positive Luxury Mark

LUX* resorts started its journey with the company Positive Luxury since few years now. To further its commitment, the resorts have an agreement with Positive Luxury which will be carrying out the certification process of its Mark using ESG+ framework to achieve certification for the resorts. The company is intended to perform data analysis to produce aggregate reports to aid the group in progressing the value and good-will associated with the Mark.

To ensure full accuracy and transparency, we have invested in the audits of the following properties: LUX* Belle Mare, LUX* Le Morne, LUX* Grand Baie, LUX* Grand Gaube, Tamassa Bel Ombre, LUX* South Ari Atoll. These resorts will submit data on a regular basis to the independent auditors at Positive Luxury, following the signature of an agreement in July 2023. This audit firm is the first in the Luxury arena and goes beyond the classical ESG – Environment, Social, Good Governance criteria by also auditing measures taken on Innovation. The results will be independently published in an interactive dashboard format, by the firm, and will be publicly accessible.

Multi-stakeholder Inclusion

LIR Group shows tangible examples on how projects can help achieve exponential impact through multi-stakeholder inclusion and participation not only in the destinations where it is operating but also impacting the markets around the globe. LIR Group recognises that the negative social and environmental impacts are beyond socio-cultural barriers and that together a common goal can be achieved.

Kids Go Green

LIR Group engages the youth in its sustainability journey.

For example, the resorts team make use of their facilities to engage children of different ages to learn about environmental initiatives.

Vertical garden & rainwater harvesting

With the current climate change scenario, statistics show that between 24 million and 700 million people will be displaced by 2030 due to water scarcity. Additionally, several regions, lives and biodiversity will be affected. The group is engaged in several projects which it introduces to the community, such as rainwater harvesting for water optimisation.

Furthermore, the group has introduced vertical gardening to the community who are encouraged to grow more vegetables, fruits & flowers in less space and to collect and store rainwater rather than depending on local utility supplier only. For example, some hotels have as objective to have at least 2 sessions for each initiative with people in the community and Team Members on the process of Vertical Gardening & Rainwater Harvesting.

End ocean plastic crisis

Globally only 9% of plastic ever produced has been recycled. 79% is now found in landfills, dumps, oceans, or the environment and 12% has been incinerated. The group is collaborating with "4ocean", which is a purpose-driven Certified B Corp and Public Benefit Corporation on a mission to end the ocean plastic crisis. Its full-time, professional captains, crews work seven days a week around the world recovering marine debris from the ocean, rivers, and coastlines. The project involves exclusive design and our signature colours for guests which will be available in our shops as from October 2023. Every bracelet purchased funds the removal of one pound of trash by 4Oceans cleanup crews. The bracelet is made of post-consumer recycled PET (Polyethylene Terepthalate) cord and ocean recovered cord, and post-consumer recycled glass beads.

An agreement was also signed between MOPA Maldives Ocean Plastic Alliance and LUX* South Ari Atoll for a partnership to collect all plastic bottles and send them to Thilafushi recycling factory via MOPA Team to recycle.

Reason to Bee

Bees play a very important role in the ecosystem and food chain. Unfortunately, globally, 16 bee species are vulnerable, 18 are endangered, and nine are critically endangered. If initiatives are not taken, bee species will continue to increase on the list of endangered species. LIR recognises that preservation of biodiversity, health, and responsible consumption go hand in hand. The group has implemented project "Reason to Bee" where the experience involves guests' visit to the beehives followed by honey tasting, honey cocktail making, and a tasting meal based around honey. Honey produced on site is expected to be used for guests at the resort. For example, 6 beehives available at LUX* Grand Gaube and with 6 Beehives, 40 kgs of honey production was possible in FY 2022- 2023. There were 50 guests booking the Collectable Experience "Hug Me Honey" in FY 2022- 23. This initiative not only helps in the preservation of Bees' species but also healthy and responsible consumption.

Animal welfare

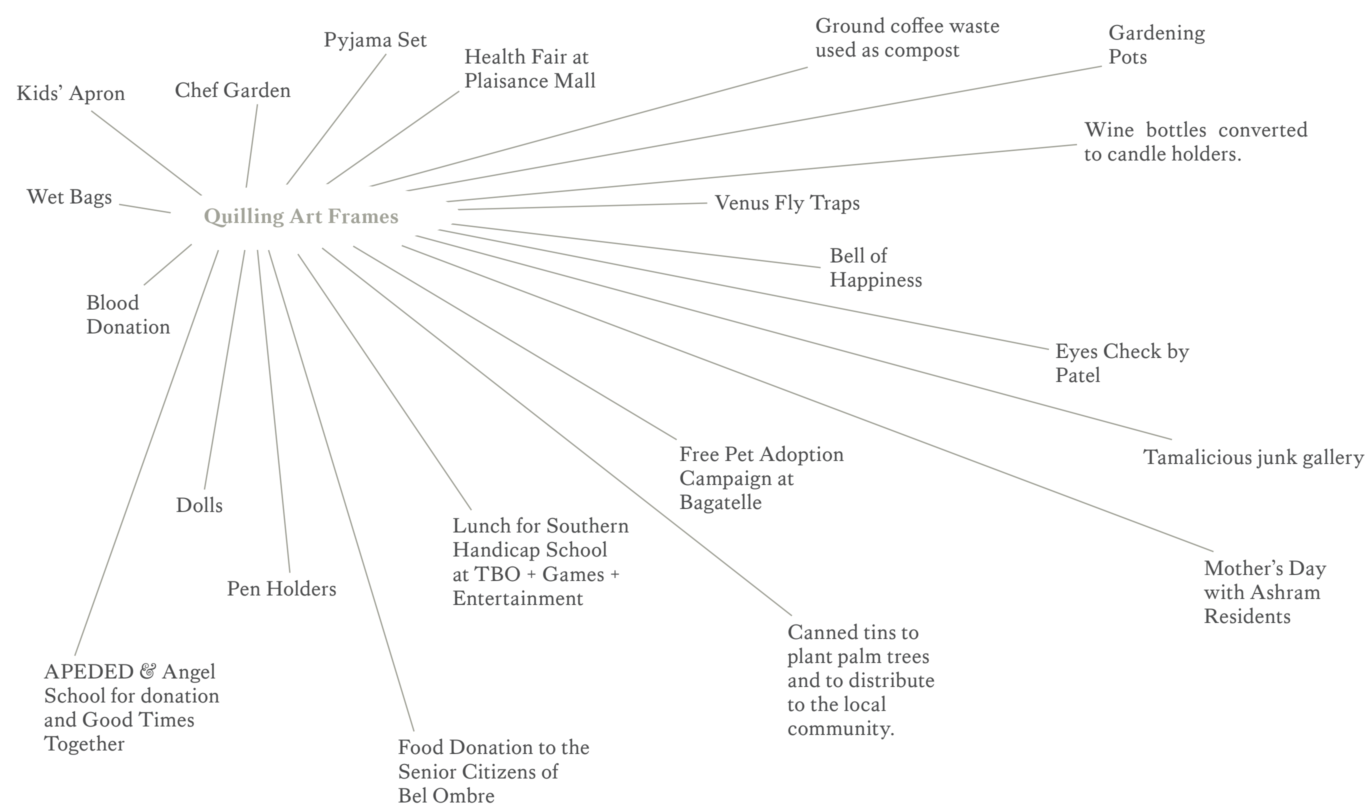
Figures show that globally dogs represent 65% of all abused animals.

To help on this issue, LIR participate in projects for animal welfare. This includes the Sponsorship of Dogs Sterilisation Program for residents of Grand Gaube village where they were given a voucher for sterilization of their dogs at Clinique Vétérinaire du Nord. Other initiatives include Beds for Pets where discarded towels are used to make comfy beds for pets. The beds for pets were also donated to the NGO SCAR for distribution.

Community & environment competition

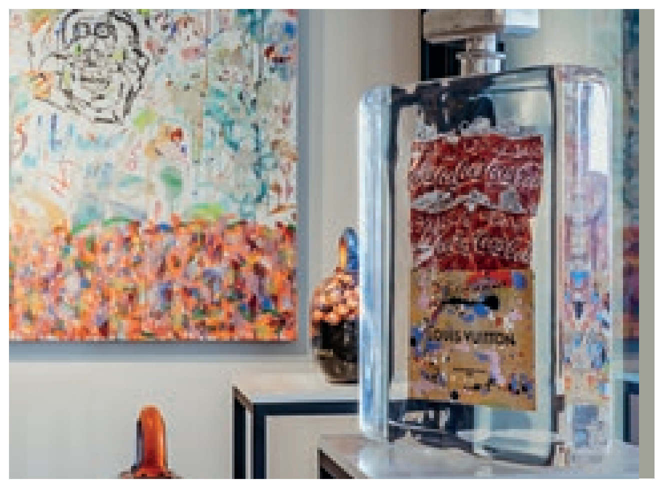
Through its multi-stakeholder engagement perspective, LIR engages with village councils in the regions where it operates to expand its sustainability impacts. For example, a competition of Best Courtyard in the village of Grand Gaube was organised where winners were recognised and awarded.

Other Care initiatives and CSR projects implemented by LIR



Celebrating Cultural Diversity

LIR Group engages with diverse communities and cultures and being in the tourism and hospitality sector, the group has the opportunity to bring together different people from cultures. LIR Group creates platforms which help showcase arts and culture such as music, dance, cultural heritage, and cuisines. In a world where more harmony is required, LIR contributes by encouraging a diversified portfolio of team members, guests, partners, and communities.



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 2023

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 its committees : The Board has appointed, during the year under review, a new independent director, bringing the total number of independent directors to 3 (total number of Board Members is 9) with a view to comply with the recommendations contained in the NCCG with regards to the composition of its committees.

- Other directorships of the Board: The Board has decided not to disclose the other directorships (other than in listed companies) of the Directors as this information is available upon request at the registered office of the Company.

Signed by :

Jean-Claude Béga
Chairperson

Jenifer Chung Wong Tsang
Chairperson of the Audit & Risk Committee

22 September 2023

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

22 September 2023

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 2023, 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 2023;
- the consolidated and separate statements of profit or loss for the year then ended;
- the consolidated and separate statements of 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 assessment 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 12,197 million, MUR 3,551 million and MUR 476 million respectively (2022: MUR 10,644 million, MUR 3,443 million and MUR 466 million respectively) as at 30 June 2023. Management performed an impairment assessment on Property, Plant and Equipment, Right-of-use assets and Goodwill as at 30 June 2023 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. The assessment of the recoverable amount of each cash generating unit requires the use of a number of key assumptions and judgements, including the estimated future cash flows, long-term growth rates, profitability levels and discount rates applied. This was an area of focus in light of the amounts involved and the level of judgement and estimation required from management.	We discussed triggering events and indicators of impairment or impairment reversals, where applicable, for Property, Plant and Equipment, Right-of-use assets and Goodwill with management. We obtained management's workings of the recoverable amounts of the different CGUs. With the support of our internal valuation experts: i. we tested the key 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 and expectations for the markets in which the CGUs operate. ii. we considered reasonable possible changes in key assumptions, such as occupancy rate and average room rate using our knowledge and experience of the hospitality industry. iii. 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. iv. the terminal growth rates were assessed for reasonableness based on market expected long-term growth rates. v. we determined the reasonableness of the discount rates used in the cash flow models by comparing them 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 verified the mathematical accuracy of the models. We also assessed whether appropriate disclosures were made by management in the financial statements.

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 for the insurance proceeds and impairment of property, plant and equipment resulting from the fire incident at Beau Rivage Ltd (see note 30 to the financial statements)	
There was a fire outbreak at the resort of one of the subsidiaries of the Group, Beau Rivage Ltd, on 02 July 2022 which led to the destruction of a major part of the property.	We obtained the certified quantity surveyor's (QS) report detailing the extent of damage and accordingly, validated the percentage of the buildings that have been destroyed by the fire and the reasonableness of the impairment loss booked as at 30 June 2023.
A total impairment loss MUR 870 million has been recognised as at 30 June 2023 out of which MUR 314 million has been recognised in profit or loss and MUR 556 million has been offset against previously recognised revaluation gain in other comprehensive income.	We evaluated management's process of identifying the tangible assets to be impaired as a result of the fire and checked, on a sample basis, if there were additional assets to be impaired.
As at 30 June 2023, a total compensation of MUR 973 million has been estimated to be recoverable from the insurers, consisting of MUR 729 million for material damage and MUR 244 million for business interruption. As of 30 June 2023, an amount of MUR 253 million has been received. Subsequent to year end, a further MUR 191 million has been received. The insurers stated that the total compensation might be subject to changes based on the actual reconstruction costs until completion date.	We circularised the insurance company to confirm the compensation receivable and the portion that has been received as at 30 June 2023. We obtained the QS report detailing the costs expected to be incurred until completion date and accordingly, validated the portion deemed to be virtually certain to be received from the insurers based on the expected cost to completion.
The resort was under reconstruction as at 30 June 2023 and is expected to be operational as from October 2023.	
This was an area of focus in light of the impact on the Group's profits and statement of financial position. Significant judgements and estimates were applied in computing the impairment loss and the amount of insurance proceeds that is deemed to be receivable as at 30 June 2023	

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)	
The Company holds investments in subsidiary companies which amounted to MUR 3,788 million as at 30 June 2023 (2022: MUR 3,752 million).	We considered whether there were internal and external indicators of impairment or reversal of impairment for investments in subsidiary companies.
Management determines at the end of each reporting period the existence of any indication of impairment or reversal of previously recognised impairment on the Company's investments in subsidiary companies. If there are indicators of impairment or reversal of impairment, management would assess the recoverable amounts of the investment in subsidiary companies. Any excess or shortfall between the recoverable amounts of the subsidiary companies and their carrying value is recognised in profit or loss. The assessment of indicators of impairment or reversal of impairment and the determination of the recoverable amounts of the investments in subsidiary companies require judgement. The determination of the recoverable amounts, using a fair value less cost to sell model, requires the use of a number of key assumptions and estimates such as the estimated future cash flows, long-term growth rates, discount rates and profitability levels. This was an area of focus in light of the amounts involved and the level of judgement and estimation required from management.	For those investments in subsidiary companies whereby indicators of impairment or reversal of impairment were identified, we obtained management assessment of the recoverable amounts, which were based on a discounted cash flow model. With the support of our internal valuation experts: i. we obtained an understanding of management's planned business strategies around revenue and cost initiatives and challenged management's forecasted revenues and growth rates based on our knowledge of the subsidiary companies operations, and compared them against past performance. ii. we assessed the terminal growth rates used in the discounted cash flow models by comparing them to market expected long-term growth rates. iii. we assessed the reasonableness of the discount rates used by comparing them to point estimate discount rates independently calculated by us based on the markets in which the businesses operate, taking into account the nature of the individual businesses. We assessed whether appropriate disclosures were made by management in the financial statements.

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.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures,

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)

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

22 September 2023

Gilles Beesoo
Licensed by FRC

Financial Statements

Consolidated and Separate Statements of Financial Position

As at 30 June 2023

	Notes	THE GROUP		THE COMPANY	
		2023 Rs'000	2022 Rs'000	**2023 Rs'000**	2022 Rs'000
ASSETS					
Non-current assets					
Property, plant and equipment	4	**12,197,017**	10,643,819	**40,737**	27,760
Right-of-use assets	5(a)	**3,551,489**	3,443,036	**-**	-
Investment property	6	**91,145**	86,317	**91,145**	86,317
Intangible assets	7	**481,654**	471,077	**187**	187
Investment in subsidiary companies	8	**-**	-	**3,787,563**	3,752,169
Other receivable	9	**48,187**	43,124	**-**	-
Deferred tax assets	10	**-**	13,429	**-**	-
		16,369,492	14,700,802	**3,919,632**	3,866,433
Current assets					
Inventories	11	**254,701**	269,365	**-**	-
Trade and other receivables	12	**1,507,336**	482,768	**1,958,338**	1,951,478
Current tax assets	21 (d)	**-**	78	**-**	-
Cash and cash equivalents	32(a)	**1,098,579**	1,083,820	**839,877**	674,425
		2,860,616	1,836,031	**2,798,215**	2,625,903
Assets classified as held for sale	13	**-**	637,904	**-**	-
TOTAL ASSETS		**19,230,108**	17,174,737	**6,717,847**	6,492,336
EQUITY AND LIABILITIES					
Equity					
Issued capital	14(a)	**1,371,159**	1,371,159	**1,371,159**	1,371,159
Share premium	14(b)	**1,320,986**	1,320,986	**1,320,986**	1,320,986
Other reserves	15	**2,287,026**	1,922,098	**42,934**	42,184
Retained earnings		**1,624,032**	547,445	**1,464,967**	1,555,944
		6,603,203	5,161,688	**4,200,046**	4,290,273
Convertible bonds	16	**1,460,283**	1,460,283	**914,083**	914,083
Total equity		**8,063,486**	6,621,971	**5,114,129**	5,204,356
Non-current liabilities					
Interest-bearing loans and borrowings	17	**4,065,981**	4,604,315	**-**	-
Lease liabilities	5(a)	**2,835,700**	2,777,143	**-**	-
Deferred tax liabilities	10	**710,426**	586,805	**35,836**	25,609
Post-employment benefit obligations	18(b)	**169,315**	106,885	**7,462**	26,247
		7,781,422	8,075,148	**43,298**	51,856
Current liabilities					
Interest-bearing loans and borrowings	17	**807,591**	473,359	**6**	221,012
Lease liabilities	5(a)	**186,720**	175,419	**-**	-
Contract liabilities	22 (a)	**404,223**	286,079	**-**	-
Government grant	19	**280**	-	**-**	-
Trade and other payables	20	**1,513,793**	1,115,317	**1,268,742**	1,015,112
Current tax liabilities	21 (d)	**198,361**	8,131	**17,440**	-
Dividend payable	40	**274,232**	-	**274,232**	-
		3,385,200	2,058,305	**1,560,420**	1,236,124
Liabilities associated with assets held for sale	13	**-**	419,313	**-**	-
Total liabilities		**11,166,622**	10,552,766	**1,603,718**	1,287,980
TOTAL EQUITY AND LIABILITIES		**19,230,108**	17,174,737	**6,717,847**	6,492,336

These financial statements have been approved for issue by the Board of Directors and signed on its behalf on 22 September 2023:

Jean-Claude Béga
Director

Jenifer Chung Wong Tsang
Director

The notes set out on pages 122 to 194 form an integral part of these financial statements. Independent Auditor's report on pages 108 to 113.

Consolidated and Separate Statements of Profit or Loss

For the Year ended 30 June 2023

	Notes	THE GROUP		THE COMPANY	
		2023 Rs'000	2022 Rs'000	**2023 Rs'000**	2022 Rs'000
Revenue from contracts with customers	22	**7,773,333**	6,253,732	**-**	-
Other operating income	23	**491,678**	556,488	**230,517**	125,670
		8,265,011	6,810,220	**230,517**	125,670
Direct operating expenses	24	**(2,008,996)**	(1,588,428)	**-**	-
Employee benefit expenses	25	**(1,981,607)**	(1,654,335)	**(58,357)**	(55,721)
Other operating expenses	26	**(1,935,927)**	(1,579,955)	**(38,910)**	(51,680)
		(5,926,530)	(4,822,718)	**(97,267)**	(107,401)
Earnings before interest, tax, depreciation, amortisation, impairment, insurance recovery and write offs		**2,338,481**	1,987,502	**133,250**	18,269
Reversal of impairment/ (impairment) of computer software and licences	7	**93**	(532)	**-**	-
Reversal of impairment of property, plant and equipment	4	**62,479**	-	**-**	-
Impairment of property, plant and equipment	4	**(313,583)**	(211,830)	**-**	-
Fair value gain on investment property	6	**4,828**	4,105	**4,828**	4,105
Net reversal of impairment of investment in subsidiary companies	8	**-**	-	**35,394**	801,831
Reversal of impairment of financial assets	12(iii)	**18,795**	83,931	**-**	-
Reversal of impairment/ (impairment) of right-of-use assets	5 (a)	**57,832**	(35,789)	**-**	-
Insurance recovery for replacement of tangible assets and other incidental expenses	30	**729,225**	-	**-**	-
		559,669	(160,115)	**40,222**	805,936
Earnings before interest, tax, depreciation and amortisation		**2,898,150**	1,827,387	**173,472**	824,205
Depreciation and amortisation	27	**(625,791)**	(657,478)	**(2,936)**	(445)
Operating profit		**2,272,359**	1,169,909	**170,536**	823,760
Finance income	28	**27,222**	3,006	**92,052**	27,591
Finance costs	29	**(566,190)**	(457,418)	**(24,384)**	(24,688)
Profit before income tax		**1,733,391**	715,497	**238,204**	826,663
Income tax expense	21 (a)	**(275,608)**	(236,821)	**(27,429)**	(6,754)
Profit for the year		**1,457,783**	478,676	**210,775**	819,909
Profit for the year attributable to:					
- Owners of the parent		**1,457,783**	478,676	**210,775**	819,909
		Rs	Rs		
Basic Earnings per share attributable to equity holders of the parent:	31	**10.63**	3.49		
Diluted Earnings per share attributable to equity holders of the parent:	31	**8.86**	2.96		

The notes set out on pages 122 to 194 form an integral part of these financial statements.
Independent Auditor's report on pages 108 to 113.

Consolidated and Separate Statements of Comprehensive Income

For the Year ended 30 June 2023

	Notes	THE GROUP		THE COMPANY	
		2023 Rs'000	2022 Rs'000	**2023 Rs'000**	2022 Rs'000
Profit for the year		**1,457,783**	478,676	**210,775**	819,909
<u>Other comprehensive income that will not be reclassified to profit or loss subsequently</u>					
Revaluation of property, plant and equipment	15	**487,573**	106,386	**893**	874
Deferred tax relating to revaluation of property, plant and equipment	15	**(65,574)**	(4,961)	**(143)**	-
Remeasurements of post-employment benefit obligations	18(f)	**(53,839)**	(6,580)	**558**	1,704
Deferred tax relating to remeasurements of post-employment benefit obligations		**8,252**	1,025	**(95)**	(290)
		376,412	95,870	**1,213**	2,288
<u>Other comprehensive income that may be reclassified to profit or loss subsequently</u>					
Cash flow hedge movement	15	**(161,974)**	241,974	**-**	-
Cash flow hedge - reclassified to profit or loss	15	**24,866**	39,147	**-**	58
Exchange difference on translation of foreign operations	15	**80,037**	1,926	**-**	-
		(57,071)	283,047	**-**	58
Total other comprehensive income, net of tax		**319,341**	378,917	**1,213**	2,346
Total comprehensive income for the year, net of tax		**1,777,124**	857,593	**211,988**	822,255

The notes set out on pages 122 to 194 form an integral part of these financial statements.
Independent Auditor's report on pages 108 to 113.

Consolidated Statement of Changes in Equity

For the Year ended 30 June 2023

	Attributable to the equity holders of the parent						
THE GROUP	**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**
At 01 July 2021	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
At 01 July 2022	**1,371,159**	**1,320,986**	**1,922,098**	**547,445**	**5,161,688**	**1,460,283**	**6,621,971**
Other comprehensive income for the year	**-**	**-**	**364,928**	**(45,587)**	**319,341**	**-**	**319,341**
Profit for the year	**-**	**-**	**-**	**1,457,783**	**1,457,783**	**-**	**1,457,783**
Total comprehensive income for the year, net of tax	**-**	**-**	**364,928**	**1,412,196**	**1,777,124**	**-**	**1,777,124**
Interest on convertible bonds	**-**	**-**	**-**	**(61,377)**	**(61,377)**	**-**	**(61,377)**
Transaction with owners in their capacity as owners:							
Dividends (Note 40)	**-**	**-**	**-**	**(274,232)**	**(274,232)**	**-**	**(274,232)**
At 30 June 2023	**1,371,159**	**1,320,986**	**2,287,026**	**1,624,032**	**6,603,203**	**1,460,283**	**8,063,486**

The notes set out on pages 122 to 194 form an integral part of these financial statements.
Independent Auditor's report on pages 108 to 113.

Consolidated Statement of Changes in Equity

For the Year ended 30 June 2023

	Attributable to the equity holders of the Company						
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
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
At 01 July 2022	**1,371,159**	**1,320,986**	**42,184**	**1,555,944**	**4,290,273**	**914,083**	**5,204,356**
Other comprehensive income for the year	-	-	**750**	**463**	**1,213**	-	**1,213**
Profit for the year	-	-	-	**210,775**	**210,775**	-	**210,775**
Total comprehensive income for the year, net of tax	-	-	**750**	**211,238**	**211,988**	-	**211,988**
Interest on convertible bonds	-	-	-	**(27,983)**	**(27,983)**	-	**(27,983)**
Transaction with owners in their capacity as owners:							
Dividends (Note 40)	-	-	-	**(274,232)**	**(274,232)**	-	**(274,232)**
At 30 June 2023	**1,371,159**	**1,320,986**	**42,934**	**1,464,967**	**4,200,046**	**914,083**	**5,114,129**

The notes set out on pages 122 to 194 form an integral part of these financial statements.
Independent Auditor's report on pages 108 to 113.

Consolidated and Separate Statements of Cash Flows

For the Year ended 30 June 2023

	Notes	THE GROUP 2023 Rs'000	THE GROUP 2022 Rs'000	THE COMPANY 2023 Rs'000	THE COMPANY 2022 Rs'000
OPERATING ACTIVITIES					
Profit before tax		**1,733,391**	715,497	**238,204**	826,663
Adjustments for:					
- Waiver of lease payments	23(b)	**(25,034)**	-	-	-
- (Reversal of impairment)/ impairment of right-of-use assets	5(a)	**(57,832)**	35,789	-	-
- (Reversal of impairment)/ impairment of intangible assets	7	**(93)**	532	-	-
- Reversal of impairment of financial assets	12 (iii)	**(18,795)**	(83,931)	-	-
- Net reversal of impairment of investment in subsidiary companies	8	-	-	**(35,394)**	(801,831)
- Reversal of impairment of property, plant and equipment	4	**(62,479)**	-	-	-
- Impairment of property, plant and equipment	4	**313,583**	211,830	-	-
- Movement in provision for slow moving stock		**(3,000)**	(4,300)	-	-
- Foreign exchange differences		**14,570**	87,404	**18,790**	(28,536)
- Depreciation and amortisation	27	**625,791**	657,478	**2,936**	445
- (Profit)/ loss on disposal of property, plant and equipment	23(c)	**(3,503)**	501	-	-
- Post-employment benefit obligations		**16,001**	5,469	**3,408**	3,495
- Interest income	28	**(27,222)**	(3,006)	**(92,052)**	(27,591)
- Interest expense	29	**566,190**	457,418	**24,384**	24,688
- Reassessment of lease liabilities		-	(38,285)	-	-
- Fair value gain on investment property	6	**(4,828)**	(4,105)	**(4,828)**	(4,105)
		3,066,740	2,038,291	**155,448**	(6,772)
Changes in working capital:					
- Decrease in inventories		**37,617**	154,258	-	-
- (Increase)/decrease in trade and other receivables		**(948,965)**	54,363	**49,948**	985,792
- Increase/(decrease) in trade and other payables		**208,780**	237,267	**233,467**	(104,810)
Cash generated from operations		**2,364,172**	2,484,179	**438,863**	874,210
Interest received		**23,647**	3,006	**23,647**	-
Contribution paid		**(21,635)**	(1,829)	**(21,635)**	(1,829)
Benefits paid		**(300)**	(5,847)	-	-
Income tax (paid)/refund	21(d)	**(9,590)**	914	-	-
Interest paid		**(587,825)**	(456,052)	**(32,297)**	(18,856)
Net cash flows generated from operating activities		**1,768,469**	2,024,371	**408,578**	853,525
INVESTING ACTIVITIES					
Acquisition of property, plant and equipment	4	**(1,193,457)**	(613,917)	**(15,020)**	(13,226)
Purchase of intangible assets	7	**(1,692)**	(2,712)	-	-
Proceeds from sale of property, plant and equipment	23(c)	**6,219**	319	-	-
Net cash flows used in investing activities		**(1,188,930)**	(616,310)	**(15,020)**	(13,226)
FINANCING ACTIVITIES					
Long-term loans received	17 (c)	-	61,516	-	58,800
Payments of long term borrowings	17 (c)	**(527,391)**	(711,337)	**(221,000)**	(378,450)
Principal elements of lease payments	5 (a)	**(157,122)**	(167,518)	-	-
Issue of convertible bonds	16	-	716,200	-	170,000
Net cash flows used in financing activities		**(684,513)**	(101,139)	**(221,000)**	(149,650)
Net (decrease)/ increase in cash and cash equivalents		**(104,974)**	1,306,922	**172,558**	690,649
Cash and cash equivalents at 01 July		**1,080,098**	(61,307)	**674,413**	(12,661)
Transfer from/ (to) assets held for sale	13	**111,807**	(111,807)	-	-
Effects of exchange rate changes on cash and cash equivalents		**8,190**	(53,710)	**(7,100)**	(3,575)
Cash and cash equivalents at 30 June	32(a)	**1,095,121**	1,080,098	**839,871**	674,413

In financial year 2023, there was a non-cash transaction where the holding company has acquired 0.01% of the shares held by Café Lux Ltd a related company, in Lux Island Resorts Maldives Ltd at no cash consideration.

During the financial year ended 30 June 2022, 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 122 to 194 form an integral part of these financial statements.
Independent Auditor's report on pages 108 to 113.

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, except for the following:

- land and buildings and investment property – measured at fair value or revalued amount, and
- plan assets for post-employment benefit obligations – measured at fair value

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 2023. 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 1,458m** (2022- Rs 479m) while the company made a profit of **Rs 211m** (2022- Rs 820m). At 30 June 2023, the Group's current liabilities exceeded its current assets by **Rs 525m** (2022- Rs 222m) and was in a net asset position of **Rs 8.1 billion** (2022- Rs 6.6 billion) while the Company's current assets exceeded its current liabilities by **Rs 1.2 billion** (2022- Rs 1.4 billion) and was in a net asset position of **Rs 5.1 billion** (2022- Rs 5.2 billion).

The above commendable performance during the financial year ended 30 June 2023 is attributable to the following:

- All our hotels in Mauritius were fully operational, except for Lux Belle Mare which remained closed all throughout the financial year. On average, an occupancy of **81%** was achieved.
- The Maldives entity achieved an occupancy of **72%** (2022: 73%) and recorded an EBITDA of **Rs 667m** (2022: Rs 660m).
- Our hotel in Reunion Island achieved an occupancy of **75%** (2022: 71%) and recorded an EBITDA of **Rs 150m** (2022: Rs 155m).

Future Outlook

Borders are now opened 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.

The Group has prepared its 2024 budgets on the basis of encouraging booking in hands which is better than pre-Covid levels. Lux Belle Mare will be operational for the high season as from October 2023.

Based on the above and coupled with the fact that repayment of most loans of the Group were started as from July 2022 and will continue during the financial year ending 30 June 2024, 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.

2. Significant Accounting Policies (continued)

2.1 Basis of preparation (continued)

Future Outlook (continued)

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 at least 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 2022

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 2022.

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 did not have any material impact on the Group's and the Company's financial statements.

New standards, amendments to existing and interpretations issued but effective for financial years beginning after 01 July 2022 which are applicable to the Group and the Company and which have not been early adopted

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.

Amendments to IAS 1 and IFRS Practice Statement 2, 'Disclosure of accounting policies' (effective for annual periods beginning on or after 01 January 2023)

The IASB amended IAS 1 to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.

To support this amendment, the IASB also amended IFRS Practice Statement 2 "Making Materiality Judgements" to provide guidance on how to apply the concept of materiality to accounting policy disclosures. The amendments are not expected to have a material impact on the Group's and the Company's financial statements.

Amendments to IAS 8, 'Definition of Accounting Estimates' (effective for annual periods beginning on or after 01 January 2023)

The amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period. The amendments are not expected to have a material impact on the Group's and the Company's financial statements.

2. Significant Accounting Policies (continued)

2.1 Basis of preparation (continued)

New standards, amendments to existing and interpretations issued but effective for financial years beginning after 01 July 2022 which are applicable to the Group and the Company and which have not been early adopted (continued)

Amendments to IAS 12, 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction' (effective for annual periods beginning on or after 01 January 2023) (continued)

The amendments to IAS 12 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations, and will require the recognition of additional deferred tax assets and liabilities.

The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- right-of-use assets and lease liabilities; and
- decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.

The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate. IAS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments. 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 existing standards and interpretations that are effective for annual period beginning after 01 July 2022 that would be relevant or have a material impact on the Group's and on the Company's financial statements.

2.2 Principles of consolidation

Separate financial statements of the Company

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

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.

2. Significant Accounting Policies (continued)

2.2 Principles of consolidation (continued)

Subsidiaries (continued)

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

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

Disposal of subsidiaries

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

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

Investment in subsidiaries

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

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

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

Changes in ownership interests

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

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

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.

2. Significant Accounting Policies (continued)

2.3 Foreign currency translation (continued)

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.

2.4 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 an external independent valuer, 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 2023, all the properties were revalued using a full valuation 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.

2. Significant Accounting Policies (continued)

2.4 Property, plant and equipment (continued)

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 the end of 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 valuer 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%

Leased assets are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

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

2.5 Investment properties

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

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

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group and the Company account 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.

2. Significant Accounting Policies (continued)

2.6 Business combinations (continued)

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.

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.

2. Significant Accounting Policies (continued)

2.7 Intangible assets (continued)

Goodwill (continued)

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.

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

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

Subsequent measurement

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

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

2. Significant Accounting Policies (continued)

2.8 Financial assets (continued)

Subsequent measurement(continued)

Financial assets at amortised cost (debt instruments)

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

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

Financial assets at amortised cost are subsequently measured using the effective interest 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 cash equivalents.

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 to receive payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. 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.

2. Significant Accounting Policies (continued)

2.8 Financial assets (continued)

Other income

The Group earns other income such as interest income on its bank accounts, insurance proceeds for loss of profit i.e business interruption, 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.
- Insurance recovery – business interruption (Refer to note 2.25 (iii))

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. Bank overdrafts are classified as part of interest bearing loans and borrowings under current liabilities.

2.9 Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of interest bearing 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.

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.

2. Significant Accounting Policies (continued)

2.9 Financial liabilities (continued)

Borrowings (continued)

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 at year end. 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.

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.

2. Significant Accounting Policies (continued)

2.11 Impairment of financial assets (continued)

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:

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 valuemeasurement 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. Significant Accounting Policies (continued)

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 as it is exposed to foreign currency risk, most significantly to the Euro, Pound Sterling and US Dollar, on the Group's sales denominated in these currencies. The Group hedges these exposures by entering into foreign currency loans and leases ("hedging instruments") with future principal payments that will match the future sales ("hedged item") in these currencies. The Group has elected to continue applying the accounting policies for hedge accounting under IAS 39.

The group does not hedge 100% of its future foreign currency denominated revenue, therefore the hedged item is identified as a proportion of the future foreign currency denominated revenue up to the carrying amount of the loans/leases. As all critical terms matched during the year, there is an economic relationship.

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.

Financial risk management strategy

The hedge on the foreign currency revenues by the foreign currency loans and leases 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.

2. Significant Accounting Policies (continued)

2.17 Impairment of non-financial assets (continued)

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 Généralisée (CSG) employers deduct the employee's contribution from his or her wage or salary and pay that contribution together with the employer's contribution to the Mauritius Revenue Authority (MRA). For employees earning less than Rs 50,000 per month the employee's contribution is 1.5% of the wage or salary and the employer's share is 3%. For employees earning more than Rs 50,000 per month the employee's contribution is 3% of the wage or salary and the employer's share is 6%.

Defined benefits schemes

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding net interest (not applicable to the Group) and the return on plan assets (excluding net interest), are recognised immediately in the statement of financial position with a corresponding

2. Significant Accounting Policies (continued)

2.20 Post employment benefit obligations (continued)

Defined benefits schemes (continued)

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 all temporary differences arising at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- 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.

2. Significant Accounting Policies (continued)

2.21 Taxes (continued)

Deferred income tax (continued)

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 future taxable profits 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 profits will be available against which the temporary differences can be utilised.

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

2.22 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. However, the Group 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.

2. Significant Accounting Policies (continued)

2.22 Leases (continued)

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 agreement. If that rate cannot be readily determined, which is generally the case for leases of 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 during the year 2022, 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). Whenever there are adjustments relating to timing of lease payments, the lease liability is reassessed and adjusted 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.

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.

2. Significant Accounting Policies (continued)

2.22 Leases (continued)

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, the rental payment of IHS villas is determined on the basis of 38% of room revenue, subject to a minimum guaranteed return 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 return 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 profit or loss in equal annual amounts over the expected useful life of the related asset.

2.25 Revenue recognition

(i) Revenue from contracts with customers

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

Recognition of packages sales to tour operators.

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

The mainstream of revenue of the Group is as follows:

Hotel Revenues

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

Room Revenue

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

2. Significant Accounting Policies (continued)

2.25 Revenue recognition (continued)

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

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 under other operating income (Note 23(a)).

(iii) *Insurance recovery*

Following the fire at Beau Rivage (Lux Belle Mare) on 02 July 2022, the latter received cash payments in tranches as from financial year 2023 from the insurer in respect of the cover available under the insurance policies for both loss of profits (i.e business interruption) and material damage. The total proceeds receivable from the insurance will be recognised in the current year. The insurance compensation for the material damage has been based on the costs incurred as per the quality surveyor's report and has been recognised as "insurance recovery for replacement of tangible assets and other incidental expenses" on the face of profit or loss. The insurance compensation for the loss of profits has been estimated with reference to the historical track record of hotel performance and budgeted figures for financial year 2023 and has been recorded as part of other operating income. The total material damage claims with the insurer are expected to be concluded in financial year 2024.

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 within 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.

2.26 Other operating expenses

Other operating expenses are accounted for in profit or loss on an 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. Significant Accounting Policies (continued)

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

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

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.

2. Significant Accounting Policies (continued)

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

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 profit or loss.

2.32 Convertible bonds

The convertible bonds issued by the Mauritius Investment Corporation (MIC) has been treated 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.

3. Significant Accounting Judgements and Estimates (continued)

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 unless there is evidence that the fair value of the assets differ materially from the carrying amount. The revaluation is carried out 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 all the properties were revalued by an independent professional valuer using a full valuation 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.

(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 future taxable profits 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 profits 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 2023 and 30 June 2022, the status of unused tax losses of the Group was as follows:

	2023		
	Recognised Rs'000	**Unrecognised Rs'000**	**Total Rs'000**
Tax losses	**344,947**	**1,351,629**	**1,696,576**

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

For financial year 2022, the unused tax losses of the subsidiary, Lux Saint Gilles, was classified as assets held for sale and was excluded from the above. For financial year 2023, the negotiations to sell the hotel have been closed and hence no longer classified as held for sale. The unused tax losses for Lux Saint Gilles was therefore included.

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 2023 and 2022 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 2023 amounted to **Rs 475.8m** (2022: Rs 466.3m). Further details are given in note 7.

(v) Post employment benefit obligations

The cost of defined benefit pension plans and related provision, as disclosed in note 18 to the financial statements requires the use of actuarial valuations. The actuarial valuation involves the use of significant estimates in respect of inter-alia, discount rate, expected return on plan assets, future salary increases, mortality rate and future pension increases. Any change in these assumptions will impact the carrying amount of pension obligations. The Group and the Company determine the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. Other key assumptions for pension obligations are based in part on the current market conditions. The post-employment benefit obligations at 30 June 2023 is **Rs 169.3m** (2022: Rs 106.9m). 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 subsidiaries based on financial forecasts prepared by management covering a five-year period. The carrying amount of the investment as at 30 June 2023 amounted to **Rs 3.8 billion** (2022: Rs 3.8 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 2023 and 30 June 2022, no option has been exercised except for one villa at Merville Ltd and reassessment has been performed accordingly. 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) 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 approved budgets and plans. There were no hedging ineffectiveness for the current year which impacted the profit or loss of the Group as disclosed in note 15 (2022: Rs 9.2 m).

(xi) Insurance receivable

During the financial year 30 June 2023, the Group has recognised Rs 720.4m as insurance receivable as this amount is virtually certain. The Directors have based themselves on the latest insurance report as at 30 June 2023. Although the quantum of compensation for loss of profit is quasi final, the final compensation for material damage will be determined after final costing of the refurbishment costs have been validated by the loss adjustors. At this stage, there is no indication that the final cost will differ materially from the initial estimate and final disbursement is expected in December 2023.

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 2021	430,253	9,007,137	1,484,421	717,897	52,983	145,777	1,727,281	13,565,749
Additions (Note i)	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 ii)	-	(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
Additions (Note iii)	**10,750**	**10,695**	**96,396**	**39,829**	**6,847**	**18,856**	**1,010,084**	**1,193,457**
Write off	-	-	**(34,866)**	**(5,565)**	**(3,317)**	**(4,090)**	-	**(47,838)**
Disposal	-	-	**(25,520)**	**(8,897)**	**(5,858)**	**(4,327)**	-	**(44,602)**
Transfer from right-of-use assets (Notes 5(a) & iv)	-	-	**75,290**	-	**12,388**	**6,710**	-	**94,388**
Transfer from held for sale (Note 13)	-	**1,053,223**	**228,750**	**27,725**	**1,881**	**16,345**	-	**1,327,924**
Reversal of impairment (Note v)	-	**54,487**	**7,992**	-	-	-	-	**62,479**
Impairment (Note vi)	-	**(227,449)**	**(253,362)**	**(260,675)**	-	**(13,053)**	-	**(754,539)**
Revaluation adjustment	**38,961**	**422,164**	-	-	-	-	-	**461,125**
Revaluation adjustment - Impairment Beau Rivage Co Ltd	-	**(556,712)**	-	-	-	-	-	**(556,712)**
Exchange difference	-	**181,991**	**39,282**	**12,088**	**1,374**	**3,364**	**457**	**238,556**
At 30 June 2023	**482,101**	**10,350,522**	**1,563,962**	**716,780**	**78,861**	**198,588**	**1,026,687**	**14,417,501**
DEPRECIATION								
At 01 July 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	-	-	(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
Charge for the year (Note 27)	**34,568**	**213,081**	**100,247**	**90,034**	**6,495**	**19,613**	-	**464,038**
Disposal	-	-	**(23,759)**	**(8,873)**	**(4,927)**	**(4,327)**	-	**(41,886)**
Write off	-	-	**(34,866)**	**(5,565)**	**(3,317)**	**(4,090)**	-	**(47,838)**
Transfer from right-of-use assets (Notes 5(a) & iv)	-	-	**70,169**	-	**12,387**	**6,710**	-	**89,266**
Impairment (Note vi)	-	-	**(207,567)**	**(220,724)**	-	**(12,665)**	-	**(440,956)**
Revaluation adjustment	**(42)**	**(583,118)**	-	-	-	-	-	**(583,160)**
Transfer from held for sale (Note 13)	-	**643,135**	**200,911**	**21,066**	**1,520**	**16,303**	-	**882,935**
Exchange difference	-	**52,659**	**32,628**	**8,889**	**1,255**	**3,210**	-	**98,641**
At 30 June 2023	**54,917**	**451,388**	**1,106,433**	**397,170**	**56,131**	**154,445**	-	**2,220,484**
NET BOOK VALUE								
At 30 June 2023	**427,184**	**9,899,134**	**457,529**	**319,610**	**22,730**	**44,143**	**1,026,687**	**12,197,017**
At 30 June 2022	411,999	9,286,492	461,330	399,932	22,828	45,092	16,146	10,643,819

Notes:

(i) - 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 01 December 2021.

(ii) - The impairment loss in financial year 2022 relates to part of property, plant and equipment of the subsidiaries, Nereide Ltd and Lux Saint Gilles.

(iii) - The main component of additions of property, plant and equipment in work-in-progress in financial year 2023 is in respect of the reconstruction of the resort held and operated by the subsidiary, Beau Rivage Co Ltd. The hotel is planned to be operational as from 01 October 2023.

(iv) - Relates to items where the leases were matured and these assets are now the property of the hotels.

(v) - Reversal of impairment loss of Rs 62.5m relates to part of property, plant and equipment of the subsidiaries, Nereide Ltd and Lux Saint Gilles. This is explained by the fact that the recoverable amount of these cash generating units exceed their carrying value as at 30 June 2023 due to the improved customer confidence in the post covid era.

(vi) - The impairment loss relates to impairment of part of property, plant and equipment of the subsidiary, Beau Rivage Co Ltd, destroyed by fire on 02 July 2022 amounting to Rs 313.6m

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 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
Additions	-	**4,155**	**5,992**	**704**	**4,169**	**15,020**
Revaluation adjustment	**851**	-	-	-	-	**851**
At 30 June 2023	**15,393**	**12,208**	**16,371**	**1,989**	**11,920**	**57,881**
DEPRECIATION						
At 01 July 2021	404	6,419	-	-	7,386	14,209
Charge for the year (Note 27)	-	73	224	103	45	445
Revaluations adjustment	(404)	-	-	-	-	(404)
At 30 June 2022	-	6,492	224	103	7,431	14,250
Charge for the year (Note 27)	**42**	**246**	**2,163**	**314**	**171**	**2,936**
Revaluation adjustment	**(42)**	-	-	-	-	**(42)**
At 30 June 2023	-	**6,738**	**2,387**	**417**	**7,602**	**17,144**
NET BOOK VALUE						
At 30 June 2023	**15,393**	**5,470**	**13,984**	**1,572**	**4,318**	**40,737**
At 30 June 2022	14,542	1,561	10,155	1,182	320	27,760

(a) The freehold land and buildings, structures and site improvement on leasehold land of the Group 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.

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.

		Fair Value				Sensitivity of the input to fair value	
	Valuation technique and key input	THE GROUP Rs'000	THE COMPANY Rs'000	Fair value Hierarchy	Significant unobservable input	THE GROUP Rs'000	THE COMPANY Rs'000
2023							
Land	Sales comparison approach	**368,644**	**3,977**	Level 3	Price per square metre	**3,686**	**40**
Buildings	Depreciated replacement cost	**9,957,674**	**11,416**	Level 3	Replacement cost per square metre	**99,577**	**114**
		10,326,318	**15,393**			**103,263**	**154**
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

Transfers between levels

There were no transfers into or out of Level 1 and Level 2 of the fair value hierarchy during the year (2022: Nil).

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		THE COMPANY	
	2023 Rs'000	2022 Rs'000	**2023 Rs'000**	2022 Rs'000
At 01 July	**9,698,491**	8,627,537	**14,542**	13,668
Additions	**21,445**	6,662	**-**	-
Transfer	**-**	1,838,191	**-**	-
Depreciation	**(247,649)**	(272,919)	**(42)**	-
Impairment	**(227,449)**	(211,830)	**-**	-
Reversal of impairment	**54,487**	-	**-**	-
Transfer from/ (to) assets held for sale	**410,088**	(410,088)	**-**	-
Revaluation adjustment	**1,044,285**	106,386	**893**	874
Exchange difference	**129,332**	14,552	**-**	-
At 30 June	**10,883,030**	9,698,491	**15,393**	14,542

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	
	2023 Rs'000	2022 Rs'000	**2023 Rs'000**	2022 Rs'000
Buildings on leasehold land				
Cost	**8,647,398**	7,810,929	**-**	-
Accumulated depreciation	**(2,208,272)**	(2,035,324)	**-**	-
Net book value	**6,439,126**	5,775,605	**-**	-
Freehold land and buildings				
Cost	**308,592**	297,842	**8,562**	8,562
Accumulated depreciation	**(71,966)**	(65,794)	**(2,642)**	(2,471)
Net book value	**236,626**	232,048	**5,920**	6,091

(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 Nil** and capitalisation rate was **Nil** (2022: Rs 20.1 million and capitalisation rate was 4.10%).

(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 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 (Note (i))	(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
At 01 July 2022	**4,296,888**	**77,311**	**12,388**	**7,964**	**4,394,551**
Reassessment of right-of-use assets	**108,498**	-	-	-	**108,498**
Addition	**10,862**	-	-	-	**10,862**
Transfer to property, plant and equipment (Note 4 & (ii))	-	**(75,290)**	**(12,388)**	**(6,710)**	**(94,388)**
Transfer from assets held for sale (Note 13)	**34,291**	-	-	-	**34,291**
Reversal of impairment (Note iii)	**57,832**	-	-	-	**57,832**
Exchange Difference	**91,002**	-	-	-	**91,002**
At 30 June 2023	**4,599,373**	**2,021**	-	**1,254**	**4,602,648**
AMORTISATION					
At 01 July 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
At 01 July 2022	**864,681**	**66,613**	**12,372**	**7,849**	**951,515**
Charge for the year (Note 27)	**155,833**	**5,352**	**15**	-	**161,200**
Transfer to property, plant and equipment (Note 4)	-	**(70,169)**	**(12,387)**	**(6,710)**	**(89,266)**
Transfer from assets held for sale (Note 13)	**10,983**	-	-	-	**10,983**
Exchange difference	**16,727**	-	-	-	**16,727**
At 30 June 2023	**1,048,224**	**1,796**	-	**1,139**	**1,051,159**
NET BOOK VALUES					
At 30 June 2023	**3,551,149**	**225**	-	**115**	**3,551,489**
At 30 June 2022	3,432,207	10,698	16	115	3,443,036

Note (i) - Impairment relates to part of right-of-use assets of the subsidiaries, Nereide Ltd and Lux Saint Gilles.

Note (ii) - Relates to items where the leases were matured and these assets are now the property of the hotels.

Note (iii) - Reversal of impairment relates to part of right-of-use assets of the subsidiaries, Nereide Ltd and Lux Saint Gilles.

Notes to the Financial Statements
For the Year ended 30 June 2023

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

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

	THE GROUP	
LEASE LIABILITIES	**2023 Rs'000**	2022 Rs'000
At 01 July	**2,952,562**	3,028,953
Reassessment of lease liability (Note (i))	**108,498**	(10,728)
Additions	**10,862**	158,817
Interest expense (Note 29)	**253,227**	252,179
Interest paid	**(249,175)**	(251,293)
Principal elements of lease payments	**(157,122)**	(167,518)
Amount waived (Note 23 (b))	**(25,034)**	-
Transfer from/ (to) assets held for sale (Note 13)	**36,610**	(36,610)
Exchange difference	**91,992**	(21,238)
At 30 June	**3,022,420**	2,952,562
Analysed as follows:		
Current	**186,720**	175,419
Non-current	**2,835,700**	2,777,143
Total	**3,022,420**	2,952,562

Note (i) - During the year the lease amount of Nereide Ltd and White Sand Resorts & Spa Pvt Ltd were amended due to changes in consumer price index, as such we have performed a reassessment of the 2 hotels.

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

The statement of profit or loss shows the following amounts relating to leases:		
Depreciation charge of right-of-use assets (Note 27)	**161,200**	164,119
Interest expense (Note 29)	**253,227**	252,179
Expense relating to variable leases accounted as part of other operating expenses	**59,957**	9,926
Expense relating to short-term leases accounted as part of other operating expenses	**5,180**	4,385

6. Investment Property

	THE GROUP AND THE COMPANY	
	2023 Rs'000	2022 Rs'000
At 01 July	**86,317**	82,212
Fair value gain	**4,828**	4,105
At 30 June	**91,145**	86,317

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

The freehold land and building of the Company was revalued during the 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.

6. Investment Property (continued)

The fair value as per the valuation report was different from the carrying value by **Rs 4.8m** for financial year ended 30 June 2023 (2022: Rs 4.1m). The gain arising on fair value of the investment property was credited to profit or loss.

	THE GROUP AND THE COMPANY	
	2023 Rs'000	2022 Rs'000
Rental income derived from the investment property	**5,624**	5,624

Presently, all direct operating expenses, (repairs and maintenance, insurance etc) are borne by the lessor. A total of **Rs 1.3m** (2022: Rs 0.6m) has been paid during the fianncial year, out of which **Rs 0.7m** (2022: Rs 0.5m) relates to repairs and maintenance and **Rs 0.6m** (2022: Rs 0.1m) relates to insurance.

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, ranging from **Rs 30,000 to Rs 40,000** (2022: Rs 25,000 to Rs 35,000) for buildings and **Rs 8,000** (2022: Rs 7,500) for land. A 1% change in the price per square metre will impact the value of the investment by **Rs 911,450** (2022: 863,170).

The Group and the Company have a rental agreement with The Lux Collective Ltd for a period of 5 years starting 01 July 2019. Rental income is recognised in other income on a straight line basis over the lease term.

Maturity analysis

	THE GROUP AND THE COMPANY	
	2023 Between 1 and 5 years Rs'000	2022 **Between 1 and 5 years** Rs'000
Rental income derived from the investment property	**5,624**	11,248

Minimum lease payments receivable are as follows:

	THE GROUP AND THE COMPANY	
	2023 Rs'000	2022 Rs'000
Within 1 year	**5,624**	5,624
Between 1 year and 2 years	**-**	5,624
	5,624	11,248

Notes to the Financial Statements
For the Year ended 30 June 2023

7. Intangible Assets

THE GROUP	**Goodwill Rs'000**	**Computer Software & Licences Rs'000**	**Total Rs'000**
COST			
At 01 July 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
Additions	-	**1,692**	**1,692**
Transfer from held for sale (Note 13)	-	**3,097**	**3,097**
Write off	-	**(8,074)**	**(8,074)**
Reversal of impairment	-	**93**	**93**
Exchange difference	**9,579**	**594**	**10,173**
At 30 June 2023	**475,841**	**18,313**	**494,154**
AMORTISATION			
At 01 July 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
Charge for the year (Note 27)	-	**2,007**	**2,007**
Write off	-	**(8,074)**	**(8,074)**
Transfer from held for sale (Note 13)	-	**1,974**	**1,974**
Exchange difference	-	**497**	**497**
At 30 June 2023	-	**12,500**	**12,500**
NET BOOK VALUE			
At 30 June 2023	**475,841**	**5,813**	**481,654**
At 30 June 2022	466,262	4,815	471,077

THE COMPANY	**Computer Software**	
	2023 Rs'000	2022 Rs'000
At 01 July	**187**	187
Amortisation during the year	**-**	-
Net book value at 30 June	**187**	187

7. Intangible Assets (continued)

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	
	2023 Rs'000	2022 Rs'000
Les Pavillons Resorts Ltd	**70,000**	70,000
Holiday & Leisure Resorts Limited	**83,658**	83,658
Lux Island Resorts Maldives Ltd	**311,996**	302,417
MSF Leisure Company Ltd	**10,187**	10,187
	475,841	466,262

The Group has not impaired its goodwill for the year ended 30 June 2023 (2022: Rs Nil).

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 **12.14% to 15.78%** (2022: 10.76% to 13.80%) 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.

The fair value of the intangible assets is categorised within Level 3 of the fair value hierarchy as it is based on significant unobservable inputs.

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 5.1%** (2022: 3.30% to 4%) has been assumed in the calculation.

The key assumptions used for preparing the cash flow forecasts are based on management's past experience of the industry and the ability of each cash generating unit to at least maintain its market share.

Key assumptions used in the impairment tests for goodwill are: occupancy rate and discount rate. The assumptions used for 2023 and 2022 are as follows:

	Discount rate		Occupancy rate	
	2023	2022	**2023**	2022
Les Pavillons Resorts Ltd	**12.14%**	10.76%	**83%-85.3%**	79.5%-80%
Holiday & Leisure Resorts Limited	**12.14%**	10.76%	**79.9%-85%**	77.8%-80.4%
Lux Island Resorts Maldives Ltd	**14.98%**	13.80%	**71.8%-74%**	71.2%-74%
MSF Leisure Company Ltd	**15.78%**	11.69%	**48,790 - 56,000***	41,840*

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

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

The 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 2023.

7. Intangible Assets (continued)

Impairment test on goodwill (continued)

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

Sensitivity analysis

	Increase of 0.5% Discount rate		Decrease of 1% in Occupancy rate	
	2023 Rs'000	2022 Rs'000	**2023 Rs'000**	2022 Rs'000
Les Pavillons Resorts Ltd	-	-	-	-
Holiday & Leisure Resorts Limited	-	-	-	-
Lux Island Resorts Maldives Ltd	-	-	-	-
MSF Leisure Company Ltd	-	-	-	-

The recoverable amounts of the CGUs which have not been impaired at 30 June 2023 and 30 June 2022 would equal their carrying amount if the key assumptions were to change as follows:

	Discount rate		Occupancy rate	
2023	**From**	**To**	**From**	**To**
Les Pavillons Resorts Ltd	**12.14%**	**30.40%**	**83%-85.3%**	**44.3%-46.1%**
Holiday & Leisure Resorts Limited	**12.14%**	**19.20%**	**79.86%-85%**	**24.5%-27%**
Lux Island Resorts Maldives Ltd	**14.98%**	**18.50%**	**71.8%-74%**	**49.2%-50.4%**
MSF Leisure Company Ltd	**15.78%**	**60.10%**	**48,790 - 56,000**	**25,039-32,249**

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

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 the recoverable amount.

8. Investment in Subsidiary Companies

THE COMPANY	**2023 Rs'000**	2022 Rs'000
At 01 July	**3,752,169**	2,475,377
Additions	-	474,961
Reversal of impairment	**35,394**	836,570
Impairment charge	-	(34,739)
At 30 June	**3,787,563**	3,752,169

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 its investments in subsidiaries using the Discounted Cash Flow techniques and has accounted for a reversal of impairment of its investment of **Rs 35.4m** (2022: net reversal of impairment Rs 801.8m) since the recoverable amount was higher than the carrying value for the respective subsidiary companies.

	Lux Island Resorts Maldives Ltd Rs'000	Oceanide Ltd Rs'000	Total Rs'000
At 30 June 2023			
Equity value determined on the basis of discounted cash flow	**1,531,339**	**210,158**	**1,741,497**
Carrying amount of the investment	**(1,531,339)**	**(174,764)**	**(1,706,103)**
Reversal of amount previously impaired	**-**	**35,394**	**35,394**
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

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 **7.71% to 15.78%** (2022: 7.67% to 13.80%) 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 5.10%** (2022: 3.3% to 4%) 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 and discount rate. The assumptions used are as follows:

	Discount rate		**Occupancy rate**	
	2023	2022	2023	2022
Les Pavillons Resorts Ltd	**12.14%**	10.76%	**83%-85.5%**	79.5%-80%
Holiday & Leisure Resorts Limited	**12.14%**	10.76%	**79.9%-85%**	77.8%-80%
Lux Island Resorts Maldives Ltd	**14.98%**	13.76%	**71.8%-74%**	71.6%-74%
Oceanide Ltd	**12.14%**	10.76%	**80%-84.1%**	74.6%-80%
Blue Bay Tokey Island Limited	**15.78%**	11.69%	**17,576-20,757#**	13,741-15,610#
SAS Hôtel Prestige Réunion	**7.71%**	7.67%	**65%-74.7%**	75% - 78%
Beau Rivage Co Ltd	**12.14%**	10.76%	**55.5%-80%**	77.90% - 78.90%
Merville Ltd	**12.14%**	11.00%	**60.2%-64%**	55% - 64.50%

#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 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 additional impairment charge should be recognised as at 30 June 2023 and 30 June 2022.

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

Sensitivity analysis

	Increase of 0.5% Discount rate		**Decrease of 1% in Occupancy rate**	
	2023 Rs'000	2022 Rs'000	**2023 Rs'000**	2022 Rs'000
Les Pavillons Resorts Ltd	-	-	-	-
Holiday & Leisure Resorts Limited	-	-	-	-
Lux Island Resorts Maldives Ltd	-	-	-	-
Oceanide Ltd	-	2,455	-	7,934
Blue Bay Tokey Island Limited	-	-	-	-
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		**Occupancy rate**	
2023	**From**	**To**	**From**	**To**
Les Pavillons Resorts Ltd	**12.14%**	**468.40%**	**83%-85.5%**	**34.9%-37.2%**
Holiday & Leisure Resorts Limited	**12.14%**	**76.00%**	**79.9%-85%**	**53.5%-58.8%**
SAS Hôtel Prestige Réunion	**7.71%**	**9.87%**	**65%-74.7%**	**63.66%-73.4%**
Beau Rivage Co Ltd	**7.71%**	**267.30%**	**55.5%-80%**	**28%-52%**
Merville Ltd	**12.14%**	**58.70%**	**60.2%-64%**	**42.9%-46.7%**

	Discount rate		**Occupancy rate**	
2022	**From**	**To**	**From**	**To**
Les Pavillons Resorts Ltd	10.76%	33.84%	79.50% - 80.00%	46.7% - 47.2%
Holiday & Leisure Resorts Limited	10.76%	11.76%	77.80% - 80.40%	72.7% - 75.30%
SAS Hôtel Prestige Réunion	10.76%	74.64%	77.90% - 78.90%	42.4% - 43.4%
Beau Rivage Co Ltd	10.76%	18.02%	55.00% - 64.50%	39.6% - 49.1%

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 2023 Direct %	Effective Shareholding 2023 Indirect %	Effective Shareholding 2022 Direct %	Effective Shareholding 2022 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	100	-	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
Neréide Ltd	Mauritius	-	100	-	100

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

(b) The increase in investment in subsidiary companies in 2022 was made up of:

	2023 Rs'000	2022 Rs'000
Merville Limited	-	474,961
	-	474,961

During financial year 2023, the holding company has acquired 0.01% of the shares held by Café Lux Ltd a related company, in Lux Island Resorts Maldives Ltd at no cash consideration. The latter is now a wholly owned subsidiary of the holding company.

During financial year 2022, the holding company acquired 100% of the shares held in Merville Ltd from its wholly owned subsidiary, Merville Beach Hotel Resorts Ltd.

9. Other Receivable

	THE GROUP 2023 Rs'000	THE GROUP 2022 Rs'000	THE COMPANY 2023 Rs'000	THE COMPANY 2022 Rs'000
At 01 July	43,124	45,919	-	-
Exchange difference	5,063	(2,795)	-	-
At 30 June	48,187	43,124	-	-

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
- EUR 1 million contingent upon Hotel Le Recif achieving a target EBITDA

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 exceeded 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**. This resulted in a gain on disposal of **Rs 12.5m** at 30 June 2021. Cash proceeds upon disposal of Hotel Le Récif was Rs 231.1m. Total fair value of consideration was Rs 277m.

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. Furthermore, a contingent fee of EUR 1 million is receivable upon Hotel le Recif achieving 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 2023 Rs'000	THE GROUP 2022 Rs'000	THE COMPANY 2023 Rs'000	THE COMPANY 2022 Rs'000
Deferred tax assets	-	(13,429)	-	-
Deferred tax liabilities	710,426	586,805	35,836	25,609
Net deferred tax liabilities	710,426	573,376	35,836	25,609

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

	THE GROUP 2023 Rs'000	THE GROUP 2022 Rs'000	THE COMPANY 2023 Rs'000	THE COMPANY 2022 Rs'000
At 01 July	573,376	338,577	25,609	18,565
Recognised in profit or loss	76,871	228,382	9,989	6,754
Recognised in other comprehensive income	57,322	3,936	238	290
Exchange difference	2,857	2,481	-	-
At 30 June	710,426	573,376	35,836	25,609

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

Deferred income tax at 30 June relates to the following:

THE GROUP

	Balance		Movement	
	2023 Rs'000	2022 Rs'000	**2023 Rs'000**	2022 Rs'000
Deferred tax liabilities				
Accelerated depreciation	**523,358**	571,732	**(48,374)**	20,145
Revaluation of property, plant and equipment	**253,992**	134,127	**119,865**	31,061
Post employment benefit obligations	**(22,987)**	(16,488)	**(6,499)**	(8,888)
Tax losses	**(58,641)**	(103,368)	**44,727**	84,361
Lease liabilities	**16,877**	4,030	**12,847**	(13,100)
Provision for loss allowance of trade receivables	**(2,173)**	(3,228)	**1,055**	10,231
	710,426	586,805	**123,621**	123,810
Deferred tax assets				
Accelerated depreciation	**-**	(2)	**2**	16,684
Revaluation of property, plant and equipment	**-**	15,998	**(15,998)**	1,094
Post employment benefit obligations	**-**	-	**-**	7,820
Tax losses	**-**	(24,936)	**24,936**	82,939
Lease liabilities	**-**	(3,634)	**3,634**	2,229
Provision for loss allowance of trade receivables	**-**	(855)	**855**	223
	-	(13,429)	**13,429**	110,989
Net deferred tax liabilities	**710,426**	573,376		
Total movement for the year			**137,050**	234,799
Recognised as follows:				
In profit or loss (Note 21(a))			**76,871**	228,382
In other comprehensive income			**57,322**	3,936
Exchange differences			**2,857**	2,481
			137,050	234,799

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

THE COMPANY

	Balance		Movement	
	2023 Rs'000	2022 Rs'000	**2023 Rs'000**	2022 Rs'000
Deferred tax liabilities				
Accelerated depreciation	**12,640**	10,843	**1,797**	7,429
Revaluation of property, plant and equipment	**-**	-	**-**	(6,408)
Others	**24,376**	25,466	**(1,090)**	2,466
	37,016	36,309	**707**	3,487
Deferred tax assets				
Tax losses	**-**	(6,296)	**6,296**	3,493
Post employment benefit obligations	**(1,180)**	(2,408)	**1,228**	(226)
Others	**-**	(1,996)	**1,996**	290
	(1,180)	(10,700)	**9,520**	3,557
Net deferred tax liabilities	**35,836**	25,609		
Total movement for the year			**10,227**	7,044
Recognised as follows:				
In profit or loss (Note 21(a))			**9,989**	6,754
In other comprehensive income			**238**	290
			10,227	7,044

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 1,352 million** (2022: Rs 363 million). 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 taxable profits as follows:

THE GROUP

Financial year ending	Tax year ending	Losses relating to tax year ended	**2023 Rs'000**
30 June 2026	2026/2027	2021/2022	**60**
30 June 2027	2027/2028	2022/2023	**326**
30 June 2028	2028/2029	2023/2024	**-**
Indefinite			**344,561**
			344,947

11. Inventories

	THE GROUP 2023 Rs'000	THE GROUP 2022 Rs'000
Food and beverages - at cost	**101,364**	95,631
Spare parts and maintenance - at cost	**45,486**	43,367
Boutique items - at Net realisable value	**23,326**	17,647
Property development - Lux Grand Baie	**37,866**	75,732
Others*- at cost	**46,659**	36,988
	254,701	269,365

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

Inventories amounting to **Rs 216.8m** (2022: Rs 193.6m) 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 2023 amounted to **Rs 30.3m** (2022: Rs 33.3m).

The costs of individual items of inventories are determined using weighted average costs. The exception is the property development, where costs are assigned by specific identification and include the cost of land, development and borrowing costs incurred during the development.

Amount of inventory expensed has been disclosed in note 24.

12. Trade and Other Receivables

	THE GROUP		THE COMPANY	
	2023 Rs'000	2022 Rs'000	**2023 Rs'000**	2022 Rs'000
Trade receivables	**408,606**	355,727	**-**	-
Receivable from fellow subsidiaries (Note 36)	**4,541**	7,002	**-**	2,362
Receivable from subsidiaries (Note 36)	**-**	-	**1,945,578**	1,939,967
Prepayments	**30,741**	25,143	**-**	-
Other receivables*	**1,091,683**	136,801	**12,760**	9,149
	1,535,571	524,673	**1,958,338**	1,951,478
Less loss allowance (Note 37 c (iv))	**(28,235)**	(41,905)	**-**	-
	1,507,336	482,768	**1,958,338**	1,951,478

* Other receivables for the Group include insurance proceeds receivable amounting to **Rs 720.4m** in relation to Beau Rivage Co Ltd and deposit on reconstructions of Beau Rivage Co Ltd amounting to **Rs 125.4m**.

(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.

12. Trade and Other Receivables (continued)

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

	THE GROUP		THE COMPANY	
	2023 Rs'000	2022 Rs'000	**2023 Rs'000**	2022 Rs'000
Not past due	**187,042**	192,354	**-**	-
Due less than 30 days	**114,241**	80,807	**-**	-
More than 30 and less than 60 days	**53,744**	37,586	**-**	-
More than 60 and less than 90 days	**13,562**	5,417	**-**	-
More than 90 and less than 180 days	**23,318**	8,998	**-**	-
More than 180 days	**16,699**	30,565	**-**	-
	408,606	355,727	**-**	-

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

	THE GROUP		THE COMPANY	
	2023 Rs'000	2022 Rs'000	**2023 Rs'000**	2022 Rs'000
At 01 July	**41,905**	148,670	**-**	-
Reversal for the year	**(18,795)**	(83,931)	**-**	-
Write off	**(4,122)**	(14,732)	**-**	-
Transfer from/ (to) held for sale	**7,428**	(7,428)	**-**	-
Exchange difference	**1,819**	(674)	**-**	-
At 30 June (Note 37 c (iv))	**28,235**	41,905	**-**	-

Other financial assets excluding trade receivables comprise of amount due from a fellow subsidiary, receivable from subsidiaries 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 4.1m** (2022: Rs 14.7m) relate to individual debtor balances which have been impaired during the year and which were previously provided for.

13. Assets Held for Sale

Les Villas Du Lagon (Lux Saint Gilles)

On 29 June 2022, the Group had an offer from a potential buyer for the acquisition of Les Villas Du Lagon, in Reunion Island. Hence all the assets and liabilities of the entity were classified as held for sale as at 30 June 2022. However, in financial year 2023, the authorities of Reunion Island made an offer to the Group so that the latter can acquire the land on which the resort has been constructed. Negotiations to sell the hotel have been closed and hence the hotel's assets and liabilities are no longer classified as held for sale and have been reclassified to their respective class of assets and liabilities at start of the current year.

13. Assets Held for Sale (continued)

The breakdown of the assets of Les Villas Du Lagon which were previously classified as held for sale are as follows:

	Movement	Balance	
	2023 Rs'000	2023 Rs'000	2022 Rs'000
Non-current assets			
Property, plant and equipment (Note 4)	(444,989)	-	444,989
Intangible assets (Note 7)	(1,123)	-	1,123
Right of use assets (Note 5 (a))	(23,308)	-	23,308
	(469,420)	-	469,420
Current assets			
Inventories	(16,745)	-	16,745
Trade and other receivables	(39,932)	-	39,932
Cash and short term deposits (Note 32 (a))	(111,807)	-	111,807
	(168,484)	-	168,484
	(637,904)	-	637,904

The liabilities of Les Villas Du Lagon which were previously classified as held for sale are as follows:

	Movement	Balance	
	2023 Rs'000	2023 Rs'000	2022 Rs'000
Non-current liabilities			
Interest-bearing loans and borrowings (Note 17 (c))	(90,692)	-	90,692
Lease liabilities (Note 5 (a))	(33,521)	-	33,521
Post employment benefit obligations (Note 18 (q))	(13,481)	-	13,481
	(137,694)	-	137,694
Current liabilities			
Interest-bearing loans and borrowings (Note 17 (c))	(55,810)	-	55,810
Lease liabilities (Note 5 (a))	(3,089)	-	3,089
Trade and other payables	(177,146)	-	177,146
Government grant (Note 19)	(1,734)	-	1,734
Contract liabilities (Note 22 (a))	(42,970)	-	42,970
Current tax liabilities (Note 21 (d))	(870)	-	870
	(281,619)	-	281,619
	(419,313)	-	419,313

14. Issued Capital

THE GROUP AND THE COMPANY

(a) **Authorised and issued capital**

	2023 Number of shares	2022 Number of shares	2023 Rs'000	2022 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

14. Issued Capital (continued)

(b) **Share premium**

	THE GROUP AND THE COMPANY 2023 Rs'000	2022 Rs'000
At 30 June	1,320,986	1,320,986

15. Other Reserves

(a) THE GROUP

	Foreign exchange translation reserve Rs'000	Asset revaluation reserve Rs'000	Total Rs'000
At 01 July 2021	(40,559)	1,578,185	1,537,626
Cash flow hedge on loans and leases in foreign currency	232,774	-	232,774
Cash flow hedge reserve released on repayment of loans and leases	39,147	-	39,147
Hedging ineffectiveness recognised on profit or loss	9,200	-	9,200
Currency translation difference	1,926	-	1,926
Revaluation of property, plant and equipment	-	106,386	106,386
Tax on revaluation of property, plant and equipment	-	(4,961)	(4,961)
At 30 June 2022	242,488	1,679,610	1,922,098
Cash flow hedge on loans and leases in foreign currency	**(161,974)**	-	**(161,974)**
Cash flow hedge reserve released on repayment of loans and leases	**24,866**	-	**24,866**
Currency translation difference	**80,037**	-	**80,037**
Revaluation of property, plant and equipment (Note i)	-	**487,573**	**487,573**
Tax on revaluation of property, plant and equipment (Note ii)	-	**(65,574)**	**(65,574)**
At 30 June 2023	**185,417**	**2,101,609**	**2,287,026**

Note i - The revaluation of property, plant and equipment excluding Beau Rivage Co Ltd amounts to Rs 1,044.3m. An impairment loss amounting to Rs 556.7m was recognised for part of property, plant and equipment of the subsidiary, Beau Rivage Co Ltd, destroyed by fire on 02 July 2022.

Note ii - The tax on revaluation of property, plant and equipment excluding Beau Rivage Co Ltd amounts to Rs 160.2m. An amount of Rs 94.6m relating to tax on revaluation of property, plant and equipment of Beau Rivage Co Ltd, previously recognised in the revaluation reserve, was reversed during the year as a result of the impairment loss.

15. Other Reserves (continued)

(b) THE COMPANY

	Asset revaluation reserve Rs'000	Cash flow hedge reserve Rs'000	Total Rs'000
At 01 July 2021	41,310	(58)	41,252
Revaluation of property, plant and equipment	874	-	874
Cash flow hedge reserve released on repayment of loans	-	58	58
At 30 June 2022	42,184	-	42,184
Revaluation of property, plant and equipment	893	-	893
Tax on revaluation of property, plant and equipment	(143)	-	(143)
At 30 June 2023	**42,934**	-	**42,934**

Nature and purpose of other reserves

Exchange translation reserve

This reserve is in respect of cash flow hedge reserve as well as foreign currency translation reserve. The hedge reserve is used to record the exchange differences arising on the EURO, GBP and USD loans and leases of 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	
	2023 Rs'000	2022 Rs'000	**2023 Rs'000**	2022 Rs'000
At 01 July	**1,460,283**	744,083	**914,083**	744,083
Amount subscribed during the year	-	720,000	-	170,000
Less cost attributed to the Convertible Bonds	-	(3,800)	-	-
At 30 June	**1,460,283**	1,460,283	**914,083**	914,083

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).

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16. Convertible Bond (continued)

During the financial year 2022, the Group, through one of its subsidiary companies, Merville Limited also signed an agreement with the MIC to issue redeemable convertible bonds for a total amount of Rs 700 million comprising of 70 bonds of Rs 10 million each. Only Rs 550 million out of the total amount of Rs 700 million have been subscribed for up to date.

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

(a) 3.00% p.a. over the duration of the bonds for Lux Island Resorts Ltd (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.

(b) the key repo rate plus 2.25% but subject to a floor of 4.10% p.a.over the duration of the bonds for Merville Limited (from issue date to the earlier of the redemption date or the conversion date). The interest is payable on the last day of each interest period. On maturity date, any unpaid capital and interest is converted into ordinary shares in accordance with the predetermined conversion price.

- Redemption of the bonds shall be at the option of the issuer. The issuer may redeem some or all the bonds, any time prior to the maturity date. The option price shall be determined as follows:
- if redemption happens before the 4th anniversary of the first subscription, the redemption price shall be the nominal amount,
- if redemption happens after the 4th anniversary of the first subscription, the redemption amount shall be 100.5% of the nominal amount.
- All outstanding bonds will be converted into ordinary shares at a pre-agreed formula and price on maturity date.

The number of shares to be issued shall be determined as per below formula:

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

- A is the nominal amount of all bonds held by the subscriber
- B is equal to the amount of outstanding and unpaid interest in relation to the bonds held by the subscriber, and
- C is the conversion price which has been set at Rs 33.52 and Rs 405 for Lux Island Resorts Ltd and Merville Limited respectively.

17. Interest-Bearing Loans and Borrowings

	THE GROUP		THE COMPANY	
	2023 Rs'000	2022 Rs'000	**2023 Rs'000**	2022 Rs'000
Current				
Bank loans (Note (a))	**804,133**	469,637	-	221,000
Bank overdrafts (Note 32a))	**3,458**	3,722	6	12
	807,591	473,359	6	221,012
Non-current				
Bank loans (Note (a))	**4,065,981**	4,604,315	-	-
	4,065,981	4,604,315	-	-
Total interest-bearing loans and borrowings	**4,873,572**	5,077,674	6	221,012

17. Interest-Bearing Loans and Borrowings (continued)

	THE GROUP 2023 Rs'000	THE GROUP 2022 Rs'000	THE COMPANY 2023 Rs'000	THE COMPANY 2022 Rs'000
(a) Bank loans can be analysed as follows:-				
Loan repayable:				
- Within one year	**804,133**	469,637	**-**	221,000
- After one year and before two years	**877,226**	755,827	**-**	-
- After two years and before five years	**1,447,382**	1,796,243	**-**	-
- After five years	**1,741,373**	2,052,245	**-**	-
	4,870,114	5,073,952	**-**	221,000

Denomination	Effective interest rate	Maturity	THE GROUP 2023 Rs'000	THE GROUP 2022 Rs'000	THE COMPANY 2023 Rs'000	THE COMPANY 2022 Rs'000
Mauritian Rupee	PLR + 0.5% +1.5%	June 2026	**513,869**	514,271	**-**	-
EURO	EURIBOR + 2.6% - 4%	June 2025	**41,522**	59,836	**-**	-
EURO	2.8% Fixed	Dec 2025	**24,344**	-	**-**	-
EURO	EURIBOR + 1.30%	Dec 2026	**72,800**	-	**-**	-
USD	SOFR + 2.75%	June 2025	**66,980**	95,647	**-**	-
USD	SOFR + 2.6%	June 2025	**15,216**	22,792	**-**	-
EURO	EURIBOR+5%	June 2026	**136,943**	127,694	**-**	-
USD	SOFR +5%	Mar 2025	**342,000**	478,833	**-**	-
USD	SOFR +4%	June 2027	**478,800**	464,100	**-**	-
EURO	EURIBOR + 2.5%	Dec 2026	**249,071**	231,706	**-**	-
EURO	EURIBOR +1.3%	Dec 2028	**793,687**	740,081	**-**	-
GBP	SOFR +3.8%	Dec 2028	**650,482**	607,816	**-**	-
USD	SOFR + 3.5%	Mar 2026	**246,240**	251,940	**-**	-
USD	SOFR + 4%	Mar 2028	**228,000**	221,000	**-**	-
USD	SOFR + 4%	Bridging	**-**	221,000	**-**	221,000
Mauritian Rupee	1.5% Fixed	Dec 2024	**72,000**	72,000	**-**	-
Mauritian Rupee	1.5% Fixed	Dec 2024	**38,160**	65,236	**-**	-
Mauritian Rupee	PLR	June 2036	**900,000**	900,000	**-**	-
Total bank loans			**4,870,114**	5,073,952	**-**	221,000

(b) **Financial covenants**

The Group has met all the financial covenants from its principal banks at 30 June 2023 and 30 June 2022.

17. Interest-Bearing Loans and Borrowings (continued)

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

	THE GROUP 2023 Rs'000	THE GROUP 2022 Rs'000	THE COMPANY 2023 Rs'000	THE COMPANY 2022 Rs'000
At 01 July	**5,073,952**	6,027,925	**221,000**	535,392
Proceeds from new loans	**-**	61,516	**-**	58,800
Repayments of loans	**(527,391)**	(711,337)	**(221,000)**	(378,450)
Transfer to assets held for sale (Note 13)	**146,502**	(146,502)	**-**	-
Exchange difference	**177,051**	(157,650)	**-**	5,258
At 30 June	**4,870,114**	5,073,952	**-**	221,000
Bank overdrafts	**3,458**	3,722	**6**	12
Total interest-bearing loans and borrowings	**4,873,572**	5,077,674	**6**	221,012

At 30 June 2023, the Group and the Company have undrawn facilities amounting to **Rs 578m** and **Rs 154m** respectively (2022: Rs 542m and Rs 155m for the Group and Company respectively).

18. Post Employment 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 2023 Rs'000	THE GROUP 2022 Rs'000	THE COMPANY 2023 Rs'000	THE COMPANY 2022 Rs'000
Funded obligation - (Notes (c - o))	**1,145**	21,895	**1,145**	21,895
Unfunded obligation (Notes (p - u))	**168,170**	84,990	**6,317**	4,352
	169,315	106,885	**7,462**	26,247

FUNDED OBLIGATION

(c) The amounts recognised in the statement of financial position in respect of the funded obligation are as follows:

	THE GROUP 2023 Rs'000	THE GROUP 2022 Rs'000	THE COMPANY 2023 Rs'000	THE COMPANY 2022 Rs'000
Present value of funded obligation (Note 18(h))	**65,330**	69,404	**65,330**	69,404
Fair value of plan assets (Note 18(g))	**(64,185)**	(47,509)	**(64,185)**	(47,509)
Liability in the statement of financial position	**1,145**	21,895	**1,145**	21,895

18. Post Employment Benefit Obligations (continued)

FUNDED OBLIGATION (continued)

(d) Movement in the statement of financial position:

	THE GROUP		THE COMPANY	
	2023 Rs'000	2022 Rs'000	**2023 Rs'000**	2022 Rs'000
At 01 July	**21,895**	21,803	**21,895**	21,803
Total expenses (Note 18(e))	**2,899**	3,156	**2,899**	3,156
Remeasurements of post-employment benefit obligations recognised in other comprehensive income	**(2,014)**	(1,235)	**(2,014)**	(1,235)
Contributions paid	**(21,635)**	(1,829)	**(21,635)**	(1,829)
At 30 June	**1,145**	21,895	**1,145**	21,895

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

	THE GROUP		THE COMPANY	
	2023 Rs'000	2022 Rs'000	**2023 Rs'000**	2022 Rs'000
Current service cost	**2,410**	2,272	**2,410**	2,272
Interest cost	**489**	884	**489**	884
Total included in employee benefit expenses (Note 25)	**2,899**	3,156	**2,899**	3,156

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

	THE GROUP		THE COMPANY	
	2023 Rs'000	2022 Rs'000	**2023 Rs'000**	2022 Rs'000
Funded obligation (Note 18(j))	**(2,014)**	(1,235)	**(2,014)**	(1,235)
Unfunded obligation (Note 18(s))	**55,853**	7,815	**1,456**	(469)
	53,839	6,580	**(558)**	(1,704)

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

	THE GROUP		THE COMPANY	
	2023 Rs'000	2022 Rs'000	**2023 Rs'000**	2022 Rs'000
At 01 July	**47,509**	43,743	**47,509**	43,743
Interest on plan assets	**2,452**	1,826	**2,452**	1,826
Employer's contribution	**21,635**	1,829	**21,635**	1,829
Scheme expenses	**(185)**	(146)	**(185)**	(146)
Cost of insuring risk benefits	**(160)**	(161)	**(160)**	(161)
Remeasurements of post-employment benefit obligations	**(5,027)**	2,457	**(5,027)**	2,457
Benefits paid	**(2,039)**	(2,039)	**(2,039)**	(2,039)
At 30 June	**64,185**	47,509	**64,185**	47,509

18. Post Employment Benefit Obligations (continued)

FUNDED OBLIGATION (continued)

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

	THE GROUP		THE COMPANY	
	2023 Rs'000	2022 Rs'000	**2023 Rs'000**	2022 Rs'000
At 01 July	**69,404**	65,546	**69,404**	65,546
Current service cost	**2,065**	1,965	**2,065**	1,965
Interest cost	**2,941**	2,711	**2,941**	2,711
Remeasurements of post-employment benefit obligations	**(7,041)**	1,221	**(7,041)**	1,221
Benefits paid	**(2,039)**	(2,039)	**(2,039)**	(2,039)
At 30 June	**65,330**	69,404	**65,330**	69,404

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

	THE GROUP		THE COMPANY	
	2023 Rs'000	2022 Rs'000	**2023 Rs'000**	2022 Rs'000
Local equities	**19,885**	15,902	**19,885**	15,902
Overseas equities	**23,022**	14,421	**23,022**	14,421
Fixed interest	**17,285**	9,505	**17,285**	9,505
Cash	**3,993**	7,681	**3,993**	7,681
Total market value of assets	**64,185**	47,509	**64,185**	47,509

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

	THE GROUP		THE COMPANY	
	2023 Rs'000	2022 Rs'000	**2023 Rs'000**	2022 Rs'000
Losses/(gains) on pension scheme assets	**5,027**	(2,457)	**5,027**	(2,457)
Experience (gains)/losses on the liabilities	**(390)**	2,656	**(390)**	2,656
Changes in assumptions underlying the present value of the scheme	**(6,651)**	(1,434)	**(6,651)**	(1,434)
Remeasurements of post-employment benefit obligations recognised in other comprehensive income	**(2,014)**	(1,235)	**(2,014)**	(1,235)

	THE GROUP		THE COMPANY	
	2023 Rs'000	2022 Rs'000	**2023 Rs'000**	2022 Rs'000
(k) **Sensivity analysis**				
Decrease in defined benefit obligation due to 1% increase in discount rate	**7,106**	8,398	**7,106**	8,398
Increase in defined benefit obligation due to 1% increase in future long-term salary assumption	**1,114**	915	**1,114**	915

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 Employment 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 2023.

(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 **8 years**.
- Employer's contributions to be paid in the next reporting period is estimated at **Rs 1.6m** (2022: Rs. 1.6m).
- 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 the actuarial losses.

(o) The principal actuarial assumptions with respect to the defined benefit scheme used for accounting purposes were:

	THE GROUP		THE COMPANY	
	2023 %	2022 %	**2023 %**	2022 %
Discount rate	**5.3**	4.3	**5.3**	4.3
Future expected increase in pension scheme	**0.0**	0.0	**0.0**	0.0
Future long term salary increase	**4.0**	2.0	**4.0**	2.0
Post retirement mortality tables	**PNA00**	PNA00	**PNA00**	PNA00

UNFUNDED OBLIGATION

(p) The amounts recognised in the statement of financial position in respect of unfunded obligation are as follows:

	THE GROUP		THE COMPANY	
	2023 Rs'000	2022 Rs'000	**2023 Rs'000**	2022 Rs'000
Present value of unfunded obligation	**168,170**	84,990	**6,317**	4,352

18. Post Employment Benefit Obligations (continued)

UNFUNDED OBLIGATION (continued)

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

	THE GROUP		THE COMPANY	
	2023 Rs'000	2022 Rs'000	**2023 Rs'000**	2022 Rs'000
At 01 July	**84,990**	95,680	**4,352**	4,482
Transfer	**333**	131	**184**	-
Transfer from/ (to) assets held for sale (Note 13)	**13,481**	(13,481)	**-**	-
Total expenses (Note 18(r))	**13,102**	2,313	**325**	339
Remeasurements of post-employment benefit obligations (Note 18(s))	**55,853**	7,815	**1,456**	(469)
Benefits paid	**(300)**	(5,847)	**-**	-
Exchange differences	**711**	(1,621)	**-**	-
At 30 June	**168,170**	84,990	**6,317**	4,352

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

	THE GROUP		THE COMPANY	
	2023 Rs'000	2022 Rs'000	**2023 Rs'000**	2022 Rs'000
Current service cost	**8,399**	(1,072)	**129**	133
Past service cost	**813**	-	**-**	-
Interest cost	**3,890**	3,385	**196**	206
Total included in employee benefit expenses (Note 25)	**13,102**	2,313	**325**	339

(s) Amount recognised in other comprehensive income

	THE GROUP		THE COMPANY	
	2023 Rs'000	2022 Rs'000	**2023 Rs'000**	2022 Rs'000
Remeasurements of post-employment benefit obligations	**36,731**	2,508	**590**	(885)
Changes in assumptions	**19,122**	5,307	**866**	416
	55,853	7,815	**1,456**	(469)

(t) Sensivity analysis

	THE GROUP		THE COMPANY	
	2023 Rs'000	2022 Rs'000	**2023 Rs'000**	2022 Rs'000
Decrease in defined benefit obligation due to 1% increase in discount rate	**25,004**	16,316	**968**	876
Increase in defined benefit obligation due to 1% increase in future long-term salary assumption	**25,170**	16,592	**1,131**	890

18. Post Employment Benefit Obligations (continued)

UNFUNDED OBLIGATION (continued)

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

	THE GROUP		THE COMPANY	
	2023 %	2022 %	2023 %	2022 %
Discount rate	**5.50 to 5.90**	4.50 to 4.90	**5.50**	4.50
Future salary increases	**4.00**	2.00	**4.00**	2.00

19. Government Grants

	THE GROUP	
	2023 Rs'000	2022 Rs'000
At 01 July	**-**	3,367
Release against depreciation charge (Note 27)	**(1,454)**	(1,633)
Transfer from/ (to) assets held for sale (Note 13)	**1,734**	(1,734)
At 30 June	**280**	-

The grant was 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 grant has been classified as current lialiblities in the current year.

20. Trade and Other Payables

	THE GROUP		THE COMPANY	
	2023 Rs'000	2022 Rs'000	2023 Rs'000	2022 Rs'000
Trade payables	**384,302**	358,482	**790**	4,996
Amount payable to subsidiaries (Note 36)	**-**	-	**1,230,917**	983,297
Amount payable to fellow subsidiaries and other related parties (Note 36)	**119,055**	126,105	**5,239**	5,884
Accrued expenses	**359,946**	377,268	**22,884**	13,494
Other payables	**650,490**	253,462	**8,912**	7,441
	1,513,793	1,115,317	**1,268,742**	1,015,112

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

Other payables comprises mainly of accruals for payroll related costs, amounts payable to contractors for Beau Rivage Co Ltd amounting to Rs 284m and other accruals made in the normal course of business.

For the term and amount payable to subsidiaries and fellow subsidiaries and other related parties refer to Note 36.

21. Taxation

	THE GROUP		THE COMPANY	
	2023 Rs'000	2022 Rs'000	2023 Rs'000	2022 Rs'000
(a) Charge for the year	**Rs'000**	Rs'000	**Rs'000**	Rs'000
Current tax on taxable profit for the year (Note (d))	**198,334**	8,432	**17,440**	-
Overprovision in previous year (Note (d))	**403**	7	**-**	-
Deferred taxation movement (Note 10)	**76,871**	228,382	**9,989**	6,754
Income tax expense	**275,608**	236,821	**27,429**	6,754

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

	THE GROUP		THE COMPANY	
	2023 Rs'000	2022 Rs'000	2023 Rs'000	2022 Rs'000
Profit before tax	**1,733,391**	715,497	**238,204**	826,663
Tax calculated at a rate of 17% (2022: 17%)	**294,676**	121,634	**40,495**	140,533
Effect of different tax rates	**(689)**	(6,156)	**-**	-
Impairments not allowable for tax purposes	**-**	42,186	**(6,017)**	(136,311)
Expenses not deductible for tax purposes (Note(i))	**24,089**	10,954	**5,411**	5,961
Tax incentives and allowances	**(48,094)**	(8,805)	**(13,341)**	(3,752)
Overprovision of income tax in previous year (Note (a))	**403**	7	**-**	-
Overprovision/ (underprovision) in deferred tax	**22,114**	(1,330)	**881**	323
Derecognition of previous tax losses	**-**	59,311	**-**	-
Recognition of previously unused tax losses	**(16,891)**	-	**-**	-
Tax losses not utilised	**-**	19,020	**-**	-
	275,608	236,821	**27,429**	6,754

Note (i) - Expenses not deductible for the Group 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	
	2023 Rs'000	2022 Rs'000	2023 Rs'000	2022 Rs'000
At 01 July	**8,053**	(358)	**-**	-
Change for the year inclusive of Corporate Social Responsibility (CSR) (Note (a))	**198,334**	8,432	**17,440**	-
Overprovision in prior years (Note (a))	**403**	7	**-**	-
Refund received during the year	**-**	1,424	**-**	-
Paid during the year	**(9,590)**	(510)	**-**	-
Transfer from/ (to) assets held for sale (Note 13)	**870**	(870)	**-**	-
Exchange difference	**291**	(72)	**-**	-
At 30 June	**198,361**	8,053	**17,440**	-
Income tax is reflected in the statement of financial position as follows:				
Current tax assets	**-**	(78)	**-**	-
Current tax liabilities	**(198,361)**	8,131	**(17,440)**	-

22. Revenue from Contracts with Customers

	THE GROUP		THE COMPANY	
	2023 Rs'000	2022 Rs'000	**2023 Rs'000**	2022 Rs'000
Room revenue	**4,663,789**	3,642,238	-	-
Food and beverages	**2,399,027**	1,982,155	-	-
Others	**710,517**	629,339	-	-
	7,773,333	6,253,732	-	-
Timing of revenue recognition:				
Point in time	**3,109,544**	2,611,494	-	-
Over time	**4,663,789**	3,642,238	-	-
	7,773,333	6,253,732	-	-
Revenue by geographical region:				
Mauritius	**4,597,004**	3,317,241	-	-
Reunion	**879,646**	828,159	-	-
Maldives	**2,296,683**	2,108,332	-	-
	7,773,333	6,253,732	-	-

(a) Contract liabilities

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

The following table shows the movement in deposits:

	THE GROUP	
	2023 Rs'000	2022 Rs'000
At 01 July	**286,079**	223,529
Deposit received during the year	**1,697,811**	1,432,808
Transfer from/(to) assets held for sale (Note 13)	**42,970**	(42,970)
Amount released to profit or loss	**(1,622,637)**	(1,327,288)
At 30 June	**404,223**	286,079

23. Other Operating Income

(a) Operating income

	THE GROUP		THE COMPANY	
	2023 Rs'000	2022 Rs'000	**2023 Rs'000**	2022 Rs'000
Management fee from subsidiaries	-	-	**68,514**	54,865
Rental income	**5,624**	5,624	**5,624**	5,624
Foreign exchange gains	**165,889**	-	**153,032**	50,875
Wage Assistance Scheme	-	182,594	-	-
Consultancy fee from subsidiary	-	-	-	12,000
Profit on sale of IHS units (Note (d))	**38,514**	319,388	-	-
Insurance proceeds - Business interruption (Note 30)	**243,857**	-	-	-
Others	**12,760**	10,597	**3,347**	2,306
	466,644	518,203	**230,517**	125,670

23. Other Operating Income (continued)

(b) Other income

	THE GROUP		THE COMPANY	
	2023 Rs'000	2022 Rs'000	**2023 Rs'000**	2022 Rs'000
Reassessment of lease liabilities	-	38,285	-	-
Lease payments waiver (Note (i))	**25,034**	-	-	-
	25,034	38,285	-	-
Total other operating income	**491,678**	556,488	**230,517**	125,670

Note (i) - Lease payment waiver is in relation to Beau Rivage Co Ltd and is as follows:

	THE GROUP		THE COMPANY	
	2023 Rs'000	2022 Rs'000	**2023 Rs'000**	2022 Rs'000
Land lease waiver	**4,640**	-	-	-
Variable lease payments waiver	**20,394**	-	-	-
	25,034	-	-	-

Under Part II (B) of the second schedule of the State Lands Act of Mauritius, the hotel has applied for a 50% reduction of the annual rental payable in relation to land lease for the the financial year 2023.

As per clause of lease agreement between Beau Rivage Co Ltd (The Lessee) and the lessor, it is understood that the guaranteed rental will not be payable if the IHS villas are not being used by the lessee for renting to clients because of the closure of the hotel due to a force majeure.

(c) Profit/ (loss) on disposal of property, plant and equipment

	THE GROUP		THE COMPANY	
	2023 Rs'000	2022 Rs'000	**2023 Rs'000**	2022 Rs'000
Disposal proceeds	**6,219**	319	-	-
Net book value of assets disposed/scrapped	**(2,716)**	(820)	-	-
Net profit/ (loss)	**3,503**	(501)	-	-

The profit on disposal of property, plant and equipment for the current year is included as part of "Others" in note (a) above, on the other hand the loss on disposal of property, plant and equipment for the prior year was recorded under 'Other operating expenses' (Note 26).

(d) Profit on sale of IHS units

	THE GROUP		THE COMPANY	
	2023 Rs'000	2022 Rs'000	**2023 Rs'000**	2022 Rs'000
Revenue recognised	**81,000**	955,686	-	-
Expenditure attributable	**(42,486)**	(636,298)	-	-
Net gain on sale of IHS units	**38,514**	319,388	-	-

24. Direct Operating Expenses

	THE GROUP		THE COMPANY	
	2023 Rs'000	2022 Rs'000	**2023 Rs'000**	2022 Rs'000
Food, beverages and room supplies	**1,542,594**	1,175,814	**-**	-
Others	**466,402**	412,614	**-**	-
	2,008,996	1,588,428	**-**	-

Cost of inventories included in direct operating expenses amount to **Rs 1.43 billion** (2022: Rs 1.09 billion)

25. Employee Benefit Expenses

	THE GROUP		THE COMPANY	
	2023 Rs'000	2022 Rs'000	**2023 Rs'000**	2022 Rs'000
Wages and salaries	**1,842,412**	1,541,477	**48,877**	46,195
Social security costs	**73,098**	63,364	**2,378**	2,056
Pension costs:				
Defined contribution scheme	**50,096**	44,025	**3,878**	3,975
Defined benefit scheme (Note 18(e))	**2,899**	3,156	**2,899**	3,156
Other retirement benefit (Note 18(r))	**13,102**	2,313	**325**	339
	1,981,607	1,654,335	**58,357**	55,721

26. Other Operating Expenses

	THE GROUP		THE COMPANY	
	2023 Rs'000	2022 Rs'000	**2023 Rs'000**	2022 Rs'000
Marketing expenses	**320,598**	241,788	**-**	-
Heat, light and power	**379,841**	306,119	**-**	-
Repairs and maintenance	**225,785**	182,882	**738**	508
Foreign exchange losses	**-**	9,186	**-**	-
Communication expenses	**69,043**	56,459	**456**	1,172
Management fees	**444,258**	330,993	**8,391**	7,181
Others*	**496,402**	452,528	**29,325**	42,819
	1,935,927	1,579,955	**38,910**	51,680

*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	
	2023 Rs'000	2022 Rs'000	**2023 Rs'000**	2022 Rs'000
Depreciation of property,plant and equipment (Note 4)	**464,038**	493,655	**2,936**	445
Amortisation of intangible assets (Note 7)	**2,007**	1,337	**-**	-
Amortisation of Right-of-use assets (Note 5(a))	**161,200**	164,119	**-**	-
Release of grant (Note 19)	**(1,454)**	(1,633)	**-**	-
	625,791	657,478	**2,936**	445

28. Finance Income

	THE GROUP		THE COMPANY	
	2023 Rs'000	2022 Rs'000	**2023 Rs'000**	2022 Rs'000
Interest income	**27,222**	3,006	**92,052**	27,591

Interest income computed under the effective interest rate method on financial assets at amortised costs include interest on bank account and interest on current account with related companies.

29. Finance Costs

	THE GROUP		THE COMPANY	
	2023 Rs'000	2022 Rs'000	**2023 Rs'000**	2022 Rs'000
Interest expense on:				
- Bank overdrafts	**1,081**	5,465	**37**	799
- Bank loans	**311,403**	199,294	**4,315**	18,057
- Leases (Note 5(a))	**253,227**	252,179	**-**	-
- Other loans and payables	**479**	480	**20,032**	5,832
	566,190	457,418	**24,384**	24,688

30. Insurance Recovery

On 02 July 2022, a fire broke out at Lux Belle Mare, a resort owned by the subsidiary, Beau Rivage Co Ltd. The main restaurant and the main kitchen as well as the 2 signature restaurants, the Duck Laundry and Amari, were fully destroyed by the fire. Out of an inventory of 186 rooms, 143 were impacted by the fire with varying degrees of damages. Even the rooms which were not impacted by the fire were out of use due to smoke impact. The hotel was immediately closed and all guests were successfully relocated to other hotels of the Group and to some hotels outside the Group. It is worth noting that there were no casualties among both team members and guests.

Discussions about compensation for reconstruction of the hotel and loss of profit started immediately with the insurers but an agreement on the basis of compensation between the Company and the insurance company was finalised in March 2023. However, with the aim to speed up reconstruction of the hotel, immediately after the fire, the Group appointed contractors to reconstruct the hotel out of its own funds and its re-opening is scheduled for 01 October 2023. The total costs to reconstruct the damaged part of the hotel has been estimated at Rs 1.7 billion. with a view to have a completely new hotel, the Company has decided to inject an additional amount of Rs 200 million to refurbish the undamaged part as well.

The negotiated compensation for loss of profit as well as for material damages and amount disbursed by the insurers prior to 30 June 2023 are as follows:

	THE GROUP		THE COMPANY	
	2023 Rs'000	2022 Rs'000	**2023 Rs'000**	2022 Rs'000
Total insurance proceeds recognised in profit or loss:				
- Other operating revenue - Business interruption (Note 23 (a))	**243,857**	-	-	-
- Insurance recovery for replacement of tangible assets and other incidental expenses	**729,225**	-	-	-
	973,082	-	-	-
Amount disbursed prior to year end	**(252,661)**	-	-	-
Amount receivable	**720,421**	-	-	-

The Group has received a disbursement of Rs 191 million in July and August 2023. A futher disbursement of about Rs 225 million is expected in October 2023. Although the quantum of compensation for loss of profit is quasi final, the final compensation for material damage will be determined after final costing of the refurbishment costs have been validated by the loss adjustors. At this stage, there is no indication that the final cost will differ materially from the initial estimate and final disbursement is expected in December 2023.

In accordance with IAS 36, the assets destroyed were impaired for an amount of Rs 870.3 million, out of which Rs 556.7 million was charged against revaluation reserve representing revalued building destroyed. Amount charged to profit or loss therefore amounted to of Rs 313.6 m.

31. Earnings per Share

	THE GROUP	
	2023 Rs'000	2022 Rs'000
Profit attributable to equity holders of the parent	**1,457,783**	478,676
Weighted average number of ordinary shares	**137,115,943**	137,115,943
Basic earnings per share	**10.63**	3.49

31. Earnings per Share (continued)

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.

	THE GROUP	
	2023 Rs'000	2022 Rs'000
<u>Diluted Earnings per share</u>		
Convertible Bonds subscribed to date by LIR	**920,000**	920,000
Conversion price	**33.52**	33.52
Weighted number of ordinary shares to be issued upon conversion of Bonds subscribed to date	**27,446,301**	24,699,185
Existing number of shares	**137,115,943**	137,115,943
	164,562,244	161,815,128
Total number of shares**Diluted earnings per share**	**8.86**	2.96

32. Notes to the Statement of Cash Flows

		THE GROUP		THE COMPANY	
		2023 Rs'000	2022 Rs'000	**2023 Rs'000**	2022 Rs'000
(a)	**Cash and cash equivalents**				
	Cash and cash equivalents	**986,772**	1,195,627	**839,877**	674,425
	Transferred from/ (to) asset held for sale (Note 13)	**111,807**	(111,807)	-	-
		1,098,579	1,083,820	**839,877**	674,425
	Bank overdrafts (Note 17)	**(3,458)**	(3,722)	**(6)**	(12)
		1,095,121	1,080,098	**839,871**	674,413

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**

	THE GROUP		THE COMPANY	
	2023 Rs'000	2022 Rs'000	**2023 Rs'000**	2022 Rs'000
Purchase of investment in subsidiary from another subsidiary	-	-	-	474,961

		THE GROUP		THE COMPANY	
(c)	**Net Debt Reconciliation**				
	<u>Net debt</u>				
	Cash and cash equivalents (Note 32 (a))	**(1,095,121)**	(1,080,098)	**(839,871)**	(674,413)
	Borrowings (Excluding bank overdraft and lease liabilities) (Note 17 (a))	**4,870,114**	5,073,952	-	221,000
	Lease liabilities (Note 5 (a))	**3,022,420**	2,952,562	-	-
		6,797,413	6,946,416	**(839,871)**	(453,413)

All the above borrowings carry variable interest rates.

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

(c) Net Debt Reconciliation

Net debt (continued)

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 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
Cash flows	-	**(527,391)**	**(157,122)**	**(684,513)**	**104,974**	**(579,539)**
Other movements	-	**146,502**	**134,988**	**281,490**	**(111,807)**	**169,683**
Exchange difference	-	**177,051**	**91,992**	**269,043**	**(8,190)**	**260,853**
At 30 June 2023	**1,460,283**	**4,870,114**	**3,022,420**	**9,352,817**	**(1,095,121)**	**8,257,696**

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 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
Cash flows	-	**(221,000)**	**(221,000)**	**(172,558)**	**(393,558)**
Exchange difference	-	-	-	**7,100**	**7,100**
At 30 June 2023	**914,083**	-	**914,083**	**(839,871)**	**74,212**

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.

33. Segmental Reporting (continued)

Secondary segment - Geographical

The contribution of the hotel units in Réunion Island via Hotel Prestige Réunion and for the unit in Maldives via White Sand Resorts & Spa Pvt Ltd for the year to 30 June 2023 are more than 10% in terms of revenue and the following disclosures are made with respect to segmental reporting.

For the year ended 30 June 2023	Mauritius Rs'000	Reunion Rs'000	Maldives Rs'000	Total Rs'000
Segment revenue from contract with customers	**4,597,004**	**879,646**	**2,296,683**	**7,773,333**
Segment interest income	**23,647**	**3,575**	**-**	**27,222**
Segment finance cost	**(279,090)**	**(5,490)**	**(281,610)**	**(566,190)**
Segment depreciation and amortisation	**(411,102)**	**(67,341)**	**(147,348)**	**(625,791)**
Segment result before finance charges	**1,613,169**	**139,845**	**519,345**	**2,272,359**
Segment assets	**11,935,948**	**696,077**	**6,598,083**	**19,230,108**
Segment liabilities	**6,216,707**	**343,544**	**4,606,371**	**11,166,622**
Capital expenditure	**1,129,158**	**16,574**	**47,725**	**1,193,457**
Cash flows from operating activties	**1,494,940**	**16,455**	**257,074**	**1,768,469**
Cash flows used in investing activities	**(1,122,989)**	**(16,574)**	**(49,367)**	**(1,188,930)**
Cash flows used in financing activities	**(465,170)**	**(57,199)**	**(162,144)**	**(684,513)**

For the year ended 30 June 2022	Mauritius Rs'000	Reunion Rs'000	Maldives Rs'000	Total Rs'000
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 used in investing activities	(574,655)	(21,167)	(20,488)	(616,310)
Cash flows from/(used in) financing activities	88,251	(32,632)	(156,758)	(101,139)

34. Contingent Liabilities

THE GROUP

At 30 June 2023, the Group had the following contingent liabilities:

(a) Bank guarantees of **Rs 48.3m** and guarantee for loans of **USD 20.3m** and **EUR 5m** (2022: Bank guarantees of Rs 45.2m and guarantee for loans of USD 20.2m 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 guarantees is remote.

(b) Legal claims of **Rs 61.5m** (2022: Rs 59.4m) 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.

34. Contingent Liabilities (continued)

THE COMPANY

Bank guarantees of **Rs 47.8m** and guarantee for loans of **USD 20.3m and EUR 5m** (2022: Bank guarantees of Rs 44.7m and guarantee for loans of USD 20.2m 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	
	2023 Rs'000	2022 Rs'000	**2023 Rs'000**	2022 Rs'000
Capital commitments				
Authorised by directors but not yet contracted for	**387,996**	282,808	-	-
Contracted for but not provided for in accounts	**815,617**	-	-	-
	1,203,613	282,808	-	-

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	Work in progress in relation to 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 parties Rs'000	Interest received from related party Rs'000	Net loan repayment to related party Rs'000	Loan due to related party Rs'000	Interest paid to related party Rs'000	Net bank balance with related party Rs'000	Emoluments Rs'000
THE GROUP													
Fellow subsidiaries (Note a)	**2023**	**785,404**	**4,179**	**374,152**	-	**118,305**	**4,437**	-	-	-	-	-	-
	2022	613,315	22,389	-	11,504	124,192	7,002	-	-	-	-	-	-
Entities over which directors have significant influence (Note b)	**2023**	**18,415**	-	-	-	**750**	**104**	-	-	**248,000**	**9,443**	**104,094**	-
	2022	5,131	-	-	-	1,913	-	-	51,000	231,706	6,398	101,826	-
Key management personnel (Note c)	**2023**	**3,240**	-	-	-	**912**	-	-	-	-	-	-	**105,892**
	2022	1,539	-	-	6,757	-	-	-	-	-	-	-	97,075
THE COMPANY													
Subsidiaries (Note d)	**2023**	-	-	-	-	**1,230,917**	**1,945,578**	**68,405**	-	-	**20,032**	-	-
	2022	-	-	-	-	983,297	1,939,967	24,585	-	-	5,830	-	-
Fellow subsidiaries (Note a)	**2023**	**20,853**	-	-	**5,624**	**5,239**	-	**21,459**	-	-	-	**1,210**	-
	2022	18,647	-	-	5,624	5,884	2,362	2,764	51,000	-	273	100,762	-
Key management personnel (Note c)	**2023**	-	-	-	-	-	-	-	-	-	-	-	**29,680**
	2022	-	-	-	-	-	-	-	-	-	-	-	31,971

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 comprised of a term loan of EURO 5 million repayable by monthly installments carrying interest rate of EURIBOR +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 102.7m** (2022: Rs 90.7m) as well as contributions to pension scheme for post retirement benefits of **Rs 3.2m** (2022: Rs 6.4m). For the Company, the emoluments include short term benefits of **Rs 27.1m** (2022: Rs 29.5m) and contributions to pension scheme for post retirement benefits of **Rs 2.5m** (2022: Rs 2.4m).

Note (d) - Amount due to and receivable from subsidiaries are unsecured and bears interest at 4.5% (repo rate) (2022: 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 2023 and 2022.

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%** (2022: 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 2023 and 2022 were as follows:

	THE GROUP		THE COMPANY	
	2023 Rs'000	2022 Rs'000	**2023 Rs'000**	2022 Rs'000
Debt (i)	**7,895,992**	8,030,236	**6**	221,012
Cash in hand and at bank	**(1,098,579)**	(1,083,820)	**(839,877)**	(674,425)
Net debt	**6,797,413**	6,946,416	**(839,871)**	(453,413)
Equity (ii)	**8,063,486**	6,621,971	**5,114,129**	5,204,356
Total capital plus debt	**14,860,899**	13,568,387	**4,274,258**	4,750,943
Gearing ratio	**46%**	51%	**Nil**	Nil

(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) The performance of all the hotels in the Group has been improved significantly, with a profit after tax of **Rs 1,458m** (2022: Rs 478.7m) compared to 2022 where borders were open for only 9 months, resulting in an increase in equity.

The Group has agreed with its bankers to exclude the impact of IFRS 16 in the computation of all financial covenants. If debt at 30 June 2023 and 2022 is adjusted with the impact of the lease liabilities, the gearing ratio would have been at 32% and 38% respectively.

(b) Categories of financial instruments

	THE GROUP		THE COMPANY	
	2023 Rs'000	2022 Rs'000	**2023 Rs'000**	2022 Rs'000
Financial assets				
Financial assets at amortised cost	**2,377,702**	1,545,412	**2,797,315**	2,620,603
	2,377,702	1,545,412	**2,797,315**	2,620,603
Financial liabilities				
Financial liabilities at amortised cost	**9,423,717**	8,982,953	**1,542,980**	1,236,124
	9,423,717	8,982,953	**1,542,980**	1,236,124

Financial assets at amortised costs include trade and other receivables and cash and cash equivalents, but exclude prepayments, advance payment and taxes amounting to **Rs 276.4m** (2022: Rs 64.3m) for the Group and **Rs 0.9m** for the Company (2022: Rs 5.3m).

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 260.3m** (2022: Rs 162.6m) for the Group and **Rs Nil** (2022: Rs Nil) for the Company.

37. Financial Risk Management Objectives and Policies (continued)

(c) Financial risk management

The Group has exposure to the following risks arising from finanical instruments: market risk (currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Board of Directors has the overall responsibility for the establishment and oversight of the Group's risk management framework which 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 Euros, Pounds Sterling and US Dollars. While protecting against any fall in the parity of the Mauritian Rupee, this stategy exposes the Group 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. In this hedge relationship, the main source of ineffectiveness is if the forecasted sales in foreign currency is no longer "highly probable" to occur.

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 2023 and at 30 June 2022 is as follows:

	THE GROUP		THE COMPANY	
	2023 Financial assets Rs'000	2022 Financial liabilities Rs'000	**2023 Financial assets Rs'000**	2022 Financial liabilities Rs'000
30 June 2023				
Euro	**458,775**	**1,902,416**	**74,915**	**25,780**
Pound sterling	**81,422**	**650,482**	**5,913**	**-**
US Dollar	**494,693**	**3,569,352**	**970,220**	**-**
Other foreign currencies	**1**	**-**	**50**	**-**
Total foreign currencies	**1,034,891**	**6,122,250**	**1,051,098**	**25,780**
Mauritian Rupee	**1,342,811**	**3,301,467**	**1,746,217**	**1,517,200**
Total	**2,377,702**	**9,423,717**	**2,797,315**	**1,542,980**
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

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 functional 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	
	2023 Rs'000	2022 Rs'000	**2023 Rs'000**	2022 Rs'000
Profit or loss	**(72,182)**	(75,233)	**2,457**	5,559
Equity	**(74,097)**	(75,696)	**-**	-

GBP IMPACT

	THE GROUP		THE COMPANY	
	2023 Rs'000	2022 Rs'000	**2023 Rs'000**	2022 Rs'000
Profit or loss	**(28,453)**	(26,518)	**296**	167
Equity	**(32,524)**	(30,393)	**-**	-

US DOLLAR IMPACT

	THE GROUP		THE COMPANY	
	2023 Rs'000	2022 Rs'000	**2023 Rs'000**	2022 Rs'000
Profit or loss	**(153,733)**	(187,556)	**48,511**	34,113
Equity	**(62,696)**	(105,050)	**-**	-

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 and leases.

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 and leases.

The equity impact of a change in rate of GBP vis-à-vis the Mauritian Rupee is attributable mainly to the hedge reserve arising on hedge accounting of Holiday & Leisure Resorts Limited's GBP loan.

(ii) Interest rate risk management

The Group is exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings.

The Group analyses its interest rate exposure on a dynamic basis. The Group considers various scenarios in assessing its interest rate exposure, including refinancing, renewal of existing facilities, alternative financing and hedging. Based on these scenarios, the Group calculates the sensitivity of the Group's profit before tax to a defined interest rate shift. The scenarios are run only for liabilities that represent the major interest-bearing positions.

Notes to the Financial Statements
For the Year ended 30 June 2023

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

	2023		2022	
	Balances with banks *Interest rate* %	**Trade receivables *Interest rate* %**	Balances with banks *Interest rate* %	Trade receivables *Interest rate* %
GBP	**EURIBOR-1%**	**Nil**	LIBOR-1%	Nil
EURO	**EURIBOR-1%**	**Nil**	EURIBOR-1%	Nil
USD	**SOFR-1%**	**Nil**	LIBOR-1%	Nil
Mauritian Rupee	**PLR - 4%**	**Nil**	PLR - 4%	Nil

Financial liabilities

	2023			2022		
	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**	**SOFR + 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%	N/A
USD	**SOFR + 4%**	**SOFR + 2.6% - 5%**	**N/A**	LIBOR + 4%	LIBOR +1.25% - 5%	N/A
Mauritan Rupee	**PLR & PLR + 0.525%**	**PLR + 0.5%- 1.5%**	**1.5%**	PLR & PLR + 0.525%	PLR + 4.15%- 5.15%	1.5%

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	
	2023 Rs'000	2022 Rs'000	**2023 Rs'000**	2022 Rs'000
Profit or loss	**(1,251)**	(1,834)	**-**	-
Equity	**-**	-	**-**	-

US DOLLAR IMPACT

	THE GROUP		THE COMPANY	
	2023 Rs'000	2022 Rs'000	**2023 Rs'000**	2022 Rs'000
Profit or loss	**(8,114)**	(8,723)	**-**	(553)
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	
	2023 Rs'000	2022 Rs'000	2023 Rs'000	2022 Rs'000
Profit or loss	(10,431)	(10,452)	-	-
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. At 30 June 2023, 44% of trade debtors of the Group were covered under the credit protection insurance policy as most of the debtors for the Mauritius entities were aged below the coverage period (2022: most of trade debtors of the Group were not covered as they were aged above the coverage period).

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 37(b) above for maximum exposure to credit risk of the Group's financial assets at 30 June 2023 and 2022.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit loss.

Loss rates are calculated using a "roll rate" method based on the probability of a receivable progressing through successive stages of delinquency to write off. No segregation has been made among the debtors due to their homogeneity.

Loss rates are based on actual credit loss experience over the past six years. These are further adjusted by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

The Group considers debtors 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 12.

37. Financial Risk Management Objectives and Policies (continued)

(c) Financial risk management (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 2023							
Expected credit loss rate		*2.73%*	*6.05%*	*6.20%*	*22.25%*	*20.74%*	*30.15%*
Carrying amount	408,606	187,042	114,241	53,744	13,562	23,318	16,699
Expected credit loss	28,235	5,102	6,916	3,331	3,017	4,835	5,034
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

The decrease in expected credit loss is principally the result of collection of a significant portion of the long outstanding debtors during the financial year ended 30 June 2023.

(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 525m** as at 30 June 2023 (2022: Rs 222m) and this has been the case over the last few years. The Group is in a cash positive situation and at 30 June 2023, cash and cash equivalents amounted to **Rs 1.1 billion** (2022: Rs 1.08 billion). Despite the closure of one hotel of the Group, which has been damaged by fire on 02 July 2022, all throughout the financial year ended 30 June 2023, the Group achieved positive results and based on the forecasts, the performance is expected to improve further over the coming years. This can be supported by high booking on hand as at 30 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 2023						
Non-interest bearing	-	1,527,989	-	-	-	1,527,989
Variable interest rate instruments	4.5%-10%	3,458	959,951	2,291,619	1,492,152	4,747,180
Fixed interest rate instruments	1.5%-3.5%	-	584,033	1,919,818	13,253,049	15,756,900
Financial and other guarantees	-	1,223,961	-	-	-	1,223,961
		2,755,408	1,543,984	4,211,437	14,745,201	23,256,030
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

37. Financial Risk Management Objectives and Policies (continued)

(c) Financial risk management (continued)

(v) Liquidity risk management (continued)

Liquidity and interest rate risk tables - financial liabilities - undiscounted

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 2023						
Non-interest bearing	-	1,542,974	-	-	-	1,542,974
Variable interest rate instruments	6.75%	6	-	-	-	6
Financial and other guarantees	-	1,223,511	-	-	-	1,223,511
		2,766,491	-	-	-	2,766,491
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

(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 the mjority of these facilities 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 2023 and 30 June 2022 are as follows:

THE GROUP

	Fair value hierarchy	2023 Carrying value Rs'000	2023 Fair value Rs'000	2022 Carrying value Rs'000	2022 Fair value Rs'000
Financial assets:					
Amortised costs:					
Trade and other receivables	Level 2	1,279,123	1,279,123	461,592	461,592
Cash and short-term deposits	Level 2	1,098,579	1,098,579	1,083,820	1,083,820
		2,377,702	2,377,702	1,545,412	1,545,412
Financial liabilities:					
Amortised costs:					
Interest-bearing loans and borrowings	Level 2	4,873,572	4,873,572	5,077,674	5,077,674
Lease liabilities	Level 2	3,022,420	3,022,420	2,952,562	2,952,562
Dividend payable	Level 2	274,232	274,232	-	-
Trade and other payables	Level 2	1,253,493	1,253,493	952,717	952,717
		9,423,717	9,423,717	8,982,953	8,982,953

Notes to the Financial Statements
For the Year ended 30 June 2023

37. Financial Risk Management Objectives and Policies (continued)

(d) Fair value of financial instruments (continued)

THE COMPANY

	Fair value hierarchy	2023 Carrying value Rs'000	2023 Fair value Rs'000	2022 Carrying value Rs'000	2022 Fair value Rs'000
Financial assets:					
Amortised costs:					
Trade and other receivables	Level 2	1,957,438	1,957,438	1,946,178	1,946,178
Cash and cash equivalents	Level 2	839,877	839,877	674,425	674,425
		2,797,315	2,797,315	2,620,603	2,620,603
Financial liabilities:					
Amortised costs:					
Borrowings	Level 2	6	6	221,012	221,012
Dividend payable	Level 2	274,232	274,232	-	-
Trade and other payables	Level 2	1,268,742	1,268,742	1,015,112	1,015,112
		1,542,980	1,542,980	1,236,124	1,236,124

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

	2023 Rs'000	2022 Rs'000
Non-current assets	16,369,492	14,700,802
Current assets (excluding assets held-for-sale)	2,860,616	1,836,031
Issued capital	1,371,159	1,371,159
Share premium	1,320,986	1,320,986
Convertible bonds	1,460,283	1,460,283
Other reserves	2,287,026	1,922,098
Retained earnings	1,624,032	547,445
Current liabilities (excluding liabilities held-for-sale)	3,385,200	2,058,305
Non-current liabilities	7,781,422	8,075,148
Total revenue	7,773,333	6,253,732
Profit before tax	1,733,391	715,497
Profit attributable to owners of the parent	1,457,783	478,676

38. Financial Summary (continued)

(b) THE COMPANY

	2023 Rs'000	2022 Rs'000
Non-current assets	**3,919,632**	3,866,433
Current assets	**2,798,215**	2,625,903
Issued capital	**1,371,159**	1,371,159
Share premium	**1,320,986**	1,320,986
Convertible bonds	**914,083**	914,083
Other reserves	**42,934**	42,184
Retained earnings	**1,464,967**	1,555,944
Current liabilities	**1,560,420**	1,236,124
Non-current liabilities	**43,298**	51,856
Total revenue	**230,517**	125,670
Profit before tax	**238,204**	826,663
Profit for the year	**210,775**	819,909

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

On 29 June 2023, the Board of Directors have declared a dividend of **Rs 2.00** (2022: Rs Nil) per each ordinary share held, totalling **Rs 274,231,886** (2022: Rs Nil) with respect to the year ended 30 June 2023. The dividend has been paid on 04 August 2023.

41. Events Occuring After the Reporting Period

There are no significant events occuring since the end of the reporting period which require adjustment or additional disclosures in the financial statements.

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 7 December 2023 at 10hrs30 with the following agenda:

Resolutions

1. To consider and approve the audited financial statements for the year ended 30 June 2023
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 Ms Jenifer Chung Wong Tsang as Director of the Company*
8. To re-elect Mr Laurent de la Hogue as Director of the Company *
9. To re-elect Mrs Pascale Lagesse as Director of the Company *
10. To re-elect Mr Thierry Lagesse as Director of the Company under Section 138(6) of the Companies Act 2001*
11. To re-elect Mr Maxime Rey as Director of the Company under Section 138(6) of the Companies Act 2001*
12. To elect Mr John Brennan as Director of the Company*
13. To fix the remuneration of the non-executive directors for the year ending 30 June 2024 and to ratify the remuneration paid to the non-executive directors for the year ended 30 June 2023
14. To ratify the remuneration paid to the auditors for the year ended 30 June 2023
15. To appoint the auditors under Section 200 of the Companies Act 2001 and to authorise the Board to fix their remuneration

By Order of the Board

IBL Management Ltd
Company Secretary

13 November 2023

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

A shareholder of the Company entitled to attend and vote at this meeting may appoint a proxy (in the case of an individual shareholder) or a representative (in the case of a shareholder company, by way of a written board resolution), whether a member or not, to attend and vote on his behalf.

The instrument appointing a proxy, any general power of attorney or the written resolution appointing a representative should reach the Registered Office of the Company, Pierre Simonet Street, Floreal, Mauritius, not less than twenty four hours before the time appointed for the holding of the meeting or adjourned meeting. In default, the instrument of proxy shall not be treated as valid.

A proxy form is included in this 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 2023.

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 7 December 2023 commencing at 10hrs30 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 2023			
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 Ms Jenifer Chung Wong Tsang as Director of the Company			
8. To re-elect Mr Laurent de la Hogue as Director of the Company			
9. To re-elect Mrs Pascale Lagesse as Director of the Company			
10. To re-elect Mr Thierry Lagesse as Director of the Company under Section 138(6) of the Companies Act 2001			
11. To re-elect Mr Maxime Rey as Director of the Company under Section 138(6) of the Companies Act 2001			
12. To elect Mr John Brennan as Director of the Company			
13. To fix the remuneration of the non-executive directors for the year ending 30 June 2024 and to ratify the remuneration paid to the non-executive directors for the year ended 30 June 2023			
14. To ratify the remuneration paid to the auditors for the year ended 30 June 2023			
15. To appoint the auditors under Section 200 of the Companies Act 2001 and to authorise the Board to fix their remuneration			

Signed this Signature

Registered Office
Pierre Simonet Street Floréal