BEACHCOMBER
RESORTS & HOTELS

Integrated
ANNUAL REPORT 2020

NEW MAURITIUS HOTELS LIMITED

At Beachcomber, we deliver an unmatched sustainable experience by living up to

our **52** commitments

Dear Valued Shareholders

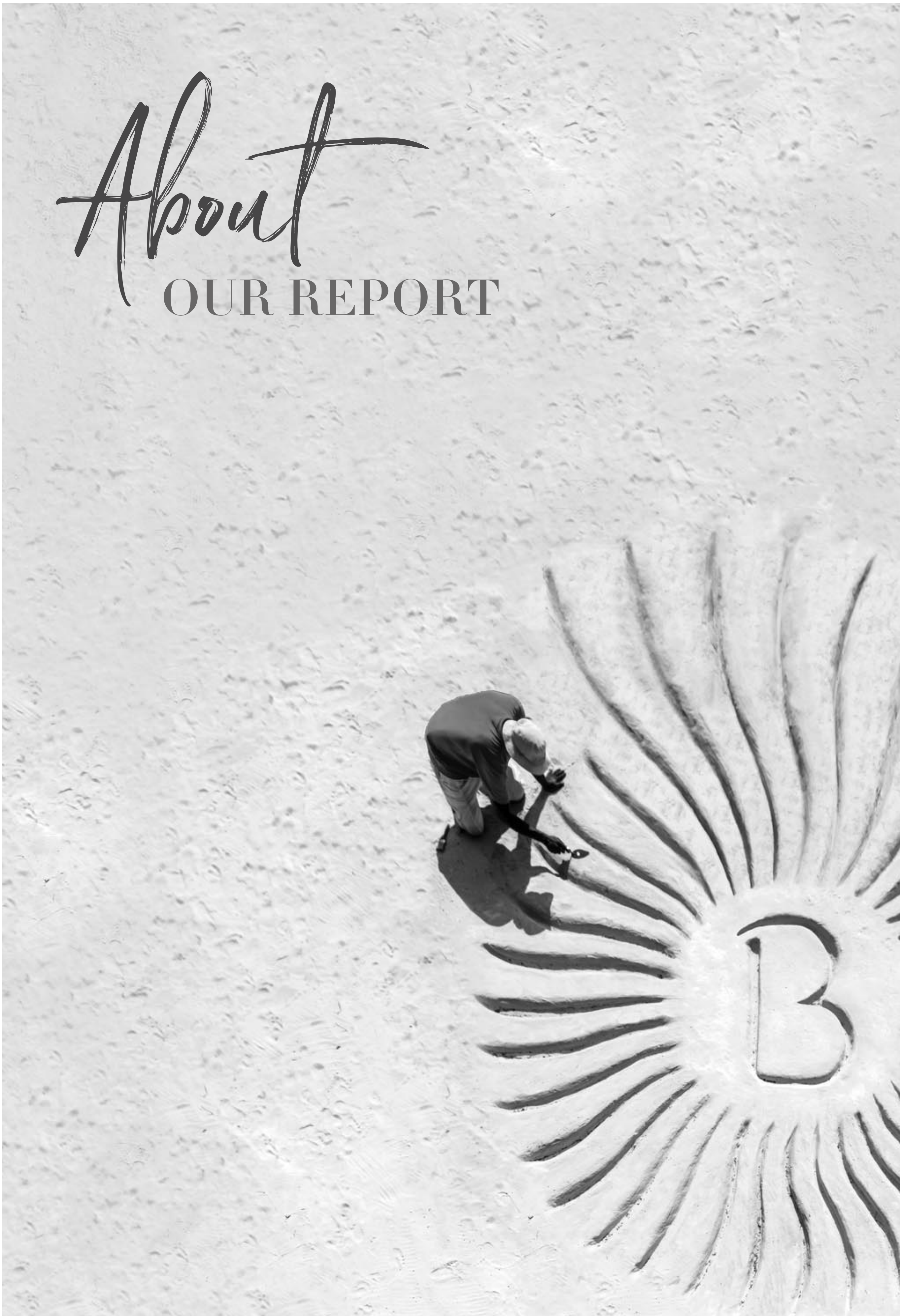
This Integrated Report comprises a suite of reports, namely the Risk Management Report, the Corporate Governance Report and the Audited Financial Statements, prepared in line with best practice and in accordance with the National Code of Corporate Governance for Mauritius (2016) and the Mauritius Companies Act 2001. It addresses all material matters affecting the Group through its operations in Mauritius, Seychelles and Morocco, and reflects fairly the Group's integrated performance.

The report was approved by the Board of Directors on 15 February 2021.

We look forward to meeting you at our next Annual Meeting to be held on 31 March 2021.

Hector ESPITALIER-NOËL
Chairman
15 February 2021

About OUR REPORT



Towards Integrated Reporting

The Integrated Annual Report 2020 of the NMH Group was developed to communicate with the providers of financial capital while taking into consideration the needs of all our stakeholders. We have therefore produced a set of reports embedding the guiding principles and fundamental concepts contained in the International Integrated Reporting Council ("IIRC") framework.

Forward-Looking Statements

This report may contain forward-looking statements. Words such as 'believe', 'anticipate', 'intend', 'seek', 'will', 'plan', 'could', 'may', 'endeavour' and similar expressions are intended to identify such forward-looking statements, but are not the exclusive means of identifying such statements.

While these forward-looking statements represent our judgements and future expectations, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from our expectations.

We are not under any obligation (and expressly disclaim any such obligation) to update or alter our forward-looking statements, whether as a result of new information, future events or otherwise. Investors are cautioned not to place undue reliance on any forward-looking statements contained herein, as they have not been reviewed or reported on by the independent external auditor of NMH.

Feedback

Your feedback is important to us and will help us enhance our reporting processes and ensure that we report on issues that matter to you. To get in touch with us, please visit:
www.beachcomber.com

Board Responsibility Statement

The Board of Directors of NMH acknowledges its responsibility to ensure the integrity of this Integrated Report. The Board has accordingly applied its collective mind and, in its opinion, this report addresses all material issues, offers a balanced view of its strategy, and how it relates to the organisation's ability to create value in the short, medium and long term. The report adequately addresses the use of and effects on the capitals and the manner in which the availability of these capitals is impacting the strategy and business model of NMH. We, as the Board, believe that this report has been prepared in accordance with the IIRC framework.

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"This report offers a balanced view of the strategy of the Board, and how it relates to the organisation's ability to create value in the short, medium and long term."

Table OF CONTENTS

The Integrated Annual Report is published in its entirety on the Company's website: **www.beachcomber.com**

1 BUSINESS OVERVIEW

12 Chairman's Report

14 Key Figures

16 Executives' Report

20 Value Creation Map

22 Financial Capital

24 Human Capital

30 Social Capital

32 Natural Capital

36 Intellectual Capital

40 Manufactured Capital

2 RISK MANAGEMENT

44 Risk Management Report

51 Risk Heat Map

54 Audit and Risk Committee

3 GOVERNANCE

58 Corporate Governance Report

69 Company Secretary's Certificate

70 Governance Structure

72 Directors' Profiles

76 Senior Management Profile

4 STATUTORY DISCLOSURES

82 Other Statutory Disclosures

86 Statement of Directors' Responsibilities

87 Statement of Compliance to Code

88 Independent Auditor's Report

96 Statements of Profit or Loss

97 Statements of Other Comprehensive Income

98 Statements of Financial Position

99 Statements of Changes in Equity

100 Statements of Cash Flows

101 Notes to the Financial Statements

5 ANNEX

164 Frequently Asked Questions

Glossary OF TERMS

AMS	Annual Meeting of Shareholders
ARC	Audit and Risk Committee
ARR	Average Room Revenue
bn	Billion
BHI	Beachcomber Hospitality Investments Ltd
Board	The Board of Directors of NMH
BREEAM	Building Research Establishment Environmental Assessment Method
CDS	Central Depository & Settlement Co. Ltd
CEM	Customer Experience Management
CEO	Chief Executive Officer
CGC	Corporate Governance Committee
CO_2	Carbon dioxide
CSR	Corporate Social Responsibility
DEM	Development Enterprise Market of the SEM
DMC	Destination Management Company
DPA	Data Protection Act
EBITDA	Earnings before Interest, Taxation, Depreciation and Amortisation
EIA	Environmental Impact Assessment
ENL	ENL Limited, a public company incorporated in Mauritius bearing business registration number C06000648 and listed on the Official Market of the SEM
EUR	Euro
FED	Fondation Espoir Développement Beachcomber
FTO	Federation of Tour Operators
FY	Financial year
FY20	Nine-month period ending 30 June 2020
GBP	Great Britain pound sterling
GDPR	General Data Protection Regulation
GNS	Guest Night Spending
GRI	Global Review Index
GRIT	Grit Real Estate Income Group Limited, a public company incorporated in Mauritius bearing business registration number C128881 C1/GBL and listed on the Official Market of the SEM and LSE
H&S	Health & Safety
IIRC	International Integrated Reporting Council
ISO	International Organisation for Standardisation
k	Thousand
KPI	Key Performance Indicator
kVA	Kilovolt-ampere
kW	Kilowatt
m	Million
MIC	Mauritius Investment Corporation Ltd, a private limited company, fully owned by the Bank of Mauritius
MUR/Rs	Mauritian rupee
MW	Megawatt
NAV	Net Asset Value
NAVPS	Net Asset Value per Share
NGO	Non-Governmental Organisation
NMH	New Mauritius Hotels Limited, a public company incorporated in Mauritius bearing business registration number C06001439 and listed on the Official Market of the SEM
NOI	Net Operating Income
Official Market	Official Market of the SEM
PAT	Profit After Taxation
PEJ	Projet Employabilité Jeunes
PIE	Public Interest Entity
PV	Photovoltaic
ROE	Return on Equity
Rogers	Rogers and Company Limited, a public company incorporated in Mauritius bearing business registration number C06000706 and listed on the Official Market
ROI	Return on Investment
SEM	Stock Exchange of Mauritius Limited
SPV	Special Purpose Vehicle
TO	Tour Operator
TRevPAR	Total Revenue per Available Room
USD	United States Dollar

Business OVERVIEW

Chairman's REPORT

Dear Valued Shareholders,

The Board of Directors is pleased to present the Integrated Annual Report 2020 for New Mauritius Hotels Limited ("NMH", the "Group" or the "Company") for the nine-month period ended 30 June 2020. The report has been prepared in accordance with the guidelines of the Integrated Reporting Framework published by the International Integrated Reporting Council, the National Code of Corporate Governance for Mauritius (2016) and the Mauritius Companies Act 2001.

Impact of the COVID-19 pandemic

World economies have been severely disrupted by the COVID-19 pandemic. With governments' endeavours to contain the spread of the virus and the ensuing travel restrictions and closing of borders to overseas visitors, the travel and tourism industry worldwide has been severely hit.

Mauritius has not been spared. GDP is forecast to contract by around 15% for the year 2020. From January to June, tourist arrivals have more than halved, resulting from the travel restrictions put in place since 19 March 2020. Since that date, inbound travel has been limited to returning residents and as a gesture of solidarity, the Group has provided some 400 beds from May to September 2020 to welcome fellow citizens under strict sanitary protocols and the supervision of the Ministry of Health. With these protocols in place and expeditious action taken by the authorities earlier in the year to lock down the country for two months, the spread of the virus has been promptly and successfully contained in Mauritius. Since October 2020, some commercial flights have resumed to allow entry to visitors, albeit with a 14-day isolation period in designated resorts of their choice. Given the significant changes in travel and stay conditions, tourism earnings are not expected to return to pre-COVID-19 levels unless medical breakthroughs occur and governments work together to ensure and promote safe destinations.

Issue of Rs 2.5bn of convertible and redeemable bonds

The Bank of Mauritius has set up a SPV and wholly-owned subsidiary, the Mauritius Investment Corporation Ltd ("MIC") to mitigate the macroeconomic impact of the pandemic by providing long-term finance at favourable rates to impacted enterprises. We are pleased to report that the Company and the MIC have signed a binding term sheet whereby the latter has agreed to subscribe to Rs 2.5bn of convertible and redeemable bonds repayable over 9 years. This will help stabilise the financial situation of the Group and give time to implement accompanying measures to weather the continuing crisis, while also preparing for the rebound in tourism. The approval of shareholders will be sought at a forthcoming special meeting.

Update on hotel development projects

Work on the redevelopment of Sainte Anne Resort in Seychelles has reached completion and the 295-key resort has been delivered to Club Med SAS as per agreed specifications. Contractual lease payments are expected as from February 2021.

Plans for major renovation and development projects, including the Les Salines Resort project, have been put on hold given the current circumstances. These projects will be revisited during the year as the situation evolves.

Dividend cancellation

In February 2020, prior to the COVID-19 outbreak in Mauritius, an ordinary share dividend of 15 cents per share was declared but not paid. However, given the difficult economic environment and prevailing uncertainty in the travel and tourism sector, the Board of Directors recommended the cancellation of the said dividend, which was approved by the shareholders at a meeting held on

30 July 2020. This cancellation was deemed to be a post-balance sheet event, which required no adjustment to equity at the year end. As at 30 June 2020, there were 548,982,130 ordinary shares in issue with a market capitalisation of Rs 3.0bn. The net asset value of the Group stood at Rs 7.2bn at that date.

Looking ahead

Despite the start of the vaccination programmes in several source markets and locally, the 2021 financial year will continue to be challenging given the change in travel behaviours, limited visibility regarding connectivity to our destination and continued focus on the protection of visitors and citizens, with ensuing quarantine measures for travellers. The Board is fully cognisant of these challenges and the focus will continue to be on cost containment, management of the Group's liquidity position and collaboration with all stakeholders in the industry for business readiness. Given the commitment of the MIC to subscribe to Rs 2.5bn worth of bonds, discussions are being finalised with financial partners for the re-engineering of the remaining debt to ease cash outflows over the coming months. A number of other strategic initiatives are also being explored. We are confident that the financial position of the Group will be stabilised with the above measures.

Acknowledgement

I would like to thank my fellow Directors for their continued support during the year, with special mention to Louis Rivalland, a long-serving member on the Board who resigned in August 2020. I also thank the CEO and his team for their commitment and contribution during these unprecedented times. I would like to convey my deepest appreciation to the Artisans of the Group for their engagement and dedication, our business partners for their support and our shareholders for their trust.

"Despite the start of the vaccination programmes in several source markets and locally, the 2021 financial year will continue to be challenging given the change in travel behaviours, limited visibility regarding connectivity to our destination and continued focus on the protection of visitors and citizens, with ensuing quarantine measures for travellers."

Hector ESPITALIER-NOËL
Chairman
15 February 2021

Key FIGURES

THE GROUP

STATEMENT OF PROFIT OR LOSS	Period ended 30 June 2020 Rs m	Year ended 30 September 2019 Rs m	Year ended 30 September 2018 Rs m
Revenue	**5,633**	9,688	9,537
EBITDA	**271**	1,743	1,844
(Loss)/profit before tax	**(773)**	260	340
Income tax expense	**87**	(103)	(93)
(Loss)/profit from continuing operations	**(686)**	157	247
(Loss)/profit for the period/ year	**(686)**	157	134
Non-controlling interests	**44**	124	133
(Loss)/profit attributable to owners of the parent	**(730)**	33	1

STATEMENT OF FINANCIAL POSITION	As at 30 June 2020 Rs m	Restated As at 30 September 2019 Rs m	Restated As at 1 October 2018 Rs m
Non-current assets	**32,838**	29,635	28,667
Current assets	**3,122**	3,419	7,585
Stated capital	**2,780**	2,780	6,350
Retained earnings	**3,030**	4,888	5,513
Other reserves	**1,095**	1,412	1,218
Shareholders' funds	**6,906**	9,080	13,080
Non-controlling interests	**264**	644	494
Total equity	**7,169**	9,724	13,574
Non-current liabilities	**16,577**	16,908	16,323
Current liabilities	**12,214**	6,421	6,463

DISTRIBUTION TO SHAREHOLDERS			
Dividends (Note 1)	**(82)**	(121)	(120)

KEY FINANCIAL RATIOS	2020	2019	2018
Head count as at 30.06/30.09	**5,327**	5,490	5,564
Number of room keys available as at 30.06/30.09	**2,148**	2,148	2,148
Room nights available for the period/year	**571,712**	775,191	764,787
Number of guests nights	**517,013**	1,192,840	1,166,399
Occupancy (%)	**44**	71	71
TRevPAR (Rs)	**8,125**	10,328	10,303
(Loss)/earnings per share (Rs)	**(1.33)**	0.06	0.00
Dividends per share (Rs)	**0.15**	0.22	0.22
Interest cover (x)	**0.53**	2.41	2.45
Net asset value per share (Rs)	**13**	18	25
Return on equity (%)	**(9.57)**	1.62	0.99
Return on assets (%)	**(1.91)**	0.48	0.37
Net debt/Total assets (%)	**49**	46	42
Gearing ratio (%)	**71**	61	53
Net debt/Equity ratio (%)	**246**	156	113

Note 1: Dividend for FY20 has been subsequently cancelled.

Executives' Report

Dear Shareholder,

The COVID-19 pandemic has given rise to an exceptionally difficult operating environment for tourism operators worldwide. With travel restrictions and closure of borders, our hotel operations in Mauritius and Morocco have not been spared. The severe impact of the prolonged crisis on our Group's performance and cash flow for the period under review has outweighed the positive results for the first 5 months to February 2020. Management has nonetheless taken all necessary measures to mitigate the adverse effects of the outbreak and sustain the business despite challenging conditions.

COVID-19 response

From the outset, the Group has actively contributed to the national sanitary response to the pandemic. Against the backdrop of a rising number of cases worldwide, closure of borders and overwhelming demand for hotel rooms arising from the repatriation of stranded residents, immediate relief and assistance were provided through the supply of quarantine facilities as well as catering services to other quarantine centres. We have adapted and evolved the sanitary protocols in our resorts to cater for the safety of our guests and employees in line with international best practice. We have also partnered with LIBA for the development and certification of our SAFE PLACE label, reflecting the health and hygiene standards adopted across our properties.

During the prevailing uncertain times, management has focused on cost containment to preserve cash and employment. Several measures were taken during the period to alleviate the cash flow pressure, including the following:

1. Internal initiatives

- Early Voluntary Retirement Scheme for some 174 employees
- Voluntary pay cut of up to 50% for senior management until June 2020
- Reduced work hours for reduced pay
- Reduction of non-essential costs locally and abroad
- Close monitoring of debtors' collection
- Negotiation with suppliers for rebates and/or extension of credit period facility
- New building project put on hold at Les Salines Beachcomber Resort & Spa and major refurbishment project scaled down at Shandrani Beachcomber Resort & Spa

2. Agreement with debt providers

- Moratorium on loan capital and interest repayments
- New bank loan facilities at favourable interest rates backed by 50% sovereign guarantee in Mauritius and 90% sovereign guarantee in France

3. Government support

- Monthly grant in the form of the Wage Assistance Scheme
- Relief on industrial lease payment for FY21

Notwithstanding the above, we have taken the opportunity of the temporary closing of our hotels to accelerate work that was started pre-COVID-19 to maintain the standard of our resorts. We have continued to invest in the digitalisation of our operations to bring out efficiency gains and further improve our customers' experience prior, during and after their stay. We shall continue to do so during the coming months.

Adaptability and resilience

While the pandemic has disrupted our day-to-day work, we have taken advantage of the lockdown period to carry out maintenance and refurbishment work using our skilled in-house resources. We were also among the few hotel groups in the world to continue our environmental certification journey with EarthCheck, a testimony to our strong belief in building an increasingly sustainable business.

With ongoing uncertainty, we continue to favour cost-efficient working arrangements. Our 'Reduced Pay for Reduced Hours' HR policy has been extended until December 2020. Some Artisans ensured business continuity by volunteering to work in quarantine centres while others provided support through work-from-home. We maintain our collaboration with the relevant authorities to improve our health and hygiene protocols so as to keep our guests and Artisans safe and prepare for the reopening of borders and welcoming foreign guests again.

Our sales and marketing team has tailored offers for medical staff in recognition of their dedication to the care of vulnerable groups. Offers have also been crafted to attract local residents to our hotels, a number of which have resumed operations since July 2020.
Being agile and innovative remains key to overcoming the protracted crisis.

Financial performance

The Group has changed its year end to 30 June and has prepared its financial statements for a period of nine months ended 30 June 2020, also referred to as FY20.

Performance for the first semester ended 31 March 2020 was comparable to the previous year with turnover amounting to Rs 5.6bn (FY19: Rs 5.5bn) and profit amounting to Rs 595m (FY19: Rs 633m). The average occupancy rate for the semester stood at 66% (FY19: 72%) but with average spending per guest improving by around 10%.

However, with the travel bans and closure of borders in March 2020, all tourism activities came to a complete standstill. Marginal revenue was generated in the third quarter while significant non-avoidable costs continued to be incurred, mostly in respect of staff costs. As a result, the Group's normalised EBITDA was largely below expectations at Rs 762m, with a loss after tax of Rs 686m for the FY20 after taking into account the one-off charges for impairment of financial and non-financial assets.

Impact of COVID-19 on financial statements

At the period end, an assessment for impairment of financial assets under IFRS 9 has been carried out, relating mostly to expected credit losses arising from ageing debts. Given successful collection from debtors, provision for credit impairment has been increased by only Rs 26m and Rs 34m for the Company and Group respectively and charged to their respective profit or loss statements.

As required under IAS 36, management has also assessed the recoverable amount of the Group's cash-generating units using forecasted cash flows. In the current environment still marred by uncertainty and expected subdued trading activity, certain assumptions have been made with respect to specific business and country risks of each unit which have impacted business projections and the applicable cost of capital used for discounting their respective cash flows. After careful consideration and rigorous testing at Group level, an impairment charge has been recognised against the value of property, plant and equipment held in Morocco and at Les Salines Mauritius, amounting to Rs 515m.

Along the same line, the carrying value of investment in subsidiaries has been assessed and an impairment of Rs 1.2bn has been accounted for in the Company's books relating mostly to our subsidiary in Morocco. Without the one-off impairment charge, the Company would have shown a breakeven position for the period.

Charges and provisions brought about by the pandemic and worsening of the economic environment have impacted the equity of the Group. As at year end, some modifications had been brought to the calculation of financial covenants set out in agreements and banks have agreed that no breach of covenants had taken place. However, given that their confirmation letters were received after 30 June 2020, loans amounting to Rs 5.8bn, repayable after one year, have been classified under current liabilities at year end. They have been reclassified as non-current liabilities post-year end.

Adoption of IFRS 16

The Group has adopted the new standard for leases as from 1 October 2019 and as required under the standard, all operating leases have been recognised as Right-of-Use Assets, with their corresponding Finance Lease Liabilities.

At Group level, right-of-use assets of Rs 2.8bn have been recognised with corresponding liabilities of Rs 2.4bn, reflecting mostly the present value of future obligations in respect of industrial lease rentals payable to the Government of Mauritius. The impact on the profit or loss for the period is a finance cost of Rs 138m and a depreciation charge of Rs 88m against an operating lease expense of Rs 185m for the full year ended 30 September 2020.

Right-of-use assets at Company level were more significant at Rs 6.8bn with corresponding liabilities of Rs 7.6bn, given that the present value of contractual lease rentals would be payable in euros to Beachcomber Hospitality Investments Ltd for the lease of 3 hotels.

At period end, only the lease liability was remeasured, and the depreciation of the Mauritian rupee generated a loss on exchange of Rs 491m booked to the statements of other comprehensive income. The finance cost to the Company increased by Rs 313m and depreciation charge by Rs 360m against a full year's charge of Rs 705m to operating lease expense in FY19.

Major projects across the Group

Renovation work at Ste Anne Resort, Seychelles has reached completion and the resort was successfully delivered to its lessee Club Med SAS on 1 February 2021. Delays were inevitably encountered on site due to the pandemic, disrupting the travel arrangements for technical staff and causing some late deliveries of materials and equipment. The main contractor also encountered major financial difficulties in October 2020 which further delayed work on site by two weeks. A new main contractor was appointed to complete the project and the resort was delivered as per the revised time plan. The Group is expected to receive rent of around EUR 7.8m per annum payable quarterly in advance as from February 2021.

The hotel project at Les Salines, Mauritius has been put on hold and will be revisited once market conditions and the financial situation of the Group have stabilised. Major renovation work worth around Rs 1bn at Shandrani Beachcomber has been scaled down and the uplifted resort will be ready to welcome guests back in the new financial year.

Net debt position

The Company's net debt increased marginally by Rs 0.3bn to Rs 11.8bn while the Group's net debt increased to Rs 17.6bn at 30 June 2020 on account of the bond issue of EUR 40m to finance the Ste Anne Project in Seychelles. The bonds were fully subscribed and were subsequently listed on the Stock Exchange of Mauritius in April 2020, during the lockdown period. The above financing, together with further facilities of EUR 28m made available by the banks post-year end, has been ring-fenced and secured against assets held by Ste Anne Resort Limited. Given that the project financing had been secured prior to the March-May lockdown period in Seychelles and Mauritius, work was uninterrupted on site albeit with some slight delays arising from logistics constraints. The average cost of debt for the Group dropped to 4.56% per annum for FY20.

Outlook

Occupancy rates in our hotels remained very low for the first semester to 31 December 2020, given the limitations of the local market. With the start of the vaccination programme worldwide, we remain hopeful that the travel and tourism sector will pick up in the second half of the calendar year. However, there is still limited visibility as to the timing of the reopening of borders for Mauritius and the conditions that will be imposed on operators and incoming guests. We continue to follow with interest the pace and effectiveness of the vaccination programme, which will no doubt help ease local travel restrictions.

Vaccination has also started in Morocco and we expect business at our resort in Marrakech to pick up gradually over the next few months.

In the meantime, we remain vigilant, closely monitor our cash flow position, keep costs to a minimum level and continue to engage with our stakeholders for ever more innovative ways of generating revenue despite our closed borders.

In order to enable us to meet our obligations towards our various stakeholders, we have signed a binding agreement with the MIC for a sum of Rs 2.5bn and are in the process of finalising the transaction documents. We are also negotiating extended repayment terms for existing bank debt with a view to ease our liquidity position over the next few years until return to normalcy. In case of a protracted crisis, the Board will consider a number of strategic initiatives, including but not limited to the sale of non-core assets of the Group. We are confident that the above initiatives will stabilise the Group's position, pending a gradual return to profitability following the full reopening of our borders.

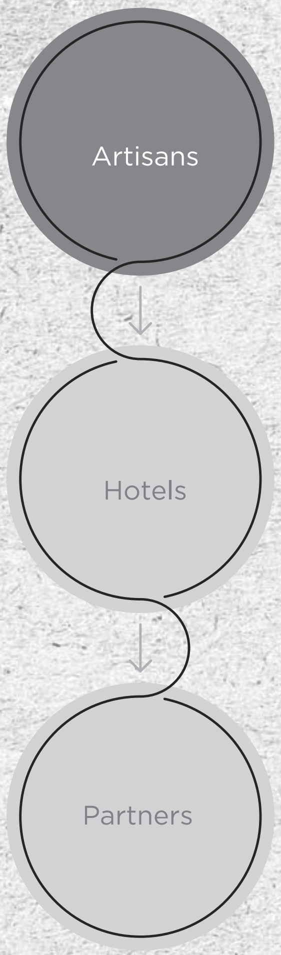
Gilbert ESPITALIER-NOËL
Director and CEO

Pauline SEEYAVE
Director and CFO

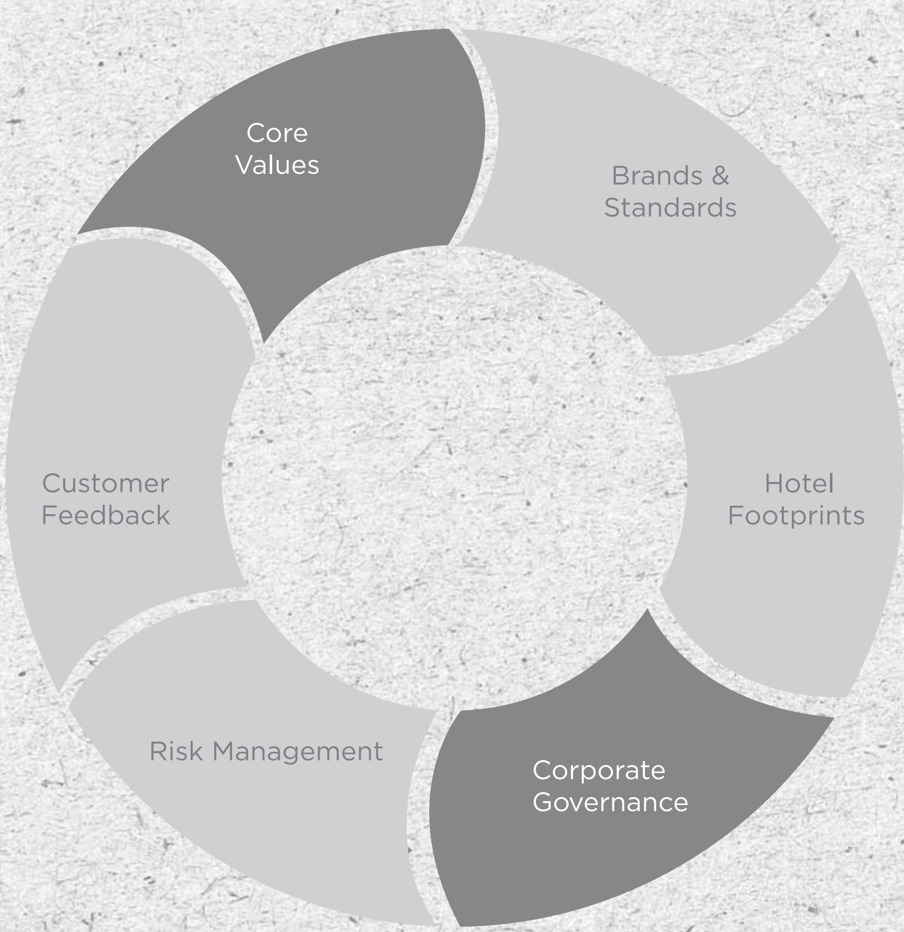
15 February 2021

Value CREATION MAP

Resource Optimisation



Process Efficiency



Human Capital
Our Artisans remain the daily reason behind our success, and nurturing them is always a priority for us.

Social Capital
A social touch to our surroundings is also what we bring in. The immediate environment of our hotels forms part of the Beachcomber experience, and therefore demands considerable attention.

Natural Capital
Hotels are large consumers of resources, and it is our duty to be a responsible player in society. Data on our resource usage is fundamental to achieving our objectives.

Intellectual Capital
Being a vertically integrated player in the hospitality sector strengthens our brand name as we work to deliver the Beachcomber experience to our guests.

Manufactured Capital
We maintain our portfolio of hotels while investing in our support systems, such as our website and booking network.

Financial Capital
Our hotels require capital to maintain their high standards. Financial management is essential to operate at optimum level.

Value Deliverables

Community

Shareholders

Revenue
Rs
5.6bn

Fund Providers

Artisans

Regulators

The Beachcomber journey begins right from the day the guests choose our hotels and lives on long after their stay.

Human Capital
Better working environment for our Artisans. Competent and experienced team members.

Social Capital
Promoting economic development of local communities.

Natural Capital
Youth empowerment. Optimisation of our resource usage.

Intellectual Capital
Stronger brand awareness, data and knowledge of the customer.

Manufactured Capital
Prestigious resorts.

Financial Capital
Superior returns to our stakeholders.

Financial CAPITAL

The Group's sources of capital include shareholders' equity, debt through bank borrowings and bonds, leasing facilities and capital from preference shareholders. They also include cash flow generated through the operation of our portfolio of hotels. These funds are available to finance strategic developments and future growth projects.

Key figures for FY20:

Revenue (Rs bn)	5.6
Normalised EBITDA (Rs bn)	0.7
Net cash flows generated from operating activities (Rs bn)	0.5
Interest cover (times)	0.53
Average cost of borrowings (%)	4.56
Equity (Rs bn)	7.2
Gearing ratio (%)	71
Net debt (Rs bn)	17.6

Issue of EUR 40m fixed-rate secured notes by Kingfisher Ltd for the funding of Ste Anne Project

In November 2020, the Group finalised a financing package for renovation and extension work at Ste Anne Resort, Seychelles to the tune of EUR 68m comprising: (i) a EUR 40m fixed-rate secured notes issue by Kingfisher Ltd; and (ii) EUR 28m debt financing in Ste Anne Resort Limited.

The EUR 40m bond proceeds were made available in December 2020 and included the following:

Tranche	Tenor	Currency	Amount (m)	Int. rate (%)	Status of notes
A	5 yrs	EUR	19.925	4.00%	Pari passu ranking with senior lenders
B	5 yrs	EUR	10.075	4.75%	Junior to Tranche A and Senior to Tranche C
C	5 yrs	EUR	10.000	6.00%	Junior to Tranche B

The fixed-rate secured notes were listed on the Stock Exchange of Mauritius in April 2020 and were exclusively used for the financing of the Ste Anne Project in FY20. The EUR 28m debt financing portion of the package remained undrawn at year end.

Issue of Rs 2.5bn quasi–equity instruments to the Mauritius Investment Corporation Ltd ("MIC")

In May 2020, the Company approached the MIC to seek financial support in view of a foreseeable liquidity crisis brought about by the COVID-19 pandemic and ensuing travel bans.

In December, the Company has signed a binding term sheet for the issue of redeemable and convertible bonds to the MIC for a total subscription amount of Rs 2.5bn (the "Bonds"), secured by a floating charge on the assets of the Company. The Bonds carry a fixed interest rate of 3.5% per annum.

The Bonds will mature on the ninth anniversary of the first subscription date. Nonetheless, the Company retains the option to redeem some or all of them any time prior to their maturity. In the event that they are not redeemed at maturity, any outstanding Bonds would be converted into ordinary shares of the Company at a pre-agreed fixed valuation of Rs 7.45 per share, being computed as the average daily volume-weighted price of ordinary shares of the Company as published by the Stock Exchange of Mauritius ("SEM") during the period from 1 January to 30 June 2020. In case of a covenant breach that is not remedied, the MIC shall have the right to convert the Bonds pursuant to the above-mentioned terms and conditions.

The proceeds from the Bonds will be used principally for the working capital requirements of the Company's Mauritian operations and payment of interests in respect of existing indebtedness.

The Board is of the view that the injection of Rs 2.5bn, together with other strategic initiatives, will stabilise the Company's financial position.

The Company will now engage with the MIC to negotiate the transaction terms and conditions in connection with the Bonds. They will be presented in detail in a document which will be circulated to shareholders, and a shareholders' meeting will be called in due course.

Challenges and risks facing the Group

- Market uncertainty

As of date, there is still little visibility as to the date of reopening of our borders and as such, planning in these uncertain times remains challenging. In case of a protracted crisis, the Group could find itself in a difficult liquidity position, with a high dependency on government assistance schemes and financial institutions for financial support. Should all such support become unavailable, the Group will consider other strategic initiatives, including but not limited to the sale of non-core assets to generate cash to meet its obligations. The immediate focus is to continue to reduce costs while generating maximum revenue from the domestic market and quarantine services.

- Inefficiencies in currency cash flow hedges

The predominant source market for tourist arrivals to Mauritius has traditionally been Europe, with a significant portion of sales being generated in euros. Funding has been raised in foreign currency to provide a natural hedge. With the delay in border reopening and reduction of revenue in foreign currency, the currency hedging techniques may become ineffective, causing an erosion of equity.

> "Management continues to focus on cost containment measures and is looking at ways to restructure and strengthen its balance sheet to address the prolonged financial impact of the pandemic."
>
> Pauline SEEYAVE,
> CHIEF FINANCIAL OFFICER

- Changes in interest rates

The Group is exposed to changes in interest rates as part of its floating-rate borrowings in euros and rupees. Given the prevailing economic conditions, the Group will not likely experience significant volatility in funding costs in the coming year. However, opportunities will be sought to close the interest rate gap, especially on projects earning fixed and inflation-indexed revenues.

Key initiatives for the year 2021/22

- Finalising the financial re-engineering further to MIC funding
- Deleveraging initiatives through planned sale of non-strategic assets
- Cost-reduction measures and increased digitalisation across the organisation

Human CAPITAL

The Beachcomber human capital's long-term focus on developing and embedding our Brand Promise and Core Values in everything we do has been considerably disrupted by the COVID-19 health and economic crisis and its aftermath. The latter has further aggravated the impact of escalating operational costs – particularly payroll and related costs - arising from the Workers' Rights Act 2019 and the arbitrator's award issued on 30 September 2019. Although our qualitative focus remains, the current short-term imperatives have shifted the focus to cutting and containing costs and improving operational efficiency and productivity. This will be our topmost priority over the coming year and beyond.

2019-2020 Actions and way forward
coping with an unprecedented crisis: cost-saving and control measures

In Mauritius, prior to the country going into lockdown in March 2020, a strict non-recruitment and non-replacement policy had been declared. Legal and other restrictions imposed by Government prevented the implementation of retrenchment measures. Burden-sharing/furloughing measures were also out of bounds for the category of Artisans defined as "Workers" under the Workers' Rights Act 2019 (i.e. the bulk of Company employees, earning up to Rs 50,000 per month). The Wage Assistance Scheme and a Voluntary Pay Cut agreed to by various management-level employees brought some relief and, in July 2020, authorisation was obtained for the application of Section 32.2 of the Workers' Rights Act, i.e. reduced work against reduced pay for employees whose salary exceeds Rs 50,000 per month. A Voluntary Early Retirement Package (VERP) made available to all Artisans aged 58 or more as at 31 May 2020 was accepted by 174 (70%) of those concerned. The impact of this exercise on various demographic metrics may be observed in the relevant graphs. It enabled the restructuring of a number of departments across Business Units and this trend will continue. Such exercises, coupled with strict limitations on recruitment, aim at reducing head count and payroll costs for leaner operations and improved resilience in the long run.

In spite of those measures, operating costs and their adverse impact on cash flow, in the face of very little or no revenue, remain of utmost concern and a number of in-depth restructuring measures are being planned, which will bring operational efficiencies and reduce payroll costs over time.

Group operations overseas were able to take the following measures: In the Seychelles, only eight Artisans were part of the NMH head count to assist with the administration of the Sainte Anne project. That number would be further reduced with the scheduled takeover of the site by Club Med in the next financial year. In Morocco, at the time of writing, Fairmont had had recourse to every Government help available to reduce payroll costs, including reduced pay for reduced hours. Managers' salaries were reduced by 50% in line with local legal provisions. There is currently no visibility on the reopening of Moroccan borders. Hotels were due to reopen on 28 July 2020 but lockdown measures have been restored. The golf course is the only facility available to the local market for the time being.

The majority of Artisans from our overseas offices (including Beachcomber Tours) were furloughed. The salaries of those affected in Europe were taken care of by their respective States, due to exceptional measures implemented during the COVID-19 crisis.

Remuneration

The Performance-Driven Bonus Scheme offered to Department Heads and other management-level Artisans in the course of the 2018-2019 financial year had been chosen by almost all concerned. This modern alternative to the current Performance & Productivity Bonus dating from the Ahnee Award 1997 was due to become effective from 2019-2020 and its extension to other categories as well as to the Head Office was planned during that same financial year. However, all Company Bonus Schemes have been suspended and will resume as soon as possible.

The design and implementation of a new Remuneration Structure to link performance with rewards, and replace the seniority-based incremental salary scales has also been suspended. However, renegotiating the remuneration structure with unions, which remains a priority, will be tackled over the coming year.

Industrial relations

Negotiations will resume in the coming year so as to reach a new Collective Agreement to take stock of new labour laws and the Chetty Award 2019. The latter contains a number of measures which have not yet been implemented and would have a further detrimental impact on costs. Further points to be considered are issues of labour mobility and flexibility, the current salary structure and bonus scheme, inherited from past Awards, which are obsolete and unreasonably costly to the Company.

Performance management

The planned design and implementation of a new Performance Management System has been suspended and will resume as soon as possible.

Artisan engagement

The Engagement Survey launched in 2019 and planned to be carried out on an annual basis has been suspended. It will resume at a more opportune time, so that the Company may continue its efforts to improve and sustain Artisan engagement scores over time through ongoing improvements. The current circumstances have also resulted in the temporary suspension of other initiatives, such as the Artisan of the Month and Year Awards.

Throughout the lockdown period, added emphasis was placed on maintaining constant communication with our Artisans through the use of closed social media groups. The CEO, Senior Executives and Managers posted video and other messages. This internal communication focus continues and will be maintained. We believe more than ever before that transparency and two-way dialogue are crucial to sustain trust and enhance Artisan engagement.

Learning and development

All training activities entailing cash outflows have been suspended or cancelled. Internal training was dispensed by the Training Academy Beachcomber, which continued to enhance its pool of in-house resources. During the lockdown period, Artisans were encouraged to pursue free online learning through links forwarded to them via an internal Facebook group. The second edition of the LEAD Management Development Programme was suspended but will resume in the coming year with the participation of 20 Supervisors and Middle Managers. The development of a proprietary Leadership Development Programme, “Leading the Beachcomber Way” is under way.

Key figures - training

	2019-2020
No. of training courses delivered	146
No. of Artisans trained	2,850
Total training hours delivered	33,910
Average training hours per Artisan trained	12

The Projet Employabilité Jeunes (PEJ) programme remains a key part of our sustained effort to integrate the youth from our surrounding communities in our talent pool. The project has been maintained despite the very difficult times and training started on 3 August 2020.

Selection and recruitment

Recruitment has been generally frozen. However, research into the continuous improvement of section methods and processes is ongoing. Indeed, such methods and processes will be particularly important when recruitment resumes in an even more targeted and selective manner. The inclusion of our Core Values and Behaviours as major selection criteria remains of great importance.

Human capital policy

Existing human capital policies remain in force. However, the short-term focus is and will remain strict cost control and containment through a complete recruitment ban, tight manpower planning and internal restructuring for greater efficiency and productivity.

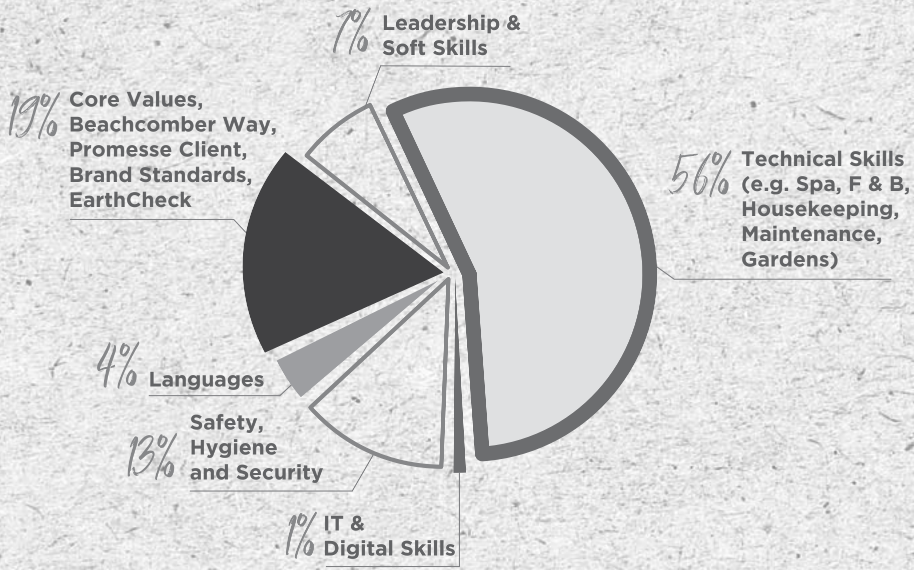
Human capital risks and responses

The risks highlighted in the 2018-2019 report with regard to the sharp rise in labour costs resulting from the Workers’ Rights Act (WRA) and the Chetty Award 2019 have materialised as a result of the current economic crisis. This should be addressed head-on via driving enhanced productivity and efficiency throughout, which will require negotiating with trade unions.

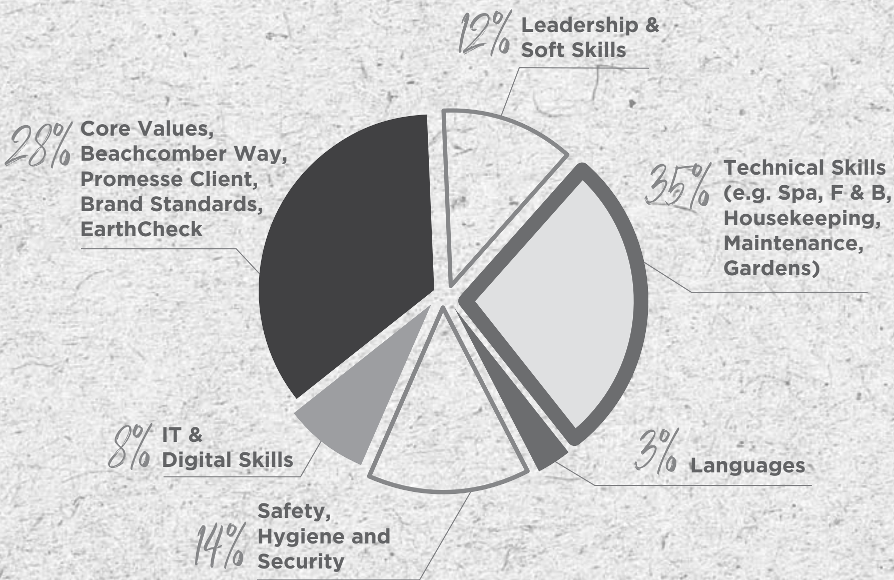
The exercises aimed at reducing payroll costs have resulted and will result in unavoidable talent loss. This will need to be compensated through further development and empowerment of in-house talent, as well as selective recruitment when activities resume normally.

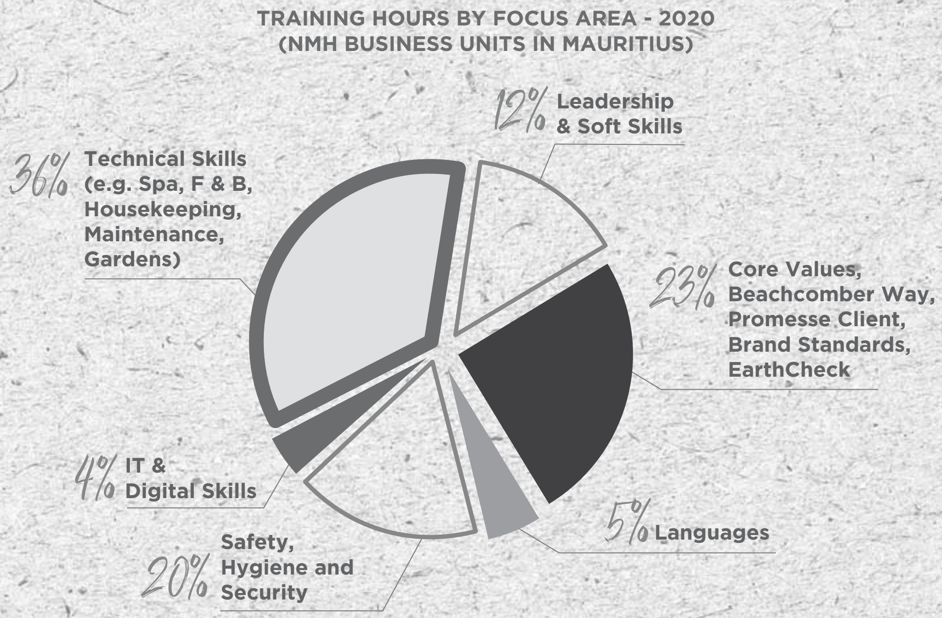
Other human capital risks identified in the 2018-2019 Annual Report, and responses thereto, remain broadly speaking unchanged.

TRAINING HOURS BY FOCUS AREA - 2018
(NMH BUSINESS UNITS IN MAURITIUS)



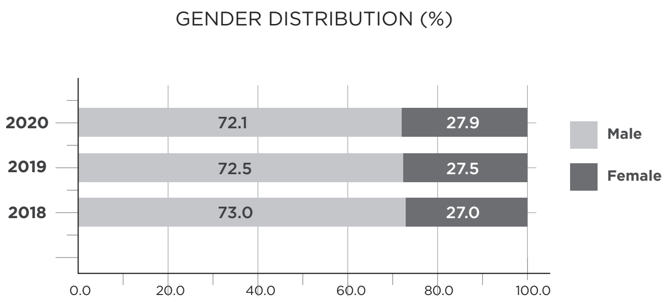
TRAINING HOURS BY FOCUS AREA - 2019
(NMH BUSINESS UNITS IN MAURITIUS)



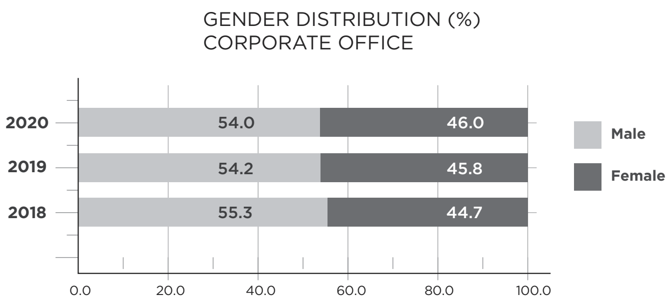


"The short-term focus is and will remain strict cost control and containment through a complete recruitment ban, tight manpower planning and internal restructuring for greater efficiency and productivity."

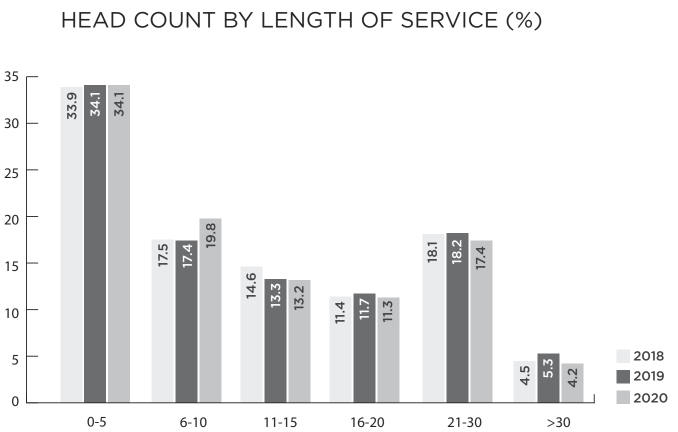
Bertrand PIAT,
CHIEF HUMAN RESOURCES OFFICER



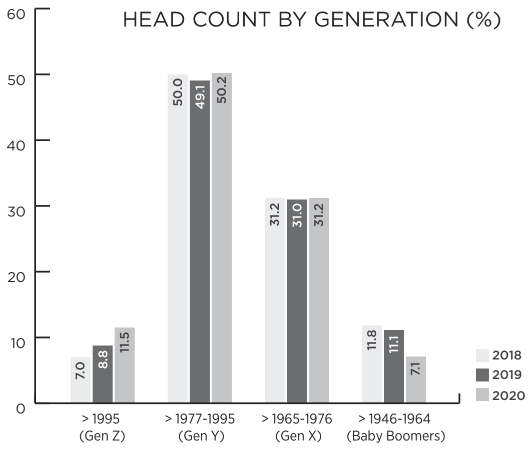
GENDER DISTRIBUTION (%)
2020
2019
2018
72.1
27.9
72.5
27.5
73.0
27.0
Male
Female
0.0
20.0
40.0
60.0
80.0
100.0



GENDER DISTRIBUTION (%)
CORPORATE OFFICE
2020
2019
2018
54.0
46.0
54.2
45.8
55.3
44.7
Male
Female
0.0
20.0
40.0
60.0
80.0
100.0

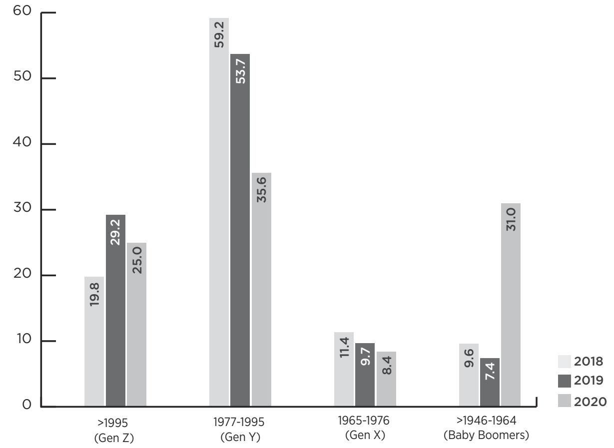


HEAD COUNT BY LENGTH OF SERVICE (%)
33.9
34.1
34.1
17.5
17.4
19.8
14.6
13.3
13.2
11.4
11.7
11.3
18.1
18.2
17.4
4.5
5.3
4.2
0-5
6-10
11-15
16-20
21-30
>30
2018
2019
2020

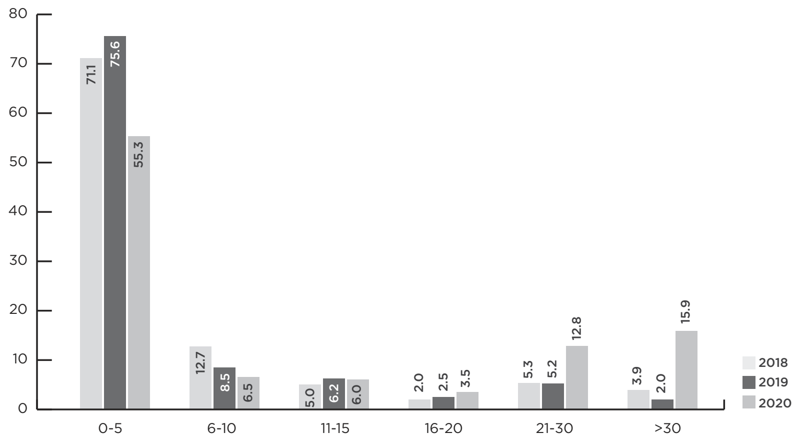


HEAD COUNT BY GENERATION (%)
7.0
8.8
11.5
50.0
49.1
50.2
31.2
31.0
31.2
11.8
11.1
7.1
> 1995 (Gen Z)
> 1977-1995 (Gen Y)
> 1965-1976 (Gen X)
> 1946-1964 (Baby Boomers)
2018
2019
2020

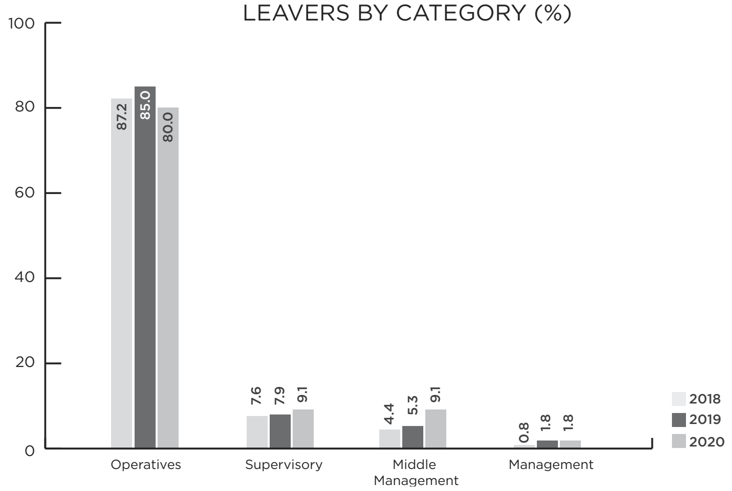
LEAVERS BY GENERATION (%)



LEAVERS BY LENGTH OF SERVICE (%)



LEAVERS BY CATEGORY (%)



Social CAPITAL

1. Presentation of FED

Fondation Espoir Développement Beachcomber (FED) was created in June 1999 to support the inclusion of vulnerable groups into the socio-economic mainstream and has contributed total funding in excess of Rs 155 million to various initiatives. The Foundation's priority areas are as follows:

- education and training;
- health, including the fight against drug abuse and disability;
- socio-economic development; and
- conservation and promotion of the natural and cultural heritage of the country.

This long-standing commitment is sustainable only because our Artisans are deeply committed to the socio-economic development of their communities. FED works closely with them and with Beachcomber hotels to implement social programmes in the surrounding regions.

FED also plays a significant role in the sustainability policy of Beachcomber by contributing to the recruitment of local youths (Projet Employabilité Jeunes – PEJ), supplying locally produced goods from recycled materials (Beautiful LocalHands) as well as connecting with our communities through its regional committees and with our guests through the Top FED initiative.

2. Projet Employabilité Jeunes

PEJ is an ongoing project launched in 2004 to improve the employability of beneficiaries, who are mostly out-of-school youths from vulnerable backgrounds. They are prepared to workplace realities through training in the social and academic skills required for a rewarding personal and work life, as well as placements, mainly in Beachcomber hotels.

The 2020 PEJ training programme was scheduled to start in April but was postponed due to the COVID-19 outbreak. Post-lockdown, despite the heavy negative impact of the pandemic on the tourism sector and amid heightened uncertainty regarding the reopening of our borders and tourists coming back, Beachcomber has decided to maintain and reschedule the programme from August 2020 to February 2021. The trainees have however been informed that placement in Beachcomber hotels could not be guaranteed and that they would be informed of the evolution of the situation.

In spite of all this, 212 out of the 253 youths initially selected in March have confirmed their participation.
A grant of Rs 1,002,500 was allocated in March by the National Social Inclusion Foundation (NSIF) for the PEJ training courses. This amount is being readjusted according to the number of participants and fees renegotiated for classrooms and external trainers.

3. Beautiful LocalHands

Beautiful LocalHands aims to promote local handicraft on the tourism market, especially in Beachcomber hotels, through production and marketing support to small-scale craftspeople. About 50 of them work regularly with Beautiful LocalHands.

Key Figures

October 2019 – February 2020	**Revenue (Rs)**
Orders processed	865,505
Exhibit sales	50,680
Boutique sales (Trou aux Biches & pop-up store)	104,210
Bambous workshop visit sales	47,565

After discussions with local Destination Management Companies (DMCs), it was noted that tourists were highly interested in watching local craftspeople at work. So, after upgrading work in 2019, Beautiful LocalHands partnered with these companies, including Mautourco,

> "The funding of activities and projects will be adversely impacted in the coming months."
>
> Viren VYTHELINGUM,
> CSR MANAGER

to organise tourist visits and product sales at the workshop in Bambous. These visits started on a pilot basis in December 2019, mainly with cruise ship visitors.

A total of 114 tourists visited the workshop from December 2019 to March 2020 and total sales amounted to Rs 47,565. Three cruise ships' visits were cancelled in March and April 2020 due to COVID-19.

4. Regional Committees

The regional committees comprise Beachcomber Artisans who are interested in the social field. In collaboration with FED, they identify and set up their own social development projects, with a primary focus on youth development.

Programmes

Duke of Edinburgh's International Award Mauritius, under the aegis of the Ministry of Youth

A total of 130 beneficiaries aged 14 to 24 years old coming mainly from the South-West and South-East regions have to develop a skill, practise a sport and carry out a community service activity once a week. They are mentored by 30 leaders comprising FED committee members and adults from neighbouring communities. Beachcomber hotels including Paradis Beachcomber Golf Resort & Spa, Dinarobin Beachcomber Golf Resort & Spa and Shandrani Beachcomber Resort & Spa hold sessions on hospitality skills for the youths. Activities were placed on hold during the lockdown period and resumed in June.

Pointe aux Piments Government School

FED provides funding for the services of a liaison officer to investigate the reasons for absenteeism with the parents of the 270 pupils and motivate them to send their children to school. The Foundation also supports a remedial programme for low-achieving pupils in Grades 4, 5 and 6. The programme, which stopped in March, resumed in July and will be extended to March 2021, in line with the Ministry of Education's revised calendar. Funding of the project amounts to Rs 192,000.

Distribution of food packs during lockdown

During lockdown, FED and Beachcomber hotels joined the solidarity movement to donate food packs to vulnerable families. Distribution was carried out by FED regional committee members, Beachcomber Artisans and NGOs in villages of the North, South-West and South-East regions.

Contribution to NGOs

Between October 2019 and June 2020, FED has supported NGOs in the areas of education, health including disability and prevention of substance abuse, sports and leisure and socio-economic development with funding totalling Rs 537,762.

5. Top FED

The Top FED initiative encourages Beachcomber hotel guests to contribute to the Foundation's activities. It was decided in October 2019 that a top-up of Rs 100 per person per stay would be added to each invoice, and guests who do not want to contribute should inform the reception desk at check-out. Royal Palm has a special scheme whereby the contribution is included in the price of the room. Top FED revenue for the period under review amounted to Rs 3,332,028.

It is worth noting that in anticipation of significantly lower income in the coming months, FED's future funding of activities and projects will be revised accordingly.

Natural CAPITAL

The 2019-2020 financial period has been a very special one. In the first instance, it marked a transition with only a 9-month reporting period to change our financial year end to 30 June. We also faced the severe impact of COVID-19 from March 2020.

Our operations have since been at a standstill, making any year-on-year KPI comparison impossible for our natural capital.

In this truncated financial period, we nevertheless comforted our collaboration with EarthCheck as our environmental certifying body. On-site audits were performed in March at three of our properties, Royal Palm Beachcomber Luxury, Mauricia Beachcomber Resort & Spa and Canonnier Beachcomber Golf Resort & Spa; the Head Office building also went through an offsite audit just before the pandemic struck, forcing the country into lockdown.

On resumption of activities in May, and after discussions with EarthCheck, it was decided that audits would be carried out from June to August at the other properties, albeit on an offsite basis as the independent auditor is unable to travel. This was a challenge to which all our teams brilliantly adapted themselves. These audits were successfully completed with no non-conformities and all our properties retained their Silver level accreditation for another year, thereby maintaining our place in the global group of sustainable tourism operators that are certified to the internationally recognised EarthCheck Company Standard.

It is also worth noting that we were one of the very rare hotel groups worldwide, and the only one in Mauritius, to pursue our environmental certification commitment in this troubled period.

After 5 years of collaboration with EarthCheck, we, as a group, have been constantly improving the KPIs under which we are monitored. We have now reached a point where most of our properties either exceed EarthCheck regional leaders or are among our region's average performers.

It should be noted that under the EarthCheck programme, we are assessed separately as 10 sectors: 8 Vacation Hotels, 1 Golf Course and 1 Administration Office.

We very well know the areas that must be improved with respect to properties that did not manage to reach the benchmark. We are working on them with the aim that all properties are at least within the average bandwidth for the above KPIs during the next audit.

Waste generation, collection and discharge to landfill have been a long-standing issue within our operations. We continued our collaboration with Don't Waste, our waste management company over the last year. However, as the above graphic shows, despite some noticeable progress on waste management, we still have a long way to go to reduce the volume sent to landfill.

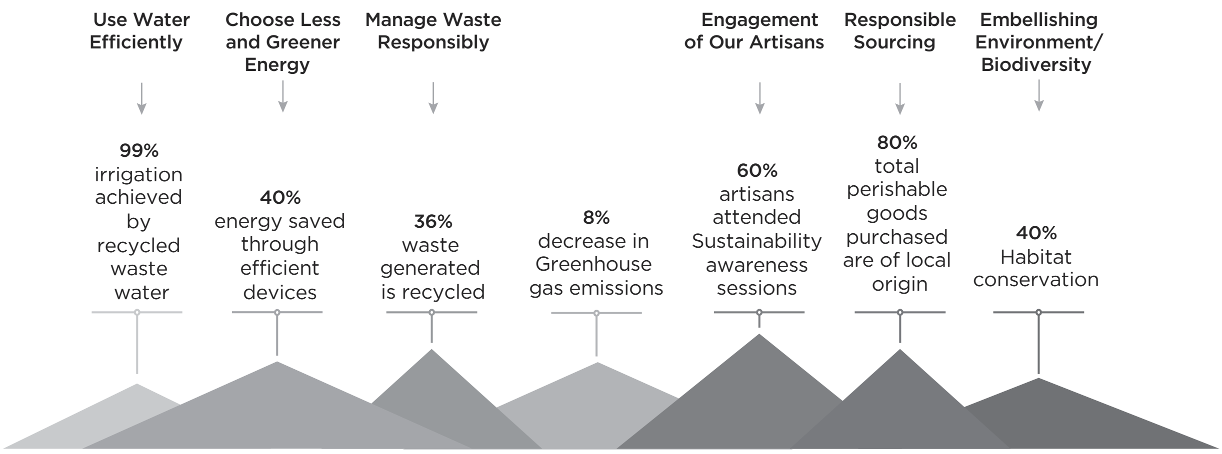
Closer analysis of waste figures confirms that the percentage of recyclables has seen a huge year-on-year drop. This has two causes, one positive, the other negative. Paper and plastic waste have both seen amazing reductions from 445.23t to 201.79t and from 18.32t to 14.18t respectively. This is extremely positive, showing that our guest and Artisan awareness campaigns are bearing fruit. It is also an indication that our single-use plastic ban objective is working.

Unfortunately, the same cannot be said of glass. Even though we are seeing a year-on-year decrease in collection, it is simply due to the fact that glass recycling has come to a halt and that it is being sent through the general waste stream to landfill. We have started discussions with interested NGOs to review the glass recycling process but the crux of the matter rests in the lack of approved avenues for the reuse of crushed glass.

Our "Zero Single-Use Plastic objective by 2021" initiative and formal engagement officially launched in February 2020 have received wide acclaim. It comforts our position as forerunners on the environmental front. The Government has also come forward with the **Environment Protection (Control of Single Use Plastic Products) Regulations 2020** to formally ban single-use plastic from early 2021.

All our properties are now equipped with their own in-house water bottling plant; the latest one was set up at Trou aux Biches Beachcomber Golf Resort & Spa. The final step in getting rid of plastic in drinking water distribution is to replace the plastic bottles in our minbars, which will be ready upon full reopening of all

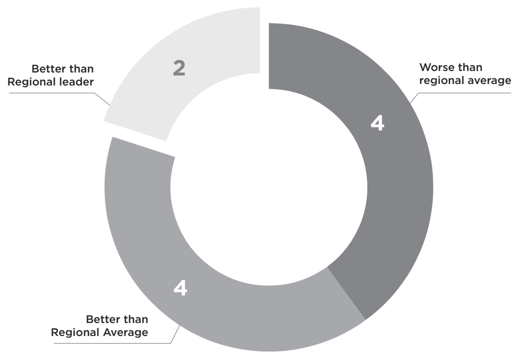
Our Evolution since 2015



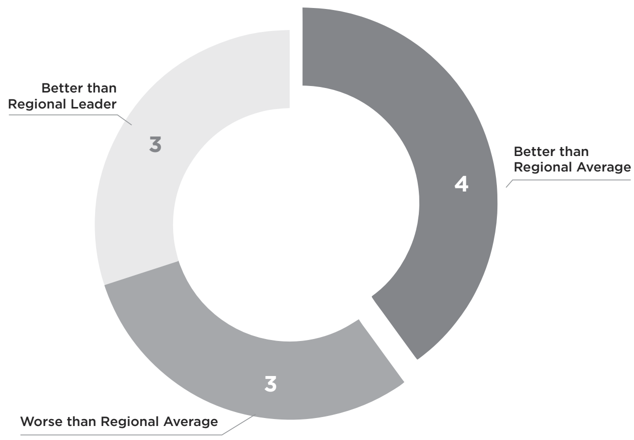
ALL 9 PROPERTIES ARE EARTHCHECK SILVER CERTIFIED

And still counting...

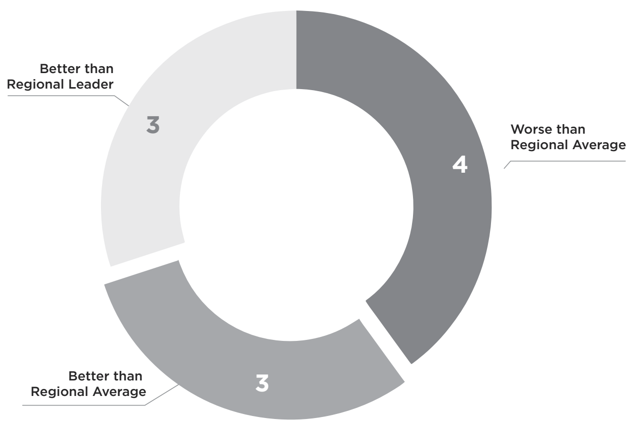
ENERGY BENCHMARK PERFORMANCE



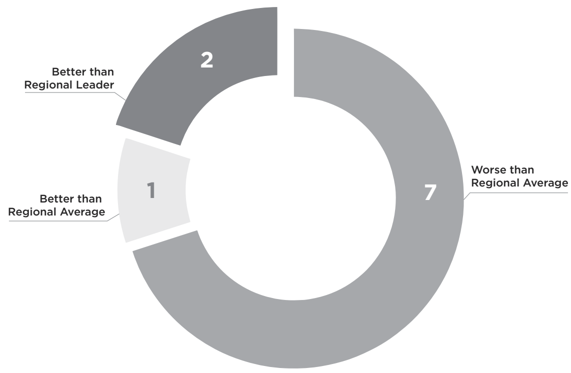
EMISSION BENCHMARK PERFORMANCE



WATER BENCHMARK PERFORMANCE



WASTE BENCHMARK PERFORMANCE



our hotels, and providing 20L mains-connected dispensers. We started a project at Canonnier Beachcomber and expect to be able to complete same within all our properties.

The Group's commitment to minimise food waste and where unavoidable, deal with it in a circular way instead of landfill disposal, has not abated during the report year as we continued our collaboration with FoodWise Mauritius. Other collaborations are being investigated to not only deal differently with food waste, but also provide some potentially novel guest experiences.

The pandemic has caused a drastic downsizing of our ongoing projects. However, the Group's management placed emphasis right from the start of lockdown on using the close-down period to perform a significant amount of maintenance work and light refurbishment at all our properties with funds being made available for these.

We also focused on optimum use of our in-house technical workforce to carry out most of the works.

Since the lifting of lockdown, we have thus been able to carry out the following tasks with much adaptability and resilience:

- light refurbishment of all rooms, including grout cleaning and repair in the showers, silicone replacement on washbasins and bathtubs as well as paint touch-ups by our Artisans;
- deep cleaning of rooms' fan coil units at all our properties except Shandrani Beachcomber Resort & Spa, where they are being replaced;
- refurbishment of main pools at Victoria Beachcomber Resort & Spa, Paradis Beachcomber Golf Resort & Spa, Dinarobin Beachcomber Golf Resort & Spa, which was outsourced owing to the complexity of the work, and at Mauricia Beachcomber by the hotel's Artisans;
- review of the full refurbishment of Shandrani Beachcomber to focus on fixing all technical issues faced by the hotel, mainly on water distribution, air conditioning and waterproofing. A team of plumbers and electricians from all our hotels has been assembled and is leading these works with the help of specialist subcontractors;
- continuation of the partial refurbishment of bathrooms at Dinarobin Beachcomber Golf Resort & Spa with an expanded scope of work where all tapware and shower tiling are being replaced on top of the pipework. We aim to complete the full refurbishment by the end of the calendar year;
- completion of the room redecoration project at Victoria Beachcomber in the next financial year after a delay caused by the use of the hotel as quarantine facility. Work started in 2019 with the aim of bringing a much lighter and modern touch to the rooms while replacing all light fittings with LEDs, knowing that Victoria Beachcomber was the hotel of the Group with the largest remaining number of non-LED light fittings;
- finally starting the installation of more than 1,000kW of PV panels on the roofs of some of our hotels (Paradis Beachcomber, Trou aux Biches Beachcomber, Mauricia Beachcomber and Victoria Beachcomber), which has often been delayed. We should be able to generate green power in the very short term and help reduce our carbon footprint, while the new highly effective and energy-efficient tennis court lighting system at Mauricia Beachcomber has been completed; and
- mobilising Technical Department Artisans to address all issues that cannot be attended to when our hotels are operational. In several properties, this mainly involved interventions in the technical gallery where various plumbing issues were identified and repaired. This shall help in reducing the high level of water losses some hotels were experiencing.

The coming financial year will be full of challenges, continuing the trend that we have set over the last years as we live up to and review our 52 commitments to better align with environmental and social projects which have been completed or are underway within our properties.

> "We shall strive to continually improve on our Environmental Commitments as we Walk our Talk and live up to our Brand Promise of cultivating the beauty of the places in which we operate and encompass guest demand for increasing Eco-Responsible practices."
>
> Geraldine KOENIG
> CHIEF OFFICER OPERATIONAL EXCELLENCE


BAGAG

Intellectual CAPITAL

The intellectual resources of our organisation comprise all intangible resources, such as knowledge, experience, skills and technological capabilities, including ideas and innovation, which give a relative advantage and contribute to producing future benefits.

For the period from October 2019 to March 2020, before the borders were closed, Beachcomber resorts recorded over 514,000 guest nights, accommodating nearly 92,000 guests despite the difficult conditions already starting to show up in some of our main markets due to the COVID-19 outbreak. These figures remained unchanged for the last three months of the financial year.

Benefitting from an increasingly simplified pricing policy and sustained marketing efforts, room occupancy in all Beachcomber resorts and forward bookings were most promising for the first five months of the financial year. This trend however experienced significant disruptions when the pandemic brought international travel to an abrupt halt, with the closure of borders forcing most of the world's population to stay at home.

As from February 2020, our borders were closed to Italy and Asian countries affected by the virus. Similar measures were later extended to other European Union countries, the United Kingdom and Switzerland. Late on Thursday 19 March, after the announcement of the first three cases of COVID-19 in Mauritius, the Government initially declared a two-week state of national lockdown starting the next day. Ultimately, the country unfortunately stood still for nearly 60 days.

This prolonged lockdown period seriously disrupted all travel plans to and from Mauritius. The timeline was sadly significant: just before the Easter holidays, at a time when our turnover used to be highly rewarding, mainly on our European markets. As from 15 May, Mauritius began a gradual reopening of some sectors of the economy, but borders remained closed.

During lockdown, our Artisans had to adapt to the work-from-home model to arrange flights for the repatriation of stranded guests in our hotels. In spite of the difficult situation, they also had to carefully handle current bookings, apply refund procedures where necessary, encourage as far as possible a rescheduling of bookings, keeping cancellation as a last resort. All these actions were successfully carried out in close collaboration with the relevant authorities by an experienced and dedicated team working from home.

As the crisis unfolded, we have been guided by our Safety & Health Policy and various safety protocols and procedures in ensuring a safe and healthy environment for our Guests and Artisans, which are of the utmost importance. We have established heightened standards and safeguards ahead of the reopening of our resorts.

Our Group has also teamed up with LIBA, an ISO 17025 accredited international bioanalytical laboratory, to provide assurance to all our stakeholders about our safety and hygiene practices and measures through the SAFE PLACE label. Our goal is to provide them with the safest environment, fully compliant with the sanitary measures established by local authorities, WHO recommendations and industry best practices.

SAFE HYGIENE PRACTICES
SAFE PLACE
BY BEACHCOMBER

Key features include redesigned Artisan and Guest Journeys with the addition of a digital layer, among others, as well as general measures (hygiene, social distancing, use of face masks, hand sanitisers, disinfection of the most frequently touched surfaces in rooms and common areas, availability of an infirmary, etc.).

A marketing operation was swiftly initiated, with a special offer intended for medical staff on both local and international markets, in recognition of the extraordinary dedication shown by doctors, nurses and healthcare givers during the hard times most countries went through following the virus outbreak. It was also a means for Beachcomber to stay in touch with existing and potential guests. The Company was the first to come up with such an exceptional offer and continued to communicate and advertise on social media. Through continuous digital communication, Beachcomber's

presence and visibility were reinforced across the world. Direct and social media communication with clients further consolidated the goodwill and corporate image of the Company.

At this point, it is worth mentioning the support of Beachcomber Tours, which helped measure the importance and advantage of having them in-house. Just like in Mauritius, all efforts were concentrated on maintaining steady communication and strengthening the reputation of the Beachcomber brand. During the crisis, faultless service and close follow-up on all bookings helped Beachcomber Tours increase their business through a better permeation within the travel agents network.

With the travel industry at a standstill, one of our main actions is by all means to ensure maximum possible interest in Mauritius and Beachcomber Resorts & Hotels, making it a real invitation for travellers to book our resorts when borders reopen.

> "Our industry is amongst the hardest hit and our challenge is to maintain trust and confidence both in the destination and in Beachcomber Resorts & Hotels. We must remain the first choice destination for travellers from our key source markets."

Karine PERRIER CURÉ
CHIEF COMMUNICATION & CSR OFFICER

Royal Palm Beachcomber Luxury
TripAdvisor Certificate of Excellence 2019
EarthCheck Silver Certification 2019

Dinarobin Beachcomber Golf Resort & Spa
TripAdvisor Certificate of Excellence 2019
HolidayCheck Award 2019
EarthCheck Silver Certification 2019
Ctrip's Chinese Preferred Hotel Certification

Paradis Beachcomber Golf Resort & Spa
TripAdvisor Certificate of Excellence 2019
HolidayCheck Award 2019
EarthCheck Silver Certification 2019

Trou aux Biches Beachcomber Golf Resort & Spa
TripAdvisor Certificate of Excellence 2019
HolidayCheck Award 2019
EarthCheck Silver Certification 2019

Shandrani Beachcomber Resort & Spa
Ctrip's Chinese Preferred Hotel Certification
HolidayCheck Award 2019
EarthCheck Silver Certification 2019

Victoria Beachcomber Resort & Spa
World Travel Award Nominee (Indian Ocean's Leading Dive Resort)
PADI Green Star Award
EarthCheck Silver Certification 2019

Canonnier Beachcomber Golf Resort & Spa
TripAdvisor Certificate of Excellence 2019
EarthCheck Silver Certification 2019

Mauricia Beachcomber Resort & Spa
TripAdvisor Certificate of Excellence 2019
HolidayCheck Award 2019
EarthCheck Silver Certification 2019

Beachcomber Resorts & Hotels
Swiss Travel Award 2019 – Best Hotel Chain

Mautourco
Indian Ocean's Leading Destination Management Company 2019
Mauritius' Leading Destination Management Company 2019
(for the 5th year in a row)

"With the travel industry at a standstill, one of our main actions is by all means to ensure maximum possible interest in Mauritius and Beachcomber Resorts & Hotels."

François VENIN,
CHIEF SALES AND MARKETING OFFICER

Manufactured CAPITAL

Our manufactured capital consists of 10 resorts with unique locations and infrastructure. Excellence of service and operational efficiency are our key priority while ensuring long-term value creation.

Key indicators for the year:

STATUS	COUNTRY	HOTEL NAME	CATEGORY	#KEYS
EXISTING	MAURITIUS	Royal Palm Beachcomber Luxury	5-Star Luxury	69
		Dinarobin Beachcomber Golf Resort & Spa	5-Star	175
		Paradis Beachcomber Golf Resort & Spa	5-Star	293
		Trou aux Biches Beachcomber Golf Resort & Spa	5-Star	333
		Shandrani Beachcomber Resort & Spa	5-Star	327
		Victoria Beachcomber Resort & Spa	4-Star	295
		Canonnier Beachcomber Golf Resort & Spa	4-Star	283
		Mauricia Beachcomber Resort & Spa	4-Star	239
	MOROCCO	Fairmont Royal Palm Marrakech	5-Star Luxury	134
TOTAL EXISTING HOTELS				2,148
PROJECTS	SEYCHELLES	Club Med Sainte Anne	5-Star	295
GRAND TOTAL				2,443

Hotels	9 hotels in operation and 2 others under construction
Capital expenditure	Rs 1.0bn
Asset value	Rs 36bn

Achievements during the year 2019/2020

The long overdue change of the Property Management System was completed by mid-December for 8 of our properties. Migration from the previous system and connection with our Central Reservation System went smoothly. Ernst & Young conducted the project management for NMH.

This brought together various teams across departments, taking into consideration guest requirements and operational efficiency. All documentation has been completed. This backbone will allow us to open the way to digital solutions in the near future, which will include Guest Messaging Systems/mobility of Food and Beverage/maintenance programmes/pre-electronic checks, etc. All these solutions will improve customer satisfaction and operational efficiency.

Renovation work at Paradis Beachcomber

In November 2019, we completed the renovation of the clubhouse at a cost of Rs 60m. This included upgrading the facilities as well as improving dining and shop facilities, with positive feedback from our many regular guests.

Renovation of the fairway irrigation system at a cost of Rs 30m has been postponed.

"Generally speaking, we have been very proactive, adapting and showing team spirit and creativity despite the inherent constraints, with the health, safety and well-being of our Artisans and guests remaining our primary concern."

Geraldine KOENIG,

CHIEF OFFICER OPERATIONAL EXCELLENCE

Refurbishment of Blue Marlin and La Palma restaurants as well as the renovation of 172 tropical rooms have been cancelled for the time being.

Redevelopment of Sainte Anne Resort in Seychelles

As announced in the previous report, our current property was expanded from 87 to 295 keys. This major turnkey project was completed and delivered to its lessee Club Med SAS on 1 February 2021. Funding secured for the project has been ring-fenced so that the related debt will be repaid from the project cash flow without any recourse to NMH.

Conference centre under construction at Fairmont Royal Palm Marrakech

Completion of the conference centre at Fairmont Royal Palm Marrakech was well on schedule and the facility should have been available for use from 10 July 2020. Unfortunately, many events have been cancelled or postponed since lockdown was announced in Morocco, resulting in delay of opening until mid-December 2020. The necessary funding has been secured from a Moroccan bank.

Shandrani Beachcomber Resort & Spa/Beachcomber Catering

Renovation of the hotel is under way at an estimated overall cost of Rs 300m, which has been reviewed downwards given the current crisis. The hotel is due to reopen during FY21.

* At the time of writing, given the uncertainty of border reopening, management has been very cautious to engage in further capital expenditure.
* Priority after lockdown has been given to maintenance work that will require closure of some of the hotels. This will include the swimming pools at Paradis Beachcomber, Victoria Beachcomber and Dinarobin Beachcomber as well as defects in the water features at Trou aux Biches Beachcomber.
* An Environmental Impact Assessment licence has been obtained to secure the dredging of the marina at Paradis Beachcomber.

Canonnier Beachcomber, Paradis Beachcomber, Royal Palm Beachcomber Luxury are currently operational and open for Mauritians and residents only, with our SAFE PLACE standard in place and Artisans fully trained to our reinforced hygiene and precautionary measures.

Additionally, we promptly responded to the Government's call and turned three of our hotels, Mauricia Beachcomber, Victoria Beachcomber and Trou aux Biches Beachcomber into quarantine centres during the COVID-19 pandemic. We also supported the local hotel industry through helping in the development of protocols and contracts with the public authorities.

"As a precautionary measure, we redirected the reduced capital expenditure towards maintenance work that would otherwise have required the closure of our hotels (pools, for examples), thus releasing the full sales potential of our rooms at the time of reopening."

Jean-Louis PISMONT,

CHIEF OPERATIONS OFFICER


Proactivity
AND TEAM SPIRIT

Risk MANAGEMENT REPORT

Our Risk Management Approach

The Board of NMH is ultimately accountable for overall risk management across the Group. It is supported in this task by the Audit and Risk Committee, the management team and other delegated committees which collectively set the tone and appetite for risk at NMH. This is cascaded down to our corporate office and business units through well-established and continuously improved procedures, processes, systems and controls.

Our Integrated Risk Management Processes

Building on the foundations laid in previous years, our risk management process has been further strengthened and is now embedded in the DNA of our Artisans. Realising that the sustainability of the Group rests on proper risk management, considerable efforts have been put in by our Artisans at all stages of the process.

Operational and compliance risks are identified, analysed and managed through regular meetings with functional specialists. Probability of occurrence and potential impacts are assessed and the mitigation measures in place are reviewed to assess their adequacy. Our Artisans are therefore given a defined framework to work within and are encouraged to keep abreast of major disruptions in the hospitality industry. We are thus continually on the lookout for emerging risks. Business processes are also constantly analysed and consolidated following recommendations made by internal and external auditors or other specialised service providers.

Financial and strategic risks are predominantly identified, analysed and managed by the Group's executives during the annual budgeting process and short to medium-term strategic planning. Risks identified are assessed for both likelihood of occurrence and potential financial impact. NMH holds a risk register where all risks are duly consolidated. The internal audit function includes financial and strategic risks in its annual audit plan, based on their controllability ratings.

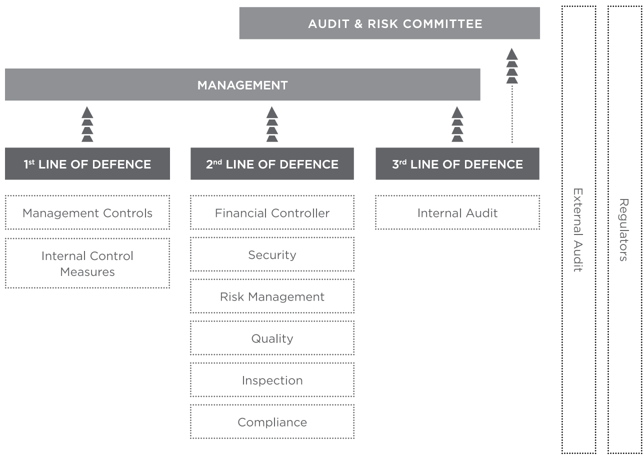
Our Risk Maturity Level

As part of our risk management journey, NMH has gradually shifted from a fragmented to a more strategic approach. While this remains the aim, we realise that embedding risk management 'in everything we do' is a long-term process which requires constant monitoring and fine-tuning.

We strongly believe that with the aligning our technology maturity in Audit and Risk Management, coupled with a blend of robotics in our data automation, our risk management framework will help take our risk management maturity to the next level.

Our Lines of Defence

NMH has adopted an integrated risk management approach as depicted in our three lines of defence model below:



1. The first line of defence (functions that own and manage risks)

This is formed by our Artisans, who are responsible for identifying and managing risk as part of their accountability for achieving objectives. Collectively, they have the necessary knowledge, skills, information and authority to operate the relevant policies and procedures of risk control.

2. The second line of defence (functions that oversee the management of risk)

This line of defence provides the policies, frameworks, tools, techniques and support to enable risk and compliance to be managed in the first line, conducts monitoring to judge how effectively they are doing it, and helps ensure consistency of definitions and measurement of risk.

3. The third line of defence (functions that provide independent assurance)

This is provided by internal audit. Sitting outside the risk management processes of the first two lines of defence, its main roles are to ensure their effective operation and advise how they could be improved. Tasked by, and reporting to the Audit and Risk Committee ("ARC"), it provides an evaluation, through a risk-based approach, of the effectiveness of governance, risk management and internal controls to the Board and senior management.

Risks are identified, assessed, mitigated and monitored by functional specialists and periodically reviewed by internal and external auditors as deemed necessary. Realising that our Artisans are an important part of our lines of defence, NMH has adopted a cross-functional approach to managing risks. This has had the effect of promoting better risk understanding and further strengthening our lines of defence.

Supporting our three lines of defence model in managing risks, is our enhanced Code of Ethics, which includes a section on 'Whistle-blowing'. At NMH, we believe that our Artisans should be able to raise any matters of concern in all confidence.

The internal audit function was consistent in its risk-based approach where higher risk areas were subject to audit reviews. During the year, focus was laid on (i) operational controls; (ii) financial controls; (iii) human resources management; and (iv) internal and external compliance.

Non-financial risks are covered by qualified professionals working under the umbrella of the Operational Excellence Department. Our in-house health and safety and food safety teams continuously monitor how our hotels abide by overall safety requirements in line with statutory obligations, including key industry stakeholder requirements such as ABTA/FTO guidelines as deemed appropriate.

Health and Safety reports are issued by the Operational Excellence Department for implementation by all business units. NMH strongly believes that safety and health policies are integral to the process that will spearhead the Group towards achieving its goal and vision, in line with the branding and environmental commitments.

We are working closely with relevant authorities to monitor the unfolding situation relating to COVID-19 and its impact on both our business and the industry as a whole.

With a COVID-safe Mauritius, the Group has been actively preparing for the aftermath and the reopening of its resorts. Beachcomber has refreshed its crisis and incident management procedures and has developed the SAFE PLACE label in partnership with LIBA, an ISO 17025-accredited international bioanalytical laboratory. The Group has taken the lead in terms of health safety requirements with that certification.

Holistic Approach to Risk Management

NMH carries out risk assessments with a view to identifying, prioritising and taking informed decisions on risk mitigation measures. Risks are first assessed from an inherent perspective. Internal controls and other mitigating measures are then identified and flexed in, resulting in a residual risk assessment.

NMH thinks holistically about potential risks to the Group. We have identified three key pillars, which rest on two other fundamental layers: statutory and reputational. The environmental pillar is made up of all the factors which are uncontrollable and affect us as a whole.

The Group realises that an effective risk management system is for the large part not only dependent on having the right people in the right place with the right skills, but also on having a risk culture that promotes sound risk management. NMH believes that the risk function plays an important role in training and raising risk awareness of its Artisans throughout the organisation. We recognise that risk management remains the responsibility of everyone.

Our Risk Mitigation Approach

In our risk mitigation approach, strategic risks, financial risks and operation risks are classified under the following captions, each of which requires a different risk management approach:

- Preventable risks
- Strategy risks
- External risks

Preventable risks, arising from within an organisation, are monitored and controlled through rules, values and standard compliance tools. In contrast, **strategy risks** and **external risks** require distinct processes that encourage managers to openly discuss risks and find cost-effective ways to reduce the likelihood of risk events or mitigate their consequences.

NMH has tailored its risk management processes to these different risk categories. A rules-based approach is effective for managing preventable risks. Our Artisans are provided with defined frameworks within which they operate, thus bringing a more structured approach to their work. Strategy risks, on the other hand, require a fundamentally different approach based on open and explicit risk discussions. To anticipate and mitigate the impact of major external risks, NMH uses tools such as scenario analysis.

1	2	3
CATEGORY 1	CATEGORY 2	CATEGORY 3
Preventable Risks Risks arising from within the Company that generate no strategic benefits	**Strategy Risks** Risks taken for superior strategic returns	**External Risks** External, uncontrollable risks
RISK MIGRATION OBJECTIVES		
Avoid or eliminate occurrence cost-effectively	Reduce likelihood and impact cost-effectively	Reduce impact cost-effectively should risk occur
CONTROL MODEL		
Integrated culture-and-compliance model Develop mission statement, values and belief systems Rules and boundary systems Standard operating procedures; internal controls and internal audit	Interactive discussions about risks to strategic objectives drawing on tools such as: • maps of likelihood and impact of identified risks; and • key risk indicator (KRI) scorecards Resource allocation to mitigate critical risk events	"Envisioning" risks through: • trail risk assessment and stress testing; and • scenario planning
ROLE OF THE RISK MANAGEMENT FUNCTION STAFF		
Coordinate, oversee and revise specific risk controls with internal audit function	Run risk workshops and risk review meetings Help develop a portfolio of risk initiatives and their funding	Run stress testing Scenario planning and sensitivity testing with management team
RELATIONSHIP OF THE RISK MANAGEMENT FUNCTION TO BUSINESS UNITS		
Acts as independent overseer	Provides independent facilitators, independent experts or embedded experts	Complements strategy team or serves as independent facilitator of "envisioning" exercises

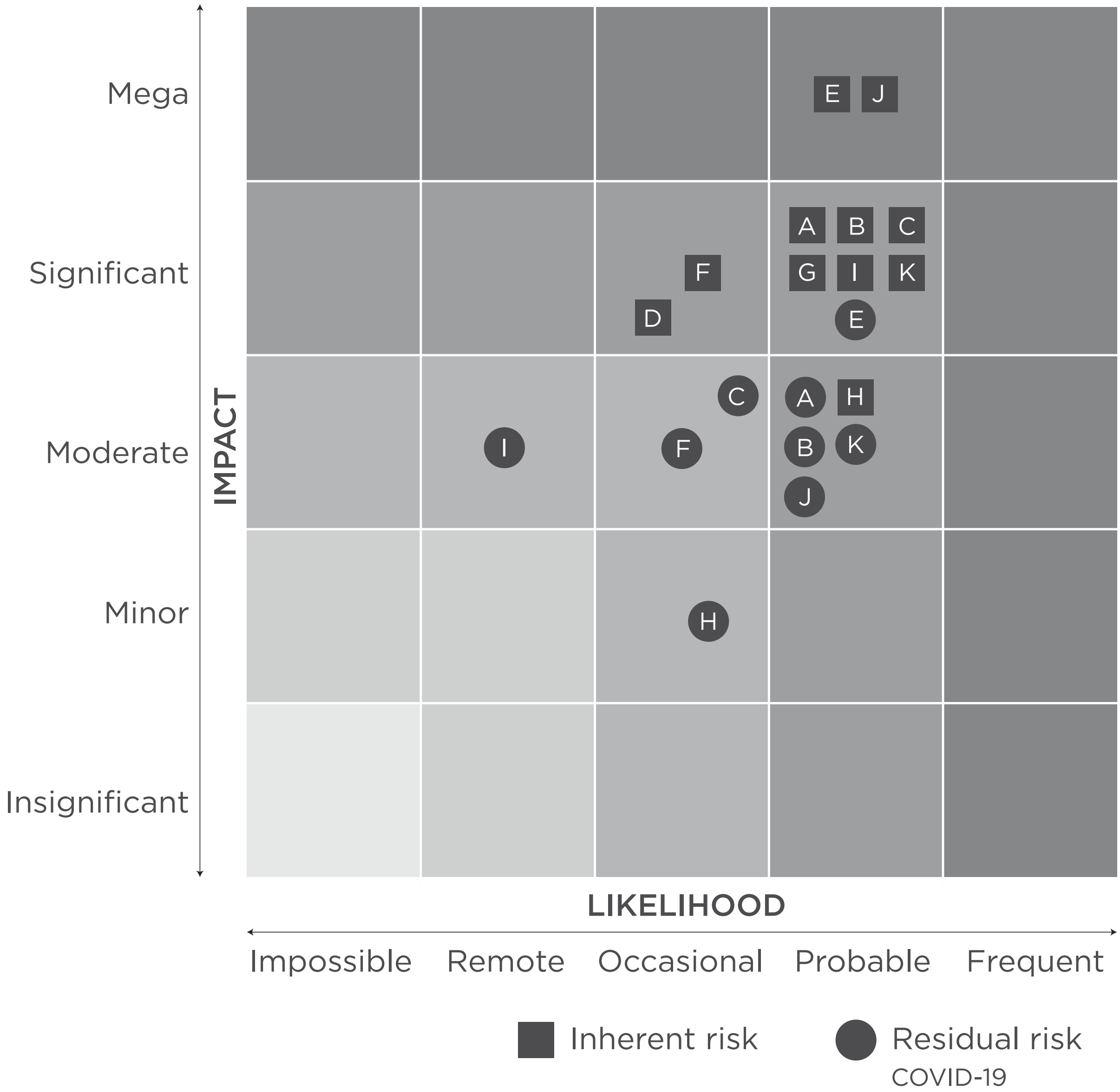
Top Risk	Description and Risk Context	Opportunities	Risk Responses
		Strategic Risks	
A **Commercial**	• Inability to innovate products and services • Inability to sustain competitive edge • Inability to increase our market penetration	• Capitalise on our savoir-faire to consolidate our existing markets and enter new markets • Consolidate our long and well-established relationship with Tour Operators	• Regular upgrading of our hotels • Tailor-made marketing strategies to reach target segments • Active participation in professional exhibitions and promotional fairs
B **Projects and Strategic Partnership**	• Ineffective partnerships/ alliances • Legal and regulatory constraints in target countries • Obtain appropriate licenses • Financial performance not up to expectations	• Consolidate our strategy to grow and expand • Pursue our strategy of improving cash flows • Propose new category of hotels to guests • Increase the visibility of our hotel on the wider stage • Ensure new constructions are compliant with legal requirements	• Proper due diligence exercise carried out to review the different risk aspects • Choice of strategic partners is made only after a careful selection process • All projects and strategic partnerships are framed within proper contractual agreements • Financial targets have been set, mutually agreed upon and subject to periodical reviews
C **Human**	• Risk of the Group not being able to retain its key personnel • Risk of personnel not having enough skills to provide quality service to guests • Lack of succession planning in key management positions • Industrial unrest • Service disruption	• Ensure that we remain competitive in the job market by ensuring alignment with industry norms • Develop an in-house Self-Development Programme, whereby training requirements are continually assessed and training executed • Put forward the Company's vision • Establish a clearer line of communication with unions	• Selection processes, training programmes are well-established and 'employee conditions' are aligned with those of the industry, ensuring that the Group hires, trains and retains highly-skilled employees with the required expertise • Our in-house training structure, the Training Academy Beachcomber, enables professional knowledge and skills to be constantly enhanced • Emphasis is constantly being laid on the 7 core values of Beachcomber, with the Human factor ranked among the top 2 • Ongoing dialogue with unions to ensure smooth relations

Top Risk	Description and Risk Context	Opportunities	Risk Responses
Financial Risks			
D Foreign Exchange/ Treasury	• Market volatility • Delays in receiving monies from debtors	• Optimise the Forex management function • Continuously review and monitor our 'client' creditworthiness criteria	• Mitigating measures include forward currency contracts, currency options and having part of our borrowing in forex. • The Group extends credit facilities to only recognised and creditworthy third parties • Credit limit is in place to avoid over-exposure • Advance payments are requested from new clients, until a credit rating is established
E Debts	• Rise in interest rates leading to higher cost of finance • Inability to meet obligations	• Constant negotiation with lending institutions to obtain better rates • Explore hedging techniques such as Interest Rate Futures • Optimise our treasury management function	• The Group uses a mix of fixed and variable rate debts • Lending facilities are renegotiated to obtain better terms and conditions
Operational Risks			
F Information Technology	• Cyberattacks • Digital transformation • Business continuity	• Establish clear procedures to prevent risk of cyberattacks • Gain competitive advantage through digital transformation • Establish comprehensive business continuity plan	• Use industry-standard security devices which are regularly monitored and updated with latest patches The Group's overall IT environment is reviewed and reinforced as and when necessary • Our digital transformation strategy aims to create the capabilities to fully leverage the possibilities and opportunities of new technologies and their impact faster, better and in more innovative ways in the future • Procedures are in place to safeguard IT installations within all hotels of the Group to ensure continuity of business

Top Risk	Description and Risk Context	Opportunities	Risk Responses
Financial Risks			
G **Health & Safety**	• Unsafe hotels for guests • Unsafe working environment for employees leading to low morale and higher risks of injuries • Safety issues over food • Absence of crisis/incident management procedures • COVID-19 pandemic	• Ensure continual alignment with H&S and FTO standards • For new projects, to take into account H&S and FTO requirements in building design and structure • Review and update H&S	• Well-established H&S programmes across the Group • Consolidation of our Safety Management systems • Compliance with guidelines by the WHO and local health authorities on the pandemic to safeguard Artisans and guests • A comprehensive, phased communication process to educate internal and external stakeholders on safety measures • Business continuity plan
H **Theft, Fraud and Corruption**	• Misappropriation of assets • Fictitious payment instructions via emails • Collusion • Delays in enforcing our Code of Ethics and Business Conduct	• Establish a more efficient asset management system • Identify high-risk areas and strengthen controls	• Clearly defined systems and procedures are in place to ensure compliance with internal controls • Systems are subject to regular reviews by the Group's internal audit to assess their efficiency and effectiveness • The Code of Ethics and Business Conduct has been formalised, thereby encouraging all stakeholders to step up to their responsibility to behave ethically and contributes towards the prevention of fraud
Compliance Risks			
I **Legal and Regulatory Compliance**	Non-compliance with procedures / statutory obligations	Establish systems that would help the Group prepare for compliance with new legislations	The Group seeks guidance from legal advisors and insurance consultants to safeguard against exposure to potential losses

Top Risk	Description and Risk Context	Opportunities	Risk Responses
Reputational Risks			
J **Brand and Reputation**	• Loss of reputation if 'risks', at all level, are not properly managed/mitigated	• Continually aligning our standards with international norms • Inculcate risk management in the culture of the Group, whereby everyone in the organisation becomes involved in the management of risks	• The Group constantly upgrades its products and adheres to high-quality standards in all areas of operations • Standard Operating Procedures (SOPs) in respect of our front line activities are continuously revisited, in line with the Group's philosophy of providing the best customer experience • The Group is EarthCheck certified and constantly strives towards achieving sustainable eco-development • The Group has full-time Health and Safety and Food Safety Officers who continually review processes and ensure compliance with SOPs and international best practices
External Risks			
K **Environmental Risks**	• Natural disasters • Oil spill	• Establish a system to ensure that the Group has the minimum resources to weather the full impact of an environmental risk event • Establish and formalise oil mitigation plan • Procuring specialised equipment	• The Group methodically identifies, assesses and responds to environmental risks • The Group works closely with relevant authorities

RISK HEAT MAP



Our Top Inherent Risks

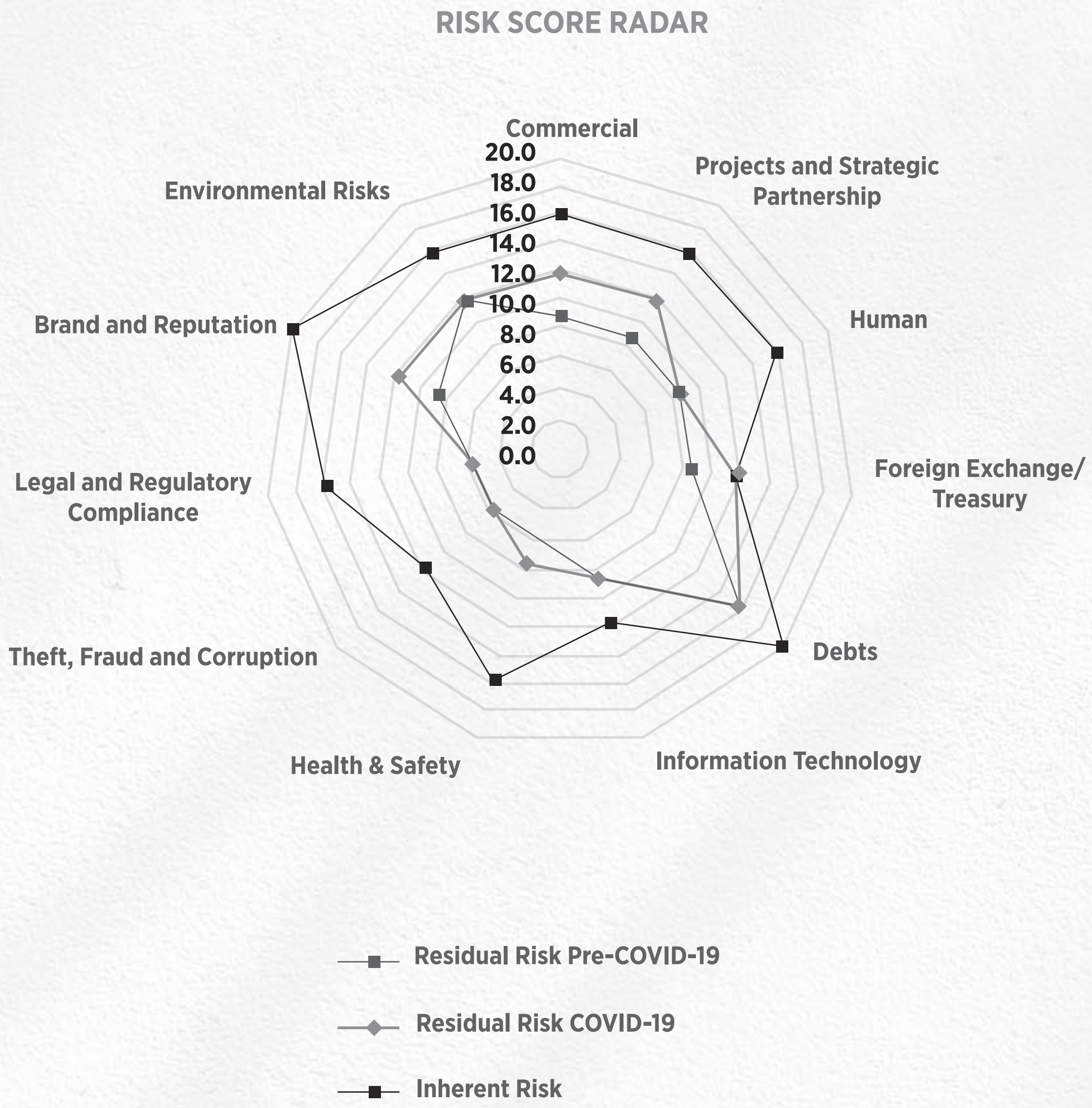
NMH is faced with inherent risks that could materially affect the Group's business, revenue and operating profit. The table on pages 46 to 50 lists the main inherent risks for the Group.

"At NMH, we believe that our Artisans should be able to raise any matter of concern in all confidence."

Jamil TAUJOO,
CHIEF INTERNAL AUDIT OFFICER

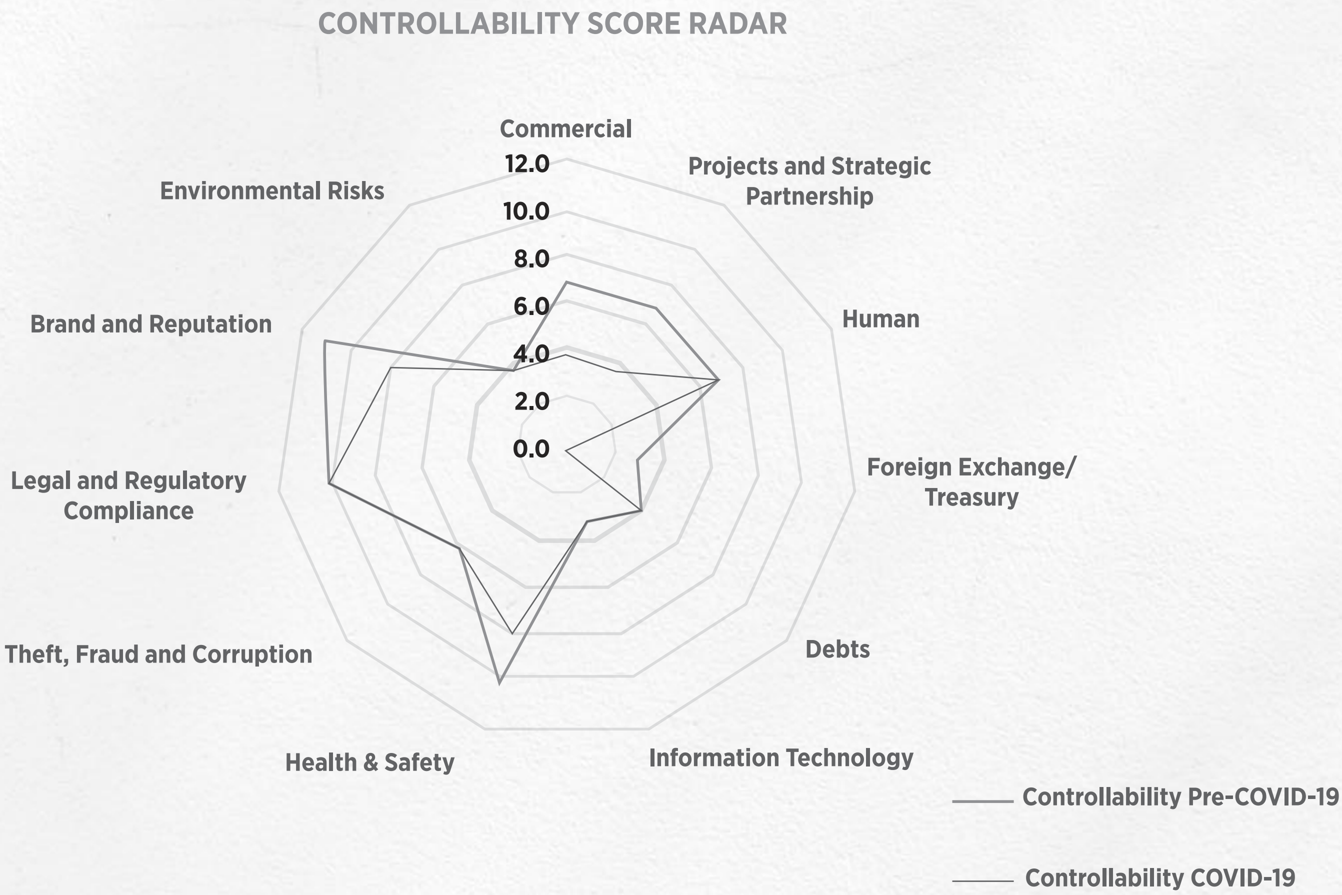
Risk Score Radar

The Risk Score Radar is a visual representation of the inherent risks in the 11 main risk areas that populate our risk register, together with the residual risks COVID-19 and Pre-COVID-19. Each risk has been assessed based on its likelihood of occurrence (scale 1-5) and the potential financial impact (scale 1-5). The Risk Score is a product of the likelihood of occurrence and the potential financial impact, where a score of 25 represents the maximum possible risk score.



Controllability Score Radar

The Controllability Score Radar depicts the controllability score of each of the top 11 risks of the Group. The controllability score, is the difference between the inherent risk Score and the residual risk score and since the 'residual risks' for certain risk captions have been affected by the COVID-19, the below radar shows both a COVID-19 controllability score and a pre-COVID-19 controllability score.



IT, Data Management and Risk Information

Outlook

The Board and senior management need to have timely, accurate and comprehensive risk information, which is also expected by stakeholders. IT infrastructure and data management are geared to enable a forward-looking and integrated view across the Group. We are continuing our efforts to secure our IT platforms and promoting digital transformation.

Risk Factors

We rely heavily on increasing connectivity and data management processes to conduct our business, be it for back-office processes, email communications, or to ensure guest satisfaction. The main ICT risks and their mitigating measures are highlighted below.

Risk Category	Description	Mitigation
Internal Malicious	Deliberate acts of sabotage, theft or other malfeasance committed by employees or other insiders. For example, a disgruntled employee deleting key information before leaving the organisation.	IAM (Identity and Access Management) and GPO (Group Policies) to grant minimum level of privileges. Service admin account for maintenance.
Internal Unintentional	Acts leading to damage or loss stemming from human error committed by employees and other insiders.	User awareness sessions on cybersecurity threats/risks.
External Malicious	The most publicised cyber risk; premeditated attacks from outside parties, including criminal syndicates, hacktivists and nation states.	Industry security standards to monitor all the services and prevent intrusions. Best practices in security to block the threats against the infrastructure and applications.
External Unintentional	Similar to Internal Unintentional, these cause loss or damage to business, but are not deliberate.	Same as Internal Unintentional but with third-party suppliers. Stay under NMH supervision when performing changes or maintenance.

Our pool of Artisans includes an internal IT team for first-level troubleshooting, which looks after all internal systems. During the year, the Group has automated its internal IT support with the introduction of the service desk. This will harmonise the business processes with the overall IT infrastructure.

Audit and Risk Committee

For internal control, internal audit and risk management issues, please refer to page 58 (Governance – Board Committees).

Progress and Achievements

Internal Audit

Internal audit forms NMH's third line of defence. It is an independent in-house function with a direct reporting line to the Chairperson of the ARC on audit matters and to the CEO for day-to-day administrative matters. The internal audit function has a defined mandate through the internal audit charter that establishes its purpose, authority and responsibility.

The internal audit function is not called upon to hold any other operational responsibilities.

The yearly internal audit plan, which excludes joint ventures and associates, is based on our Risk Matrix and is approved by the ARC at the beginning of the financial year. Focus is laid on emerging and high-risk areas and reporting is made to the Committee on a quarterly basis. High-risk issues together with internal audit recommendations are tabled during ARC meetings and comments from management and implementation plans are discussed. The progress into the audit plan is also analysed and gaps, if any, are explained.

The Risk and Audit Department is adequately resourced and maintains a consistently high level of professionalism and quality based on international standards, appropriate knowledge, skills and experience.

Implementation reviews are also presented to the ARC on a six-month basis to ensure that management's commitments towards remedial actions are complied with.

During the period, there were no limitations or restrictions in the internal audit's scope of work and access to information.

The Risk and Audit Department constantly strives in delivering quality audits together with sound recommendations geared towards improving business process efficiency and productivity. For the year under review, the internal audit planning was flexed to cater for special audits over certain practices that came to light through our whistle-blowing programme. In a bid to further improve the contribution of internal audit in providing assurance to the Board and management, the department will continue on its path of automating its 'technology' in audit and risk management. Going digital, coupled with a touch of automation of our time-intensive and repetitive processes, will help internal audit spend less time on process administration and more time effecting changes.

Our Key Performance Indicators (KPIs) are as follows:

Business Units	FY19	FY20
Head Office	4	
Hotels	8 Business Cycles across 8 hotels	2 Business Cycles across 8 hotels
Catering	2	-
Special Audits	6	8

FY20 was spread over a period of 9 months, including an approximately three-month total lockdown. These factors need to be taken into account for comparison purposes. In 2020, internal audit performed 8 special audits, of which 3 related to the change in Property Management System. Another 3 special audits were carried out following information received through our whistle-blowing programme and ultimately led to disciplinary actions taken against those involved. The remaining 2 special audits were carried out across all our business units following the end of lockdown and involved stock inventories and product expiries. Audit of our Overseas Tour Operating activities has been postponed due to COVID-19 travel restrictions.

External Auditor

BDO & Co. was appointed as external auditor of the Group following a tender exercise. During the year, the ARC assessed the independence and effectiveness of the external auditor before making a recommendation to the Board for its retention.

High-priority issues raised by the external auditor regarding policies and accounting treatments were discussed during ARC meetings.

Adaptability & RESILIENCE

Corporate GOVERNANCE REPORT

New Mauritius Hotels Limited ("NMH" or the "Company") is a public interest entity under the provisions of the Financial Reporting Act. NMH's Corporate Governance Report sets out the Company's commitment to transparency, good corporate governance and the continuous effort to enhance shareholder value. Throughout the report, we have set out how we have applied the principles, and complied with the relevant provisions of the Code of Corporate Governance for Mauritius (the "Code").

This year was marked by the COVID-19 pandemic, which today represents a real crisis for nearly every Board of Directors. The Board of Directors of NMH is playing a critical role in helping the Company manage the significant impact of the pandemic on operations. Following the implementation of containment measures by Government, the boardroom immediately went virtual and the Board of Directors met nearly every fortnight in order to monitor the situation and track ongoing developments. The Board of Directors provides unflinching support to the NMH management team to see the Company through these difficult times.

1. Governance Structure

The Board of NMH is collectively accountable and responsible for the long-term success of the Company, its reputation and governance. The Board also assumes the responsibility for leading and controlling the Company and meeting all legal and regulatory requirements. In line with the Code, the Board has:

- adopted a Board Charter which sets out the objectives, roles and responsibilities, as well as composition of the Board of Directors;
- identified its key Senior Governance positions;
- approved an Organisational and Governance Structure (*as disclosed on page 70 of the Integrated Annual Report*); and
- adopted a Code of Ethics.

The Board Charter and Code of Ethics are available for consultation on NMH's website: www.beachcomber.com

2. The Board

2.1 Board Composition

As at 30 June 2020, NMH was headed by a unitary Board comprising ten Directors, including two female Directors. The Board of Directors comprised 3 Executive Directors, 5 Non-Executive Directors and 2 Independent Non-Executive Directors. The size of the Board is determined by NMH's Constitution, which is available for consultation on NMH's website: www.beachcomber.com

Board members have a diverse mix of skills and experience and are distinguished by their professional ability, integrity and independence of opinion. Together, they ensure high standards of governance at NMH. All Directors of NMH ordinarily reside in Mauritius. Their names and profiles are disclosed on pages 72 to 75 of the Integrated Annual Report.

For more information on directorships held by the Directors, please refer to NMH's website: www.beachcomber.com

2.2 Board Committees

In order to facilitate efficient decision-making, the Board has delegated some of its powers and responsibilities to two Committees, namely the Corporate Governance Committee ("CGC"), which also acts as Remuneration and Nomination Committee, and the Audit and Risk Committee ("ARC"). These Committees operate within defined terms of reference which are available for consultation on NMH's website: www.beachcomber.com. The Charters of the said Committees are reviewed annually by the Committees and any proposed amendments are recommended to the Board for approval.
Proceedings of the Committees are reported to the Board to allow other Directors to be informed and seek clarifications from the Committee members. Each Director has access to all Committee meetings and records.

2.2.1 Corporate Governance Committee

The CGC is composed of:

Jean-Pierre Montocchio ❍	Non-Executive Director
Herbert Couacaud	Non-Executive Director
Hector Espitalier-Noël	Non-Executive Director
Sunil Banymandhub	Non-Executive Director
Gilbert Espitalier-Noël	Executive Director

❍ Chairman

During the financial period under review, the CGC met 3 times and:

- reviewed the Corporate Governance Report for the year ended 30 September 2019;
- recommended the re-election/reappointment of Messrs Hector Espitalier-Noël, François Venin, Herbert Couacaud and Sunil Banymandhub as Directors of the Company;
- reviewed the findings of the Board appraisal carried out in 2019 and recommended an action plan to the Board;
- reviewed and approved the Board calendar 2020;
- reviewed the succession plan for executives of NMH; and
- reviewed and approved an early voluntary retirement scheme for some employees and a plan to reduce overall payroll costs in the context of the COVID-19 pandemic.

2.2.2 Audit and Risk Committee

As at 30 June 2020, the ARC was composed of:

Alain Rey ❍	Independent Non-Executive Director
Jyoti Jeetun	Independent Non-Executive Director
Louis Rivalland*	Non-Executive Director

❍ Chairman

** Resigned as Director of NMH, effective 3 August 2020.*

In November 2020, Mr Sunil Banymandhub has been appointed as additional member of the ARC.

During the year, the Chairman of the ARC extended Committee meeting invitations on ad hoc basis to the Chief Financial Officer, Chief Internal Audit Officer and external auditors. Outside of formal meetings, the Committee Chairperson maintains a dialogue with key individuals involved in the Company's governance, namely the Chairperson of the Board, the Chief Excecutive Officer, the Chief Financial Officer, the external audit lead partner and the Head of Internal Audit.

In the course of the financial year under review, the ARC met four times and:

- reviewed and recommended to the Board the approval of:
  - the audited financial statements for the year ended 30 September 2019;
  - the publication of the audited abridged financial statements for the year ended 30 September 2019;
  - the publication of the unaudited quarterly consolidated results of the Company; and
  - the risk management disclosures of the Annual Report for the year ended 30 September 2019;
- recommended the appointment of BDO & Co. as auditors for the year ended 30 June 2020;
- examined reports issued by the Internal Audit function; and
- reviewed the effectiveness of the internal control and risk management systems.


Aryelle

2.3 Board Deliberations

During the year under review, the Board met eight times and:

• Strategy & Finance

- approved the audited financial statements/Annual Report for the year ended 30 September 2019;
- approved the unaudited quarterly consolidated results of the Company for publication purposes;
- approved, then deferred the payment of a dividend of Re 0.15 per ordinary share and subsequently recommended to the shareholders the cancellation of same;
- reviewed the Group's operations as reported by the CEO and assessed the group structure regularly;
- reviewed the strategy of the NMH Group; and
- approved banking facilities and re-established the signatories and mode of operation of the various bank accounts of NMH.

• Governance, Compliance and Risk

- prepared meetings of shareholders;
- approved various off-market transfers/transmissions of shares;
- assessed the impact of the arbitral ruling in the dispute relating to the payment of bonuses and of the provisions of the Workers' Rights Act 2019 on the staff costs of NMH; and
- approved NMH's objective of 'zero single-use plastic by 2021'.

• Standing Agenda Items

- received the reports/recommendations of the ARC and CGC; and
- received reports from the Chief Executive Officer.

• COVID-19 Pandemic

- regularly assessed the potential impact of the COVID-19 pandemic on the affairs of NMH and discussed mitigation plans;
- approved various ensuing cost reduction measures;
- a spirit of solidarity, handed over Mauricia Beachcomber Resort & Spa and Victoria Beachcomber Resort & Spa to the Government of Mauritius for quarantine purposes; and
- engaged with financial instituitions and the Mauritius Investment Corporation Ltd for funding purposes.

2.4 Directors' Appointment Procedures

2.4.1 Appointment and Re-election

The Board may appoint any person to be a Director, either to fill a casual vacancy or as an additional Director. The Director so appointed by the Board will hold office only until the next following Annual Meeting and will then be eligible for reappointment.

The appointment process is delegated to the CGC, which recommends to the Board the Directors to be appointed and/or re-elected.

In accordance with the Company's Constitution, at each Annual Meeting of the Company, two Directors, who have been longest in office since their appointment or last reappointment retire by rotation and are eligible for reappointment. Re-election of Directors over the age of 70 is made in compliance with Section 138(6) of the Companies Act 2001.

Upon recommendation of the CGC, the following will be proposed to the shareholders for approval at the forthcoming shareholders' meeting scheduled in March 2021:

- the re-election of Messrs Jean-Pierre Montocchio and Alain Rey as Directors of the Company in accordance with Section 23.6 of the Company's Constitution; and
- the reappointment of Messrs Herbert Couacaud and Sunil Banymandhub, who are over 70 years old, as Directors of the Company.

The Chairman confirms that Messrs Jean-Pierre Montocchio, Alain Rey, Sunil Banymandhub and Herbert Couacaud continue to be performing and remain committed to their role as Directors of the Company.

2.4.2 Board Induction

All new Directors, upon joining the Board, benefit from an induction programme aimed at deepening their understanding of the businesses, environment and markets in which the Group operates. As part of the induction programme, they receive a comprehensive induction pack from the Company Secretary which contains essential Board and Company information, meet the Company's key executives and have a briefing session with the Chief Executive Officer. During the year under review, there has been no change in the composition of the Board.

2.4.3 Professional Development

Directors are encouraged to keep themselves abreast of changes and trends in the Company's businesses, environment and markets. The Board regularly assesses the development needs of its Directors and of the Board as a whole. It facilitates attendance at appropriate training programmes so that Directors can continuously update their skills and knowledge.

2.4.4 Succession Planning

The CGC recommends plans for the succession of Directors and senior management.
The Board regularly reviews its composition, structure and succession plans.

2.5 Directors' Duties, Remuneration and Performance

2.5.1 Directors' Interests, Dealings in Securities and Related Party Transactions

The Board, in relation to dealing in the Company's listed securities, complies with the provisions of the Model Code for Securities Transactions (the "Model Code") by Directors of listed companies as detailed in Appendix 6 of the Listing Rules issued by the SEM and the Companies Act 2001. The Company Secretary keeps the Directors apprised of closed periods and of their responsibilities in respect of the Model Code.

NMH's Board Charter also contains policies on Conflicts of Interests and Related Party Transactions. Directors who are interested in a transaction or proposed transaction with the Company disclose their interests to the Board and cause same to be entered in the Interests Register. As a measure of good practice, the disclosure of any conflict of interests is a standard item on the Board's agenda such that at the beginning of each meeting, the Chairman invites the Directors to declare their interests, if any.

The Company Secretary keeps the Interests Register and ensures that the latter is updated regularly. The register is available for consultation by shareholders upon written request to the Company Secretary.

All new Directors are required to notify in writing to the Company Secretary their direct and indirect interests in NMH.

The Directors' interests in NMH's shares as at 30 June 2020 were as follows:

	ORDINARY SHARES				PREFERENCE SHARES			
	DIRECT		INDIRECT		DIRECT		INDIRECT	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Sunil Banymandhub	12,500	0.00	-	-	-	-	-	-
Herbert Couacaud	34,841,856	6.35	384,030	0.07	-	-	-	-
Gilbert Espitalier-Noël	335,398	0.06	12,505,813	2.29	-	-	1,418	0.00
Hector Espitalier-Noël	4,330	0.00	15,733,828	2.87	1,439	0.00	21,630	0.06
Jyoti Jeetun	-	-	-	-	-	-	-	-
Jean-Pierre Montocchio	-	-	1,273,639	0.23	-	-	35	0.00
Alain Rey	-	-	149,056	0.03	-	-	-	-
Louis Rivalland*	411,961	0.08	54,898	0.01	-	-	-	-
Pauline Seeyave	3,314	0.00	-	-	65	0.00	-	-
François Venin	-	-	-	-	-	-	-	-

** Resigned as Director of NMH, effective 3 August 2020.*

During the financial year under review, none of the Directors have traded in the shares of NMH except the following:

	Ordinary Shares acquired
Herbert Couacaud*	689,988
Gilbert Espitalier-Noël	183,600
Gilbert Espitalier-Noël**	69,500
Jean-Pierre Montocchio**	207,800

** Indirectly through inheritance.*

*** indirectly through associates.*

Note 17 to the financial statements for the year ended 30 June 2020, set out on pages 118 to 122 of the Integrated Annual Report 2020, details all the related party transactions between the Company or any of its subsidiaries or associates and a Director, Chief Executive, controlling shareholder or companies owned or controlled by a Director, Chief Executive or controlling shareholder.

Shareholders are apprised of related party transactions through the issue of circulars and press releases by the Company in compliance with the Listing Rules of the SEM.

2.5.2 Information, Information Technology and Information Security Governance

The Board is responsible for information governance within NMH. The management of Information Technology and Information Security Governance are delegated to the Group's IT Department.

- ***Outlook:*** The Company has strengthened its focus on digital transformation around process restructuring and cloud migration.
- ***Risk Factors:*** Risks related to our business can be read on pages 46 to 50.

- ***Information and Communication Technology:*** From a business perspective, ICT remains fully aligned with business strategy to deliver innovative and cost-efficient solutions. Previously a support department, ICT is now an enabler of the global business strategy. In the guest experience, ICT becomes fully integrated in the business decision process to bring added value with technology. On the Company back-end systems, the emphasis is set to accelerate the digital transformation and processes review. By providing a well-defined, consistent approach on IT governance, ICT guides stakeholders in decision-making to ensure that the Company accomplishes the expected business outcomes. Performance monitoring is part of the DNA to ensure that 24/7 operations are running smoothly.
- ***Cyberattacks:*** We use industry security standards to monitor all the services and prevent intrusions. Best practices in security block the threats against the infrastructure and applications. User awareness sessions help reinforce the security level against social engineering.
- ***Hardware failures:*** Our infrastructure consists of a data centre, running all our on-premises applications, and a Disaster Recovery ("DR") site, where the more critical applications are replicated online and where backups are stored.
- ***Software failures:*** The most critical applications are replicated online and all others are regularly backed up at our DR site. We also have service level agreements with providers.
- ***Internet access disruptions:*** For better security control and business continuity, all Internet connections are centrally managed at our headquarters. Our country being subject to cyclones, and therefore potential communication disruptions, all our communication lines are fully redundant, relying on different technologies, namely wireless and fibre, as well as through the use of two different suppliers. This applies to our Internet connections and connections between our sites.
- ***Utility failures:*** During the cyclone season, the probability of electricity supply disruption is quite high; we have equipped both our data centre and DR site with redundant UPS systems and generators.
- ***Websites:*** Our websites are hosted by a well-reputed international hosting company, and maintained by an internal team of developers.
- ***Business alignment:*** We are on the lookout for new technologies to run our business and improve guest satisfaction through guest-facing technologies, which are increasingly expected.
- ***Data protection:*** We collect, process and store personal data in the course of conducting our business operations. In doing so, we ensure compliance with the Mauritian Data Protection Act 2017 as well as the European General Data Protection Regulation ("GDPR").

The ICT policy is available for consultation on NMH's website: www.beachcomber.com

2.5.3 Legal Duties & Access to Information

The Directors are aware of their legal duties. During the discharge of their duties, they are entitled to seek independent professional advice at the Company's expense and have access to the records of the Company. Directors are also entitled to have access, at all reasonable times, to all relevant Company information and to management, if useful, to perform their duties.

A Directors' and Officers' Liability Insurance policy has been taken out to by the Company. The policy provides cover for the risks arising out of the acts or omissions of the Directors and Officers of the Company.

The Board has delegated to the CGC its duty to regularly monitor and ensure compliance with the Code of Ethics.

2.5.4 Remuneration Policy

The underlying philosophy is to set remuneration at an appropriate level to attract, retain and motivate high-calibre personnel and reward in alignment with their individual as well as joint contribution towards the achievement of the Company's objective and performance, while taking into account current market conditions and the Company's financial position. The Directors are remunerated for their knowledge, experience and insight given to the Board and Committees.

The Chairperson of the Board is paid a special level of fees appropriate to his office.

Particulars of Directors' remuneration are entered into the Interests Register of the Company.

For Executive Directors, apart from a base salary and short-term benefits which reflect their responsibilities and experience, their remuneration consists of a variable element in the form of an annual bonus, determined by the performance of both the Group and the individual.

None of the Non-Executive Directors is entitled to remuneration in the form of share options or bonuses associated with the Company's performance.

The table hereunder lays out the current fee structure of the Company:

Category of Member	Monthly Fixed Fee (Rs)
Chairman of the Board, also member of the CGC	40,000
Members also sitting on the CGC and/or ARC	35,000
Members not sitting on any Committee	25,000

In view of the significant adverse impact of the COVID-19 pandemic on the affairs of the Company and in a spirit of solidarity, the Directors have waived off their fees for the months of April to June 2020. The Executive Directors have also consented to a reduction in their salaries. In respect of financial year 2020, no bonuses have been paid.

2.5.5 Attendance and Remuneration/Benefits paid

For the year under review, the attendance at Board and Committee meetings and actual remuneration and benefits perceived by the Directors are presented below:

		Attendance			Remuneration & Benefits received
Category	**Director**	**Board**	**ARC**	**CGC**	**Rs**
Executive	Gilbert Espitalier-Noël	8/8	n/a	3/3	12,419,319
	Pauline Seeyave	8/8	n/a	n/a	8,201,258
	François Venin	8/8	n/a	n/a	10,606,868
Non-Executive	Sunil Banymandhub	8/8	n/a	3/3	210,000
	Herbert Couacaud	8/8	n/a	3/3	210,000
	Hector Espitalier-Noël	❍ 8/8	n/a	3/3	240,000
	Jean-Pierre Montocchio	8/8	n/a	❍ 3/3	210,000
	Louis Rivalland*	5/8	4/4	n/a	210,000
Independent	Alain Rey	8/8	❍ 4/4	n/a	210,000
	Jyoti Jeetun	8/8	3/4	n/a	210,000

❍ Chairman

* *Resigned as Director of NMH, effective 3 August 2020.*

** *The Directors of the Company did not receive any remuneration from the Company's subsidiaries.*

2.5.6 Board Evaluation

Every year, the Board critically evaluates the performance of the Board and of the Committees, as well as their respective processes and procedures to ensure that they are designed to assist the Board in effectively fulfilling its role. During the year under review, an internal evaluation of the Board, its Committees and Directors was undertaken. Directors were issued with an online questionnaire, designed by the Company Secretary to elicit the views and opinions of the Directors. The evaluation was focused on specific areas of improvement, namely strategic foresight, risk management and self-evaluation.

The CGC and the Board considered the findings of the aforesaid Board appraisal and concluded that the Board, its Committees and each of its Directors continue to be effective. Directors continue to demonstrate a collaborative and constructive mindset, creating a conducive environment at Board meetings for participation and challenge. Initiatives are being taken to address areas of improvement.

3. Internal Control, Internal Audit And Risk Management

For internal control, internal audit and risk management, please refer to pages 44 to 55.

4. Shareholders and Other Key Stakeholders

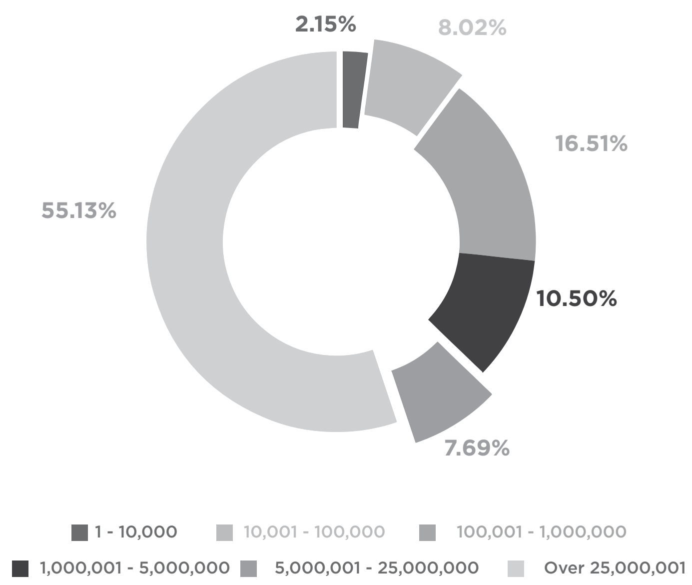
4.1 Shareholding Profile

As at 30 June 2020, shareholders holding more than 5% of the ordinary shares of the Company were as follows:

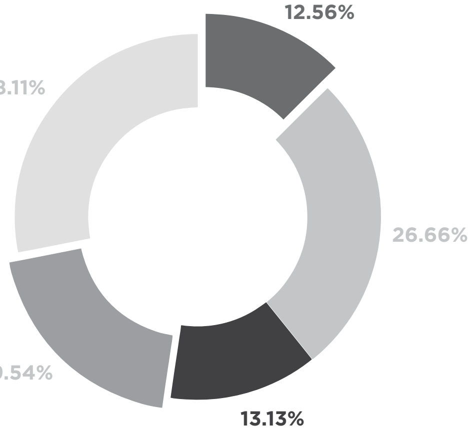
	Ordinary (%)
Rogers and Company Limited	22.93
ENL Limited	15.25
Swan Life Ltd	10.60
Herbert Couacaud	6.35

The share ownership analysis per holding percentage and category of shareholders as at 30 June 2020 was as follows:

HOLDING PERCENTAGE



CATEGORY OF SHAREHOLDERS



4.2 Contracts of Significance between the Company and its Substantial Shareholders

The Directors confirm that, to the best of their knowledge, they are not aware of the existence of any such agreement for the year under review.

4.3 Third-Party Agreements

NMH has a management services agreement with Semaris Ltd for the provision of management services.

4.4 Engagement with Shareholders

4.4.1 Shareholders' Relations and Communication

The Board of Directors places great importance on open and transparent communication with its shareholders. The Company communicates with shareholders through its Integrated Annual Report, circulars issued in compliance with the Listing Rules of the SEM, press announcements, publication of unaudited quarterly and audited abridged financial statements of the Company, dividend declaration and meetings of shareholders.

Interim, audited financial statements, press releases and so forth are accessible from the Company's website: www.beachcomber.com

Analyst meetings are also organised periodically at which analysts are invited to interact with management. In compliance with the Companies Act 2001, shareholders are invited to the meetings of shareholders of NMH, at which the Board of Directors is also present. The Company's meetings of shareholders provide a valuable opportunity for shareholders to engage with the Board and receive an update on the performance of the Company.

4.4.2 Shareholders' Calendar

February 2021	Publication of abridged audited financial statements for the year ended 30 June 2020
	Publication of 1st quarter results to 30 September 2020
	Publication of half-year results to 31 December 2020
March 2021	Issue of Annual Report 2020
	Meeting of Shareholders
May 2021	Publication of 3rd quarter results to 31 March 2021

4.4.3 Shareholders' Agreement affecting the Governance of the Company by the Board

The Directors confirm that, to the best of their knowledge, they are not aware of the existence of any such agreement for the year under review.

4.4.4 Dividend

The Company has no formal dividend policy. Payment of dividends is subject to the profitability of NMH, its foreseeable investment, capital expenditure and working capital requirements.

In July 2020, due to the unforeseeable and unprecedented economic impact of the COVID-19 pandemic on the tourism industry and the Company's financial position, the shareholders of NMH have approved that the dividend of Re 0.15 per ordinary share declared by the Board in February 2020 be cancelled and not legally payable by the Company.

5. COMPANY SECRETARY

ENL Secretarial Services Limited provides corporate secretarial services to New Mauritius Hotels Limited. All Directors, including the Chairman, have access to the advice and services of the Company Secretary, delegated by ENL Secretarial Services Limited for the purposes of the Board's affairs and business.

The Company Secretary is responsible for ensuring that Board procedures are followed, that the applicable rules and regulations for the conduct of the affairs of the Board are complied with and for all matters associated with the maintenance of the Board or otherwise required for its efficient operation.

Preety GOPAUL, ACG
For ENL Secretarial Services Limited
Company Secretary

15 February 2021

Company SECRETARY'S CERTIFICATE

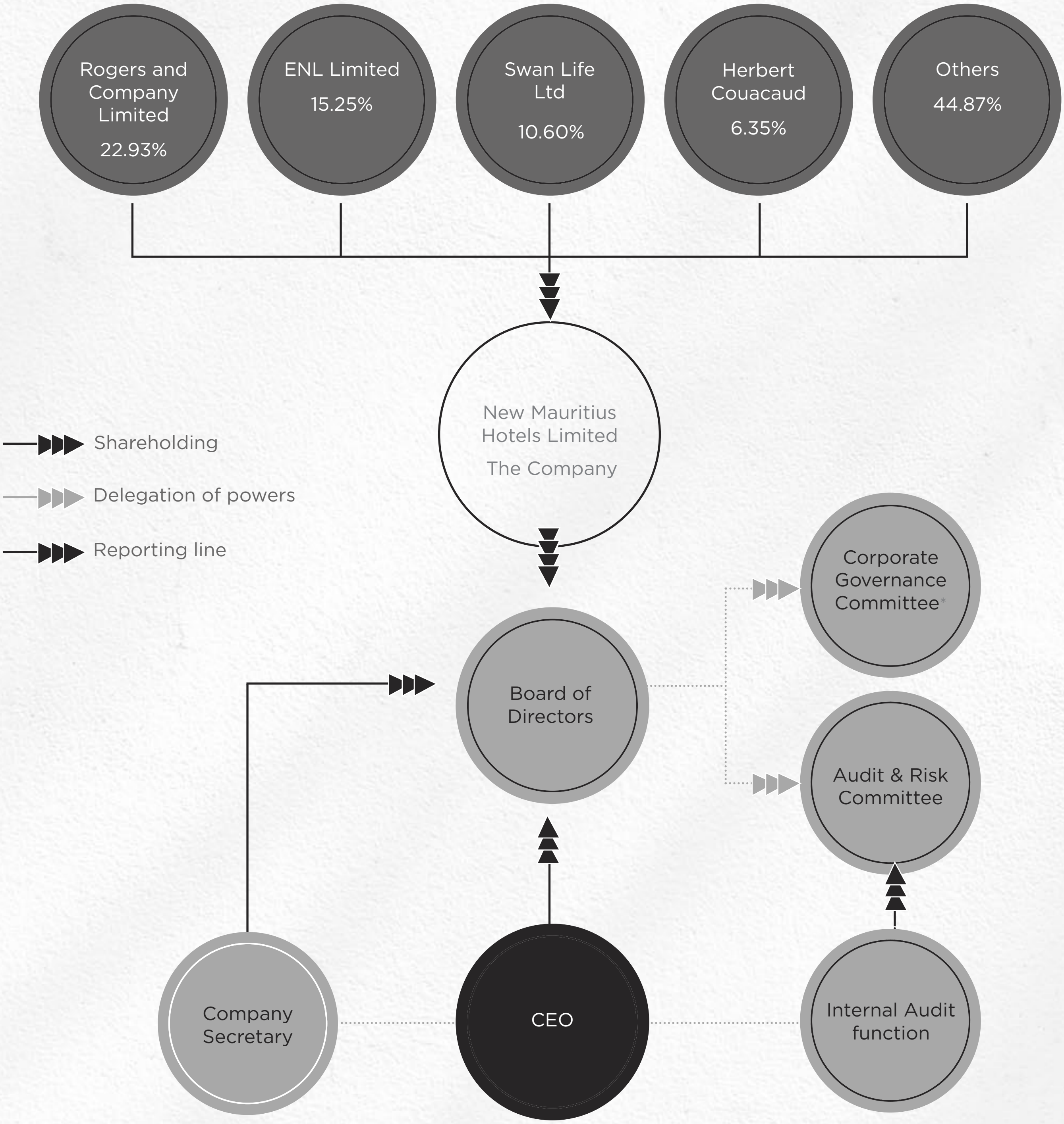
(Pursuant to Section 166(d) of the Companies Act 2001)

We certify that, to the best of our knowledge and belief, the Company has filed with the Registrar of Companies all such returns as are required of the Company under the Companies Act 2001.

Preety GOPAUL, ACG
For ENL Secretarial Services Limited
Company Secretary

15 February 2021

Governance STRUCTURE



* In keeping with its Terms of Reference, the Corporate Governance Committee also acts as Remuneration and Nomination Committee.


CHCOMB
ORTS & HOTELS

Directors' PROFILES

STANDING FROM LEFT TO RIGHT

Louis Rivalland
(Resigned on 3 August 2020)

Jyoti Jeetun

François Venin

Herbert Couacaud

Hector Espitalier-Noël

Sunil Banymandhub

SITTING FROM LEFT TO RIGHT

Alain Rey

Gilbert Espitalier-Noël

Pauline Seeyave

Jean-Pierre Montocchio

HECTOR ESPITALIER-NOËL
(Born in 1958)
Chairman, Non-Executive Director
Appointed in: April 1997

Qualifications: Member of the Institute of Chartered Accountants in England and Wales

Committee: Member of the Corporate Governance Committee

Professional Journey
• CEO of ENL Limited and of the ENL Group • Worked for Coopers and Lybrand in London • Worked for De Chazal du Mée in Mauritius • Chairman of New Mauritius Hotels Limited and Semaris Ltd • Past Chairman of the Board of Rogers and Company Limited • Past Chairman of the Mauritius Chamber of Agriculture, the Mauritius Sugar Producers Association, and the Mauritius Sugar Syndicate

Skills & Experience
• Extensive CEO and leadership experience and skills • Strong financial management and strategic business planning skills • Significant experience in alliances, ventures, and partnerships • Staunch advocate for a more open Mauritius • Advocate for a strong public-private sector partnership for sustainable growth • Strong proponent of private enterprise and entrepreneurship • Strongly convinced of the multidimensional role of business

SUNIL BANYMANDHUB – *up for reappointment at next Annual Meeting*
(Born in 1949)
Non-Executive Director
Appointed in: March 2000

Qualifications: BSc Honours First Class in Civil Engineering UMIST, UK, master's degree in Business Studies (London Business School), Associate of the Institute of Chartered Accountants in England and Wales

Committee: Member of the Corporate Governance Committee

Professional Journey
• Occupied senior positions within various major companies in the private sector in Mauritius • Majority shareholder of a transport company • Has been involved with several private sector organisations • Former President of the Mauritius Employers' Federation, and Member of the Presidential Commission on Judicial Reform presided over by Lord Mackay of Clashfern, previously UK Lord Chancellor • Currently Chairman or Board member of a number of domestic and global entities

Skills & Experience
• Many years' experience in financial services and senior management.

HERBERT COUACAUD – *up for reappointment at next Annual Meeting*
(Born in 1948)
Non-Executive Director
Appointed in: May 1981

Qualifications: BSc in Economics and Mathematics, University of Cape Town

Committee: Member of the Corporate Governance Committee

Professional Journey
• Former Chief Executive Officer of New Mauritius Hotels Limited (from 1974 until his retirement in June 2015)

Skills & Experience
• Actively contributed to the development of the tourism industry in Mauritius

GILBERT ESPITALIER-NOËL
(Born in 1964)
Chief Executive Officer, Executive Director
Appointed in: February 2013

Qualifications: Master of Business Administration, INSEAD, BSc University of Cape Town, BSc (Hons) Louisiana State University

Committee: Member of the Corporate Governance Committee

Professional Journey
• CEO of New Mauritius Hotels Limited since 2015 • Former Executive Director of ENL Group and CEO of ENL Property Limited • Former Operations Director of Eclosia Group • Former President of the Mauritius Chamber of Commerce and Industry, the Mauritius Chamber of Agriculture, the Joint Economic Council and the Mauritius Sugar Producers Association; past Vice-President of the Mauritius Export Association

Skills & Experience
• In-depth knowledge and extensive experience of operations in ENL's key sectors of activity • A people's person, skilled at creating high-performing teams • Strong proponent of entrepreneurship, innovation, and initiative • Staunch advocate of, and extensive experience in, public-private partnership for economic stewardship • Sound understanding of the business dynamics in Mauritius

Dr JYOTI JEETUN
(Born in 1960)
Independent Non-Executive Director
Appointed in: December 2017

Qualifications: PhD in Strategy and Accounting, MBA, Warwick Business School, University of Warwick, Fellow of the Institute of Chartered Secretaries and Administrators

Committee: Member of the Audit & Risk Committee

Professional Journey
• Group Chief Executive Officer of the Mont Choisy Group since April 2016, leading a major transformation in real estate development in the North • Former international consultant in private sector development and financial services • Former academic with leading UK Business Schools (Warwick Business School, Birmingham Business School, Oxford Brookes Business School and Essex Business School) • Occupied senior management roles with global investment banks in London (BNP Paribas, Barclays Capital, Bank of America Merrill Lynch) • Past Deputy Director of the Centre for the Development of Enterprise, a Brussels-based international organisation promoting private sector enterprise development in ACP countries • Founding Chief Executive of the Sugar Investment Trust and the founding Chairperson of the Mauritius Post and Cooperative Bank (now MauBank) • Started her career as a public servant and went on to become the Finance Editor of Business Magazine

Skills & Experience
• Over 25 years of executive management and boardroom credentials, mainly in the real estate development, banking, financial services and sugar sectors

JEAN-PIERRE MONTOCCHIO – *up for re-election at the next Annual Meeting*
(Born in 1963)
Non-Executive Director
Appointed in: April 2004

Qualifications: Notary

Committee: Chairman of the Corporate Governance Committee

Professional Journey
• Appointed Notary Public in Mauritius in 1990
• Contributed to the workings of the National Committee on Corporate Governance as a member of the Board of Directors' Sub-Committee

Skills & Experience
• Well-versed in corporate governance matters and NED experience across the private and public sectors • Extensive experience in alliances, ventures, and partnerships • Strong proponent of fairness in business • Staunch defendant of shareholder's interests

ALAIN REY ***– up for re-election at the next Annual Meeting***
(Born in 1959)
Independent Non-Executive Director
Appointed in: February 2017

Qualifications: Member of the Institute of Chartered Accountants in England and Wales

Committee: Chairman of the Audit and Risk Committee

Professional Journey
• Worked in the financial services industry at Citibank N.A. (France) • Past Regional Corporate Director of Barclays Bank Plc at their Mauritius branch • Past Senior Vice President and Chief Financial Officer of Novel Denim Holdings Ltd, a Nasdaq-listed company • Past CEO of Compagnie de Mont Choisy Limitée, a group of companies involved in agricultural and property development activities

Skills & Experience
• Extensive experience in the formulation and appraisal of risk assessment and management systems in various industries • Past Chairman of various Strategic and Investment Committees and possesses banking and financial competence and expertise

PAULINE SEEYAVE
(Born in 1974)
Executive Director
Appointed in: August 2016

Qualifications: Master of Arts, St Catharine's College, University of Cambridge and Associate of the Institute of Chartered Accountants in England and Wales

Professional Journey:
• Group Chief Financial Officer of New Mauritius Hotels Limited since 2016 • Over 20 years of working experience in the UK and Mauritius • Extensive experience in client portfolio management in Audit and Business Assurance • Has occupied senior executive roles in banking, finance, risk management, credit, project finance and corporate banking • Current Non-Executive Director of Innodis Ltd • Past Director of SBM Bank (Mauritius) Ltd, State Insurance Company of Mauritius Ltd and Club Méditerranée Albion Resorts Ltd

Skills & Experience
• Extensive experience in risk management, corporate finance and financial reporting

FRANÇOIS VENIN
(Born in 1957)
Executive Director
Appointed in: July 2015

Professional Journey:
• Group Chief Sales and Marketing Officer of New Mauritius Hotels Limited since 2015 • Responsible for managing the sales and marketing strategies of the NMH Group's 8 hotels, all overseas offices worldwide and the three tour operating companies, Beachcomber Tours in France, the UK and South Africa • Assists in the decision-making process on new projects or ventures and manages communication platforms with optimum use of all available digital channels • Past General Manager of Mauricia Beachcomber Resort & Spa and Canonnier Beachcomber Golf Resort & Spa • Extensive experience in managing properties overseas for Club Méditerranée

Skills & Experience
• Strong expertise in sales, communication and marketing strategies • Over 42 years of extensive experience in hospitality

LOUIS RIVALLAND ***- (Resigned on 3 August 2020)***
(Born in 1971)
Non-Executive Director
Appointed in: March 2002

Qualifications: BSc (Hons) degree in Actuarial Science and Statistics, Postgraduate Diploma in Strategy and Innovation, University of Oxford and Fellow of the Institute of Actuaries (UK)

Committee: Member of the Audit and Risk Committee

Professional Journey:
• Currently the Group Chief Executive of Swan General Ltd and Swan Life Ltd • Former President of the Joint Economic Council and of the Insurers' Association of Mauritius • Played an active role in the development of risk management, investment, insurance and pensions in Mauritius, having chaired or served on various technical committees in these fields

Skills & Experience
• Extensive experience in financial services and risk management

Senior Management PROFILE

FROM LEFT TO RIGHT

François VENIN

Pauline SEEYAVE

Gilbert ESPITALIER-NOËL

Geraldine KOENIG

Bertrand PIAT

Karine PERRIER CURÉ

Jean Louis PISMONT

ABSENT FROM THE PHOTO

Sebastian LA HAUSSE DE LALOUVIÈRE

Olivier CORVILAIN

Olivier CORVILAIN

Chief Information Officer

Master in Biochemistry (University of Liège)

Olivier joined New Mauritius Hotels Ltd in June 2020. He has more than 22 years of IT expertise in the digital, hospitality and aviation industries. He was previously Chief Digital Officer at Air Belgium and Chief Digital Officer at AccorInvest.

Gilbert ESPITALIER-NOËL

Chief Executive Officer, Executive Director

see under the section Directors' Profiles

Geraldine KOENIG

Chief Officer Operational Excellence

BA Hons Economics/MA, University of Cambridge, UK.

Diploma in Management, University of Amherst, USA.

Previous experience with SGS Group Management Ltd (Geneva) and Rogers Group.

Joined the NMH Group in March 2016.

Sebastian LA HAUSSE DE LALOUVIÈRE

Group Legal Counsel

Sebastian was sworn in as a Barrister at the Bar of England & Wales in November 2012 and the Mauritian Bar in January 2014. He holds a Bachelor of Laws (LLB) degree from the University of London and completed the Bar Professional Training Course (BPTC) as well as a Master of Laws (LLM) degree from the University of the West of England, graduating with distinction.

He is a member of the Honourable Society of the Middle Temple as well as the Mauritius Bar Association and is also an ADR Group Accredited Mediator specialising in civil and commercial mediation.

Sebastian joined the Group in May 2019 as its Group Legal Counsel, after having occupied similar positions at Omnicane Limited and IBL Ltd."

Karine PERRIER CURÉ

Chief Communication & CSR Officer

Executive Master (MSc) in Marketing (Hons) from the University of Paris-Dauphine (France) and a BSc.

She started her career in the field of communication in Paris and has worked in Mauritius in the tourism, leisure and hotel sectors as well as Corporate Marketing & Communication. Karine is the former Chief Marketing & Communication Executive of Rogers & Co. Ltd.

Joined the NMH Group in February 2019 as Chief Communication & CSR Officer and is the Chairperson of FED (Fondation Espoir Développement Beachcomber).

Bertrand PIAT

Chief Human Resources Officer

BSc (Hons) Psychology and Economics from City University, London and MA Occupational Psychology from Sheffield University. Previous experience in Human Resources and Training experience in Corporate and Consulting roles, locally and abroad.

Joined the NMH Group in 2009.

Jean Louis PISMONT

Chief Operations Officer

Graduated from the Hotel School of Granville and holds a degree from Thonon-les-Bains, Hotel Management School, France.

Joined the NMH Group in 1996, and managed various Beachcomber hotels. He represents the interests of New Mauritius Hotels Limited as owners' representative of the Fairmont Royal Palm Marrakech. He is also a past President of the Association of Hotels and Restaurants of Mauritius (AHRIM).

Pauline SEEYAVE

Chief Financial Officer

see under the section Directors' Profiles

François VENIN

Chief Sales and Marketing Officer

see under the section Directors' Profiles.

Business Units LEADERS

Mark BOULLÉ
Managing Director of Beachcomber Tours, UK

Sheila COLLET SERRET
General Manager of Beachcomber Office, Italy

Gregory COQUET
General Manager of Royal Palm Beachcomber Luxury

Michel DARUTY DE GRANDPRÉ
General Manager of Trou aux Biches Beachcomber Golf Resort & Spa (Retired on 8 September 2020)

Annabelle DUPONT
General Manager of Beachcomber Holiday Shop

Lothar GROSS
General Manager of Canonnier Beachcomber Golf Resort & Spa and Mauricia Beachcomber Resort & Spa

Frédéric LEBÈGUE
General Manager of Paradis Beachcomber Golf Resort & Spa and Area Manager

Terry MUNRO
Managing Director of Beachcomber Tours, South Africa

Olivier NAIRAC
General Manager of Beachcomber Catering

Rico PAOLETTI
General Manager of Shandrani Beachcomber Resort & Spa

Laurent PIAT
General Manager of Domaine Palm Marrakech

Kervyn RAYEROUX
General Manager of Victoria Beachcomber Resort & Spa

Richard ROBERT
Managing Director of Mautourco

Youssef SABRI
General Manager of Mauricia Beachcomber Resort & Spa

Afif SALIBI
General Manager of the Fairmont Royal Palm Marrakech

Stéphane SOGLIUZZO
General Manager of Dinarobin Beachcomber Golf Resort & Spa (Resigned on 11 June 2020)

Guy ZEKRI
Managing Director of Beachcomber Tours, France

Cost CONTAINMENT


VIANEY

Other Statutory DISCLOSURES

I. Other Statutory Disclosures
(Pursuant to Section 221 of the Companies Act 2001 and Section 88 of the Securities Act 2005)
30 June 2020

Activities

The activities of New Mauritius Hotels Limited ("NMH") are disclosed in Note 1 to the Integrated Annual Report 2020.

Directors

A list of Directors of the Company and its subsidiaries as set out on page 85 of the Integrated Annual Report 2020.

Directors' Service Contracts

None of the Directors of the Company or its subsidiaries have service contracts that need to be disclosed under Section 221 of the Companies Act 2001.

Directors' Remuneration and Benefits

The total remuneration and benefits received, or due and receivable:
(i) by each Director of NMH from the Company are available on page 65 of the Integrated Annual Report 2020.
(ii) by the Directors from NMH and its subsidiaries were as follows:

Directors of NMH	From the Company		From the Subsidiaries	
	2020 *(9 months)*	2019	**2020 *(9 months)***	2019
Executive Directors	**Rs 000**	Rs 000	**Rs 000**	Rs 000
Full-time	**27,837**	41,776	**-**	-
Part-time	**-**	-	**-**	-
Non-Executive Directors	**1,500**	3,000	**-**	-
Post-employment benefits – Executive Directors	**3,390**	7,191	**-**	-
	32,727	51,967	**-**	-

(iii) by the Directors of subsidiaries who are not Directors of the Company:

Name of Subsidiary	Director	2020 (9 months)	2019
Executive Directors (2020: 8; 2019: 8**)**		**Rs 000**	Rs 000
Beachcomber Tours Limited	Michael Edwards	4,024	7,596
	Mark Boullé	3,689	6,121
Beachcomber Marketing (Pty) Ltd	Terry Munro	8,500	16,816
	S.L. Polo	4,348	7,247
	J.M. Visagie	4,319	7,198
Beachcomber Hotel S.A.	Laurent Piat	1,126	1,422
Mautourco Ltd	Richard Robert	4,288	4,778
	Jean-Paul Poussin	2,222	2,446
Post-employment benefits – Executive Directors			
Mautourco Ltd	Richard Robert	966	1,128
	Jean-Paul Poussin	480	605

Directors' Interests in the Equity of NMH

(i) The interests of the Directors in the shares of NMH as at 30 June 2020 are found on page 63 of the Integrated Annual Report 2020.

(ii) As at 30 June 2020, none of the Directors, except for those detailed below, held any direct interests in the equity of the subsidiaries of the Company:

	Beachcomber Hotel S.A.		Beachcomber Hotel Marrakech S.A.	
	No. of Shares	**%**	**No. of Shares**	**%**
Gilbert ESPITALIER-NOËL	1	0.000	1	0.000
Hector ESPITALIER-NOËL	1	0.000	1	0.000
François VENIN	1	0.000	-	-

Interests of Senior Officers (excluding Directors) in the Shares of NMH

As at 30 June 2020, none of the senior officers (excluding Directors), except for those detailed below, held any direct or indirect interests in the equity of the Company:

	Ordinary Shares				Redeemable Non-Voting Preference Shares			
	Direct		**Indirect**		**Direct**		**Indirect**	
	Number of Shares	**%**	**Number of Shares**	**%**	**Number of Shares**	**%**	**Number of Shares**	**%**
Gregory COQUET	5,460	0.001	-	-	-	-	-	-
Michel DARUTY DE GRANDPRÉ	2,417,952	0.440	-	-	-	-	-	-
Annabelle DUPONT	53,067	0.010	-	-	-	-	-	-
Geraldine KOENIG	3,000	0.001	69,200	0.013	-	-	-	-
Olivier L. NAIRAC	8,913	0.002	136,094	0.025	-	-	43,833	0.124
Laurent PIAT	21,050	0.004	-	-	-	-	-	-

Contracts of Significance

During the year under review, there was no contract of significance to which NMH or one of its subsidiaries was a party and in which a Director of NMH was materially interested either directly or indirectly.

Shareholders

At 15 January 2021, the following shareholders were directly or indirectly interested in more than 5% of the ordinary share capital of the Company:

Name of Shareholder	Interest (%)
Rogers & Company Limited	22.93
ENL Limited	15.25
Swan Life Ltd	10.60
Herbert Couacaud	6.35

Donations

The Company has maintained its policy of channelling all requests for social assistance through its solidarity fund, Fondation Espoir Développement Ltée ("FED"), created in March 1999. During the 9-month period, the Company contributed Rs 3.3m (FY19: Rs 7.6m) to the fund.

Political donations are dealt with by the Board. For the 9-month period under review, an amount of Rs 6.7m was donated to political parties (FY19: Rs 0.65m).

During the 9-month period, the subsidiaries of NMH made a total donation of Rs 2.4m (FY19: Rs 1.2m).

Auditors' Remuneration	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
Audit fees paid to:	**Rs 000**	Rs 000	**Rs 000**	Rs 000
BDO & Co.	**6,772**	8,027	**6,000**	6,600
Other firms	**3,924**	2,617	**-**	-
Fees paid for other services provided by:				
BDO & Co.	**64**	1,187	**-**	950
Other firms	**18,815**	7,880	**18,368**	7,324

The other services relate to taxation and advisory fees.

List of Directors of the Company and its subsidiaries

	Beachcomber Holidays Ltd	Beachcomber Holidays (UK) Limited	Beachcomber Hospitality Investments Ltd	Beachcomber Hotel Marrakech S.A.	Beachcomber Hotel S.A.	Beachcomber International Ltd	Beachcomber Limited	Beachcomber Marketing (Pty) Ltd	Beachcomber Tours	Beachcomber Tours Limited	Beachcomber Training Academy Limited	Domaine de l'Harmonie Limitée	Fondation Espoir et Développement Ltée	Kingfisher Ltd	Les Salines Development Ltd	Les Salines Golf & Resort Limited	Mautourco Ltd	Mautourco Holdings Ltd	New Mauritius Hotel - Italia S.R.L.	New Mauritius Hotels Limited	Plaisance Catering Ltd	Royal Gardens Ltd	Santayarea (Mauritius) Limited	Ste Anne Resort Limited	Trans-Maurice Car Rental Ltd	Wild Africa Safaris Limited
Banymandhub Kishore Sunil																				✓						
Bell John Eric													R													
Betsy Jean Paul David	A																									
Boullé Mark David		✓								✓																✓
Collet Serret Marie Anne Sheila																			✓							
Coombes Anthony Henri George Richard						✓																				
Corbett Bronwyn Anne			✓																							
Couacaud Joseph René Herbert Maingard						✓														✓		✓				
Curé Karine Marie													✓													
Daruty de Grandpré Jacques Gérard Michel											✓												✓	✓		
Descroizilles Frédérique Louise Etiennette													✓													
Dr Sperl Klaus-Ulrich Gerhard																		✓								
Edwards Michael Wynn		R								R																R
Espitalier-Noël Marie Edouard Gilbert	A		✓	✓	✓		✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓		✓	✓		✓	✓	✓	
Espitalier-Noël Marie Maxime Hector			✓	✓	✓		✓					✓				✓				✓		✓		✓		
Espitalier-Noël Marie Hector Philippe																	✓	✓							✓	
Fayd'herbe de Maudave Louis René Alexandre																	✓	✓							✓	
Fleury Christine Arlette Françoise																							✓			
Jeetun Jyoti																				✓						
Masson Denys Marcel						✓																				
Montocchio Marie Joseph Jean-Pierre																				✓						
Montocchio François Thierry																	Alt	Alt							Alt	
Munro Terence Leslie Ross								✓																		
Nairac Olivier Laurence																					✓					
Piat Jean Bertrand Evenor											✓															
Piat Maurice Daniel Laurent Evenor				✓	✓																					
Pierre Jean Benoît Didier	A																									
Pismont Jean Louis Fernand André				✓	✓						✓		✓	✓	✓	✓							✓			
Pitot Marie Adrien Robert Michel						✓																				
Polo Silvana-Lida								✓																		
Poussin Gilbert Jean-Paul	A																✓								✓	
Rey Alfred Joseph Gérard Robert Alain																				✓						
Rivalland Jean Michel Louis																				✓						
Rivet Jacques Armand Mathieu													✓													
Robert François Richard																	✓								✓	
Seeyave Pauline Sybille Cheh			✓				✓	✓		✓		✓		✓	✓	✓	✓			✓	✓			✓	✓	
Staub Nicolas Edward Patrick	A							✓		✓																
Taylor Timothy						✓																				
Van de Moortele Leon Paul			✓																							
Venin François Roland					✓		✓	✓		✓	✓		✓	✓			✓	✓		✓				✓	✓	
Visagie Joanne Mary								✓																		
Vythelingum Koogen	A																									
Vythelingum Viren													A													

✓ In office
A Appointed
R Resigned
Alt Alternate

II. Statement of Director's Responsibilities
In Respect of Financial Statements

Company law requires the Directors to prepare financial statements for each financial year which present fairly the financial position, financial performance and cash flow of the Company. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards have been followed and complied with;
- prepare the financial statements on a going-concern basis unless it is inappropriate to presume that the Company will continue in business; and
- ensure that the Code of Corporate Governance (the "Code") has been adhered to and where any material deviation from any guidance contained within the Code has occurred, explanations have been provided accordingly.

The Directors confirm that they have complied with the above requirements in preparing the Company's financial statements.

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

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy the financial position of the Company at any time and enable them to ensure that the financial statements comply with the Companies Act 2001. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps to prevent and detect fraud and other irregularities.

The Board is responsible for the system of internal control and risk management of the Company and its subsidiaries. The Board is committed to continuously maintaining a sound system of risk management and adequate control procedures with a view to safeguarding the assets of the Group. The Board, through the Audit and Risk Committee, affirms that it has monitored the key strategic, financial, operational, people, system risks and controls in line with the current business environment.

The Board believes that the Group's systems of internal control and risk management provide reasonable assurance that control and risk issues are identified, reported on and dealt with appropriately.

Nothing has come to the Board's attention to indicate any material breakdown in the functioning of the internal controls and systems during the period under review, which could have a material impact on the business. The financial statements are prepared from the accounting records on the basis of consistent use of appropriate accounting policies supported by reasonable and prudent judgements and estimates that fairly present the state of affairs of the Group and Company.

III. Statement of Compliance to the Code

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

Name of Public Interest Entity ("PIE"): New Mauritius Hotels Limited
Reporting Period: 1 October 2019 to 30 June 2020

We, the Directors of New Mauritius Hotels Limited, confirm to the best of our knowledge that the PIE has fully complied with the principles of the Code of Corporate Governance.

Hector ESPITALIER-NOËL
Chairman

Jean-Pierre MONTOCCHIO
Chairman of the Corporate Governance Committee

15 February 2021

Independent auditors' REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of New Mauritius Hotels Limited and its subsidiaries (the "Group"), and the Company's separate financial statements on pages 96 to 162 which comprise the statements of financial position as at 30 June 2020, and the statements of profit or loss, statements of other comprehensive income, statements of changes in equity and statements of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements on pages 96 to 162 give a true and fair view of the financial position of the Group and of the Company as at 30 June 2020, and of their financial performance and their cash flows for the period then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 13 to the financial statements, which describes the impact of COVID-19 on the Group's and Company's ability to continue as a going concern. The operations of the Group and Company have been significantly impacted by measures taken by the respective authorities in the countries where the Group and Company operate in order to limit the spread of the virus within the community. The above events and other events described in Note 13 indicate the existence of material uncertainty which may cast significant doubt on the Group's and Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for 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. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

1. Impairment Assessment of Goodwill and Property, Plant and Equipment

Key Audit Matter

The Group has a significant value of goodwill and property, plant and equipment that has arisen from business combinations and capital investments. The carrying value of goodwill and property, plant and equipment stood at Rs 1.3bn (2019: Rs 1.3bn) and Rs 23.4bn (2019: Rs 25.9bn) respectively. Following the global outbreak of COVID-19, major business disruptions occurred throughout the world and similarly, the Group was not spared.

There is a risk that the cash-generating units ("CGUs") of the Group may not achieve the anticipated business performance to support their carrying value, leading to an impairment charge that may not have been recognised through management's assessment. Significant judgement and application of critical accounting estimates, as disclosed in Notes 13 and 28, are required in forecasting the future cash flows of each CGU, long-term growth rates together with the rate at which they are discounted. The Group has impaired the carrying value of its non-current assets by Rs 514m during the period.

Based on the historical trend of the CGUs and the significance of their carrying value on the financial statements, the impact of COVID-19 and the significance of carrying value of non-financial assets on the financial statements, audit was focused on significant use of estimates, assumptions and judgements, including forecasted occupancy rates and guest night spending, estimated expenditure, future increase in direct costs, staff costs and other operating expenses, residual value of the property at the end of the useful life and discount rate used. These assumptions and estimates can have a material impact on the valuation and the corresponding impairment assessment on the financial statements.

Related Disclosures

Refer to Notes 13, 15, 28 and 31 to the accompanying financial statements.

Audit Response

- We understood the methodology applied by management in performing its impairment test for each of the relevant CGUs and walked through the controls over the process.
- For all CGUs, we calculated the degree to which the key inputs and assumptions would need to fluctuate before an impairment was triggered and considered the likelihood of this occurring. We performed our own sensitivities on the Group's forecasts and determined whether adequate headroom remained. For CGUs where there were indicators of impairment or low levels of headroom, we performed detailed testing to critically assess and corroborate the key inputs to the valuations, including:
  - analysing the historical accuracy of budgets to actual results to determine whether forecast cash flows are reliable based on past experience;
  - corroborating the discount rate used by obtaining the underlying data used in the calculation and benchmarking it against market data and comparable organisations; and
  - validating the growth rates assumed by comparing them to economic and industry forecasts.
- We have assessed the adequacy of the disclosures made in the financial statements.

2. Impairment Assessment of Investment in Subsidiaries

Key Audit Matter

In the Company's separate financial statements, investments in subsidiaries are carried at cost less impairment in accordance with IAS 36. The carrying value of investments stood at Rs 6.6bn at 30 June 2020 (2019: Rs 7.4bn). Most significant investment is the wholly owned subsidiary Beachcomber Hotel S.A. ("BH"), amounting to Rs 3.1bn (2019: Rs 4.2bn) net of impairment of Rs 2.2bn. Following the global outbreak of COVID-19, most of the subsidiaries' businesses were disrupted and there is a risk that the subsidiaries may not achieve the anticipated business performance to support their carrying value and thus leading to an impairment charge that may not have been recognised based on management's assessment.

Management makes an impairment assessment on the investment in subsidiaries when there is an indication of impairment at the end of each reporting date. The determination of impairment allowances is inherently judgemental and involves the application of critical accounting estimates by management as disclosed in Note 13 to the financial statements.

Based on the historical trend of BH and the significance of its carrying value on the financial statements, audit was focused on the impairment assessment of BH which involved significant use of estimates, assumptions and judgements including, forecasted occupancy rates and guest night spending, estimated expenditure, future increase in direct costs, staff costs and other operating expenses, residual value of the property at the end of the useful life, discount rate and COVID-19 impact. These assumptions and estimates can have a material impact on the valuation and the corresponding impairment assessment on the financial statements.

Related Disclosures

Refer to Notes 13, 15 and 32 of the accompanying financial statements.

Audit Response

- We have assessed the design and implementation of the controls relating to management's impairment review of investments.
- We checked the validity and reasonableness of the forecasts which support the value in use through the following:
  - we compared the actual results for the prior years with management's forecasts in order to assess the historical accuracy of the management's forecasting process;
  - we checked the validity and reasonableness of the forecast in line with the Group's strategy and latest management strategy.
  - we performed some benchmarking based on information available on the tourism industry in Marrakech;
  - we discussed with management how the impact of the pandemic and the inherent uncertainties involved was assessed and factored in the cashflow;
  - we assessed the appropriateness of the methodologies and key assumptions used, namely discount rates, and confirmed reasonableness of terminal values with the valuer; and
  - we performed sensitivity analysis on the assumptions used, which included changes in occupancy rates, discount rate and target gearing, amongst others, to assess the impact of changes in these key input on the value in use of the hotel.
- We have assessed the adequacy of the disclosures made in the financial statements.

3. Adoption of IFRS 16 - Leases

Key Audit Matter

The Group adopted IFRS 16 Leases effective 01 October 2019 which modifies the classification and measurement of leases, with the recognition on the Statement of Financial Position of right-of-use assets and lease liabilities. The right-of-use assets and liabilities are unwound over term of the lease, giving rise to an amortisation charge and interest expense respectively. The adoption of IFRS 16 transition is reliant upon a number of key estimates and judgements, primarily determining the appropriate discount rates (incremental borrowing rates) and the lease period for each lease. We considered the IFRS 16 recognition, presentation and disclosure requirements to be a matter of most significance to the audit due to estimation and judgement applied in the transition and the risk of the lease data used in the transition calculation which maybe incomplete or inaccurate.

Related Disclosures

Refer to Note 29 of the accompanying financial statements.

Audit Response

- We assessed the discount rates used to calculate the lease obligation. This included independently sourcing base rates for each currency and lease origination date, usually linked to inter-bank or government bond rates, and adding a historically adjusted credit spread specific to the Company. Additional adjustments were made to cater for lease term, as well as the requirement for a collateralised incremental borrowing rate per IFRS 16.
- We verified the accuracy of the underlying lease data by agreeing a representative sample of leases to the original contract or other supporting information and checked the integrity and statistical mechanical accuracy of the IFRS 16 calculations for each lease sampled through recalculation of the expected IFRS 16 adjustment.
- We tested the completeness of the lease data by reconciling a sample of the Company's existing lease commitments to the lease data underpinning the IFRS 16 model.
- We evaluated the lease terms, including the renewal periods, where appropriate, by inspecting the underlying contracts and assessing management's judgements for the lease periods applied in the lease calculation, to ensure they are accurate and complete.
- The key estimates and judgements underpinning the Group's and Company's IFRS 16 impact assessment were found to be appropriate.
- We ensured the adequacy of the disclosures made in the financial statements are in line with the requirements of IFRSs.

Other information

The Directors are responsible for the other information, which comprises the information included in the Business Overview Reports, Risk Management Reports, Other Statutory Disclosures, but does not include the financial statements and our Auditors' Report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard. When we read the other reports not yet received, if we conclude there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Corporate Governance Report

Our responsibility under the Financial Reporting Act is to report on the compliance with the Code of Corporate Governance disclosed in the Integrated 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 Integrated Report, the public interest entity has, pursuant to Section 75 of the Financial Reporting Act, complied with the requirements of the Code.

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and Company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Directors;
- conclude on the appropriateness of 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 Group and Company's ability to continue as going concerns. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditors' Report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditors' Report. However, future events or conditions may cause the Group's and Company's to cease to continue as going concerns.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the current period and are therefore the key audit matters. We describe these matters in our Auditors' 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

Companies Act 2001

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

We have obtained all information and explanations we have required.

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

Other Matter

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

BDO & Co

BDO & Co.
Chartered Accountants
Port Louis
Mauritius

A Ramdin

Ameenah RAMDIN, FCCA, ACA
Licensed by FRC

15 February 2021

Financial Statements

INDEX

NOTES		PAGE
	Statements of profit or loss	96
	Statements of other comprehensive income	97
	Statements of financial position	98
	Statements of changes in equity	99
	Statements of cash flows	100
	CORPORATE AND GROUP INFORMATION	
1	Corporate information	101
2	Group information	101
	BASIS OF PREPARATION AND OTHER SIGNIFICANT ACCOUNTING POLICIES	
3	Basis of preparation and statement of compliance	102
4	Summary of other significant accounting policies	102
5	Standards, Amendments to published Standards and Interpretations effective in the reporting period	106
6	Standards, Amendments to published Standards and Interpretations issued but not yet effective	107
	GROUP BUSINESS, OPERATIONS AND MANAGEMENT	
7	Basis of consolidation and financial information on material partly-owned subsidiaries	107
8	Business combinations	110
9	Financial risk management objectives and policies	110
10	Capital management	113
11	Distributions	113
12	Segmental reporting	114
13	Significant accounting judgements and estimates	115
14	Significant transactions and events	117
15	Other impairment losses	117
16	Events after reporting date	117
17	Related party transactions and disclosures	118
	DETAILED INFORMATION ON STATEMENTS OF PROFIT OR LOSS ITEMS	
18	Revenue from contracts with customers	122
19	Staff costs	122
20	Other expenses	122
21	Closure costs	123
22	Finance revenue	123
23	Finance costs	123
24	Other income	124
25	Other (losses)/gains	124
26	Income tax	124
27	(Loss)/earnings per share	128
	DETAILED INFORMATION ON STATEMENTS OF FINANCIAL POSITION ITEMS	
28	Property, plant and equipment	128
29	Right-of-use assets and lease liabilities	132
30	Investment property	136
31	Intangible assets	137
32	Investment in subsidiaries	139
33	Investment in associates	140
34	Financial assets at fair value through other comprehensive income	142
35	Financial assets at amortised cost	142
36	Inventories	143
37	Trade receivables	144
38	Other assets	145
39	Derivative financial instruments	145
40	Cash and cash equivalents	146
41	Stated capital	147
42	Other components of equity	148
43	Borrowings	148
44	Employee benefit liabilities	151
45	Trade and other payables	155
46	Fair value of assets and liabilities	155
47	Sale and leaseback transaction between the Company and Beachcomber Hospitality Investments Ltd	157
48	Commitments	158
49	Change in accounting policies	158
50	Prior year error	160
51	Discontinued operations and disposal of subsidiaries	160
52	Changes in ownership interest in subsidiaries that do not result in a loss of control	162

STATEMENTS OF PROFIT OR LOSS
FOR THE PERIOD ENDED 30 JUNE 2020

	Notes	THE GROUP Period ended 30 June 2020 Rs 000	THE GROUP Year ended 30 September 2019 Rs 000	THE COMPANY Period ended 30 June 2020 Rs 000	THE COMPANY Year ended 30 September 2019 Rs 000
CONTINUING OPERATIONS					
Revenue from contracts with customers	12/18	**5,632,584**	9,688,460	**4,397,758**	7,507,399
Direct costs		**(813,338)**	(1,643,508)	**(629,639)**	(1,191,312)
Staff costs	19	**(2,082,652)**	(3,426,377)	**(1,626,930)**	(2,715,854)
Other expenses	20	**(1,787,940)**	(2,987,203)	**(1,273,943)**	(2,732,342)
Net impairment losses on financial assets	37(i)	**(33,755)**	(25,905)	**(26,242)**	(26,706)
Earnings from operating activities		**914,899**	1,605,467	**841,004**	841,185
Other income	24	**25,455**	43,490	**136,391**	96,145
Other (losses)/gains	25	**(185,305)**	89,254	**(208,867)**	83,314
Share of results of associates	33	**7,902**	(20,498)	**-**	-
(Loss)/profit on disposal of property, plant and equipment		**(4,515)**	7,567	**(1,340)**	4,368
Profit on disposal of right-of-use assets		**3,834**	-	**-**	-
NORMALISED EBITDA		**762,270**	1,725,280	**767,188**	1,025,012
Closure costs	21	**(14,446)**	(57,246)	**-**	-
Gain on disposal of associate		**-**	17,948	**-**	39,250
Gain on disposal of subsidiaries		**-**	92,347	**-**	-
Gain on disposal of property	47	**-**	-	**112,249**	149,666
Other impairment losses	15	**(477,034)**	(35,525)	**(1,159,408)**	(35,525)
EBITDA		**270,790**	1,742,804	**(279,971)**	1,178,403
Finance costs	23	**(713,565)**	(790,715)	**(743,175)**	(590,488)
Finance revenue	22	**279,063**	17,692	**366,079**	119,693
Depreciation of property, plant and equipment	28	**(512,639)**	(694,652)	**(315,024)**	(417,934)
Amortisation of intangible assets	31	**(8,931)**	(14,692)	**(3,001)**	(5,549)
Depreciation of right-of-use assets	29	**(87,742)**	-	**(360,000)**	-
(Loss)/profit before tax for the period/year from continuing operations		**(773,024)**	260,437	**(1,335,092)**	284,125
Income tax credit/(expense)	26(a)	**87,213**	(103,102)	**151,634**	(42,834)
(Loss)/profit for the period/year from continuing operations		**(685,811)**	157,335	**(1,183,458)**	241,291
DISCONTINUED OPERATIONS					
Post-tax loss from discontinued operations	51	**-**	(367,416)	**-**	-
Gain on disposal of inventories	36	**-**	251,854	**-**	251,854
Gain on deconsolidation of subsidiaries	51	**-**	115,312	**-**	2,340,558
(Loss)/profit for the period/year from discontinued operations		**-**	(250)	**-**	2,592,412
(Loss)/profit for the period/year		**(685,811)**	157,085	**(1,183,458)**	2,833,703
(Loss)/profit attributable to:					
Owners of the parent		**(729,773)**	33,355	**(1,183,458)**	2,833,703
Non-controlling interests		**43,962**	123,730	**-**	-
		(685,811)	157,085	**(1,183,458)**	2,833,703
(Loss)/earnings per share:					
From continuing operations (Rs)	27	**(1.33)**	0.06		
From continuing and discontinued operations (Rs)	27	**(1.33)**	0.06		

The notes on pages 101 to 162 form an integral part of these financial statements.
Auditor's Report on pages 88 to 93.

STATEMENTS OF OTHER COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 30 JUNE 2020

		THE GROUP		THE COMPANY	
	Notes	**Period ended 30 June 2020 Rs 000**	Year ended 30 September 2019 Rs 000	**Period ended 30 June 2020 Rs 000**	Year ended 30 September 2019 Rs 000
(Loss)/profit for the period/year		**(685,811)**	157,085	**(1,183,458)**	2,833,703
Other comprehensive income:					
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations		**(240,062)**	365,843	**-**	-
Share of other comprehensive income of associates	33	**4,089**	-	**-**	-
(Loss)/gain on cash flow hedges	42	**(292,484)**	36,107	**(894,120)**	(9,121)
Tax effect on loss on cash flow hedge	26(b)	**-**	-	**100,606**	-
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods		**(528,457)**	401,950	**(793,514)**	(9,121)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:					
(Losses)/gains on revaluation of land and buildings	15/28	**(36,664)**	320,252	**-**	42,759
Tax effects on gains on revaluation of land and buildings	26(b)	**-**	(47,759)	**-**	(3,655)
Changes in fair value of equity instruments at fair value through other comprehensive income	34	**(2,658)**	1,423	**(2,580)**	1,456
Share of other comprehensive income of associates	33	**(37,006)**	8,140	**-**	-
Remeasurement of employee benefit liabilities	44	**(1,358,600)**	(890,460)	**(1,336,594)**	(883,740)
Tax effect on remeasurement of employee benefit liabilities	26(b)	**230,912**	151,267	**227,221**	150,161
Net other comprehensive income that will not to be reclassified to profit or loss in subsequent periods		**(1,204,016)**	(457,137)	**(1,111,953)**	(693,019)
Other comprehensive income for the period/year, net of tax		**(1,732,473)**	(55,187)	**(1,905,467)**	(702,140)
Total comprehensive income for the period/year		**(2,418,284)**	101,898	**(3,088,925)**	2,131,563
Total comprehensive income attributable to:					
Owners of the parent		**(2,142,510)**	(124,469)	**(3,088,925)**	2,131,563
Non-controlling interests		**(275,774)**	226,367	**-**	-
		(2,418,284)	101,898	**(3,088,925)**	2,131,563

The notes on pages 101 to 162 form an integral part of these financial statements.
Auditor's Report on pages 88 to 93.

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Notes	THE GROUP			THE COMPANY	
		30 June 2020	30 September 2019 Restated*	1 October 2018 Restated*	**30 June 2020**	30 September 2019
		Rs 000	Rs 000	Rs 000	**Rs 000**	Rs 000
ASSETS						
Non-current assets						
Property, plant and equipment	28	**23,421,766**	25,915,260	25,747,254	**14,983,223**	15,151,396
Right-of-use assets	29	**2,769,146**	-	-	**6,826,844**	-
Investment property	30	**3,319,575**	-	354,102	**-**	-
Intangible assets	31	**1,290,029**	1,654,721	1,680,587	**1,103,913**	1,220,273
Investment in subsidiaries	32	**-**	-	-	**6,590,548**	7,418,710
Investment in associates	33	**633,338**	662,097	698,223	**18,307**	18,307
Financial assets at fair value through other comprehensive income	34	**9,094**	11,752	8,664	**8,932**	11,512
Financial assets at amortised cost	35	**1,187,062**	1,203,901	-	**3,291,019**	3,071,635
Deferred tax assets	26(b)	**207,741**	186,786	177,849	**-**	-
Total non-current assets		**32,837,751**	29,634,517	28,666,679	**32,822,786**	26,891,833
Current assets						
Inventories	36	**449,828**	469,261	4,121,120	**403,912**	425,662
Trade receivables	37	**479,588**	985,735	806,761	**369,225**	546,484
Financial assets at amortised cost	35	**870,869**	666,352	1,210,614	**602,918**	914,398
Other assets	38	**516,888**	510,868	370,035	**158,069**	260,732
Derivative financial instruments	39	**61,478**	26,745	-	**61,478**	24,954
Income tax prepaid	26(a)	**12,685**	5,722	18,504	**5,993**	1,453
Cash in hand and at banks	40	**730,863**	753,972	1,057,971	**119,372**	88,226
Total current assets		**3,122,199**	3,418,655	7,585,005	**1,720,967**	2,261,909
Non-current assets classified as held for sale		**-**	-	109,082	**-**	-
Total assets		**35,959,950**	33,053,172	36,360,766	**34,543,753**	29,153,742
EQUITY AND LIABILITIES						
Equity attributable to owners of the parent						
Stated capital	41	**2,780,301**	2,780,301	6,349,551	**2,780,301**	2,780,301
Retained earnings		**3,030,229**	4,887,988	5,512,601	**2,936,262**	5,302,957
Other components of equity	42	**1,095,172**	1,412,032	1,218,141	**71,563**	876,140
		6,905,702	9,080,321	13,080,293	**5,788,126**	8,959,398
Non-controlling interests		**263,649**	643,686	494,130	**-**	-
Total equity		**7,169,351**	9,724,007	13,574,423	**5,788,126**	8,959,398
Non-current liabilities						
Convertible preference shares	43	**388,658**	388,160	423,396	**388,658**	388,160
Subordinated loan	43	**1,681,688**	1,492,867	1,497,750	**-**	-
Borrowings	43	**7,370,768**	11,224,412	11,444,046	**3,085,645**	8,734,143
Lease liabilities	29	**2,280,448**	-	-	**7,259,907**	-
Deferred tax liabilities	26(b)	**1,721,873**	2,050,246	2,136,205	**837,543**	1,320,306
Deferred income	47	**-**	-	-	**1,559,912**	1,672,161
Employee benefit liabilities	44	**3,133,233**	1,752,770	821,670	**3,064,155**	1,709,688
Total non-current liabilities		**16,576,668**	16,908,455	16,323,067	**16,195,820**	13,824,458
Current liabilities						
Trade and other payables	45	**2,610,018**	3,068,391	2,876,016	**3,113,220**	3,259,077
Contract liabilities	18(a)	**244,359**	457,740	407,689	**220,102**	408,372
Borrowings	43	**8,929,478**	2,801,923	3,054,935	**8,424,810**	2,479,799
Lease liabilities	29	**99,087**	-	-	**324,106**	-
Derivative financial instruments	39	**245,556**	22,019	61,440	**245,556**	12,584
Deferred income	47	**-**	-	-	**149,666**	149,666
Income tax payable	26(a)	**3,086**	10,249	2,952	**-**	-
Dividend payable	11	**82,347**	60,388	60,244	**82,347**	60,388
Total current liabilities		**12,213,931**	6,420,710	6,463,276	**12,559,807**	6,369,886
Total liabilities		**28,790,599**	23,329,165	22,786,343	**28,755,627**	20,194,344
Total equity and liabilities		**35,959,950**	33,053,172	36,360,766	**34,543,753**	29,153,742

* Refer to note 50 for further information.

Approved by the Board of Directors on 15 February 2021 and signed on its behalf by:

HECTOR ESPITALIER-NOËL
CHAIRMAN

ALAIN REY
CHAIRMAN OF THE AUDIT AND RISK COMMITTEE

The notes on pages 101 to 162 form an integral part of these financial statements.
Auditor's Report on pages 88 to 93.

STATEMENTS OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 30 JUNE 2020

THE GROUP

	Notes	Attributable to owners of the parent company								
		Stated Capital Rs 000	**Retained Earnings Rs 000**	**Foreign Exchange Difference Reserves Rs 000**	**Financial Assets at Fair Value through OCI Reserves Rs 000**	**Revaluation Reserves Rs 000**	**Other Reserves Rs 000**	**Total Rs 000**	**Non-Controlling Interests Rs 000**	**Total Equity Rs 000**
As at 1 October 2018										
- As previously stated		6,349,551	5,512,601	(1,867,108)	17,865	2,346,243	624,583	12,983,735	590,688	13,574,423
- Prior year error*		-	-	96,558				96,558	(96,558)	-
- As restated		6,349,551	5,512,601	(1,770,550)	17,865	2,346,243	624,583	13,080,293	494,130	13,574,423
Conversion of preferences shares into ordinary shares	41	25,750	-	-	-	-	-	25,750	-	25,750
Capital reduction	41	(3,595,000)	-	-	-	-	-	(3,595,000)	-	(3,595,000)
Profit for the year		-	33,355	-	-	-	-	33,355	123,730	157,085
Other comprehensive income for the year		-	(736,477)	395,313	1,423	181,917	-	(157,824)	102,637	(55,187)
Total comprehensive income for the year		-	(703,122)	395,313	1,423	181,917	-	(124,469)	226,367	101,898
Depreciation transfer for buildings		-	62,270	-	-	(62,270)	-	-	-	-
Tax effect of depreciation transfer for buildings		-	(10,586)	-	-	10,586	-	-	-	-
Release on disposal of subsidiaries		-	124,964	(203,857)	(10,358)	(118,863)	-	(208,114)	-	(208,114)
Changes in ownership interest in subsidiaries that do not result in a loss of control	52	-	22,637	-	-	-	-	22,637	6,320	28,957
Dividends	11	-	(120,776)	-	-	-	-	(120,776)	(83,131)	(203,907)
As at 30 September 2019		2,780,301	4,887,988	(1,579,094)	8,930	2,357,613	624,583	9,080,321	643,686	9,724,007
As at 1 October 2019										
- As previously stated		2,780,301	4,887,988	(1,675,652)	8,930	2,357,613	624,583	8,983,763	740,244	9,724,007
- Effect of changes in accounting policies, net of tax	49	-	50,238	-	-	-	-	50,238	-	50,238
- Prior year error*		-	-	96,558	-	-	-	96,558	(96,558)	-
As restated		2,780,301	4,938,226	(1,579,094)	8,930	2,357,613	624,583	9,130,559	643,686	9,774,245
(Loss)/profit for the period		-	(729,773)	-	-	-	-	(729,773)	43,962	(685,811)
Other comprehensive income for the period		-	(1,123,714)	(218,378)	(33,981)	(36,664)	-	(1,412,737)	(319,736)	(1,732,473)
Total comprehensive income for the period		-	(1,853,487)	(218,378)	(33,981)	(36,664)	-	(2,142,510)	(275,774)	(2,418,284)
Transfer on disposal of land of associate		-	14,580	-	-	(14,580)	-	-	-	-
Depreciation transfer for buildings		-	15,972	-	-	(15,972)	-	-	-	-
Tax effect of depreciation transfer for buildings		-	(2,715)	-	-	2,715	-	-	-	-
Dividends	11	-	(82,347)	-	-	-	-	(82,347)	(104,263)	(186,610)
As at 30 June 2020		**2,780,301**	**3,030,229**	**(1,797,472)**	**(25,051)**	**2,293,112**	**624,583**	**6,905,702**	**263,649**	**7,169,351**

* Refer to note 50 for further information.

THE COMPANY

	Notes	**Stated Capital Rs 000**	**Retained Earnings Rs 000**	**Foreign Exchange Difference Reserves Rs 000**	**Financial Assets at Fair Value through OCI Reserves Rs 000**	**Revaluation Reserves Rs 000**	**Total Equity Rs 000**
As at 1 October 2018		6,349,551	3,302,191	4,188	7,527	854,404	10,517,861
Conversion of preferences shares into ordinary shares	41	25,750	-	-	-	-	25,750
Capital reduction	41	(3,595,000)	-	-	-	-	(3,595,000)
Profit for the year		-	2,833,703	-	-	-	2,833,703
Other comprehensive income for the year		-	(733,579)	(9,121)	1,456	39,104	(702,140)
Total comprehensive income for the year		-	2,100,124	(9,121)	1,456	39,104	2,131,563
Depreciation transfer for buildings		-	25,805	-	-	(25,805)	-
Tax effect of depreciation transfer for buildings		-	(4,387)	-	-	4,387	-
Dividends	11	-	(120,776)	-	-	-	(120,776)
As at 30 September 2019		2,780,301	5,302,957	(4,933)	8,983	872,090	8,959,398
As at 1 October 2019		2,780,301	5,302,957	(4,933)	8,983	872,090	8,959,398
Loss for the period		-	(1,183,458)	-	-	-	(1,183,458)
Other comprehensive income for the period		-	(1,109,373)	(793,514)	(2,580)	-	(1,905,467)
Total comprehensive income for the period		-	(2,292,831)	(793,514)	(2,580)	-	(3,088,925)
Depreciation transfer for buildings		-	10,221	-	-	(10,221)	-
Tax effect of depreciation transfer for buildings		-	(1,738)	-	-	1,738	-
Dividends	11	-	(82,347)	-	-	-	(82,347)
As at 30 June 2020		**2,780,301**	**2,936,262**	**(798,447)**	**6,403**	**863,607**	**5,788,126**

The notes on pages 101 to 162 form an integral part of these financial statements.
Auditor's Report on pages 88 to 93.

STATEMENTS OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2020

	Notes	THE GROUP Period ended 30 June 2020 Rs 000	THE GROUP Year ended 30 September 2019 Rs 000	THE COMPANY Period ended 30 June 2020 Rs 000	THE COMPANY Year ended 30 September 2019 Rs 000
Cash generated from operations					
(Loss)/profit before tax from continuing operations		**(773,024)**	260,437	**(1,335,092)**	284,125
Adjustments to reconcile profit before tax to net cash flows					
Non-cash:					
Depreciation of property, plant and equipment		**512,639**	694,652	**315,024**	417,934
Impairment of property, plant and equipment		**478,792**	56,143	**966**	41,720
Depreciation of right-of-use assets		**87,742**	-	**360,000**	-
Amortisation of intangible assets		**8,931**	14,692	**3,001**	5,549
Loss/(profit) on disposal of property, plant and equipment		**4,515**	(7,567)	**(110,909)**	(154,034)
Profit on disposal of right-of-use assets		**(3,834)**	-	**-**	-
Gain on disposal of associate		**-**	(17,948)	**-**	(39,250)
Gain on disposal of subsidiaries		**-**	(92,347)	**-**	-
Foreign exchange differences		**(236,560)**	39,380	**(100,656)**	24,640
Impairment losses on intangible assets		**84**	827	**-**	739
Net impairment losses on financial assets	37(i)	**33,755**	25,905	**26,242**	26,706
Impairment losses on subsidiaries		**-**	-	**1,159,408**	-
Dividend income	24	**(313)**	(557)	**(117,027)**	(74,307)
Interest income	22	**(42,840)**	(17,660)	**(129,856)**	(119,693)
Interest expense	23	**661,943**	747,659	**692,075**	562,189
Fair value loss/(gain) on derivative financial instruments	25	**198,239**	(17,355)	**196,448**	(15,564)
Share of (profit)/loss of associates	33	**(7,902)**	20,498	**-**	-
Increase in employee benefit liabilities	44	**19,626**	41,731	**17,873**	29,057
Working capital adjustments:					
Decrease/(increase) in inventories		**10,359**	(83,401)	**21,750**	75,309
Decrease/(increase) in trade receivables		**472,392**	(238,776)	**151,017**	(128,397)
(Decrease)/increase in trade and other payables		**(497,214)**	609,112	**(200,782)**	(152,810)
(Decrease)/increase in contract liabilities		**(213,381)**	58,589	**(188,270)**	408,372
(Increase)/decrease in financial assets at amortised cost		**(151,923)**	(711,066)	**47,531**	(550,224)
(Increase)/decrease in other assets		**(6,020)**	(254,219)	**102,663**	(28,529)
Income tax paid	26(a)	**(46,704)**	(58,349)	**(7,842)**	(7,602)
Net cash flows generated from operating activities		**509,302**	1,070,380	**903,564**	605,930
Cash flows from investing activities					
Purchase of property, plant and equipment		**(372,560)**	(1,270,578)	**(261,508)**	(697,302)
Purchase of intangible assets		**(9,660)**	(18,459)	**(3,961)**	(10,117)
Proceeds from sale of property, plant and equipment		**9,656**	58,270	**1,138**	47,982
Purchase of investment property		**(956,756)**	-	**-**	-
Proceeds from sale of right-of-use assets		**14,952**	-	**-**	-
Acquisition of associate		**-**	(2,500)	**-**	-
Disposal of investment in associate		**-**	40,000	**-**	40,000
Disposal of interest in subsidiary		**-**	28,957	**-**	-
Disposal of subsidiaries, net of cash disposed	51	**-**	210,569	**-**	-
Deconsolidation of subsidiaries, net of cash deconsolidated	51	**-**	(130,519)	**-**	-
Purchase of financial assets at fair value through other comprehensive income		**-**	(1,655)	**-**	(1,655)
Dividend received		**4,057**	3,947	**117,027**	74,307
Interest received		**7,085**	13,759	**49,538**	115,792
Net cash flows used in investing activities		**(1,303,226)**	(1,068,209)	**(97,766)**	(430,993)
Cash flow from financing activities					
Proceeds from borrowings		**2,906,507**	10,256,005	**2,891,706**	10,218,412
Repayment of term loans		**(3,012,665)**	(10,303,542)	**(2,754,609)**	(10,232,570)
Repayment of finance lease liabilities		**-**	(87,919)	**-**	(63,259)
Repayment of debentures		**-**	(618,703)	**-**	(618,703)
Proceeds from debentures		**1,644,352**	-	**-**	-
Principal paid on lease liabilities		**(47,912)**	-	**(181,946)**	-
Interest paid on lease liabilities		**(138,362)**	-	**(246,786)**	-
Repayment of advances from subsidiaries		**-**	-	**122,247**	-
Advances to subsidiaries		**-**	-	**(92,387)**	-
Interest paid		**(517,342)**	(753,559)	**(343,669)**	(564,644)
Dividends paid to equity holders of the parent		**(60,388)**	(120,632)	**(60,388)**	(120,632)
Dividends paid to non-controlling interests		**(104,263)**	(83,131)	**-**	-
Net cash flows generated from/(used in) financing activities		**669,927**	(1,711,481)	**(665,832)**	(1,381,396)
Net cash flows from discontinued operations	51	**-**	1,131,566	**-**	800,000
Net (decrease) /increase in cash and cash equivalents		**(123,997)**	(577,744)	**139,966**	(406,459)
Cash and cash equivalents at 1 October		**(275,432)**	291,272	**(712,714)**	(309,914)
Net foreign exchange differences		**10,467**	11,040	**(11,672)**	3,659
Cash and cash equivalents at 30 June/30 September	40(a)	**(388,962)**	(275,432)	**(584,420)**	(712,714)

The notes on pages 101 to 162 form an integral part of these financial statements.
Auditor's Report on pages 88 to 93.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2020

1. Corporate information

The financial statements of New Mauritius Hotels Limited (the "Company") and consolidated with its subsidiaries (the "Group") for the period ended 30 June 2020 were authorised for issue in accordance with a resolution of the Directors on 15 February 2021. New Mauritius Hotels Limited is a public limited company incorporated in Mauritius and is listed on the Stock Exchange of Mauritius. Its registered office is situated at Beachcomber House, Botanical Garden Street, Curepipe, Mauritius.

These financial statements will be submitted for consideration and approval at the forthcoming Annual Meeting of Shareholders of the Company.

The principal activities of the Group and Company during the period consisted of hotel operations, tour operating, provision of airline and inland catering and other services.

The Group and Company have changed their financial year end from 30 September to 30 June and this is the first financial reporting period adopting the new year end date. The figures in the statements of profit or loss and other comprehensive income and statements of cash flows for the period under review represent the nine months period ended 30 June 2020 and hence, are not comparable to those for the year ended 30 September 2019.

2. Group information

Information on subsidiaries:

Name of Corporation	Main Business Activity	Country of Incorporation	Effective % Holding 30 June 2020	30 September 2019
Beachcomber Limited	Investment	Mauritius	**100**	100
Kingfisher Ltd	Investment	Mauritius	**100**	100
Beachcomber Training Academy Limited	Hotel training	Mauritius	**100**	100
Les Salines Development Ltd	Property	Mauritius	**100**	100
Les Salines Golf & Resort Limited	Hotel project	Mauritius	**100**	100
Ste Anne Resort Limited	Hotel operations	Seychelles	**100**	100
Beachcomber Marketing (Pty) Ltd	Tour operating	South Africa	**51**	51
Beachcomber Tours	Tour operating	France	**100**	100
Beachcomber Tours Limited	Tour operating	England	**100**	100
New Mauritius Hotel - Italia - S.R.L	Tour operating	Italy	**100**	100
Wild Africa Safaris Limited	Dormant	England	**100**	100
Beachcomber Holidays (UK) Limited	Dormant	England	**100**	100
Beachcomber Hotel Marrakech S.A.	Investment	Morocco	**90**	90
Beachcomber Hotel S.A.	Hotel operations	Morocco	**100**	100
Mautourco Holdings Ltd***	Investment	Mauritius	**41**	41
Mautourco Ltd***	Tour operating	Mauritius	**41**	41
Trans-Maurice Car Rental Ltd***	Car rental	Mauritius	**41**	41
Société Pur Blanca	Investment	Mauritius	**51**	51
Santayarea (Mauritius) Limited	Hotel training	Mauritius	**56**	56
Domaine de L'Harmonie Ltee	Services	Mauritius	**100**	100
Beachcomber Hospitality Investments Ltd	Real estate	Mauritius	**56**	56
Royal Gardens Ltd	Dormant	Mauritius	**100**	100
Plaisance Catering Ltd	Dormant	Mauritius	**100**	100
Beachcomber International Ltd*	Dormant	Mauritius	**51**	51
Beachcomber Holidays Ltd**	Dormant	Mauritius	**100**	-

The operations of the subsidiaries are carried out in the countries in which they are incorporated.

There is no restriction on the ability of the above subsidiaries to transfer funds to the parent in the form of cash dividends or to repay loans.

*Beachcomber International Ltd is in the process of being wound up.
**Beachcomber Holidays Ltd was incorporated on 13 January 2020.
*** Control is obtained through Société Pur Blanca, a subsidiary of New Mauritius Hotels Limited.

Information on associates

Name of Corporation	Year End	Class of Shares	Effective Holding 30 June 2020 %	30 September 2019 %
South West Tourism Development Company Limited and its subsidiaries	30 June	Ordinary shares	**31**	31
Parure Limitée	30 June	Ordinary shares	**48**	48
Société Cajeva*	30 June	Parts	**50**	50
Sports-Event Management Operation Co. Ltd**	30 June	Ordinary shares	**10**	10
Xcursia (Pty) Ltd	30 June	Ordinary shares	**20**	20

Investments in associates consist of investments in unquoted shares and are all incorporated in the Republic of Mauritius except for Xcursia (Pty) Ltd which is a dormant company incorporated in South Africa.

* The Corporate Governance Committee gave its consent for the disposal of shares in Société Cajeva. The terms and conditions are still under discussion.

** Significant influence obtained through Mautourco Ltd, a subsidiary of New Mauritius Hotels Limited.

BASIS OF PREPARATION AND OTHER SIGNIFICANT ACCOUNTING POLICIES

3. Basis of preparation and statement of compliance

The financial statements have been prepared on a historical cost basis except that land and buildings are carried at revalued amounts, investment property is stated at fair value and relevant financial assets and financial liabilities are stated at their fair value or amortised cost as disclosed in the accounting policies hereafter. The consolidated financial statements are presented in Mauritian rupees and all values are rounded to the nearest thousand (Rs 000), except when otherwise indicated. Where necessary, comparative figures have been amended to conform with changes in presentation in the current year.

The consolidated financial statements of New Mauritius Hotels Limited (the "Company") and its subsidiaries (the "Group") comply with the Companies Act 2001 and have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB).

4. Summary of other significant accounting policies

(a) Foreign currency translation

The Group and Company's financial statements are presented in Mauritian rupees, which is also the parent company's functional and presentation currency. Each entity within the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions and balances
Transactions in foreign currencies are initially recorded in their respective functional currency using the spot rates on the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange on the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates on the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates on the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss respectively).

Group companies
The assets and liabilities of foreign operations are translated into Mauritian rupees at the rate of exchange prevailing on the reporting date and their profit or loss items are translated using the average exchange rate for the period/year. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is reclassified from equity to profit or loss.

(b) Financial assets

The Group and Company classify their financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. Other than financial assets in a qualifying hedging relationship, the Group and Company's accounting policy for each category is as follows:

(i) Fair value through profit or loss
The Group and Company classify their derivative financial instruments not designated as hedging instruments as held for trading which form part of fair value through profit or loss (FVPL).

(ii) Amortised cost
These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for trade receivables are recognised based on the simplified approach within IFRS 9 using the lifetime expected credit losses. During this process, the probability of non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within cost of sales in the statements of profit or loss. On confirmation that the trade receivable will not be collectible, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivable from related parties and loans to related parties are recognised based on a forward-looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve months' expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit-impaired, lifetime expected credit losses along with interest income on net basis are recognised.

From time to time, the Group and Company elect to renegotiate the terms of trade receivables due from customers with whom they have previously had a good trading history. Such renegotiation will lead to changes in the timing of payments rather than changes to the amounts owed and, in consequence, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in the statements of profit or loss (operating profit).

The Group and Company's financial assets measured at amortised cost comprise trade receivables, long-term loan receivable, other receivables and cash and cash equivalents in the statements of financial position.

4. Summary of other significant accounting policies (cont'd)

(b) Financial assets (cont'd)

Cash and cash equivalents include cash in hand, deposits held at call with banks and for the purpose of the statements of cash flows, bank overdrafts. Bank overdrafts are shown within loans and borrowings in current liabilities in the statements of financial position.

(iii) Fair value through other comprehensive income
The Group and Company have a number of investments in listed and unlisted entities which are not accounted for as subsidiaries, associates or jointly controlled entities. For those investments, the Group and Company have made an irrevocable election to classify the investments at fair value through other comprehensive income rather than through profit or loss as the Group and Company consider this measurement to be the most representative of the business model for these assets. They are carried at fair value with changes in fair value recognised in other comprehensive income and accumulated in the fair value through other comprehensive income reserve. Upon disposal, any balance within fair value through other comprehensive income reserve is reclassified directly to retained earnings and is not reclassified to profit or loss.

Dividends are recognised in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment, in which case the full or partial amount of the dividend is recorded against the associated investments' carrying amount.

Purchases and sales of financial assets measured at fair value through other comprehensive income are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in the fair value through other comprehensive income reserve.

(iv) Derecognition of 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 when:

- the Group and Company's principal liabilities comprise bank loans, overdrafts, lease liabilities, trade and other payables and contract liabilities. The main purpose of these financial liabilities is to raise finance for the Group and Company's operations. The Group and Company have various financial assets, such as trade receivables, financial assets at fair value through other comprehensive income, financial assets at fair value through profit and loss, financial assets at amortised cost and cash and cash equivalents which arise directly from its operations; and

- the Group and Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group and Company have 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 Group and Company have transferred their rights to receive cash flows from an asset or have entered into a pass-through arrangement and have neither transferred nor retained substantially all the risks and rewards of the asset nor have transferred their control, the asset is recognised to the extent of the Group and Company's continuing involvement in the asset. In that case, the Group and Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and Company have retained.

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 Group and Company could be required to repay.

(c) Financial Liabilities

Initial recognition
The Group and Company classify their financial liabilities depending on the purpose for which the liability was acquired. The Group and Company determine the classification of their financial liabilities at initial recognition.

Financial liabilities are recognised initially at fair value and in the case of borrowings, directly attributable transaction costs.

The Group's and Company's financial liabilities include trade and other payables, bank overdraft, borrowings, derivatives and preference shares. Relevant disclosures are provided in related notes.

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

Interest-bearing loans and borrowings
After initial recognition, borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

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

(d) Derivative financial instruments

(i) Derivatives recorded at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. 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 as defined by IFRS 9.

Financial assets at fair value through profit or loss are carried in the statements of financial position at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in the statements of profit or loss.

4. Summary of other significant accounting policies (Cont'd)

(d) Derivative financial instruments (cont'd)

(i) Derivatives recorded at fair value through profit or loss (cont'd)

Financial assets designated upon initial recognition at fair value through profit or loss are designated at their initial recognition date and only if the criteria under IFRS 9 are satisfied.

The Group and Company use derivatives such as forward foreign exchange contracts. Derivatives are recorded at fair value and are carried as assets when fair value is positive and as liabilities when their fair value is negative. Changes in the fair value of derivatives are included in statements of profit or loss. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets and liabilities.

Derivatives embedded in other financial instruments, such as the conversion option in an acquired convertible bond, are treated as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contract, and the host contract is not itself held-for-trading or designated at fair value through statements of profit or loss.

(ii) Hedging activities - cash flow hedges

- Derivatives designated as hedges

Derivatives are initially recognised at fair value on the date the contract is entered into and are subsequently carried at fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and if so, the nature of the items being hedged. The Group and Company designate their derivative as a hedge of a particular risk associated with a recognised highly probable forecast transaction, i.e. a cash flow hedge.

The Group and Company have chosen to continue to apply the hedge accounting requirements of IAS 39 instead of IFRS 9. The Group and Company document at inception of the transaction the relationship between the hedging instruments and the hedging items as well as their risk management objective and strategies for undertaking various hedging transactions. The Group and Company also document their assessment, both at hedge inception and on an ongoing basis, of whether the derivatives designated as hedging instrument are highly effective in offsetting changes in cash flows of hedge items.

- Borrowings and lease liabilities

The Group and Company have borrowings and lease liabilities which are denominated in Euro and part of their revenue is also generated in that same currency. The Group and Company have a cash flow hedge whereby the foreign exchange exposure arising from translation of the borrowings and lease liabilities is hedged against the revenue stream. The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statements of profit or loss as operating expenses. The realised gain/loss upon repayment of the borrowings and lease liabilities is released to the statements of profit or loss. When the hedge transaction is terminated or is no longer expected to occur, the cumulative gain or loss previously recognised in statements of other comprehensive income is released to statements of profit or loss immediately.

The fair values of various derivative instruments used for hedging purposes are disclosed in note 39. Movements on the hedging reserve in shareholders' equity are shown in note 42.

(e) Offsetting of financial instruments

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

(f) Current versus non-current classification

The Group and Company present assets and liabilities in statements of financial position based on current/non-current classification. An asset is current when it is:

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

The Group and Company classify all other assets as non-current.

A liability is current when:

- it is expected to be settled in 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 and Company classify all other liabilities as non-current.
At 30 June 2020, the Group and Company have reclassified Rs 5,800m amount of borrowings from non-current liabilities to current liabilities, since there have been some modifications brought to the calculation of financial covenants as stated in the agreement. Post reporting date, the banks have agreed that there have been no breach of covenants.

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

(g) Provisions

Provisions are recognised when the Group and Company have 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. When the Group and Company expect 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 a provision is presented in profit or loss net of any reimbursement.

4. Summary of other significant accounting policies (cont'd)

(h) Other taxes

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; or

- 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 statements of financial position.

Environment fees
Environment fees are calculated based on the applicable regulations and are included in operating expenses.

(i) Impairment of non-financial assets

The Group and Company assess, at each reporting date, whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group and Company estimate the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices or other available fair value indicators.

Impairment losses of continuing operations are recognised in the statements of profit or loss in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to equity. In this case, the impairment is also recognised in equity up to the amount of any previous revaluation.

For assets excluding goodwill, 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 Group and Company make an estimate of the recoverable amount of the cash-generating unit. 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. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor 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 a revalued amount, in which case the reversal is treated as a revaluation increase.

The following criteria are also applied in assessing impairment of specific assets.

Goodwill
Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating units to which the goodwill relates. Where the recoverable amount of the cash-generating units is less than the carrying amount of the cash-generating units to which goodwill has been allocated, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods. The Group and Company perform their annual impairment test of goodwill as at period ended.

Intangible assets
Intangible assets with indefinite useful lives and those not yet brought into use are tested for impairment annually as at period/year end, either individually or at the cash-generating unit level, as appropriate and when circumstances indicate that the carrying value may be impaired.

(j) Revenue recognition

(a) Revenue from contracts with customers

Performance obligations and timing of revenue recognition

The Group has identified four business segments, namely Hotel Operations, Tour Operating, Flight & Inland Catering and Other Services, which contribute in generating most of its revenue from contracts with customers. Revenue from customers includes both sales of goods and sales of services made to customers. The Hotel Operations segment is highly involved in the provision of room services, food and beverage (F&B) and other services such as spa, laundry and boutique sales. The Tour Operations consists of operating a fleet of contract hiring vehicles, the organisation of sightseeing tours and rental of cars. Flight & Inland Catering consists mostly of the provision of catering services to airline companies. Other segments principally comprise the rental of one of the Group properties.

Revenue generated from the sale of goods and services defined above is recognised at a point in time when the control of the goods or services rendered is actually transferred to the customer. This is generally when the goods or services are delivered to the customer.

(i) Revenue from Hotel Operations
- Room revenue
Rooms are sold on half board, full board or all-inclusive basis and room revenue is recognised upon check-in on a daily basis. F&B revenue is recognised daily upon check-in alongside the room revenue. Direct sales are recognised upon consumption. F&B revenue also includes direct sales at the restaurants or bars and is recognised upon consumption. Revenue derived from other services such as spa, laundry and boutique sales, for which the Group and Company act as an agent from time to time, represents only the amount of commission earned.

(ii) Revenue from Flight & Inland Catering
Revenue is recognised when the goods have been passed to the buyers, usually on dispatch of the goods for consumption.

4. Summary of other significant accounting policies (cont'd)

(j) Revenue recognition (cont'd)

(iii) Revenue from Tour Operating
Amounts collected by the Group on behalf of the principal are accounted for as a payable in the statements of financial position until they are settled and amounts prepaid by the Group to the principal on behalf of customers are recognised as a receivable until they are recovered while revenue and expenses are not grossed up. Commissions are recognised on completion of the services provided.

(iv) Revenue from Rental of Properties
The subsidiary, Ste Anne Resort Limited, entered a twelve-year leasing agreement with a third party to lease out its properties. In prior years, the subsidiary was engaged in hotel operations.

Determining transaction price
The transaction price of the Group's and Company's revenue streams is mostly derived from fixed-price contracts and therefore, the amount of revenue to be earned from each contract is determined by reference to those fixed prices.

Allocating amounts to performance obligations
Each contract has a fixed price which is correspondingly allocated to the performance obligations.

(b) Other revenue earned by the Group and Company are recognised on the following bases:
- Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

- Dividend income - when the shareholder's right to receive payment is established.

- Commission income - for the provision of services where the entity is a principal, it recognises revenue based on the gross revenue, with a related expense for payments to third party.

- Management fees - when key financial metrics are met.

(k) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Group and Company receive grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset by equal annual instalments.

Grants in respect of wages obtained under the Wage Assistance Scheme are accounted for in the statement of profit or loss in the period to which the wages relate. Repayment of the grant (COVID-19 Levy) is contingent on the chargeable income of the entity over the current and next years and is recognised in profit or loss, when the profit arises. The grant is shown as net of the COVID-19 Levy.

5. Standards, Amendments to published Standards and Interpretations effective in the reporting period

IFRS 16 Leases results in the recognition of almost all leases in the statements of financial position. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. The Group and Company have adopted IFRS 16 from 1 October 2019, but has not restated comparatives for 2019, as permitted under the specific transition provisions, i.e. using the modified retrospective method. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group and Company elected to use the transition practical expedient to not reassess whether a contract is or contains a lease at 1 October 2019. Instead, the Group and Company applied the standard only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The reclassifications and adjustments arising from the new leasing rules are recognised in the opening statements of financial position on 1 October 2019. The new accounting policies are disclosed in note 49.

On adoption of IFRS 16, the Group and Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under IAS 17. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 October 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 October 2019 were between 4.25% and 9.06% for the Group and between 4.25% and 8% for the Company.

For leases previously classified as finance leases and leasehold rights, the entity recognised the carrying amount of the lease asset, lease liability and leasehold rights immediately before transition as the carrying amount of the right-of-use asset and the lease liability at the date of initial application. The measurement principles of IFRS 16 are only applied after that date. There were no measurement adjustments for residual value guarantees and for variable lease payments for the leases. For leasehold rights, a measurement adjustment of Rs 50m has been made by one of the subsidiaries. The remeasurements to the leasehold rights were recognised as adjustments to the related right-of-use assets immediately after the date of initial application.

IFRIC 23 Uncertainty over Income Tax Treatments explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. There are no new disclosure requirements but requirement to provide information about judgements and estimates made in preparing the financial statements. The interpretation has no impact on the Group's and Company's financial statements.

Prepayment Features with Negative Compensation (Amendments to IFRS 9) enable entities to measure certain prepayable financial assets with negative compensation at amortised cost. These assets, which include some loan and debt securities, would otherwise have to be measured at fair value through profit or loss. To qualify for amortised cost measurement, the negative compensation must be reasonable compensation for early termination of the contract and the asset must be held within a 'held to collect' business model. The amendments have no impact on the Group's and Company's financial statements.

5. Standards, Amendments to published Standards and Interpretations effective in the reporting period (cont'd)

Long-Term Interests in Associates and Joint Ventures (Amendments to IAS 28) clarify the accounting for long-term interests in an associate or joint venture, which in substance form part of the net investment in the associate or joint venture, but to which equity accounting is not applied. Entities must account for such interests under IFRS 9 before applying the loss allocation and impairment requirements in IAS 28. The amendments have no impact on the Group's and Company's financial statements.

Annual Improvements to IFRSs 2015-2017 Cycle:

- IFRS 3 - clarified that obtaining control of a business that is a joint operation is a business combination achieved in stages.

- IFRS 11 - clarified that a party obtaining joint control of a business that is a joint operation should not remeasure its previously held interest in the joint operation.

- IAS 12 - clarified that income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised.

- IAS 23 - clarified that, if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

The amendments have no impact on the Group's and Company's financial statements.

Plan Amendment, Curtailment or Settlement (Amendments to IAS 19) clarify that entities must:

- calculate the current service cost and net interest for the remainder of the reporting period after a plan amendment, curtailment or settlement by using the updated assumptions from the date of the change;

- recognise any reduction in a surplus immediately in profit or loss, either as part of past service cost or as a gain or loss on settlement. In other words, a reduction in a surplus must be recognised in profit or loss even if that surplus was not previously recognised because of the impact of the asset ceiling; and

- separately recognise any changes in the asset ceiling through other comprehensive income.

The amendments have no impact on the Group's and Company's financial statements.

6. Standards, Amendments to published Standards and Interpretations issued but not yet effective

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for the Group's and Company's accounting periods beginning on or after 1 July 2020, but which the Group and Company have not early adopted.

At the reporting date of these financial statements, the following were in issue but not yet effective:

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

IFRS 17 Insurance Contracts
Definition of a Business (Amendments to IFRS 3)
Definition of Material (Amendments to IAS 1 and IAS 8)
Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)
Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)
Annual Improvements 2018-2020
Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)
Reference to the Conceptual Framework (Amendments to IFRS 3)
COVID-19-Related Rent Concessions (Amendment to IFRS 16)
Amendments to IFRS 17
Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)

Where relevant, the Group and Company are still evaluating the effect of these Standards, Amendments to published Standards and Interpretations issued, but not yet effective, on the presentation of its financial statements.

7. Basis of consolidation and financial information on material partly-owned subsidiaries

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 June 2020.

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

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);

- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

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

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

7. Basis of consolidation and financial information on material partly-owned subsidiaries (cont'd)

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

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-Group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

1. derecognises the assets (including goodwill) and liabilities of the subsidiary;
2. derecognises the carrying amount of any non-controlling interests;
3. derecognises the cumulative translation differences recorded in equity;
4. recognises the fair value of the consideration received;
5. recognises the fair value of any investment retained;
6. recognises any surplus or deficit in profit or loss; and
7. reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

Financial information of subsidiaries that have material non-controlling interest is provided below:

The proportion of equity interest held by material non-controlling interests is:

Name	**Country of Incorporation and Operation**	**30 June 2020**	30 September 2019
Mautourco Ltd and its subsidiary	Mauritius	**59%**	59%
Beachcomber Marketing (Pty) Ltd	South Africa	**49%**	49%
Beachcomber Hospitality Investments Ltd	Mauritius	**44%**	44%

	30 June 2020	30 September 2019 Restated
Accumulated balances of material non-controlling interest:	**Rs 000**	Rs 000
Mautourco Ltd and its subsidiary	**20,146**	40,715
Beachcomber Marketing (Pty) Ltd	**13,647**	17,090
Beachcomber Hospitality Investments Ltd	**222,418**	578,813

	30 June 2020	30 September 2019
	Rs 000	Rs 000
(Loss)/profit allocated to material non-controlling interest:		
Mautourco Ltd and its subsidiary	**(10,912)**	14,169
Beachcomber Marketing (Pty) Ltd	**8,944**	26,019
Beachcomber Hospitality Investments Ltd	**45,519**	93,737
Other comprehensive income allocated to material non-controlling interest:		
Mautourco Ltd and its subsidiary	**(9,657)**	1,838
Beachcomber Marketing (Pty) Ltd	**(720)**	(437)
Beachcomber Hospitality Investments Ltd	**(309,318)**	1,183

The summarised financial information below is the amount before intra-Group eliminations.

7. Basis of consolidation and financial information on material partly-owned subsidiaries (cont'd)

Summarised statements of profit or loss for the period ended 30 June 2020:

	Mautourco Ltd and its subsidiary Rs 000	**Beachcomber Marketing (Pty) Ltd Rs 000**	**Beachcomber Hospitality Investments Ltd Rs 000**
Revenue	**285,536**	**97,357**	**428,333**
(Loss)/profit for the period	**(18,433)**	**18,254**	**(86,718)**
Other comprehensive income	**(2,299)**	**(1,100)**	**264,096**
Total comprehensive income	**(20,732)**	**17,154**	**177,378**
Dividends paid to non-controlling interests	**-**	**(11,667)**	**(92,596)**

Summarised statements of profit or loss for the year ended 30 September 2019:

	Mautourco Ltd and its subsidiary Rs 000	Beachcomber Marketing (Pty) Ltd Rs 000	Beachcomber Hospitality Investments Ltd Rs 000
Revenue	582,907	209,099	543,204
Profit for the year from continuing operations	28,917	53,101	921,741
Other comprehensive income	3,752	(891)	2,664
Total comprehensive income	32,669	52,210	924,405
Dividends paid to non-controlling interests	(29,326)	(20,191)	(33,614)

Summarised statements of financial position as at 30 June 2020:

	Mautourco Ltd and its subsidiary Rs 000	**Beachcomber Marketing (Pty) Ltd Rs 000**	**Beachcomber Hospitality Investments Ltd Rs 000**
Non-current assets	**200,925**	**25,079**	**8,554,184**
Current assets	**122,270**	**350,383**	**170,117**
Current liabilities	**(201,901)**	**(332,670)**	**(344,758)**
Non-current liabilities	**(55,694)**	**(14,570)**	**(6,145,536)**
Total equity	**65,600**	**28,222**	**2,234,007**

Summarised statements of financial position as at 30 September 2019:

	Mautourco Ltd and its subsidiary Rs 000	Beachcomber Marketing (Pty) Ltd Rs 000	Beachcomber Hospitality Investments Ltd Rs 000
Non-current assets	215,621	7,466	7,802,760
Current assets	174,598	486,533	33,655
Current liabilities	(223,038)	(459,121)	(132,622)
Non-current liabilities	(80,849)	-	(5,438,763)
Total equity	86,332	34,878	2,265,030

Summarised cash flow information for period ended 30 June 2020:

	Mautourco Ltd and its subsidiary Rs 000	**Beachcomber Marketing (Pty) Ltd Rs 000**	**Beachcomber Hospitality Investments Ltd Rs 000**
Cash flows (used in)/from			
Operating activities	**(6,804)**	**(90,739)**	**254,442**
Investing activities	**(2,308)**	**104,340**	**-**
Financing activities	**(3,422)**	**(23,807)**	**(410,742)**
Net decrease in cash and cash equivalents	**(12,534)**	**(10,206)**	**(156,300)**

Summarised cash flow information for year ended 30 September 2019:

	Mautourco Ltd and its subsidiary Rs 000	Beachcomber Marketing (Pty) Ltd Rs 000	Beachcomber Hospitality Investments Ltd Rs 000
Cash flows from/(used in)			
Operating activities	73,471	(24,603)	486,285
Investing activities	(32,567)	(119,438)	-
Financing activities	(27,911)	(39,088)	(371,379)
Net increase/(decrease) in cash and cash equivalents	12,993	(183,129)	114,906

8. Business combinations

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

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

If the business combination is achieved in stages, the previously held equity interest is remeasured to fair value as its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or a liability will be recognised in accordance with IAS 39 either in profit or loss or as change to other comprehensive income.

If the contingent consideration is classified as equity, it shall not be remeasured until it is finally settled within equity.

9. Financial risk management objectives and policies

The Group's and Company's principal liabilities comprise bank loans, debentures, lease liabilities, trade and other payables. The main purpose of these financial liabilities is to raise finance for the Group's and Company's operations. The Group and Company have various financial assets, such as trade receivables, financial assets at fair value through other comprehensive income, financial assets at fair value through profit and loss, financial assets at amortised cost and cash and cash equivalents which arise directly from its operations.

The Group's and Company's activities therefore expose it to a variety of financial risks: market risk (including currency risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's and Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's and Company's financial performance. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

(i) Credit risk
The Group's and Company's credit risk arises mainly from cash and cash equivalents, financial assets at fair value through profit and loss, financial assets at amortised cost including credit exposures to customers and outstanding receivables.

Credit risk is managed at both Group and Company level. For banks and financial institutions, only independently rated parties are accepted.

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group and Company have no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. The Group and Company trade only with recognised, creditworthy third parties. The Group and Company have policies in place to ensure that sales of services are made to customers with an appropriate credit history. Advance payments are requested where necessary until positive credit rating is established. The Group and Company also have insurance covers to reduce the financial losses in case of default by customers.

With respect to credit risk arising from the other financial assets of the Group and Company, which comprise cash and cash equivalents, financial assets at fair value through profit and loss and financial assets at amortised cost, the Group's and Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments as presented in the statements of financial position or notes to the financial statements.

The following table shows the maximum exposure to credit risk for the components of the statements of financial position.

	THE GROUP		THE COMPANY	
	30 June 2020	30 September 2019	**30 June 2020**	30 September 2019
	Rs 000	Rs 000	**Rs 000**	Rs 000
Cash in hand and at banks	**730,863**	753,972	**119,372**	88,226
Financial assets at fair value through other comprehensive income	**9,094**	11,752	**8,932**	11,512
Financial assets at amortised cost	**2,057,931**	1,870,253	**3,893,937**	3,986,033
Trade receivables	**479,588**	985,735	**369,225**	546,484
Derivative financial instruments	**61,478**	26,745	**61,478**	24,954
	3,338,954	3,648,457	**4,452,944**	4,657,209

(ii) Market risk
Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk and other price risk such as equity risk. Financial instruments affected by market risk include loans and borrowings, deposits and financial assets at fair value through other comprehensive income.

The sensitivity analysis in the following sections relates to the position as at 30 June 2020 and 30 September 2019. The sensitivity analysis has been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and the proportion of financial statements in foreign currencies are all constant. The analysis excludes the impact of movements in market variables on the carrying value of pension and other post-retirement obligations, provisions and on the non-financial assets and liabilities of the Group and Company.

(a) Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group and Company are exposed to foreign currency risk with respect to foreign currency arising from foreign supplies and revenue. The Group and Company mitigate part of the foreign currency risk through trading activities including forward currency contracts.

9. Financial risk management objectives and policies (cont'd)

(ii) Market risk (cont'd)

(a) Foreign currency risk (cont'd)
The following table demonstrates the sensitivity to a reasonable possible change in the Euro, US dollar, Pound sterling, Rand, Seychelles rupee and Moroccan dirham exchange rates, with all other variables held constant, of the Group's and Company's profit before tax (due to changes in the fair value of monetary assets and liabilities) and the Group's and Company's equity (due to changes in the fair value of net investment in foreign operations):

		THE GROUP	THE COMPANY
	Increase in Rates	**Effect on Profit before Tax**	**Effect on Profit before Tax**
30 June 2020	**%**	**Rs 000**	**Rs 000**
Euros	**5%**	**(472,723)**	**(341,182)**
Pounds sterling	**5%**	**4,457**	**1,204**
Rands	**5%**	**(11,214)**	**(11,235)**
United States dollars	**5%**	**(7,390)**	**3,240**
Seychelles rupees	**5%**	**8,248**	**-**
Moroccan dirhams	**5%**	**(24,797)**	**-**
30 September 2019			
Euros	5%	(364,638)	(59,143)
Pounds sterling	5%	5,451	2,860
Rands	5%	(17,465)	(20,269)
United States dollars	5%	(1,800)	2,351
Seychelles rupees	5%	(636)	13
Moroccan dirhams	5%	835	-

A decrease in the rates has an equal and opposite effect on profit before tax.

Currency profile

The currency profile of the Group's and Company's financial assets and liabilities is summarised as follows:

	THE GROUP				THE COMPANY			
	FINANCIAL ASSETS		FINANCIAL LIABILITIES		FINANCIAL ASSETS		FINANCIAL LIABILITIES	
	30 June 2020	30 September 2019	**30 June 2020**	30 September 2019	**30 June 2020**	30 September 2019	**30 June 2020**	30 September 2019
	Rs 000	Rs 000	**Rs 000**	Rs 000	**Rs 000**	Rs 000	**Rs 000**	Rs 000
Euros	**725,193**	782,413	**10,179,658**	8,075,171	**2,619,851**	2,812,537	**9,443,485**	3,995,392
Pounds sterling	**209,419**	311,655	**120,273**	202,638	**27,411**	69,579	**3,322**	12,384
Rands	**121,647**	71,257	**345,930**	420,557	**252**	1,289	**224,961**	406,677
United States dollars	**90,552**	104,268	**238,355**	140,271	**69,651**	60,116	**4,854**	13,091
Seychelles rupees	**164,985**	309	**22**	13,026	**-**	261	**-**	-
Mauritian rupees	**1,475,426**	1,452,135	**11,673,823**	9,236,185	**1,735,749**	1,713,399	**13,165,280**	10,445,992
Moroccan dirhams	**551,702**	926,393	**1,047,640**	909,697	**-**	-	**-**	-
Others	**30**	27	**-**	227	**30**	28	**-**	227
	3,338,954	3,648,457	**23,605,701**	18,997,772	**4,452,944**	4,657,209	**22,841,902**	14,873,763

	THE GROUP		THE COMPANY	
	30 June 2020	30 September 2019	**30 June 2020**	30 September 2019
	Rs 000	Rs 000	**Rs 000**	Rs 000
Net exposure, excluding Mauritian rupees	**(10,068,350)**	(7,565,265)	**(6,959,427)**	(1,483,961)

(b) Interest rate risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's and Company's exposure to the risk of changes in market interest rates relates primarily to the Group's and Company's interest-bearing loans and borrowings with floating interest rates.

The Group's and Company's income and operating cash flows are exposed to interest rate risk as they sometimes borrows at variable rates. The Group's and Company's policy is to manage interest cost using a mix of fixed and variable rate debts. The Group and Company have no significant interest-bearing assets with floating interest rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's and Company's profit before taxation (through the impact of variable rate borrowing). There is no impact on the Group's and Company's equity. The percentage changes in interest rates taken are: 1% for Rs and 0.25% for EUR, USD and GBP.

9. Financial risk management objectives and policies (cont'd)

(b) Interest rate risk (cont'd)

	Increase in Rates	THE GROUP Effect on profit/loss before tax/ Equity	THE COMPANY Effect on profit/loss before tax/ Equity
30 June 2020	**%**	**Rs 000**	**Rs 000**
Interest-bearing loans and borrowings in Rs	**1.00%**	**52,473**	**51,426**
Interest-bearing loans and borrowings in EUR	**0.25%**	**11,616**	**6,284**
Interest-bearing loans and borrowings in MAD	**0.25%**	**35**	**-**
Interest-bearing loans and borrowings in SCR	**0.25%**	**-**	**-**
Interest-bearing loans and borrowings in USD	**0.25%**	**-**	**-**
Interest-bearing lease liability in Rs	**1.00%**	**19,716**	**19,229**
Interest-bearing lease liability in EUR	**0.25%**	**762**	**13,891**
30 September 2019			
Interest-bearing loans and borrowings in Rs	1.00%	52,633	52,132
Interest-bearing loans and borrowings in EUR	0.25%	16,345	6,818
Interest-bearing loans and borrowings in MAD	0.25%	759	-
Interest-bearing loans and borrowings in SCR	0.25%	-	-
Interest-bearing loans and borrowings in USD	0.25%	-	-

A decrease in the rates has an equal and opposite effect on profit/loss before tax.

(c) Liquidity risk

The Group's and Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and lease liabilities.

The ultimate responsibility for liquidity risk management remains with the Board of Directors, which has developed an appropriate liquidity risk management policy for the Group's and Company's funding and liquidity management requirements. The COVID-19 pandemic has impacted the liquidity of the Group and Company, mostly the hotel operation, caused by a reduction in hotel room bookings.

The Group and Company have to ensure adequate cash resources, borrowing arrangements and overdraft facilities to have the necessary level of funds available for the achievement of its business objectives at all time. Cash and debt management of the Group and Company is centralised through head office and receipts from the debtors are monitored on a monthly basis to match the payments of creditors and other Group commitments. Any temporary gap in cash is covered by the overdraft and short-term borrowing facilities in place.

The table below summarises the maturity profile of the Group's and Company's financial liabilities.

THE GROUP	On Demand	Less than 3 Months	3 to 12 Months	1 to 5 Years	> 5 Years	Total
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
30 June 2020						
Trade and other payables	**-**	**2,610,018**	**-**	**-**	**-**	**2,610,018**
Borrowings*	**2,837,433**	**105,675**	**2,127,051**	**9,101,167**	**7,248,699**	**21,420,025**
Lease liabilities*	**-**	**33,560**	**246,507**	**865,787**	**8,009,431**	**9,155,285**
Derivative financial instruments	**-**	**244,348**	**1,208**	**-**	**-**	**245,556**
	2,837,433	**2,993,601**	**2,374,766**	**9,966,954**	**15,258,130**	**33,430,884**
30 September 2019						
Trade and other payables	-	3,068,391	-	-	-	3,068,391
Borrowings*	2,203,618	111,661	1,178,496	11,374,394	5,498,132	20,366,301
Derivative financial instruments	-	1,615	20,404	-	-	22,019
	2,203,618	3,181,667	1,198,900	11,374,394	5,498,132	23,456,711

THE COMPANY	On Demand	Less than 3 Months	3 to 12 Months	1 to 5 Years	> 5 Years	Total
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
30 June 2020						
Trade and other payables	**-**	**-**	**3,113,220**	**-**	**-**	**3,113,220**
Borrowings*	**2,421,419**	**57,757**	**1,803,592**	**6,250,404**	**3,257,755**	**13,790,927**
Lease liabilities*	**-**	**73,556**	**663,452**	**3,110,344**	**10,828,601**	**14,675,953**
Derivative financial instruments	**-**	**244,348**	**1,208**	**-**	**-**	**245,556**
	2,421,419	**375,661**	**5,581,472**	**9,360,748**	**14,086,356**	**31,825,656**
30 September 2019						
Trade and other payables	-	3,259,077	-	-	-	3,259,077
Borrowings*	1,975,152	39,597	939,595	5,449,909	5,844,917	14,249,170
Derivative financial instruments	-	11,492	1,092	-	-	12,584
	1,975,152	3,310,166	940,687	5,449,909	5,844,917	17,520,831

* Borrowings and Lease liabilities include future interest costs.

9. Financial risk management objectives and policies (cont'd)

(d) Equity price risk

The Directors have assessed that the impact of a 5% increase or decrease in price of its financial assets at fair value through other comprehensive income will not be significant.

10. Capital management

The primary objectives of the Group and Company when managing capital are to safeguard the Group's and Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group and Company manage and make adjustments to their capital structure in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group and Company monitor capital using a gearing ratio, which is net debt divided by total equity plus debt. The actual gearing is higher than the management's target gearing of 50:50 and is principally attributed to (1) the outbreak of the COVID-19 pandemic; (2) the non-development of Les Salines assets so far; and (3) the current redevelopment of the Sainte Anne property. The gearing ratio will improve once operations restart normally post-COVID-19 coupled with cash to be generated from the assets under redevelopment. The Group and Company include within net debt, interest-bearing loans and borrowings, less their interests costs included and cash and cash equivalents. Total equity is as shown in the statements of financial position. The gearing ratios at 30 June 2020 and 30 September 2019 were as follows:

	THE GROUP		THE COMPANY	
	30 June 2020	30 September 2019	**30 June 2020**	30 September 2019
	Rs 000	Rs 000	**Rs 000**	Rs 000
Interest-bearing loans and borrowings	**20,636,988**	20,366,301	**12,992,565**	14,249,170
Interest-bearing lease liabilities	**9,155,285**	-	**14,675,953**	-
Less interest costs included above	**(9,042,146)**	(4,458,939)	**(8,185,392)**	(2,647,068)
Less cash in hand and at banks	**(730,863)**	(753,972)	**(119,372)**	(88,226)
Net Debt	**20,019,264**	15,153,390	**19,363,754**	11,513,876
Total equity	**7,169,351**	9,724,007	**5,788,126**	8,959,398
Total equity plus debt	**27,188,615**	24,877,397	**25,151,880**	20,473,274
Gearing ratio (Net debt/total equity plus debt)	**74%**	61%	**77%**	56%
Gearing ratio (Net debt excluding IFRS 16 Leases/total equity plus debt)	**71%**	61%	**67%**	56%

11. Distributions

Accounting Policy

Cash dividend to equity holders
The Company recognises a liability to make cash distributions to equity holders when the distribution is authorised by the Board.

	THE GROUP AND THE COMPANY	
	Period ended 30 June 2020	Year ended 30 September 2019
	Rs 000	Rs 000
Interim dividend paid - Re 0.11 per share	**-**	60,388
Final dividend payable - Re 0.15 per share (2019: Re 0.11 per share)	**82,347**	60,388
	82,347	120,776

The shareholders of the Company have at an annual meeting held on 30 July 2020 approved that the dividend of Re 0.15 per ordinary share declared by the Board on 7 February 2020 be cancelled and not legally payable by the Company due to the unforeseeable and unprecedented economic impact of the COVID-19 pandemic on the tourism industry and the Company's financial position.

The dividend has not been derecognised as a liability at 30 June 2020 in accordance with IAS 10. (Refer to note 16)

12. Segmental reporting

The Group presents segmental information using business segments and geographical segments. 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 consolidated financial statements.

For the period ended 30 June 2020, the Group was composed of four business segments, which were as follows: hotel operations, tour operations, flight & inland catering and other services as described below (year ended 30 September 2019: hotel operations, tour operating, flight and inland catering and property development and others). Each business segment provides products and services that are subject to risks and returns that are different from those of other business segments. In 2019, the Board of Directors approved the reorganisation of the Group, separating its property development activities from its core hospitality activities, which was completed as at 30 September 2019 following a capital reduction exercise in the Company and the Group now focuses entirely on its core hospitality activities.

- Hotel operations - carried out in Mauritius and Morocco
- Tour operating - carried out in Mauritius, France, United Kingdom, Italy and South Africa
- Flight and inland catering - carried out in Mauritius
- Other services - principally hotel under redevelopment in Seychelles

Business segments

For the period ended 30 June 2020	**Hotel Operations Rs 000**	**Tour Operating Rs 000**	**Flight & Inland Catering Rs 000**	**Other Services Rs 000**	**Group Rs 000**
Revenue	**4,703,893**	**778,337**	**150,354**	**-**	**5,632,584**
Loss after tax	**(591,760)**	**(16,851)**	**(35,609)**	**(41,591)**	**(685,811)**
Segment assets	**29,596,741**	**1,141,055**	**447,568**	**4,141,248**	**35,326,612**
Investment in associates	**-**	**-**	**-**	**633,338**	**633,338**
Total assets					**35,959,950**
Segment liabilities	**25,525,712**	**956,273**	**220,052**	**2,088,562**	**28,790,599**
Other segment information:					
Finance revenue	**272,147**	**6,138**	**-**	**779**	**279,064**
Finance costs	**695,343**	**5,000**	**-**	**13,222**	**713,565**
Income tax credit/(expense)	**87,837**	**(6,096)**	**-**	**5,472**	**87,213**
Capital expenditure	**330,998**	**24,695**	**16,867**	**-**	**372,560**
Depreciation of property, plant and equipment	**460,382**	**24,276**	**8,579**	**-**	**493,237**
Amortisation of Intangible assets	**4,435**	**4,476**	**20**	**-**	**8,931**
Amortisation of right-of-use assets	**60,252**	**24,930**	**-**	**2,560**	**87,742**

For the year ended 30 September 2019	**Hotel Operations Rs 000**	**Tour Operating Rs 000**	**Flight & Inland Catering Rs 000**	**Others Services Rs 000**	**Group Rs 000**
Revenue	8,034,751	1,371,899	281,810	-	9,688,460
Profit/(loss) after tax	99,149	87,835	(9,151)	(20,748)	157,085
Segment assets	30,094,493	1,561,336	483,803	251,443	32,391,075
Investment in associates				662,097	662,097
Total assets					33,053,172
Segment liabilities	21,752,171	1,390,408	156,972	29,614	23,329,165
Other segment information:					
Finance revenue	3,901	13,791	-	-	17,692
Finance costs	779,946	10,769	-	-	790,715
Income tax credit/(expense)	(72,481)	(30,606)	-	(15)	(103,102)
Capital expenditure	1,338,382	45,194	18,740	157	1,402,473
Depreciation of property, plant and equipment	635,241	47,922	11,329	160	694,652
Amortisation of intangible assets	8,499	5,755	-	438	14,692

12. Segmental reporting (cont'd)

Geographical segments ***For the period ended 30 June 2020***	**Mauritius** **Rs 000**	**Europe** **Rs 000**	**Morocco** **Rs 000**	**Other Countries** **Rs 000**	**Group** **Rs 000**
Segment revenue	**4,681,076**	**400,314**	**455,149**	**96,045**	**5,632,584**
Segment assets	**26,928,627**	**699,524**	**4,099,630**	**4,232,169**	**35,959,950**
Segment liabilities	**26,745,211**	**367,523**	**1,041,210**	**636,655**	**28,790,599**
Capital expenditure	**282,572**	**3,676**	**83,959**	**2,353**	**372,560**

Geographical segments *for the year ended 30 September 2019*	Mauritius Rs 000	Europe Rs 000	Morocco Rs 000	Other Countries Rs 000	Group Rs 000
Segment revenue	8,080,882	599,456	804,943	203,179	9,688,460
Segment assets	25,551,116	1,019,101	4,165,969	2,316,986	33,053,172
Segment liabilities	21,055,213	702,906	870,978	700,068	23,329,165
Capital expenditure	824,944	4,938	26,420	546,171	1,402,473

Revenue is based on the country in which services are rendered. Segment assets and capital expenditure are where the assets are located.

13. Significant accounting judgements and estimates

The preparation of the Group's and Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the reporting period. 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.

Judgements

In the process of applying the Group's and Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Derivative financial instrument

Hedging activities - cash flow hedges
The Group and Company have applied judgement in assessing whether the forecasted revenue denominated in foreign currency is highly expected to happen, will happen or will not happen, particularly due to a decline in expected booking patterns resulting from the COVID-19 pandemic and the related interruptions in the operations of the Group and Company. In making this assessment, the Group and Company have considered the most recent budgets and plans taking into consideration the COVID-19 impact. Amounts of Rs 19m and Rs 50m for the Group and Company respectively were recognised in profit or loss as ineffectiveness.

Functional currency
The choice of the functional currency of the Group and each of its foreign subsidiaries has been made based on factors such as the primary economic environment in which each entity operates, the currency that mainly influences sales prices for goods and services, costs of providing goods and services and labour costs.

Going concern
At 30 June 2020, the Group and Company had net current liabilities of Rs 9.1bn (30 September 2019: Rs 3.0bn) and Rs10.8bn (30 September 2019: Rs 4.1bn) respectively. On the other hand, the net cash position of the Group and Company decreased by Rs 123m and increased by Rs 139m respectively (2019: decreased by Rs 577m and Rs 406m respectively).

Included in the current labilities as at 30 June 2020 is an amount of Rs 5.8bn reclassified from non current liabilities due to some adjustments brought to the financial covenants calculations. Post reporting date, the banks have agreed that there have been no breach of covenants based on the calculation provided.

The COVID-19 pandemic has disrupted world economies and has severely impacted the travel industry worldwide. The Mauritian tourism industry is facing its worst crisis ever, with all hotel and non-hotel operations at a standstill. Unsurprisingly, all activities within the Group, in Mauritius and abroad, have been hugely affected by the shutdown of commercial flights and closing of borders.

With the closure of our hotels in Mauritius and Morocco since mid-March 2020, the Group has engaged with all its stakeholders and has taken several measures to contain losses and reduce its net cash outflows. The main measures were:

Internal initiatives:
- Early Voluntary Retirement Scheme for some 170 employees
- Voluntary pay cut of up to 50% for employees earning > Rs 50,000 from March to June 2020
- Reduced work hours for reduced pay until December 2020 for employees earning > Rs 50,000
- Reduction in overseas operations costs
- Close monitoring of debtors' collection
- Negotiation with our suppliers for rebates including extension of credit period facility

Agreement with debt providers:
- Moratorium on loan capital and interest repayments
- New bank loan facilities with low interest rate through the Bank of Mauritius line of credit
- Negotiated longer terms of credit for settlement of hotel leases to BHI

Government support:
- Relief from payment of the Government industrial lease for FY20/21
- Monthly grant in the form of Wage Assistance Scheme
- Suspension of environment protection fees

13. Significant accounting judgements and estimates (cont'd)

Going concern (cont'd)

With the ongoing impact of the pandemic, a thorough going concern assessment was made by management to ascertain whether the Company will be able to continue operations for at least a period of 12 months from the end of the financial period. For this purpose, a detailed cash flow forecast has been prepared and the main assumptions used are summarised as follows:

- On 29 December 2020, the Company signed a binding term sheet with the Mauritius Investment Corporation Ltd (MIC) for an amount of Rs 2.5bn to finance the working capital gap of the Company for FY21. The Company is expected to receive the proceeds by April 2021 after completion of administrative and legal formalities pertaining to this financing;

- At the time of writing, the Company is proposing to renegotiate the tenor of its long-term financing so as to ease the repayment of the capital for a better matching of funds to be generated from operations in the future;

- With the start of vaccination in Europe, there is now hope that tourism activities will start to pick up during the second quarter of 2021. The Company's projections take into account a slow start of operations in April 2021 with an improvement from July 2021;

- It has also been assumed that the Government Wage Assistance Scheme will continue until June 2021;

- Continued cost-cutting measures will be enforced in all business units with increased digitalisation and better efficiency of processes as well as containing staff costs;

- Should the impact of the pandemic be prolonged, the Board will consider a number of strategic initiatives, including but not limited to the sale of non-strategic assets of the Group.

The Board of Directors is of the view that the above initiatives will stabilise the Group's financial position, pending a gradual return to profitability following the full re-opening of our borders.

The financial statements have been prepared on the going concern basis, which assumes that the Group and Company will be able to meet their financial obligations and to fund their working capital gap for the next 12 months. The validity of this assumption depends on the continued financial support from the banks and proceeds generated from sale of assets to meet liquidity requirements as well as any additional short-term financing facilities that the Group may require. Due to the circumstances described above, there is a material uncertainty related to events or conditions that may cast significant doubt on the Group's and Company's ability to continue as a going concern.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Group and Company based their assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group and Company. Such changes are reflected in the assumptions when they occur.

Impairment of financial assets
The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group and Company use judgement in making these assumptions and selecting the inputs to the impairment calculations, based on the Group's and Company's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period.

Impairment of non-financial assets
An impairment exists when the carrying value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five to ten years and do not include restructuring activities that the Group and Company are not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The growth in revenue is based on management's best estimates of the occupancy rates and the average daily room rates of the Group and Company for the year taking into consideration historical entity-specific data and future sales strategies. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different CGUs are disclosed and further explained in notes 15, 28 and 31. The Group's and Company's cash flow forecasts and key assumptions have been amended to consider the impact of the COVID-19 pandemic on business operations.

Limitation of sensitivity analysis
Sensitivity analysis in respect of market risk demonstrates the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear and larger or smaller impacts should not be interpolated or extrapolated from these results.

Sensitivity analysis does not take into consideration that the Group's and Company's assets and liabilities are managed. Other limitations include the use of hypothetical market movements to demonstrate potential risk that only represent the Group's and Company's view of possible near-term market changes that cannot be predicted with any certainty.

14. Significant transactions and events

Net investment in foreign operations

The Company has receivable balances from its overseas subsidiaries. The Directors reviewed those balances and concluded that, effective 1 October 2015, part of those balances qualified as "net investment in foreign operations". These amounts are regarded as monetary items that are receivable from foreign operations for which settlement is neither planned nor likely to occur in the foreseeable future. Further amounts transferred during the financial period ended 30 June 2020 were regarded as net investment in foreign operations and included under investment in subsidiaries (note 32).

Accordingly, the foreign exchange differences arising in the individual financial statements of the Company and its subsidiaries have been reclassified from profit or loss to other comprehensive income (foreign exchange reserves) on consolidation in accordance with paragraph 32 of IAS 21 - The Effects of Changes in Foreign Exchange Rates.

15. Other impairment losses

The recoverable amount of investments in subsidiaries has been determined based on value in use calculations and fair value less costs to sell. These calculations require the use of estimates, including discounted cash flows based on management's expectations of future revenue growth, operating costs and profit margins for each subsidiary.

Included in other impairment losses are the following:

	THE GROUP		THE COMPANY	
	Period ended 30 June 2020	Year ended 30 September 2019	**Period ended 30 June 2020**	Year ended 30 September 2019
	Rs 000	Rs 000	**Rs 000**	Rs 000
Investment in subsidiaries (note (a))	**-**	-	**1,159,408**	-
Property, plant and equipment (note (b))	**477,034**	35,525	**-**	35,525
	477,034	35,525	**1,159,408**	35,525

Management has used judgements in its assumptions including the impact of COVID-19 on its business operations. These judgements are based on current market conditions as at date and the future effect of COVID-19 which is still uncertain and may have further impact on the forecasts made by management.

(a) The impairment losses relate to investment in Beachcomber Hotel S.A. and New Mauritius Hotel - Italia - S.R.L amounting to Rs 1,146.9m and Rs 12.5m respectively.

(i) Beachcomber Hotel S.A.
The recoverable amount for the hotel has been determined by calculating its value-in-use using discounted cash flow techniques.

The significant assumptions as follows are deemed reasonable given the current context: (i) the occupancy rate is capped at 70% as from 2026; (ii) guest night spending ("GNS") is expected to drop by 20% in 2021 and is expected to recover to pre-COVID-19 levels in 2024, as from which it is expected to increase by 5-6% year on year; (iii) capital expenditure is estimated at 3% of revenue; and (iv) the terminal value was estimated at the end of the 10-year forecast period, with an assumed 3% perpetual growth rate.

Discount rates:
A discount rate of 10.7% representing the current market assessment of the risks specific to a cash-generating unit was used. The discount rate calculation was based on the specific circumstances of the Company and was derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Company's investors. The cost of debt is based on the interest-bearing borrowings that the Company is obliged to service.

(ii) New Mauritius Hotel - Italia - S.R.L
The Company recognised an impairment loss of Rs 12.5m in respect of its investment held in New Mauritius Hotel -Italia - S.R.L following a fair value assessment of the main underlying asset of the subsidiary performed at period end.

(b) At 30 June 2020, an amount of Rs 513.7m was recognised as impairment loss on property, plant and equipment of Beachcomber Hotel S.A., New Mauritius Hotels -Italia - S.R.L and Les Salines Golf and Resorts Ltd, out of which Rs 36.7m were netted off against the revaluation reserve and accounted through other comprehensive income.

In 2019, the impairment losses arose following the reclassification of 16A of land from inventories to property, plant and equipment. That land was formerly earmarked for the property development project. Following the redesign of Les Salines project, it has now been attached to the golf project, thus aggregating with the original 160A.

16. Events after the reporting date

Accounting Policy

If the Group and Company receive information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, the Group and Company will assess if the information affects the amounts recognised in the Group's and Company's financial statements. The Group and Company will adjust the amounts recognised in their financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in the light of the new information. For non-adjusting events after the reporting period, the Group and Company will not change the amounts recognised in their financial statements but will disclose the nature of the non-adjusting event and an estimate of its financial effect, or a statement that such an estimate cannot be made, if applicable.

16. Events after the reporting date (cont'd)

Events which occurred after the reporting date and which require disclosure in the financial statements for the period ended 30 June 2020 are as follows:

(i) As explained in note 11, dividend declared by the Board on 7 February 2020 has been cancelled on 30 July 2020 and will not legally be paid by the Company due to the unforeseeable and unprecedented economic impact of the COVID-19 pandemic on the tourism industry and the Company's financial position.

(ii) On 29 December 2020, the Company signed a binding term sheet with the Mauritius Investment Corporation Ltd ("MIC") for an amount of Rs 2.5bn to finance the working capital gap of the Company for FY21. The Company is expected to receive the proceeds by April 2021 after completion of administrative and legal formalities pertaining to this financing.

17. Related party transactions and disclosures

For the purposes of these financial statements, parties are considered to be related to the Group and Company if they have the ability, directly or indirectly, to control the Group and Company or exercise significant influence over the Group and Company in making financial and operating decisions, or vice versa, or if they, the Group and Company are subject to common control. Related parties may be individuals or other entities. Other entities refer to entities under common control.

The following transactions have been entered into with related parties:

		THE GROUP		THE COMPANY	
(i) Included in revenue are:	**Nature of Goods or Services**	**Period ended 30 June 2020 Rs 000**	Year ended 30 September 2019 Rs 000	**Period ended 30 June 2020 Rs 000**	Year ended 30 September 2019 Rs 000
Subsidiaries:					
Beachcomber Marketing (Pty) Ltd	Hotel packages	**-**	-	**298,674**	613,556
Beachcomber Tours	Hotel packages	**-**	-	**325,499**	394,580
Beachcomber Tours Limited	Hotel packages	**-**	-	**206,755**	385,538
Santayarea (Mauritius) Limited	Rental	**-**	-	**810**	1,080
Associate:					
Parure Limitée	Space rental	**1,295**	2,488	**1,295**	2,488
Other related party:					
Domaine Palm Marrakech S.A.	Other services	**1,300**	-	**-**	-

		THE GROUP		THE COMPANY	
(ii) Included in other income are:	**Nature of Goods or Services**	**Period ended 30 June 2020 Rs 000**	Year ended 30 September 2019 Rs 000	**Period ended 30 June 2020 Rs 000**	Year ended 30 September 2019 Rs 000
Subsidiaries:					
Beachcomber Hospitality Investments Ltd	Management fees	**-**	-	**2,176**	1,944
Ste Anne Resort Limited	Management fees	**-**	-	**-**	116
Santayarea (Mauritius) Limited	Management fees	**-**	-	**6,855**	7,238
Semaris Ltd	Management fees	**-**	-	**-**	9,813
Beachcomber Training Academy Limited	Management fees	**-**	-	**2,385**	2,727
Kingfisher Ltd	Management fees	**-**	-	**448**	-
Beachcomber Hospitality Investments Ltd	Profit on disposal	**-**	-	**112,249**	149,666
Beachcomber Hospitality Investments Ltd	Dividend income	**-**	-	**112,971**	40,708
Société Pur Blanca	Dividend income	**-**	-	**-**	29,651
Associates:					
South West Tourism Development Company Limited	Dividend income	**2,004**	3,392	**2,004**	3,392
Parure Limitée	Dividend income	**1,740**	-	**1,740**	-
Other related party:					
Semaris Ltd	Management fees	**7,500**	-	**7,500**	-

17. Related party transactions and disclosures (cont'd)

		THE GROUP		THE COMPANY	
(iii) Included in other expenses are:	**Nature of Goods or Services**	**Period ended 30 June 2020 Rs 000**	Year ended 30 September 2019 Rs 000	**Period ended 30 June 2020 Rs 000**	Year ended 30 September 2019 Rs 000
Subsidiaries:					
Beachcomber Limited	Rent	**-**	-	**-**	1,000
Beachcomber Marketing (Pty) Ltd	Incentive commission	**-**	-	**1,311**	6,271
Mautourco Ltd	Incentive commission	**-**	-	**73**	-
Mautourco Ltd	Transport & carriage	**-**	-	**-**	2,445
Monda Building (Pty) Ltd	Rent	**-**	6,573	**-**	-
Beachcomber Hospitality Investments Limited	Rent	**-**	-	**-**	544,236
Santayarea (Mauritius) Limited	Consultancy fees	**-**	-	**2,514**	3,600
Associate:					
Launderers (Hotels & Restaurants) Ltd	Laundry services	**-**	81,823	**-**	81,823
Other related parties:					
New Mauritius Hotels Superannuation Fund	Rent	**-**	28,355	**-**	28,355
ENL Property	Consultancy fees	**45**	175	**45**	175
ENL Limited	Secretarial fees	**2,995**	3,500	**2,995**	3,500
Domaine Palm Marrakech S.A.	Other expenses	**49,240**	75,384	**-**	-

		THE GROUP		THE COMPANY	
(iv) Included in staff costs are:	**Nature of Goods or Services**	**Period ended 30 June 2020 Rs 000**	Year ended 30 September 2019 Rs 000	**Period ended 30 June 2020 Rs 000**	Year ended 30 September 2019 Rs 000
Subsidiaries:					
Beachcomber Training Academy Limited	Training courses	**-**	-	**1,997**	5,963
Santayarea (Mauritius) Limited	Training courses	**-**	-	**2,143**	10,831

		THE GROUP		THE COMPANY	
(v) Included in direct expenses are:	**Nature of Goods or Services**	**Period ended 30 June 2020 Rs 000**	Year ended 30 September 2019 Rs 000	**Period ended 30 June 2020 Rs 000**	Year ended 30 September 2019 Rs 000
Subsidiaries:					
Trans-Maurice Car Rental Ltd	Car rental	**-**	-	**276**	-
Santayarea (Mauritius) Limited	Cost of sales	**-**	-	**9,238**	5,666

		THE GROUP		THE COMPANY	
(vi) Included in finance costs are:	**Nature of Goods or Services**	**Period ended 30 June 2020 Rs 000**	Year ended 30 September 2019 Rs 000	**Period ended 30 June 2020 Rs 000**	Year ended 30 September 2019 Rs 000
Interest on call account with subsidiary:					
Beachcomber Marketing (Pty) Ltd	Interest on call account	**-**	-	**12,071**	15,351
Included in interest on lease liability:					
Subsidiaries:					
Beachcomber Hospitality Investments Ltd	Interest on lease liability	**-**	-	**191,859**	-
Beachcomber Limited	Interest on lease liability	**-**	-	**298**	59
Other related party;					
Monda Building (Pty) Ltd	Interest on lease liability	**1,081**	-	**-**	-
Included in interest on loans and overdrafts:					
Subsidiary:					
Beachcomber Limited	Interest on loans	**-**	-	**8,501**	11,806

17. Related party transactions and disclosures (cont'd)

		THE GROUP		THE COMPANY	
		Period ended 30 June 2020	Year ended 30 September 2019	**Period ended 30 June 2020**	Year ended 30 September 2019
(vii) Included in finance revenue:	**Nature of Goods or Services**	**Rs 000**	Rs 000	**Rs 000**	Rs 000
Subsidiaries:					
Beachcomber Hospitality Investments Ltd	Interest on loan receivable	**-**	-	**93,953**	115,706
Semaris Ltd	Interest on loan receivable	**-**	3,901	**-**	3,901
Other related party:					
Semaris Ltd	Interest on loan receivable	**35,902**	-	**35,902**	-

(viii) Included in financial assets at amortised cost balances are:	THE GROUP		THE COMPANY	
	30 June 2020	30 September 2019	**30 June 2020**	30 September 2019
	Rs 000	Rs 000	**Rs 000**	Rs 000
Subsidiaries:				
Beachcomber Tours	**-**	-	**169,155**	118,306
Beachcomber Tours Limited	**-**	-	**-**	33,273
Beachcomber Marketing (Pty) Ltd	**-**	-	**-**	88,024
Mautourco Ltd	**-**	-	**1,826**	8,242
Beachcomber Training Academy Limited	**-**	-	**4,776**	8,193
Ste Anne Resort Limited	**-**	-	**-**	327,804
Kingfisher Ltd	**-**	-	**-**	2,364
New Mauritius Hotel -Italia - S.R.L	**-**	-	**-**	30,940
Les Salines Development Ltd	**-**	-	**1,647**	1,637
Les Salines Golf & Resort Limited	**-**	-	**230,133**	228,190
Plaisance Catering Limited	**-**	-	**76**	75
Beachcomber Hospitality Investments Ltd	**-**	-	**44,794**	9
Beachcomber Limited	**-**	-	**-**	6
Santayarea (Mauritius) Limited	**-**	-	**8,042**	6,841
Domaine de L'Harmonie Ltee	**-**	-	**31,520**	12,226

(viii) Included in financial assets at amortised cost balances are: (cont'd)	THE GROUP		THE COMPANY	
	30 June 2020	30 September 2019	**30 June 2020**	30 September 2019
	Rs 000	Rs 000	**Rs 000**	Rs 000
Associate:				
Société Cajeva	**12,919**	12,919	**12,919**	12,919
Other related parties:				
Semaris Ltd	**77,556**	15,537	**77,556**	15,537
Fondation Espoir Développement Ltée	**543**	104	**543**	104
Kingfisher 3 Limited	**26**	26	**-**	-
Praslin Resort Ltd	**264**	113	**-**	-
Domaine Palm Marrakech S.A.	**1,486**	43,946	**-**	-

(ix) Included in the loan at call payable to subsidiary balance is:	THE GROUP		THE COMPANY	
	30 June 2020	30 September 2019	**30 June 2020**	30 September 2019
	Rs 000	Rs 000	**Rs 000**	Rs 000
Subsidiary:				
Loan at call payable to Beachcomber Marketing (Pty) Ltd	**-**	-	**224,961**	364,993
(x) Long-term loan receivable from related party included under financial assets at amortised cost				
Subsidiary:				
Beachcomber Hospitality Investments Ltd	**-**	-	**2,103,957**	1,867,734
Other related party:				
Semaris Ltd	**1,187,062**	1,203,901	**1,187,062**	1,203,901

17. Related party transactions and disclosures (cont'd)

(xi) Long-term receivables included in investment in subsidiaries

	THE GROUP		THE COMPANY	
	30 June 2020	30 September 2019	**30 June 2020**	30 September 2019
	Rs 000	Rs 000	**Rs 000**	Rs 000
Ste Anne Resort Limited	**-**	-	**1,234,853**	1,029,298
Beachcomber Hotel S.A.	**-**	-	**177,806**	177,806
Kingfisher Ltd	**-**	-	**54,981**	-
New Mauritius Hotel - Italia - S.R.L	**-**	-	**30,940**	-

(xii) Included in trade and other payables balances are:

	THE GROUP		THE COMPANY	
	30 June 2020	30 September 2019	**30 June 2020**	30 September 2019
	Rs 000	Rs 000	**Rs 000**	Rs 000
Subsidiaries:				
Beachcomber Tours	**-**	-	**35**	12,021
Beachcomber Tours Limited	**-**	-	**3,281**	8,762
Beachcomber Marketing (Pty) Ltd	**-**	-	**1,311**	-
Mautourco Ltd	**-**	-	**118**	1,166
Beachcomber Training Academy Limited	**-**	-	**691**	2,203
Beachcomber Hospitality Investments Ltd	**-**	-	**171,667**	137,368
Trans-Maurice Car Rental Ltd	**-**	-	**-**	4
Beachcomber Limited	**-**	-	**1,544,943**	1,507,417
Santayarea (Mauritius) Limited	**-**	-	**8,903**	6,798
Other related parties:				
Fondation Espoir Développement Ltée (not-for-profit organisation)	**1,766**	496	**1,766**	496
ENL Agri Ltd	**77**	479	**77**	479
ENL Property	**184**	20	**184**	20
ENL Limited	**230**	339	**230**	339
Domaine Palm Marrakech S.A.	**368,412**	385,760	**-**	-

(xiii) Interest-bearing loans and borrowings from related parties included in "term loans":

	THE GROUP		THE COMPANY	
	30 June 2020	30 September 2019	**30 June 2020**	30 September 2019
	Rs 000	Rs 000	**Rs 000**	Rs 000
Subsidiary:				
Loans payable to Beachcomber Limited	**-**	-	**150,000**	150,000
Other related party:				
Loan payable to Leisure Property Northern (Mauritius) Ltd (minority shareholder of Beachcomber Hospitality Investments Ltd)	**1,681,688**	1,492,867	**-**	-

(xiv) Borrowings from related parties included in "lease liability":

	THE GROUP		THE COMPANY	
	30 June 2020	30 September 2019	**30 June 2020**	30 September 2019
	Rs 000	Rs 000	**Rs 000**	Rs 000
Subsidiaries:				
Beachcomber Hospitality Investments Ltd	**-**	-	**5,556,395**	-
Ste Anne Resort Limited	**-**	-	**-**	192
Beachcomber Limited	**-**	-	**7,315**	-
Other related parties:				
Monda Building (Pty) Ltd	**18,488**	-	**-**	-
New Mauritius Hotels Superannuation Fund	**332,696**	-	**332,696**	-

Terms and conditions of transactions with related parties
Outstanding balances at period end are unsecured and settlement occurs in cash. The Company has acted as sponsor for an amount of EUR 7.3m for one of its subsidiaries in Seychelles, Ste Anne Resort Limited, relating to the redevelopment of Ste Anne hotel. For the financial year, the Group and Company assessed recoverability of amounts owed by related parties and no impairment loss was recorded (2019: Nil). The Group and Company assessed provision for impairment from associates and no impairment was noted. This assessment is undertaken each financial period/year through examining the financial position of the related party and the market in which it operates. The key assumptions used to determine the recoverable amount for the different CGUs are disclosed and further explained in note 31.

Loans from related parties
Loan payable at call to Beachcomber Marketing (Pty) Ltd bears interest rate of 4.10% per annum (2019: 5%).

Loan payable to Beachcomber Limited bears an interest rate of PLR-1.25% with maturity date on 30 December 2027.

17. Related party transactions and disclosures (cont'd)

(xv) Compensation of key management personnel

	THE GROUP		THE COMPANY	
	Period ended 30 June 2020	Year ended 30 September 2019	**Period ended 30 June 2020**	Year ended 30 September 2019
	Rs 000	Rs 000	**Rs 000**	Rs 000
Short-term employee benefits and termination settlements	**132,832**	189,215	**100,346**	128,809
Post-employment benefits	**10,771**	17,502	**9,325**	15,319
	143,603	206,717	**109,671**	144,128

DETAILED INFORMATION ON STATEMENTS OF PROFIT OR LOSS ITEMS

18. Revenue from contracts with customers

	THE GROUP		THE COMPANY	
	Period ended 30 June 2020	Year ended 30 September 2019	**Period ended 30 June 2020**	Year ended 30 September 2019
	Rs 000	Rs 000	**Rs 000**	Rs 000
Revenue from hotel operations	**4,703,893**	8,034,751	**4,247,404**	7,225,589
Revenue from tour operating	**778,337**	1,371,899	**-**	-
Revenue from catering services	**150,354**	281,810	**150,354**	281,810
Revenue from contracts with customers (note 12)	**5,632,584**	9,688,460	**4,397,758**	7,507,399
Timing of revenue recognition				
At a point in time	**5,632,584**	9,688,460	**4,397,758**	7,507,399

(a) Liabilities related to contracts with customers

	THE GROUP		THE COMPANY	
	Period ended 30 June 2020	Year ended 30 September 2019	**Period ended 30 June 2020**	Year ended 30 September 2019
	Rs 000	Rs 000	**Rs 000**	Rs 000
At 1 October	**457,740**	407,689	**408,372**	356,984
Amounts included in contract liabilities that were recognised as revenue during the period/year	**(457,740)**	(407,689)	**(408,372)**	(356,984)
Cash received in advance of performance and not recognised as revenue during the period/year	**244,359**	457,740	**220,102**	408,372
At 30 June/30 September	**244,359**	457,740	**220,102**	408,372

Contract liabilities arise from the Group's and Company's collection of future deposits for stays in hotels and tour activities after the year end.

19. Staff costs

	THE GROUP		THE COMPANY	
	Period ended 30 June 2020	Year ended 30 September 2019	**Period ended 30 June 2020**	Year ended 30 September 2019
	Rs 000	Rs 000	**Rs 000**	Rs 000
Wages, salaries, fees and bonuses	**1,599,184**	2,454,541	**1,252,424**	1,865,612
Social costs	**280,695**	260,763	**218,439**	170,794
Other employee benefits and related expenses	**501,783**	711,073	**431,335**	679,448
	2,381,662	3,426,377	**1,902,198**	2,715,854
Government Wage Assistance Scheme	**(299,010)**	-	**(275,268)**	-
	2,082,652	3,426,377	**1,626,930**	2,715,854

20. Other expenses

	THE GROUP		THE COMPANY	
	Period ended 30 June 2020	Year ended 30 September 2019	**Period ended 30 June 2020**	Year ended 30 September 2019
	Rs 000	Rs 000	**Rs 000**	Rs 000
Operating supplies and cleaning expenses	**248,670**	549,262	**213,735**	429,737
Repairs and maintenance	**184,940**	300,544	**155,991**	276,151
Utility costs	**273,982**	456,695	**236,408**	417,772
Marketing expenses	**534,338**	766,742	**265,844**	449,577
Guest entertainment	**105,349**	124,864	**81,982**	113,884
Administrative expenses	**348,339**	476,621	**234,213**	222,826
Operating lease rentals	**541**	185,386	**541**	704,899
Licences, patents, insurance and taxes	**91,781**	127,089	**85,229**	117,496
	1,787,940	2,987,203	**1,273,943**	2,732,342

DETAILED INFORMATION ON STATEMENTS OF PROFIT OR LOSS ITEMS (CONT'D)

21. Closure costs

	THE GROUP	
	Period ended 30 June 2020	Year ended 30 September 2019
	Rs 000	Rs 000
Staff costs	**3,197**	13,243
Other expenses	**11,249**	44,003
	14,446	57,246

Closure costs relate wholly to Ste Anne Resort Limited in Seychelles. The hotel is under extensive renovation work which is scheduled to be completed in January 2021.

22. Finance revenue

	THE GROUP		THE COMPANY	
	Period ended 30 June 2020	Year ended 30 September 2019	**Period ended 30 June 2020**	Year ended 30 September 2019
	Rs 000	Rs 000	**Rs 000**	Rs 000
Exchange gain on retranslation of receivable from subsidiary	**236,223**	-	**236,223**	-
Interest income	**42,840**	17,692	**129,856**	119,693
	279,063	17,692	**366,079**	119,693

Included in interest income of the Company, is an amount of Rs 94m (2019: Rs 116m) pertaining to interest received on shareholder's loan to BHI and interest receivable of Rs 36m (2019: Rs 4m) on loan to Semaris Ltd, an entity under common control.

23. Finance costs

	THE GROUP		THE COMPANY	
	Period ended 30 June 2020	Year ended 30 September 2019	**Period ended 30 June 2020**	Year ended 30 September 2019
	Rs 000	Rs 000	**Rs 000**	Rs 000
Exchange loss on retranslation of receivables from subsidiaries	**-**	11,334	**-**	6,099
Exchange loss on currency borrowings	**51,622**	22,695	**51,100**	22,200
	51,622	34,029	**51,100**	28,299
Dividends on preference shares	**17,661**	16,445	**17,661**	16,445
Interest costs on:				
Bank overdrafts	**18,977**	24,167	**15,537**	22,305
Loans	**384,275**	540,109	**233,072**	335,590
Debentures and fixed-rate secured notes	**144,233**	163,205	**100,238**	163,205
Finance leases	**-**	12,281	**-**	9,147
Lease liabilities	**138,362**	-	**313,496**	-
Call account with subsidiary (note 17(vi))	**-**	-	**12,071**	15,351
Others	**2,430**	479	**-**	146
	705,938	756,686	**692,075**	562,189
Less borrowing costs capitalised	**(43,995)**	-	**-**	-
	661,943	756,686	**692,075**	562,189
	713,565	790,715	**743,175**	590,488

Accounting Policy

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. Other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

All other borrowing costs are recognised as expenses when incurred.

Borrowing costs capitalised are analysed as follows:

	THE GROUP		THE COMPANY	
	Period ended 30 June 2020	Year ended 30 September 2019	**Period ended 30 June 2020**	Year ended 30 September 2019
	Rs 000	Rs 000	**Rs 000**	Rs 000
Interest cost on bank loans and overdrafts and debentures included in:				
Investment property (note 30)	**43,995**	-	**-**	-
Total borrowing costs capitalised	**43,995**	-	**-**	-

DETAILED INFORMATION ON STATEMENTS OF PROFIT OR LOSS ITEMS (CONT'D)

24. Other income

	THE GROUP		THE COMPANY	
	Period ended 30 June 2020	Year ended 30 September 2019	**Period ended 30 June 2020**	Year ended 30 September 2019
	Rs 000	Rs 000	**Rs 000**	Rs 000
Other operating income	**25,142**	42,933	**19,364**	21,838
Investment income - quoted	**313**	522	**313**	522
- unquoted	**-**	35	**116,714**	73,785
	25,455	43,490	**136,391**	96,145

25. Other (losses)/gains

	THE GROUP		THE COMPANY	
	Period ended 30 June 2020	Year ended 30 September 2019	**Period ended 30 June 2020**	Year ended 30 September 2019
	Rs 000	Rs 000	**Rs 000**	Rs 000
Net fair value (loss)/gain on derivatives	**(198,239)**	17,355	**(196,448)**	15,564
Net ineffectiveness on cash flow hedges	**(19,022)**	-	**(50,356)**	-
Net foreign exchange gain	**31,956**	71,899	**37,937**	67,750
	(185,305)	89,254	**(208,867)**	83,314

26. Income tax

Accounting Policy

Current income tax
Current income 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 and Company operate and generate taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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

Deferred tax liabilities are recognised for all taxable temporary differences, except:
- where the deferred tax liability arises from the initial recognition of goodwill or 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 subsidiary companies and associated companies where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; *and*

- in respect of deductible temporary differences associated with investments in subsidiary companies and associated companies, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

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

DETAILED INFORMATION ON STATEMENTS OF PROFIT OR LOSS ITEMS (CONT'D)

26. Income tax (cont'd)

Corporate Social Responsibility
In line with the definition within the Income Tax Act 1995, Corporate Social Responsibility (CSR) is regarded as a tax and is therefore subsumed with the income tax shown within the statement of profit or loss and other comprehensive income and the income tax liability on the statements of financial position.

The CSR charge for the current period is measured at the amount expected to be paid to the Mauritian tax authorities. The CSR rate and laws used to compute the amount are those charged or substantively enacted by the reporting date.

Significant accounting judgements and estimates

Taxes
Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group and Company establish provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which they operate. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective domicile of the Group and Company. Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profits will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and the level of future taxable profits together with future tax planning strategies.

(a) Current income tax	**THE GROUP**		**THE COMPANY**	
	Period ended 30 June 2020	Year ended 30 September 2019	**Period ended 30 June 2020**	Year ended 30 September 2019
	Rs 000	Rs 000	**Rs 000**	Rs 000
The major components of income tax for the period ended 30 June 2020 and year ended 30 September 2019 are:				
Statements of profit or loss:				
Income tax on the adjusted profit for the period/ year at 15% to 30% (2019: 15% to 30%)	**(25,388)**	(57,351)	**-**	-
Corporate Social Responsibility (CSR)	**(6,960)**	(11,190)	**(3,302)**	(7,681)
Deferred tax movement (note 26 (b))	**119,076**	(24,913)	**154,936**	(23,378)
Tax overpayment not recoverable	**-**	(11,775)	**-**	(11,775)
Overprovision of tax in previous year	**485**	8	**-**	-
Income tax credit/(expense)	**87,213**	(105,221)	**151,634**	(42,834)

	THE GROUP		**THE COMPANY**	
	Period ended 30 June 2020	Year ended 30 September 2019	**Period ended 30 June 2020**	Year ended 30 September 2019
	Rs 000	Rs 000	**Rs 000**	Rs 000
Analysed as follows :				
Continuing operations	**87,213**	(103,102)	**151,634**	(42,834)
Discontinued operations	**-**	(2,119)	**-**	-
	87,213	(105,221)	**151,634**	(42,834)

DETAILED INFORMATION ON STATEMENTS OF PROFIT OR LOSS ITEMS (CONT'D)

26. Income tax (cont'd)

(a) Current income tax (cont'd)

	THE GROUP		THE COMPANY	
	Period ended 30 June 2020	Year ended 30 September 2019	**Period ended 30 June 2020**	Year ended 30 September 2019
Statements of other comprehensive income: *Deferred tax relating to items recognised in other comprehensive income*	**Rs 000**	Rs 000	**Rs 000**	Rs 000
Gains on revaluation of property	**-**	(47,759)	**-**	(3,655)
Loss on cash flow hedge	**-**	-	**100,606**	-
Remeasurement of employee benefit liabilities	**230,912**	151,267	**227,221**	150,161
	230,912	103,508	**327,827**	146,506

	THE GROUP		THE COMPANY	
	30 June 2020	30 September 2019	**30 June 2020**	30 September 2019
Statements of financial position:	**Rs 000**	Rs 000	**Rs 000**	Rs 000
At 1 October	**(4,527)**	15,552	**1,453**	13,307
Income tax on the adjusted profit for the period/ year at 15% to 30% (2019: 15% to 30%)	**(31,863)**	(66,414)	**(3,302)**	(7,681)
Exchange differences	**(715)**	(239)	**-**	-
Tax overpayment not recoverable	**-**	(11,775)	**-**	(11,775)
Less: Payment during the period/year	**46,704**	58,349	**7,842**	7,602
At 30 June/30 September	**9,599**	(4,527)	**5,993**	1,453
Analysis of tax position at year end:				
Income tax prepaid	**12,685**	5,722	**5,993**	1,453
Income tax payable	**(3,086)**	(10,249)	**-**	-
	9,599	(4,527)	**5,993**	1,453

A reconciliation between tax expense and the product of accounting profit multiplied by the Mauritian tax rate in the period ended 30 June 2020 and year ended 30 September 2019 are as follows:

	THE GROUP		THE COMPANY	
	Period ended 30 June 2020	Year ended 30 September 2019	**Period ended 30 June 2020**	Year ended 30 September 2019
	Rs 000	Rs 000	**Rs 000**	Rs 000
(Loss)/profit before tax - continuing operations	**(773,024)**	260,437	**(1,335,092)**	284,125
Profit before tax - discontinued operations	**-**	1,869	**-**	2,592,412
	(773,024)	262,306	**(1,335,092)**	2,876,537
Tax calculated at a tax rate of 15% to 30% (2019: 15% to 30%)	**302,621**	(117,483)	**200,264**	(431,481)
Corporate Social Responsibility (CSR)	**(6,960)**	(11,190)	**(3,302)**	(7,681)
Effect of temporary difference on CSR	**(19,174)**	(3,984)	**(19,131)**	(3,933)
Expenses not deductible for tax purposes	**(370,812)**	(20,065)	**(201,866)**	(7,396)
Deferred tax asset not recognised	**7**	10,557	**-**	-
Underprovision of tax and deferred tax	**(5,572)**	(3,673)	**(5,681)**	(3,681)
Tax overpayment not recoverable	**-**	(11,775)	**-**	(11,775)
Other movement	**(4,609)**	-	**-**	-
Income not subject to tax	**191,712**	52,392	**181,350**	423,113
Tax credit/(expense)	**87,213**	(105,221)	**151,634**	(42,834)

	THE GROUP		THE COMPANY	
	Period ended 30 June 2020	Year ended 30 September 2019	**Period ended 30 June 2020**	Year ended 30 September 2019
	Rs 000	Rs 000	**Rs 000**	Rs 000
Analysed as follows:				
Continuing operations	**87,213**	(103,102)	**151,634**	(42,834)
Discontinued operations	**-**	(2,119)	**-**	-
	87,213	(105,221)	**151,634**	(42,834)

DETAILED INFORMATION ON STATEMENTS OF PROFIT OR LOSS ITEMS (CONT'D)

26. Income tax (cont'd)

(b) Deferred tax

THE GROUP
Deferred taxes as at 30 June 2020 and 30 September 2019 relate to the following:

	Statement of Financial Position		**Statement of Profit or Loss**		**Statement of Other Comprehensive Income**	
	30 June 2020	30 September 2019	**Period ended 30 June 2020**	Year ended 30 September 2019	**Period ended 30 June 2020**	Year ended 30 September 2019
	Rs 000	Rs 000	**Rs 000**	Rs 000	**Rs 000**	Rs 000
Deferred tax liabilities						
Accelerated capital allowances	**1,786,290**	1,851,896	**65,606**	(51,612)	**-**	-
Asset revaluation	**928,238**	928,238	**-**	-	**-**	(47,759)
Right-of-use assets	**388,351**	-	**(388,351)**	-	**-**	-
Exchange differences	**33,578**	5,851	**-**	-	**(27,727)**	6,968
	3,136,457	2,785,985				
Deferred tax assets						
Losses available for offsetting against future taxable income	**(661,208)**	(595,779)	**65,429**	19,689	**-**	-
Employee benefit liabilities	**(532,542)**	(299,155)	**2,475**	10,374	**230,912**	151,267
Provision and others	**(12,164)**	(12,884)	**(720)**	(3,364)	**-**	-
Lease liabilities	**(374,637)**	-	**374,637**	-	**-**	-
Exchange differences	**(41,774)**	(14,707)	**-**	-	**27,067**	9,333
	(1,622,325)	(922,525)				
Deferred tax liabilities (net)	**1,514,132**	1,863,460				
Disclosed as follows:						
Deferred tax assets	**(207,741)**	(186,786)	**-**	-	**-**	-
Deferred tax liabilities	**1,721,873**	2,050,246	**-**	-	**-**	-
	1,514,132	1,863,460				
Deferred tax credited/(charged) to profit or loss			**119,076**	(24,913)		
Deferred tax credited to other comprehensive income					**230,252**	119,809

The Group has determined that deferred tax assets cannot be recognised on tax losses of Rs 589m (2019: Rs 502m) carried forward since there is uncertainty whether future taxable profit will be available against which the unused tax losses can be utilised.

THE COMPANY	**Statement of Financial Position**		**Statement of Profit or Loss**		**Statement of other Comprehensive Income**	
	30 June 2020	30 September 2019	**Period ended 30 June 2020**	Year ended 30 September 2019	**Period ended 30 June 2020**	Year ended 30 September 2019
	Rs 000	Rs 000	**Rs 000**	Rs 000	**Rs 000**	Rs 000
Deferred tax liabilities						
Accelerated capital allowances	**1,407,178**	1,434,994	**27,816**	(39,817)	**-**	-
Asset revaluation	**528,750**	528,750	**-**	-	**-**	(3,655)
Right-of-use assets	**1,160,564**	-	**(1,160,564)**	-	**-**	-
Deferred tax assets						
Losses available for offsetting against future taxable income	**(443,805)**	(345,273)	**98,532**	15,517	**-**	-
Provision and others	**(4,954)**	(7,518)	**(2,564)**	(4,093)	**-**	-
Employee benefit liabilities	**(520,906)**	(290,647)	**3,038**	5,015	**227,221**	150,161
Lease liabilities	**(1,289,284)**	-	**1,188,678**	-	**100,606**	-
Net deferred tax liabilities	**837,543**	1,320,306				
Deferred tax credited/(charged) to profit or loss			**154,936**	(23,378)		
Deferred tax credited to other comprehensive income					**327,827**	146,506

DETAILED INFORMATION ON STATEMENTS OF PROFIT OR LOSS ITEMS (CONT'D)

27. (Loss)/earnings per share

Accounting Policy

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. On 14 March 2019, 2,354,503 preference shares of the Company were converted into 1,311,929 new ordinary shares ranking pari passu with the existing ordinary shares. The number of ordinary shares of the Company after the conversion is 548,982,130.

There is no more conversion window which can be exercised at the option of the preference shareholders. The Company may, at its absolute discretion, from 28 July 2022, redeem or buy back the remaining preference shares in whole or in part.

The following table reflects the income and share data used in the basic and diluted EPS computations:

		Period ended 30 June 2020	Year ended 30 September 2019
		Rs 000	Rs 000
(Loss)/profit attributable to ordinary equity holders of the parent:			
- continuing operations		**(729,773)**	33,355
- discontinued operations		**-**	(250)
Weighted average number of ordinary shares for basic and diluted EPS ('000)		**548,982**	548,385
(Loss)/earnings per share:			
From continuing operations	Rs	**(1.33)**	0.06
From continuing and discontinued operations	Rs	**(1.33)**	0.06

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

DETAILED INFORMATION ON STATEMENTS OF FINANCIAL POSITION ITEMS

28. Property, plant and equipment

Accounting Policy

Plant and equipment are stated at historical cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects, if the recognition criteria are met. All other repair and maintenance costs are recognised in profit or loss as incurred.

Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Following initial recognition at cost, freehold land and buildings are reviewed every 3 years.

Any revaluation surplus is recognised in other comprehensive income and accumulated in the revaluation reserve included in the equity section of the statements of financial position, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation loss is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

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.

An annual transfer from the revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the assets and depreciation based on the assets' original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Depreciation is calculated on straight-line basis over the useful life as follows:

Office buildings	50 years
Plant and equipment	Between 6 to 15 years
Furniture, fittings, office equipment and electrical appliances	Between 3 to 10 years
Computers and electronic equipment	Between 3 to 10 years
Motor vehicles	5 years
Land is not depreciated	

For hotel buildings, depreciation is calculated on the straight-line basis at the remaining life of the lease terms.

Other fixed assets include plant and equipment, furniture and fittings, office equipment and electrical appliances and computers and electronic equipment.

Work in progress pertains mainly to costs incurred for new conference centre at Fairmont Royal Palm Marrakech, renovation work at Shandrani Beachcomber Resort & Spa and preliminary work at Les Salines Beachcomber Resort & Spa.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period/year the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end, and adjusted prospectively if appropriate.

DETAILED INFORMATION ON STATEMENTS OF FINANCIAL POSITION ITEMS (CONT'D)

28. Property, plant and equipment (cont'd)

Significant accounting judgements and estimates
Revaluation of freehold land, hotel buildings and investment property
The Group and Company measure freehold land and hotel buildings at revalued amounts with changes in fair value being recognised in other comprehensive income and accumulated in equity. In addition, they carry their investment property at fair value, with changes in fair value being recognised in profit or loss. As at 30 September 2019, the Group and Company engaged an independent valuation specialist to determine fair value based on prevailing market data. As at 30 June 2020, the Group and Company performed an impairment assessment of the carrying value of freehold land and buildings per cash-generating unit through the value in use methodology. Impairment losses were recognised where the value in use was lower than the carrying value. Further details in respect of the freehold land and buildings and investment property are contained in notes 28 and 30 respectively. The key assumptions used to determine the recoverable amount for the different CGUs are disclosed and further explained in notes 15 and 31.

Property, plant and equipment: Estimations of the useful lives and residual value of the assets
The depreciation charge calculation requires an estimation of the economic useful life of the property, plant and equipment of the Group and Company analysed by component as well as their residual values. In estimating residual values, the Group and Company have assessed the value of the buildings at today's rates assuming the buildings are in the condition in which they are expected to be at the end of their lease terms.

The Directors therefore made estimates based on historical experience and used best judgement to assess the useful life and assets and to forecast the expected residual values of the assets at the end of their expected useful lives.

Other items of property, plant and equipment are depreciated over their useful lives. The carrying amount of property, plant and equipment is disclosed below.

THE GROUP	Freehold Land Rs 000	Buildings Rs 000	Other Fixed Assets Rs 000	Motor Vehicles Rs 000	Work in Progress Rs 000	Total Rs 000
Cost and valuation						
At 1 October 2018	2,225,259	21,173,825	6,019,928	489,871	669,285	30,578,168
Additions	131,092	64,555	304,145	88,497	814,184	1,402,473
Transfer	-	215,754	136,438	-	(352,192)	-
Disposals	(31,903)	(4,222)	(31,113)	(98,433)	(7,098)	(172,769)
Scrapped	-	(78,471)	(331,545)	-	-	(410,016)
Revaluation adjustments	62,278	(69,692)	-	-	-	(7,414)
Impairment losses (note 15)	(35,525)	-	-	-	-	(35,525)
Transfer from/(to) inventories	137,002	-	(630)	-	-	136,372
Deconsolidation and disposal of subsidiaries (note 51)	(116,505)	(1,032,966)	(56,416)	(40,729)	(63,348)	(1,309,964)
Exchange differences	29,960	214,508	72,504	3,040	7,327	327,339
At 30 September2019	2,401,658	20,483,291	6,113,311	442,246	1,068,158	30,508,664
Adjustment for change in accounting policy (note 49)	-	-	(11,357)	(272,608)	-	(283,965)
At 1 October 2019	2,401,658	20,483,291	6,101,954	169,638	1,068,158	30,224,699

DETAILED INFORMATION ON STATEMENTS OF FINANCIAL POSITION ITEMS (CONT'D)

28. Property, plant and equipment (cont'd)

	Freehold Land	Buildings	Other Fixed Assets	Motor Vehicles	Work in Progress	Total
	Rs 000	**Rs 000**	**Rs 000**	**Rs 000**	**Rs 000**	**Rs 000**
At 1 October 2019	2,401,658	20,483,291	6,101,954	169,638	1,068,158	30,224,699
Additions	-	20,680	192,461	14,919	144,500	372,560
Transfer	-	62,657	17,218	-	(79,875)	-
Disposals	-	-	(3,991)	(39,192)	-	(43,183)
Scrapped	-	-	(23,063)	-	-	(23,063)
Reclassifications	-	-	27,909	(27,909)	-	-
Transfer from inventories	-	-	105	-	-	105
Transfer to investment property (note 30)	-	(1,494,706)	-	-	(606,896)	(2,101,602)
Write-off (note 15)	-	-	-	-	(95,171)	(95,171)
Impairment losses (note 15)	-	(445,493)	-	-	-	(445,493)
Exchange differences	38,338	282,496	166,082	762	36,013	523,691
At 30 June 2020	**2,439,996**	**18,908,925**	**6,478,675**	**118,218**	**466,729**	**28,412,543**
Depreciation						
At 1 October 2018	-	574,424	4,048,190	208,300	-	4,830,914
Charge for the year	-	208,274	436,683	72,396	-	717,353
Disposals	-	-	(24,326)	(79,531)	-	(103,857)
Scrapped	-	(78,471)	(311,196)	-	-	(389,667)
Revaluation adjustments	-	(327,666)	-	-	-	(327,666)
Transfer to inventories	-	-	(466)	-	-	(466)
Deconsolidation and disposal of subsidiaries (note 51)	-	(89,731)	(34,214)	(31,831)	-	(155,776)
Exchange differences	-	7,048	14,047	1,474	-	22,569
At 30 September 2019	-	293,878	4,128,718	170,808	-	4,593,404
Adjustment for change in accounting policy (note 49)	-	-	(6,842)	(115,343)	-	(122,185)
At 1 October 2019	-	293,878	4,121,876	55,465	-	4,471,219
Charge for the period	-	155,893	337,417	19,329	-	512,639
Disposals	-	-	(3,235)	(25,777)	-	(29,012)
Scrapped	-	-	(21,305)	-	-	(21,305)
Reclassification	-	-	22,340	(22,340)	-	-
Transfer to investment property (note 30)	-	(16,093)	-	-	-	(16,093)
Impairment losses (note 15)	-	(26,966)	-	-	-	(26,966)
Exchange differences	-	2,009	97,677	609	-	100,295
At 30 June 2020	**-**	**408,721**	**4,554,770**	**27,286**	**-**	**4,990,777**
Net Book Values						
At 30 June 2020	**2,439,996**	**18,500,204**	**1,923,905**	**90,932**	**466,729**	**23,421,766**
At 30 September 2019	2,401,658	20,189,413	1,984,593	271,438	1,068,158	25,915,260

DETAILED INFORMATION ON STATEMENTS OF FINANCIAL POSITION ITEMS (CONT'D)

28. Property, plant and equipment (cont'd)

THE COMPANY

Cost and valuation	**Freehold Land**	**Fixed Buildings**	**Other Motor Assets**	**Work in Vehicles**	**Progress**	**Total**
	Rs 000	**Rs 000**	**Rs 000**	**Rs 000**	**Rs 000**	**Rs 000**
At 1 October 2018	1,481,506	11,978,650	4,649,130	239,080	155,214	18,503,580
Additions	86,144	67,837	252,814	64,321	300,918	772,034
Transfer	-	215,754	136,438	-	(352,192)	-
Revaluation adjustments	21,254	(267,472)	-	-	-	(246,218)
Impairment losses (note 15)	(35,525)	-	-	-	-	(35,525)
Disposals	(31,903)	-	(13,535)	(50,583)	-	(96,021)
Transfer from/(to) inventories	137,002	-	(630)	-	-	136,372
Scrapped	-	-	(281,056)	-	-	(281,056)
At 30 September 2019	1,658,478	11,994,769	4,743,161	252,818	103,940	18,753,166
Adjustment for change in accounting policy (note 49)	-	-	(11,357)	(165,828)	-	(177,185)
At 1 October 2019	1,658,478	11,994,769	4,731,804	86,990	103,940	18,575,981
Additions	-	18,383	187,178	900	55,047	261,508
Transfer	-	62,657	17,218	-	(79,875)	-
Reclassifications	-	-	27,909	(27,909)	-	-
Disposals	-	-	(3,772)	(8,630)	-	(12,402)
Scrapped	-	-	(7,958)	-	-	(7,958)
At 30 June 2020	**1,658,478**	**12,075,809**	**4,952,379**	**51,351**	**79,112**	**18,817,129**
Depreciation						
At 1 October 2018	-	283,266	3,391,195	126,086	-	3,800,547
Charge for the year	-	113,353	271,847	32,734	-	417,934
Revaluation adjustments	-	(288,977)	-	-	-	(288,977)
Transfer to inventories	-	-	(466)	-	-	(466)
Disposals	-	-	(13,193)	(38,945)	-	(52,138)
Scrapped	-	-	(275,130)	-	-	(275,130)
At 30 September 2019	-	107,642	3,374,253	119,875	-	3,601,770
Adjustment for change in accounting policy (note 49)	-	-	(6,842)	(59,130)	-	(65,972)
At 1 October 2019	-	107,642	3,367,411	60,745	-	3,535,798
Charge for the period	-	88,958	223,116	2,950	-	315,024
Reclassifications	-	-	22,340	(22,340)	-	-
Disposals	-	-	(3,016)	(6,908)	-	(9,924)
Scrapped	-	-	(6,992)	-	-	(6,992)
At 30 June 2020	**-**	**196,600**	**3,602,859**	**34,447**	**-**	**3,833,906**
Net Book Values						
At 30 June 2020	**1,658,478**	**11,879,209**	**1,349,520**	**16,904**	**79,112**	**14,983,223**
At 30 September 2019	1,658,478	11,887,127	1,368,908	132,943	103,940	15,151,396

(a) Revaluation of freehold land and buildings

The Group and Company have a policy of revaluing their freehold land and buildings every three years. These assets were last revalued at 30 September 2019 by Mr Noor Dilmohamed, BSc (Appl) Val, Dip L.S. FAPI, Certified Practising Valuer and Cabinet Lazrak based on open market value.

At end of the reporting period, the subsidiary, Ste Anne Resort Limited, transferred its buildings to investment property. The hotel will be rented to Club Med SAS upon completion of renovation work in January 2021.

The Group and Company have assessed that the highest and best use of their properties does not differ from their current use.

The revalued land and buildings consist of hotel properties. Management determined that these constitute two classes of assets - namely land and buildings - under IFRS 13, based on the nature, characteristics and risks of the property. Fair value of the properties was determined by using open market value. This means that valuations performed by the valuer are based on active market prices, significantly adjusted for differences in the nature, location or condition of the specific property. The freehold land and buildings have been classified as level 2 as it is based on sales comparison approach.

Significant observable valuation input		**30 June 2020 Range**	30 September 2019 Range
Price per square metre:	- Freehold land	**Rs 1,345 - Rs 3,675**	Rs 1,345 - Rs 3,675
	- Building	**Rs 39,907 - Rs 62,491**	Rs 39,907 - Rs 62,491

Significant increases/(decreases) in estimated price per square metre in isolation would result in a significantly higher/(lower) fair value.

DETAILED INFORMATION ON STATEMENTS OF FINANCIAL POSITION ITEMS (CONT'D)

28. Property, plant and equipment (cont'd)

(b) If freehold land and buildings were measured using the cost model, the carrying amount would have been as follows:

	THE GROUP		THE COMPANY	
	30 June 2020	30 September 2019	**30 June 2020**	30 September 2019
	Rs 000	Rs 000	**Rs 000**	Rs 000
Cost	**16,487,788**	19,064,008	**9,513,621**	9,432,958
Accumulated depreciation	**(1,530,283)**	(1,390,369)	**(1,074,680)**	(994,850)
Net book values	**14,957,505**	17,673,639	**8,438,941**	8,438,108

(c) Assets held under finance leases

	THE GROUP		THE COMPANY	
	30 June 2020	30 September 2019	**30 June 2020**	30 September 2019
The carrying amount of property, plant and equipment held under finance leases was:	**Rs 000**	Rs 000	**Rs 000**	Rs 000
Plant and equipment and furniture included in other fixed assets				
Cost	**-**	11,357	**-**	11,357
Accumulated depreciation	**-**	(6,842)	**-**	(6,842)
Net book values	**-**	4,515	**-**	4,515
Motor vehicles				
Cost	**-**	272,618	**-**	165,838
Accumulated depreciation	**-**	(115,353)	**-**	(59,140)
Net book values	**-**	157,265	**-**	106,698

On adoption of IFRS 16, leased assets are presented as a separate line item in the statement of financial position (refer to note 29).

(d) Property, plant and equipment are included in assets given as collateral for bank borrowings.

29. Right-of-use assets and lease liabilities

Accounting Policy

In 2019 and periods prior to 2019, leases were classified as finance leases where the terms of the lease transferred substantially all the risks and rewards of ownership to the lessee. All other leases were classified as operating leases.

Finance leases were capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment was allocated between the liability and finance charges so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges were charged to profit or loss unless they were attributable to qualifying assets, in which case they were capitalised in accordance with the policy on borrowing costs (see note 23).

Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 October 2019, all leases are accounted for by recognising a right-of-use asset and a lease liability except for:

• Leases of low value assets (below Rs 200k); and
• Leases with a duration of 12 months or less.

Identifying leases
The Group and Company account for a contract, or a portion of a contract, as a lease when they convey the right to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:

(a) there is an identified asset;
(b) the Group and Company obtain substantially all the economic benefits from use of the asset; and
(c) the Group and Company have the right to direct use of the asset.

The Group and Company consider whether the supplier has substantive substitution rights. If the supplier does have those rights, the contract is not identified as giving rise to a lease.

In determining whether the Group and Company obtain substantially all the economic benefits from use of the asset, the Group and Company consider only the economic benefits that arise from the use of the asset, not those incidental to legal ownership or other potential benefits.

In determining whether the Group and Company have the right to direct use of the asset, the Group and Company consider whether they direct how and for what purpose the asset is used throughout the period of use. If there are no significant decisions to be made because they are predetermined due to the nature of the asset, the Group and Company consider whether they were involved in the design of the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use. If the contract or portion of a contract does not satisfy these criteria, the Group and Company use other applicable IFRSs rather than IFRS 16.

DETAILED INFORMATION ON STATEMENTS OF FINANCIAL POSITION ITEMS (CONT'D)

29. Right-of-use assets and lease liabilities (cont'd)

Identifying leases (cont'd)
For contracts that both convey a right to the Group and Company to use an identified asset and require services to be provided to the Group and Company by the lessor, the Group and Company have elected to account for the entire contract as a lease, i.e. they do allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

Measuring leases
Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Group's and Company's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:
- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Group and Company if it is reasonably certain to assess that option; and
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:
- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Group and Company are contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations).

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Group and Company revise their estimate of the term of any lease (because, for example, they reassess the probability of a lessee extension or termination option being exercised), they adjust the carrying amount of the lease liability to reflect the payments to be made over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases, an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

When the Group and Company renegotiate the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional right-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy;

- in all other cases where the renegotiation increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount; or

- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

Significant accounting judgements and estimates
The Group and Company were not able to readily determine the interest rate implicit in the lease; therefore, they used their incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group and Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Judgement is applied in determining the components of the IBR used for each lease including risk-free rates, the Group's and Company's credit risk and any lease-specific adjustments. The IBR is determined based on a series of inputs including: the risk-free rate based on government bond rates; a country specific risk adjustment; and a credit risk adjustment.

One of the subsidiaries of the Group, Ste Anne Resort Limited, has lease contracts on two parcels of land and staff accommodation leases. Lease relates to land on which the subsidiary is situated. The tenures of land leases are 99 years and 5 years respectively while staff accommodation leases are up to 1 year. Rent premium of Rs 41.7m and waiver of claims of Rs 54.1m previously accounted as intangible assets were remeasured and reclassified to right-of-use assets on adoption of IFRS 16. These amounts were paid at commencement of the subsidiary leases in 2001. Readjusted values are as follows:

	Total
	Rs 000
Net transfer from intangible assets	25,113
Remeasurement adjusted to retained earnings (note 49)	50,238
Foreign exchange movements	3,845
Revalued rent premium and waiver of claim	**79,196**
Reconciled as follows:	
Gross value of prepayment amortised over 1,188 months	97,089
Deemed accumulated amortisation charge for 219 months	(17,893)
Revalued rent premium and waiver of claim for 969 months	**79,196**

DETAILED INFORMATION ON STATEMENTS OF FINANCIAL POSITION ITEMS (CONT'D)

29. Right-of-use assets and lease liabilities (cont'd)

(i) Right-of-use assets

THE GROUP	Land and Buildings	Leasehold Rights	Plant and Machinery and Motor Vehicles	Total
	Rs 000	Rs 000	Rs 000	Rs 000
At 30 September 2019	-	-	-	-
Effect of changes in accounting policies (note 49):				
- Initial measurement of lease liabilities	2,151,304	-	87,470	2,238,774
- Remeasurement adjusted to retained earnings	50,238	-	-	50,238
- Transfer from property, plant and equipment	-	-	161,780	161,780
- Transfer from intangible assets	-	366,029	-	366,029
At 1 October 2019	2,201,542	366,029	249,250	2,816,821
Additions	-	-	10,790	10,790
Depreciation	(39,466)	(2,579)	(45,697)	(87,742)
Disposals	-	-	(11,118)	(11,118)
Exchange differences	30,140	-	10,255	40,395
At 30 June 2020	**2,192,216**	**363,450**	**213,480**	**2,769,146**

THE COMPANY	Land and buildings	Leasehold Rights	Plant Machinery and Motor Vehicles	Total
	Rs	Rs	Rs	Rs
At 30 September 2019	-	-	-	-
Effect of changes in accounting policies (note 49):				
- Initial measurement of lease liabilities	6,947,521	-	-	6,947,521
- Transfer from property, plant and equipment	-	-	111,213	111,213
- Transfer from intangible assets	-	117,320	-	117,320
At 1 October 2019	6,947,521	117,320	111,213	7,176,054
Additions	-	-	10,790	10,790
Depreciation	(333,980)	(1,757)	(24,263)	(360,000)
At 30 June 2020	**6,613,541**	**115,563**	**97,740**	**6,826,844**

(ii) Lease liabilities

THE GROUP	Land and buildings	Plant, Machinery and Motor Vehicles	Total
	Rs 000	Rs 000	Rs 000
At 30 September 2019	-	-	-
Effect of changes in accounting policies (note 49):			
- Initial measurement of lease liabilities	2,151,304	87,470	2,238,774
- Transfer from borrowings (note 43 (c))	-	149,859	149,859
At 1 October 2019	2,151,304	237,329	2,388,633
Additions	-	10,790	10,790
Interest expense	129,970	8,392	138,362
Lease payments	(123,181)	(63,093)	(186,274)
Exchange differences	17,022	11,002	28,024
At 30 June 2020	**2,175,115**	**204,420**	**2,379,535**

Disclosed as:	
Non-current	2,280,448
Current	99,087
	2,379,535

DETAILED INFORMATION ON STATEMENTS OF FINANCIAL POSITION ITEMS (CONT'D)

29. Right-of-use Assets and Lease Liabilities (cont'd)

(ii) Lease liabilities (cont'd)

THE COMPANY	Land and buildings	Plant Machinery and Motor Vehicles	Total
	Rs 000	Rs 000	Rs 000
At 30 September 2019	-	-	-
Effect of changes in accounting policies (note 49):			
- Initial measurement of lease liabilities	6,947,521	-	6,947,521
- Transfer from borrowings (note 43 (c))	-	117,806	117,806
At 1 October 2019	6,947,521	117,806	7,065,327
Additions	-	10,790	10,790
Interest expense	307,592	5,904	313,496
Lease payments	(391,092)	(37,640)	(428,732)
Exchange differences	623,132	-	623,132
At 30 June 2020	7,487,153	96,860	7,584,013
Disclosed as:			
Non-current			7,259,907
Current			324,106
			7,584,013

Maturity analysis of lease liabilities	THE GROUP		THE COMPANY	
	30 June 2020	30 September 2019	**30 June 2020**	30 September 2019
	Rs 000	Rs 000	**Rs 000**	Rs 000
Minimum lease payments:				
- Within one year	**280,002**	-	**737,006**	-
- After one year and before two years	**173,157**	-	**622,069**	-
- After two years and before five years	**692,630**	-	**2,488,275**	-
- After five years	**8,009,431**	-	**10,828,601**	-
	9,155,220	-	**14,675,951**	-
Less: Future finance charges on obligations under lease liabilities	**(6,775,685)**	-	**(7,091,938)**	-
Present value of obligations under lease liabilities	**2,379,535**	-	**7,584,013**	-
Present value analysed as follows:				
Current				
- Within one year	**99,087**	-	**324,106**	-
Non-current				
- After one year and before two years	**35,052**	-	**329,706**	-
- After two years and before five years	**140,284**	-	**1,318,830**	-
- After five years	**2,105,112**	-	**5,611,371**	-
	2,280,448	-	**7,259,907**	-
	2,379,535	-	**7,584,013**	-

Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

(a) Nature of leasing activities (in the capacity as lessee)

The Group and Company lease a number of properties in the jurisdictions from which they operate. In some jurisdictions it is customary for lease contracts to provide for payments to increase each year by inflation and in others to be reset periodically to market rental rates. In some jurisdictions' property leases, the periodic rent is fixed over the lease term. The leases arise mainly on the hotel properties.

The Group and Company also lease certain items of plant and equipment. Some contracts for services with distributors contain a lease of vehicles. Leases of plant, equipment and vehicles comprise only fixed payments over the lease terms. Following the adoption of IFRS 16, assets under finance leases previously recognised under property, plant and equipment have been transferred to right-of-use assets.

DETAILED INFORMATION ON STATEMENTS OF FINANCIAL POSITION ITEMS (CONT'D)

29. Right-of-use Assets and Lease Liabilities (cont'd)

(ii) Lease liabilities (cont'd)

(b) Variable lease payments

The percentages in the table below reflect the current proportions of lease payments that are either fixed or variable. The sensitivity reflects the impact on the carrying amount of lease liabilities and right-of-use assets if there was an uplift of 5% on the balance sheet date to lease payments that are variable.

30 June 2020

THE GROUP	*Lease Contracts Number*	*Fixed Payments %*	*Variable Payments %*	*Sensitivity Rs*
Property leases with payments linked to inflation	13	-	92%	217,514
Property leases with periodic uplifts to market rentals	-	-	-	-
Property leases with fixed payments	-	-	-	-
Leases of plant and equipment	2	7%	-	17,922
Vehicle leases	165	1%	-	2,539
	180	**8%**	**92%**	**237,975**

THE COMPANY	*Lease Contracts Number*	*Fixed Payments %*	*Variable Payments %*	*Sensitivity Rs*
Property leases with payments linked to inflation	11	-	99%	748,716
Property leases with periodic uplifts to market rentals	-	-	-	-
Property leases with fixed payments	1	-	-	-
Leases of plant and equipment	-	-	-	-
Vehicle leases	144	1%	-	9,686
	156	**1%**	**99%**	**758,402**

(c) Extension and termination options

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

(d) Lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group and Company become obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee. During the current financial year, there has been no effect of exercising any extension or termination options with respect to the existing leases and right-of-use assets.

	Period ended 30 June 2020
The Group	**Rs 000**
Interest expense (included in finance cost)	138,362
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in other expenses)	541
The Company	
Interest expense (included in finance cost)	313,496
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in other expenses)	541

The total cash outflow for leases in 2020 was Rs 186.3m for the Group and Rs 428.7m for the Company.

30. Investment property

Accounting Policy

Investment property is measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment property is stated at fair value, which reflects market conditions at the reporting date. Gains and losses arising from changes in the fair values of investment property are included in profit or loss in the period/year in which they arise. 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.

DETAILED INFORMATION ON STATEMENTS OF FINANCIAL POSITION ITEMS (CONT'D)

30. Investment property (cont'd)

Accounting Policy (cont'd)

Investment property is derecognised when either it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its 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.

Transfers are made to investment property only when there is a change in use, evidenced by the end of owner occupation, commencement of an operating lease to another party or completion of construction or development. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of development with a view to sale.

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

	THE GROUP	
	2020	2019
	Rs 000	Rs 000
At 1 October	**-**	354,102
Transfer from property, plant and equipment	**2,085,509**	-
Additions	**1,000,751**	-
Fair value gain	**-**	67,289
Deconsolidation of subsidiary (note 51)	**-**	(447,401)
Exchange differences	**233,315**	26,010
At 30 June/30 September	**3,319,575**	-

In 2019, investment property comprised solely bare land owned by Domaine Palm Marrakech S.A., a former subsidiary which has been deconsolidated on 30 September 2019. Ste Anne property has been reclassified as investment property as from this year with the near completion of the hotel redevelopment. The hotel will be leased out to Club Med SAS upon completion in FY21. The value of the property will thus be assessed annually in accordance with IAS40. Fair value measurement hierarchy for investment property is level 2.

Borrowing costs capitalised under investment property (2019: PPE) amounted to Rs 44m (2019: Nil). The rate used to determine the amount of borrowing costs eligible for capitalisation was 4.764%, which is the EIR of the specific borrowing.

31. Intangible assets

Accounting Policy

Goodwill
Goodwill is initially measured at cost being the excess of the cost of the business combination over the Group's share in the net fair value of the identifiable assets, liabilities and contingent liabilities. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. 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 that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit 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.

When a subsidiary is disposed of, the difference between the disposal proceeds and the share of net assets disposed of, as adjusted for translation differences and net amount of goodwill, is recognised in profit or loss.

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 the statement of profit or loss in the expense category consistent with the function of the intangible asset.

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

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

DETAILED INFORMATION ON STATEMENTS OF FINANCIAL POSITION ITEMS (CONT'D)

31. Intangible assets (cont'd)

Accounting Policy (cont'd)

Patents
Patents have an indefinite useful life and are assessed for impairment on an annual basis.

Licences
Licences are amortised over a period of five years.

THE GROUP

	Goodwill arising on Acquisition	Leasehold Rights	Patents	Licences	Computer Software	Total
Cost	**Rs 000**	**Rs 000**	**Rs 000**	**Rs 000**	**Rs 000**	**Rs 000**
At 1 October 2018	1,259,000	440,719	-	3,150	100,095	1,802,964
Additions	-	-	1,580	-	16,879	18,459
Write-off	-	-	-	-	(3,701)	(3,701)
Deconsolidation and disposal of subsidiaries (note 51)	-	(37,012)	-	-	(3,649)	(40,661)
Exchange differences	-	730	-	-	1,902	2,632
At 30 September 2019	1,259,000	404,437	1,580	3,150	111,526	1,779,693
Adjustment for change in accounting policy (note 49)	-	(404,437)	-	-	-	(404,437)
At 1 October 2019	1,259,000	-	1,580	3,150	111,526	1,375,256
Additions	-	-	-	-	9,660	9,660
Write-off	-	-	-	-	(334)	(334)
Exchange differences	-	-	-	-	4,390	4,390
At 30 June 2020	**1,259,000**	**-**	**1,580**	**3,150**	**125,242**	**1,388,972**
Amortisation						
At 1 October 2018	5,883	42,853	-	3,150	70,491	122,377
Write-off	-	-	-	-	(2,874)	(2,874)
Amortisation charge	-	3,965	-	-	10,851	14,816
Deconsolidation and disposal of subsidiaries (note 51)	-	(8,137)	-	-	(1,360)	(9,497)
Exchange differences	-	(273)	-	-	423	150
At 30 September 2019	5,883	38,408	-	3,150	77,531	124,972
Adjustment for change in accounting policy (note 49)	-	(38,408)	-	-	-	(38,408)
At 1 October 2019	5,883	-	-	3,150	77,531	86,564
Write-off	-	-	-	-	(250)	(250)
Amortisation charge	-	-	-	-	8,931	8,931
Exchange differences	-	-	-	-	3,698	3,698
At 30 June 2020	**5,883**	**-**	**-**	**3,150**	**89,910**	**98,943**
Net book values						
At 30 June 2020	**1,253,117**	**-**	**1,580**	**-**	**35,332**	**1,290,029**
At 30 September 2019	1,253,117	366,029	1,580	-	33,995	1,654,721

THE COMPANY

	Goodwill arising on Acquisition	Leasehold Rights	Computer Software	Total
Cost	**Rs 000**	**Rs 000**	**Rs 000**	**Rs 000**
At 1 October 2018	1,089,892	140,247	39,219	1,269,358
Additions	-	-	10,117	10,117
Write-off	-	-	(2,033)	(2,033)
At 30 September 2019	1,089,892	140,247	47,303	1,277,442
Adjustment for change in accounting policy (note 49)	-	(140,247)	-	(140,247)
At 1 October 2019	1,089,892	-	47,303	1,137,195
Additions	-	-	3,961	3,961
At 30 June 2020	**1,089,892**	**-**	**51,264**	**1,141,156**
Amortisation				
At 1 October 2018	-	20,585	32,329	52,914
Amortisation charge	-	2,342	3,207	5,549
Write-off	-	-	(1,294)	(1,294)
At 30 September 2019	-	22,927	34,242	57,169
Adjustment for change in accounting policy (note 49)	-	(22,927)	-	(22,927)
At 1 October 2019	-	-	34,242	34,242
Amortisation charge	-	-	3,001	3,001
At 30 June 2020	**-**	**-**	**37,243**	**37,243**
Net book values				
At 30 June 2020	**1,089,892**	**-**	**14,021**	**1,103,913**
At 30 September 2019	1,089,892	117,320	13,061	1,220,273

DETAILED INFORMATION ON STATEMENTS OF FINANCIAL POSITION ITEMS (CONT'D)

31. Intangible assets (cont'd)

Accounting Policy (cont'd)

(a) Cash-generating units

	Allocation of Goodwill	
	30 June 2020	30 September 2019
	Rs 000	Rs 000
Tour operating cash-generating unit		
Beachcomber Limited and its tour operating subsidiaries	**818,221**	818,221
Hotel operations cash-generating units		
Hotel boutiques	**4,101**	4,101
Royal Palm Beachcomber Luxury	**168,685**	168,685
Canonnier Beachcomber Golf Resort & Spa	**98,885**	98,885
The Company	**1,089,892**	1,089,892
Hotel operations cash-generating unit		
Ste Anne Resort Limited	**89,745**	89,745
Tour operating cash-generating units		
Beachcomber Tours	**1,184**	1,184
Beachcomber Tours Limited	**72,296**	72,296
The Group	**1,253,117**	1,253,117

Each cash-generating unit represents a business operation and is the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The recoverable amount for the different CGUs has been determined as follows:

- Hotel operations: The recoverable amount has been determined based on a discounted cash flow (DCF) approach using management's forecasts and a discount rate of 9.7% (pre-tax) and 10.7% (pre-tax) for the Mauritian and Marrakech operations respectively.

- Ste Anne Resort Limited: The recoverable amount for the investment has been determined based on a discounted cash flow (DCF) approach using future rental income and a discount rate of 7.23%. The significant assumptions as follows are deemed conservative: (i) the lease agreement shall start as from February 2021 and last for 12 years and rental income will increase by 1% on a yearly basis.

- Tour operating: The recoverable amount has been determined based on a discounted cash flow (DCF) approach using management's forecasts and a discount rate of 8.4% (pre-tax) and 8.5% (pre-tax) for France and England operations respectively.

- Forecasted revenue and costs are calculated referring to the CGU's latest budget and business plan, which are subject to a rigorous review and challenge process. Management prepares the budgets through an assessment of historic revenue from existing operations, new projects, historic pricing and required resources needed to service new and existing operations, knowledge of industry trends and the current economic environment. Cash flows are projected over 5 years and a final terminal value is applied. Forecasted revenue and costs are calculated using the prior periods' actual results and compounding these results by the budgeted numbers.

Management believes that any reasonably possible change in the key assumptions, on which the recoverable amount per CGU is based, would not cause the aggregate carrying amount to materially exceed the recoverable amount of the CGU.

(b) Leasehold rights

The leasehold rights comprise the cost of leases acquired for part of Ste Anne Island in Seychelles, Les Salines Pilot in Black River, Mauritius and costs associated with the exchange of land with the Government of Mauritius relating to the road diversion at Trou aux Biches. The leasehold rights are amortised over the respective lease period which ranges from 25 to 60 years. The leasehold rights were transferred to right-of-use assets during the period.

32. Investment in subsidiaries

Accounting Policy

Investment in subsidiaries
Subsidiaries are those entities controlled by the Company. Control is achieved when the Company is exposed to, or has the right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Financial statements of the Company
Investment in subsidiaries are carried at cost which is the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The carrying amount is reduced to recognise any impairment in the value of individual investments. The impairment loss is recognised in profit or loss.

DETAILED INFORMATION ON STATEMENTS OF FINANCIAL POSITION ITEMS (CONT'D)

32. Investment in subsidiaries (cont'd)

	THE COMPANY	
	30 June 2020	30 September 2019
(a) Cost (Unquoted)	**Rs 000**	Rs 000
At 1 October	**7,418,710**	8,165,401
Additions during the year (note (ii))	**-**	3,960,199
Transfer from amount due from subsidiaries (i)	**331,246**	39,661
Impairment losses (note 15)	**(1,159,408)**	-
Disposals (note (iii))	**-**	(4,746,551)
At 30 June/30 September	**6,590,548**	7,418,710

(i) During the year, additional balances of Rs 205.6m for Ste Anne Resort Limited, Rs 55m for Kingfisher Ltd, Rs 39.8m for Beachcomber Hotel S.A. and Rs 30.9m for New Mauritius Hotel -Italia - S.R.L were accounted as part of ''investment in subsidiaries'' and regarded as a receivable from foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future.

(ii) Additions in 2019 related mainly to the acquisition of additional ordinary shares in Les Salines Development Ltd for Rs 365m and Semaris Ltd for Rs 3.6bn (refer to (iii) below). All additions in that year were non-cash transactions. The investment in Semaris Ltd has thereafter been disposed of as settlement for the reduction in stated capital as fully explained in note iii (c) below.

(iii) Disposals in 2019 were as follows:

(a) The Company disposed of its investments in Domaine Palm Marrakech S.A. and Kingfisher 3 Limited to Semaris Ltd for a consideration of Rs 3.6bn, paid in terms of shares issued by Semaris Ltd. The net carrying value of these investments on disposal was Rs 1.1bn.

(b) The Company disposed of its investment in Les Salines Golf & Resort Limited to Les Salines Development Ltd at its net carrying value for a consideration of Rs 51m. The transaction was non-cash.

(c) At 30 September 2019, following reorganisation with the Group, the stated capital of the Company was reduced (by Rs 3.6bn) from Rs 6.4bn to Rs 2.8bn and settlement was through shares in Semaris Ltd. The transaction was non-cash.

33. Investment in associates

Accounting Policy

An associate is an entity over which the Group and Company have significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investors but without control or joint control over its policies.

Financial statements of the Company
Investments in associates are carried at cost. The carrying amount is reduced to recognise any impairment in the value of individual investments. The impairment loss is taken to profit or loss.

Consolidated financial statements
The Group's investments in its associates are accounted using the equity method.

Under the equity method, the investment in the associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The profit or loss reflects the Group's share of the results of operations of the associate. When there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statements of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The Group's share of profit or loss of an associate is shown on the face of the statements of profit or loss and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value; it then recognises the loss as 'share of results of associates' in the statements of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

DETAILED INFORMATION ON STATEMENTS OF FINANCIAL POSITION ITEMS (CONT'D)

33. Investment in associates (cont'd)

Consolidated financial statements (cont'd)
(a)

	THE GROUP		THE COMPANY	
	30 June 2020	30 September 2019	**30 June 2020**	30 September 2019
	Rs 000	Rs 000	**Rs 000**	Rs 000
At 1 October	**662,097**	698,223	**18,307**	19,062
Additions	**-**	2,500	**-**	-
Disposals*	**-**	(22,052)	**-**	(755)
Dividends	**(3,744)**	(3,392)	**-**	-
Share of results of associates recognised in profit or loss	**7,902**	(20,498)	**-**	-
Share of results of associates recognised in other comprehensive income	**(32,917)**	8,140	**-**	-
Other movements	**-**	(824)	**-**	-
At 30 June / 30 September	**633,338**	662,097	**18,307**	18,307

*There were no disposals during the period. Disposals in prior year include non-cash transactions of Rs 5k.
Last year, the Company disposed of its investment in an associate for a consideration of Rs 40m.

(b) Summarised financial information
Summarised financial information in respect of each of the material associates is set out below:

30 June 2020	**Current Assets**	**Non-Current Assets**	**Current Liabilities**	**Non-Current Liabilities**	**Non-Controlling Interests**	**Revenue**	**Profit/(Loss) for the Period/Year**	**Other Comprehensive Income**	**Total Comprehensive Income**	**Dividend Received**
	Rs 000	**Rs 000**	**Rs 000**	**Rs 000**	**Rs 000**	**Rs 000**	**Rs 000**	**Rs 000**	**Rs 000**	**Rs 000**
South West Tourism Development Ltd and its subsidiaries	**761,059**	**5,152,116**	**1,329,960**	**521,978**	**120,630**	**793,824**	**30,343**	**(195,349)**	**(165,006)**	**2,004**
30 September 2019										
South West Tourism Development Ltd and its subsidiaries	750,439	4,884,522	1,321,216	486,774	59,248	804,331	(86,811)	26,475	(60,336)	3,392

The summarised financial information above represents amounts shown in the associates' financial statements prepared in accordance with IFRS, adjusted for equity accounting purposes.

(c) Reconciliation of summarised financial information
Reconciliation of the above summarised financial information to the carrying amount recognised in the financial statements:

30 June 2020	**Opening Net Assets**	**Effect of Changes in Accounting Policy**	**Profit/(Loss) for the Period/Year**	**Other Comprehensive Income**	**Total Comprehensive Income**	**Dividends**	**Closing Net Assets**	**Ownership Interest**	**Interest in Associates**	**Carrying Value**
	Rs 000	**Rs 000**	**Rs 000**	**Rs 000**	**Rs 000**	**Rs 000**	**Rs 000**	**%**	**Rs 000**	**Rs 000**
South West Tourism Development Ltd and its subsidiaries	**3,741,564**	**-**	**56,502**	**(195,349)**	**(138,847)**	**(13,220)**	**3,589,497**	**16.30%**	**585,088**	**585,088**
30 September 2019										
South West Tourism Development Ltd and its subsidiaries	3,949,288	(123,928)	(86,811)	26,475	(60,336)	(23,460)	3,741,564	16.30%	609,875	609,875

(d) Aggregate information of associates that are not individually material

	THE GROUP	
	30 June 2020	30 September 2019
	Rs 000	Rs 000
Carrying amount of interests	**48,250**	52,222
Share of loss	**(1,622)**	(2,055)
Share of other comprehensive income	**(1,068)**	(288)
Share of total comprehensive income	**(2,690)**	(2,343)
Share of dividends	**(1,740)**	-

(e) Share of loss not recognised amounted to Rs 35k (2019: Rs 340k) for Société Cajeva and Sports-Event Management Operation Co. Ltd. The accumulated share of loss not recognised amounts to Rs 375k (2019: Rs 340k).

(f) None of the associates is listed on a primary market and therefore no quoted price is available for the shares.

DETAILED INFORMATION ON STATEMENTS OF FINANCIAL POSITION ITEMS (CONT'D)

34. Financial assets at fair value through other comprehensive income

(i) Equity investments at fair value through other comprehensive income

	THE GROUP		THE COMPANY	
	30 June 2020	30 September 2019	**30 June 2020**	30 September 2019
	Rs 000	Rs 000	**Rs 000**	Rs 000
At 1 October	**11,752**	8,664	**11,512**	8,391
Additions	**-**	1,665	**-**	1,665
Change in fair value recognised in OCI	**(2,658)**	1,423	**(2,580)**	1,456
At 30 June/30 September	**9,094**	11,752	**8,932**	11,512

(ii) Fair value through other comprehensive income financial assets include the following:

	THE GROUP		THE COMPANY	
	30 June 2020	30 September 2019	**30 June 2020**	30 September 2019
	Rs 000	Rs 000	**Rs 000**	Rs 000
Quoted:				
Compagnie des Villages de Vacances de l'Isle de France Limitée (COVIFRA)	**8,856**	11,405	**8,856**	11,405
State Bank of Mauritius	**228**	337	**66**	97
Unquoted:				
Fondation Espoir Développement Beachcomber (FED)	**10**	10	**10**	10
	9,094	11,752	**8,932**	11,512

(iii) Financial assets measured at fair value through other comprehensive income include the Group's strategic equity investments not held for trading. The Group has made an irrevocable election to classify the equity investments at fair value through other comprehensive income rather than through profit or loss because this is considered to be more appropriate for these strategic investments.

(iv) The fair value of quoted securities is based on published market prices.

(v) Fair value through other comprehensive income financial assets is denominated in Mauritian rupees.

35. Financial assets at amortised cost

	THE GROUP		THE COMPANY	
	30 June 2020	30 September 2019	**30 June 2020**	30 September 2019
	Rs 000	Rs 000	**Rs 000**	Rs 000
Non-Current				
Long-term loan receivable (note a)	**1,187,062**	1,203,901	**3,291,019**	3,071,635
	1,187,062	1,203,901	**3,291,019**	3,071,635
Current				
Other receivables (note b)	**778,075**	593,707	**19,931**	19,708
Amount due from other related parties (note 17 (viii))	**79,875**	59,726	**78,099**	15,641
Amount due from associates (note 17 (viii))	**12,919**	12,919	**12,919**	12,919
Amount due from subsidiaries (note 17 (viii))	**-**	-	**491,969**	866,130
	870,869	666,352	**602,918**	914,398
Total financial assets at amortised cost	**2,057,931**	1,870,253	**3,893,937**	3,986,033

(a) Long-term loan receivable

	THE GROUP		THE COMPANY	
	30 June 2020	30 September 2019	**30 June 2020**	30 September 2019
	Rs 000	Rs 000	**Rs 000**	Rs 000
Receivable from related party (note i)	**-**	-	**2,103,957**	1,867,734
Receivable from other related party (note ii)	**1,187,062**	1,203,901	**1,187,062**	1,203,901
	1,187,062	1,203,901	**3,291,019**	3,071,635

(i) On 2 December 2016, the Company entered into a shareholder loan agreement with its subsidiary, Beachcomber Hospitality Investments Ltd, a company incorporated in Mauritius. The loan balance as at 30 June 2020 has a maturity of 7 years from the date of first disbursement.

Terms and conditions of the loan:
- The loan bears an interest of 6.25% per annum.
- The loan is unsecured.
- Interest shall be paid one month in advance on an annual basis until final maturity.

35. Financial assets at amortised cost (cont'd)

(ii) On 30 August 2019, the Company sold 174 arpents of land to Semaris Ltd for a consideration of Rs 2bn, out of which Rs 800m were paid at the time of disposal. The remaining Rs 1.2bn are expected to be paid by the 10th anniversary of the loan agreement.

Terms and conditions of the loan:
- The loan bears an interest rate of 5% per annum.
- The loan is unsecured and subordinated to Semaris Ltd's bank loans.
- The loan amount and payment of interest are split as follows:
  (i) for Rs 700m, interest is payable on a six-month basis and first-time payment on 30 June 2021; and
  (ii) for Rs 500m, interest will be capitalised for the first two years and first-time payment of interest is due on 30 June 2023.

(b) Other receivables
These amounts generally arise from transactions outside the usual trading activities of the Group and Company. Interest may be charged at commercial rates where the terms of repayment exceed six months. Collateral is not normally obtained.

(c) The Group and Company have made an impairment assessment by considering the previous repayment behaviours and assessing the future cash flow forecasts covering the contractual period of the loan. The Group and Company do not expect any default from them and is certain of their ability to pay their debts as they become due in the normal course of business and/or in any adverse economic and business conditions. Consequently, the probability of default is therefore negligible and the Group and Company have not accounted for any impairment loss.

(d) The carrying amounts of the financial assets at amortised cost are denominated in the following currencies:

	THE GROUP		THE COMPANY	
	30 June 2020	30 September 2019	**30 June 2020**	30 September 2019
	Rs 000	Rs 000	**Rs 000**	Rs 000
Euros	**-**	-	**2,103,957**	1,867,734
Mauritian rupees	**2,057,931**	1,870,253	**1,789,980**	2,118,299
	2,057,931	1,870,253	**3,893,937**	3,986,033

36. Inventories

Accounting Policy

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:
- Food and beverages are valued at purchase cost on a weighted average basis.
- Operating equipment, operating supplies, sales products and others are recognised at purchase cost.

Cumulative provision for write downs as at 30th June 2020 amounted to Group and Company : Rs 335 m (2019: Rs 313m) and Rs 242 m (2019: Rs 232m) respectively for operating equipment.

- Spare parts are valued at purchase cost on a weighted average basis.

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

	THE GROUP		THE COMPANY	
	30 June 2020	30 September 2019	**30 June 2020**	30 September 2019
	Rs 000	Rs 000	**Rs 000**	Rs 000
Food and beverages	**82,858**	93,036	**73,682**	82,286
Operating equipment	**127,713**	135,701	**126,558**	135,701
Operating supplies, sales products and others	**144,278**	149,593	**131,894**	130,518
Spare parts	**50,310**	48,415	**36,078**	34,641
Stock of land for sale (note (a))	**35,700**	35,700	**35,700**	35,700
Goods in transit	**8,969**	6,816	**-**	6,816
	449,828	469,261	**403,912**	425,662

(a) Refers to land for sale at Les Salines, Mauritius.

(b) Inventories are included in assets given as collateral for bank borrowings.

(c) No interest cost was capitalised during the period in inventories for the Group and Company (2019: Nil).

(d) Cost of inventories expensed amounts to Rs 813m (2019: Rs 1,644m) and Rs 630m (2019: Rs 1,191m) for the Group and Company respectively.

(e) During the financial year ended 2019, the Company sold 174 arpents of land with a carrying value of Rs 1.7bn to Semaris Ltd for a consideration of Rs 2bn, realising a profit of Rs 251m.

DETAILED INFORMATION ON STATEMENTS OF FINANCIAL POSITION ITEMS (CONT'D)

37. Trade receivables

	THE GROUP		THE COMPANY	
	30 June 2020	30 September 2019	**30 June 2020**	30 September 2019
	Rs 000	Rs 000	**Rs 000**	Rs 000
Trade receivables	**573,947**	1,051,090	**438,809**	589,826
Less: Loss allowance (note (i))	**(94,359)**	(65,355)	**(69,584)**	(43,342)
Trade receivables - net	**479,588**	985,735	**369,225**	546,484

Trade receivables are unsecured, non-interest-bearing and are generally on 30 to 60 days' term.

(i) Impairment of trade receivables
The Group and Company are applying the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

Trade receivables have been divided into insured and uninsured. For insured receivables, the Group and Company exercised the policy choice of considering insurance cover as an integral part of the receivables. The expected cash flows from the insurance cover are included when measuring ECL of the receivables to the extent that the expected losses are covered by insurance. The uninsured receivables are the balances where the Group and Company have no collateral.

The expected loss rates are based on the payment profiles of sales over a period of 45 months prior to 30 June 2020 or 1 October 2019 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group and Company have identified gross domestic products (GDP) as the key macroeconomic factors in the countries where the Group and Company operate, and accordingly adjust the historical loss rates based on expected changes in these factors.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and Company expect to receive. Trade and other receivables generally have a short duration and do not carry a contractual interest rate. Therefore, they are measured on initial recognition at the transaction price. Accordingly, the effective interest rate for receivables is zero and discounting of expected cash shortfalls to reflect the time value of money would not be required when measuring expected credit losses.

Due to the global uncertainty arising from COVID-19 and mostly in the tourism and hospitality sector, management has adopted a conservative approach by making specific provisions for debts which are not insured and for which recoverability is highly uncertain. The Company recorded a good percentage recovery of its debtors from March 2020 until year end. This positive trend has continued after year end so that no material irrecoverable debt is expected, except for those already provided.

On that basis, the loss allowance as at 30 June 2020 and 30 September 2019 was determined as follows for trade receivables:

THE GROUP

	0-30 Days	**30-60 Days**	**60-90 Days**	**90-120 Days**	**>120 Days**	**Total**
	Rs 000	**Rs 000**	**Rs 000**	**Rs 000**	**Rs 000**	**Rs 000**
At 30 June 2020						
Expected loss rate	0.00%-15.28%	2.12%-15.28%	9.47%-15.28%	15.28%-73.98%	15.28%-58.76%	
Gross carrying amount						
- trade receivables	187,998	3,687	7,405	94,009	280,848	**573,947**
Less: guest in-house receivables	(350)	-	-	-	-	**(350)**
Less: receivables identified for specific provision	(54,289)	(29)	(345)	(18,308)	(33,399)	**(106,370)**
Net carrying amount	133,359	3,658	7,060	75,701	247,449	**467,227**
Loss allowance	6,723	605	5,001	20,638	17,713	**50,680**
Specific provision	202	232	1,668	34,021	7,556	**43,679**
Total impairment	6,925	837	6,669	54,659	25,269	**94,359**

	0-30 Days	30-60 Days	60-90 Days	90-120 Days	>120 Days	Total
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
At 30 September 2019						
Expected loss rate	1.58% - 63.37%	18.53% - 21.63%	21.12% - 47.96%	21.12% - 88.76%	21.12% - 83.85%	
Gross carrying amount						
- trade receivables	438,759	447,422	41,928	15,788	107,193	1,051,090
Less: guest in-house receivables	(106,790)	-	-	-	-	(106,790)
Less: receivables identified for specific provision	(42,214)	(27,730)	(14,385)	(2,437)	(19,560)	(106,326)
Net carrying amount	289,755	419,692	27,543	13,351	87,633	837,974
Loss allowance	14,362	12,019	4,262	1,455	13,790	45,888
Specific provision	7,063	9,561	1,095	51	1,697	19,467
Total impairment	21,425	21,580	5,357	1,506	15,487	65,355

DETAILED INFORMATION ON STATEMENTS OF FINANCIAL POSITION ITEMS (CONT'D)

37. Trade receivables (cont'd)

(i) Impairment of trade receivables (cont'd)

THE COMPANY

	0-30 Days	**30-60 Days**	**60-90 Days**	**90-120 Days**	**>120 Days**	**Total**
	Rs 000	**Rs 000**	**Rs 000**	**Rs 000**	**Rs 000**	**Rs 000**
At 30 June 2020						
Expected loss rate	11.47%-15.28%	11.47%-15.28%	11.47%-15.28%	11.47%-15.28%	11.47%-15.28%	
Gross carrying amount						
- trade receivables	89,054	2,508	6,972	86,589	253,686	**438,809**
Less: guest in-house receivables	(350)	-	-	-	-	**(350)**
Less: receivables identified for specific provision	(54,289)	(29)	(345)	(18,308)	(33,399)	**(106,370)**
Net carrying amount	34,415	2,479	6,627	68,281	220,287	**332,089**
Loss allowance	2,503	580	4,960	16,460	1,402	**25,905**
Specific provision	202	232	1,668	34,021	7,556	**43,679**
Total impairment	2,705	812	6,628	50,481	8,958	**69,584**

	0-30 Days	30-60 Days	60-90 Days	90-120 Days	>120 Days	Total
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
At 30 September 2019						
Expected loss rate	1.58%- 4.98%	21.12% - 21.63%	21.12% - 21.63%	21.12% - 21.63%	21.12% - 21.63%	
Gross carrying amount						
- trade receivables	340,922	103,140	37,951	15,014	92,799	589,826
Less: guest in-house receivables	(106,790)	-	-	-	-	(106,790)
Less: receivables identified for specific provision	(42,214)	(27,730)	(14,385)	(2,437)	(19,560)	(106,326)
Net carrying amount	191,918	75,410	23,566	12,577	73,239	376,710
Loss allowance	1,870	9,635	2,614	1,013	8,743	23,875
Specific provision	7,063	9,561	1,095	51	1,697	19,467
Total impairment	8,933	19,196	3,709	1,064	10,440	43,342

The closing loss allowances for trade receivables as at 30 June 2020 and 30 September 2019 reconcile to the opening loss allowances as follows:

	THE GROUP		**THE COMPANY**	
	30 June 2020	30 September 2019	**30 June 2020**	30 September 2019
	Rs 000	Rs 000	**Rs 000**	Rs 000
Loss allowance as at 1 October	**65,355**	52,936	**43,342**	16,636
Loss allowance recognised in profit or loss during the period/year for contracts with customers	**33,755**	25,905	**26,242**	26,706
Receivables written off during the period/year as uncollectible	**-**	(13,246)	**-**	-
Unused amount reversed	**(4,751)**	(240)	**-**	-
At 30 June/30 September	**94,359**	65,355	**69,584**	43,342

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above.

38. Other assets

	THE GROUP		**THE COMPANY**	
	30 June 2020	30 September 2019	**30 June 2020**	30 September 2019
	Rs 000	Rs 000	**Rs 000**	Rs 000
Prepaid expenses	**516,888**	510,868	**158,069**	260,732

39. Derivative financial instruments

	THE GROUP		**THE COMPANY**	
	30 June 2020	30 September 2019	**30 June 2020**	30 September 2019
	Rs 000	Rs 000	**Rs 000**	Rs 000
(i) Derivatives at fair value through profit or loss:				
Derivatives not designated as hedges:				
Foreign exchange currency contracts				
- Forwards	**(184,078)**	14,161	**(184,078)**	12,370
Total derivatives at fair value through profit or loss	**(184,078)**	14,161	**(184,078)**	12,370

DETAILED INFORMATION ON STATEMENTS OF FINANCIAL POSITION ITEMS (CONT'D)

39. Derivative financial instruments (cont'd)

The notional amounts of the outstanding forward foreign exchange contracts not designated as hedges at 30 June 2020 were EUR 85.0m, USD 33.5m and GBP 1.2m for the Group (2019: EUR 55.3m and GBP 6.3m) and EUR 85.0m, USD 33.5m and GBP 1.2m for the Company (2019: EUR 51.8m and GBP 6.3m).

	THE GROUP		THE COMPANY	
	30 June 2020	30 September 2019	**30 June 2020**	30 September 2019
	Rs 000	Rs 000	**Rs 000**	Rs 000
(ii) Derivatives designated as hedges:				
Foreign exchange currency contracts				
- Forwards	**-**	(9,435)	**-**	-
Disclosed as follows:				
Current liabilities	**-**	(9,435)	**-**	-
Total derivatives designated as hedges	**-**	(9,435)	**-**	-
Total derivative financial instruments	**(184,078)**	4,726	**(184,078)**	12,370

The notional amounts of the outstanding forward foreign exchange contracts designated as hedges at 30 June 2020 were nil (2019: EUR 56.3m).

	THE GROUP		THE COMPANY	
	30 June 2020	30 September 2019	**30 June 2020**	30 September 2019
	Rs 000	Rs 000	**Rs 000**	Rs 000
Disclosed as follows:				
Current assets	**61,478**	26,745	**61,478**	24,954
Current liabilities	**(245,556)**	(22,019)	**(245,556)**	(12,584)
	(184,078)	4,726	**(184,078)**	12,370

40. Cash and cash equivalents

Accounting Policy

Cash and cash equivalents include highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Such investments are normally those with less than three months' maturity from the date of acquisition.

For the purpose of the statements of cash flows, cash and cash equivalents consist of cash in hand and at bank, net of outstanding bank overdrafts. Cash and cash equivalents are measured at amortised cost.

(a) For the purposes of the statements of cash flows, cash and cash equivalents comprise the following:

	THE GROUP		THE COMPANY	
	30 June 2020	30 September 2019	**30 June 2020**	30 September 2019
	Rs 000	Rs 000	**Rs 000**	Rs 000
Cash in hand and at banks	**730,863**	753,972	**119,372**	88,226
Bank overdrafts (note 43)	**(1,119,825)**	(1,029,404)	**(703,792)**	(800,940)
	(388,962)	(275,432)	**(584,420)**	(712,714)

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

The fair value of cash is Rs 731m (2019: Rs 754m) for the Group and Rs 119m (2019: Rs 88m) for the Company.

Refer to the note 9 of foreign currency risk for interest rates on bank overdrafts.

At 30 June 2020, Ste Anne Resort Limited has an undrawn loan facility of EUR 28m which will be used to finance the remaining construction work. There was no other undrawn loan facility for the Company and other members of the Group (2019 - Group and Company: Rs Nil). Undrawn overdraft facilities amounted to Rs 1,031m (2019: Rs 1,176m) for both Group and Company.

(b) Non-cash transactions
There were no major non-cash transactions during the period. In 2019, these mainly consisted of acquisitions and disposal of investment in subsidiaries, capital reduction, sale of land and assets acquired under finance leases.

DETAILED INFORMATION ON STATEMENTS OF FINANCIAL POSITION ITEMS (CONT'D)

40. Cash and cash equivalents (cont'd)

Accounting Policy (cont'd)

(c) Reconciliation of liabilities arising from financing activities :

(i) THE GROUP

	1 October 2019	Cash Flows	Non-Cash Changes: Recognised on Adoption of IFRS 16	Acquisition	Amortisation Cost	Foreign Exchange Movement	30 June 2020
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Term loans	9,864,053	(106,158)	-	-	-	566,953	**10,324,848**
Finance lease liabilities	149,859	-	(149,859)	-	-	-	**-**
Lease liabilities	-	(47,912)	2,388,633	10,790	-	28,024	**2,379,535**
Preference shares	388,160	-	-	-	498	-	**388,658**
Debentures	2,983,019	1,644,352	-	-	1,926	226,276	**4,855,573**
Loan from related party	1,492,867	-	-	-	-	188,821	**1,681,688**
	14,877,958	**1,490,282**	**2,238,774**	**10,790**	**2,424**	**1,010,074**	**19,630,302**

	1 October 2018	Cash Flows *	Non-Cash Changes: Acquisition	Amortisation Cost	Conversion	Deconsolidation and Disposal of Subsidiaries	Other Movement	Foreign Exchange Movement	30 September 2019
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Term loans	9,950,400	834,290	1,200,000	3,901	-	(2,180,640)	-	56,102	9,864,053
Finance lease liabilities	181,231	(88,510)	60,034	-	-	(2,309)	-	(587)	149,859
Preference shares	423,396	-	-	625	(25,750)	-	(10,111)	-	388,160
Debentures	3,600,651	(618,703)	-	3,671	-	-	-	(2,600)	2,983,019
Loan from related party	1,497,750	-	-	-	-	-	-	(4,883)	1,492,867
	15,653,428	127,077	1,260,034	8,197	(25,750)	(2,182,949)	(10,111)	48,032	14,877,958

** Include cash flows from discontinued operations.*

(ii) THE COMPANY

	1 October 2019	Cash Flows	Non-Cash Changes: Recognised on Adoption of IFRS 16	Acquisition	Amortisation Cost	Interest Accrued	Foreign Exchange Movement	30 June 2020
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Term loans	**7,312,177**	**137,097**	**-**	**-**	**-**	**-**	**271,744**	**7,721,018**
Finance lease liabilities	**117,806**	**-**	**(117,806)**	**-**	**-**	**-**	**-**	**-**
Lease liabilities	**-**	**(181,946)**	**7,065,327**	**10,790**	**-**	**66,710**	**623,132**	**7,584,013**
Preference shares	**388,160**	**-**	**-**	**-**	**498**	**-**	**-**	**388,658**
Debentures and fixed-rate secured notes	**2,983,019**	**-**	**-**	**-**	**1,926**	**-**	**100,700**	**3,085,645**
	10,801,162	**(44,849)**	**6,947,521**	**10,790**	**2,424**	**66,710**	**995,576**	**18,779,334**

	1 October 2018	Cash Flows	Non-Cash Changes: Amortisation Acquisition	Other Cost	Exchange Conversion	30 September Movement	Foreign Movement	2019
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Term loans	7,292,414	(14,158)	-	-	-	-	33,921	7,312,177
Finance lease liabilities	125,603	(63,259)	55,462	-	-	-	-	117,806
Preference shares	423,396	-	-	625	(25,750)	(10,111)	-	388,160
Debentures and fixed-rate secured notes	3,600,651	(618,703)	-	3,671	-	-	(2,600)	2,983,019
	11,442,064	(696,120)	55,462	4,296	(25,750)	(10,111)	31,321	10,801,162

41. Stated capital

	Issued Number of Shares: 30 June 2020	30 September 2019	Issued and Fully Paid: 30 June 2020	30 September 2019
			Rs 000	Rs 000
As at 1 October	**548,982,130**	547,670,201	**2,780,301**	6,349,551
Conversion of preference shares*	**-**	1,311,929	**-**	25,750
Capital reduction**	**-**	-	**-**	(3,595,000)
At 30 June/30 September	**548,982,130**	548,982,130	**2,780,301**	2,780,301

*On 18 March 2019, the Company issued 1,311,929 ordinary shares following the option exercised by preference shareholders to convert their preference shares into ordinary shares.

**On 10 September 2019, the Board of Directors approved a reduction in stated capital from Rs 6,375,301,930 to Rs 2,780,301,930. The transaction was settled by way of 548,982,130 ordinary shares of Semaris Ltd held by the Company in the proportion of 1 ordinary share of Semaris Ltd for each ordinary share held in the Company effective 30 September 2019.

DETAILED INFORMATION ON STATEMENTS OF FINANCIAL POSITION ITEMS (CONT'D)

42. Other components of equity

Nature and purpose of reserves	THE GROUP		THE COMPANY	
	30 June 2020	30 September 2019 Restated	**30 June 2020**	30 September 2019
	Rs 000	Rs 000	**Rs 000**	Rs 000
Other reserves These reserves are principally used to record the fair value adjustments relating to shares issued by the Company to acquire non-controlling interests in local subsidiaries.	**624,583**	624,583	**-**	-
Financial assets at fair value through OCI reserves Fair value reserves are principally used to record the fair value adjustment relating to financial assets at FVOCI	**(25,051)**	8,930	**6,403**	8,983
Revaluation reserves Revaluation reserves are principally used to record changes in fair value of freehold land and buildings following revaluation exercises performed by an independent surveyor. They are also used to record impairment losses to the extent that such losses relate to decreases on the same asset previously recognised in revaluation reserves.	**2,293,112**	2,357,613	**863,607**	872,090
Foreign exchange difference reserves These reserves include exchange differences arising on retranslation of the financial statements of foreign subsidiaries and loss or gain arising on cash flow hedges.	**(1,797,472)**	(1,579,094)	**(798,447)**	(4,933)
Total other components of equity	**1,095,172**	1,412,032	**71,563**	876,140

43. Borrowings

	THE GROUP		THE COMPANY	
	30 June 2020	30 September 2019	**30 June 2020**	30 September 2019
	Rs 000	Rs 000	**Rs 000**	Rs 000
Current portion				
Bank overdrafts (note (a)/note 40)	**1,119,825**	1,029,404	**703,792**	800,940
Bank loans (note (b))	**7,809,653**	1,717,565	**7,721,018**	1,639,991
Obligations under finance leases (note (c))	**-**	54,954	**-**	38,868
	8,929,478	2,801,923	**8,424,810**	2,479,799
Non-current portion				
Bank loans (note (b))	**2,515,195**	8,146,488	**-**	5,672,186
Subordinated loan (note (b)/note 17(xiii))	**1,681,688**	1,492,867	-	-
	4,196,883	9,639,355	**-**	5,672,186
Obligations under finance leases (note (c))	**-**	94,905	**-**	78,938
Debentures and fixed-rate secured notes (note (d))	**4,855,573**	2,983,019	**3,085,645**	2,983,019
	9,052,456	12,717,279	**3,085,645**	8,734,143
Preference shares (note (e))	**388,658**	388,160	**388,658**	388,160
	9,441,114	13,105,439	**3,474,303**	9,122,303
Total borrowings	**18,370,592**	15,907,362	**11,899,113**	11,602,102

(a) Bank overdrafts

Bank overdrafts are secured by floating charges on the assets of the individual companies of the Group and a first-line charge on properties for the sum of SCR 40m for the subsidiary, Ste Anne Resort Limited. The rates of interest vary between 4.10% and 9.00% per annum.

(b) Term loans

	THE GROUP		THE COMPANY	
	30 June 2020	30 September 2019	**30 June 2020**	30 September 2019
	Rs 000	Rs 000	**Rs 000**	Rs 000
Term loans can be analysed as follows:				
Current				
- Within one year	**7,809,653**	1,717,565	**7,721,018**	1,639,991
Non-current				
- After one year and before two years	**72,830**	420,590	**-**	312,580
- After two years and before five years	**2,442,388**	3,890,635	**-**	1,685,825
- After five years	**1,681,665**	5,328,130	**-**	3,673,781
	4,196,883	9,639,355	**-**	5,672,186
Total term loans	**12,006,536**	11,356,920	**7,721,018**	7,312,177

DETAILED INFORMATION ON STATEMENTS OF FINANCIAL POSITION ITEMS (CONT'D)

43. Borrowings (cont'd)

(b) Term loans (cont'd)
Terms loans are denominated as follows:

			THE GROUP		THE COMPANY	
	Effective Interest Rate	**Maturity**	**30 June 2020**	30 September 2019	**30 June 2020**	30 September 2019
Denominated in:	**%**		**Rs 000**	Rs 000	**Rs 000**	Rs 000
Mauritian rupees	1.50% - 4.05%	On demand	**1,216,134**	1,188,303	**1,217,257**	1,141,845
Mauritian rupees	1.50% - 4.10 %	2022-2033	**4,092,686**	4,017,295	**4,091,618**	4,017,300
Euros	EURO LIBOR + (1.5% to 3%)	2020-2025	**785,506**	918,030	**785,506**	709,027
Euros	EURIBOR + (3.00% to 3.50%)	2023-2029	**1,638,523**	1,444,005	**1,626,637**	1,444,005
Euros	2.5%-4.00%	2020-2025	**2,293,499**	1,993,008	**-**	-
Euros	6%	2026	**1,681,725**	1,492,867	**-**	-
MAD	6.50%	2024	**298,463**	303,412	**-**	-
			12,006,536	11,356,920	**7,721,018**	7,312,177

Term loans are secured by fixed and floating charges over the Group's and Company's assets.

The subordinated loan refers to a loan from the minority shareholder of BHI Ltd. It is unsecured and subordinated to the bank loans. It is repayable on the 10th anniversary of the loan agreement dated 02 December 2016.

The term loans include loans amounting to Rs 150m (2019: Rs 150m) from Beachcomber Limited.

During the period, the subsidiary, Ste Anne Resort Limited repaid in full two loans amounting to 2.625 million euros each. The loans were secured by a general floating charge on its assets and leasehold property. The first loan bore an interest rate of prevailing Euro LIBOR 3 months plus a margin of 4.5% per annum on daily debit balances. The effective interest rate was subject to a floor rate of 4.5% per annum. The loan repayment was subject to a moratorium period of 24 months, whereby only interest is payable quarterly and thereafter the loan shall be repaid in 32 equated quarterly instalments of 82,031.25 euros in principle plus variable interest on 31 January, 30 April, 31 July and 31 October 2019. The second loan had a fixed interest rate of 5% per annum and loan repayment was subject to a moratorium period of 84 months whereby only interest was payable quarterly and thereafter the loan shall be repaid in a bullet repayment at the end of year 7. Management opted to settle the outstanding balance in full during the period ended 30 June 2020. In line with the project financing of Ste Anne Resort, these 2 facilities have been fully paid during the year.

(c) Obligations under finance leases

	THE GROUP		THE COMPANY	
	30 June 2020	30 September 2019	**30 June 2020**	30 September 2019
Minimum lease payments:	**Rs 000**	Rs 000	**Rs 000**	Rs 000
- Within one year	**-**	63,668	**-**	45,890
- After one year and before two years	**-**	56,690	**-**	39,904
- After two years and before five years	**-**	46,945	**-**	46,945
- After five years	**-**	-	**-**	
	-	167,303	**-**	132,739
Less: Future finance charges on obligations under finance leases	**-**	(17,444)	**-**	(14,933)
Present value of obligations under finance leases	**-**	149,859	**-**	117,806
Present value analysed as follows:				
Current				
- Within one year	**-**	54,954	**-**	38,868
Non-current				
- After one year and before two years	**-**	51,547	**-**	35,581
- After two years and before five years	**-**	43,358	**-**	43,357
- After five years	**-**	-	**-**	
	-	94,905	**-**	78,938
	-	149,859	**-**	117,806

Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

(d) Debentures and fixed-rate secured notes

	THE GROUP		THE COMPANY	
	30 June 2020	30 September 2019	**30 June 2020**	30 September 2019
	Rs 000	Rs 000	**Rs 000**	Rs 000
Term debentures and fixed-rate secured notes can be analysed as follows:				
Non-current				
- After one year and before two years	**893,640**	-	**893,640**	-
- After two years and before five years	**3,961,933**	1,608,342	**2,192,005**	1,608,342
- After five years	**-**	1,374,677	**-**	1,374,677
	4,855,573	2,983,019	**3,085,645**	2,983,019

DETAILED INFORMATION ON STATEMENTS OF FINANCIAL POSITION ITEMS (CONT'D)

43. Borrowings (cont'd)

These are denominated as follows:

	Effective Interest Rate	Maturity	THE GROUP 30 June 2020	THE GROUP 30 September 2019	THE COMPANY 30 June 2020	THE COMPANY 30 September 2019
	%		**Rs 000**	Rs 000	**Rs 000**	Rs 000
Debentures						
Mauritian rupees						
FLRNMUR5Y	Repo rate + 0.85%	15 November 2022	**224,182**	223,653	**224,182**	223,653
FRNMUR5Y	Fixed rate 4.75%	15 November 2022	**597,819**	596,405	**597,819**	596,405
FLRNMUR7Y	Repo rate + 1.40%	15 November 2024	**747,275**	745,506	**747,275**	745,506
FRNMUR7Y	Fixed rate 5.40%	15 November 2024	**622,729**	621,255	**622,729**	621,255
FRNEUR4Y						
[EURO]	Fixed rate 3.35%	15 November 2021	**893,640**	796,200	**893,640**	796,200
			3,085,645	2,983,019	**3,085,645**	2,983,019
Fixed-rate secured notes						
FRNEUR5Y - TA	Repo rate + 2.5%	31 October 2024	**881,558**	-	**-**	-
FRNEURSY - TB	Repo rate + 3.3%	31 October 2024	**445,803**	-	**-**	-
FRNEURSY - TC	Repo rate + 4.5%	31 October 2024	**442,567**	-	**-**	-
			1,769,928	-	**-**	-
Total debentures and fixed-rate secured notes			**4,855,573**	2,983,019	**3,085,645**	2,983,019

As part of the project financing of Ste Anne, fixed-rate secured notes totalling EUR 40m have been raised in December 2019 through Kingfisher Ltd, the holding company of Ste Anne Resort Limited.

The fixed-rate secured notes are secured by the following:
(a) a floating charge over all assets of Kingfisher Ltd;
(b) a pledge of all bank accounts of Kingfisher Ltd; and
(c) any other Security Interest as may be agreed between the Security Agent, the Bank and the Company from time to time.

(e) Preference shares

Redeemable convertible non-voting preference shares
In the financial year 2015, the Company issued 161,423,536 redeemable convertible non-voting preference shares at a price of Rs 11 each, totalling Rs 1,775,658,896. The purpose of same was to reduce the level of bank borrowings of the Company as part of the Financial Re-engineering Programme.

The preference shares have been classified as financial liabilities as even though the shares are redeemable at the option of the Company, there is a contractual obligation to pay dividends to the holder and this is non-discretionary as compared to ordinary shares.

The preference shares were initially measured at fair value less transaction costs and subsequently measured at amortised cost using the effective interest rate method.

The preference shares yield a cumulative preferred dividend of 6% per financial year; preferred dividends are declared twice per financial year and are paid in priority over ordinary dividends.

Salient features of the preference shares are as follows:

- The preference shares were convertible into ordinary shares at the shareholder's option in January 2018 and January 2019. The conversion was effected at a factor equal to Rs 11 divided by the average market value of the ordinary shares during a 90-day period prior to the date of conversion less a 10% discount.

- During the first conversion window in January 2018, 123,610,046 preference shares of the Company were converted into 63,399,593 new ordinary shares ranking pari passu with the existing ordinary shares. The remaining number of preference shares of the Company after the first conversion was 37,813,490.

- In March 2019, i.e. during the second and final conversion window, 2,354,503 preference shares of the Company were converted into 1,311,929 new ordinary shares ranking pari passu with the existing ordinary shares. The remaining number of preference shares of the Company after the conversion was 35,458,987.

- The Company may, at its absolute discretion, from 28 July 2022, redeem or buy back the preference shares (in whole or in part) at their nominal value together with a sum equal to the prorated preferred dividend payable in respect of the relevant financial year, plus any preferred dividend accrued but not paid from previous financial years.

- The shares constitute unsecured and subordinated obligations of the Company and accordingly rank junior to all secured and unsubordinated creditors of the Company but ahead of ordinary shareholders.

The preference shares were classified as a liability even though the shares are redeemable at the option of the Company (as from 2022) since there is a contractual obligation to pay dividend (in priority over ordinary dividends) and the shares do not convert into a fixed number of shares.

(f) Bank Covenants

There was a breach in the set of financial covenants for a loan facility from a particular lender. As his consent for the waiver of the said covenants was officially received after year end, the long -term portion payable totalling Rs 278m has been reclassified into short-term despite his firm agreement to not recall the loan.

In addition to the above, an amount of Rs 5,522m have been reclassified from non-current liabilities to current liabilities, since there have been some modifications brought to the calculation of covenants as stated in the agreement. Post reporting date, the banks have agreed that there have been no breach of covenants.

DETAILED INFORMATION ON STATEMENTS OF FINANCIAL POSITION ITEMS (CONT'D)

44. Employee benefit liabilities

Accounting Policy

(i) Defined benefit plans
The Group and Company operate a multi-employer defined benefit plan, the assets of which are held in a separately administered fund. The pension plan is funded by payments from employees and by the employer, taking into account the recommendations of independent qualified actuaries who carry out a full valuation of the plan every three years.

Remeasurements, comprising actuarial gains and losses, the effect of the asset ceiling, excluding net interest and the return on plan assets (excluding net interest), are recognised immediately in the statements of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Remeasurements 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 Company recognises restructuring related costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. the Group and Company recognise the following changes in the net defined benefit obligation under 'staff costs' in the statements of profit or loss:

• service costs comprising current service costs, past service costs, gains and losses on curtailments and non-routine settlements; and

• net interest expense or income.

(ii) Defined contribution plans
The Group and Company operate a defined contribution scheme set up in October 2014, the assets of which are held and administered by an independent fund administrator. All new employees of the Group and Company from that date become members of the defined contribution plan. Payments by the Group and Company to the defined contribution retirement plan are charged as an expense as they fall due.

(iii) Severance allowance
The Group and Company are liable to pay severance allowance to employees at the date of their retirement under the Employment Rights Act 2008. These benefits are unfunded. The cost of providing these benefits is determined using the projected unit credit method. Actuarial gains and losses in determining the present value of the unfunded obligations are recognised in full in the period in which they occur in other comprehensive income. Such actuarial gains and losses are also immediately recognised in retained earnings and are not reclassified to profit or loss in subsequent periods. The past service costs are recognised as an expense on a straight-line basis over the average period until the benefits become vested (that is when the employee retires). If the benefits have already vested, immediately following changes in legislation, past service costs are recognised immediately.

Significant accounting judgements and estimates
Employee benefit liabilities
The cost of the defined benefit pension plan and other post-employment medical benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The Group and Company have both funded and unfunded obligations. For the funded obligations, the Group and Company participate in the New Mauritius Hotels Group Superannuation Fund, a multi-employer pension plan registered under the Private Pension Fund Act, the assets of which are held independently. The pension plans are funded from payments from the employees and the Group and Company, taking into account the recommendations of an independent actuary, namely Swan Life Ltd. For the unfunded obligations, the Group and Company participate in the Rogers Money Purchase Retirement Fund. The unfunded liability relates to employees who are entitled to retirement gratuities payable under the Employment Rights Act 2008. The pension scheme is a defined benefit scheme.

DETAILED INFORMATION ON STATEMENTS OF FINANCIAL POSITION ITEMS (CONT'D)

44. Employee benefit liabilities (cont'd)

	THE GROUP		THE COMPANY	
	30 June 2020	30 September 2019	**30 June 2020**	30 September 2019
	Rs 000	Rs 000	**Rs 000**	Rs 000
Funded obligation (note (a))	**3,077,989**	1,718,142	**3,051,450**	1,707,062
Unfunded obligation (note (b))	**55,244**	34,628	**12,705**	2,626
	3,133,233	1,752,770	**3,064,155**	1,709,688
(a) Funded Obligation				
(i) The amounts recognised in the statements of financial position in respect of funded obligation are as follows:				
Defined benefit obligation	**6,225,603**	5,231,152	**6,160,175**	5,179,426
Fair value of plan assets	**(3,147,614)**	(3,513,010)	**(3,108,725)**	(3,472,364)
Employee benefit liabilities	**3,077,989**	1,718,142	**3,051,450**	1,707,062
(ii) Movement in the liabilities recognised in the statements of financial position:				
At 1 October	**1,718,142**	800,859	**1,707,062**	796,891
Amount recognised in profit or loss	**133,161**	207,573	**131,115**	204,860
Amount recognised in other comprehensive income	**1,343,459**	890,669	**1,327,632**	882,818
Employer's contributions	**(116,773)**	(180,959)	**(114,359)**	(177,507)
At 30 June/30 September	**3,077,989**	1,718,142	**3,051,450**	1,707,062
(iii) The amounts recognised in the statements of profit or loss are as follows:				
Current service cost	**99,834**	143,368	**98,172**	140,880
Effect of curtailments/settlements	**(39,994)**	-	**(39,923)**	-
Scheme expenses	**6,854**	19,745	**6,787**	19,645
Interest cost on defined benefit obligation	**204,553**	250,542	**202,508**	249,290
Return on plan assets	**(138,086)**	(206,082)	**(136,429)**	(204,955)
Net benefit expense	**133,161**	207,573	**131,115**	204,860
(iv) The amounts recognised in the statements of other comprehensive income are as follows:				
Losses/(gains) on pension scheme assets	**340,224**	(13,009)	**335,707**	7,258
Experience (gains)/losses on the liabilities	**(100,878)**	209,664	**(98,152)**	188,883
Changes in assumptions underlying the present value of the scheme	**1,104,113**	694,014	**1,090,077**	686,677
	1,343,459	890,669	**1,327,632**	882,818
(v) Cumulative actuarial losses recognised:				
Cumulative actuarial losses at 1 October	**1,630,362**	739,693	**1,611,983**	729,165
Actuarial losses recognised in current period/year	**1,343,633**	890,669	**1,327,632**	882,818
Cumulative actuarial losses at 30 June/30 September	**2,973,995**	1,630,362	**2,939,615**	1,611,983
(vi) Reconciliation of the present value of defined benefit obligation:				
Present value of obligation at 1 October	**5,231,152**	4,049,870	**5,179,426**	4,029,367
Current service cost	**99,834**	143,368	**98,172**	140,880
Interest cost on defined benefit obligation	**204,553**	250,542	**202,508**	249,290
Effect of curtailments/settlements	**(39,994)**	-	**(39,923)**	-
Employees' contribution	**23,392**	32,001	**22,949**	31,352
Actuarial losses	**1,003,235**	903,678	**991,925**	875,560
Benefits paid	**(296,569)**	(148,307)	**(294,882)**	(147,023)
Present value of obligation at 30 June/30 September	**6,225,603**	5,231,152	**6,160,175**	5,179,426
(vii) Reconciliation of fair value of plan assets:				
Fair value of plan assets at 1 October	**3,513,010**	3,249,011	**3,472,364**	3,232,476
Return on plan assets	**138,086**	206,082	**136,429**	204,955
Employer's contributions	**116,773**	180,959	**114,359**	177,507
Scheme expenses	**(6,854)**	(19,745)	**(6,787)**	(19,645)
Employees' contribution	**23,392**	32,001	**22,949**	31,352
Actuarial (losses)/gains	**(340,224)**	13,009	**(335,707)**	(7,258)
Benefits paid	**(296,569)**	(148,307)	**(294,882)**	(147,023)
Fair value of plan assets at 30 June/30 September	**3,147,614**	3,513,010	**3,108,725**	3,472,364

The actual return on the plan assets was Rs 184m (2019: Rs 275m) for the current financial period.

DETAILED INFORMATION ON STATEMENTS OF FINANCIAL POSITION ITEMS (CONT'D)

44. Employee benefit liabilities (cont'd)

(a) Funded Obligation (cont'd)

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

	The Group and Company	
	30 June 2020	30 September 2019
	%	%
Discount rate	**3.70**	5.40
Future salary increase	**1.00**	3.00
Pension increase	**-**	0.00
Post-retirement mortality tables	**PMA92/ PFA92**	PMA92/ PFA92

(ix) A quantitative sensitivity analysis for significant assumptions as at 30 June 2020 and 30 September 2019 is shown below:

	Discount Rate			
Assumptions	THE GROUP		THE COMPANY	
Sensitivity	1% Increase	1% Decrease	1% Increase	1% Decrease
	Rs 000	Rs 000	Rs 000	Rs 000
30 June 2020				
Impact on defined benefit obligation	**961,794**	**1,241,777**	**950,544**	**1,227,292**
30 September 2019				
Impact on defined benefit obligation	762,508	971,935	754,441	961,261

	Future Salary Increase			
	THE GROUP		THE COMPANY	
	1% Increase	1% Decrease	1% Increase	1% Decrease
	Rs 000	Rs 000	Rs 000	Rs 000
30 June 2020				
Impact on defined benefit obligation	**310,261**	**275,717**	**306,294**	**272,047**
30 September 2019				
Impact on defined benefit obligation	379,360	325,251	375,251	321,826

The sensitivity analyses above have been determined based on reasonably possible changes of the discount rate or salary increase rate occurring at the end of the reporting period if all other assumptions remained unchanged.

(b) Unfunded obligation

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

	THE GROUP		THE COMPANY	
	30 June 2020	30 September 2019	**30 June 2020**	30 September 2019
	Rs 000	Rs 000	**Rs 000**	Rs 000
Employee benefit liabilities	**55,244**	34,628	**12,705**	2,626
(ii) Movement in the liabilities recognised in the statements of financial position:				
At 1 October	**34,628**	20,811	**2,626**	-
Amount recognised in profit or loss	**19,160**	16,356	**1,117**	1,704
Benefits paid	**(15,922)**	(1,210)	**-**	-
Amount recognised in other comprehensive income	**15,141**	(209)	**8,962**	922
Exchange differences	**2,237**	(1,120)	**-**	-
At 30 June/30 September	**55,244**	34,628	**12,705**	2,626
(iii) The amounts recognised in the statements of profit or loss are as follows:				
Current service cost	**18,351**	15,136	**1,011**	1,640
Interest cost on defined benefit obligation	**809**	1,220	**106**	64
Net benefit expenses	**19,160**	16,356	**1,117**	1,704
(iv) The amounts recognised in the statements of other comprehensive income are as follows:				
Liabilities experience loss	**9,466**	147	**8,211**	-
Changes in assumptions underlying the present value of the scheme	**5,675**	(356)	**751**	922
Actuarial losses/(gains) recognised in other comprehensive income	**15,141**	(209)	**8,962**	922

DETAILED INFORMATION ON STATEMENTS OF FINANCIAL POSITION ITEMS (CONT'D)

44. Employee benefit liabilities (cont'd)

(b) Unfunded obligation (cont'd)

(v) Reconciliation of the present value of defined benefit obligation:

	THE GROUP		THE COMPANY	
	30 June 2020	30 September 2019	**30 June 2020**	30 September 2019
	Rs 000	Rs 000	**Rs 000**	Rs 000
Present value of obligation at 1 October	**34,628**	20,811	**2,626**	-
Current service cost	**18,351**	15,136	**1,011**	1,640
Interest cost	**809**	1,220	**106**	64
Actuarial losses/(gains)	**15,141**	(209)	**8,962**	922
Benefits paid	**(15,922)**	(1,210)	**-**	-
Exchange differences	**2,237**	(1,120)	**-**	-
Present value of obligation at 30 June/30 September	**55,244**	34,628	**12,705**	2,626

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

	THE GROUP		THE COMPANY	
	30 June 2020	30 September 2019	**30 June 2020**	30 September 2019
	%	%	**%**	%
Discount rate	**1.9 - 3.6**	0.6 - 5.4	**3.3**	5.4
Future salary increase	**1.0 - 3.0**	2.0 - 3.0	**1.0**	3.0

(vii)A quantitative sensitivity analysis for significant assumptions is shown as follows below:

	Discount Rate			
Assumptions	THE GROUP		THE COMPANY	
Sensitivity	**1% Increase**	**1% Decrease**	**1% Increase**	**1% Decrease**
	Rs 000	**Rs 000**	**Rs 000**	**Rs 000**
30 June2020				
Impact on defined benefit obligation	**5,716**	**6,843**	**1,634**	**1,989**
30 September 2019				
Impact on defined benefit obligation	4,743	5,656	994	2,447

	Future Salary Increase			
	THE GROUP		THE COMPANY	
	1% Increase	**1% Decrease**	**1% Increase**	**1% Decrease**
	Rs 000	**Rs 000**	**Rs 000**	**Rs 000**
30 June 2020				
Impact on defined benefit obligation	**6,750**	**5,739**	**1,919**	**1,603**
30 September 2019				
Impact on defined benefit obligation	6,308	4,302	2,495	1,017

The sensitivity analyses above have been determined based on reasonably 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 GROUP AND THE COMPANY	
	30 June 2020	30 September 2019
(c)The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:	**%**	%
Local equities	**39**	42
Overseas bond and equities	**22**	17
Fixed interest	**14**	13
Property and other	**25**	28
	100	100

The overall expected rate of return on plan assets is determined by reference to market yields on bonds and expected yield difference on other types of assets held.

DETAILED INFORMATION ON STATEMENTS OF FINANCIAL POSITION ITEMS (CONT'D)

44. Employee benefit liabilities (cont'd)

(d) Maturity profile of the defined benefit obligation

The weighted average duration of the liabilities as at 30 June 2020 is 9-15 years.

(e) Expected contribution for next year

The Group is expected to contribute Rs 187m (2019: Rs 185m) including employees' contribution to its defined benefit pension plan in the next financial year.

(f) Plan assets

Included in the plan assets is a property, estimated at an open market value of Rs 503m (2019: Rs 497m). The property is rented to the Company by the New Mauritius Hotels Group Superannuation Fund.

(g) Risk associated with the plans

The pension plans expose the Group and Company to the following actuarial risks:

Longevity risk: The liabilities disclosed are based on the mortality table PA(92). Should the experience of the pension plans be less favourable than the standard mortality tables, the liabilities will increase.

Interest risk: If the bond interest rate decreases, the liabilities would be calculated using a lower discount, and would therefore increase.

Investment risk: Should the returns on the assets of the plan be lower than the discount rate, a deficit will arise.

Salary risk: If salary increases are higher than assumed in our basis, the liabilities would increase, giving rise to actuarial losses.

45. Trade and other payables

	THE GROUP		THE COMPANY	
	30 June 2020	30 September 2019	**30 June 2020**	30 September 2019
	Rs 000	Rs 000	**Rs 000**	Rs 000
Trade payables	**1,183,482**	1,258,871	**571,736**	510,153
Other payables	**1,055,867**	1,422,255	**583,317**	706,858
Loan at call payable to subsidiary (note 17(ix))	**-**	-	**224,961**	364,993
Amount due to subsidiaries (note 17(xii))	**-**	-	**1,730,949**	1,675,739
Amount due to associates (note 17(xii))	**-**	-	**-**	-
Amount due to other related parties (note 17(xii))	**370,669**	387,265	**2,257**	1,334
	2,610,018	3,068,391	**3,113,220**	3,259,077

(a) Trade payables are non-interest-bearing and are generally on 30 to 60 days' term.
(b) The loan at call bears interest rate of 4.10% per annum (2019: 5%).
(c) For terms and conditions pertaining to related party payables, refer to note 17.

46. Fair value of assets and liabilities

Accounting Policy

Fair value measurement
The Group and Company measure their financial instruments and non-financial assets such as investment property, and properties at fair value at each reporting date. The Group and Company have a policy of revaluing their freehold land and buildings every three years. The fair value of the freehold land and buildings is also assessed by the Directors at the end of each reporting period.

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 Group and Company.

The fair value of an asset or 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.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group and Company use valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

DETAILED INFORMATION ON STATEMENTS OF FINANCIAL POSITION ITEMS (CONT'D)

46. Fair value of assets and liabilities (cont'd)

Accounting Policy (cont'd)

Fair value measurement (cont'd)

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

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

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

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

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

The Group's and Company's management determine the policies and procedures for both recurring fair value measurement, such as unquoted financial assets at FVOCI, and non-recurring fair value measurement, such as assets held for sale. Financial assets that are unquoted are fair valued by management at least annually at the reporting date. The use of external valuers is decided by management when the situation dictates it, taking into consideration the relevant factors.

Involvement of external valuers for the valuation of its properties is decided upon by management after discussion with and approval of the audit committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Management decides, after discussions with the Group's and Company's external valuers, which valuation techniques and inputs to use for each case. Management assesses the changes in the inputs, as well as those in the environment, from both internal and external sources that affect the fair value of the property since the last valuation, and thereafter decides on the involvement of external valuers.

At each reporting date, management analyses the movements in the values of assets and liabilities which are required to be remeasured or reassessed as per the Group's and Company's accounting policies. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to relevant documents.

Management, in conjunction with the Group's and Company's external valuers, also compares each of the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

The fair values of the Group's and Company's unquoted financial assets at FVOCI are determined by Management at least annually at the reporting date through the income approach. Inputs and assumptions used in the determination of the fair value are verified and validated to their respective sources and documents.

For the purpose of fair value disclosures, the Group and Company have determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Significant accounting judgements and estimates

Fair value measurements of financial instruments
When the fair values of financial instruments recorded in the statements of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques. The inputs to those models are derived from observable market data where possible, but where observable market data is not available, a degree of judgement is required to establish fair values. The judgements include consideration of inputs such as liquidity risk, credit risk and volatility.

As at 30 June 2020 and 30 September 2019, the Group and Company held the following financial instruments carried at fair value in the statements of financial position.

Assets/(liabilities) measured at fair value	**THE GROUP**			
	2020 Rs 000	**Level 1 Rs 000**	**Level 2 Rs 000**	**Level 3 Rs 000**
Other financial instruments at fair value through profit or loss:				
Derivative financial instruments (note 39)	**(184,078)**	**-**	**(184,078)**	**-**
Financial assets at fair value through OCI (note 34)	**9,094**	**9,084**	**-**	**10**
Properties (note 28)	**24,259,775**	**-**	**24,259,775**	**-**

	THE COMPANY			
	2020 Rs 000	**Level 1 Rs 000**	**Level 2 Rs 000**	**Level 3 Rs 000**
Other financial instruments at fair value through profit or loss:				
Derivative financial instruments (note 39)	**(184,078)**	**-**	**(184,078)**	**-**
Financial assets at fair value through OCI (note 34)	**8,932**	**8,922**	**-**	**10**
Properties (note 28)	**13,537,687**	**-**	**13,537,687**	**-**

DETAILED INFORMATION ON STATEMENTS OF FINANCIAL POSITION ITEMS (CONT'D)

46. Fair value of assets and liabilities (cont'd)

Significant accounting judgements and estimates (cont'd)

Fair value measurements of financial instruments (cont'd)

Assets/(liabilities) measured at fair value (cont'd)

	THE GROUP			
	2019	Level 1	Level 2	Level 3
	Rs 000	Rs 000	Rs 000	Rs 000
Other financial instruments at fair value through profit or loss:				
Derivative financial instruments (note 39)	4,726	-	4,726	-
Financial assets at fair value through OCI (note 34)	11,752	11,742	-	10
Properties (note 28)	22,591,071	-	22,591,071	-

	THE COMPANY			
	2019	Level 1	Level 2	Level 3
	Rs 000	Rs 000	Rs 000	Rs 000
Other financial instruments at fair value through profit or loss:				
Derivative financial instruments (note 39)	12,370	-	12,370	-
Financial assets at fair value through OCI (note 34)	11,512	11,502	-	10
Properties (note 28)	13,545,605	-	13,545,605	-

The carrying amounts of financial assets and liabilities approximate their fair values.

Fair value of financial assets at FVOCI is derived from quoted market prices in active markets.

Unquoted financial assets at FVOCI represent investments in equity instruments that do not have a quoted market price in an active market and whose fair values cannot be reliably measured.

The fair value of foreign exchange forward and swap contracts is determined by using the foreign exchange spot and forward rates, interest rate curves and forward rate curves of each currency.

For valuation techniques regarding properties classified under ''Property, plant and equipment'' and ''Investment property'', refer to notes 28 and 30 respectively.

During the period ended 30 June 2020, there was no transfer between Level 1 and Level 2 fair value measurements.

47. Sale and leaseback transaction between the Company and Beachcomber Hospitality Investments Ltd

Accounting Policy

A sale and leaseback transaction is where the Company sells an asset and immediately reacquires the use of the asset by entering into a lease with the buyer. A sale occurs when control of the underlying asset passes to the buyer. A lease liability is recognised, the associated property, plant and equipment asset is derecognised and a right-of-use asset is recognised at the proportion of the carrying value relating to the right retained. Any gain on the sale is deferred and recognised as income over the lease term. Any loss on the sale is immediately recognised as an impairment loss when the sale occurs.

The Company signed a number of agreements with Leisure Property Northern (Mauritius) Limited (LPNM), a wholly-owned subsidiary of GRIT Real Estate Income Group Limited (previously known as "Mara Delta Property Holdings Limited"), with respect to Beachcomber Hospitality Investments Ltd ("BHI") on 17 November 2016. The agreements entailed that:

- NMH transferred the hotel properties known as Victoria Beachcomber, Canonnier Beachcomber and Mauricia Beachcomber together with the attached leasehold land to BHI for a total consideration of EUR 155m (Rs 6bn) but would continue to manage the hotels.

- NMH would hold 55.58% of BHI's share capital, the remaining 44.42% being held by LPNM.

- NMH will have a call option to buy back the shares held by LPNM, such option being exercisable between the 7th and 10th anniversary of the Subscription and Shareholders' Agreement.

- NMH would pay BHI an annual rental equivalent to 7.5% of the value of the assets, increasing annually. The lease agreement had an initial duration of 15 years commencing 2 December 2016 with 3 successive ten-year renewal periods at the option of the Company.

The profit realised on the sale of the 3 hotels and the attached leasehold land to BHI amounted to EUR 62m (Rs 2.2bn) spread on a straight-line basis over a period of 15 years in line with the lease agreement signed between New Mauritius Hotels Limited and Beachcomber Hospitality Investments Ltd, which stipulates a non-cancellable lease period of 15 years. Refer to the table below for details:

	THE COMPANY	
	30 June 2020	30 September 2019
	Rs 000	Rs 000
Profit on disposal of assets	**1,821,827**	1,971,493
Less portion of gain accounted as deferred income as follows:		
- Current liabilities	**(149,666)**	(149,666)
- Non-current liabilities	**(1,559,912)**	(1,672,161)
Profit recognised in current period/year	**112,249**	149,666

DETAILED INFORMATION ON STATEMENTS OF FINANCIAL POSITION ITEMS (CONT'D)

48. Commitments

	THE GROUP		THE COMPANY	
	30 June 2020	30 September 2019	**30 June 2020**	30 September 2019
(a) Capital commitments	**Rs 000**	Rs 000	**Rs 000**	Rs 000
Ste Anne Resort Limited	**1,300,000**	2,200,000	**-**	-

These commitments relate to the estimating amount outstanding at year end for the extension of Sainte Anne hotel from 87 rooms to 296 rooms. The extension work is now completed and handed over to Club Med SAS in February 2021.

(b) Operating lease commitments - as at 30 September 2019

Accounting Policy

Operating lease

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

The Group and Company have various land leases on which hotel buildings are constructed. Future minimum rentals payable under operating leases as at 30 September are as follows:

	THE GROUP		THE COMPANY	
	30 June 2020	30 September 2019	**30 June 2020**	30 September 2019
	Rs 000	Rs 000	**Rs 000**	Rs 000
Within one year	**-**	147,225	**-**	515,699
After one year but not more than five years	**-**	779,194	**-**	2,795,960
More than five years	**-**	6,657,610	**-**	10,826,078
	-	7,584,029	**-**	14,137,737

49. Change in accounting policies

(i) Impact on the financial statements - IFRS 16

The Group and Company adopted IFRS 16 with a transition date of 1 October 2019. The Group and Company have chosen not to restate comparatives on adoption of the standard, and therefore, the revised requirements are not reflected in the prior year financial statements. Rather, these changes have been processed at the date of initial application (i.e. 1 October 2019) and recognised in the opening equity balances.

Effective 01 January 2019, IFRS 16 has replaced IAS 17 *Leases* and IFRIC 4 *Determining whether an Arrangement Contains a Lease*.

IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, together with options to exclude leases where the lease term is 12 months or less, or where the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting in IAS 17, with the distinction between operating leases and finance leases being retained. The Group and Company do not have significant leasing activities acting as a lessor.

<u>Transition Method and Practical Expedients Utilised</u>

The Group and Company adopted IFRS 16 using the modified retrospective approach, with recognition of transitional adjustments on the date of initial application (1 October 2019), without restatement of comparative figures. The Group and Company elected to apply the practical expedient to not reassess whether a contract is, or contains a lease at the date of initial application. Contracts entered into before the transition date that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. The definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 October 2019.

IFRS 16 provides for certain optional practical expedients, including those related to the initial adoption of the standard. The Group and Company applied the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

(a) apply a single discount rate to a portfolio of leases with reasonably similar characteristics;

(b) exclude initial direct costs from the measurement of right-of-use assets at the date of initial application for leases where the right-of-use asset was determined as if IFRS 16 had been applied since the commencement date;

(c) reliance on previous assessments on whether leases are onerous as opposed to preparing an impairment review under IAS 36 as at the date of initial application; and

(d) apply the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term remaining as of the date of initial application.

As lessees, the Group and Company previously classified leases as operating or finance leases based on their assessment whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Group and Company recognise right-of-use assets and lease liabilities for most leases. However, the Group and Company have elected not to recognise right-of-use assets and lease liabilities for some leases of low-value assets based on the value of the underlying asset when new or for short-term leases with a lease term of 12 months or less.

DETAILED INFORMATION ON STATEMENTS OF FINANCIAL POSITION ITEMS (CONT'D)

49. Change in accounting policies (cont'd)

(i) Impact on the financial statements - IFRS 16 (cont'd)

On adoption of IFRS 16, the Group and Company recognised right-of-use assets and lease liabilities as follows:

Classification under IAS 17	Right-of-use assets	Lease liabilities
All other operating leases	Office space: Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. All other: the carrying value that would have resulted from IFRS 16 being applied from the commencement date of the leases, subject to the practical expedients noted above.	Measured at the present value of the remaining lease payments, discounted using the Group's and Company's incremental borrowing rate as at 1 October 2019. The Group's and Company's incremental borrowing rate is the rate at which a similar borrowing could be obtained from an independent creditor under comparable terms and conditions. The weighted-average rate applied was 4.25%-9.06%.
Finance leases	Measured based on the carrying values for the lease assets and liabilities immediately before the date of initial application (i.e. carrying values brought forward, unadjusted).	

The following table presents the impact of adopting IFRS 16 on the statement of financial position as at 1 October 2019:

THE GROUP	Adjustments	30 September 2019 As Originally Presented Rs 000	IFRS 16 Rs 000	1 October 2019 Rs 000
Assets				
Property, plant and equipment	(a)	25,915,260	(161,780)	25,753,480
Right-of-use assets	(b)	-	2,816,821	2,816,821
Intangible assets	(c)	1,654,721	(366,029)	1,288,692
Liabilities				
Borrowings	(d)	15,519,202	(149,859)	15,369,343
Lease liabilities	(e)	-	2,388,633	2,388,633
Equity				
Retained earnings	(f)	4,887,988	50,238	4,938,226

THE COMPANY	Adjustments	30 September 2019 As Originally Presented Rs 000	IFRS 16 Rs 000	1 October 2019 Rs 000
Assets				
Property, plant and equipment	(a)	15,151,396	(111,213)	15,040,183
Right-of-use assets	(b)	-	7,176,054	7,176,054
Intangible assets	(c)	1,220,273	(117,320)	1,102,953
Liabilities				
Borrowings	(d)	11,213,942	(117,806)	11,096,136
Lease liabilities	(e)	-	7,065,327	7,065,327
Equity				
Retained earnings	(f)	5,302,957	-	5,302,957

(a) Property, plant and equipment was adjusted to reclassify leases previously classified as finance type to right-of-use assets. The adjustment reduced the cost of property, plant and equipment by Rs 285m for the Group and Rs 177m for the Company respectively, and accumulated depreciation by Rs 123m for the Group and Rs 66m for the Company for a net adjustment of Rs 162m and Rs 111m respectively.

(b) The adjustment to right-of-use assets is as follows:

	THE GROUP Rs 000	THE COMPANY Rs 000
Adjustment noted in (a) - finance type leases	161,780	111,213
Operating type leases	2,655,041	7,064,841
Right-of-use assets	2,816,821	7,176,054

(c) Intangible assets was adjusted to reclassify leasehold rights previously classified within intangible assets to right-of-use assets. The adjustment reduced the cost of intangibles by Rs 404m for the Group and Rs 140m for the Company, and accumulated depreciation by Rs 38m for the Group and Rs 23m for the Company for a net adjustment of Rs 366m and Rs 117m respectively.

(d) Loans and borrowings were adjusted to reclassify leases previously classified as finance type to lease liabilities.

DETAILED INFORMATION ON STATEMENTS OF FINANCIAL POSITION ITEMS (CONT'D)

49. Change in accounting policies (cont'd)

(e) The following table reconciles the minimum lease commitments disclosed in the Group's and Company's 30 September 2019 annual financial statements to the amount of lease liabilities recognised on 1 October 2019:

	1 October 2019	
	THE GROUP	**THE COMPANY**
	Rs 000	Rs 000
Minimum operating lease commitment at 30 September 2019	7,584,029	14,137,737
Less: short-term leases not recognised under IFRS 16	(188)	-
Less: low-value leases not recognised under IFRS 16	(1,345)	(541)
Undiscounted lease payments	7,582,496	14,137,196
Less: effect of discounting using the incremental borrowing rate as at the date of initial application	(5,343,722)	(7,189,675)
Lease liabilities for leases classified as operating type under IAS 17	2,238,774	6,947,521
Plus: leases previously classified as finance type under IAS 17	149,859	117,806
Lease liabilities as at 1 October 2019	2,388,633	7,065,327
Of which are:		
Current lease liabilities	106,108	374,517
Non-current lease liabilities	2,282,525	6,690,810
	2,388,633	7,065,327

(f) Retained earnings were adjusted due to remeasurement of IFRS 16 (refer to note 29).

50. Prior year error

The prior year error is in respect of the following for financial statements of the Group for the year ended 30 September 2019 and 1 October 2018:

(i) This prior year error relates to exchange differences on translation of foreign operations in 2017 for non-controlling interests accounted to owners of the parent company. The non-controlling interests' share has now been recognised in non-controlling interests.

The effects on the statements of financial position are as follows:

	THE GROUP	
	Other Components of Equity	Non-Controlling Interests
	Rs 000	Rs 000
Balance as reported at 1 October 2018:		
As previously reported	1,121,583	590,688
Prior year error	96,558	(96,558)
As restated	1,218,141	494,130
Balance as reported at 30 September 2019:		
As previously reported	1,315,474	740,244
Prior year error	96,558	(96,558)
As restated	1,412,032	643,686

The prior year error has no effect on the statements of profit or loss, statements of other comprehensive income and statements of cash flow for the year ended 30 September 2019.

51. Discontinued operations and disposal of subsidiaries

(a) Deconsolidation of subsidiaries
During the financial year ended 30 September 2019, following a Board meeting held on 5 August 2019, the Directors of New Mauritius Hotels Limited decided to segregate the core hospitality activities and the property development projects. At a special meeting held on 10 September 2019, the shareholders of the Company approved that the stated capital pertaining to the ordinary shares of the Company be reduced from Rs 6,375,301,930 to Rs 2,780,301,930 with the new stated capital consisting of 548,982,130 ordinary shares of no par value and Rs 387,784,991 consisting of 35,458,987 redeemable non-voting preference shares of Rs 11 each. The above-mentioned reduction in stated capital was settled by way of 548,982,130 ordinary shares of Semaris Ltd held by the Company in the proportion of 1 ordinary share of Semaris Ltd for each ordinary share held in the Company as at 30 September 2019. Semaris Ltd will concentrate on the development of the non-hotel real estate assets. The book value of Semaris shares paid out to the ordinary shareholders of NMH to settle for the capital reduction amounted to Rs 3,595m.

The existing shares of NMH were traded ex-entitlement on the Stock Exchange of Mauritius on 25 September 2019. The effective settlement date for the capital reduction and the allotment of shares of Semaris Ltd to the shareholders of NMH was 27 September 2019.

The following subsidiaries were held by Semaris Ltd on 27 September 2019:
Domaine Palm Marrakech S.A., Kingfisher 3 Limited, Praslin Resort Limited and Beachcomber Gold Coast Resort Limited.

DETAILED INFORMATION ON STATEMENTS OF FINANCIAL POSITION ITEMS (CONT'D)

51. Discontinued operations and disposal of subsidiaries (cont'd)

(b) Disposal of subsidiaries

During the financial year ended 30 September 2019, the Group disposed of 100% of its interest in Kingfisher 2 Limited, which included its wholly-owned subsidiary, Reef Resort Limited. Proceeds on disposal amounting to Rs 211m were received in cash.

Consideration received	THE GROUP		
		2019	
	Deconsolidation	Disposal	Total
	Rs 000	Rs 000	Rs 000
Cash and cash equivalents	-	210,569	210,569
Reduction in stated capital	3,595,000	-	3,595,000
Total consideration received	3,595,000	210,569	3,805,569

(c) The fair value of the net assets of the Semaris Group deconsolidated and the two subsidiaries disposed above were as follows:

	THE GROUP		
		2019	
	Deconsolidation	Disposal	Total
	Rs 000	Rs 000	Rs 000
Property, plant and equipment	1,154,188	-	1,154,188
Investment property	447,401	-	447,401
Intangible assets	31,164	-	31,164
Inventories	3,668,877	-	3,668,877
Trade receivables	18,227	-	18,227
Financial assets at amortised cost	833,863	-	833,863
Prepayments	83,585	-	83,585
Cash in hand and at banks	131,540	-	131,540
Non-current assets held for sale	-	110,090	110,090
Borrowings	(2,182,949)	-	(2,182,949)
Trade and other payables	(673,249)	(113)	(673,362)
Net assets distributed	3,512,647	109,977	3,622,624

Gains on deconsolidation and disposal of subsidiaries	THE GROUP		
		2019	
	Deconsolidation	Disposal	Total
	Rs 000	Rs 000	Rs 000
Consideration received	3,595,000	210,569	3,805,569
Net assets disposed	(3,512,647)	(109,977)	(3,622,624)
Expenses incurred and write-offs on deconsolidation	(183,399)	-	(183,399)
Cumulative exchange difference in respect of the net assets of the subsidiaries deconsolidated and disposed of reclassified from equity to profit or loss	216,358	(8,245)	208,113
Gains on deconsolidation and disposal of subsidiaries	115,312	92,347	207,659

	THE COMPANY
	Rs 000
Consideration received	3,595,000
Carrying value of investment in subsidiaries (note 32)	(1,116,367)
Expenses incurred and write-offs	(138,075)
Gain on deconsolidation	2,340,558

The gains on deconsolidation and disposal are included in the profit/loss for the year from discontinued operations in the consolidated financial statements.

DETAILED INFORMATION ON STATEMENTS OF FINANCIAL POSITION ITEMS (CONT'D)

51. Discontinued operations and disposal of subsidiaries (cont'd)

(d) An analysis of the result of discontinued operations and disposed subsidiaries is as follows:

	THE GROUP 2019 Rs 000
Revenue	192,135
Direct costs	(353,241)
Staff costs	(50,632)
Other expenses	(127,143)
Net impairment losses on financial assets	(238,066)
Earnings from operating activities	(576,947)
Other income	1,054
Revaluation of investment property	67,289
Profit on disposal of property, plant and equipment	1,275
NORMALISED EBITDA	(507,329)
Finance costs	(9,026)
Finance revenue	868
Depreciation of property, plant and equipment	(22,701)
Amortisation of lease rights	(124)
Other impairment losses	(60,606)
Loss before non-recurring items	(598,918)
Non-recurring items	233,621
Loss before tax	(365,297)
Income tax expense	(2,119)
Loss for the year from discontinued operations	(367,416)

(e) Net cash inflow on deconsolidation and disposal of subsidiaries

	THE GROUP		
		2019	
	Deconsolidation	Disposal	Total
	Rs 000	Rs 000	Rs 000
Consideration received in cash and cash equivalents	-	210,569	210,569
Less: cash and cash equivalent balances disposed of	(130,519)	-	(130,519)
Total consideration received	(130,519)	210,569	80,050

(f) Net cash flows from discontinued operations

	THE GROUP	THE COMPANY
	2019	2019
	Rs 000	Rs 000
Operating cash flows	285,386	-
Investing cash flows	(33,376)	800,000
Financing cash flows	879,556	-
	1,131,566	800,000

52. Changes in ownership interest in subsidiaries that do not result in a loss of control

(a) Last year, the Group disposed of 10.2% of its effective interest in Mautourco Holdings Ltd, reducing its continuing interest to 40.8%. Proceeds on disposal amounting to EUR 750,000 were received in cash. An amount of Rs 7.8m (being the proportionate share of the carrying amount of the net asset of Mautourco Holdings Ltd Group) has been transferred to non-controlling interests. The gain on disposal of Rs 21.1m has been credited to retained earnings.

(b) Last year, the Group lost 10% of its interest in Beachcomber Hotel Marrakech S.A., reducing its continuing interest to 90%. An amount of Rs 1.5m (being the proportionate share of the carrying amount of the net liabilities of Beachcomber Hotel Marrakech S.A.) has been transferred to non-controlling interests.

Frequently Asked QUESTIONS

1. What is an Annual Meeting of Shareholders (AMS)?

An AMS is a meeting of the shareholders of a company. The law provides that it should be held not more than once in each calendar year and not later than 9 months after the balance sheet date of a company.

2. Who may attend the AMS?

In compliance with S120(3) of the Companies Act 2001, the Board has resolved that only the shareholders of the Company registered in the share register of the Company as at 2 March 2021 are entitled to attend the AMS.

3. Why should a shareholder attend the AMS?

Shareholders are encouraged to attend the AMS as it:
• provides them with a direct contact with the Board and management of the Company;
• enables them to have more insight into the operations, strategy and performance of the Company; and
• provides them with reasonable opportunity to discuss and comment on the management of the Company.

4. What matters are discussed at the AMS?

Usually, the following business is transacted at the AMS:
• the approval of the audited accounts of the Company;
• the receiving of the auditor's report;
• the consideration of the Annual Report; and
• the re-election/re-appointment of Directors.

5. What if a shareholder cannot attend the AMS?

An individual shareholder who cannot attend the meeting may appoint a proxy or may cast his vote by post.

A corporate shareholder may, on the other hand, appoint a representative to attend the AMS and to act on its behalf.

6. What is a proxy?

A proxy is the person appointed by a shareholder to represent him/her at the AMS. Such person, who need not necessarily be a shareholder of the Company, may be heard at the meeting as if he/she were the shareholder.

7. How does a shareholder appoint a proxy/representative?

Shareholders are requested to fill in the Proxy Form sent to them with the notice convening the meeting. Corporate shareholders may also provide a Corporate Resolution to appoint their representative. Should a shareholder wish his/her proxy/representative to vote at the meeting in a particular manner, he/she is requested to fill in the resolution boxes provided on the appropriate forms.

8. After appointing a proxy, can a shareholder still attend the AMS?

Yes, but he/she is requested to make himself/herself known to the Company Secretary as soon as he/she arrives at the meeting. The proxy will consequently have no right to be heard and to vote at the meeting.

9. How does a shareholder use the Postal Vote Form?

The Postal Vote Form must be signed by the shareholder or his attorney duly authorised in writing.

10. How many votes does a shareholder have?

Every shareholder, present in person or by proxy/representative, shall have one vote on a show of hands.

Where a poll is taken, each shareholder shall have the number of votes that corresponds to the number of shares held by him/her in the Company.

11. What is the voting procedure?

Voting at the AMS is generally by show of hands. However, if a poll is demanded for a particular resolution, then ballot papers shall be distributed and shareholders will be requested to cast their votes thereon.

12. How to obtain a copy of the minutes of proceedings of the last AMS of the Company?

A shareholder may make such a request to the Company Secretary prior to the AMS.

Notes

Notes

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