THE LUX COLLECTIVE

INTEGRATED ANNUAL REPORT 2022

THE LUX COLLECTIVE LTD AND ITS SUBSIDIARIES

Dear Stakeholder,

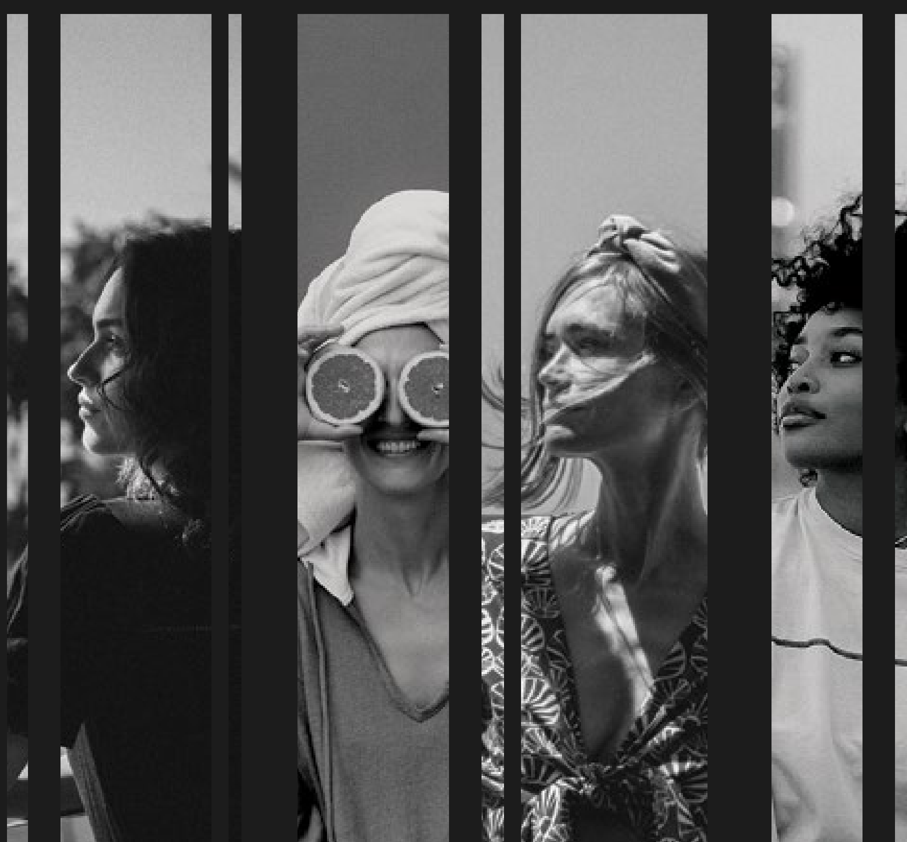
Your Board of Directors is pleased to present the Integrated Annual Report of The Lux Collective Ltd for the year ended 30th June 2022. This report was approved by the Board of Directors by written resolution on 24th October 2022.

Arnaud Lagesse,
Chairperson

Contents

Our Hospitality Brands

	LUX*	tamassa	salt	SOCIO
Audience	Simplicity Searchers. Social Capital Seekers.	Simplicity Searchers. Obligation Meeters.	Cultural Purists. Ethical Travellers.	Obligation Meeters. Social Capital Seekers.
Purpose	Helping people celebrate life.	Bringing people together.	Connecting people to local people and places.	Helping people be the best version of themselves 24/7.
Values	People, Passion, Integrity, Creativity, Leadership.	Joyful, Playful, Vibrant, Generous, Thoughtful.	Human, Transformational, Local, Simple, Curious.	Mindful, Flexible, Creative, Welcoming.
Tagline	Life Extraordinary	Good times, together	We are SALT	Get Social. Stay Socio.



Group Structure

THE LUX COLLECTIVE

THE LUX COLLECTIVE LTD

100%
LUX ISLAND RESORTS (SEYCHELLES) LTD

100%
LIRTA LTD
Training Academy

100%
ISLAND LIGHT VACATIONS LTD
Online Tour Operator

100%
LUX HOTEL MANAGEMENT (SHANGHAI) CO LTD
Management Company

100%
SALT HOSPITALITY LTD
Operator SALT of Palmar

100%
PALM BOUTIQUE HOTEL LTD
Boutique Operator

100%
THE LUX COLLECTIVE PTE LTD
Singapore Office

100%
CAFÉ LUX LTD
Operator Café LUX*

100%
LUX ISLAND RESORTS (UK) LTD
London Office

100%
THE LUX COLLECTIVE LLC
Sharjah Media City, Sharjah, UAE

Board and Committees

Directors	Arnaud Lagesse *(Chairperson)* Paul Jones *(Chief Executive Officer)* Hans Olbertz Jean de Fondaumière Alexis Harel Julian Hagger Scott J. Woroch David Amsellem Diya Nababsing-Jetshan *(appointed on 02 February 2022)*
Alternate Directors	Dev Poolovadoo
Audit and Risk Committee	Jean de Fondaumière Alexis Harel Hans Olbertz
Corporate Governance and Nomination Committee	David Amsellem Arnaud Lagesse Alexis Harel
Remuneration Committee	David Amsellem Arnaud Lagesse Alexis Harel Jean de Fondaumière
Company Secretary	IBL Management Ltd
Registered Office	58, Pierre Simonet Street Floréal, Mauritius

Management and Administration

Executive Committee	Paul Jones - *Chief Executive Officer* Julian Hagger - *Executive Vice President* Dev Poolovadoo - *Senior Vice President – Finance* Nitesh Pandey - *Chief Operating Officer - Asia Pacific (APAC)* Marie-Laure Ah-You - *Chief Strategy Officer* Nicolas Autrey - *Chief Human Resources Officer* Karen Lai Yong - *Chief Development Officer* Guillaume Valet - *Group Head of Legal, Secretarial and Corporate Affairs* Ashish Modak - *Chief Operating Officer - EMEA* Pritila Joynathsing-Gayan - *Chief Internal Auditor*
Senior Managers	Darnen Ramassami - *Vice President - Information Technology* Ruben Thumiah - *Group Finance Manager* Walter Lanfranchi - *Vice President - Food & Beverage* Dave Minten - *Corporate Chef* Renee Lim - *Vice President - Public Relations & Corporate Communications* Caroline Gaud-Perrier - *Vice President - Marketing* Tobi Kuhlang - *Senior Vice President - Revenue Management & Distribution* Kamaraj Retnasami - *Vice President – E-Commerce, Digital Sales & Loyalty* Fuji Kusaka - *Vice President - Web Development and Digital Transformation* Kerensa Langitan - *Group Spa & Wellness Manager* Smita Modak - *Group Head of Learning and Development and Talent Management* Evita Fakun - *Chief Sustainability Officer* Jérémie de Fombelle - *Regional General Manager - LUX* Resorts & Hotels - Mauritius & Ile de la Reunion* Daniele Vastolo - *General Manager - LUX* Grand Baie* Gerhard Hecker - *General Manager - LUX* Belle Mare* Stephan Anseline - *General Manager - LUX* Grand Gaube* Jean Benoit Nisin - *General Manager - Tamassa Bel Ombre & Ile Des Deux Cocos* Raj Reedoy - *General Manager - SALT of Palmar* Patrice Hudebine - *Directeur General - LUX* Saint Gilles* John Rogers - *General Manager - LUX* South Ari Atoll*
Legal Advisors	Clarel Benoit André Robert Hervé Duval
Communication Advisor	Blast Communications Ltd
Auditors	Ernst & Young Chartered Accountants
Registered Office	Pierre Simonet Street Floréal Mauritius
Notary	Jean Pierre Montocchio
Registry and Transfer Office	The Lux Collective Ltd Pierre Simonet Street Floréal Mauritius
Bankers	ABC Banking Ltd HSBC Limited (UK, Germany) The Mauritius Commercial Bank Ltd

Directorship

	Café LUX Ltd	Island Light Vacations Ltd	LIRTA Ltd	Lux Hotel Management (Shanghai) Co Ltd	Lux Island Resorts Seychelles Ltd
Ah-You Marie-Laure	∞			∞	
Amsellem David					
Autrey Nicolas			∞		
De Fondaumière Jean					
Hagger Julian				∞	
Harel Alexis					
Jones Paul	∞	∞	∞	∞	
Lagesse Arnaud	∞	∞			∞
Nababsing-Jetshan Diya					
Olbertz Hans					
Thumiah Ruben			∞		
Valet Guillaume		∞			
Woroch Scott J.					
Poolovadoo Dev *(Alternate to Julian Hagger)*	∞	∞	∞		∞

Lux Island Resorts UK Limited	Palm Boutique Hotel Ltd	Salt Hospitality Ltd	The Lux Collective Ltd	The Lux Collective Pte Ltd	Sharjah Media City, Sharjah, UAE
			∞		
			∞		
		∞	∞		
			∞		
∞	∞	∞	∞	∞	∞
∞	∞	∞	∞	∞	
			∞		
			∞		
	∞				
			∞		
∞	∞	∞	∞	∞	

1

2

3

4

5

6

7

8

9

Directors' Profiles

1

ARNAUD LAGESSE

NON-EXECUTIVE CHAIRPERSON OF THE BOARD

Arnaud Lagesse is the Group CEO of IBL Ltd. He is one of the Mauritian private sector's most prominent leaders and is known to drive IBL Group with innovative and challenging undertakings. In 2016, he initiated the merger of GML Investissement Ltée and Ireland Blyth Limited and created the new entity IBL Ltd which thus became the n°1 group in Mauritius and 2nd largest group in the region excluding South Africa.

Qualifications:

- Breakthrough Executive Program - Egon Zehnder-Mobius, Portugal
- Advanced Management Program (AMP180) – Harvard Business School, United States
- Executive Education Program - INSEAD, France
- Graduated from the Institut Supérieur de Gestion - Paris, France
- Masters in Management - Université d'Aix Marseille II, France

External appointments in both listed and non-listed companies,

Chairperson:

- Bloomage Ltd
- Camp Investment Limited
- City Brokers Ltd
- Fondation Joseph Lagesse
- Phoenix Beverages Limited
- Phoenix Investment Company Limited
- The Lux Collective Limited

Member of the Board of Directors:

- Alteo Limited
- Alteo Agri Ltd
- IBL Ltd
- Pick and Buy Limited
- Seafood Hub Limited
- Other non-listed Mauritian Companies

Core competencies :

Business & Finance, Deal Structuring, Strategic Business Development.

2

PAUL JONES

EXECUTIVE DIRECTOR

With over five decades of international luxury hospitality experience, Paul Jones was appointed Chief Executive Officer of The Lux Collective when the hotel management company relocated its corporate office from Mauritius to Singapore in 2019 in a strategic move to intensify its global expansion plan.

Committed to the group's vision of "making each moment matter", The Lux Collective is poised for a new era of differentiated hospitality experiences for discerning travellers across more regions. Under his visionary leadership, The Lux Collective's portfolio now comprises four distinctive brands with 15 operating properties in China, Maldives, Mauritius and Ile de la Reunion, and with 13 more hotels in its development pipeline in Europe, Asia and Middle East.

Prior to joining The Lux Collective, Paul's remarkable career covered various key leadership positions at some of the world's most celebrated brands. He served for almost 20 years as Managing Director of the Sun Resorts Group, and later, as President of One&Only, where he was instrumental in successfully launching and growing the brand on a global basis, before joining LUX* Resorts & Hotels in 2010.

Recognized for his inspirational achievements towards establishing and developing the hospitality and tourism industry in Mauritius, Paul was conferred in December 1990 the Dignity of Companion of the Order of St Michael and St Georges by her Majesty Queen Elizabeth II.

Paul holds an MBA with distinction from the University of Surrey and has completed the Program for Management Development at The Harvard Business School. He is a Fellow at the Institute of Hospitality in the United Kingdom.

Directorship in Mauritian listed companies: none

3

JULIAN HAGGER

EXECUTIVE DIRECTOR

Julian Hagger has a rich career of some 30 years in hospitality, of which 20 years in senior management and at corporate level in prestigious international groups such as Belmond, Ritz-Carlton and Marriott. He is a holder of a Bachelor's of Science Degree in Business Administration from Hawaii Pacific University, U.S.A, and holds a degree in Hotel Management from the Hotel Institute of Management (H.I.M), Montreux, Switzerland.

Based in the Singapore Headquarters, Julian oversees all aspects of the group Sales and Marketing responsibilities as well as the expansion and commercial developments of the brands in new markets. He is responsible for driving top line revenue, as well as all aspects relating to marketing the brands, ensuring that the strategic priorities of the commercial disciplines are aligned and designed to yield profitable sales, increased market share, and enhanced competitive advantage.

Julian Hagger was appointed as Executive Director on the Board in May 2013.

Directorship in Mauritian listed companies: none

Directors' Profiles (continued)

4

DIYA NABABSING-JETSHAN

NON-EXECUTIVE DIRECTOR

Diya Nababsing-Jetshan is the Head of Technology and Digital Transformation of IBL Ltd. She joined IBL in 2018 to drive the digital transformation programme initially composed of 450+ initiatives. She later took over the technology mandate and setup the IT governance framework for IBL in 2021. She drives the IBL Group's IT Committee, sub-committee of the Audit and Risk Committee. She is reinforcing technology infrastructure, information security and data capabilities along with new ways of working with agile and design thinking methodologies across IBL Group.

She holds a master's degree in information systems Engineering from Imperial College, London and began her career as software developer in a startup company in Mauritius in 2001. She then joined Mauritius Telecom where she spearheaded several innovative projects. She spent over 10 years in software delivery, operations and outsourcing strategy for large European clients at Accenture and AXA Insurance based out of Mauritius.

During her career, she setup her own consulting company providing IT advisory and project management services. Prior to joining IBL, she spent 4 years at Cim Group initially heading projects, developing management KPIs and monitoring the execution of the Group strategic plan. She later moved on to drive the digital transformation of Cim Finance and the development of a fintech business in Kenya.

Directorship in Mauritian listed companies: none

5

DAVID AMSELLEM

INDEPENDENT
NON-EXECUTIVE DIRECTOR

David Amsellem is a French native and graduate from the French Engineering University of Centrale-Supelec. David has over 20 years of Leadership experience across a variety of industries and markets (Power & Utilities, B2B & digital).

David is an active investor and supporter in digital and consumer services with several well-known European start-ups. Experienced operating at board level across various sectors (hospitality, law firm, logistics, tech, B2B), he excels at mentoring teams with an ingrained passion for excellence and innovation.

After graduating from the French engineering university Centrale Supélec in 2001, David began his career as a founding shareholder of Poweo. In 2008, David founded a start-up in the field of the digital concierge services, John Paul, a technology enabled B2B service player, which then became the worldwide leader in premium loyalty . Since its inception, John Paul has been characterized by forward thinking and technological advancement. David sought to define John Paul's role not only as the bridge between private concierge services and businesses, but as an active revolutionizer of the industry, reinventing concierge know-how with the tools of today's Digital Age. This vision has not ceased to fascinate and attract the biggest companies to drive long-term loyalty and advocacy with their clients. In 2016 the business was acquired by Accor.

Directorship in Mauritian listed companies: none

6

SCOTT J. WOROCH

NON-EXECUTIVE DIRECTOR

Scott J. Woroch has been active in the luxury lodging sector for over 30 years, working for hotel brands, hotel owners and developers, hotel advisors, and as well as a transactional lawyer. Currently based in London, he has worked and been based in Asia, Europe and North America.

Currently as Partner and Managing Director of Kadenwood Partners in London, Woroch advises clients on a variety of capital and strategic advisory assignments for hotel brands, and for hotel real estate owners and developers. Prior to forming Kadenwood Partners in 2015, he was with Four Seasons Hotels and Resorts for nearly 15 years. He served as Executive Vice President, Worldwide Development for Four Seasons, overseeing global development for eight years.

Woroch joined Four Seasons in 2000 as Vice President Business Development, Asia Pacific, after a 10-year career in hotel development, representing both hotel companies and real estate owners. Prior to entering the hospitality industry, he had a successful career practicing real estate law in Washington, D.C. He has an A.B., cum laude, from Cornell University, majoring in Political Science, and a Law degree from the George Washington University National Law Center.

He was appointed as director of the company in January 2019.

Directorship in Mauritian listed companies: none

Directors' Profiles (continued)

7

JEAN DE FONDAUMIÈRE

INDEPENDENT
NON-EXECUTIVE DIRECTOR

Born in 1953, Jean de Fondaumière is a chartered Accountant of Scotland. He worked in Australia for eleven years and subsequently in Mauritius for fifteen year until he retired as the CEO of the Swan Group at the end of 2006.He is a past Chairperson of The Stock Exchange of Mauritius and his former directorships include companies operating in the African, Indian Ocean and Asia Pacific regions. Jean holds a portfolio of directorships in Mauritius.

He was appointed as director of the company in January 2019, at which time he was also appointed as Chairperson of the Audit and Risk Committee, and member of the Remuneration Committee.

Directorship in Mauritian listed companies: BMH Ltd

8

ALEXIS HAREL

INDEPENDENT
NON-EXECUTIVE DIRECTOR

Bachelor of Science Degree in Business Administration-Accounting from Louisiana State University, USA. He started his career in auditing with De Chazal Du Mee, then occupied managerial position in the industrial sector and participated in setting up the first BPO (Business Process Outsourcing) company in Mauritius where he was Managing Director. He joined Grays & Co in 1992 and currently holds the position of Managing Director. He is an Executive Director of Terra Mauricia. He also serves as Director of Rehm Grinnaker Construction Co Ltd, Terragri and Grays Distilling amongst others. He was appointed as Director of Lux Island Resorts Ltd and as Chairperson of the Audit Committee in April 2004, then as Chairperson of the Corporate Governance Committee in April 2005. He resigned from the Board of Lux Island Resorts Ltd and its Audit and Corporate Governance Committees in November 2015 to be appointed on the Board of its Management Company, The Lux Collective Ltd, where he actually sits as Director.

He was also appointed as member of the Remuneration Committee, the Corporate Governance Committee, and the Audit and Risk Committee in January 2019.

Directorship in Mauritian listed companies: Terra Mauricia Limited, United Docks Ltd.

9

HANS OLBERTZ

INDEPENDENT
NON-EXECUTIVE DIRECTOR

German, born in 1952, Hans Olbertz graduated with a diploma as Hotel Economist from the school of Hotel Administration of Business Management Hotel Industry, Berlin, Germany.

He also holds a diploma in Hotel Management from the Hotel school Bad Reichenhall, Germany. Hans Olbertz is a very experienced international hotelier for over 40 years. He joined Intercontinental Hotels in 1973 after his apprenticeship and worked in Germany, England, Thailand, China, Egypt, Jordan, Greece, Austria, Korea and the United Arab Emirates.

He was holding several Senior Executive and Area President Positions with Intercontinental hotels in the 34 years with the group.

In 2008 Hans Olbertz joined the Kempinski Hotel Group and he was managing the prestigious Emirates Palace for over 3 years before he moved to Vienna to open the new Kempinski Hotel in 2013.

Hans Olbertz is holding since 2013 several board positions in hotel companies and in the hospitality industry around the world and is actually acting as Director on the Board of The Lux Collective Ltd, since December 2015.

He was also appointed as member of the Audit and Risk Committee in January 2019.

Directorship in Mauritian listed companies: none

Chairperson's Message

“ I would like to thank each and every team member of The Lux Collective for their continued dedication and commitment to The Lux Collective’s purpose, “We make each moment matter. We care about what matters”. They have shown resilience, creativity, and a passion for excellence.”

Dear Stakeholders,

I am delighted to present The Lux Collective’s Integrated Report for the financial year ended 30 June 2022.

After two eventful years dealing with the Covid-19 pandemic and its impact on our people, on our destinations and the world’s society and economy, I am pleased to report some solid performances for The Lux Collective in 2021-2022, as compared to the year ending 30 June 2021.

Chairperson's Message (continued)

HIGHLIGHTS

The opening of LUX* Grand Baie in December 2021 within a challenging global context was certainly a significant highlight for The Lux Collective. The new LUX* flagship immediately created a buzz on the island and abroad, more so as the only new hotel opening during the 2-year period following the Covid-19 lockdown in March 2020. The hotel continues to enjoy enormous popularity, with amazing reviews, particularly with regards to its exquisite design, innovative culinary concepts, and one-of-a-kind spa and wellness facilities.

2021 also brought some good news for SALT of Palmar, which was able to come out of voluntary administration. I am thankful to the whole management team of The Lux Collective for their hard work and continued efforts in turning around the situation. We continue to keep a close eye on the performance of the hotel and remain confident it will keep getting better and better.

PERFORMANCE

The outbreaks of various Covid-19 variants interfered with and delayed the recovery of international travel and hotel operations this past financial year. Nonetheless, we noted a significant improvement in performance when compared to the year ending 30th June 2021 in large part due to our solid performance from our key markets combined with cost-effective management.

The Maldives

Thankfully the Maldives was one of the rare destinations to be fully opened at the start of this financial year. The highly popular destination welcomed 1.6 million tourist arrivals, showing an increase of 33% compared to the 2019-2020 period. As a result, LUX* South Ari Atoll recorded a very good occupancy for the year at 73%.

China

The year was particularly challenging for our operations in China, where a strict zero-Covid policy is currently in force, with borders still closed to international travel. Consequently, our hotels continue to rely solely on the domestic market, which was impacted by repeated provincial border closures and intermittent lockdowns in various parts of China, including some of its tier one cities, from where many of our guests come. Despite the situation, LUX* Chongzuo posted an average occupancy of 37%.

Mauritius

In Mauritius, borders reopened in October 2021, bringing a wave of hope. However, Mauritius' listing on the EU red list at the end of 2021 combined with various waves of Covid-19 in Europe and the drop in flight capacities impacted tourists' travelling habits, which in turn impacted our numbers. We recorded a drop of 47% compared to the financial year 2019-2020. Fortunately, the demand from the local market has been relatively strong, and The Lux Collective hotels started posting good occupancies (54% on average) once Mauritius was removed from the EU's red list.

Reunion island

The island benefited from strong demand from France, along with a growing interest from the local market throughout the first quarter of the financial year. The stringent international travel restrictions in place at the time encouraged locals to stay within the French territory and enjoy the hotels on the island.

SUSTAINABILITY AT THE LUX COLLECTIVE

With the clock ticking on the preservation of our planet, we continue to embrace an ethical hospitality management style in line with our purpose, We Care About What Matters. This includes, and is certainly not limited to, committing the organisation to net-zero emission goals, a first within the hospitality sector of Mauritius.

On another note, 2022 marks the first year we will audit and celebrate the most caring actions by our general managers and their teams. These will be measured using our Care Index methodology, developed during the pandemic. You will find beautiful, impactful initiatives presented in this report.

LOOKING AHEAD

A global labour crisis, the war in Ukraine, China's zero-Covid policy, rising inflation and interest rates, major supply chain issues and a looming global economic crisis have us on our guard.

Despite the climate of uncertainty, The Lux Collective started the new financial year 2022-2023 on a very promising note, showing excellent results for the first quarter. Long-term growth prospects remain optimistic. We remain confident of the growing demand for luxury hospitality in the majority of our core markets and continue to seek future management opportunities.

ACKNOWLEDGEMENTS

I would like to thank each and every team member of The Lux Collective for their continued dedication and commitment to The Lux Collective's purpose, *"We make each moment matter. We care about what matters"*. They have shown resilience, creativity, and a passion for excellence.

My warm thanks also go to Paul Jones, our Chief Executive Officer, for expertly helping the team navigate these challenging times.

I am thankful for the support of my colleagues on the Board of Directors, as well as that of our shareholders.

Arnaud Lagesse,
Chairperson

24th October 2022

CEO's Interview

LAST YEAR, YOU MENTIONED THE LACK OF VISIBILITY ON THE DURATION OF THE COVID-19 CRISIS AS WELL AS THAT OF THE RESULTING IMPACT ON THE WORLD'S ECONOMIC SITUATION AND, CONSEQUENTLY, ON THE TOURISM SECTOR. HOW DID THE LUX COLLECTIVE PERFORM IN 2022?

Although the start of the financial year was marked by the Omicron scare and the resulting impact of the French shutdown in early December 2021, The Lux Collective performed extremely well in all of our destinations once sanitary restrictions started to lift, as was the case in Mauritius in October 2021. We picked up momentum in early 2022, enjoying record revenues and occupancy rates that even surpassed those of the pre-pandemic era.

Despite the restrictions brought about by Covid-19, we have also been focused on the execution and delivery of our ambitious growth plans. The completion and opening of LUX* Grand Baie prior to the end of 2021, marked a major milestone for the owner, Lux Island Resorts, as well as for The Lux Collective. LUX* Grand Baie has been our very first greenfield, LUX*-branded property, launched to instant and universal acclaim from all our industry partners, as well as our loyal LUX* guests, who absolutely love it! We also attracted new customers who had not yet tried a LUX*-branded resort previously, notably arousing the curiosity of many High-Net-Worth Individuals (HNWI).

Additionally, we relaunched LUX* Le Morne following its reimagining and revamping. It has proven to be an instant hit, both with loyal guests and again with many new guests, who decided to try this immensely popular resort, standing at the foot of the iconic Le Morne mountain. The story of its refurbishment has even been written up as a case study by The London Business School, who have been quite intrigued by the fact that LUX* Le Morne team members used their time to contribute their personal skills (plumbing, electricity, carpentering...) to help with the renovations, all this during the country's lockdown period, when the whole hotel industry was at a standstill. This paper has certainly driven a lot of interest from a large number of people in the UK; previously, LUX* Le Morne attracted mostly French and German tourists, lately it has seen an increased flow from the UK as well.

We have also done extremely well across our other LUX*-branded properties at both Belle Mare and Grand Gaube, which have recorded a high level of occupancy throughout the period, especially in 2022. Unfortunately, the financial year ended rather dramatically for LUX* Belle Mare, which suffered a fire on 2 July 2022. Thankfully, there were no casualties and the fire was rapidly contained by the firefighters, with guests being relocated to other nearby resorts.

Tamassa has proven to be a lot slower in picking up the trend of high occupancies, largely due to the fact that we have lost a couple of air crews as well as the group business and tour series. However, we have seen a resurgence in the hotel at the end of the last financial year, as it started to pick up where it left off pre-pandemic, showcasing stronger business volumes since then and going forward into 2022.

With regard to SALT of Palmar, we obviously had some difficulties with the property as we went into administration during the pandemic. However, I am pleased to say we were able to come out of that administration and are again successfully managing the property. We have revamped its image and sales & marketing structure; it is now working well and again starting to pick up, albeit slowly, and I am confident we will do well in the future.

As for the Maldives, LUX* South Ari Atoll had a record year in terms of revenue (USD 49 M) and EBITDA (31%). We have seen a resurgence in demand for the property throughout 2021 and are expecting that to continue into the new financial year, going forward. It is important to note, however, that we have faced some increased costs in the Maldives, due to the new government-imposed minimum wage, together with increased diesel costs resulting from the crises in Ukraine and around the world, impacting the supply and price of oil. That being said, we are taking measures to mitigate these impacts and will remain focused on achieving another successful year in 2022.

Fortunately, the Maldives continues to be extremely popular and we are very optimistic seeing air access being completely liberalised, enabling the destination to enjoy a high share of the total business coming to the Indian Ocean,

CEO's Interview (continued)

something that should continue well into the next financial year.

Still in the Maldives, the owners of LUX* North Male Atoll decided in 2021 to sell the hotel to Dubai Holding, who awarded the management contract to one of their subsidiaries, Jumeirah Hotels & Resorts. We thus had to exit the property in September of the same year but were compensated under the terms of our agreement, allowing us to pay down our debt with the proceeds and improve our balance sheet, following additional borrowings made during the pandemic to help us stay afloat in a period where our revenues were interrupted. This was obviously very beneficial for The Lux Collective, enabling us to face the future on a much stronger footing.

Regarding Reunion, the destination proved to be quite popular during the year under review, particularly amongst mainland France tourists. As a result, the demand for accommodation across the island continued strongly; both LUX* St Gilles, which we manage, and Hôtel Le Récif, with which we have a marketing agreement, performed well in terms of occupancy and average room rate. In addition to the inbound tourists coming, we also registered a strong demand from residents, who have always supported both properties.

HOW DO YOU FEEL ABOUT THE LOOMING GLOBAL ECONOMIC CRISIS THREATENING THE WORLD IN 2022; WHAT IS THE LUX COLLECTIVE'S APPROACH TO MITIGATE ITS IMPACT ON THE BUSINESS?

Right at the beginning of the Covid-19 crisis in early February 2020, we started hosting biweekly Zoom meetings with key members of our team. We named the group the "Covid-19 Response Team", which has now evolved to the "Global Economic Crisis Response Team" since May 2022, in order to put real focus into how this global crisis may impact our business and the actions we are going to implement to mitigate this impact.

During these calls, we realised that what is essential in facing this global crisis is first to acknowledge that there is indeed a crisis, as well as understand its fullest extent and the potential threats going forward. In doing so, we have to prepare the leadership of the Group so we are all aware of and in sync when dealing with the various impacts of the latest crisis; increased oil prices, high cost of debt, inflation, shortage of labour, logistic difficulties, major currency exchange rate fluctuations, etc.

With regard to the acute shortage of labour, we note that, unfortunately, many people are scared to commit their careers and lives to the hospitality industry, which has revealed its fragility during Covid times. The Covid-19 pandemic and world economic crisis have led to the shrinking of guests' disposable income and many people are now thinking hard about spending money on expensive holidays in the Indian Ocean and elsewhere.

Of course, we are coming up with ways to counteract these various impacts. In a sense, the closure of LUX* Belle Mare has helped us mitigate the growing labour shortage in Mauritius as all team members working within the hotel were redistributed across our other properties.

We are also constantly assessing and re-evaluating the world situation to keep abreast of changes. For instance, we anticipated the fall of the Euro - which is one of our main sources of revenue - about six months before it happened. When we budgeted, we did so at slightly below parity with the US dollar, which continues to show strength.

Another factor that actually started during the Covid-19 pandemic and which has been exacerbated by the financial crisis, is the volatility of the supply chain. This stems not only from increased transportation costs (whether shipping or air freight), but also from the situation in China, which has been significantly impacted by its own zero-Covid policy. Its ability to manufacture at the same rate and levels as it used to pre-Covid has been impaired, as has the stability of its port and shipping systems, which were previously reliable but are now under question as they can easily be shut down and with little notice.

That being said, we have been very fortunate to record very strong volumes of business on the books for all our properties

CEO's Interview (continued)

in the Indian Ocean, which enabled us to start the new financial year with robust occupancies, producing a record first quarter for The Lux Collective in 2022-2023. This anticipated growth can be mostly attributed to what has become known as "revenge travel"; people not being able to travel for so long are now looking to do so with their families and extended families, making up for lost time.

We are, however, expecting things to ease off towards the end of the calendar year 2022, and the first half of 2023 will potentially be more difficult for the Group. We are busy deploying a range of strategies to help us face this uncertain future, including managing our costs, enhancing our brand's strength and improving our distribution systems and platforms to attract more customers.

WITH THE REOPENING OF BORDERS CAME LESS STRICT SANITARY RESTRICTIONS, SEEING THE LUX COLLECTIVE WELCOME MORE GUESTS THIS YEAR THAN DURING THE PAST TWO COMBINED. BEARING IN MIND GUESTS' BRAND-NEW NEEDS AND EXPECTATIONS, HOW HAVE YOU BEEN MANAGING THE NEW NORMAL?

During the year, we continued with our different continuous learning programmes, particularly focusing on the LUX* Shining Standards, which are so important to us to maintain the high level of service and quality we offer our guests across all our hotels.

What we are doing, strategically, is to lay down a number of activities that will feed into strengthening our brand, enabling us to be in a much stronger position to face any downturn that may occur during the second half of the 2022-2023 financial year.

We are also enhancing our measurement of performance at every level within the Group, ensuring we are always on top of our game and that we generate adequate revenue streams to sustain us over the long-term, no matter what happens.

HOW ABOUT THE CHINESE MARKET, WHAT WILL RECOVERY LOOK LIKE CONSIDERING THE STRONG RESTRICTIONS STILL IN PLACE THERE?

Since borders have been closed to foreigners for almost 3 years, the Chinese market for our existing properties has been entirely domestic for the whole year. Both inbound and outbound Chinese residents have been restricted by long quarantine periods and, though the demand for domestic travel has been reasonably strong, it has also been punctuated by sporadic interprovincial border closures due to the zero-Covid policy.

We have all witnessed the lengthy shutdown of Shanghai and, to a lesser extent, that of Beijing and Guangzhou. Shanghai is without a doubt the main feeder market of our properties in China; as and when borders open, occupancy quickly picks up at a strong rate, but when borders close the hotel business on the books evaporates.

Overall, it has been quite a difficult year for The Lux Collective in China, although we did manage to meet budgeted expectations in terms of fee income.

Looking ahead, we believe restrictions should lessen, though it is difficult at this stage to put a date on when China will finally open up. Once it does, then demand for travel outside China will be extremely strong.

THE OPENING OF LUX* GRAND BAIE TAKES MAURITIAN LUXURY HOSPITALITY UP A WHOLE NEW LEVEL. TELL US MORE ABOUT THE SUCCESS OF THIS EXCEPTIONAL PROPERTY FOR THE MAURITIAN MARKET.

I am extremely excited about the completion and opening of LUX* Grand Baie! Its success can be largely attributed to the beauty of the site (some would even say it is one of the best in Mauritius, with its gorgeous white beach and stunning view over the turquoise waters leading to Gunner's Coin) but mostly to the uniqueness of the hotel. The combination of junior suites, villas and residences, together with the focus on health & wellness as well as the extraordinary culinary experiences, has attracted a whole new clientele from different countries and backgrounds.

We have actually observed a change in guest demographics. Our target market today is definitely broader in terms of age, we seem to have attracted a younger audience who themselves bring along other age groups keen to follow their trends because it makes them feel younger. At The Lux Collective, we want to anchor our brand in that market! A lot of what we are actually doing is geared towards enhancing our brand strength, particularly that of the LUX* brand.

WHAT ARE YOUR OBJECTIVES FOR THE FINANCIAL YEAR 2023?

We have signed two new management contracts in the Middle East and Sharjah, which we are looking forward to completing during the next financial year. Both are LUX*-branded, one is a coastal resort while the other is more of a desert property, with the added attraction of quite a number of African and Arabian animals, offering a unique safari experience in conjunction with the resort. We have also signed another LUX*-branded property in Guangzhou and we continue to follow-up on several leads in China and South-East Asia.

In terms of new properties under construction, the resort in Phu Quoc, Vietnam, shows good progress. Built over water, it promises to be quite spectacular! We are really looking forward to the opening of what will be our first resort in South-East Asia, in 2024.

We are also moving forward with the Tribeca Central project in Mauritius, with the SOCIO hotel already under construction. In addition to the hotel, we will have a number of food & beverage outlets in the shopping mall, where we will operate a flagship Café LUX*.

Looking ahead, I am also very excited about our new, strong partnership with Forbes Travel Guide, signed at the end of the financial year. This combination of our

CEO's Interview (continued)

own LUX* shining standards with those of Forbes Travel Guide will definitely enhance the guest experience at our different properties, as we move forward into 2023.

A FINAL WORD?

Some people have commented on our transformation, saying it seems "perpetual". While I understand why they say that, this constant change is what has made The Lux Collective a success story thus far. Constant change in our evolving industry is vital at a time the world is moving on at an ever-faster pace.

We are, however, a long way from declaring victory from a global standpoint. There is in fact more to do in every aspect of the business, which is in the end an extremely motivating challenge.

For everyone in our industry, all our shareholders, this year has been a year like no other. I am confident we will emerge stronger, leaner and fitter!

ACKNOWLEDGEMENTS

I would like to salute the incredible dedication of our team members who work tirelessly for our guests and who are by far our most valuable asset. My greatest thanks go to each and every The Lux Collective team member across our four destinations, for their continued resilience and steadfast commitment in delivering excellence to our customers, thereby enabling the Group to weather the storm of the pandemic.

Our Chairman, Arnaud Lagesse, has remained extremely supportive - I am thankful for his faith in our activities and contribution towards our success in 2022.

Finally, I would like to extend my warm thanks to my fellow Directors for their wise counsel, as well as our shareholders, suppliers and loyal guests, for their constant trust and loyalty to The Lux Collective and our four brands: LUX*, SALT, TAMASSA and SOCIO.

Paul Jones,
Chief Executive Officer

24th October 2022

LUX*

At LUX*, each moment matters, we've banished thoughtless patterns and created simple, fresh and sensory experiences to indulge you throughout your stay with us. We're here to surprise and delight our guests with creative details that make the ordinary truly extraordinary.

At LUX*, we believe that time is finite; so every minute is precious. More valuable than material things are experiences and emotions. Our guests spend their time with us to acquire these riches; Time with family, Time alone, Time off, Time to reflect, Time to reconnect, Time to heal, Time to explore, Time to do, Time for caring, Time for sharing. So, we're in the 'time' business not only resorts and holidays. This is why, at LUX*, our vision expresses that Each Moment Matters.

Purpose

Helping people celebrate life.

Values

People,
Passion,
Integrity,
Creativity,
Leadership.

Tagline

Life Extraordinary

Resorts in Operation

LUX* TEA HORSE ROAD, CHINA

LUX* Lijiang
LUX* Benzilan
LUX* Peach Valley
LUX* Sangushui
LUX* Daju Village
LUX* Stone Town
LUX* Shangri-La

CHINA

LUX* Chongzuo

MALDIVES

LUX* South Ari Atoll

REUNION ISLAND

LUX* Saint Gilles

MAURITIUS

LUX* Grand Baie
LUX* Le Morne
LUX* Grand Gaube

Opening 2023 Onwards

MAURITIUS

LUX* Belle Mare

FRANCE

LUX* Marseillan

VIETNAM

LUXNAM* Phu Quoc

UNITED ARAB EMIRATES

LUX* Al Jabal, Sharjah
LUX* Al Bridi, Sharjah

LUX* TEA HORSE ROAD, CHINA

LUX* Pu'er

CHINA

LUX* Zhuhai Hengqin
LUX* Zhuhai Doumen
LUX* Liyang
LUX* Emei
LUX* Guangzhou
LUX* Wenzhou

tamassa

The more we're connected, the less we're connecting. It's hard to find quality time for loved ones, and all too easy to lose touch with those closest to you.

We believe holidays are not just about escaping the everyday, they're about reconnecting with those that matter most and making memories to last a lifetime.

Our mission is to bring people together and joy to life, and we've created a holiday experience that's designed to do just that.

Whether it be through dining experiences to remember, activities to share or simply moments to cherish, at Tamassa you have it all making 'together' a wonderful place to be.

Purpose	Bringing people together.
Values	Joyful, Vibrant, Generous, Thoughtful, Creative.
Tagline	Good times, together.

Resorts in Operation

MAURITIUS

Tamassa, Bel Ombre


Elena Ferrante

salt

We believe in meaningful travel. That's travel that takes you to people, not just places. Meaningful travel satisfies curiosity and connects you to the local community and their way of life. You're listening to and tasting local.

You're out there exploring. You're in it, not beside it.

SALT are beautiful bases that give you everything you need to discover the place you are in. But also everything you need to relax, escape, and recharge.

Even better, you're involved in a good thing. We give back to the local communities we're part of and do all we can to protect their environments. Sustainability starts there. We boost economies by employing, sourcing, and collaborating locally. This celebrates culture and it makes for smiles.

We keep it simple.

We remove the obstacles to your being in the place you're in. That's luxury in our book. It's all about inspiration, adventure, and positive impact.

Purpose	Connecting people to local people and places.
Values	Human, Transformational, Local, Simple, Curious.
Tagline	We are SALT.
Resorts in Operation	**MAURITIUS** SALT of Palmar

socio

We're social creatures, us humans. Looking to connect wherever we go. But in this age of global business travel, it's all too easy to end up spending more time alone than you'd like.

Socio is all about people. We make it easy for locals and visitors to connect, naturally. As soon as you walk in, you get this feeling that you belong. We know how to read a room. And our spaces adapt and change throughout the day.

Work meets play. Hustle meets downtime. Café meets bar, co-working desk meets conference room and people meet people. You aren't bound by desks, time zones or 9-5. And neither are we.

Everyone is welcome here. So no matter what kind of person you are, or what kind of connection you're looking to make, we have just the right people around to make it happen.

Purpose	Helping people be the best version of themselves 24/7.
Values	Flexible, Welcoming, Bold, Mindful, Creative.
Tagline	Get Social. Stay Socio.
Coming Soon	MAURITIUS Socio Tribecca

Sustainable Business Model

CAPITAL	INPUTS/ACTIONS/ACTIVITIES
FINANCIAL	Manage cashflow and treasury operations Minimise foreign currency exposure Improve operational efficiency Ensure operational efficiency and compliance through internal control Systems Identify and mitigate risks, control solutions Develop a solid Investment Relations Plan
HUMAN	Equip employees with adequate skills to carry out operations Foster an ethical environment Establish a culturally diverse workforce Establish a gender-balanced workforce Acquire & retain skilled and gritty People Initiate a rotation scheme with our global talent pool Effectively manage employee performance Protect human rights and dignity Implement health and safety measures Initiate ongoing training and development
NATURAL	Physical Location Ensure energy efficiency Reduce water use Increase resource productivity Lessen carbon footprint Reduce and manage waste
PRODUCTS & SERVICES	Carefully select destinations Curate innovative design and architecture Train and empower dedicated teams to provide services Establish efficient, streamlined operations & processes Maintain assets efficiently Conceive inventive Reasons To Go LUX* Adopt modern Information Technology Create innovative and differentiated experiences
INTELLECTUAL	Trademarks Propriety knowledge Systems and Operations Leadership expertise
SOCIAL & RELATIONSHIP	Build and nurture trust within various teams Deliver exceptional service to guests Develop strong relationships with suppliers Purposeful interactions with the community Create lasting relationships with business partners Consistently create value for investors and shareholders

KEY BUSINESS PROCESSES	RESULTS/OUTCOMES
Hotel management Hotel operations Food and beverages Social relationship management	Growth in Equity Value Increased revenue and profitability Expansion and growth of global footprint Growth in Earnings per Share Decrease in debts Rise in investment income
	Engaged Team Members High-quality service and enhanced guest satisfaction Increased loyalty Empowerment of talented leaders Increased productivity Skilled workforce to maintain sustainable, profitable growth Low turnover and reduced training costs Decrease human resources turnover
	Efficient utilisation of resources Optimised costs Enhanced corporate reputation as Responsible Business Maximised positive impact Sustainable growth Light footprint
Finance Sales and marketing Maintenance & engineering Human resources & training Information technology Legal and secretarial Sustainability & corporare social responsibility Development Operations	High quality locations World-class resorts Outstanding products and services Improved Guest Satisfaction Maintenance of brand loyalty Boost revenue Enhanced guest experience with technology and comfort Increased local and international guest loyalty
	Positive brand reputation Innovation-driven culture Efficient operations with relevant policies and procedures Development of a culture founded on trust and respect
	Top-rated guest satisfaction Loyal supplier base Empowered community Increased industry participation and engagement Positive corporate reputation and brand loyalty Inclusive business

Material Elements & Connectivity of Strategic Plans

VALUE DRIVERS

OBJECTIVES	**FINANCIAL SUSTAINABILITY**		**HUMAN CAPITAL**		**PRODUCTS & SERVICES**		
	Grow revenue Optimise cost Project investment and development		Put people's welfare first		Brand strength and optimal distribution		
OUTCOMES	*Profitable growth* *Earnings per share*	*Capital and cost efficiencies*	*Company culture*		*Best in class hotel operators*	*Sustain and enhance a well established brand name*	

MATERIAL & SIGNIFICANT MATTERS

SHORT TERM	Manage exchange rate impact Optimal level of working capital		Employ highly talented and fully engaged people Continuous investment in management time to give the best education to our Team				Positive feedback on platforms such as TripAdvisor (high guest satisfaction)
MEDIUM TERM	Grow into new markets and entering into management contracts with third party owners Improve international competitiveness	Efficient capital structure Cost optimisation and cost reduction programs	Core skills and talent management Retention of talented staff through training initiatives and provision of competitive remuneration package	Develop and adopt 'one company' culture based of Equality	Effective communication of Purpose, Values, Vision and Mission to Team Members and guests	New, refreshed, reinvented properties with enhanced amenities and a continuous focus on guest experience and the LUX* Hospitality Standards	Higher promotion and responsible marketing Win industry awards
LONG TERM	Strategic acquisitions into new territories Optimal funding sources		Engage professional services firm committed to create value through leadership and talent as well as aligning organisation capability				Unique experiences for each and every guest

NATURAL CAPITAL

Environmental sustainability

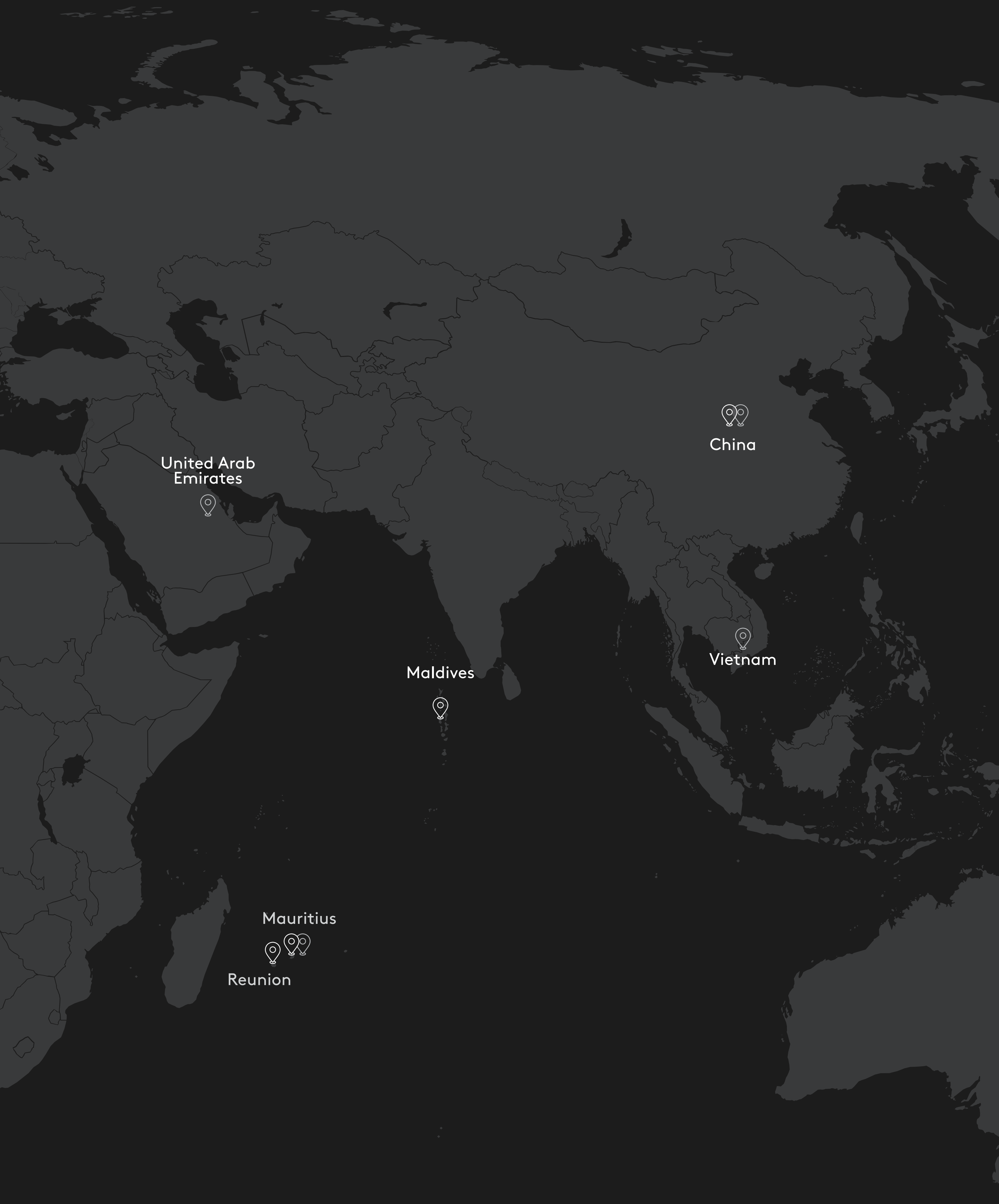
EXTERNAL RELATIONSHIPS

Elevate the experience

Energy efficiency	*Water efficiency*	*Waste & effluents*	*Circular economy & low emissions*	*Biodiversity conservation*	*Guests*	*Government & environmental bodies*	*Tour operators*	*Suppliers*	*Corporate social investment*
Implementation of energy management systems to reduce energy consumed by heating and air conditioning	Optimise use of fresh water and ensure efficient consumption	Grey water reuse	Reduce paper use (Online Management System) Plan for net-zero emissions targets	Continuous deployment of the "Tread Lightly" initiative	Guest-centered solutions	Go beyond compliance	Consolidate relationships with tour operators	Supplier consolidation and management Enhance zero-child labour requirements Empower local suppliers	Tackle immediate social and environmental needs
			Generate less waste by building awareness	Invest in conservation of endangered species with expert partners Environmental initiatives via enhancement in Environment Management System	Partnerships for the Goals, Climate Action through collaborative positive initiatives for environment. Society and economic development				Community investment
Invest in technologies to reduce energy consumption	Comply with law for water quality and perform regular testing		Integrate local suppliers in value chain Attract & implement renewable energy production partnerships				Supply contemporary sustainable products and services	Encourage Responsible Consumption & Production via supply chain	Prosperous destinations Long-term partnerships

Our Properties Around the World

IN OPERATION	MAURITIUS	LUX* Le Morne LUX* Grand Gaube LUX* Grand Baie Tamassa Bel Ombre SALT of Palmar
	CHINA	LUX* Chongzuo LUX* Tea Horse Road Peach Valley LUX* Tea Horse Road Daju Valley LUX* Tea Horse Road Sangushui LUX* Tea Horse Road Stone Town LUX* Tea Horse Road Lijiang LUX* Tea Horse Road Benzilan LUX* Tea Horse Road Shangri-La
	MALDIVES	LUX* South Ari Atoll
	REUNION	LUX* Saint Gilles
OPENING 2023 ONWARDS	MAURITIUS	LUX* Belle Mare SOCIO Tribecca
	CHINA	LUX* Guangzhou LUX* Wenzhou LUX* Zhuhai Hengqin LUX* Zhuhai Doumen LUX* Emei LUX* Tea Horse Road Pu'er
	UNITED ARAB EMIRATES	LUX* Al Bridi, Sharjah LUX* Al Jabal, Sharjah
	VIETNAM	LUXNAM* Phu Quoc
	FRANCE	LUX* Marseillan


United Arab Emirates
China
Vietnam
Maldives
Mauritius
Reunion

MAURITIUS

LUX* GRAND BAIE

An innovatively elegant hotel in Grand Baie, Mauritius, on the island's most coveted beach, where new luxury seductively blends with the spirited vibe of tropical island living.

LUX* Grand Baie, a modernist marvel seemingly dropped onto a crescent of sand on the northern shores of Mauritius, turns heads. This new generation boutique-style resort introduces travellers to the seductive, slow pace of island living. But not too slow... LUX* Grand Baie, mirroring the adjacent beach town from which it takes its name, is exciting and playful. Whether it's the unparalleled culinary scene or the breathtaking rooftop experience, there is truly no other celebratory place to be. A real invitation to seize the moment.

(OPEN)

CHINA

LUX* TEA HORSE ROAD SHANGRI-LA

A gorgeous, contemporary 18-room hotel at the heart of mythical Shangri-La, where Tibetan culture is well-woven into the fabric of the town.

LUX* Shangri-La is a place of singular beauty. Perched high on a hill, it is a connection of the past with the coming future. The 18-room boutique hotel is inspired by the old townhouses of the historic town but incorporating modern elements in the design as well as cutting-edge technology (think oxygen in all spaces). The end result is a piece of minimalist modern architecture that fits perfectly into the landscape. Travellers come to this sanctuary to appreciate the tranquility and timelessness of Shangri-La, which has captured the hearts of many.

(OPEN)

CHINA

LUX* TEA HORSE ROAD
PU'ER

A 50-room modernist gem set deep in the tea mountains of Pu'er, the birthplace of the prized tea and the starting point of the mythical Tea Horse road.

LUX* Pu'er enjoys its exclusive privacy immersed deep in the lush, tea-growing Pu'er region, rich in history. It is the birthplace of Pu'er tea, the world's rarest and richest tea harvested from Xishuangbanna forest, and the starting point of the Tea Horse Road caravanserai route. Our 50-room boutique hotel is a modernist gem peeking out among the millenia-old forest and facing a river. The perfect combination of comfort and sophistication, it is the ideal spot to fully enjoy the wide open spaces, the natural wonders, and savour China's divine drink at its source to rest and rejuvenate before returning home.

(COMING SOON)

SHARJAH

LUX*
AL BRIDI

An African-inspired wildlife sanctuary in the bush where majestic creatures roam free. The wide-open spaces and encounters with wildlife are soul restoring. As for the gorgeous, contemporary resort, it strikes a balance between pristine wilderness, conservation and care, and luxury tents.

The 1,690 hectares of Al Bridi Nature Reserve, making it the largest safari outside of Africa, are home to 50,000 animals. Spot gazelles from our resort, perfectly positioned for game spotting. There's no better seat to watch the drama of the wild. The setting sun brings startling sherbet colored skies and the anticipation of a night safari. Climb up to our platform to stargaze. There's little doubt: the safari magic is well and alive out here.

(COMING SOON)

SHARJAH

LUX*
AL JABAL

A luxurious beach resort overlooking the Gulf of Oman that immerses you in the vibrant local culture.

Positioned away from the winds, Khorfakkan draws scuba-divers, sunseekers and beachlovers with its golden sandy shores and corals. Our hillside resort, tucked away between Khorfakkan Beach and Luluya Beach, offers plenty of vantage points from which you can gaze at the Oman blue. Access to the private beach means entire days soaking up the sun, jet-skiing, kayaking and parasailing on the water or diving below the surface to glimpse the thriving marine life. Sunset hour in Khorfakkan is something else... You may want to catch it while sailing on a traditional dhow.

(COMING SOON)

VIETNAM

LUXNAM*
PHU QUOC

Peeking out among the tropical jungle, you will find LUXNAM* Phu Quoc, an unexpected, modernist resort sitting above the shallow waters and coral reefs of Kien Giang biosphere reserve. A one-of-a-kind overwater resort in Vietnam, its design inspiration originates from reimagined Vietnamese traditions with a minimalist twist. Building in harmony with nature and biodiversity, the Group's sustainability DNA is thoughtfully incorporated throughout the resort. Overseeing panoramic seaviews, the 126-villa only resort includes 109 overwater villas (most with private pool), 13 beach pool villas, 2 penthouses and 2 beachfront pool mansions. Set overwater on stilts are intimate and private one- to five-bedroom villas and penthouses. The stylish ambience combines comfort and sophistication. There's also Beach Rouge, inspired by the glitz of the 1950s French Riviera in Saigon. Dip into the crystalline waters of your private pool and sunbathe under the balmy sun in this oasis of beauty and serenity. LUXNAM* Phu Quoc is a place to renew yourself and reconnect.

(COMING SOON)

Awards & Accolades

SALT OF PALMAR

HAUTE GRANDEUR GLOBAL AWARDS
2022
Best Boutique Hotel in Africa - Excellence Award

CONDÉ NAST TRAVELER READERS' CHOICE AWARDS
2021
Ranked 28th out of Top 30 Resorts in The Indian Ocean

TRIPADVISOR TRAVELERS' CHOICE AWARDS
2021
Ranked 4th out of Top 25 Resorts in Africa

LUX* GRAND BAIE, MAURITIUS

ROBB REPORT
2022
Best of the Best 2022 -
The Best in Travel for Island Getaway

BRITISH AIRWAYS HOLIDAYS
2021
Customer Excellence Award 9.5/10

CONDÉ NAST TRAVELER READERS' CHOICE AWARDS
2021
Ranked 13th out of Top 30 Resorts in The Indian Ocean

LUX* GRAND GAUBE, MAURITIUS

TRIPADVISOR TRAVELERS' CHOICE AWARDS
2021
Ranked 13th out of Top 25 Resorts in Africa

WORLD TRAVEL AWARDS
2021
Mauritius' Leading Resort

LUX* LE MORNE, MAURITIUS

TRIPADVISOR TRAVELERS' CHOICE AWARDS
2021
Ranked Best 10% Top Resorts of the World

WORLD LUXURY HOTEL AWARDS
2021
Luxury Beach Hotel -
Regional Winner for Indian Ocean

LUX* SOUTH ARI ATOLL, MALDIVES

LUXLIFE GLOBAL WEDDING AWARDS
2022
Most Sustainable Wedding Resort - South Asia

INTERNATIONAL TRAVEL AWARDS
2022
Best Family All-Inclusive Resort

LUX* SAINT GILLES, REUNION

WORLD TRAVEL AWARDS
2021
Reunion Island's Leading Hotel

WORLD MICE AWARDS
2021
Reunion Island's Best Incentive Hotel

LUX* CHONGZUO GUANGXI, CHINA

TARGET
2021
Best Resort Hotel of The Year

CONDÉ NAST TRAVELER CHINA - THE HOT LIST
2021
New Opening Hotel

TRAVEL+LEISURE CHINA TRAVEL AWARDS
2021
Most Highly Recommended New Hotel

THAT'S HOSPITALTY AWARDS
2021
Getaway Hotel of the Year

LUX* TEA HORSE ROAD, CHINA

SPACHINA WELLNESS AND SPA AWARDS
2021
Best Wellness Concept of The Year

LUX* TEA HORSE ROAD BENZILAN, CHINA

TRAVEL+LEISURE CHINA TRAVEL AWARDS
2021
China's Top 100 Hotels

CITY TRAVELER
2021
Best Service Hotel of the Year

LUX* TEA HORSE SANGUSHUI, CHINA

DESIGN HOTELS - THE BEST DESIGN HOTELS AWARDS
2021
Best Hotel For Vacation

LUX* TEA HORSE ROAD LIJIANG, CHINA

TRIPADVISOR TRAVELERS' CHOICE AWARDS
2021
Ranked 2nd amongst Hotels in Lijiang City

Human Resources

Global Learning & Development and Talent Management remained in focus with an average of 187 manhours of training per team member achieved against a target of 180 manhours with a focus on these key areas during the year.

1. THE OPENING OF LUX* GRAND BAIE, MAURITIUS:

Despite the disruptions on account of the 2nd lockdown and ongoing COVID-19 cases amongst Team members, we managed to bring the team together from August 2021 and over 30,000 manhours of training was delivered in the 4 months leading up to the opening of the resort on December 1, 2021. The key highlights of the pre-opening training were as follows:

- Ron Kaufman; leading global educator for uplifting service performance and building service cultures; was invited to conduct sessions on "*Delivering LUX* Shining with Extraordinary Service and Genuine Care*." The sessions focused on customizing service delivery to be in line with our brand standards while expressing genuine care for our guests and colleagues. 249 Team Members of LUX* Grand Baie participated in these sessions in November 2021 and over 65 Team Members were invited to join from our other resorts in Mauritius.
- Over 70 leadership Team Members went through a unique values based leadership program titled "*Living and Serving with a Purpose*" delivered by Hussain Afeef, our Director of Talent & Culture from LUX* South Ari Atoll in Maldives and a Certified Speaker, Coach and Mentor with the John Maxwell Team.
- LUX* Me Wellness: Our Studio Reverence team was trained by Bertrand Li, Corporate Trainer from BGA Corp bringing to us Bastien Gonzalez's award winning range of hand and foot care treatments and products. For hair treatments we have partnered with OWAY which stands for **Organic Way** and is the first and only professional hair care and colour line made with biodynamic ingredients. Our team members received training from OWAY experts in hair color, hair treatments and rituals. Our spa Team Members went through extensive practical training in a range of new mind and body rituals. Our Fitness Team Members were educated on delivering bespoke fitness experiences in our world-class indoor and outdoor fitness facilities.
- Additionally we partnered with several well-known local and international consultants to deliver bespoke training in areas such as Bartending, Barista Training, Grooming, etc.

2. OPENING OF BORDERS IN MAURITIUS ON OCTOBER 1, 2021:

After 18 months of closure, Mauritius opened its borders to welcome back international tourists and this necessitated adoption of stringent sanitary protocols in our operations. In the months leading up to the opening of borders, we fine-tuned our internal procedures and focused on training our Team Members.

- A total of 1743 Team Members completed the online certification training program organized by the AHRIM titled "Protocoles sanitaires pour les Opérateurs du Tourisme."
- In-depth certification training was conducted by Diversey for the 'Safe Hotel' program in all resorts in Mauritius, in Maldives training was conducted for HPA (Health Protection Agency) and Ministry of Tourism re-opening certification and in Reunion training was conducted for the 'Label de Sécurité Sanitaire' by SOCOTEC group.
- A total of 976 Team Members participated and completed different online training programs under Lobster Ink's online "Essential Rebound

Courses" covering operational sanitary protocols.
- Extensive trainings were done in-house to implement all the new procedures mandated under the sanitary protocols in our respective destinations.
- Vaccination Program: Thorough vaccination awareness programs were conducted for all our Team Members across the company.
- We had the advantage of experiential learning during 2021 as we operated our hotels for domestic guests with strict safety measures. We also operated as quarantine facilities and as bubble hotels. All of this helped us to be better prepared in dealing with different situations for the October 1st full opening.

3. UPSKILLING OF TEAM MEMBERS:

We invested in upskilling over 250 Team Members by sponsorship in professional programs conducted in partnership with global experts in areas such as chocolatier, sommelier, pastry, boulangerie, barista and bartending training.

We brought back a focus on our Departmental Trainers Program which contributes to continuous on-the-job training and upskilling.

Key Team Members across all levels from all our resorts were assigned as task force team to the pre-opening/opening operations of LUX* Grand Baie to instill the LUX* culture and brand identity. This worked well both ways as the task force team also got introduced to a new scale of luxury operations with LUX* Grand Baie. We intend to continue this mode of inter and intra resort cross exposures to build and develop our team.

4. LEADERSHIP DEVELOPMENT

a. We continued our partnership with the University of Cornell by sponsoring one senior manager to this year's General Managers Program.
b. IBL's Management Development Program 2022 – We have 4 Managers from our operations in Mauritius who are currently pursuing this program.
c. Maldives sponsored the participation of Team Members to various high value leadership development programs as follows:
   - Kenneth Kwan's 'Small Steps to Big Changes': 60 Team Members
   - Sara Ballinger's 'Emotional Intelligence and Leadership Skills' for the 21st Century: 60 Team Members
   - Avi Liran's 'Delighting Guests and Team Members': 60 Team Members
   - 6 Team Members were sponsored to participate in the National HR Convention and EXPO organized by MAHRP (Maldives Association of HR Professionals).
d. We embarked on the process of internal talent identification and succession planning at group level and will be working on focused development initiatives during the coming year.

5. GLOBAL COLLECTIVE LEARNING WEEK

During May 2022, our resorts and regional head office teams participated in the 3rd edition of The Lux Collective's 'Global Collective Learning Week' as part of which we encouraged our Team Members to engage in immersive educational experiences. With diverse programs curated by each resort's Learning and Development team; we achieved over 7500 manhours of learning in a week in various areas such as mindfulness, holistic health and well-being, self-defence, photography, aquaponics, recycling, crime prevention and emotional intelligence amongst several others.

6. BRAND STANDARDS

With the full opening of operations in all destinations, we have a renewed focus on our brand standards and experiences. We have entered into a new partnership with Forbes Travel Guide – the global experts in luxury service. This partnership requires us to understand, implement and showcase the Forbes Travel Guide Standards alongside our Shining Hospitality Standards and these are subject to a yearly external audit. 75% of the audit scores evaluate the guest experience with a focus on quality and consistency in service and 25% of the scores evaluate the facility in terms of cleanliness, guest comfort and convenience as well as a sense of luxury. Upon completion of the audits, FTG places hotels in 3 categories: **Five-Star**, **Four-Star** and **Recommended**. Our collective mission is to achieve a Five-Star rating across all our participating resorts and spas and position The Lux Collective amongst distinguished global luxury hospitality brands. There are currently only 323 hotels across 74 countries that have managed to achieve a Forbes Five-Star rating.

During this year we will continue to uplift our service culture by genuinely expressing care towards ourselves, our guests, our community and our environment. I look forward to updating you about the impactful initiatives that our teams have diligently worked on to bring to life TLC's Purpose: *We Make Each Moment Matter. We Care About What Matters*.

The successful re-opening of LUX* Belle Mare will be a prime mission this year with the fantastic LUX* Belle Mare Team Members who are currently deployed to other resorts and are fully engaged in "*Helping People Celebrate Life*."

Corporate Governance

STATEMENT OF COMPLIANCE BY THE BOARD

The Lux Collective Ltd ('the Company' or 'TLC') and its subsidiaries ('the Group') is committed to observing high standards of Corporate Governance, promoting corporate transparency and enhancing shareholder value.

We are pleased to confirm that the company has adhered to all of the requirements and provisions of the National Code of Corporate Governance for Mauritius for the year ended 30th June 2022.

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

RELATIONS WITH SHAREHOLDERS AND KEY STAKEHOLDERS

Company Constitution

The company is governed by the provisions of the Companies Act 2001.

Shareholding

The directors regard IBL Ltd as the ultimate holding company.

As at 30th June 2022, the Company's share capital was Rs 390,163,337, composed of 232,170,133 shares with 4,508 shareholders present on the registry.

The following shareholders had more than 5% of the capital of the Company at 30th June 2022:

IBL Ltd	56.37%
Paul Tobin Jones	5.04%
Other shareholders	38.59%
Total	100.00%

Shareholding Profile

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

Defined Brackets	Number of Shareholders	Number of Shares Owned	Percentage %
1-500	2,216	287,564	0.124
501-1,000	445	342,912	0.148
1,001-5,000	922	2,256,825	0.972
5,001-10,000	296	2,147,307	0.925
10,001-50,000	430	9,081,715	3.912
50,001-100,000	75	5,542,738	2.387
100,001-250,000	65	9,985,234	4.301
250,001-1,000,000	50	24,077,961	10.371
1,000,001-1,500,000	1	1,471,714	0.634
Over 1,500,000	8	176,976,163	76.227

Corporate Governance (continued)

RELATIONS WITH SHAREHOLDERS AND KEY STAKEHOLDERS (CONTINUED)

Summary of Shareholder Category

Category of Shareholders	Number of Shareholders	Number of Shares Owned	% of Total Issued Shares
Individuals	4,122	51,575,492	22.215
Insurance and assurance companies	12	9,245,031	3.982
Pension and provident funds	118	25,675,030	11.059
Investment and trust companies	31	896,333	0.386
Other corporate bodies	224	144,776,247	62.358
PLC Groups	1	2,000	0.001

Shareholder Rights

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

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

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

Communication with Shareholders

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

Dividend Policy

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

No dividend has been paid for the financial year ending 30th June 2022.

The Audit & Risk Committee and the Board shall ensure that the Company satisfies the solvency test if there is any dividend declaration.

Conduct of Shareholder Meetings

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

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

The Companies Act 2001 also allows a shareholder of the Company to appoint a proxy (in the case of an individual shareholder) or a representative (in the case of a shareholder Company, by way of a written resolution), whether a shareholder or not, to attend and vote on their behalf.

Corporate Governance (continued)

DIRECTORS SHAREHOLDING

Interests of Directors

The table below outlines each Director's respective direct and indirect interests and number of other directorships in listed companies as at June 30, 2022.

	Directors	Direct Interest	Indirect Interest	Number of Other Directorships in Listed Companies
	Shares	%	%	
David Amsellem	-	-	-	-
Jean de Fondaumière	-	-	-	1
Julian Hagger	9,958,090	4,28	-	-
Alexis Harel	121,612	0,05	-	2
Diya Nababsing- Jetshan (appointed on 02.02.2022)	-	-	-	
Paul Jones	11,701,334	5,04	-	-
Arnaud Lagesse	46,764	0,02		4
Hans Olbertz	-	-	-	-
Scott J. Woroch	-	-	-	-
Alternate Directors				
Dev Poolovadoo (Alternate to Julian Hagger)	313,320	0.20	0.01	-

CALENDAR OF IMPORTANT EVENTS FOR FORTHCOMING FINANCIAL PERIOD

Publication of 1st quarter results	October 2022
Annual Meeting of Shareholders	December 2022
Declaration/payment of interim dividend (if applicable)	November/December 2022
Publication of half-yearly results	January 2023
Publication of 3rd-quarter results	April 2023
Declaration/payment of final dividend (if applicable)	June 2023
Publication of abridged end-of-year results	September 2023

GOVERNANCE STRUCTURE

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

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

Corporate Governance (continued)

GOVERNANCE STRUCTURE (CONTINUED)

Chairperson of the Board

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

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

The Executives of the Group, headed by the Chief Executive Officer are as follows:

- Paul Jones - Chief Executive Officer
- Julian Hagger - Executive Vice President
- Ashish Modak- Chief Operating Officer- EMEA
- Nitesh Pandey - Chief Operating Officer - Asia Pacific (APAC)
- Marie-Laure Ah-You - Chief Strategy Officer
- Karen Lai Yong – Chief Development Officer
- Dev Poolovadoo – Senior Vice President - Finance
- Nicolas Autrey - Chief Human Resources Officer
- Guillaume Valet - Group Head of Legal, Secretarial and Corporate Affairs

The job descriptions of the above Executives have been approved by the Remuneration Committee.

Code of Ethics

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

The Audit and Risk Committee regularly monitors and evaluates compliance with its Code of Ethics. Appropriate actions are taken in case of non-compliance.

STRUCTURE OF THE BOARD

Board Size and Composition

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

Each year the Board examines the size, composition, skills and core competencies of its members to ensure there is an appropriate balance and diversity of skills, experience and knowledge. The Board includes Directors from different industries and backgrounds, with business and management experience, who, collectively, provide the core abilities for the leadership of the company.

Corporate Governance (continued)

STRUCTURE OF THE BOARD (CONTINUED)

Board Size and Composition (continued)

Notwithstanding the above, the Board considers that the current Board of 9 Directors is appropriate for enabling effective decision-making taking into account the scope and nature of the Group's operations. The directors of the Company and their representations in the various Committees are as follows:

Name	Gender	Country of Residence	Board Appointment	Board Committee Appointment
Arnaud Lagesse - Chairperson	M	Mauritius	Non-Executive Chairperson of the Board	Member of the Corporate Governance & Nomination Committee and Member of the Remuneration Committee
David Amsellem	M	Mauritius	Independent Non-Executive Director	Chairperson of the Corporate Governance & Nomination Committee and Chairperson of the Remuneration Committee
Jean de Fondaumière	M	Mauritius	Independent Non-Executive Director	Chairperson of the Audit & Risk Committee, and member of the Remuneration Committee
Alexis Harel	M	Mauritius	Independent Non- Executive Director	Member of the Audit & Risk Committee, the Corporate Governance & Nomination Committee, and the Remuneration Committee
Hans Olbertz	M	Dubai	Independent Non-Executive Director	Member of the Audit & Risk Committee
Diya Nababsing-Jetshan (appointed on 02.02.2022)	F	Mauritius	Non-Executive Director	
Scott J. Woroch	M	UK	Non-Executive Director	
Paul Jones (Chief Executive Officer)	M	Singapore	Executive Director	
Julian Hagger	M	Singapore	Executive Director	
Deodass Poolovadoo (Alternate to Julian Hagger)	M	Mauritius	Alternate Director	

Director's Independence Review

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

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

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

The Board considers that the following Directors as independent directors of the Company:

- David Amsellem
- Jean de Fondaumière
- Alexis Harel
- Hans Olbertz

Corporate Governance (continued)

STRUCTURE OF THE BOARD (CONTINUED)

Delegation by the Board

To assist the Board, the Board has delegated certain functions to 3 Committees, namely the Audit & Risk Committee (ARC), the Remuneration Committee (RC) and the Corporate Governance & Nomination Committee (CGNC). Each committee has its own written terms of reference. Please refer to pages 55 to 57 of this report for further information on these Committees.

Directors' Time, Commitment, and Multiple Directorships

The 2016 National Code of Corporate Governance recommends that Directors collectively come to a consensus on the maximum number of listed-company Boards that each Director may serve on, in order to properly address time commitments that may arise due to one individual serving on multiple Boards.

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

The Board considers that setting a limit on the number of listed-company directorships a Director may hold is arbitrary, given that time requirements for each person vary. Therefore, the Board prefers not to be prescriptive. The CGNC is currently satisfied with the commitment of each director to fulfil his responsibilities.

Company Secretary

Directors may separately and independently contact the Company Secretary or its nominee, who attends and prepares minutes for all Board meetings. The Company Secretary's role is defined, and includes the responsibility for ensuring that Board procedures are followed and that applicable rules and regulations are complied with.

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

The role of the Company Secretary is carried out by IBL Management Ltd.

Audit & Risk Committee (ARC)

The ARC is governed by a Charter in line with the provisions of the Code. The Charter is reviewed on an annual basis.

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

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

a. Reviewing significant financial reporting issues and judgments to ensure the integrity of the financial statements of the Group and any formal announcement relating to the Group's financial performance.
b. Reviewing and reporting to the Board, at least annually, the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls.
c. Reviewing the effectiveness of the Group's internal audit function.
d. Reviewing the scope and results of the external audit, and the independence and objectivity of the external auditors.
e. Making recommendations to the Board on the proposals to the shareholders on appointment, re-appointment and dismissal of external auditors, and approving the remuneration and terms of engagement of the external auditors.

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

Corporate Governance (continued)

STRUCTURE OF THE BOARD (CONTINUED)

Audit & Risk Committee (ARC) (continued)

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

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

- The financial situation of TLC following the pandemic
- The Administration of Salt Hospitality Ltd and its subsequent exit from administration and impact on TLC
- The reopening strategy of Hotels managed by the Company
- Termination of the Hotel Management Agreement of LUX* North Male Atoll and application of fund received

The ARC is satisfied that these matters have been appropriately addressed. Depending upon the issue, independent expert advice is sought, when required. The ARC recommended to the Board to approve the audited financial statements of the Group for the financial year ended 30th June 2022 ("FY 2022 Financial Statements"). The Board has approved the FY 2022 Financial Statements on 16 September 2022.

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

- Approval of the results for Q1, Q2 and Q3
- Review of the budget for 2022/23
- Audit Plan for 2022/2023
- Internal and external audit reports issued

The members of the ARC are as follows:

Jean de Fondaumière (Chairperson)	Independent non-executive Director
Hans Olbertz	Independent non-executive Director
Alexis Harel	Independent non-executive Director

These members of the ARC comply with the definition of an 'independent director' as stipulated by the Code.

Corporate Governance and Nomination Committee (CGNC)

The CGNC is governed by a Charter that determines the objects and functions of the Committee. The Charter has been approved by the CGNC. It is reviewed on an annual basis.

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

The members of the Committee are :

- David Amsellem- Chairperson
- Arnaud Lagesse
- Alexis Harel

Messrs David Amsellem and Alexis Harel are Independent Non-Executive Directors.

Corporate Governance (continued)

STRUCTURE OF THE BOARD (CONTINUED)

Remuneration Committee (RC)

The RC is governed by a charter that determines the role and responsibilities of the Committee. The RC approved its Charter during the past financial year. The Charter is reviewed on an annual basis.

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

- The organisational chart of the Company
- A general framework of remuneration for the Board and key management personnel
- Specific remuneration packages for each director and key management personnel
- The company's obligations in the event of the termination of an executive director or key management personnel's contract of service, to ensure that such contracts of service contain fair and reasonable termination clauses.

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

The Remuneration Committee includes the following directors:

- David Amsellem – Chairperson
- Arnaud Lagesse
- Alexis Harel
- Jean de Fondaumière

Messrs David Amsellem, Jean de Fondaumière and Alexis Harel are Independent Non-Executive Directors

Attendance

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

No of Meetings attended by Directors

Name	Board Meetings	Audit & Risk Committee Meetings	Corporate Governance & Nomination Meetings	Remuneration Committee Meetings	Total Attendance at Meetings
Executive Directors					
Paul Jones	5	5 (in attendance)	1 (in attendance)	2 (in attendance)	13
Julian Hagger	5	-	-	-	5
Non-Executive Directors					
Arnaud Lagesse	5	-	1 (in attendance)	2 (in attendance)	8
Jean de Fondaumière	5	5	-	2 (in attendance)	12
Alexis Harel	5	5	1 (in attendance)	2 (in attendance)	13
Diya Nababsing- Jetshan (appointed on 02.02.2022)	3	-	-	-	3
Hans Olbertz	5	5	-	-	10
Scott J. Woroch	5	-	-	-	5
David Amsellem	4	-	1	2	7
Number of Meetings held	**5**	**5**	**1**	**2**	**13**

Corporate Governance (continued)

DIRECTOR APPOINTMENT PROCEDURES

Role of the Corporate Governance & Nomination Committee ("CGNC") in the Director's Appointment

The CGNC is responsible for selecting and appointing new Directors.

All new Board members are first considered and reviewed by the CGNC, before being recommended to the Board for approval. Potential candidates are recommended by Directors or Shareholders. The CGNC then evaluates the suitability of potential candidates for the position, taking into account, inter alia, the candidate's age, gender, skills, knowledge, experience and ability to contribute to the Board's effectiveness.

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

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

This year, to comply with the provisions of the Code, Messrs Arnaud Lagesse, Paul Jones, Hans Olbertz, Alexis Harel, Julian Hagger, Scott J. Woroch, David Amsellem and Jean de Fondaumière will submit their re-election as Board Members at the forthcoming Annual Meeting of Shareholders.

Mrs Nabasing-Jetshan will submit her election as Board Member at the forthcoming Annual Meeting of Shareholders.

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

Board Orientation and Training for New Directors

We have put in place procedures to ensure that newly-appointed Directors receive an induction and orientation upon joining the Board.

Directors Development

The Chairperson should regularly review and come to an agreement with each Director, if necessary, his or her training and development needs. The Company must provide the necessary resources and training for the Director to best develop his knowledge and capabilities.

Succession Planning and Directors Service Contract

Following the extension of the employment contract of Mr Jones up to 30th June 2024, as reported last year, the Board is confident that under the leadership of Mr Paul Jones, the Company will maintain its growth trajectory. The Board is aware of the importance of a proper succession plan for the continued growth of the Company.

DUTIES, REMUNERATION AND PERFORMANCE

Key Features of Board Processes

To assist the Directors in planning their attendance at meetings, the dates of Board Meetings, Committee Meetings and Annual Meetings are scheduled up to one year in advance. In addition to the regular scheduled meetings, ad-hoc Committees are convened as and when circumstances warrant. Besides physical meetings, the Board and the Committees may also make decisions by way of written resolutions, as specified in their respective Terms of Reference.

Corporate Governance (continued)

DUTIES, REMUNERATION AND PERFORMANCE (CONTINUED)

Key Features of Board Processes (continued)

From 1st July 2021 to 30th June 2022, the Board met 5 times for the purpose of considering and approving, amongst others, the following items:

- The audited financial statements for the year ended 30th June 2021 and relevant publications
- Updates on various renovation projects and new management contracts
- Approval of Q1 results
- Approval of Q2 results
- Approval of Q3 results
- Business plan for the financial year ending 30th June 2023 and the five year plan
- Review SALT Hospitality voluntary administration process

Complete, Adequate, and Timely Information

To ensure that the Board and Committees are able to fulfil their responsibilities, Management provides them with complete and adequate information in a timely manner.

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

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

Related Party Disclosures

For the purpose of these financial statements, parties are considered to be related to the Group if they have the ability, directly or indirectly, to control the Group or exercise significant influence over the Group in making financial and operating decisions, or vice versa, or if they and the Group are subject to common control. Related party transactions are disclosed in note 31 to the financial statements.

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

Conflicts of Interests

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

All new employees and directors of the Company receive training on the Code of Ethics and the Whistleblowing policy.

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

To the best of our knowledge, there has been no case of conflict of interest noted during the financial year under review.

Corporate Governance (continued)

DUTIES, REMUNERATION AND PERFORMANCE (CONTINUED)

Board Evaluation Process

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

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

For the year under review, the evaluation process confirmed that a majority of directors consider the Board to be effective and well-balanced.

Independent Professional Advice

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

REMUNERATION MATTERS

Statement of Remuneration Philosophy

Our Board members are remunerated according to market rates.

Board	
Board members' annual fee	200,000
Audit & Risk Committee	
Chairperson annual fee	225,000
Members annual fee	150,000
Corporate Governance and Nomination Committee	
Chairperson annual fee	-
Members' annual fee	50,000
Remuneration Committee	
No fee for members of the Remuneration Committee	-

The level of Directors' Fees shall be reviewed annually by the Remuneration Committee and/or the Board, taking into account factors such as regulatory changes, responsibilities and market benchmarks.

Remuneration of Executive Directors and key management personnel

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

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

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

Corporate Governance (continued)

REMUNERATION MATTERS (CONTINUED)

Directors Remuneration for the Year Ended June 30, 2022

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

			30 June 2022			30 June 2021
	From the holding company Rs '000	From subsidairies Rs '000	Total Rs '000	From the holding company Rs '000	From subsidairies Rs '000	Total Rs '000
Jean de Fondaumiere	298	-	298	298	-	298
Alexis Harel	280	-	280	280	-	280
Hans Olbertz	670	-	670	670	-	670
Scott J. Woroch	665	-	665	665	-	665
Total Non-Executive	**1,913**	**-**	**1,913**	**1,913**	**-**	**1,913**
Paul Jones	-	54,471	54,471	-	29,014	29,014
Julian Hagger	-	38,159	38,159	-	20,498	20,498
Dev Poolovadoo	4,976	-	4,976	3,135	-	3,135
Total Executive	**4,976**	**92,630**	**97,606**	**3,135**	**49,512**	**52,647**
Total Non-Executive and Executive	**6,889**	**92,630**	**99,519**	**5,048**	**49,512**	**54,560**

Remuneration of Non-Executive Directors

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

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

RISK GOVERNANCE AND INTERNAL CONTROL

Responsibilities for Risk Management and Internal Controls

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

ARC Processes Regarding Management of Risks

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

Corporate Governance (continued)

RISK GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

Assurance for the Chief Executive Officer and the Senior Vice President Finance

The Board has received assurance from the Chief Executive Officer and the Senior Vice President Finance that:

a. The financial records of the Group for the financial year ended 30th June 2022 have been properly maintained, and the financial statements give a true and fair view of the Group's operations and finances, in accordance with the applicable financial reporting framework, that are free from material misstatement; and
b. The system of risk management and internal controls in place within the Group is adequate and effective in addressing the material risks in the Group in its current business environment including material financial, operational, compliance and information technology risks.

The Chief Executive Officer and the Senior Vice President Finance have in turn obtained relevant assurance from Internal and External Auditors of the Group.

Opinion on Adequacy and Effectiveness of Internal Controls and Risk Management Systems

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

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

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

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

Risk Factors

The Group's corporate risk management policy is designed to effectively protect the interests of its stakeholders. The Group updated its risk policy during the financial year and is deploying the COSO 2017 ERM framework across its operations.

It translated this implementation as a 5-step roadmap with the risk management framework being fully embedded by FY 2023/ 24.

Corporate Governance (continued)

RISK GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

TLC's 5-Step Roadmap

No 1	**SET THE CONTEXT**	TONE SET FROM THE TOP UPDATE RM POLICY	COMPLETED
No 2	**UPDATE TOP RISKS**	REVIEW AND RATING OF TOP RISKS MITIGATING ACTION PLAN	COMPLETED
No 3	**RAISE AWARENESS & ALLOCATE RESPONSIBILITIES**	RISK CHAMPIONS IDENTIFIED TRAINING FOR CHAMPIONS SET UP OF RISK COMMITTEE	BY DECEMBER 2022
No 4	**DEFINE RISK REGISTER BY DEPARTMENT**	TOP RISKS BY DEPT IDENTIFIED AND RATED	BY 30 JUNE 2023
No 5	**CONTINUOUS MONITORING & REPORTING**	RISK CHAMPIONS REPORTING TO RISK MANAGER AT LEAST QUATERLY KPIS TO MONITOR RISK MANAGEMENT IMPLEMENTATION	FY 2023/2024 & BEYOND

Corporate Governance (continued)

RISK GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

Risk Factors

We have continued to follow our risk management disciplines and managed risks in line with good practice. This section presents the principal risks that our business faces and the mitigation measures in place to deal with them.

Risk Ref	Risk Name	Risk Description	Risk Level	Mitigating Measures
1	Macro-Economic Risk	Economic slowdowns in the regions where the Group trades, adversely affect demand for leisure activities, particularly vacation travel. This means that the Group is exposed to the consequences of economic crisis and declines in consumer spending in its feeder markets, which affect our growth rates and margins.	H	- Diverse geographical operating presence. - International customer base. - Flexible business model that allows targeting marketing spend to relevant customer segments and changing hospitality trends.
2	Talent Management Risk & Succession Planning	Our growth depends largely on our ability to retain and recruit talented Team Members (TMs) in key positions. If we are unable to recruit and retain sufficient numbers of TMs, our ability to manage and service our properties could be impaired which could reduce guest satisfaction. A shortage of skilled labour could also require higher replacement wages, which increase our operating expenses. Our future success depends in large part upon the efforts of our senior management. Competition for such personnel is intense. We may not be prepared to deal with unexpected needs for succession planning of key management positions.	H	- Talent development and management plan in place to retain Team Members. - Be known as the Employer of choice in our countries of operation. - Engage with governments for work permits and marketing of industry. - Regional headquarters based in Singapore with a wider reach for talent.
3	Brand Risk	Our future success and our ability to manage future growth depend largely upon our ability to protect our reputation and brands, including sub-brands, to continue to attract guests and management contracts. However, there is a risk that we engage with partners who eventually do not respect our brand standards which may affect our credibility for future expansion.	H	- Background checks on owners for management contracts. - Management contracts signed with owners with terms and conditions clearly laid out.
4	Destination Disruption Risk	Major natural or man-made catastrophes such as cyclones, floods, earthquakes, tsunami, oil spills, disease outbreaks and terrorist attacks in locations where we manage properties could cause a decrease in demand for our properties, which could adversely affect our revenues.	H	- Our diversification plan through management contracts continues to limit risks of over-dependence on one country/location only.
5	Currency Risk	Our reporting currency is in MUR and our main revenue is in MUR, EURO and USD. Any major fluctuation in USD/EURO affects our revenue, EBITDA and cash flow. This has a direct effect on our costs and financial situation.	H	- Diversification plan through management contracts in various locations and currencies. - Advanced planning for our yearly needs in foreign currency
6	Cybersecurity Risk	Despite our efforts, information networks and systems may be vulnerable to threats such as system, network or internet failures, computer hacking or business disruption, cyber-terrorism, viruses, worms or other malicious software programs, employee error, negligence, fraud, or misuse of systems, or other unauthorised attempts by third parties to access, modify or delete our proprietary and personal information.	M	- Network security and internal controls measures in place to continually monitor our traffic. - IT Security audits.

Corporate Governance (continued)

RISK GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

Risk Factors (continued)

Risk Ref	Risk Name	Risk Description	Risk Level	Mitigating Measures
7	Fire, Life and Safety Risk	The health and safety of our guests and Team Members is of utmost importance, in order to maintain our reputation and our revenue. However we still face the risks of fire hazards, food safety or health related incidents which could lead to casualties or spread of diseases in our resorts. This would have a major impact on our brand.	M	- Safety certifications from trusted service providers - Audits by reputable companies and action plan by each resort, which is closely monitored. - Regular trainings on fire, life and safety risks to all our Team Members. - Insurance Policy which covers risks related to fire and food safety.
8	Air Accessibility Risk	We are highly reliant on flights that come to the countries where we operate. Hence our growth is directly linked to air access in these countries and the policies of governments and airlines on air access.	M	- Our diversification plan through management contracts continues to limit risks of over-dependence on one country/location only. - We work with authorities via hotelier associations in countries where we manage hotels to ensure that the needs of the industry are taken into account in government policies, including air access policies
9	Political Risk	An unstable political situation in our countries of operation could cause a decrease in demand for the destination and hence our properties. This in turn could adversely affect our revenues.	M	- Diversification of our operations to various countries.
10	Technology Obsolescence Risk	We are not an IT company but technology is important if we want to be known as an innovator in our industry. We face the risk of losing our competitive edge due to obsolescence of our technology, which results in decreased customer loyalty and a loss in market share.	M	- We have embarked on a digital transformation journey to maximise performance, leveraging technology for our long term success.
11	Operating Model Risk	We are a new hospitality management company and the choices we make in the operating models for our management contracts will affect our future profitability. We remain at risk of not being able to select contracts based on Hotel Management Agreements only, and may have to invest our funds in some hotels we wish to manage.	L	- Management decision to stick to HMAs only and not to invest the funds of TLC in managed hotels.
12	Legal/ Regulatory Risk	Due to the nature of its business and its international presence, the Group is subject to varied, changing and sometimes contradictory laws and regulations in numerous areas (safety, health, environment, tourism, transportation, taxation, human resources, etc.). The application of these laws and regulations including the laws on data protection can be a source of operating difficulty and can lead to disputes with suppliers, owners, staff and even local authorities. Changes in laws and regulations applicable to the Group's entities could, in some cases, limit the Group's business activities as well as its ability to grow. These may also involve significant compliance costs, which could negatively affect the Group's results and outlook.	L	- Diversification of our operations to various countries to spread our risks. - Work with reputable local law firms to understand laws in new countries of operation. - Set up internal working groups and procedures to ensure compliance with all relevant regulations.

Corporate Governance (continued)

RISK GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

IT Governance

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

The Group has set up a digital transformation committee to ensure it keeps at the forefront of technological innovation in the hospitality industry. and is actively pursuing upgrades to its information systems to support its growth strategy across multiple locations and brands. This is being done with data privacy and security at the forefront to ensure that we are compliant with all relevant data protection laws and regulations.

ACCOUNTABILITY AND AUDIT

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

Accountability

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

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

Internal Audit

The Company has an in-house internal audit function. The primary role of the internal auditors is to assist the ARC to ensure that the Company maintains a sound system of internal controls.

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

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

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

Corporate Governance (continued)

RISK GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

External Auditor Independence

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

In appointing the audit firms for the Group, the ARC is satisfied with the Company's compliance with the provisions of the Companies Act 2001.

The ARC has recommended to the Board that the external auditors be nominated for reappointment at the forthcoming Annual General Meeting.

Details of remunerations paid to external auditors are as follows:

	The Group		The Company	
	30 June 2022 Rs '000	30 June 2021 Rs '000	30 June 2022 Rs '000	30 June 2021 Rs '000
(a) Ernst & Young				
Audit services	1,246	640	613	540
Other services - Taxation	74	51	30	20
	1,320	691	643	560
(b) Other Auditors				
Audit services	287	518	-	-
	287	518	-	-
Total	**1,602**	**1,209**	**643**	**560**

Statement of Directors' Responsibilities in Respect of the Preparation of Financial Statements, Internal Control and Risk Management

For the year under review, the directors report that:

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

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

Approved by the Board of Directors on 16th September 2022

and signed on its behalf by:

Arnaud Lagesse,
Chairperson

Secretary's Certificate

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, in terms of section 166(d).

IBL Management Ltd,
Secretary

16th September 2022

Our only home.

Blue Marble - 2002

(La bille bleue)

Taken in 1972 by Apollo 17 crew on their way to the moon. It shows Africa, Antarctica, and the Arabian Peninsula. In 2002, NASA scientists and visualizers stitched together strips of brand-new data, in natural color, collected over four months from the Moderate Resolution Imaging Spectroradiometer, or MODIS, instrument aboard Terra. They added a layer of clouds to create this composite Blue Marble that became one of the most iconic Earth images of the new century when Apple selected it as their default background for the iPhone in 2007. A version of the MODIS Blue Marble is now used as the base layer in many visualizations of NASA Earth science data.

Sustainable Development

Our Management Approach

We continue as previous years and since our creation in 2018, to adhere to a Principles-Based Approach, as a Participant of the United Nations Global Compact. This private-sector specific branch of the United Nations guides business leaders in sound decision-making and practices in the areas of Human Rights, Labour Rights, Environment and Anti-Corruption. The reporting format is revamped in 2022 by the UN Global Compact to link with international standards such as Global Reporting Initiative Standards or the International Labour Officer. The Lux Collective is one of the early-adopters of the new online format.

WE SUPPORT UN GLOBAL COMPACT

COMMUNICATION ON PROGRESS

UN GLOBAL COMPACT

This is our **Communication on Progress** in implementing the Ten Principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

ENVIRONMENT

HUMAN RIGHTS

ANTI-CORRUPTION

LABOUR

To our Stakeholders,

I am pleased to confirm that The Lux Collective Ltd reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption.

In this annual Communication on Progress (COP), we disclose our continuous efforts to integrate the Ten Principles onto our business strategy, culture and daily operations, and contribute to United Nations goals, particularly the Sustainable Development Goals. Our 4th consecutive COP is available on our profile, which you can access via the QR code.

Paul Jones,
Chief Executive Officer

24th October 2022

Our 2022 Report's data relevance, consistency and flow, follow the Global Reporting Initiative's sustainability reporting principles of Accuracy, Balance, Clarity, Comparability, Reliability and Timeliness. This report is designed in accordance with the GRI Standards (Core Option).

The structure of this report follows the four content principles of GRI (Stakeholder Inclusiveness, Sustainability Context, Materiality and Completeness). The guiding principles of the International Integrated Reporting Council are also considered.

The Lux Collective supports the work of the Global Reporting Initiative, we have this year again renewed our GRI Community membership. In doing so, we represent the hospitality management constituency on an international platform and contribute to the shaping of sustainability reporting standards which must evolve to the information needs of investors and decision-makers, as well as those of the relevant institutions which track progress towards the Sustainable Development Goals of the United Nations. Our report on sustainability initiatives therefore includes references to the applicable SDGs.

GRI COMMUNITY MEMBER 2022

The relevant New Code of Corporate Governance of Mauritius, namely NCCG Principle 6: Reporting with Integrity and NCCG Principle 8: Relations with Shareholders and Other Key Stakeholders are both applied.

SUSTAINABLE DEVELOPMENT GOALS

The Reporting Boundary

This report is for July 2021-June 2022.

The KPIs are tracked in line with the management approach and as per the Materiality Matrix.

The selected Key Performance Indicators (KPIs) are Energy consumption, Water Footprint, Waste in Kg, Carbon Dioxide Emissions, Human Capital ratios for the Regional HQ of The Lux Collective, the managed properties and business units located in Mauritius, Maldives, Reunion Island and China.

Data for the FY 2013-14 up until FY 2019-20 in this report will serve as a retrospective to our Vision 2020 performance. The past data is presented alongside future goals.

As the industry continues to adjust to more negative economic ripples since the first Covid-19 disruptions in 2020, The Lux Collective intends to present even more updated data.

ACHIEVEMENTS IN ENVIRONMENTAL TARGETS (AS AT PRE-COVID FY 2019-20)

ENERGY

(KWH/RNS*)

251

A 71% increase from baseline is justified through more accurate ways of tracking energy consumption over the years. The company has increased its commitment for renewable energy in order to reduce fossil fuel over the mid to long term.

WATER

(M3/RNS)

1.5

-50% FROM BASELINE

WASTE

(KG/RNS)

4.5

-71% FROM BASELINE

The Lux Collective has adopted circular economy concepts to further reduce waste at source, and waste to landfill. We have signed agreements with trusted partners for Tamassa and LUX* Le Morne to track with more precision the flow and reduction of solid waste within our operations.

WASTEWATER

(M3/RNS)

0.8

-16% FROM BASELINE

*RNS = Room Nights Sold

Materiality Matrix

Site-specific, local, regional and global matters which have significant impact on the business and vice-versa appear on the following matrix, defined by value-chain mapping and multi-criteria analysis (MCA) to determine valid external and internal links.

1. 2011

HISTORY

- CREATION OF LUX ISLAND RESORTS LTD (CEO PAUL JONES)
- REPORTING ALIGNED WITH GRI SUSTAINABILITY REPORTINGSTANDARDS
- 1ST HOTEL GROUP LISTED ON SUSTAINABILITY INDEX OF MAURITIUS EXCHANGE
- PROPERTIES GREEN GLOBE CERTIFIED
- GRI COMMUNITY MEMBER

2. 2018

CREATION

THE LUX COLLECTIVE IS BORN (HOTEL MANAGEMENT COMPANY)

- SUSTAINABILITY ANCHORED IN COMPANY HIGHER PURPOSE WE CARE ABOUT WHAT MATTERS
- SIGNATORY OF UNITED NATIONS GLOBAL COMPACT
- GRI COMMUNITY MEMBER

3. 2019

COMMITMENT

- COMMITTED TO SET A SCIENCE-BASED TARGET
- MAPPING 17 SDGS
- FOLLOWING 10 GLOBAL COMPACT PRINCIPLES

6. 2022-2030
JOURNEY

- SETTING PUBLIC NET-ZERO CARBON SCIENCE-BASED TARGET IN 2022
- ALL LUX* PROPERTIES IN MAURITIUS ACHIEVE EARTHCHECK 5 EARTH RATING (YEARLY AUDIT)
- ETHICAL PROCUREMENT POLICY IN PIPELINE
- GENDER DIVERSITY CHARTER IN PIPELINE : EMBED UN WOMEN EMPOWERMENT PRINCIPLES IN COMPANY-WIDE TARGETS

4. 2020
CONTINUITY

- CEO PARTICIPATION ON FRANCOPHONE PANEL OF UNITED NATIONS GLOBAL COMPACT LEADERS SUMMIT 2020
- CEO REPRESENTATION ON UN GLOBAL COMPACT SPECIAL COVID-19 SESSIONS FOR AFRICA
- 2 POWERFUL UN #UNITINGBUSINESS AND #RECOVERBETTER STATEMENTS ENDORSED BY CEO
- ALL LUX* PROPERTIES IN MAURITIUS ACHIEVE EARTHCHECK 5 EARTH RATING
- TLC & LIR TOGETHER INCREASE KEY CSR PARTNERSHIPS TO 20

5. 2021
ACTION

- SETTING PUBLIC SCIENCE-BASED TARGET
- CSR PROJECTS INCREASED TO 22 PROJECTS
- STATUS UPGRADED TO UN GLOBAL COMPACT PARTICIPANT
- CEO'S REPRESENTATION AT UN GLOBAL COMPACT LEADERS SUMMIT (RESILIENCE IN TOURISM PANEL)
- RENEWAL OF MEMBERSHIP WITH GLOBAL REPORTING INITIATIVE
- LETTER FROM WE MEAN BUSINESS COALITION TO G20 LEADERS ENDORSED BY CEO

Stakeholder Inclusiveness

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

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

Image Credit: NASA/Scientific Visualization Studio

Tracking Methane Sources and Movement Around the Globe

NASA's new *three-dimensional portrait of methane*, the world's second-largest contributor to greenhouse warming, shows it arising from a diversity of sources on the ground and how it moves through the atmosphere. Combining multiple data sets from emissions inventories, including fossil fuel, agricultural, biomass burning and biofuels, and simulations of wetland sources into a high-resolution computer model, researchers now have an additional tool for understanding this complex gas and its role in Earth's carbon cycle, atmospheric composition, and climate system.

Tread Lightly

Our Flagship Environmental Project

Net-zero Emissions & Cleaner Energy

1.5°C is the Planet's threshold to continue susataining liveable conditions for humans and other lives.

2022-2045 JOURNEY

Since our commitment to the Science-Based Target initiative (SBTi) in Oct 2019 where our CEO joined around 300 others around the world, to align business strategy and operations with limiting the Planet's warming target to 1.5°C by 2030.

The core mission of our project Tread Lightly remains the reduction of our carbon footprint estimated at 49,097 tCO2e in 2020.

Our Scopes 1, 2 ,3 which make up our footprint were calculated every year since 2015. The methodology used align with the GHG Protocol and Hotel Carbon Measurement Initiative.
The 2019-2020 inventory was supplied to the team of SBTi with the science-aligned recalculations.
The new ambitious Science-based target methodology requires accounting for direct emissions of the organisation as well as indirect emissions related to its value chain (Scope 3). The exercise requires looping in suppliers who in turn also include theirs in the discussion towards carbon footprint reduction, nationally, regionally and globally.

With offsetting to be considered as a last resort towards neutrality, we are currently reviewing the flow of the Tread Lightly project in order to maximise our chances to meet our ambitious goals. In order to assess our net-zero emissions 2045 target and sub targets. We are very close to an approved target by the SBTi in 2022.

Our Tread Lightly project for CO2 reduction which exists since 2013, will guide us to a net-zero emissions pathway.

PHOTOVOLTAIC SYSTEM BY SWIMSOL IN LUX* SOUTH ARI ATOLL

The first phase of the floating PV system at LUX* South Ari Atoll covers approximately 10% of its daily requirements which represents nearly 900 litres of diesel combustion/day.

Inaugurated in 2018, the solar system installed by the Austrian firm Swimsol, prevents around 2 tonnes of CO2 per day, i.e., 803 t/CO2 per year.
The annual reduction in CO2 emissions is equivalent to flying London Maldives (One-Way) 643 times

7 AFFORDABLE AND CLEAN ENERGY

13 CLIMATE ACTION

17 PARTNERSHIPS FOR THE GOALS

Responsible Consumption & Production

As we prepare new plans for our properties to deliver on environmental goals 2022- 2030, coupled with social goals, our strong desire is to source smartly more ethical products from shorter distances. We will keep leveraging our influence over our supply chain, to keep working together towards the United Nations Sustainable Development Goals.

We will have more consideration for sustainable, women-led enterprises within our supply chain, and continue sourcing ethical products which in turn sustain nature-conservation or afforestation projects.

These meet our obligations as a Participant of the United Nations Global Compact, an elevated status we have achieved during the FY 2021-2022.

Our Purpose We Care About What Matters, is our promise for ethical hospitality management.

2022 will be the first year we audit and celebrate the most beautiful actions from our GMs and their teams, to demonstrate love and care for our Environment, our Communities, our Guests, and our very own Colleagues.

These will be measured through our Care Index methodology developed by The Lux Collective.

Some initiatives are featured in this year's report.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

REASON TO BEE BY LUX* SAINT GILLES AND HUG ME HONEY AT LUX* GRAND GAUBE

The experience at LUX* Grand Gaube is developed around the creative idea pitched by the LUX* Saint Gilles Built To Care team.

It involves guests' visit to the hives followed by honey tasting, honey cocktail making, and a tasting meal based around honey.

Honey produced on site is served to guests and used by the resort.

With 6 Beehives, ~70 kgs of honey produced in FY 2021- 2022, the property minimises the purchase of commercial honey.

50 guests have booked the Collectable Experience "Hug Me Honey" since its launch. LUX* Grand Gaube Guests can also purchase a jar of honey to take home.

LUX* ME SPA

Through a selection of

People and planet-friendly spa products,

such as organic oils sourced from nearby Madagascar, from fairtrade certified supply chains, the Spa proposes to extend our sense of care to others too.

The make-up at LUX* Grand Baie is not tested on animals, whereas the gold contained in certain beauty products is fairmined.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

CIRCULAR DESIGN FOR AMENITIES,

Is revolutionary in the hospitality industry. The Lux Collective has invested time and effort into researching the best solution against single-use materials supplied to our guests, in rooms.

Circular design is not just about the outer layer, or the packaging, but also the content.

A sanitised, reusable tin container, safely carries activated charcoal toothpaste. A Bamboo brush, bamboo comb and plant-based loofah are all packaged in paper from responsibly managed forests wood – certified Forest Stewardship Council.

PALM OIL FREE SOAP BARS

The hospitality industry is an avid consumer of soap bars.

One small positive change, is therefore Multiplied when we successfully design, with the supplier, a high-quality soap bar which does not need palm oil.

The ingredient is sought after for the silky property it gives to products, for a low price but at the cost of acres of destroyed native habitats worldwide.

After years of Research & Development, we are pleased to finally obtain a product which represents the perfect balance between luxury and ethical sourcing.

ECO-FRIENDLY BUSINESS CARDS FOR THE LUX COLLECTIVE AND PROPERTIES.

Our business cards have been redesigned with the latest trend for its practicality and reusability.
The cards can be read by NFC-enabled smartphones, the shared data can easily be saved as a contact on the phone.

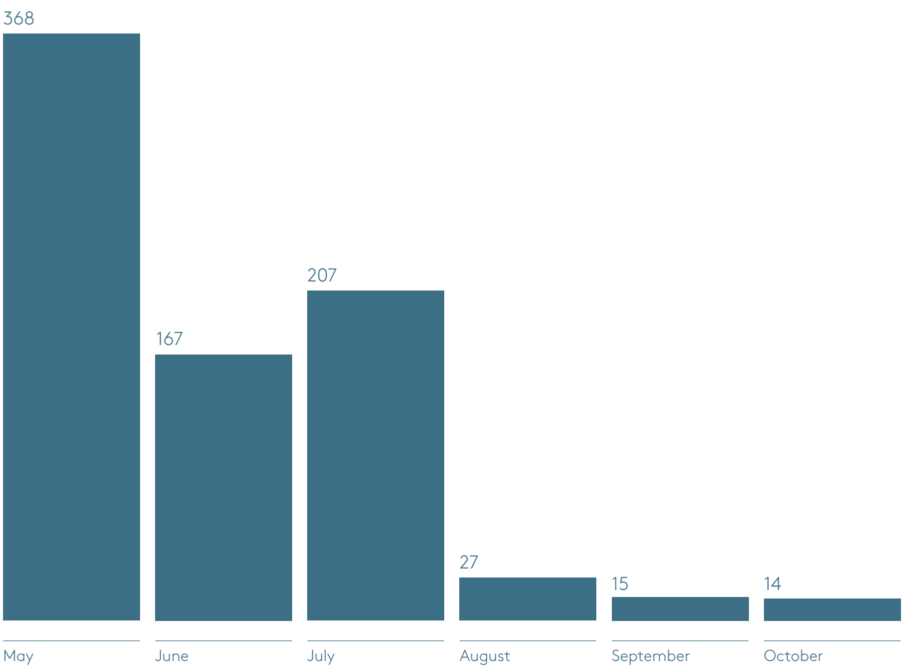
The QR code is an alternative option for non-NFC phones.

This innovation allows for a paperless and durable approach to networking, it is part of a series of initiatives, geared to also deliver, in fine, to sustainability goals of The Lux Collective.

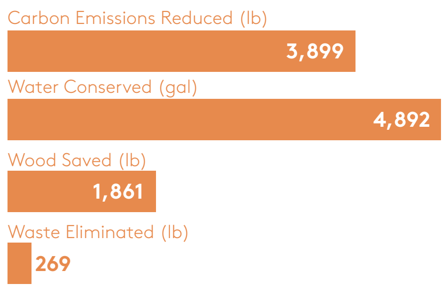
By converting sales agreement signatures to electronic, as well as Human Resources documents and soon audit files as well, the measurable impact, over time, is sizeable.

DIGITALISING PROCESSES AND GOING PAPERLESS

Average Envelope Turnaround
(2022)



The Lux Collective Ltd
Environmental Savings



This compares to,

SKIPPING
3 LOADS
OF LAUNDRY

CONSERVING
4 TREES

ELIMINATING
4 CANS
OF TRASH

The Zero-Food-Waste Project of LUX* Le Morne

THE PLEDGE CERTIFICATION

Our target was to achieve the Food Waste Certification and to achieve a food waste reduction per cover of 40% from our baseline of 200g/cover by April 2022.

In April 2022, we were able to achieve a waste reduction of 53% as our food waste per cover amounted to 106 g which are mainly leftovers or fruits and vegetables peels.

LUX* Le Morne has achieved the highest All-Star level award during The Pledge Certification audit. They have inspired all our other properties within the group to take action and tackle this problem.

The stellar result was achieved through strict implementation of all the criteria by Medha Budoo, Training and sustainability Manager at the property, in close collaboration with the Chef, all kitchen colleagues with the will of the General Manager to make it a success. Food which is untouched from the buffet are donated to local schools.

LUX* Belle Mare's Beach Rouge also achieved the Silver Award.

Biodiversity

Biodiversity conservation on land and on water are both concerns of The Lux Collective. Our properties have since years developed partnerships with NGOs who are experts in these areas.

TASHA CHATTIYERKAMA, ISLAND RESTORATION COORDINATOR FOR THE MAURITIAN WILDLIFE FOUNDATION (MWF) AND DURRELL WILDLIFE CONSERVATION TRUST (DWCT):

We were very happy to have the LUX* Grand-Gaube helipad for the Round Island trips. Logistics for the island transfers were much easier, LUX* Grand Gaube's location is perfect to fly from to Round Island without posing security issues to surrounding neighbourhoods. Through the continued support, we have transported water tanks, building materials and other large equipment we needed for the renovation of the field station and nursery.

JEAN HUGUES GARDENNE, FUNDRAISING & COMMUNICATIONS MANAGER FOR THE MAURITIAN WILDLIFE FOUNDATION:

The support from LUX* keeps growing year after year. Adding to the financial donation, the contribution of LUX* Grand Gaube in our logistics and operations is priceless, it has brought a lot of peace of mind as we now regularly fly to Round Island from LUX* Grand Gaube helipad.

THE MAURITIAN WILDLIFE FOUNDATION AND LUX* GRAND GAUBE

With the Mauritian Wildlife Foundation, we have access to a wealth of information and research, which is shared through workshops with our Team Members, who in turn promote the ecotours at Ile Aux Aigrettes to our guests.

The collaboration with LUX* Grand Gaube has strengthened over the years. Located within the scenery from the hotel's lobby, the northern islets are home to rare endangered species, such as the unique Round Island Boa, under the careful watch of the Mauritian Wildlife Foundation.

The property has been facilitating the shipping of heavy and much needed materials to Round Island by the Special Mobile Force for the NGO, by allowing access to its helipad, which is the closest to the small island.

15 LIFE ON LAND

17 PARTNERSHIPS FOR THE GOALS

In 2021,
MUR 300,000
from LUX CSR were allocated to Round Island Restoration

Round Island, 219 ha, is undeniably Mauritius' most important island for conservation with unique remnant populations of endemic plants, reptiles, and native seabirds. Animals introduced in the early 19th/late 17th century caused severe loss of soil and vegetation. Poaching of seabirds was a common activity on the island.

A field station was built in 2002 and it allowed the Mauritian Wildlife Foundation to achieve a greater impact on restoring the island, controlling or eradicating invasive plants and restoring over 15 ha.

These activities have led to the recovery of the seabird populations with species now at higher population densities than elsewhere in the Indian Ocean and leading to a greater understanding on the identity of the unique Round Island Petrel.

The restoration and recovery of habitat has led to over a 2,000% increase in the abundance of the threatened reptile species, permitting the rebuilding of reptile communities through reintroduction to other islands (including in 2012 the translocation of the Round Island boa).

We are continuing to restore the island, conserving its unique plants and animals. This includes saving from extinction two endemic herbaceous plants that are in precipitous decline (Aerva congesta and Phyllanthus revaughanii), working on the recovery of the hurricane palm with currently only one wild individual remaining, tracking of seabirds to understand where they travel to (thus identifying Marine Important Bird Areas and assessing the impact of global climate change), monitoring the response of threatened reptiles to restoration activities, curbing soil erosion and planting greater areas of the island with native plants which will benefit the resident endemic animals.

Image: Northern Islets view from Bodrum Blue Turkish restaurant, LUX* Grand Gaube

NIK COLE, ISLAND RESTORATION MANAGER FOR THE MAURITIAN WILDLIFE FOUNDATION (MWF) AND DURRELL WILDLIFE CONSERVATION TRUST (DWCT):

Round Island has been an important training and research ground for local and international restoration practitioners and scientists.
Being one of very few islands in the world to have never been invaded by rats or non-native reptiles, combined with ongoing extensive restoration work and pioneering research on highly threatened and unique animals and plants, the global significance of Round Island is increasing as a leading site for conservation and scientific excellence.
We are planning more research work which includes understanding how terrestrial restoration is benefiting the surrounding marine environment and the identification and classification on the island's invertebrate community which includes many unique species limited to RI and/or a couple of the islets.

Ecosud and LUX* Grand Baie, lagoon monitoring for marine biodiversity conservation

Following a casual consultation meeting in February 2022, with the team of the NGO Ecosud, a long-term partnership was discussed. The need of the property to understand its immediate marine biodiversity in order to plan for future initiatives became the basis for a first phase of awareness sessions organised by the Ecosud scientists.

The collaboration would be sustained by providing access to the property to the experts, in order to help them with logistics to perform regular lagoon surveys. The statistics will help the NGO in understanding the Grand Baie lagoon, the challenges of the local biodiversity to thrive and report on any imbalances.

The Lux Collective is eager to extend the awareness and monitoring program by Ecosud to all its properties of Mauritius, resulting in a more comprehensive set of data for the NGO and to inform our own responsible and sustainable activities.

" The CSR fund of The Lux Collective has been instrumental to our committed action to better understand the coastal marine ecosystems and to conserve marine life around Mauritius Island. We have seen the damages but also thriving biodiversity and the potential for our future generations. There is hope and we are committed to assist The Lux Collective in the impetus for its sustainable development. "

Shashi Chumun,
Ecosud

Since 2019, properties of Mauritius have been certified by Earthcheck Evaluate, all have achieved the 5 Earth Ratings during the annual evaluations.

LUX* Grand Baie, launched in end 2021, has also achieved the 5 Earths

17 PARTNERSHIPS FOR THE GOALS

#CLEANTHEISLAND #CLEANTHEREEF BY LUX* SOUTH ARI ATOLL

A project which LUX* South Ari Atoll started with Ron and Jen Kaufman, to visit a local island with the Team Members from LUX* South Ari Atoll every month.

The objective was to clean the reefs, diving sites, remove plastic waste and any other garbage in the ocean or on the beach area.

Thanks to the collective effort of 30 to 40 team members per trip, LUX* South Ari Atoll has aims to make this a recurring project, with several already scheduled to also include educational sessions for nearby schools.

This property is equipped with its very own nationally recognised marine biology center for its statistical and financial contribution to conservation projects like the Whale Shark Conservation Program.

" If you want to live more, give more "

RON KAUFMAN

SERVE - CARE - LOVE

Ray Of Light

Our Flagship Social Project

OUR PEOPLE, OUR RAYS OF LIGHT.

The gender salary ratio (male to female) remains constant over the years at 1 to 1.

We note zero cases of discrimination. The introduction of Flexitime policy by the Group Human Resources also aims at supporting Team Members with a balanced personal and work life.

Our company invested in the trainings of the entire group to integrate Care factors in our daily operations.

The involvement of team members is essential in delivering careful service to guests, but also to colleagues, suppliers, NGOs, local communities surrounding us, and also to the natural environment that embellish our properties.

The voluntary hours put into several Circle of Care initiatives result in higher Team Member workplace engagement.

The properties conduct brainstorming sessions, in order to source ideas and pool together positive energies to materialise our Collective Purpose "We Make Each Moment Matter, We Care About What Matters,".

Some examples follow, but are not an exhaustive list of all the projects set up by our properties to help us deliver on the Sustainable Development Goals, together.

100% NATURAL CLEANING PRODUCTS – MADE BY LUX* LE MORNE

Alongside the journey of the LUX* Le Morne Team towards zero food waste, the Kitchen Chief Stewarding, Arnaud Noemie, committed time to develop a citrus peels cleaning product.
The homemade solution can be used safely on any surface in the kitchen or bathrooms.

The 100% natural and non-toxic detergent puts to good use the orange and lemon peels from food prep waste, with other basic ingredients like household vinegar.

Although these processes seem simple, it requires the dedication and commitment over time in order to instill into hotel management processes, the use of better, more cost-effective and nature-friendly solutions. Due to their gentle properties as opposed to harsh commercial chemicals, these products require a bit more time to work but provide excellent results.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

CREATIVITY AND CARE AT TAMASSA - REPURPOSED WASTES

During work hours, team members of various departments come together to identify causes to support in these difficult economic times. 'Thank God It's Friday' has been rebranded by the resort as To Give on Friday.

The talented team at Tamassa, committed in the past financial year to increase ten-fold their donation drives to various schools, NGOs for children or even the homeless, as well as responding to disaster relief calls for food and clothing items.

Team Members such as Executive Housekeeper Dilshad Rossaye are free to infuse their creativity in order to repurpose discarded items such as linens or broken umbrellas.

From colourful dolls making the day of our little guests or children of NGOs, to wet-bags made from broken umbrellas for Guests or days-of-the-week colour coordinated covid masks, Dilshad speaks more of the happiness and sense of purpose that this activity gives, than the time invested in making the products.

The items are also available at the resort shop, proceeds from which go into supporting other social and environmental initiatives.

COOK WITH SALT – LEARN RESPONSIBLE SOURCING

The recipe is our local chicken curry, but the key is to source 100% of the ingredients within an imposed 25-km radius.

The essence of the challenge is to learn about responsible sourcing in cooking, with various key elements in mind : the carbon emissions related to imports and transportation, the impact of unethically sourced ingredients on our well-being whether physical or mental, and the economic impact on small local producers post-covid disruptions.

SALT of Palmar speaks about its Saltshakers, that is, suppliers who make SALT homegrown, sustainable and mindful.

This hotel also conducts food-scrap regrowth classes with avocadoes, beets, herbs and other items from the kitchen, at the end of which the participants receive a SALT of Palmar certificate.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Independent Auditor's Report

TO THE MEMBERS OF THE LUX COLLECTIVE LTD

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Opinion

We have audited the consolidated and separate financial statements of The Lux Collective Ltd (the "Company") and its subsidiaries (the "Group") set out on pages 102 to 160 which comprise the consolidated and separate statements of financial position as at 30 June 2022, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including significant accounting policies.

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Group and Company as at 30 June 2022, and of its consolidated and separate financial performance and consolidated and separate cash flows for the year 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 Consolidated and Separate Financial Statements section of our report. We are independent of the Group and the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (the "IESBA Code") and other independence requirements applicable to performing audits of financial statements of the Group and Company and in Mauritius. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits of the Group and Company and in Mauritius. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "The Lux Collective Ltd and its subsidiaries Financial Statements for the year ended June 30, 2022", which includes the Annual report and the Company Secretary's Certificate as required by the Companies Act 2001, which we obtained prior to the date of this report, and the Integrated Annual Report, which are expected to be made available to us after that date. Other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis

Independent Auditor's Report (continued)

TO THE MEMBERS OF THE LUX COLLECTIVE LTD

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

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

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 and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our Report

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Companies Act 2001

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

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

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

Ernst & Young,
Ebène, Mauritius

Thierry Leung Hing Wah, F.C.C.A
Licensed by FRC

29th September 2022

Financial Statements

Statements of Financial Position

AS AT JUNE 30, 2022

	Notes	THE GROUP 2022 Rs'000	THE GROUP 2021 Rs'000	THE COMPANY 2022 Rs'000	THE COMPANY 2021 Rs'000
ASSETS					
Non-current assets					
Property, plant and equipment	4	**52,145**	19,208	**6,433**	8,906
Right of use assets	19	**271,690**	14,546	**5,049**	10,245
Intangible assets	5	**203,624**	206,790	**3,767**	6,800
Investment in subsidiaries	6	**-**	-	**214,595**	213,395
Investment in other financial assets	7	**4**	4	**-**	-
Deferred tax assets	8(a)	**21,100**	51,562	**21,100**	49,954
Contract assets	9	**-**	77,600	**-**	77,600
Other non-current assets	11	**-**	3,591	**-**	-
		548,563	373,301	**250,944**	366,900
Current assets					
Inventories	10	**6,003**	2,490	**452**	414
Contract assets	9	**-**	6,700	**-**	6,700
Trade and other receivables	11	**172,030**	154,812	**169,719**	143,703
Cash in hand and at bank	30	**102,923**	52,528	**93,120**	47,736
		280,956	216,530	**263,291**	198,553
TOTAL ASSETS		**829,519**	589,831	**514,235**	565,453
EQUITY AND LIABILITIES					
Equity					
Stated capital	12	**390,164**	390,164	**390,164**	390,164
Other reserves	13	**11,163**	(16,327)	**-**	(24,823)
Accumulated losses		**(416,319)**	(510,241)	**(359,956)**	(515,269)
Total equity		**(14,992)**	(136,404)	**30,208**	(149,928)
Non-current liabilities					
Employee defined benefit liabilities	14	**33,257**	18,729	**30,495**	18,617
Interest-bearing loans and borrowings	15	**473,396**	314,479	**181,152**	311,161
Other liabilities	16	**-**	-	**25,034**	-
Trade and other payables	17	**13,699**	-	**-**	-
		520,352	333,208	**236,681**	329,778
Current liabilities					
Interest-bearing loans and borrowings	15	**109,644**	86,983	**50,810**	78,721
Other liabilities	16	**-**	-	**18,548**	-
Contract liabilities	17(iv)	**2,357**	-	**-**	-
Financial guarantee contracts	17(v)	**-**	85,309	**-**	85,309
Trade and other payables	17	**210,186**	219,765	**177,988**	221,573
Income tax liability	18(b)	**1,972**	970	**-**	-
		324,159	393,027	**247,346**	385,603
Total liabilities		**844,511**	726,235	**484,027**	715,381
TOTAL EQUITY AND LIABILITIES		**829,519**	589,831	**514,235**	565,453

These financial statements have been approved for issue by the Board of Directors on 16th September 2022 and signed on its behalf by:

Arnaud Lagesse,
Chairperson

Jean de Fondaumière,
Director

The notes set out on pages 106 to 160 form an integral part of these financial statements.

Independent auditor's report on pages 98 to 99.

Statements of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED JUNE 30, 2022

		THE GROUP		THE COMPANY	
	Notes	**2022 Rs'000**	2021 Rs'000	**2022 Rs'000**	2021 Rs'000
Continuing Operations					
Revenue from contracts with customers	21	**933,668**	191,394	**644,512**	121,634
Other operating income	23	**71,117**	54,011	**177,510**	73,953
Total operating income		**1,004,785**	245,405	**822,022**	195,587
Cost of inventories	22	**(18,625)**	(6,103)	**-**	-
Employee benefit expenses	24	**(460,846)**	(303,478)	**(201,815)**	(157,402)
Depreciation and amortisation	25	**(44,437)**	(29,634)	**(11,484)**	(12,514)
Expected credit loss allowance	26	**(33,847)**	(172,189)	**(36,430)**	(48,470)
Other operating expenses	27	**(214,353)**	(124,242)	**(312,800)**	(235,588)
Total operating expenses		**(772,108)**	(635,646)	**(562,529)**	(453,974)
Operating profit/(loss)	28	**232,677**	(390,241)	**259,493**	(258,387)
Finance costs	29	**(55,114)**	(19,308)	**(42,359)**	(18,350)
Profit/(loss) before tax from continuing operations		**177,563**	(409,549)	**217,134**	(276,737)
Income tax (expense)/credit	18(a)	**(75,184)**	5,052	**(53,232)**	12,406
Profit/(loss) for the year from continuing operations		**102,379**	(404,497)	**163,902**	(264,331)
Discontinued operations					
Loss after tax for the year from discontinuing operations	6(c)	**-**	(42,293)	**-**	-
Gains on deemed disposal of subsidiary	6(c)	**-**	206,065	**-**	-
		-	163,772	**-**	-
Profit/(loss) for the year		**102,379**	(240,725)	**163,902**	(264,331)
Other comprehensive income:					
- Other comprehensive income/(loss) that may be reclassified to profit or loss subsequently					
Cash flow hedge movement	13	**-**	(13,984)	**-**	(13,984)
Released to profit or loss on repayment of loan	13	**29,761**	(714)	**29,761**	(714)
Exchange difference on translation of foreign operations	13	**2,667**	1,238	**-**	-
Deferred tax relating to components of other comprehensive income	8(a)	**(4,938)**	2,377	**(4,938)**	2,377
		27,490	(11,083)	**24,823**	(12,321)
- Other comprehensive income/(loss) that may not be reclassified to profit or loss subsequently					
Actuarial gain on employee defined benefit liabilities - funded	14(i)	**228**	4,213	**228**	4,213
Actuarial (loss)/gain on employee defined benefit liabilities - unfunded	14(r)	**(10,444)**	3,185	**(10,576)**	2,772
Deferred tax on employee defined benefit liabilities	8(a)	**1,759**	(1,257)	**1,759**	(1,187)
		(8,457)	6,141	**(8,589)**	5,798
Total other comprehensive income/(loss) for the year, net of tax		**19,033**	(4,942)	**16,234**	(6,523)
Total comprehensive income/(loss) for the year, net of tax		**121,412**	(245,667)	**180,136**	(270,854)
Earnings/(loss) per shares (Basic) (Rs.)	32	**0.44**	(1.37)		

The notes set out on pages 106 to 160 form an integral part of these financial statements.
Independent auditor's report on pages 98 to 99.

Statements of Changes In Equity

FOR THE YEAR ENDED JUNE 30, 2022

THE GROUP

	Notes	Stated capital Rs'000	Other reserves* Rs'000	Accumulated losses Rs'000	Total Rs'000
At 01 July 2020		216,665	(5,244)	(275,657)	(64,236)
Loss for the year		-	-	(240,725)	(240,725)
Other comprehensive loss for the year		-	(11,083)	6,141	(4,942)
Total comprehensive loss for the year		-	(11,083)	(234,584)	(245,667)
Issue of shares	12	173,499	-	-	173,499
At 30 June 2021		**390,164**	**(16,327)**	**(510,241)**	**(136,404)**
At 01 July 2021		390,164	(16,327)	(510,241)	(136,404)
Profit for the year		-	-	102,379	102,379
Other comprehensive income for the year		-	27,490	(8,457)	19,033
Total comprehensive income for the year		-	27,490	93,922	121,412
At 30 June 2022		**390,164**	**11,163**	**(416,319)**	**(14,992)**

THE COMPANY

	Notes	Stated capital Rs'000	Other reserves* Rs'000	Accumulated losses Rs'000	Total Rs'000
At 01 July 2020		216,665	(12,502)	(256,736)	(52,573)
Loss for the year		-	-	(264,331)	(264,331)
Other comprehensive loss for the year		-	(12,321)	5,798	(6,523)
Total comprehensive loss for the year		-	(12,321)	(258,533)	(270,854)
Issue of shares	12	173,499	-	-	173,499
At 30 June 2021		**390,164**	**(24,823)**	**(515,269)**	**(149,928)**
At 01 July 2021		390,164	(24,823)	(515,269)	(149,928)
Profit for the year		-	-	163,902	163,902
Other comprehensive income for the year		-	24,823	(8,589)	16,234
Total comprehensive income for the year		-	24,823	155,313	180,136
At 30 June 2022		**390,164**	**-**	**(359,956)**	**30,208**

* Other reserves comprise of cash flow hedge reserve as disclosed in Note 13.

The notes set out on pages 106 to 160 form an integral part of these financial statements.
Independent auditor's report on pages 98 to 99.

Statements of Cash Flows

FOR THE YEAR ENDED JUNE 30, 2022

	Notes	THE GROUP 2022 Rs'000	THE GROUP 2021 Rs'000	THE COMPANY 2022 Rs'000	THE COMPANY 2021 Rs'000
OPERATING ACTIVITIES					
Profit/(loss) before tax from continuing operations		**177,563**	(409,549)	**217,134**	(276,737)
Loss before tax for the year from discontinued operations		**-**	(42,293)	**-**	-
Adjustments to reconcile profit/(loss) before tax to net cash flows from operating activities:					
Depreciation of property, plant and equipment	4	**11,620**	16,550	**3,255**	3,907
Amortisation of intangible assets	5	**3,571**	4,436	**3,033**	3,386
Amortisation of right of use assets	19	**29,246**	36,056	**5,196**	5,221
Goodwill written off on business combination	20	**30**	-	**-**	-
Loss on scrapped/sales of assets		**1,161**	1,571	**182**	-
Cash Flow hedge released to profit or loss on repayment of loan	29	**29,761**	(714)	**29,761**	(714)
Expected credit loss on receivable from former subsidiary	11(iii)	**-**	94,427	**-**	-
Interest expense	29 & 6(c)	**22,156**	35,335	**10,557**	19,064
Gain on rental concession and on termination of leases	19	**-**	(13,959)	**-**	-
Financial guarantee contracts	17(v)	**30,762**	85,309	**30,762**	85,309
Employee defined benefit liabilities		**1,499**	1,859	**1,529**	1,853
Dividend income	23	**-**	-	**(123,608)**	(32,300)
		307,369	(190,972)	**177,801**	(191,011)
Working capital adjustments:					
Decrease/(increase) in inventories		**1,177**	3,155	**(38)**	57
Decrease in contract assets		**84,300**	6,704	**84,300**	6,704
Increase in trade and other receivables		**(21,435)**	(84,979)	**(26,016)**	(82,058)
Decrease in contract liabilities		**(589)**	(1,874)	**-**	-
(Decrease)/increase in trade and other payables		**(46,807)**	75,422	**(81,076)**	45,905
Cash from/(used in) operations		**324,015**	(192,544)	**154,971**	(220,403)
Interest paid		**(21,478)**	(35,335)	**(10,557)**	(19,064)
Income tax paid	18(b)	**(46,899)**	(16,225)	**(27,557)**	(11,369)
Net cash flows generated from/(used in) operating activities		**255,638**	(244,104)	**116,857**	(250,836)
INVESTING ACTIVITIES					
Acquisition of shares in subsidiary	6	**-**	-	**(1,200)**	-
Cash and cash equivalent on business combination	20	**1,453**	-	**-**	-
Acquisition of property, plant and equipment	4	**(2,295)**	(6,445)	**(976)**	(94)
Acquisition of intangible assets	5	**-**	(3,163)	**-**	(2,863)
Proceeds from sale of property, plant and equipment		**12**	2,220	**12**	-
Cash balance of subsidiary disposed	6(b)	**-**	3,066	**-**	-
Dividend received		**-**	-	**123,608**	32,300
Net cash flows generated from/(used in) investing activities		**(830)**	(4,322)	**121,444**	29,343
FINANCING ACTIVITIES					
Issue of shares	12	**-**	173,499	**-**	173,499
Proceeds from long term borrowings	15 (c)	**83,000**	125,187	**83,000**	82,500
Repayment long term borrowings	15 (c)	**(230,332)**	(2,369)	**(224,755)**	(1,342)
Repayment of principal portion of other liabilities	16	**-**	-	**(8,520)**	-
Repayment of principal portion of obligation under leases	19 (b)	**(27,458)**	(23,886)	**(5,422)**	(5,238)
Net cash flows (used in)/generated from financing activities		**(174,790)**	272,431	**(155,697)**	249,419
Net increase in cash and cash equivalents		**80,018**	24,005	**82,604**	27,926
At July 1,		**(24,878)**	(44,575)	**(25,563)**	(53,489)
Exchange difference		**5,124**	(4,308)	**-**	-
At June 30,	30 (a)	**60,264**	(24,878)	**57,041**	(25,563)

The notes set out on pages 106 to 160 form an integral part of these financial statements.
Independent auditor's report on pages 98 to 99.

Notes to the Financial Statements

FOR THE YEAR ENDED JUNE 30, 2022

1. CORPORATE INFORMATION

The Lux Collective Ltd is a public company incorporated in Mauritius and having its registered office situated at 58, Pierre Simonet Street, Floréal. The main activity of the Group and the Company is the provision of hotel management services as well as hotel operation. The Company is a subsidiary of IBL Limited, a listed company incorporated in Mauritius.

2. ACCOUNTING POLICIES

2.1 Basis of Preparation

The consolidated and separate financial statements have been prepared on a historical cost basis except for the revaluation of investments in financial assets at fair value through other comprehensive income which are stated at their fair values as disclosed in the accounting policies hereafter. The financial statements are presented in Mauritian Rupees and rounded to the nearest Rupee and rounded to the nearest thousands.

Statement of Compliance

The consolidated and separate financial statements of The Lux Collective Ltd have been prepared in accordance with International Financial Reporting Standards (IFRSs), as issued by the International Accounting Standards Board (IASB).

2.2 Basis of Consolidation

The consolidated financial statements comprise the financial statements of The Lux Collective Ltd and its subsidiaries as at June 30, 2022.

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

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

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

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

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

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

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED JUNE 30, 2022

2. ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of Consolidation (continued)

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

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

2.3 Changes in Acounting Policies and Disclosures

New and Amended Standards and Interpretations

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2021. The nature and the effect of changes as a result of adopting these new accounting standards is described below.

Several other amendments and interpretations apply for the first time in 2021, but do not have an impact on the financial statements of the Group. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amendments to IFRS as from 1 July 2021:

Amendments

IFRS 4	Insurance Contracts - Amendments regarding replacement issues in the context of the IBOR reform
IFRS 7	Financial Instruments: Disclosures - Amendments regarding replacement issues in the context of the IBOR reform
IFRS 9	Financial Instruments - Amendments regarding replacement issues in the context of the IBOR reform
IFRS 16	Leases - Amendments regarding replacement issues in the context of the IBOR reform
IFRS 16	Leases - Amended by Covid-19-Related Rent Concessions beyond 30 June 2021
IAS 39	Financial Instruments: Recognition and Measurement - Amendments regarding replacement issues in the context of the IBOR reform

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

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

These amendments had no impact on the consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED JUNE 30, 2022

2. ACCOUNTING POLICIES (CONTINUED)

2.3 Changes in Acounting Policies and Disclosures (continued)

Covid-19-Related Rent Concessions beyond 30 June 2021 Amendments to IFRS 16

The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022. The amendment applies to annual reporting periods beginning on or after 1 April 2021.

The Group early adopted the amended to IFRS 16 relating to Covid-19-Related Rent Concessions in financial year ended 30 June 2020. The Group has applied the practical expedient to all rent concessions that meet the conditions and recognised an amount of Rs 64,000 in profit or loss in the prior year to reflect changes in lease payments that arise from rent concessions. No additional rent concession has been obtained since financial year 2021.

2.4 Accounting Standards and Interpretations Issued but not yet Effective

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

New or Revised Standards		***Effective for accounting period beginning on or after***
IFRS 17	Insurance Contracts	1 January 2023
Amendments		
IAS 12	Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023
IFRS 1	First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter	1 January 2022
IFRS 3	Business Combinations - Amendments updating a reference to the Conceptual Framework	1 January 2023
IFRS 10/IAS 28	Sale or contribution of assets between an investor and its associates or joint ventures	Deferred indefinitely
IFRS 9	Financial Instruments - Amendments resulting from Annual Improvements to IFRS Standards 2018–2020 (fees in the '10 per cent' test for derecognition of financial liabilities)	1 January 2022
IFRS 17	Insurance Contracts - Amendments to address concerns and implementation challenges that were identified after IFRS 17 was published	1 January 2023
IAS 8	Definition of Accounting Estimates	1 January 2023
IAS 1	Presentation of Financial Statements – Amendments regarding the classification of liabilities	1 January 2023
IAS 1	Disclosure of Accounting Policies	1 January 2023
IAS 16	Property, Plant and Equipment - Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use	1 January 2022
IAS 37	Provisions, Contingent Liabilities and Contingent Assets - Amendments regarding the costs to include when assessing whether a contract is onerous	1 January 2022
IAS 41	Agriculture - Amendments resulting from Annual Improvements to IFRS Standards 2018–2020 (taxation in fair value measurements)	1 January 2022

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED JUNE 30, 2022

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Accounting Standards and Interpretations Issued but not yet Effective (continued)

The Group is still assessing the potential impact of those standards and amendments to existing standards on its financial statements. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Conceptual Framework

Amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update those pronouncements with regard to references to and quotes from the framework or to indicate where they refer to a different version of the Conceptual Framework (effective 1 January 2020)

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the financial statements of the Group.

2.5 Summary of Significant Accounting Policies

(a) Foreign Currency Translation

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

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

(b) Property, Plant and Equipment

All property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses.

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

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit.

Depreciation is calculated on the straight-line method to write off the cost of each asset to their residual values over their estimated useful lives. The useful life, residual value and method of depreciation of an item of property, plant and equipment is reviewed at each financial year-end and adjusted prospectively if appropriate. The annual rate of depreciation is as follows:

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED JUNE 30, 2022

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Summary of Significant Accounting Policies (continued)

(b) Property, Plant and Equipment (continued)

Improvement to leasehold building	10%-20%
Plant and equipment	10% - 20%
Furniture and fittings	10% - 20%
Motor vehicles	20%
Computer equipment	20%

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

(c) Investment in Subsidiaries

Company Financial Statements

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

Consolidated Financial Statements

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

(d) Business Combinations

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

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

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

(e) Intangible Assets

Goodwill

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

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED JUNE 30, 2022

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Summary of Significant Accounting Policies (continued)

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

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

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

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

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

Other Intangible Assets Including Right to Manage Hotel

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less 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 is reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset. The estimated useful life of intangible asset with finite useful life is as follows:

Computer software	-	5 years
Right to manage hotel	-	over the period of the management contract

(f) Financial Assets

Initial Recognition and Measurement

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

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

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED JUNE 30, 2022

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Summary of Significant Accounting Policies (continued)

(f) Financial Assets (continued)

Initial Recognition and Measurement (continued)

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

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

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

Subsequent Measurement

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

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

Financial Assets at Amortised Cost (Debt Instruments)

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

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

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

The Group's financial assets at amortised cost includes trade and other receivables as well as cash and cash equivalents.

Financial Assets Designated at Fair Value Through OCI (Equity Instruments)

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

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

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

Other Income

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

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

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED JUNE 30, 2022

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Summary of Significant Accounting Policies (continued)

(g) Cash and Cash Equivalents

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

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

(h) Financial Liabilities

Initial Recognition and Measurement

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

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

Subsequent Measurement

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

Trade and Other Payables and, Loans and Borrowings

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

Financial Guarantee Contract Liabilities

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVTPL and do not arise from a transfer of an asset, are measured subsequently at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9; and
- the amount recognised initially less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

(i) Derecognition of Financial Assets and Liabilities

Financial Assets

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

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

Where the Company or the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's or the Group's continuing involvement in the asset.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED JUNE 30, 2022

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Summary of Significant Accounting Policies (continued)

(i) Derecognition of Financial Assets and Liabilities (continued)

Financial Assets (continued)

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company or the Group could be required to repay.

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

Financial Liabilities

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

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

(j) Impairment of Financial Assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. 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 expects to receive, discounted at the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

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

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. As the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party. As for the exposure at default, it includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

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

(k) Offsetting of Financial Instruments

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

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED JUNE 30, 2022

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Summary of Significant Accounting Policies (continued)

(l) Fair Value of Financial Instruments

Determination of Fair Value

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

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

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

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

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

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

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

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

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

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

(m) Equity Instruments

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

(n) Hedge Accounting

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

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

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED JUNE 30, 2022

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Summary of Significant Accounting Policies (continued)

(n) Hedge Accounting (continued)

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

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

The Group currently has only cash flow hedges which are accounted for as follows:

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

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

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

The hedge on the foreign currency revenue by the foreign currency loans are treated as cash flows hedge and the purpose is to hedge the foreign currency risk relating to the Euro. Refer to Note 13 for further details on the risk management policies.

(o) Impairment of Non-financial Assets

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

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

(p) Inventories

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

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

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED JUNE 30, 2022

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Summary of Significant Accounting Policies (continued)

(q) Provisions

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

(r) Retirement Benefit Obligations

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

Defined Benefits Schemes

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

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

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

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

Defined Contributions Schemes

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

Other Retirement Benefits

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

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

Right of Set Off

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

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

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED JUNE 30, 2022

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Summary of Significant Accounting Policies (continued)

(s) Taxes

Current Tax

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

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

Deferred Tax

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

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

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

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

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

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

The principal temporary differences arise from depreciation on property, plant and equipment, revaluations of certain non-current assets, expected credit loss allowances, tax losses carried forward and retirement benefit obligations.

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

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

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

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

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED JUNE 30, 2022

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Summary of Significant Accounting Policies (continued)

(s) Taxes (continued)

Value Added Tax

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

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

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

(t) Leases

Group as Lessee

The Group assesses at contract inception whether a contract is or contains a lease. That is, if the contract coveys the right to control the use of an identifiable assets for a period of time in exchange for consideration.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use Assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated amortisation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Land and building	Period of the lease (between 4 to 12 years)
- Plant and equipment	5 to 7 years
- Motor vehicle	5 years

If ownership of the lease asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The Right-of-use asset are assessed for impairment losses.

(ii) Lease Liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payment (include in substance fixed payments) less any lease incentives received, variable lease payments that depend on an index or rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price option reasonably certain to be exercised by the Group and payments of penalties for termination of lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payment, the Group uses its incremental borrowing rate at the lease commencement date, because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in interest-bearing loans and borrowings.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED JUNE 30, 2022

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Summary of Significant Accounting Policies (continued)

(t) Leases (continued)

(iii) Short-term Leases and Leases of Low-value Assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

(u) Borrowing Costs

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

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

(v) Revenue Recognition

(i) Revenue from Contracts with Customers

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

Recognition of Management and Brand Fees

Management and brand fees are recognised over time and accrued for when the amount of revenue can be measured reliably and it is probable that the economic benefits will flow to the entity.

Recognition of Packages Sales to Tour Operators.

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

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

Room Revenue

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

Food & Beverage Revenue

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

Other Operating Departments

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

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

(ii) Contract Assets

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

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED JUNE 30, 2022

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Summary of Significant Accounting Policies (continued)

(v) Revenue Recognition (continued)

(ii) Contract Assets (continued)

Key money, representing amounts paid to Hotel owners to secure management contracts are capitalized as contract assets and released over the life of the related contracts.

These payments are treated as 'consideration payable to a customer' and therefore recorded as a contract asset and recognized as a deduction to revenue over the contract term.

(iii) Trade Receivables

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

(iv) Contract Liabilities

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

(w) Current Versus Non-current Classification

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

An asset is current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

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

(x) Government Grants

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

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED JUNE 30, 2022

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Summary of Significant Accounting Policies (continued)

(y) Non-Current Assets Held for Sale and Discontinued Operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations;
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- Is a subsidiary acquired exclusively with a view to resale

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

(a) Judgements

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

(i) Determination of Functional Currency

The determination of functional currency of the Group is critical since recording of transactions and exchange differences arising thereon are dependent on the functional currency selected. Despite the fact that prices of the services in the tourism industry are generally denominated and settled in foreign currency, the actual underlying computation to arrive at those prices significantly depend on the country's competitive forces, which, in line with IAS21 para 9(a) gives a strong indication that the Mauritian Rupee is the functional currency. Besides, in line with IAS21 para 9(b) the currency in which labour, material and costs of providing services is materially the MUR. Furthermore, the shareholders of the Company are looking for returns in Mauritian Rupee and the Group's performance is evaluated in Mauritian Rupee. Therefore, management considers Mauritian Rupee as the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions.

(ii) Going Concern

The Group reported a profit of Rs102M for financial year ended 30 June 2022, (2021: Loss Rs 241m) and at 30 June 2022 its total liabilities exceeded its total assets by Rs 15m (2021: Rs136m).

The Group provides mainly hospitality management services to related parties and third parties that is based on hotel revenues and performance.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED JUNE 30, 2022

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

(a) Judgements (continued)

(ii) Going Concern (continued)

The COVID-19 pandemic outbreak of early 2020 continues to significantly affect the main markets in which the Group operates mainly Mauritius and Maldives. Though most borders have now re-opened, with the exception of China, the impacts of Covid-19 are still being felt, namely with changes in supply change. In addition, the lasting war between Russia and Ukraine is having an impact on inbound arrivals.

The Group recovery space after full border opening in October 2021 has been promising and the trend continues into the current financial year. In addition, compensation received for early termination of one Hotel Management Contract during the year has greatly helped to improve cash flow and excess funds have been used to early repay certain loan facilities and the Group did not have to make full use of the credit line facilities negotiated during Covid-19 period.

On the other hand, a fire outbreak at one of the major hotel managed by the Group in Mauritius will likely affect the timing of the future cashflow from Contract with Customer. While the Group has insurance covers in place to protect it against such events, as at date of this report, there are still uncertainties on the timing and extent of compensation to be received. Management is in discussion with the hotel owners and believe that the hotel will be reopened withing 12-15 months from the date of the fire event.

Management has prepared revised cash flow forecast, taking into consideration the outcome of insurance claims under various scenarios, as well as the impact of potential delays in re-opening of the property. Based on the various stress tests on the cash flows and available credit facilities in place, management has concluded that it is still appropriate to prepare the financial statements on a going concern basis as the Group has sufficient cash and facilities to sustain future operation until re-opening of Lux Belle Mare. That basis presumes that the assets will realise and the liabilities will be discharged in the ordinary course of business.

(b) Estimates and Assumptions

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

(i) Employee Benefit Liabilities

The cost of defined benefit pension plans and related provision, as disclosed in Note 14 to the financial statements requires the use of actuarial valuations. The actuarial valuation involves the use of significant estimates in respect of inter-alia, discount rate, expected return on plan assets, future salary increases, mortality rate and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. The Group's net employee defined benefit liabilities at 30 June 2022 is Rs 33 Million (2021: Rs. 19 Million). Further details are set out in Note 14.

(ii) Deferred Tax Assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Recoverability of deferred tax assets have been assessed for each subsidiary based on the forecasted taxable profit to be generated during the next financial period.

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

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED JUNE 30, 2022

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

(b) *Estimates and Assumptions (continued)*

(ii) Deferred Tax Assets (continued)

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

	2022	
	THE GROUP Rs'000	**THE COMPANY Rs'000**
Tax losses	**379,617**	**251,880**

	2021	
	THE GROUP Rs'000	THE COMPANY Rs'000
Tax losses	315,999	292,961

No tax losses were recognized for deferred tax purposes for the year under review as the directors believe there would not be sufficient future taxable income against which those tax losses could be utilized. Last year an amount of Rs 23.9m had been recognized due to the compensation monies earned during the year and which has been fully utilized this year.

(iii) Impairment of Goodwill

Goodwill is tested on an annual basis for impairment loss in accordance with IAS 36. This requires an estimation of the "value in use" of the cash generating units to which goodwill is allocated. Estimating a value in use amount requires management to make estimates of the expected future cash flows from the cash generating unit and the selection of suitable discount rate in order to compute the present value of expected cash flow. The carrying amount of goodwill as at 30 June 2022 amounted to Rs. 199.8 Million (2021: Rs. 199.8 Million). Further details are given in Note 5.

(iv) Provision For Expected Credit Losses of Trade Receivables

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

The assessment of the correlation between historical observed default rates and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in Note 35.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED JUNE 30, 2022

4. PROPERTY, PLANT AND EQUIPMENT

THE GROUP	Improvement to leasehold building Rs'000	Plant and equipment Rs'000	Furniture and fittings Rs'000	Motor vehicle Rs'000	Computer equipment Rs'000	Total Rs'000
COST						
At July 1, 2020	30,209	53,316	30,337	6,414	46,993	167,269
Additions	76	2,347	342	-	3,680	6,445
Transfer from right of use assets (Note 19)	-	7,094	-	3,130	-	10,224
Disposal	(10,401)	(9,085)	(1,626)	-	(433)	(21,545)
Disposal of subsidiary (Note 6(b))	-	(41,638)	(16,756)	(109)	(7,981)	(66,484)
Exchange difference	1,195	40	28	-	558	1,821
At July 1, 2021	21,079	12,074	12,325	9,435	42,817	97,730
Additions	-	929	16	-	1,350	2,295
On business combination (Note 20)	-	27,805	11,005	-	4,370	43,180
Transfer from right of use assets (Note 19)	-	-	-	-	800	800
Disposal	-	-	-	-	(888)	(800)
Assets written off	(695)	(2,222)	(13)	-	(817)	(3,747)
Exchange difference	352	(22)	(6)	-	166	490
At June 30, 2022	**20,736**	**38,564**	**23,327**	**9,435**	**47,798**	**139,860**
DEPRECIATION						
At July 1, 2020	12,309	18,082	10,139	6,238	34,128	80,896
Charge for the year	4,016	4,647	2,273	27	5,587	16,550
Transfer from right of use assets (Note 19)	-	5,379	-	2,830	-	8,209
Disposal	(2,169)	(6,923)	(1,604)	-	(140)	(10,836)
Disposal of subsidiary (Note 6(b))	-	(10,658)	(4,068)	(109)	(2,456)	(17,291)
Exchange difference	638	37	19	-	300	994
At July 1, 2021	14,794	10,564	6,759	8,986	37,419	78,522
Charge for the year	2,982	3,141	1,396	9	4,092	11,620
Transfer from right of use assets (Note 19)	-	-	-	-	800	800
Disposal	-	-	-	-	(694)	(694)
Assets written off	(502)	(1,739)	(10)	-	(658)	(2,909)
Exchange difference	274	(22)	(3)	-	127	376
At June 30, 2022	**17,548**	**11,944**	**8,142**	**8,995**	**41,086**	**87,715**
NET BOOK VALUES						
At June 30, 2022	**3,188**	**26,620**	**15,185**	**440**	**6,712**	**52,145**
At June 30, 2021	6,285	1,510	5,566	449	5,398	19,208

(i) Bank borrowings are secured on the assets of the Group.

(ii) No borrowing costs were capitalised during the year (2021: nil).

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED JUNE 30, 2022

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

THE COMPANY	Plant and equipment Rs'000	Furniture and fittings Rs'000	Motor vehicle Rs'000	Computer equipment Rs'000	Total Rs'000
COST					
At July 1, 2020	8,324	5,184	-	36,606	50,114
Additions	80	-	-	14	94
Transfer from right of use assets (Note 19)	-	-	3,130	-	3,130
At July 1, 2021	8,404	5,184	3,130	36,620	53,338
Additions	108	16	-	852	976
Disposal	-	-	-	(17)	(17)
Assets written off	-	-	-	(871)	(871)
Transfer from right of use assets (Note 19)	-	-	-	800	800
At June 30, 2022	**8,512**	**5,200**	**3,130**	**37,384**	**54,226**
DEPRECIATION					
At July 1, 2020	5,215	2,672	-	29,808	37,695
Charge for the year	606	469	-	2,832	3,907
Transfer from right of use assets (Note 19)	-	-	2,830	-	2,830
At July 1, 2021	5,821	3,141	2,830	32,640	44,432
Charge for the year	578	448	-	2,229	3,255
Disposal	-	-	-	(5)	(5)
Transfer from right of use assets (Note 19)	-	-	-	800	800
Assets written off	-	-	-	(689)	(689)
At June 30, 2022	**6,399**	**3,589**	**2,830**	**34,869**	**47,793**
NET BOOK VALUES					
At June 30, 2022	**2,113**	**1,611**	**300**	**2,515**	**6,433**
At June 30, 2021	2,583	2,043	300	3,980	8,906

(a) Bank borrowings are secured on the assets of the Company.

(b) No borrowing costs were capitalised during the year (2021: nil).

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED JUNE 30, 2022

5. INTANGIBLE ASSETS

THE GROUP	Goodwill Rs'000	Right to manage hotel Rs'000	Software Rs'000	Total Rs'000
COST				
At June 30, 2020	199,850	31,503	34,307	265,660
Additions	-	-	3,163	3,163
Disposal of subsidiary (Note 6(b))	-	(31,503)	(5,375)	(36,878)
At June 30, 2021	199,850	-	32,095	231,945
On business combination (Note 20)	30	-	545	575
Write off for obsolete items	-	-	(1,191)	(1,191)
At June 30, 2022	**199,880**	**-**	**31,449**	**231,329**
AMORTISATION				
At June 30, 2020	-	31,503	24,653	56,156
Charge for the year	-	-	4,436	4,436
Disposal of subsidiary (Note 6(b))	-	(31,503)	(3,934)	(35,437)
At June 30, 2021	-	-	25,155	25,155
Charge for the year	-	-	3,571	3,571
Impairment loss	30	-	-	30
Write off for obsolete items	-	-	(1,051)	(1,051)
At June 30, 2022	**30**	**-**	**27,675**	**27,705**
NET BOOK VALUES				
At June 30, 2022	**199,850**	**-**	**3,774**	**203,624**
At June 30, 2021	199,850	-	6,940	206,790

Goodwill

During the year, a goodwill arose on business combination of SALT Hospitality Ltd (Note 20) and which has been assessed as fully impaired during the year. The remaining goodwill arise on the acquisition of investment in Lux Island Resorts Seychelles Ltd and has an indefinite life. Impairment assessment is performed on an annual basis.

Impairment Test on Goodwill

The recoverable amount of the Cash Generating Unit (CGU) has been determined based on the value-in-use. The Pre-tax cash flow projection is based on financial budgets approved by management covering a five-year period. The pre-tax discount rate applied represents the current market assessment of the risks specific to the CGU, taking into consideration the time value of money and individual risks of these underlying assets that have not been incorporated in the cash flow estimate. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC) which ranges between 7% to 12% for the various entities of the Group. The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to serve. A terminal growth rate of 3% has been assumed in the calculation.

The key assumptions used for preparing the cash flow forecasts are based on management's past experience of the industry and the ability of the CGU to at least maintain its market share. No impairment loss has been identified this financial year relating to the existing goodwill of Lux Island Resorts Seychelles Ltd. Goodwill on business combination during the year has been identified as fully impaired.

Any reasonable possible change in key assumptions on which management has based its determination of recoverable amounts of CGU are not expected to cause their carrying amount to exceed the recoverable amounts.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED JUNE 30, 2022

5. INTANGIBLE ASSETS (CONTINUED)

THE COMPANY

	Computer software	
	2022	2021
	Rs'000	Rs'000
COST		
At July 1,	**30,905**	28,042
Additions	**-**	2,863
At June 30,	**30,905**	30,905
AMORTISATION		
At July 1,	**24,105**	20,719
Charge for the year	**3,033**	3,386
At June 30,	**27,138**	24,105
Net book value at June 30,	**3,767**	6,800

6. INVESTMENT IN SUBSIDIARIES

THE COMPANY

	2022	2021
	Rs'000	Rs'000
At cost		
At July 1,	**213,395**	213,395
Additions	**1,200**	-
At June 30,	**214,595**	213,395

Details of the investments which are unquoted are as follows:

Name of companies	Country of incorporation	% Held	
		2022	2021
Island Light Vacations Ltd	Mauritius	100.00%	100.00%
LIRTA Ltd	Mauritius	100.00%	100.00%
Lux Island Resorts Seychelles Ltd (Note (b))	Mauritius	99.98%	99.98%
Lux Hotel Management (Shanghai) Co Ltd	China	100.00%	100.00%
The Lux Collective Pte Ltd	Singapore	100.00%	100.00%
The Lux Collective LLC	UAE	100.00%	-
SALT Hospitality Ltd (Note (c))	Mauritius	100.00%	100.00%
Café Lux Ltd	Mauritius	100.00%	100.00%
The Lux Collective UK LTD	UK	100.00%	100.00%
Palm Boutique Hotel Ltd	Mauritius	100.00%	100.00%

The directors have reviewed the financial position and performance of the above subsidiaries. They are of the opinion that the estimated recoverable amount of the investments are not lower than their carrying amount.

a. The Lux Collective LLC is a newly incorporated 100% owned subsidiary of the Company.

b. Lux Island Resorts Seychelles Ltd was previously registered in Seychelles. During the year, the Company was redomicilled to Mauritius and obtained its certificate of registration by continuation, under the Mauritian Companies Act 2001, effective as from 22 December 2021.

c. On 19 February 2021, SALT Hospitality Ltd, a subsidiary company, went under voluntary administration. The directors considered that they did not have any more power over the investee company and hence decided to consolidate the results of the subsidiary company up to that date and deconsolidate thereafter.

During the year, the Company exited from the voluntary administration, as more fully explained in Note 20, and the restructured SALT Hospitality Ltd was consolidated effective as from January 5, 2022.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED JUNE 30, 2022

6. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(i) The carrying value of the net assets of SALT Hospitality Ltd at date of derecognition (deemed disposal) were as follows:

	19-Feb-21 Rs'000
Carrying value of net assets derecognised	
Property, plant and equipment (Note 4)	49,193
Right of use assets (Note 19 (a))	295,460
Intangible assets (Note 5)	1,441
Inventories	4,487
Trade and other receivables	17,238
Intercompany receivables	15,134
Interest-bearing loans and borrowings	(489,586)
Employee defined benefit liabilities (Note 14(p))	(3,708)
Trade and other payables	(92,658)
Cash and bank balances	(3,066)
Net deficit of assets disposed	(206,065)
Fair value of consideration	-
Gain on deemed disposal of subsidiary	206,065

	THE GROUP 2022 Rs'000	THE GROUP 2021 Rs'000
(ii) Cash Flow Impact of the Deemed Disposal is as Follows:		
Cash consideration	-	3,066
Cash and bank balances	-	(3,066)

(iii) Discontinued Operations

The results of the subsidiary company, SALT Hospitality Ltd, up to the date of deconsolidation were as follows:

	2022 Rs'000	2021 Rs'000
Revenue from contracts with customers	-	30,134
Other operating income	-	26,429
	-	56,563
Cost of inventories	-	(9,333)
Employee benefit expenses	-	(28,722)
Depreciation and amortisation	-	(27,408)
Impairment loss on non-current assets	-	-
Expected credit loss allowance	-	4,777
Other operating expenses	-	(22,857)
Total operating expenses	-	(83,543)
Operating loss	-	(26,980)
Finance costs	-	(15,313)
Loss before and after tax from discontinued operations	-	(42,293)

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED JUNE 30, 2022

6. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(iii) Discontinued Operations (continued)

	THE GROUP 2022 Rs'000	THE GROUP 2021 Rs'000
The net cash flows of SALT Hospitality Ltd were as follows:		
- Operating activities	-	(23,384)
- Investing activities	-	(6,110)
- Financing activities	-	32,283
Net increase in cash flows	-	2,789

7. INVESTMENT IN OTHER FINANCIAL ASSETS

	THE GROUP	
	2022 Rs'000	2021 Rs'000
Financial assets at fair value through other comprehensive income.		
- Quoted shares		
At July 1	**4**	4
Movements	**-**	-
At June 30,	**4**	4

The fair value of quoted ordinary shares (classified as Level 1 as detailed in Note 35) is determined by reference to published price quotations in an active market at the reporting date.

8. INCOME AND DEFERRED TAX

(a) Deferred Tax Asset

Deferred tax is calculated on all temporary differences under the liability method at the rate of 17% (2021: 17%). The movement in the deferred tax account is as follows:

	THE GROUP		THE COMPANY	
	2022 Rs'000	2021 Rs'000	**2022 Rs'000**	2021 Rs'000
At July 1,	**51,562**	28,987	**49,954**	24,989
Recognised in profit or loss (Note 18 (a))	**(27,283)**	21,455	**(25,675)**	23,775
Recognised in other comprehensive income	**(3,179)**	1,120	**(3,179)**	1,190
At June 30,	**21,100**	51,562	**21,100**	49,954

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED JUNE 30, 2022

8. INCOME AND DEFERRED TAX (CONTINUED)

(a) Deferred Tax Asset (continued)

Deferred income tax relates to the following:-

THE GROUP	Balance		Movement	
	2022 Rs'000	2021 Rs'000	**2022 Rs'000**	2021 Rs'000
Deferred tax assets				
Accelerated depreciation	**15,582**	16,253	**(671)**	(1,568)
Employee defined benefit liabilities	**5,184**	3,184	**2,000**	(936)
Right of use assets/lease liabilities	**129**	255	**(126)**	75
Hedge reserve	**-**	4,956	**(4,956)**	2,377
Expected credit losses	**205**	2,923	**(2,718)**	(1,364)
Tax losses	**-**	23,991	**(23,991)**	23,991
	21,100	51,562	**(30,462)**	22,575
Recognised as follows:				
- in profit or loss			**(27,283)**	21,455
- in other comprehensive income			**(3,179)**	1,120
Total movement for the year			**(30,462)**	22,575

Deferred tax assets have been recognised on tax losses amounting to Rs NIL (2021: Rs.141m) out of total tax losses of Rs.380m (2021: Rs.457m). The directors believe that there is no convincing evidence that the Group will realise sufficient taxable profit in the next 5 financial years to utilise unrecognised tax losses. Accordingly, no deferred tax asset were recognised in respect of tax losses.

THE COMPANY	Balance		Movement	
	2022 Rs'000	2021 Rs'000	**2022 Rs'000**	2021 Rs'000
Accelerated depreciation	**15,582**	14,745	**837**	789
Employee defined benefit liabilities	**5,184**	3,165	**2,019**	(872)
Right of use assets/lease liabilities	**129**	174	**(45)**	43
Hedge reserve	**-**	4,956	**(4,956)**	2,377
Expected credit losses	**205**	2,923	**(2,718)**	(1,363)
Tax losses	**-**	23,991	**(23,991)**	23,991
	21,100	49,954	**(28,854)**	24,965
Recognised as follows:				
- in profit or loss			**(25,675)**	23,775
- in other comprehensive income			**(3,179)**	1,190
Total movement for the year			**(28,854)**	24,965

Deferred tax assets have been recognised on tax losses amounting to Rs. NIL (2021: Rs.141m) out of total tax losses of Rs.252m (2021: Rs.434m).The directors believe that there is no convincing evidence that the Group will realise sufficient taxable profit in the next 5 financial years to utilise unrecognised tax losses. Accordingly, no deferred tax asset were recognised in respect of tax losses.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED JUNE 30, 2022

9. CONTRACT ASSETS

	THE GROUP AND THE COMPANY	
	2022	2021
	Rs'000	Rs'000
Current	**-**	6,700
Non-Current	**-**	77,600
At June 30,	**-**	84,300

This represents advance payment to hotel owners to operate the hotel in Maldives and which will generate management fee income in the future.

Following the termination of one Hotel Management Agreement during the financial year, the advance payment was fully refunded.

10. INVENTORIES

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
Food and beverage	**3,289**	2,076	**-**	-
Spare parts and consumables	**2,714**	414	**452**	414
Others	**-**	-	**-**	-
	6,003	2,490	**452**	414

All inventories are stated at the lower of cost and net realisable value. There were no write down of inventories during the year (2021: Nil). Bank borrowing is secured by floating charges on the assets of the Group including inventories.

11. TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
Trade receivables	**23,391**	55,337	**5,485**	42,065
Trade receivables from fellow subsidiaries (Note 31)	**118,249**	101,812	**104,983**	91,546
Due from subsidiaries (Note 31)	**-**	-	**62,229**	26,233
Due from other related company	**-**	94,427	**-**	94,427
Deferred considerations (Note 30(b)(ii))	**-**	6,918	**-**	-
Other receivables and prepayments	**41,960**	17,410	**9,966**	6,811
	183,600	275,904	**182,663**	261,082
Less expected credit losses	**(11,570)**	(117,501)	**(12,944)**	(117,379)
	172,030	158,403	**169,719**	143,703
Analysed as follows:				
Non-current trade and other receivables	**-**	3,591	**-**	-
Current trade and other receivables	**172,030**	154,812	**169,719**	143,703
	172,030	158,403	**169,719**	143,703

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED JUNE 30, 2022

11. TRADE AND OTHER RECEIVABLES (CONTINUED)

(i) Trade receivables are not secured, non-interest bearing and are generally on 30 days term. Impairment of receivables have been assessed on an individual basis and also on a collective basis under the 'Expected Credit Loss' model.

(ii) At June 30, 2022, the ageing analysis of un-impaired trade receivables were as follows:

	THE GROUP		THE COMPANY	
	2022 Rs'000	2021 Rs'000	**2022 Rs'000**	2021 Rs'000
Not past due	**78,303**	20,825	**74,567**	16,067
Due less than 30 days	**7,020**	7,646	**8,922**	17,899
More than 30 and less than 60 days	**6,846**	8,094	**8,304**	13,896
More than 60 and less than 90 days	**7,583**	32,241	**9,689**	42,665
More than 90 days	**30,786**	65,269	**58,271**	46,365
	130,538	134,075	**159,753**	136,892

None of the above balances have been impaired.

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

	THE GROUP		THE COMPANY	
	2022 Rs'000	2021 Rs'000	**2022 Rs'000**	2021 Rs'000
Trade receivables				
At July 1	**23,074**	37,012	**22,952**	25,218
Reversal for the year	**(11,967)**	(12,324)	**(10,008)**	(2,266)
Disposal of subsidiary (Note 6(b))	**-**	(2,383)	-	-
Exchange difference	**(5)**	769	**-**	-
At June 30	**11,102**	23,074	**12,944**	22,952

	THE GROUP		THE COMPANY	
	2022 Rs'000	2021 Rs'000	**2022 Rs'000**	2021 Rs'000
Other receivables	**Stage 3**	Stage 3	**Stage 3**	Stage 3
At July 1	**94,427**	-	**94,427**	129,000
(Reversal)/charge for the year	**(93,959)**	94,427	**(94,427)**	(34,573)
At June 30	**468**	94,427	**-**	94,427

Refer to Note 35 for the related credit risk disclosures.

(iv) Prepayments amounting to Rs. 11,584,202 (2021 :Rs 6,574,270) for the Group and Rs 4,346,201 (2021: Rs 1.898.371) for the Company have been included in the total balance for trade and other receivables.

(v) For terms and conditions relating to related party receivables, refer to Note 31.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED JUNE 30, 2022

12. STATED CAPITAL

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
Stated capital - No par value shares	**Number of shares**	Number of shares	**Rs'000**	Rs'000
At July 1,	**232,170,133**	156,082,273	**390,164**	216,665
Right issue during the year	**-**	76,087,860	**-**	173,499
At June 30,	**232,170,133**	232,170,133	**390,164**	390,164

13. OTHER RESERVES

THE GROUP

	Cash flow hedge reserve Rs'000	Foreign exchange translation reserve Rs'000	Total Rs'000
At June 30, 2020	(12,502)	7,258	(5,244)
Cash flow hedge on foreign currency loan	(13,984)	-	(13,984)
Released to profit or loss on repayment of loan	(714)	-	(714)
Currency translation difference	-	1,238	1,238
Tax on other comprehensive income	2,377	-	2,377
At June 30, 2021	**(24,823)**	**8,496**	**(16,327)**
At June 30, 2021	(24,823)	8,496	(16,327)
Currency translation difference	-	2,667	2,667
Released to profit or loss on repayment of loan	29,761	-	29,761
Tax on other comprehensive income	(4,938)	-	(4,938)
At June 30, 2022	**-**	**11,163**	**11,163**

THE COMPANY

	Cash flow hedge reserve Rs'000	Total Rs'000
At July 1, 2020	(12,502)	(12,502)
Cash flow hedge on foreign currency loan	(13,984)	(13,984)
Released to profit or loss on repayment of loan	(714)	(714)
Tax on other comprehensive income	2,377	2,377
At June 30, 2021	**(24,823)**	**(24,823)**
Cash flow hedge on foreign currency loan	-	-
Released to profit or loss on repayment of loan	29,761	29,761
Tax on other comprehensive income	(4,938)	(4,938)
At June 30, 2022	**-**	**-**

Nature and purpose of other reserves

Foreign Exchange Translation Reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of financial statements of foreign subsidiaries into the reporting currency.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED JUNE 30, 2022

13. OTHER RESERVES (CONTINUED)

Nature and Purpose of Other Reserves (continued)

Cash Flow Hedge Reserve

The hedge reserve is used to record the exchange differences arising on the Euro loans taken by the Group and which have been designated as hedging instruments against future revenues of the Group in Euro. The risk management objective is to hedge the changes in cash flows arising from foreign exchange rate risk associated with future revenues and cash flows of the Group. The hedging strategy is to enter into loan agreements (the "hedging instruments"), in Euro with future principal payments that will be matched by the future remittances from customers in Euro. The movement for the year is in respect of exchange difference on conversion of loan in EURO at year end rate. Upon annual repayment of long term borrowings the portion of hedge realised is released to profit or loss.

In respect of financial year 2021, the portion of the foreign currency revenues being hedged by the loans is less than 25% of the total annual revenue in the respective currencies. In other words, the respective future revenues in EURO is at least 4 times the amount of the loans to be disbursed annually in EURO. Based on that and based on past trends, it was considered as highly probable. The designated budgeted cash flows in foreign currency until maturity of the loans amount Rs.389 million. The foreign currency loans have a maturity of up to the year 2029 and therefore, the cash flows are expected to occur and affect profit or loss throughout this period. During the financial year 2021, Rs. 14.7 million was recognised in other comprehensive income.

During the current financial year, the foreign currency bank loan was early repaid in September 2021 and exchange differences amounting to Rs29.7 million were released to statement of profit or loss. There are no cash flow hedge since as the foreign exchange risk is lower.

14. EMPLOYEE DEFINED BENEFIT LIABILITIES

(a) The benefits of employees of the Group and the Company fall under three different types of arrangements:

(i) A defined benefit scheme which is funded. The plan assets are held independently by a pension fund;
(ii) A defined contribution scheme; and
(iii) Retirement benefits as defined under the Employment Rights Act 2008 and which are unfunded.

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

	THE GROUP		THE COMPANY	
	2022 Rs'000	2021 Rs'000	**2022 Rs'000**	2021 Rs'000
Funded obligation *(Note (c - n))*	**6,616**	6,424	**6,616**	6,424
Unfunded obligation *(Note (o - u))*	**26,641**	12,305	**23,879**	12,193
	33,257	18,729	**30,495**	18,617

FUNDED OBLIGATION

THE GROUP AND THE COMPANY

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

	2022 Rs'000	2021 Rs'000
Present value of funded obligation (Note (g))	**20,972**	19,313
Fair value of plan assets (Note (f))	**(14,356)**	(12,889)
Liability in the statement of financial position	**6,616**	6,424

(d) Movement in the statement of financial position:

	2022 Rs'000	2021 Rs'000
At July 01,	**6,424**	10,219
Total expenses (Note (e))	**1,008**	970
Actuarial gains recognised in other comprehensive income	**(228)**	(4,213)
Contributions paid	**(588)**	(552)
At June 30,	**6,616**	6,424

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED JUNE 30, 2022

14. EMPLOYEE DEFINED BENEFIT LIABILITIES (CONTINUED)

FUNDED OBLIGATION (CONTINUED)

THE GROUP AND THE COMPANY (CONTINUED)

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

	2022 Rs'000	2021 Rs'000
Current service cost	**649**	716
Net interest cost	**260**	337
Scheme expenses/(reversal)	**47**	(32)
Cost/(Reversal) of insuring risk benefits	**52**	(51)
Total included in staff costs	**1,008**	970

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

	2022 Rs'000	2021 Rs'000
At July 01,	**12,889**	10,956
Interest on plan assets	**552**	383
Employer's contribution	**588**	552
Scheme expenses	**(47)**	32
Cost of insuring risk benefits	**(52)**	51
Actuarial gains	**426**	915
At June 30,	**14,356**	12,889

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

	2022 Rs'000	2021 Rs'000
At July 01,	**19,313**	21,175
Current service cost	**649**	716
Interest cost	**811**	719
Actuarial losses/(gains)	**199**	(3,297)
At June 30,	**20,972**	19,313

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

	2022 Rs'000	2021 Rs'000
Local equities	**3,250**	2,918
Overseas equities	**4,238**	3,805
Fixed interest	**3,918**	3,517
Properties	**2,950**	2,649
Total market value of assets	**14,356**	12,889

(i) Analysis of amount recognised in other comprehensive income

	2022 Rs'000	2021 Rs'000
Gains on pension scheme assets	**(426)**	(916)
Experience gains on the liabilities	**(395)**	(842)
Changes in assumptions underlying the present value of the scheme	**593**	(2,455)
Actuarial gains recognised in other comprehensive income	**(228)**	(4,213)

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED JUNE 30, 2022

14. EMPLOYEE DEFINED BENEFIT LIABILITIES (CONTINUED)

FUNDED OBLIGATION (CONTINUED)

THE GROUP AND THE COMPANY (CONTINUED)

(j) Sensitivity analysis

	2022 Rs'000	2021 Rs'000
Decrease in defined benefit obligation due to 1% increase in discount rate	**1,485**	2,024
Increase in defined benefit obligation due to 1% increase in future long-term salary assumption	**740**	253

The sensitivity analysis above have been determined based on sensibly possible changes of the discount rate or salary increase rate occurring at the end of the reporting period if all other assumptions remained unchanged.

The plan is a defined benefit arrangement, with benefits based on final salary, it provides for a pension at retirement and a benefit on death or disablement in service before retirement.

(k) (i) The assets of the plan are invested in IBL Pension Fund which includes a diversified portfolio of asset classes. In view of exposure to equities, some volatility in the return from one year to the other is expected.

(ii) As the fund is expected to produce a smooth return, a fairly reasonable indication of the future returns can be obtained by looking at historical ones. Therefore, the long term expected return on asset assumption has been based on historical performance of the fund.

(iii) The fixed interest portfolio includes government bonds, debentures, mortgages and cash. The expected return for this asset class has been based on yields of government bonds at June 30, 2022.

(l) Employer's contributions to be paid in the next reporting period is estimated at Rs. 0.52m (2021: Rs. 0.54m) and the weighted average duration of the defined benefit obligation is 9 years. The funding policy is to pay benefits out of the reporting entity's cash flow as and when due. The plan entitles the employees to a lump sum and pension payments at retirement age.

(m) Risk Associated with the Plans

The Defined Benefit Plans expose the Company to actuarial risks such as interest rate risk and salary risk.

Interest Rate Risk

If the bond interest rate decreases, the liabilities would be calculated using a lower discount rate, and would therefore increase.

Salary Risk

If salary increases are higher than assumed in our basis, the liabilities would increase giving rise to actuarial losses.

(n) The principal actuarial assumptions with respect to the Funded Scheme used for accounting purposes were:

	2022 %	2021 %
Discount rate	**4.30**	4.20
Expected return on plan assets	**4.30**	4.20
Future guaranteed pension increase	**0.00**	0.00
Future long term salary increase	**2.00**	2.00
Post retirement mortality tables	**PA92**	PA92

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED JUNE 30, 2022

14. EMPLOYEE DEFINED BENEFIT LIABILITIES (CONTINUED)

UNFUNDED OBLIGATION

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

	THE GROUP		THE COMPANY	
	2022 Rs'000	2021 Rs'000	**2022 Rs'000**	2021 Rs'000
Present value of unfunded obligation	**26,641**	12,305	**23,879**	12,193

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

	THE GROUP		THE COMPANY	
	2022 Rs'000	2021 Rs'000	**2022 Rs'000**	2021 Rs'000
At July 01,	**12,305**	17,757	**12,193**	13,530
Transfer on business combination (Note 20)	**2,813**	-	**-**	-
Total expenses (Note (q))	**1,225**	1,646	**1,109**	1,435
Actuarial losses/(gains) recognised in other comprehensive income	**10,444**	(3,185)	**10,576**	(2,772)
Payment	**-**	(205)	**-**	-
Transfer to related companies	**(146)**	-	**-**	-
Transfer on disposal of subsidiary (Note 6 (b))	**-**	(3,708)	**-**	-
At June 30,	**26,641**	12,305	**23,878**	12,193

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

	THE GROUP		THE COMPANY	
	2022 Rs'000	2021 Rs'000	**2022 Rs'000**	2021 Rs'000
Current service cost	**562**	1,126	**524**	935
Interest cost	**663**	520	**585**	500
Total included in staff costs	**1,225**	1,646	**1,109**	1,435

(r) Amount recognised in other comprehensive income

Actuarial losses	**9,087**	989	**9,372**	1,257
Changes in assumptions	**1,357**	(4,174)	**1,204**	(4,029)
	10,444	(3,185)	**10,576**	(2,772)

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

	THE GROUP		THE COMPANY	
	2022 Rs'000	2021 Rs'000	**2022 Rs'000**	2021 Rs'000
At July 01,	**12,305**	17,757	**12,193**	13,530
Transfer on business combination (Note 20)	**2,813**	-	**-**	-
Current service cost	**562**	1,126	**524**	935
Interest cost	**663**	520	**585**	500
Actuarial losses/(gains)	**10,444**	(3,185)	**10,576**	(2,772)
Payment	**-**	(205)	-	
Transfer	**(146)**	-	**-**	-
Transfer on disposal of subsidiary (Note 6 (b))	**-**	(3,708)	**-**	-
At June 30,	**26,641**	12,305	**23,878**	12,193

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED JUNE 30, 2022

14. EMPLOYEE DEFINED BENEFIT LIABILITIES (CONTINUED)

UNFUNDED OBLIGATION (CONTINUED)

	THE GROUP		THE COMPANY	
	2022 Rs'000	2021 Rs'000	**2022 Rs'000**	2021 Rs'000
(t) Sensitivity analysis				
Decrease in defined benefit obligation due to 1% increase in discount rate	**3,675**	2,606	**3,044**	2,573
Increase in defined benefit obligation due to 1% increase in future long-term salary assumption	**3,726**	3,138	**3,086**	3,098

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

	2022 %	2021 %
Discount rate	**4.80**	4.80
Future salary increases	**2.50**	2.50

15. INTEREST BEARING LOANS AND BORROWINGS

	THE GROUP		THE COMPANY	
	2022 Rs'000	2021 Rs'000	**2022 Rs'000**	2021 Rs'000
Current				
Bank overdraft (Note 30)	**42,659**	77,406	**36,078**	73,299
Bank loans (Note (b))	**25,266**	41	**8,958**	-
Lease liabilities (Note (a))	**41,719**	9,536	**5,774**	5,422
	109,644	86,983	**50,810**	78,721
Non-current				
Bank loans (Note (b))	**201,961**	308,287	**181,152**	305,387
Lease liabilities (Note (a))	**271,435**	6,192	**-**	5,774
	473,396	314,479	**181,152**	311,161
Total interest bearing loans and borrowings	**583,040**	401,462	**231,962**	389,882

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED JUNE 30, 2022

15. INTEREST BEARING LOANS AND BORROWINGS (CONTINUED)

(a) *Lease Liabilities*

	THE GROUP		THE COMPANY	
	2022 Rs'000	2021 Rs'000	**2022 Rs'000**	2021 Rs'000
Lease liabilities - minimum lease payments:				
Within one year	**60,966**	10,126	**5,966**	5,954
Later than one year and not later than two years	**50,284**	6,170	**-**	5,966
Later than two years and not later than five years	**135,074**	237	**-**	-
Later than five years	**159,235**	-	**-**	-
	405,559	16,533	**5,966**	11,920
Future finance charges on leases	**(92,405)**	(805)	**(192)**	(724)
Present value of lease liabilities	**313,154**	15,728	**5,774**	11,196
The present value of lease liabilities may be analysed as follows:				
Within one year	**41,719**	9,536	**5,774**	5,422
Later than one year and not later than two years	**33,156**	5,961	**-**	5,774
Later than two years and not later than five years	**96,346**	231	**-**	-
Later than five years	**141,933**	-	**-**	-
	313,154	15,728	**5,774**	11,196

Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

(b) *Bank loans can be analysed as follows:-*

	THE GROUP		THE COMPANY	
	2022 Rs'000	2021 Rs'000	**2022 Rs'000**	2021 Rs'000
Loan repayable:				
- Within one year	**25,266**	41	**8,958**	-
- After one year and before two years	**40,615**	29,070	**24,293**	28,575
- After two years and before five years	**109,703**	141,659	**105,216**	139,756
- After five years	**51,643**	137,558	**51,643**	137,056
	227,227	308,328	**190,110**	305,387

			THE GROUP		THE COMPANY	
Denomination	**Effective interest rate**	**Maturity**	**2022 Rs'000**	2021 Rs'000	**2022 Rs'000**	2021 Rs'000
EURO	EURO LIBOR +4%	Sep-29	**-**	128,270	**-**	128,270
MUR	Fixed rate 1.5%	Sep-24	**72,237**	37,500	**37,500**	37,500
GBP	Fixed rate 2.5%	Dec-26	**2,380**	2,941	**-**	-
MUR	PLR	Apr-32	**-**	29,617	**-**	29,617
MUR	PLR	Jun-26	**24,610**	-	**24,610**	-
MUR	PLR	Sep-30	**-**	65,000	**-**	65,000
MUR	PLR	Jun-30	**128,000**	45,000	**128,000**	45,000
Total bank loans			**227,227**	308,328	**190,110**	305,387

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED JUNE 30, 2022

15. INTEREST BEARING LOANS AND BORROWINGS (CONTINUED)

(c) *The movement on bank borrowings is as follows:*

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
At July 01,	**308,328**	247,122	**305,387**	210,245
Proceeds from new loans	**83,000**	125,187	**83,000**	82,500
Loans assigned from related company (Note 16 (v))	**66,478**	-	**26,478**	-
Repayment long term borrowings	**(230,332)**	(2,369)	**(224,755)**	(1,342)
On disposal of subsidiary (Note 6(b))	**-**	(75,851)	**-**	-
Exchange differences	**(247)**	14,239	**-**	13,984
At June 30,	**227,227**	308,328	**190,110**	305,387

16. OTHER LIABILITIES

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
Bank loan assigned to the Company	-	-	**34,736**	-
Leases liabilities assigned to the Company	-	-	**8,846**	-
At June 30,	-	-	**43,582**	-
- Within one year	-	-	**18,548**	-
- After one year and before two years	-	-	**18,736**	-
- After two years and before five years	-	-	**6,298**	-
	-	-	**43,582**	-

Other liabilities consist of loans and other borrowings transferred to the Company, following the end of the voluntary administration of a former subsidiary, SALT Hospitality Ltd, in December 2021. (Refer to Note 20)

When the subsidiary went into voluntary adminitration last year, the Company recognised a provision for financial liability in respect of various guarantees given on behalf of the subsidiary as detailed under Note 17 (v). Following the watersheed meeting of 17 December 2021 and the subsequent execution of the Deed of Company Arrangement (DoCA), these guarantees were crytalised as an actual liability of the Company.

Some novation agreements witnessing the assignment of the obligations under the different agreements to the Company were still under signature as at the reporting date and the assignment of debts was therefore not yet effective. However, in view of the fact that the Company has the obligation to take over the financial liability of the former subsidiary under these guaranteed claims as from the date of execution of the DoCA, these obligations have been recognised as "Other Liabilities" until formally registered and transferred under the name of the Company, following which they will be classified as "Interest-bearing loans and borrowings". From a group perspective, these are already classified as "Interest-bearing loans and borrowings".

The executed novation agreements did not result in any change to the terms and conditions of the loans and leases prevailing under SALT Hospitality Ltd.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED JUNE 30, 2022

16. OTHER LIABILITIES (CONTINUED)

The movement on these obligations were as follows:

	THE GROUP		THE COMPANY	
	2022 Rs'000	2021 Rs'000	**2022 Rs'000**	2021 Rs'000
At July 01,	**-**	-	**-**	-
Bank loans assigned to the Company	**-**	-	**40,000**	-
Lease obligation assigned to the Company	**-**	-	**12,102**	-
Accretion of interest	**-**	-	**702**	-
Payment of other liabilities	**-**	-	**(9,222)**	-
At June 30,	**-**	**-**	**43,582**	**-**

17. TRADE AND OTHER PAYABLES, AND CONTRACT LIABILITIES

	THE GROUP		THE COMPANY	
	2022 Rs'000	2021 Rs'000	**2022 Rs'000**	2021 Rs'000
Trade and other payables				
Trade payables (Note (i))	**53,262**	86,984	**21,684**	83,650
Accruals and other payables (Note (ii))	**154,765**	76,154	**74,511**	54,121
Due to fellow subsidiaries (Note 31)	**15,858**	56,627	**1**	49,415
Due to group companies (Note 31)	**-**	-	**81,792**	34,387
	223,885	219,765	**177,988**	221,573
Analysed as follows:				
Non-current trade and other payables	**13,699**	-	**-**	-
Current trade and other payables	**210,186**	219,765	**177,988**	221,573
	223,885	219,765	**177,988**	221,573
Financial guarantee contracts (Note (v))	**-**	85,309	**-**	85,309
Contract liabilities (Note (iv))	**2,357**	-	**-**	-

(i) Trade and other payables are non-interest bearing and are normally settled in the next financial year. The non-current portion relate to certain creditors to be settled by 31 January 2025.

(ii) Accruals and other payables comprises mainly of provision for payroll related costs, accrued expenses and other provisions made in the normal course of business.

(iii) For terms and conditions relating to related parties, refer to Note 31.

(iv) Contract Liabilities

The contract liabilities are in respect of deposits collected from customers for future stay in our hotels. During the year, an amount of Rs590KM was recognised as revenue.

(v) Financial Guarantee Contracts

This is in respect of corporate guarantees given to third parties as well as a payment guarantee on a lease agreement entered on behalf of one subsidiary company. The subsidiary was under voluntary administration from 11 February 2021 to 28 December 2021 and following the execution of the deed of company arrangement (DOCA) (Refer to Note 20), these guarantees have crystallised into actual liabilities recognised by The Group and The Company as further explained under Note 16.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED JUNE 30, 2022

17. TRADE AND OTHER PAYABLES, AND CONTRACT LIABILITIES (CONTINUED)

(v) Financial guarantee contracts (continued)

The movement on the financial guarantee contracts was as follows:

	THE GROUP		THE COMPANY	
	2022 Rs'000	2021 Rs'000	**2022 Rs'000**	2021 Rs'000
At July 1,	**85,309**	-	**85,309**	-
Expected credit losses recognised	**30,762**	85,309	**30,762**	85,309
Other liabilities assigned to the Company (Note 16)	**-**	-	**(52,102)**	-
Bank loans assigned to the Group/Company (Note 15)	**(66,478)**	-	**(26,478)**	-
Lease obligations assigned to the Group (Note 15)	**(12,102)**	-	**-**	-
Trade and other payable assigned to Group/ Company	**(37,491)**	-	**(37,491)**	-
At June, 30	**-**	85,309	**-**	85,309

18. TAXATION

	THE GROUP		THE COMPANY	
	2022 Rs'000	2021 Rs'000	**2022 Rs'000**	2021 Rs'000
(a) Income tax charge for the year				
Income tax charge	**1,684**	1,106	**-**	-
Overprovision of tax in previous year	**(658)**	(17)	**-**	-
Deferred tax movement (Note 8(a))	**27,283**	(21,455)	**25,675**	(23,775)
Withholding tax	**46,875**	15,314	**27,557**	11,369
Income tax charged/(credit)	**75,184**	(5,052)	**53,232**	(12,406)

<u>*Reconciliation between tax expense and accounting profit is as follows:*</u>

	THE GROUP 2022	THE GROUP 2021	THE COMPANY 2022	THE COMPANY 2021
Profit/(loss) before tax	**177,563**	(245,777)	**217,134**	(276,737)
Tax calculated at the rate of 17% (2021: 17%)	**30,186**	(41,782)	**36,913**	(47,045)
Effect of different tax rates (Note (i))	**(3,400)**	(5,877)	**-**	-
Add expenses not deductible for tax purposes (Note (iii))	**15,026**	12,479	**13,113**	11,180
Exempt income	**163**	(7,821)	**(20,966)**	(4,393)
Overprovision of tax in previous year	**(658)**	(17)	**-**	-
Deferred tax assets not recognised	**7,310**	22,786	**-**	16,484
Unrecognised/(utilisation of unused) tax losses (Note (ii))	**(1,000)**	-	**(3,385)**	-
Withholding tax (Note (iv))	**27,557**	15,314	**27,557**	11,368
Tax rebate	**-**	(134)	**-**	-
Income tax (credit)/charged	**75,184**	(5,052)	**53,232**	(12,406)

(i) Different tax rates arise on the taxation of foreign units located overseas.

(ii) Non deductible expenses include mainly provisions and non-qualified expenses.

(iii) Tax losses utilised relates to tax losses in respect of Lux Hotel Management Shanghai Ltd, where every year part of the unused tax losses are utilised against tax charge arising for the year.

(iv) Withholding tax arise on the management fee charged to overseas hotels in Reunion Island and Maldives.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED JUNE 30, 2022

18. TAXATION (CONTINUED)

(b) Statement of Financial Position

	THE GROUP		THE COMPANY	
	2022 Rs'000	2021 Rs'000	**2022 Rs'000**	2021 Rs'000
At 1 July	**970**	724	**-**	-
Charge for the year	**1,684**	1,106	**-**	-
Overprovision of tax in previous year	**(658)**	(17)	**-**	-
Withholding tax	**46,875**	15,314	**27,557**	11,369
Paid during the year	**(46,899)**	(16,225)	**(27,557)**	(11,369)
Exchange difference	**-**	68	**-**	-
At 30 June	**1,972**	970	**-**	**-**

19. LEASES

(a) Right of Use Assets

Group as a Lessee

The Group has lease contracts for various plant, equipment and vehicles as well as buildings, with leases terms varying from 4 years to 10 years. The Group's obligations are secured by the lessors' title to the leased assets for such leases. The Group has options to purchase certain equipment for a nominal amount at the end of the lease term.

The Group has also certain leases of equipment with lease terms of 12 months or less or/and of low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Below are the carrying amount of right-of-use assets recognised and the movements during the year for the Group and the Company.

THE GROUP	**Land & Building Rs'000**	**Plant and Equipment Rs'000**	**Furniture & Fittings Rs'000**	**Computer Equipment Rs'000**	**Motor Vehicles Rs'000**	**Total Rs'000**
COST						
At July 1, 2020	375,577	15,934	5,729	7,052	3,130	407,422
Derecognised on termination	(7,101)	-	-	-	-	(7,101)
Transfer to PPE (Note 4)	-	(7,094)	-	-	(3,130)	(10,224)
On disposal of subsidiary (Note 6 (b))	(328,379)	(8,840)	(5,729)	(5,431)	-	(348,379)
Exchange difference	1,762	-	-	35	-	1,797
At June 30, 2021	41,859	-	-	1,656	-	43,515
Addition	16,426	-	-	-	-	16,426
Transfer to PPE (Note 4)	-	-	-	(800)	-	(800)
On business combination (Note 20)	256,001	5,446	4,161	4,059	-	269,667
Exchange difference	902	-	-	23	-	925
At June 30, 2022	**315,188**	**5,446**	**4,161**	**4,938**	**-**	**329,733**
AMORTISATION						
At July 1, 2020	43,172	6,099	955	1,534	2,817	54,577
Charge for the year	33,628	1,511	382	522	13	36,056
Derecognised on termination	(1,787)	-	-	-	-	(1,787)
Transfer to PPE (Note 4)	-	(5,379)	-	-	(2,830)	(8,209)
On disposal of subsidiary (Note 6(b))	(48,252)	(2,231)	(1,337)	(1,099)	-	(52,919)
Exchange difference	1,227	-	-	24	-	1,251
At June 30, 2021	27,988	-	-	981	-	28,969
Charge for the year	27,919	401	303	623	-	29,246
Transfer to PPE (Note 4)	-	-	-	(800)	-	(800)
Exchange difference	615	-	-	13	-	628
At June 30, 2022	**56,522**	**401**	**303**	**817**	**-**	**58,043**
NET BOOK VALUE						
At June 30, 2022	**258,666**	**5,045**	**3,858**	**4,121**	**-**	**271,690**
At June 30, 2021	13,871	-	-	675	-	14,546

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED JUNE 30, 2022

19. LEASES (CONTINUED)

(a) Right of Use Assets (continued)

The Company as a lessee	Land & Building Rs'000	Computer Equipment Rs'000	Motor Vehicles Rs'000	Total Rs'000
COST				
At July 1, 2020	20,190	800	3,130	24,120
Transfer to PPE (Note 4)	-	-	(3,130)	(3,130)
At June 30, 2021	20,190	800	-	20,990
Transfer to PPE (Note 4)	-	(800)		(800)
At June 30, 2022	**20,190**	**-**	**-**	**20,990**
AMORTISATION				
At July 1, 2020	**5,044**	**493**	**2,817**	**8,354**
Charge for the year	5,048	160	13	5,221
Transfer to PPE (Note 4)	-	-	(2,830)	(2,830)
At June 30, 2021	10,092	653	-	10,745
Charge for the year	5,049	147	-	5,196
Transfer to PPE (Note 4)		(800)		(800)
At June 30, 2022	**15,141**	**-**	**-**	**15,941**
NET BOOK VALUE				
At June 30, 2022	**5,049**	**-**	**-**	**5,049**
At June 30, 2021	10,098	147	-	10,245

(b) Lease Liabilities

The carrying amount of the lease liabilities (included under interest-bearing loans and borrowings) and the movement during the year is set out below.

	THE GROUP		THE COMPANY	
	2022 Rs'000	2021 Rs'000	**2022 Rs'000**	2021 Rs'000
At July 1,	**15,728**	367,556	**11,196**	16,434
New leases during the year	**16,426**	-	**-**	-
Assignment of lease liabilities (Note 17 (v) b)	**12,102**	-	**-**	-
Accretion of interest	**10,893**	15,652	**531**	854
Gains on rental concessions	**-**	(13,501)	**-**	-
Payments	**(38,351)**	(39,538)	**(5,953)**	(6,092)
On termination of leases	**-**	(5,772)	**-**	-
On business combination (Note 20)	**296,073**	-	**-**	
On disposal of subsidiary (Note 6(b))	**-**	(309,236)	**-**	-
Exchange difference	**283**	567	**-**	-
As at June 30,	**313,154**	15,728	**5,774**	11,196

The maturity analysis of lease liabilities are disclosed in Note 15.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED JUNE 30, 2022

19. LEASES (CONTINUED)

(b) Lease Liabilities (continued)

The following amounts have been recognised in the statement of profit or loss for the year:

	THE GROUP		THE COMPANY	
	2022 Rs'000	2021 Rs'000	**2022 Rs'000**	2021 Rs'000
Amortisation of right-of-use assets	**29,246**	36,056	**5,196**	5,221
Interest expense on lease liabilities	**10,893**	15,652	**531**	854
Gains on rental concessions	**-**	(13,501)	**-**	-
Expenses relating to short-term leases (included in administrative expenses)	**-**	2,257	**-**	-
Expenses relating to leases of low-value assets (included in administrative expenses)	**3,533**	1,086	**-**	943
Total net amount recognised in profit or loss	**43,672**	41,550	**5,727**	7,018
Attributable to:				
- Continued operation	**43,672**	20,412	**5,727**	7,018
- Discontinued operation	**-**	21,138	**-**	-
	43,672	41,550	**5,727**	7,018

The following amounts are recognised in the statement of cash flows.

	THE GROUP		THE COMPANY	
	2022 Rs'000	2021 Rs'000	**2022 Rs'000**	2021 Rs'000
Lease liability payments	**38,351**	39,538	**5,953**	6,092
Interest on lease liabilities	**10,893**	15,652	**531**	854
Short term/low value operating lease payments	**3,533**	3,343	**-**	943
Total cash outflows	**52,777**	54,915	**6,484**	8,225

The Group had one lease contract that includes extension option throught one subsidiary (Salt Hospitality Ltd). This option has been negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Company's business needs. Management exercises significant judgement in determining whether the extension option is reasonable certain to be exercised.

Set out below is the undiscounted potential future rental payments relating to periods following the exercise date of the extension option that are not included in the lease term:

	THE GROUP		THE COMPANY	
	2022 Rs'000	2021 Rs'000	**2022 Rs'000**	2021 Rs'000
More than five years				
Extension option expected not to be exercised	**542,219**	**-**	**-**	-

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED JUNE 30, 2022

20. BUSINESS COMBINATION

SALT Hospitality Ltd, a subsidiary company went under voluntary administration on 19 February 2021 (refer to Note 6 (b) and subsequently derecognised as a subsidiary company due to loss of control as from that date.

At the watershed meeting held on 17 December 2021, the Creditors of the SALT Hospitality Ltd ("SHL") resolved that it execute a deed of company arrangement (DOCA), the terms and conditions of which were presented by the Administrator at the meeting. The DOCA contained a plan, which upon excecution, will allow the SHL to continue as a going concern.

Under the terms of the DOCA, various liabilities covered by corporate financial guarantees were assigned to the Company, namely bank loans, lease obligations and secured creditors. Novation agreements reflecting the assignment of these debts as well as unconditionally releasing and discharging SHL of its obligations with respect to guaranteed claims have been signed between the various parties.

On 28 December 2021, the Board of the SHL, has, by resolution, approved the execution of the DOCA by and on behalf of the SHL. The DOCA was effectively executed and registered on 5 January 2022 and accordingly SALT Hospitality Ltd was recognised as a subsidiary as from that date, with the following net assets and liabilities assumed by the Group:

	THE GROUP
Fair alue recognised on acquisition	**2022**
	Rs'000
Assets acquired:	
Property, plant and equipment	**43,180**
Intangible assets	**545**
Right of use assets	**269,667**
Inventory	**4,690**
Trade debtors and other receivable	**38,653**
Cash and cash equivalent	**1,740**
	358,475
Liabilities transferred:	
Long term lease liabilities	**(296,073)**
Bank overdraft	**(287)**
Contract liabilities	**(2,946)**
Trade creditors and other payables	**(56,386)**
Employees retirement benefit obligations	**(2,813)**
	(358,505)
Total identifiable net assets at fair value	**(30)**
Goodwill on business combination	**30**
Consideration on business combination	**-**

Goodwill arising on business combination was immediately written off based on the immediate future cash flow of the subsidiary.

Net cash acquired from the subsidiary	**1,453**

At the date of acquisition, SHL held trade and other receivable with a fair value of Rs38.6m, representing gross contractual receivable of Rs 39.7m. The Group considers it unlikely that Rs1.1m of the contractual receivable will ultimately be collected.

From the date of acquisition, SHL contributed Rs73.8m of revenue and posted a loss before tax of Rs23.4m from its operation. If the combination had taken place at the beginning of the financial year, the Group revenue would have increased by Rs127.2m with a loss from operation of Rs41.3m before tax.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED JUNE 30, 2022

21. REVENUE FROM CONTRACTS WITH CUSTOMERS

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
Hotel Services- management and brand fees	**849,869**	181,016	**640,944**	121,634
Hotel operations and others	**80,231**	9,330	**-**	-
Administration and commission income	**3,568**	1,048	**3,568**	-
	933,668	191,394	**644,512**	121,634
Timing of revenue recognition				
- Products and services transferred at a point in time	**36,119**	23,888	**33,107**	8,109
- Products and services transferred over time	**897,549**	167,506	**611,405**	113,525
	933,668	191,394	**644,512**	121,634
Primary geographical market				
- Mauritius	**367,659**	30,097	**291,958**	19,558
- Maldives	**465,440**	102,502	**272,256**	63,054
- Reunion	**70,730**	39,022	**70,730**	39,022
- Others	**29,839**	19,773	**9,568**	-
	933,668	191,394	**644,512**	121,634

22. COST OF INVENTORIES

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
Food, beverages and room supplies	**18,625**	6,103	-	-

23. OTHER OPERATING INCOME

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
Dividend income	**-**	-	**123,608**	32,300
Government Grant- GWAS	**10,577**	22,218	**10,498**	21,499
Foreign exchange gains	**8,512**	11,281	**8,342**	9,233
Gain on contract assets	**22,386**	-	**22,386**	-
Gain on derecognition of right of use assets	**-**	458	**-**	-
Refund of administrative and logistics cost	**24,331**	18,854	**12,186**	10,921
Others **	**5,311**	1,200	**490**	-
	71,117	54,011	**177,510**	73,953

** Others include recharged for administrative costs to a related company as mutually agreed by the relevant parties.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED JUNE 30, 2022

24. EMPLOYEE BENEFIT EXPENSES

	THE GROUP		THE COMPANY	
	2022 Rs'000	2021 Rs'000	**2022 Rs'000**	2021 Rs'000
Wages and salaries	**432,784**	282,745	**184,401**	144,304
Social security costs	**19,294**	13,018	**7,739**	5,858
Pension costs:				
- Defined contribution scheme	**6,535**	5,099	**7,558**	4,835
- Defined benefit scheme (Note 14 (e))	**1,008**	970	**1,008**	970
- Other retirement benefit (Note 14 (q))	**1,225**	1,646	**1,109**	1,435
	460,846	303,478	**201,815**	157,402

25. DEPRECIATION AND AMORTISATION

	THE GROUP		THE COMPANY	
	2022 Rs'000	2021 Rs'000	**2022 Rs'000**	2021 Rs'000
Depreciation on property, plant and equipment	**11,620**	16,550	**3,255**	3,907
Amortisation of Right of use assets	**29,246**	36,056	**5,196**	5,221
Amortisation of intangible assets	**3,571**	4,436	**3,033**	3,386
	44,437	57,042	**11,484**	12,514
Attributable to:				
- Continuing operations	**44,437**	29,634	**11,484**	12,514
- Discontinued operation	**-**	27,408	**-**	-
	44,437	57,042	**11,484**	12,514

26. EXPECTED CREDIT LOSS ALLOWANCE

	THE GROUP		THE COMPANY	
	2022 Rs'000	2021 Rs'000	**2022 Rs'000**	2021 Rs'000
Movement on ECL for trade debtors	**(12,591)**	(12,324)	**(14,794)**	(2,266)
Movement on ECL for other receivables	**(94,427)**	94,427	**(89,641)**	(34,573)
Movement on ECL for financial guarantee contracts	**30,762**	85,309	**30,762**	85,309
Loan and current account with related company written off	**110,103**	-	**110,103**	-
	33,847	167,412	**36,430**	48,470
Attributable to:				
- Continued operation	**33,847**	172,189	**36,430**	48,470
- Discontinued operation	**-**	(4,777)	**-**	-
	33,847	167,412	**36,430**	48,470

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED JUNE 30, 2022

27. OTHER OPERATING EXPENSES

	THE GROUP		THE COMPANY	
	2022 Rs'000	2021 Rs'000	**2022 Rs'000**	2021 Rs'000
Utilities	**8,092**	3,451	**2,460**	2,302
Motor vehicle running expenses	**10,070**	5,524	**9,048**	4,563
Repairs and maintenance	**11,824**	5,454	**5,921**	4,511
Printing, postage and stationeries	**1,576**	485	**1,155**	353
Marketing expenses	**94,464**	52,000	**93,481**	73,427
Project costs	**9,025**	951	**3,420**	951
IT and communication expenses	**24,319**	20,682	**23,082**	19,761
Professional fees	**7,989**	12,242	**10,346**	6,137
Trade mark licences	**912**	285	**1,038**	48
Refund regional office costs	**-**	-	**146,551**	110,595
Insurance	**2,529**	908	**1,024**	812
Training cost	**1,138**	-	**1,138**	-
Director fee	**10,137**	2,394	**2,799**	2,394
Overseas travelling	**9,159**	1,641	**1,551**	-
Security expenses	**2,727**	2,938	**2,605**	2,312
Low value items and short term leases	**3,533**	3,343	**-**	943
Loss on disposal of PPE	**979**	1,571	**4**	-
Sundry expenses	**15,880**	10,373	**7,177**	6,479
	214,353	124,242	**312,800**	235,588

28. OPERATING PROFIT/(LOSS)

	THE GROUP		THE COMPANY	
	2022 Rs'000	2021 Rs'000	**2022 Rs'000**	2021 Rs'000
The operating profit/(loss) for the year is arrived at after *crediting:*				
Dividend income	**-**	**-**	**123,608**	32,300
and charging:				
Goodwill written off on business combination	**30**	-	**-**	-
(Profit)/Loss on disposal of property, plant and equipment	**1,161**	1,571	**4**	-
Depreciation and amortisation of non-current assets	**44,437**	29,634	11,484	12,514
Payment on low value/short term lease expenses	**3,533**	3,343	**-**	943

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED JUNE 30, 2022

29. FINANCE COSTS

	THE GROUP		THE COMPANY	
	2022 Rs'000	2021 Rs'000	**2022 Rs'000**	2021 Rs'000
Interest expense on:				
- Bank overdraft	**2,322**	3,303	**2,125**	3,298
- Bank loan	**8,263**	9,046	**7,438**	9,046
- Other liabilities	**-**	-	**781**	-
- Others (Note (a))	**678**	-	**-**	-
- Finance charges on leases	**10,893**	1,790	**214**	853
Foreign exchange losses	**3,197**	5,883	**2,040**	5,867
Cash flow hedge released to profit or loss on repayment of loan	**29,761**	(714)	**29,761**	(714)
	55,114	19,308	**42,359**	18,350

Note (a): Interest on others relate to adjustment to the unwinding of long term trade creditors balances measured at amortised cost for which extended credit facilities had been obtained.

30. NOTES TO THE STATEMENT OF CASH FLOWS

	THE GROUP		THE COMPANY	
	2022 Rs'000	2021 Rs'000	**2022 Rs'000**	2021 Rs'000
(a) Cash and cash equivalents				
Bank overdraft (Note 15)	**(42,659)**	(77,406)	**(36,078)**	(73,299)
Cash in hand and at bank	**102,923**	52,528	**93,120**	47,736
	60,264	(24,878)	**57,042**	(25,563)
(b) Non-cash transactions				
(i) Part of the acquisition of property, plant and equipment and intangible assets as follows:				
Total amount acquired	**2,295**	9,608	**976**	94
Financed by cash	**(2,295)**	(9,608)	**(976)**	(94)
Amount financed by leases	**-**	-	**-**	-
(ii) Part of the disposal of property, plant and equipment as follows:				
Disposal consideration		9,138	**-**	-
Cash received		(2,220)	**-**	-
Deferred consideration (Note 11)	**-**	6,918	**-**	-

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED JUNE 30, 2022

31. RELATED PARTY DISCLOSURES

	THE GROUP		THE COMPANY	
	2022 Rs'000	2021 Rs'000	**2022 Rs'000**	2021 Rs'000
Related party transactions are as follows:				
Purchases of goods or services				
Subsidiaries	**-**	-	**150,169**	110,595
Entities over which directors have control/ significant influence	**8,256**	10,173	**7,890**	9,738
Sales of goods or services				
Subsidiaries	**-**	-	**4,531**	1,209
Fellow subsidiaries	**535,810**	107,072	**339,143**	67,625
Other income (dividend income)				
Subsidiaries	**-**	-	**123,608**	32,300
Amounts payable to related companies				
Subsidiaries	**-**	-	**81,792**	34,387
Fellow subsidiaries	**15,858**	56,627	**1**	49,415
Amounts receivable from related companies				
Subsidiaries	**-**	-	**62,229**	26,233
Fellow subsidiaries	**118,249**	101,812	**104,983**	91,546
Compensation to key management personnel	**193,339**	94,387	**46,735**	35,361

(a) Fellow subsidiaries are entities over which the ultimate holding company, IBL Ltd, exercises control.

(b) Amount receivable from fellow subsidiaries and amount due to fellow subsidiaries are interest free and repayable at call.

(c) Amount due to and receivable from subsidiaries are unsecured, interest free and settlement occurs in cash and there is no fixed repayment terms.

(d) Key management personnel includes executive directors and top level management personnel. The emoluments include contribution to pension scheme for post retirement benefit of Rs 0.6 million (2021: Rs. 0.6 million).

(e) An impairment provision of Rs.10.5m (2021: Rs 100.2m) has been recognised on balances receivable from subsidiary companies while an amount of Rs. NIL (2021: Rs.12m) has been recognised on balances receivable from fellow subsidiaries.

32. EARNINGS/(LOSS) PER SHARE

	THE GROUP	
	2021 Rs'000	2021 Rs'000
Profit/(loss) for the year from continuing operations	**102,379**	(404,497)
Profit for the year from discontinued operations	**-**	163,772
	102,379	(240,725)
Weighted average number of ordinary shares during the year	**232,170,133**	175,104,238

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED JUNE 30, 2022

32. EARNINGS/(LOSS) PER SHARE (CONTINUED)

No other class of shares or conversion options exist that have any dillutive effect on the weighted average number of shares.

	THE GROUP	
	2021	2021
	Rs'000	Rs'000
Earnings/(loss) per share - Basic		
- From continuing operations	**0.44**	(2.31)
- From continued operations	**-**	0.94
Total earnings/(loss) per share - Basic	**0.44**	(1.37)

33. CONTINGENT LIABILITIES

The Group and The Company

(a) Bank guarantees amounting to Rs 1,7m as at June 2022 (2021: Rs1.6M) given by the Company to a shipping company for custom clearance of marketing materials from which it is anticipated that no material losses will arise.

(b) Bank guarantee amounting to Eur100,000 given to a service provider for the project of setting up an on-line payment platform for the Company. The project did not materialised and was abandoned and it is not expected that any losses will arise from this guarantee.

The Company

(b) Bank guarantees of up to Rs5M given on behalf of one subsidiary arising in the ordinary course of business for banking facilities.

(c) Payment guarantee on a lease agreement entered into by one subsidiary representing an unexpired commitment of Rs354M.

(d) The Company has issued letter of financial support for two subsidiaries which posted a net current liabilities situation last year which extends to at least the next 12 months from issue. Based on assessment made, the Directors consider that there will be no provision arising from these commitments.

34. ULTIMATE HOLDING COMPANY

The ultimate holding company is IBL Ltd, a listed company incorporated in Mauritius. The registered office is situated at 4th Floor, IBL House, Le Caudan Waterfront, Port Louis.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED JUNE 30, 2022

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Capital Risk Management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Company's overall strategy has been re-adapted to the Covid-19 situation as more fully explained in the paragraph on liquidity risk below.

Gearing Ratio

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus debt. The Company includes within net debt, interest bearing loans and borrowings, less cash in hand and at bank. The Company's policy is to keep the gearing ratio below 45% in line with Group policy.

	THE GROUP		THE COMPANY	
	2022 Rs'000	2021 Rs'000	**2022 Rs'000**	2021 Rs'000
Debt (i)	**583,040**	401,462	**275,544**	389,882
Cash in hand and at bank	**(102,923)**	(52,528)	**(93,120)**	(47,736)
Net debt	**480,117**	348,934	**182,424**	342,146
Equity (ii)	**(14,992)**	(136,404)	**30,208**	(149,928)
Total equity plus debt	**465,125**	212,530	**212,632**	192,218
Gearing ratio	**103%**	164%	**86%**	178%

(i) Debt is defined as long and short term borrowings, as disclosed in Note 15.

(ii) Equity includes all capital and reserves of the Group.

Categories of Financial Instruments

	THE GROUP		THE COMPANY	
	2022 Rs'000	2021 Rs'000	**2022 Rs'000**	2021 Rs'000
Financial assets				
Financial assets at fair value through OCI	**4**	4	**-**	-
Financial assets at amortised cost	**248,848**	198,778	**256,931**	188,757
	248,852	198,782	**256,931**	225,596
Financial liabilities				
Financial guarantee contracts	**-**	85,309	**-**	85,309
Financial liabilities at amortised cost	**786,810**	467,067	**441,289**	477,947
	786,810	552,376	**441,289**	563,256

Financial liabilities at amortised cost consist of trade and other payables and interest-bearing loans and borrowings.

At the reporting date there are no significant concentrations of credit risk for financial assets at amortised cost. The carrying amount reflected above represents the Group's maximum exposure to credit risk for the trade and other receivables.

Financial Risk Management

The Group's principal liabilities comprise bank loans and overdrafts, leases and trade payables and other payables. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has various financial assets, such as trade and other receivables and cash and cash equivalent which arise directly from its operations.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED JUNE 30, 2022

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Financial RIsk Management (continued)

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

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposure. Foreign currency risk is managed primarily through borrowings denominated in the relevant foreign currencies.

The currency profile of the financial assets and financial liabilities at 30 June 2021 and 2022 is as follows:

	THE GROUP		THE COMPANY	
	Financial assets Rs'000	Financial liabilities Rs'000	Financial assets Rs'000	Financial liabilities Rs'000
30 June 2022				
Euro	72,134	6,082	66,180	5,485
US$	84,553	56,216	74,386	1,069
GBP	3,499	4,616	2,720	4,643
Mauritian Rupee	82,092	713,732	70,082	430,092
Others	6,574	6,164	43,563	-
Total	248,852	786,810	256,931	441,289
30 June 2021	-	-	-	-
Euro	28,983	155,500	28,495	155,500
US$	84,469	16,602	82,747	16,410
GBP	535	12,313	-	5,473
Mauritian Rupee	39,242	330,745	77,515	383,603
Others	45,553	37,216	-	2,270
Total	198,782	552,376	188,757	563,256

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED JUNE 30, 2022

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Sensitivity Analysis

The following table details the Company's sensitivity to a 5% decrease in the Mauritian Rupee against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rates. A positive number below indicates an increase in profit and equity where the Mauritian Rupee depreciates 5% against the relevant currency. There would be an equal and opposite impact on the profit and equity, if the Mauritian Rupee strengthens by 5% against the relevant currency.

	THE GROUP		THE COMPANY	
	2022 Rs'000	2021 Rs'000	**2022 Rs'000**	2021 Rs'000
EURO				
Effect on profit	**3,303**	88	**3,035**	63
Effect on equity	**-**	(2,537)	**-**	(6,414)
US$				
Effect on profit	**1,417**	3,393	**3,666**	3,317
Effect on equity	**-**	-	**-**	-
GBP				
Effect on profit	**(56)**	(589)	**(96)**	(274)
Effect on equity	**-**	-	**-**	-

Interest Rate Risk

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

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

Interest Rate Sensitivity Analysis

Based on the simulation performed, the impact on pre-tax loss of an increase/decrease of 1% in the average interest rate for the year, with all other variables held constant, would be to decrease/increase loss before tax by Rs.1,952,700 (2021: Rs. 3,452.901).

Credit Risk

The Group's credit risk is primarily attributable to its trade receivables and financial guarantees given. The amounts presented at the reporting date are net of allowances for credit losses, estimated by the Group's management based on prior experience and the current economic environment.

The Group's main source of income represent management fees receivable from related companies for hotel management services and from Tour operators and on-line travel agents for hotel operation and others. The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. The Group has policies in place to ensure that sales of products and services are made to clients with an appropriate credit history.

Expected credit losses on trade receivables is based on simplified approach while that on balances due from subsidiaries/fellow subsidiaries/related company is based on the general approach. In respect of the trade receivable and trade receivables due from related companies, an impairment analysis is performed at each reporting date using a provision matrix to measure expected credit loss. The provisions are based on days past due for groupings of the customer segment with similar loss patterns (i.e. Tour Operators, Ground Handlers, Online Travel Agents, customers with special credit agreements). The calculation reflects the probability-weighted outcome that is available at the reporting date about past events, current conditions and future economic conditions. Generally trade receivables are written-off if past due for more than one year except for customers with special credit agreement.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED JUNE 30, 2022

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit Risk (continued)

The trade and other receivable exposure to credit risk is set out below:

THE GROUP

30 June 2022	**Total Rs'000**	**Current Rs'000**	**<30 days Rs'000**	**<60 days Rs'000**	**<90 days Rs'000**	**>90 days Rs'000**
Expected credit loss rate	**8%**	**0%**	**0%**	**0%**	**0%**	**27%**
Carrying amount	**141,640**	**78,303**	**7,020**	**6,846**	**7,583**	**41,888**
Expected credit loss	**11,102**	**-**	**-**	**-**	**-**	**11,102**

30 June 2021	Total Rs	Current Rs	< 30 days Rs	< 60 days Rs	< 90 days Rs	> 90 days Rs
Expected credit loss rate	15%	0%	9%	14%	16%	19%
Carrying amount	157,149	20,825	8,365	9,420	38,252	80,287
Expected credit loss	23,074	-	719	1,326	6,011	15,018

THE COMPANY

30 June 2022	**Total Rs'000**	**Current Rs'000**	**<30 days Rs'000**	**<60 days Rs'000**	**<90 days Rs'000**	**>90 days Rs'000**
Expected credit loss rate	**7%**	**0%**	**0%**	**0%**	**0%**	**18%**
Carrying amount	**172,697**	**74,567**	**8,922**	**8,304**	**9,689**	**71,215**
Expected credit loss	**12,944**	**-**	**-**	**-**	**-**	**12,944**

30 June 2021	Total Rs'000	Current Rs'000	<30 days Rs'000	<60 days Rs'000	<90 days Rs'000	>90 days Rs'000
Expected credit loss rate	14%	0%	4%	6%	14%	23%
Carrying amount	159,844	16,067	18,634	14,827	49,814	60,502
Expected credit loss	22,952	-	735	931	7,149	14,137

Cash and cash equivalent which are neither past due nor impaired are placed with or entered into with reputable financial institutions, with no history of default. Counterparty credit limits are reviewed by the directors throughout the year. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty's failure.

Overall the changes in loss allowance is mainly due to derecognition of allowances on trade receivable from prior years, which have now been recovered.

Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Group aims at maintaining flexibility in funding by keeping reliable credit lines available.

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. The tool considers the maturity of both its financial assets and projected cash flows from operation.

The Group has been able to mitigate the impact of Covid-19 by taking appropriate measures back in 2020 to control and monitor costs, successfully carried out a right issue in 2021 and has organised for banking facilities to be made available in case of need. In addition, the successful exit from one Hotel Management Contract in quarter one of this financial year, with the compensation received, has helped significantly in improving the liquidity position, as reflected in the gearing of the Group.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED JUNE 30, 2022

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity Risk (continued)

Covid-restrictions have been lifted in most of the destinations, where the Group operates, except for China, where we still do not have visibility when borders would re-open and inbound tourists back. As a consequence, hotel under operation in this destination suffered from low occupancy and while some opening of new hotels being postponed, thus requiring management to have in place resources to continuing support the destination until back to normal.

One of the hotel under management was severely damaged by the outburst of a fire shortly after the reporting date. That hotel may be closed for at least one year for reinstatement to its previous state. Though the Group has insurance covers in place for business interruption, the timing and extent of the insurance proceeds is still uncertain at this stage, with a consequential impact on the liquidity position of the Group.

Management has considered the possible impact on the liquidity position of the Company/Group of a delayed recovery from this event as well as uncertainties regarding the extent of potential insurance compensations. The Directors have taken into consideration the above uncertainties and considered cash flows prepared taking these uncertainties into consideration. They have concluded that with the unused credit line facilities negotiated following the Covid-19, as well as strict enforcement of credit terms to Group's debtors, the Group will be able to made good any shortfall in short-term cash flows and that the Company and the Group will have sufficient leverage to continue operating in the near future.

Liquidity and Interest Risk Tables

The Group's objective is to maintain a flexibility between continuity of funding and flexibility through the use of bank overdraft, bank loans and finance leases.

The amounts included in the following table for financial guarantee contracts are the maximum amount the Group could be forced to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee (see Note 16). Based on expectations at the end of the reporting period, the Group considers that it is more likely that the full amount will be payable under the arrangement.

Liquidity and Interest Rate Risk Tables - Financial Liabilities - Undiscounted

	THE GROUP						
Financial Liabilities	Weighted average effective interest rate %	Less than 1 month Rs'000	1 to 3 months Rs'000	3 months to 1 year Rs'000	1 to 5 years Rs'000	More than 5 years Rs'000	Total Rs'000
30 June 2022							
Non-interest bearing liabilities	-	203,770	-	-	-	-	203,770
Fixed rate instruments (Note 15)	5.26%	6,524	13,048	58,722	244,571	159,235	482,100
Variable rate instruments (Note 15)	3.60%	43,709	2,084	12,569	109,285	54,945	222,592
		254,003	15,132	71,291	353,856	214,180	908,462
30 June 2021							
Non-interest bearing liabilities	-	65,605	-	-	13,699	-	79,304
Fixed rate instruments (Note 15)	1.63%	46	2,624	8,070	47,607	574	58,921
Financial guarantee contracts (Note 17(v))		-	-	-	85,309	-	85,309
Variable rate instruments (Note 15)	3.30%	78,350	1,858	8,314	165,248	148,743	402,513
		144,001	4,482	16,384	298,164	149,317	626,047

Fair Value of Financial Instruments

Except where stated elsewhere, the carrying amounts of the Group's financial assets and financial liabilities approximate their fair values due to the short-term nature of the balances involved. The interest-bearing loans and borrowings' carrying amounts approximate their fair values. They are classified as level 2 items in the fair value hierarchy, with the significant input in determining fair value being the applicable interest rates. The technique used to determine the fair value is the discounted cash flow method.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED JUNE 30, 2022

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity Risk (continued)

Liquidity and Interest Risk Tables

THE COMPANY

Financial Liabilities	Weighted average effective interest rate %	Less than 1 month Rs'000	1 to 3 months Rs'000	3 months to 1 year Rs'000	1 to 5 years Rs'000	More than 5 years Rs'000	Total Rs'000
30 June 2022							
Non-interest bearing liabilities		165,745	-	-	-	-	165,745
Fixed rate instruments (Note 15)	2.11%	2,165	4,329	19,490	63,787	-	89,771
Variable rate instruments (Note 15)	3.45%	37,128	2,084	12,569	109,285	54,945	216,011
		205,038	6,413	32,059	173,072	54,945	471,527
30 June 2021							
Non-interest bearing liabilities		173,374	-	-	-	-	173,374
Fixed rate instruments (Note 15)	7.96%	542	1,085	5,385	44,661	-	51,673
Financial guarantee contracts (Note 17(v))	-	-	-	85,309	-	85,309	
Variable rate instruments (Note 15)	3.50%	74,243	1,858	8,314	165,248	148,743	398,406
		248,159	2,943	13,699	295,218	148,743	708,762

Fair Value of Financial Instruments

Except where stated elsewhere, the carrying amounts of the Company's financial assets and financial liabilities approximate their fair values due to the short-term nature of the balances involved. The interest-bearing loans and borrowings' carrying amounts approximate their fair values. They are classified as level 2 items in the fair value hierarchy, with the significant input in determining fair value being the applicable interest rates. The technique used to determine the fair value is the discounted cash flow method.

A summary of the carrying amounts and fair values of the financial instruments at 30 June 2022 and 30 June 2021 are as follows:

THE GROUP

	Fair value hierarchy	2022 Carrying value Rs'000	2022 Fair value Rs'000	2021 Carrying value Rs'000	2021 Fair value Rs'000
Financial assets:					
Financial assets at fair value through other comprehensive income	Level 1	4	4	4	4
Trade and other receivables	Level 2	145,925	145,925	146,250	146,250
Cash in hand and at banks	Level 2	102,923	102,923	52,528	52,528
		248,852	248,852	198,782	198,782
Financial liabilities:					
Interest-bearing loans and borrowings	Level 2	583,040	583,040	401,462	401,462
Trade and other payables	Level 2	217,469	217,469	65,605	65,605
		800,509	800,509	467,067	467,067

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED JUNE 30, 2022

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Fair Value of Financial Instruments (continued)

		THE COMPANY			
		2022		2021	
	Fair value hierarchy	Carrying value Rs'000	Fair value Rs'000	Carrying value Rs'000	Fair value Rs'000
Financial assets:					
Trade and other receivables	Level 2	**163,811**	**163,811**	141,021	141,021
Cash in hand and at banks	Level 2	**93,120**	**93,120**	47,736	47,736
		256,931	**256,931**	188,757	188,757
Financial liabilities:					
Interest-bearing loans and borrowings	Level 2	**231,962**	**231,962**	389,882	389,882
Trade and other payables	Level 2	**165,745**	**165,745**	88,065	88,065
		397,707	**397,707**	477,947	477,947

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

There has been no transfers between the hierarchy levels in the current and prior year.

36. EVENTS AFTER THE REPORTING DATE

One of the Hotel managed by the Group, Lux Belle Mare, was severely damaged by the outbreak of a fire shortly after the reporting date. The hotel is likely to be closed for a period estimated between 12 to 15 months. This event, which occurred shortly after the reporting date, does not have any impact on the reported statement of financial position of the Group and the Company, but is likely to affect the timing of future cash flow which is considered further under Note 35 - liquidity risk.

Notice to Shareholders

Notice is hereby given that the Annual Meeting of Shareholders of the Company will be held at Cyril Lagesse Auditorium, 1st Floor, IBL House Caudan Waterfront, Port Louis, on Thursday 15th December 2022 at 9.30 with the following agenda:

RESOLUTIONS

1. To consider and approve the audited financial statements for the year ended 30th June 2022
2. To receive the auditors report
3. To consider the annual report
4. To re-elect Mr Arnaud Lagesse as Director of the Company **
5. To re-elect Mr Paul Jones as Director of the Company, as per section 138 of the Companies Act 2001 **
6. To re-elect Mr Scoot Woroch as Director of the Company **
7. To re-elect Mr Julian Hagger as Director of the Company **
8. To re-elect Mr Alexis Harel as Director of the Company **
9. To re-elect Mr Jean de Fondaumière as Director of the Company **
10. To re-elect Mr Hans Olbertz as Director of the Company **
11. To re- elect Mr David Amsellem as Director of the Company **
12. To elect Mrs Diya Nababsing-Jetshan as Director of the Company **
13. To ratify the remuneration paid to the auditors for the year ended 30th June 2022
14. To appoint the auditors under Section 200 of the Companies Act 2001 and to authorise the Board to fix their remuneration
15. To approve the remuneration of the Non-Executive Directors for the year ended 30th June 2022

By Order of the Board

IBL Management Ltd
Company Secretary

24th October 2022

** - *Biography of the directors can be found at pages 11 to 13.*

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

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

A proxy form is included in this annual report and is also available at the registered office of the Company.

For the purpose of this Annual Meeting, the Directors have resolved in compliance with Section 120 (3) of the Companies Act 2001, that the shareholders who are entitled to receive notice of the meeting and attend such meeting shall be those shareholders whose names are registered in the share register of the Company as at 15.11.2022.

The Board of The Lux Collective Ltd accepts full responsibility for the accuracy of the information contained in this notice.

Proxy Form

I/We ____ of ____
being a shareholder of The Lux Collective Ltd hereby appoint ____
of ____ or failing him/her, ____
of ____ as my/our proxy to vote for me/us on my/our behalf at the Annual Meeting of Shareholders of the Company to be held at the Registered Office, Pierre Simonet Street, Floréal on Thursday 15th December 2022 commencing at 9.30 and at any adjournment thereof.

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

Vote with a tick.

	Resolutions	For	Against	Abstain
1.	To consider and approve the audited financial statements for the year ended 30th June 2022			
2.	To receive the auditors report			
3.	To consider the annual report			
4.	To re-elect Mr Arnaud Lagesse as Director of the Company **			
5.	To re-elect Mr Paul Jones as Director of the Company, as per section 138 of the Companies Act 2001 **			
6.	To re-elect Mr Scoot Woroch as Director of the Company **			
7.	To re-elect Mr Julian Hagger as Director of the Company **			
8.	To re-elect Mr Alexis Harel as Director of the Company**			
9.	To re-elect Mr Jean de Fondaumière as Director of the Company **			
10.	To re-elect Mr Hans Olbertz as Director of the Company **			
11.	To re- elect Mr David Amsellem as Director of the Company **			
12.	To elect Mrs Diya Nababsing-Jetshan as Director of the Company **			
13.	To ratify the remuneration paid to the auditors for the year ended 30th June 2022			
14.	To appoint the auditors under Section 200 of the Companies Act 2001 and to authorise the Board to fix their remuneration			
15.	To approve the remuneration of the Non- Executive Directors for the year ended 30th June 2022			

Signed this ______________________ Signature ______________________

Registered Office - Pierre Simonet Street Floréal