

THE LUX COLLECTIVE LTD AND ITS SUBSIDIARIES
INTEGRATED ANNUAL REPORT



2023



Dear Stakeholders,

The Board of Directors is pleased to present the Integrated Annual Report of The Lux Collective Ltd for the year ended 30th June 2023. This report was approved by the Board of Directors by written resolution on 16th October 2023.

Arnaud Lagesse,
Chairperson

We make
each
moment
matter

We care
about what
matters.

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Our Hospitality Brands

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

Group Structure

THE LUX COLLECTIVE LTD			
100%	100%	100%	100%
CAFÉ LUX LTD Operator Café LUX*	ISLAND LIGHT VACATIONS LTD Online Tour Operator	LIRTA LTD Training Academy	LUX HOTEL MANAGEMENT (SHANGHAI) CO LTD Management Company
100%	100%	100%	100%
LUX ISLAND RESORTS (SEYCHELLES) LTD	PALM BOUTIQUE HOTEL LTD Boutique Operator	SALT HOSPITALITY LTD Operator SALT of Palmar	THE LUX COLLECTIVE UK LTD London Office
100%	100%		
THE LUX COLLECTIVE PTE LTD Singapore Office	THE LUX COLLECTIVE LLC Dubai Office		

Board and Committees

Directors	Arnaud Lagesse (Chairperson) David Amsellem Jean de Fondaumière Julian Hagger (until 15 December 2022) Alexis Harel Paul Jones (Chief Executive Officer) Diya Nababsing-Jetshan Hans Olbertz Deodass Poolovadoo (appointed on 09 February 2023) Scott J. Woroch
Audit and Risk Committee	Jean de Fondaumière (Chairperson) Alexis Harel Hans Olbertz
Corporate Governance and Nomination Committee	David Amsellem (Chairperson) Alexis Harel Arnaud Lagesse
Remuneration Committee	David Amsellem (Chairperson) Jean de Fondaumière Alexis Harel Arnaud Lagesse
Company Secretary	IBL Management Ltd
Registered Office	58, Pierre Simonet Street Floréal, Mauritius

Management and Administration

Executives	Paul Jones (Chief Executive Officer) Marie-Laure Ah-You (Chief Strategy Officer) Nicolas Autrey (Chief Human Resources Officer) Pritila Joynathsing-Gayan (Chief Internal Auditor) Ashish Modak (Chief Operating Officer - EMEA) Nitesh Pandey (Chief Operating Officer - Asia Pacific (APAC)) Christian Pertl (Chief Commercial Officer) Dev Poolovadoo (Senior Vice President – Finance) Guillaume Valet (Group Head of Legal, Secretarial and Corporate Affairs)		
Senior Managers	Evita Fakun (Chief Sustainability Officer) Caroline Gaud-Perrier (Vice President- Marketing) Clinton Ross Harmon (Vice President - S&M, LUX* Resorts & Hotels, Mauritius) Tobi Kuhlang (Senior Vice President – Revenue Management & Distribution) Fuji Kusaka (Vice President – Web Development and Digital Transformation) Walter Lanfranchi (Vice President - Food & Beverage) Kerensa Langitan (Group Spa & Wellness Manager) Renee Lim (Vice President – Public Relations & Corporate Communications) Dave Minten (Corporate Chef) Smita Modak (Group Head of Learning and Development and Talent Management) Liang Qiu (Senior Vice President - Development, Asia Pacific) Roshan Radhay (Vice President-S&M Maldives & GCC) Darnen Ramassami (Vice President – Information Technology) Kamaraj Retnasami (Vice President-E-Commerce, Digital Sales & Loyalty) Tom Tang (Vice President-S&M Asia Pacific) Ruben Thumiah (Group Finance Manager) Stephan Anseline (General Manager – LUX* Grand Gaube) Sumit Bhardwaj (General Manager - LUX* Marijani) Ashok Bhugoo (Acting General Manager – LUX* Le Morne) Gerhard Hecker (General Manager – LUX* Belle Mare) Patrice Hudebine (Directeur General – LUX* Saint Gilles) Nicolas Messian (General Manager – LUX* Grand Baie) Jean Benoit Nisin (General Manager -Tamassa Bel Ombre & Ile Des Deux Cocos) Raj Reedoy (General Manager – SALT of Palmar) John Rogers (General Manager – LUX* South Ari Atoll) Morgan Wang (General Manager - LUX* Chongzuo)		
Legal Advisors	Clarel Benoit André Robert Hervé Duval	Notary	Jean Pierre Montocchio
Communication Advisor	Blast Communications Ltd	Registry and Transfer Office	DTOS Ltd 3 rd Floor, Eagle House 15A Wall Street Ebene, 72201 Mauritius
Auditors	Ernst & Young Chartered Accountants	Bankers	ABC Banking Ltd HSBC Limited (UK, Germany) The Mauritius Commercial Bank Ltd
Registered Office	58, Pierre Simonet Street Floréal Mauritius		

Directorship

	Café LUX Ltd	Island Light Vacations Ltd	LIRTA Ltd	Lux Hotel Management (Shanghai) Co Ltd
Amsellem David				
Autrey Nicolas			∞	
De Fondaumière Jean				
Harel Alexis				
Jones Paul	∞	∞	∞	∞
Lagesse Arnaud	∞	∞		
Nababsing-Jetshan Diya				
Olbertz Hans				
Poolovadoo Deodass	∞	∞	∞	
Valet Guillaume		∞		
Woroch Scott				

Lux Island Resorts (Seychelles) Ltd	Palm Boutique Hotel Ltd	Salt Hospitality Ltd	The Lux Collective Ltd	The Lux Collective Pte Ltd	The Lux Collective LLC	The Lux Collective UK Ltd
			∞			
			∞			
			∞			
	∞	∞	∞	∞	∞	∞
∞	∞	∞	∞	∞		∞
			∞			
			∞			
∞	∞	∞	∞	∞		∞
	∞					
			∞			

Directors’ Profiles



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:

- Anti-Money Laundering/Combating the Financing of Terrorism Introduction Course–DTOS–April 2023
- 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
- Miwa Sugar Ltd

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.

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 18 operating resorts and hotels in Mauritius, Maldives, Ile de la Reunion, China and Tanzania, and with 11 more hotels in its development pipeline in Asia and the 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 of Fellow at the Institute of Hospitality in the United Kingdom.

Directorship in Mauritian listed companies: none



DEODASS POOLOVADOO
EXECUTIVE DIRECTOR

Born in 1962, Dev Poolovadoo is a highly experienced and accomplished finance professional with over 30 years of expertise in the hospitality industry. He possesses a wealth of experience and holds a diploma in management from the United Kingdom. Dev is a qualified accountant and an Associate of the Chartered Institute of Management Accountants (CIMA).

Dev is one of the longest serving team members of the group and throughout his career, he has demonstrated his ability to drive financial growth and success in various roles, ranging from Chief Accountant to Senior Vice President of Finance. He has a proven track record of participating in and leading complex financial operations, including raising finance from various stakeholders.

One of Dev’s notable achievements is his role in the acquisition of Merville Beach Hotel and Le Grand Gaube Hotel (the Illovo Deal) in 2001. As a financial leader, he was instrumental in finalizing the deal by liaising with the seller and banks. Currently, as the Senior Vice President of Finance, Dev continues to contribute his analytical skills and comprehensive knowledge of corporate regulations, audit procedures, and regulatory reporting. In this position, he oversees the financial, information technology, and treasury functions of the group, in addition to his operational responsibilities.

In addition to his financial acumen, Dev has actively engaged in project development and possesses a profound understanding of hotel construction and renovation. He is well-versed in interacting with stakeholders, including investment bankers, fund managers, insurance carriers, and has extensive experience in addressing issues across the organization.

Dev’s dedication to the hospitality industry is further evident through his involvement as a past board member of the Association of Hoteliers and Restaurants in Mauritius (AHRIM) and his previous roles as Treasurer and President of the Economic Commission within the association. He has also contributed to the development of education as a member of the board of governors of a private school, where he served for 14 years, assuming key positions such as Treasurer and Chairperson.

Dev’s extensive experience and proven track record make him a highly qualified and effective finance professional who is well-equipped to bring value to the board of The Lux Collective Ltd.

Directorship in Mauritian listed companies: none



Directors’ Profiles (continued)



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

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



SCOTT J. WOROCH
NON-EXECUTIVE DIRECTOR

Scott Woroch has been active in the luxury lodging sector for 30 years, working for hotel brands, hotel owners and developers, hotel advisors, and as well as a transactional

lawyer. He has been based in Asia, Europe and North America.

As Managing Director of Kadenwood Partners in London, Scott advises clients on a variety of capital and strategic advisory assignments, for hotel brands, and for hotel real estate owners. Kadenwood’s clients include hedge funds and private equity groups, along with dedicated hotel developers and hotel owners. Scott also serves as a Board Member for hotel companies.

Prior to forming Kadenwood Partners, Scott was with Four Seasons Hotels and Resorts for nearly 15 years. He served in a variety of senior development positions in Asia and North America, and for the last eight years with Four Seasons, he was Executive Vice President, Worldwide Development, overseeing global development, and served on the Company’s Management Committee.

Scott 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 currently lives and works in London.

Directorship in Mauritian listed companies: none

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



Directors’ Profiles (continued)



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.

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



Dear Stakeholders,

I am delighted to present The Lux Collective Ltd's Integrated Report for the financial year ending 30 June 2023.

HIGHLIGHTS

Global Economic Trends

The past year, our world witnessed profound geopolitical shifts, from the outbreak of the Ukraine-Russia war to growing tensions between the U.S. and China.

Economically, rising inflation marked its highest point in 25 years, prompting rigorous monetary tightening policies and rising interest rates from leading global economic bodies. The increased cost of living in our main markets remains a source of concern for the near future.

Yet, amidst these upheavals, the global hospitality industry's tenacity has been unmistakably evident and has returned to normality, three years after the initial onset of COVID-19.

I am pleased to report that our properties maintained an occupancy rate averaging in the high 80s to low 90s, even during the low season.

New Projects

The past financial year's highlights include the opening of our first property on the African continent, LUX* Marijani in Zanzibar, and the opening of our 8th LUX* Tea Horse Road property in Yunnan, China: Lashi Lake.

LUX* Belle Mare

Following the fire outbreak at LUX* Belle Mare in July 2022, and its impact on income stream for the Company in 2022-2023, I am delighted to report the reopening of this stunning resort on the 1st of October 2023, following a full renovation occurring during the year under review. Having been substantially reimagined, the resort will benefit from an enhanced positioning, all while continuing to cater broadly to the family segment.

Payment of Dividends

The financial resilience displayed by our Company allowed the Company to declare a dividend of 12 cents per ordinary share, with expectations of consistent growth and further capital returns to our stakeholders in the future.

Chairperson’s
Message (continued)

PERFORMANCE	Maldives	Mauritius	LOOKING FORWARD	Our forward outlook is optimistic. Our project pipeline continues to grow, with a number of new properties set to open in 2023-2024. With the recruitment of our new Chief Commercial Officer and Head of Development, as well as the opening of the Dubai office, we are poised to cement our position in key destinations including the UAE, South-East Asia, and East Africa in order to achieve sustained growth. The digital revolution has indisputably started to reshape our industry. We realise the crucial importance of digitalisation to invigorate our direct channels, bolstering growth and refining customer engagement. While embracing the change may pose initial challenges, the potential benefits personalisation, predictive analytics, and enhanced guest experience — are immense. This is why we have set in motion our digital transformation process. In June of 2023, a proposal to redomicile The Lux Collective Ltd to another jurisdiction was presented to shareholders at a special meeting. The primary objective behind this redomiciliation initiative is to enhance the management of operational risks and navigate the complexities of handling multiple currencies while servicing clients and operating across various jurisdictions. Additionally, this move aims to pave the way for the company’s shares to be listed on a foreign stock exchange, thereby creating added value for our shareholders.
	LUX* South Ari Atoll benefitted from the increase in tourist arrivals for the year under review, and we therefore enjoyed a very good performance, continuing to capture more than our fair market share. We believe that the property owned by Lux Island Resorts Ltd, should entertain a profound relifting so as to keep up with the increased competition in the destination. Although the demand for the destination next year should experience a slowdown in tourists arrival growth, the Maldives remains a highly popular destination, and the resumption of direct flights from China should mitigate the projected slowdown. China I am pleased to report that the China borders are now fully open to outbound and inbound leisure travel, making for a strong performance for 2022-2023. I anticipate this performance to continue next year, given the popularity and the growing recognition of our properties in China.	Demand in 2022-2023 was notably stronger than the previous year. We anticipate this robust demand to continue in 2023-2024, as bookings are already surpassing those of the same period last year. Reunion Island This destination remains buoyant, supported by a strong number of flights from France, and new flights to and from Mauritius, South Africa and India. As the management company, we acknowledge the need for the renovation of LUX* St Gilles. This concern is shared by the hotel owner, as a result, preliminary studies are underway with a view to finalize in the near future.		
SUSTAINABILITY	Our commitment towards sustainability remains a key consideration when defining the Company’s business strategies. All while focusing on economic performances, we also ensure the safety of our operations from an environmental conservation and social wellbeing standpoint. Beach resorts being predominant in our portfolio, we acknowledge the critical role we play in the	preservation of the environment surrounding our hotel sites and the need for the Mauritian authorities to undertake a study on the preservation of the beaches. We have also emphasized efforts to incorporate innovative, clean and efficient technologies to optimise energy and resource efficiency in all our managed properties.	ACKNOWLEDGEMENTS	I would like to take this opportunity to thank our CEO Paul Jones and his dedicated and professional team members, the board members, the properties companies owning the pristine sites on which we operate, and each and every team member working



Arnaud Lagesse,
Chairperson

CEO's Interview



How did The Lux Collective Ltd perform in the financial year ending '23 in each of its destinations?

Our performance for the financial year 2022/2023 has been nothing short of stellar with revenues and EBITDA at record levels in all our properties under management. Business levels returned to pre-Covid levels rapidly in all the destinations where we operate. During the past financial year, we suffered the loss of LUX* Belle Mare during the entire year. It could be argued that the existing LUX* resorts in Mauritius might have benefitted from the closure but I believe they all stood on their own and derived the occupancy and rates they deserved. LUX* Le Morne and LUX* Grand Gaube are consistently achieving high occupancies and achieved extremely good growth in rate. LUX* Grand Baie has started to stabilise, and is, on many levels, leading its comp set in Mauritius.

The Maldives has also done extremely well, despite that we have yet to see the full force of the China Market coming into the Maldives due to the relatively slow buildup of the air access out of China, which isn't yet where it was pre-Covid. I'm expecting the business out of China to continue to ramp up in the coming months. In La Reunion, LUX* St Gilles has performed well. In China, all properties have seen excellent occupancies and rate growth—all led by LUX* Chongzuo, which has significantly outperformed all expectations. The owner is so delighted with the performance that he is now considering the development of a second property, this time on the beach of a beautiful island in the Guangzhou province. Of course, I am very pleased with our performance. It couldn't have been better from an EBITDA perspective. We have delivered a net 15% growth on budgeted EBITDA for Lux Island Resorts. Even beyond what was budgeted if you include LUX* Belle Mare, since the budget was prepared before the fire incident. We're once again seeing growth year-on-year and I anticipate we will continue to deliver strong growth in EBITDA, going forward.

As a result of the strong performance of the hotels under our management, the Group realised a turnover of Rs1,030 million for the year ended 30 June 2023. In order to compare this result with the prior year, we have excluded the one-off compensation for early termination of one management contract. On a comparable basis and coupled with the closure of LUX* Belle Mare, we enjoyed an increase of Rs 282 million representing 38%.

EBITDA for the year was Rs 210 million, compared to Rs 277 million last year. Excluding the one-off compensation of financial year 2022, recurrent EBITDA increased by Rs 189 million from last year.

Profit attributable to the Group for the year was Rs 103 million which is not comparable to last year profit of Rs 102 million, inclusive of the one-off compensation of FY 2022. Earnings per share was Rs 0.45 for the year as compared to Rs 0.44 last year.

Net Assets per share showed a significant improvement, going from a negative figure of Rs (0.06) last year to reach Rs 0.30.

CEO’s
Interview (continued)

Q: How is the company doing in 2024?

A: I am pleased to announce that an agreement has now been reached with our insurer regarding the settlement of the insurance claim for loss of profit in the amount of USD 514,300 (Rs 23.2 million), following the fire outbreak at LUX* Belle Mare. At the time of signing the accounts, this final amount had not been agreed. We have accounted an amount of Rs 22 million in financial year ended 30 June 2023. The surplus of Rs 1.2 million will be accounted for in financial year ending 30 June 2024.

Q: LUX* Marijani in Zanzibar marks the Company’s first entry into East Africa. How is the company doing in 2024?

A: The architecture, typical of many parts of East Africa, is Moorish in character and very striking. The beach is one of the finest in the whole region, and the people of Zanzibar are extremely kind-hearted and welcoming. The owning company is very keen to collaborate with us on a broader partnership to expand our footprint in Africa.

Q: In previous years, the focus has been very much on Asia, both China and South East Asia. How is TLC’s expansion evolving?

A: We have two properties opening in the next 12 months in Sharjah, UAE. The desert resort has been associated with a wilderness conservation project. The accommodation is tented, a first for us! We’re really excited about that. In addition, we’re opening a hillside beach resort in Khorfakkan, which overlooks the beautiful seascapes of the Gulf of Oman. All units are terraced with spectacular views for all rooms. All the accommodation units have been constructed with natural materials, which make them very unique and appealing. Our newly recruited Chief Commercial Officer, Christian Pertl, whose career spans Hyatt, Jumeirah, and IHG is based in our new regional office in Dubai to take advantage of the many opportunities in the region. We are very focused on expanding our presence in the Middle East, Africa, and the Indian Ocean regions.

Q: The Middle-East is gaining traction both in-bound and out-bound. How has TLC tailored its hospitality services to cater to its unique cultural and consumer needs?

A: Already we are experiencing strong growth at LUX* Grand Baie in particular, which has proven very popular with Middle Eastern guests. They like the privacy of the residences, the space, it is exactly what they are looking for. We are respectful of all cultures and strive to cater for the specificities of each market.

Q: LUX* Guangzhou is the LUX* brand’s first urban resort in a fast-paced metropolis. What does a “City LUX*” look like?

A: We are targeting to open LUX* Guangzhou during 2024. The owner is ambitious and wants the property to be the #1 hotel in Guangzhou! The property will comprise two buildings: The main hotel building comprises all the suites and the various restaurants, bars, and amenities. The second houses the residences, offices, and retail. The two are connected by a fabulous art gallery curated by the owner’s wife. At the rear of the hotel is a bridge that takes you into an absolutely gorgeous green park.

Q: Last year, SALT of Palmar was coming out from being under administration and now it is Design Hotel’s first property in Mauritius. What a turnaround! What do you credit this success to?

A: A mix of circumstances hindered the success of the hotel, but I think that people are now appreciating what has been there all along: a strong concept, brilliant design, and heartfelt service. It has taken a while to get it off the ground. The partnership with Design Hotels is definitely beneficial, providing strong visibility globally.

Q: The results for the year exceeded all expectations, boasting an impressive 83% occupancy rate and a remarkable 40% EBITDA growth compared to budget. How is the company doing in 2024?

Q: LUX* Belle Mare has been renovated, and reopened on 1st October 2023, bringing all four Mauritius LUX* properties to new heights. What are your expectations for this particular resort?

A: We are very excited with the new LUX* Belle Mare. Although we haven’t changed the original footprint that much, we have provided a strong identity through the tasteful contemporary interior design. We have substantially reviewed the culinary offering. The main restaurant, MONDO, is much bigger, providing our guests with more space. Since LUX* Belle Mare is very much a family resort, we are ensuring that the children also enjoy the experience throughout the resort. We have reserved many surprises for them too. The specialty restaurants, Duck Laundry and Amari, are going to be amazing – We have completely reviewed the design as well as the menus. Beach Rouge is going to take on a different feel with an attractive seafood market-style display as well as an amazing pizzaiolo. The whole operation is going to be pretty amazing. The Team Members are the best thing about LUX* Belle Mare. They are extremely proud of their resort and are very excited to welcome all our guests.

Q: This past year, 5 of the LUX* properties and the LUX* ME Spa at Grand Baie received the coveted Forbes Travel Guide 5- and 4-star ratings. How is the company doing in 2024?

A: Yes, we are very proud to receive this recognition. It is very motivating for all our General Managers and their respective teams to stay focused on all our service standards, including those of Forbes Travel Guide.

Q: TLC also joined Virtuoso based out of the United States, which traditionally hasn’t been a market of ours. How is the company doing in 2024?

A: I’m very pleased to have joined Virtuoso, a prestigious consortium of travel agents in the US. And more recently, we are seeing a big pick-up from the US market, so we are paying close attention to this new channel.

Q: Following extensive work carried out with the LUX* brand, the tagline Life Extraordinary has been reinforced. How is the company doing in 2024?

A: Yes, “Life Extraordinary” has become a powerful brand promise that we take very seriously. We are, together with our consultants, revisiting the entire guest journey through the lens of all the various touch-points. The brand is well-liked by our guests, however, I’ve always adopted the attitude of never being too confident or overly satisfied. As Steve Jobs puts it, “stay foolish, stay hungry”. You have to keep wanting to make things better. We’re working hard on all the experiences. Life Extraordinary is not just an empty slogan, it’s our brand promise, one that our entire team takes very seriously.

CEO’s
Interview (continued)

At the start of this financial year, you held the third annual TLC Leadership Conference. The theme chosen was “Digital Transformation”. How are you leveraging technology to optimise guest engagement, loyalty, and create real value for all our guests?

We’re in the midst of carrying out a very detailed health check of our entire digital space. How can we further personalise the guest journey using data? How can we be that much closer to our customers? We want to ensure we select the right “tech” partner who is able to supplement and feed into our “tech stack”. We have implemented a new communications platform across the group. This tool facilitates collaboration and communication between all departments, avoiding silos and office politics. The aim is to optimise our goal to work as one team. I have great confidence that this tool is going to help us tremendously.

Tell us about your main objectives for this financial year 2023-24.

Our #1 goal is to put the customer at the heart, soul, and centre of everything we do. It’s not only about the physical product. It’s all about the guest. We will be focusing on connecting with all our guests at a deeper and more personal level, leveraging a high-tech/high-touch approach. Secondly, our teams are already working on the pre-opening of the two properties in Sharjah, UAE, as well as LUXNAM* Phu Quoc in Vietnam in addition to the fabulous LUX* Guangzhou. With the recruitment of both the new Chief Commercial Officer as well as the SVP of Development, both based in Dubai, we will be well set up to expand the portfolio in the region. Third, with occupancies at an all-time high, we will continue to focus on growth in terms of rate, while developing, as always, superior returns to our owners.

Besides the global staffing shortage, what would you say are the main challenges that the hospitality industry is or will be facing?

Globally, Hospitality is doing well despite the difficulties with manpower shortages. The challenge is always going to be distribution. There is a certain tension between the different channels, be it tour operators, OTAs or direct business. Clearly, we are striving to ensure the brand features strongly as early as possible in the booking process, creating a very close relationship with the customer. We would, for obvious reasons, prefer the guest to book directly with us. As for the staffing shortage, it’s more about ensuring that what we’re doing for all our Team Members is everything it should be. “We make each moment matter; we care about what matters.” If you earn that kind of reputation, you are bound to attract the right talent. The market is without doubt very competitive. Therefore in summary, the three big issues are distribution, talent retention, and climate change. Whatever we are doing has to be real and impactful.

How do you see TLC evolving in the next 5 years?

Our 5-year plan, at its most basic level, indicates that we should be able to deliver a CAGR of 30% in earnings-per-share. We will continue increasing the number of properties in China based on the high number of leads that continue to be generated. We are working on expanding the LUX* Tea Horse Road into a more comprehensive journey from the south of China all the way north, including Tibet.

With the new team in Dubai, we will be accelerating pace in the region. Saudi Arabia, the UAE, East and South Africa. Those are all attractive destinations that we are targeting. Given the right site, we have the capacity and the proven talent to create groundbreaking resorts and hotels in those regions. I therefore believe that we have a great future ahead of us.

What lessons have you learned this past year that will guide future decisions for the year ahead?

It’s all about ensuring that integrity is absolutely our most important value. Integrity is the beginning and foundation of our work. It is an inner force and an indelible asset. It is born to no one. It must be learned and earned through experience and interaction. It is not about self-worth or self-satisfaction; trust can only be given to you by others. The result is predictability — you will do the right thing, or at least strive hard to do the right thing.

We focus on long-term relationship building, not transactional models of exchange. We value critical thinking that is rooted in reality. We embrace the power of the imagination and the creative vision that this can produce. We encourage constant communication that is fluid — more is better.

Finally we support courageous leadership. Courage matters more and more. We lean into change to deliver the outstanding results that are expected of us and which has become our hallmark.

In closing, I wish to extend my deep gratitude to all our wonderful, hardworking team members who never flinched when faced with the numerous challenges of the past financial year. In addition, I wish to highlight the ever-present support provided by the Chairman of TLC, Arnaud Lagesse.



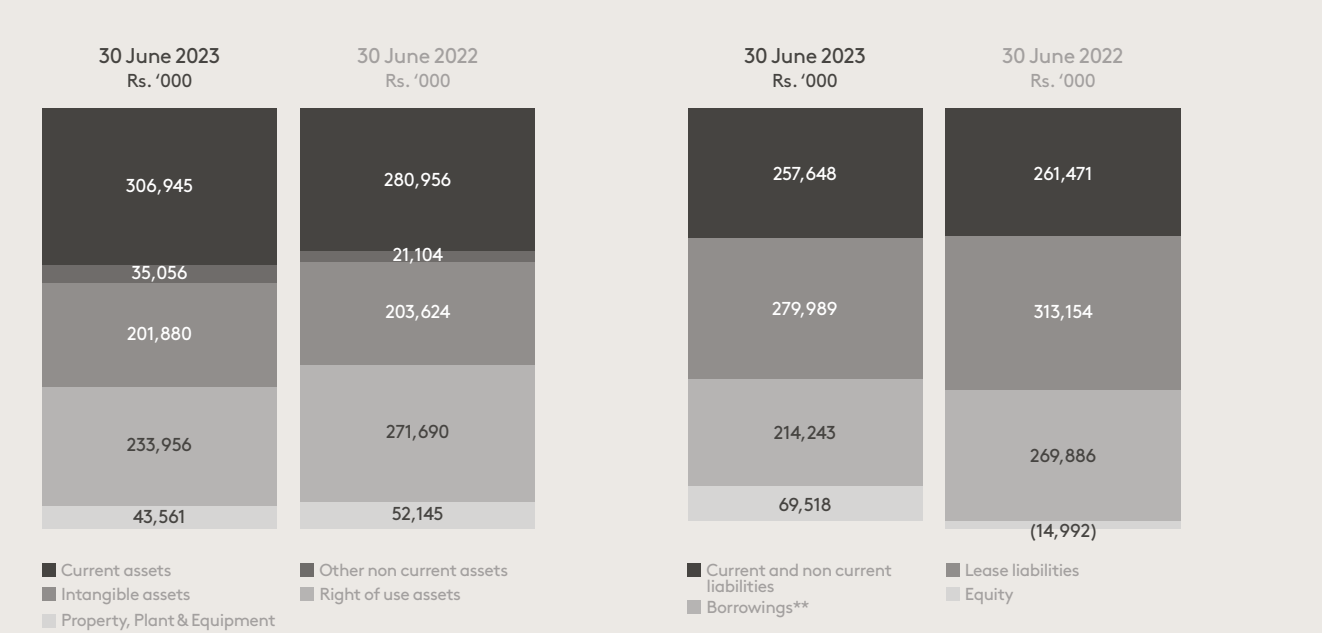
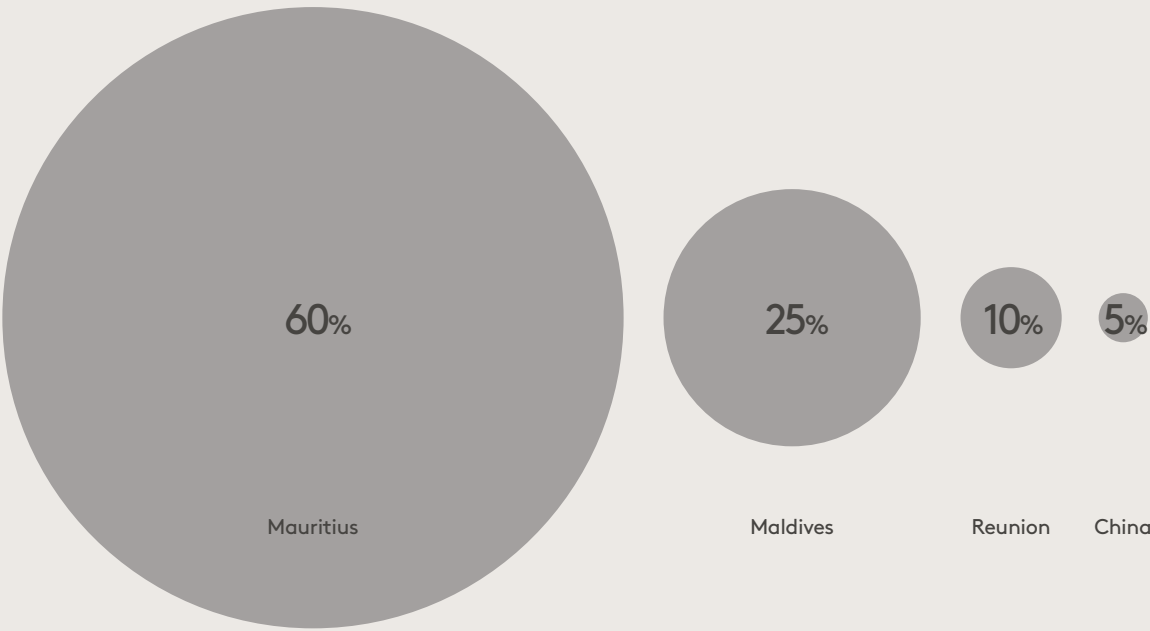
Paul Jones,
Chief Executive Officer

Financial Overview

Normalised EBITDA reached Rs 214 million, representing a decrease of Rs 97 million compared to the previous year. The previous year figure includes a one off compensation of Rs 257 million.

THE GROUP	YEAR ENDED 30 JUNE		
	2023	2022	Variance
	Rs. '000	Rs. '000	Rs. '000
Revenue	1,030,580	1,004,785	25,795
Fees from hotel management and other services	720,940	849,869	(128,929)
Hotel operations and other services	245,871	83,799	162,072
Other income	63,769	71,117	(7,348)
Operating expenses	(816,559)	(693,824)	122,735
Normalised EBITDA	214,021	310,961	(96,940)
Expected credit loss allowance	3,323	(33,847)	37,170
EBITDA	217,344	277,114	(59,770)
Depreciation and amortisation	(57,757)	(44,437)	(13,320)
On right of use assets	(41,383)	(29,246)	(12,137)
On Property , plant and equipment and intangible assets	(16,374)	(15,191)	(1,183)
Operating profit	159,587	232,677	(73,090)
Net Finance costs	(41,474)	(55,114)	13,640
On leases with respect of right of use assets	(22,361)	(10,893)	(11,468)
On bank loans and other borrowings	(19,113)	(44,221)	25,108
Profit before tax from continued operations	118,113	177,563	(59,450)
Income tax expense	(14,765)	(75,184)	60,419
Profit after tax from continued operations	103,348	102,379	969

MANAGEMENT FEE INCOME BY OPERATING DESTINATION



**Borrowings excludes lease liabilities



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

Mauritius

LUX* Grand Gaube
LUX* Le Morne
LUX* Grand Baie
LUX* Belle Mare

Maldives

LUX* South Ari Atoll

Reunion Island

LUX* Saint Gilles

Zanzibar

LUX* Marijani

China

LUX* Chongzuo, Guangxi

LUX* Tea Horse Road, China

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

COMING SOON

Middle East

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

Vietnam

LUXNAM* Phu Quoc

China

LUX* Hengqin, Zhuhai
LUX* Liyang, Jiangsu
LUX* Guangzhou, Guangdong
LUX* Doumen, Zhuhai
LUX* Emei, Sichuan

LUX* Tea Horse Road, China

LUX* Pu’er

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





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 Tribeca



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
	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
Hotel management Hotel operations Food and beverages Social relationship management	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 & corporate 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		Employ highly talented and fully engaged people				Positive feedback on platforms such as TripAdvisor (high guest satisfaction)
	Optimal level of working capital		Continuous investment in management time to give the best education to our Team				
Medium Term	Grow into new markets and entering into management contracts with third party owners	Efficient capital structure	Core skills and talent management	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
	Improve international competitiveness	Cost optimisation and cost reduction programs	Retention of talented staff through training initiatives and provision of competitive remuneration package				
Long Term	Strategic acquisitions into new territories		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
	Optimal funding sources						



Natural Capital

Environmental sustainability

Energy efficiency

Water efficiency

Waste & effluents

Circular economy & low emissions

Biodiversity conservation



External Relationships

Elevate the experience

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)	Continuous deployment of the "Tread Lightly" initiative	Guest-centered solutions	Consolidate relationships with tour operators	Supplier consolidation and management	Tackle immediate social and environmental needs
			Plan for net-zero emissions targets				Enhance zero-child labour requirements	
							Empower local suppliers	

Generate less waste by building awareness	Invest in conservation of endangered species with expert partners	Partnerships for the Goals, Climate Action through collaborative positive initiatives for environment.	Society and economic development	Community investment
	Environmental initiatives via enhancement in Environment Management System			

Invest in technologies to reduce energy consumption	Comply with law for water quality and perform regular testing	Integrate local suppliers in value chain	Supply contemporary sustainable products and services	Encourage Responsible Consumption & Production via supply chain	Prosperous destinations
		Attract & implement renewable energy production partnerships		Long-term partnerships	

Our Properties Around the World



 IN OPERATION

Mauritius

SALT of Palmar
Tamassa Bel Ombre
LUX* Grand Gaube
LUX* Le Morne
LUX* Grand Baie
LUX* Belle Mare

China

LUX* Chongzuo, Guangxi
LUX* Tea Horse Road Lijiang
LUX* Tea Horse Road Benzilan
LUX* Tea Horse Road Peach Valley
LUX* Tea Horse Road Sangushui
LUX* Tea Horse Road Daju Village
LUX* Tea Horse Road Stone Town
LUX* Tea Horse Road Shangri-La
LUX* Tea Horse Road Lashi Lake

Maldives

LUX* South Ari Atoll

Reunion Island

LUX* Saint Gilles

Zanzibar

LUX* Marijani

 **COMING
SOON**

Mauritius

SOCIO Tribeca

China

LUX* Hengqin, Zhuhai
LUX* Liyang, Jiangsu
LUX* Guangzhou, Guangdong
LUX* Doumen, Zhuhai
LUX* Emei, Sichuan
LUX* Tea Horse Road Pu'er

Middle East

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

Vietnam

LUXNAM* Phu Quoc



MAURITIUS

LUX* BELLE MARE

Aspirited, forward-thinking resort on the east coast of Mauritius where minimal and tropical come together magically for an extraordinary holiday.

There's the iconic postcard beach, the striking design in shades of sand white, coral and greens, a wild variety of dining experiences, mindful wellness... The spirit of tropical island living permeates throughout our beloved

resort, calling travellers of all ages to live Life Extraordinary.

When LUX* Belle Mare reopens, it will look more beautiful than ever. Come see for yourself.

(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* LASHI LAKE

A 9-room modernist lakeside retreat set on the riverbanks of Lashi Lake, a natural wetland reserve.

Located on the southern slopes of Yulong Snow Mountain, LUX* Lashi Lake is a gorgeous modernist gem set right on the picturesque Lashi Lake. The protected wetlands reserve, neighbouring Lijiang Old Town, is home to over 60 species of birds, horses, and other flora. Ride

a horse along the ancient Tea Horse Road. Go boating and birdwatching on the lake. Immerse yourself in the Naxi heritage. Take in the outdoors. Our contemporary 9-room retreat perfectly bridges old and new.

(Coming soon)





ZANZIBAR

LUX* MARIJANI

A spirited boutique resort inspired by the spice island’s storied past, set on the iconic beach of Zanzibar’s peaceful east coast

LUX* Marijani is paradise defined: an iconic sandy beach on the island’s tranquil northeast coast, the brilliant blue waters of the Zanzibar archipelago, an Arab architecture with a coastal Swahili vibe inspired by the Spice Island’s storied past, the most creative

dining experiences, wellbeing at every corner, and a curated collection of truly extraordinary experiences. LUX* Marijani is an invitation to celebrate Life Extraordinary in Zanzibar, the spirited island which has, and continues to lure the world’s travellers.

(Open)





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

LUX* LE MORNE,
MAURITIUS

2023

FORBES TRAVEL GUIDE
STAR AWARDS

Awarded 4-Star Rating

BOOKING.COM TRAVELLER
REVIEW AWARDS

Rated 9.2 out of 10

2022

TRIPADVISOR TRAVELERS'
CHOICE AWARDS

Awarded Best of The Best -
Top 25 Hotels in Africa

CONDÉ NAST TRAVELLER
READERS' CHOICE AWARDS

Ranked Top 10 Best Resorts in
the Indian Ocean

LUX* BELLE MARE,
MAURITIUS

2022

TRIPADVISOR TRAVELERS'
CHOICE AWARDS

Ranked Best of The Best -
2nd of Top 10 All-Inclusive Resorts
in Africa

Ranked Best of The Best - 15th of
Top 25 Hotels in Africa

CONDÉ NAST TRAVELLER
READERS' CHOICE AWARDS

Ranked Top 25 Best Resorts in
the Indian Ocean

LUX* GRAND GAUBE,
MAURITIUS

2023

FORBES TRAVEL GUIDE
STAR AWARDS

Awarded 4-Star Rating

LUXURY TRAVEL ADVISOR

The Most Instagrammable Hotel
in the World 2023

2022

TRIPADVISOR TRAVELERS'
CHOICE AWARDS

Ranked Top 10% of
hotels worldwide

CONDÉ NAST TRAVELLER
READERS' CHOICE AWARDS

Ranked Top 5 Best Resorts in
the Indian Ocean and 1st
in Mauritius

LUX* SOUTH ARI
ATOLL, MALDIVES

2023

FORBES TRAVEL GUIDE
STAR AWARDS

Awarded 4-Star Rating

WORLD'S FINEST SUITES
BY ELITE TRAVELLER

LUX* Villa awarded Gold in
Sustainability & In-Suite Facilities

LUXLIFE HOSPITALITY
EXCELLENCE AWARDS

Most Sustainable Wedding
Resort - South Asia

TRAVEL+LEISURE LUXURY
AWARDS ASIA PACIFIC

Ranked Top 10 Best
Maldives Resort Pools

Ranked Top 10 Best
Maldives Resorts for Families

2022

TRIPADVISOR TRAVELERS'
CHOICE AWARDS

Awarded Travelers'
Choice Award

CONDÉ NAST TRAVELLER
READERS' CHOICE AWARDS

Ranked Top 25 Best Resorts in
the Indian Ocean

LUXLIFE GLOBAL
VEGAN AWARDS

Awarded as Best Vegan-Friendly
Resort in the Indian Ocean

WORLD HOSPITALITY AWARDS

Awarded Top 3 Resorts in Best
Sustainable Action Local

INTERNATIONAL
TRAVEL AWARDS

Awarded Best Family
All-Inclusive Resort in Maldives

LUX* GRAND BAIE,
MAURITIUS

2023

FORBES TRAVEL GUIDE
STAR AWARDS

Awarded 5-Star Rating

Awarded 4-Star Rating for
LUX* ME Spa

TRIPADVISOR TRAVELERS'
CHOICE AWARDS

Awarded Travelers'
Choice Award

2022

ROBB REPORT BEST OF THE
BEST AWARDS

Awarded The Best In Travel
category for Island Getaway

LUX* SAINT GILLES,
REUNION

2022

TRIPADVISOR TRAVELERS'
CHOICE AWARDS

Ranked Top 10% of
hotels worldwide

WORLD TRAVEL AWARDS

Awarded Reunion Island's
Leading Hotel

Awards
& Accolades (continued)

SALT

2023

**FORBES TRAVEL GUIDE
STAR AWARDS**
Awarded 4-Star Rating

2022

**CONDÉ NAST TRAVELLER
READERS’ CHOICE AWARDS**
Ranked Top 25 Best Resorts in
the Indian Ocean

**TRIPADVISOR TRAVELERS’
CHOICE AWARDS**
Awarded Best of The Best - 9th of
Top 25 Hotels in Africa

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

TAMASSA

2023

TUI GLOBAL HOTEL AWARDS
Quality Hotel Award

2022

**BRITISH AIRWAYS
HOLIDAYS CUSTOMER
EXCELLENCE AWARDS**
Rated 4.6 out of 5

LUX* TEA HORSE
ROAD, SHANGRI-LA

2023

**CONDÉ NAST
TRAVELER CHINA**
2023 Hot List

**THE BUND DESIGN HOTEL
AWARDS**
Best Resort Hotel

2022

**TRAVEL & LEISURE
TRAVEL AWARDS**
The Most Anticipated New Hotel

SHANG HOTEL AWARDS
The Most Anticipated New Hotel

**IN-TRAVEL CHINA
HOTEL AWARDS**
Best New Hotel

BLUEBERRY HOTEL AWARDS
Editors’ Pick Hotel

BLACK TRUFFLE AWARDS
Best Boutique Hotel

TRAVEL QUEEN AWARD
Best Destination Hotel

LUX* TEA HORSE
ROAD, STONE TOWN

2022

**GOLDEN PILLOW
HOTEL AWARDS**
Best Getaway Hotel Of The Year

LUX* CHONGZUO,
GUANGXI

2023

GO TRAVEL
Best Luxury Destination Hotel

**THE BUND DESIGN
HOTEL AWARDS**
Best Stylish Hotel

HOTEL DISCOVERY
Best Luxury Hotel

1% CLUB AWARDS
Top 50 Luxury Hotels-China

2022

**CONDÉ NAST
TRAVELLER – GLOBAL**
2022 Hot List

**CONDÉ NAST TRAVELER
CHINA GOLD LIST**
Best View Hotel

DESTINASIAN THE LUXE LIST
Best New Hotels in Asia -
Asia Pacific

BANG TRIP AWARDS
Best Destination Luxury Hotel

**VOYAGE HOTEL & RESORT
VALUE AWARDS**
Top 50 Two-Diamond Hotel

**SPACHINA SPA AND
WELLNESS AWARDS**
Best New Spa

TRAVELLING SCOPE
Best Wedding Hotel

THE LUX
COLLECTIVE

2023

**ENJOYABLE TRAVEL
STAR AWARDS**
Best Hotel Group

2022

**VOYAGE HOTEL & RESORT
VALUE AWARDS**
Best Hotel Group

**IN-TRAVEL CHINA
HOTEL AWARDS**
Best Hotel Group

LUX*

2023

1% CLUB AWARDS
Top 50 Most Influential Brands

2022

METIME HOTEL AWARDS
Best Luxury Hotel Brand
Top 10

JIEMIAN NEWS
Best International
Hotel Brand

LUX* TEA HORSE
ROAD, CHINA

2023

KOL GOLD LIST
Top 100 Hotels With Best
Experiences - China

2022

METIME HOTEL AWARDS
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China’s Most Popular Hotel Brand

Human
Resources

Throughout the year, Global Learning & Development (L&D) and Talent Management remained our priority, reflecting our strong commitment to growth. In reference to L&D key focus areas, we embarked on a range of projects as summarized below. Notably, all these initiatives culminated in the accomplishment of an impressive average of 188 manhours of training per Team Member, surpassing our set target of average 180 manhours per Team Member for the financial year. This remarkable accomplishment underscores our dedication to continuous learning.

Leadership
Development

Across our diverse destinations, an array of both internal and external learning initiatives were launched, effectively benefiting our leadership Team Members. Notably, more than 350 leaders were nominated for external training programmes and these played a significant role in their development. Here, we highlight the most prominent among these initiatives.

We renewed our partnership with The John Maxwell Company by introducing a new 18-month leadership engagement program tailored for 125 senior leaders. This comprehensive program revolves around elevating personal leadership skills through a combination of collaborative group learning, personalized individual learning pathways, and dedicated coaching sessions.

Through our partnership with the University of Cornell, this year we sponsored two senior managers for the General Managers Program and three senior managers for Cornell’s Professional Development Programs.

Continuing our commitment, we once again provided sponsorship for 7 of our leaders to partake in the IBL Management Development Program of 2023. This ongoing initiative continues to play a pivotal role in nurturing our middle management talent and amplifying their leadership competencies.

Our Maldives operations welcomed experts like Stephen Covey, Sara Ballinger and Kenneth Kwan with over 140 Leaders participating in the learning. In La Reunion as well we made a significant investment in leadership development for 23 leaders.

Another achievement this year was our operations leaders’ participation in the 2023 Leadership Competencies Development Program delivered by the TLC Training Academy. Over 65 participants successfully completed this program. Geared towards cultivating emerging talents within The Lux Collective, the program aims to empower them as effective leaders, driving our company’s success and positive reputation.

Launching of
our Apprenticeship
Program in Mauritius:
A Significant Milestone

The TLC Training Academy has achieved a significant milestone by receiving approval from the Human Resources Development Council of Mauritius to launch the Food and Beverage Apprenticeship Program at National Qualification Level 3. In our inaugural cohort, we are delighted to have 24 participants who have been sponsored for this program.

This accomplishment underscores our commitment to enhancing the skills of our Team Members through sustainable avenues. Importantly, this program also enables us to extend these opportunities directly to the younger generation, offering them a pathway to work, learn, and grow alongside us.

Partnership
with Polytechnics
Mauritius Ltd. (PML)

We established an official partnership with Polytechnics Mauritius Ltd. (PML). This collaboration has paved the way for us to welcome students from Polytechnics pursuing studies in Tourism, Hospitality, and Leisure to engage in valuable internships and secure job placements across our resorts in Mauritius. Moreover, this partnership offers us the exciting opportunity to facilitate the enrolment of our Team Members in part-time educational programs, further enhancing their qualifications and expertise.

Achieving
Impressive Ratings
with Team Efforts

Focusing on brand excellence, we teamed up with Forbes Travel Guide, experts in luxury service. This alliance entailed extensive departmental training on adhering to both Forbes and our own high standards, verified through yearly audits. The collective dedication of our team yielded a remarkable Forbes 5-star rating for LUX* Grand Baie and an impressive 4-star rating for all the other audited resorts. This noteworthy achievement in our very first year itself speaks volumes about our commitment to exceptional guest service.

Elevating Our
Service Culture

We collaborated with experts Colin and Steven Hall to refresh and reignite the personal energy of our team, leading to over 150 members benefitting from the session.

Notably, we expanded our certified workshop leader community by 23 new leaders in Mauritius, enabling us to extend our uplifting service culture education to more team members. This effort aligns with our purpose of creating meaningful moments for both, our guests and our team.

Human
Resources (continued)

Competency
Enhancement

We’ve initiated a pilot launch for our Learning Management Platform, aimed at delivering customized on-demand learning curated by experienced Team Members. This platform will also enable us to host specialized courses, enriching the learning options for our team. Simultaneously, our collaboration with platforms like TYPsy has given more than 550 Team Members the opportunity to acquire new skills and knowledge from the industry.

Once again this year, we prioritized the growth of our team members by supporting over 450 individuals through sponsorships for specialized professional skills development programs. These initiatives, carried out in collaboration with esteemed global experts, encompassed a diverse range of domains including barista, bartending training, international childcare certification training program, lifestyle enhancement and many more.

Global Collective
Learning Week

In May 2023, our resorts and regional head office teams enthusiastically joined in our 4th annual ‘Global Learning Week’ by The Lux Collective. This event exemplified our commitment to immersive educational experiences for Team Members, extending to life skills learning. The week comprised of diverse programs, carefully curated by each resort’s Learning and Development team. Topics spanned mindfulness, well-being, self-defence, photography, recycling, crime prevention, emotional intelligence, and more.

Looking
Ahead

This year, a significant mission is the successful reopening of LUX* Belle Mare on October 1, 2023. Our dedicated Team Members will undergo extensive training in all areas. Through the various programs and initiatives that will be driven we intend to bring to life the LUX* Brand’s Purpose of “Helping People Celebrate Life” by crafting exceptional experiences for our new and returning guests.

During 2023-2024 and beyond, our celebrated LUX* brand will also enter new destinations. From a Learning and Development perspective, these initiatives not only enrich traveler experiences but also nurture our team’s growth. With an eye on cultural exploration, the deserts of Sharjah introduce LUX* Al Jabal and LUX* Al Bridi. In China’s LUX* Guangzhou, urban luxury merges artistry with history. Amid this, our focus remains on creating an uplifting service culture through genuine care, embodying The Lux Collective’s Purpose: “We Make Each Moment Matter. We Care About What Matters.



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.

The Lux Collective Ltd is a Public Interest Entity as defined by the Financial Reporting Act 2004. We are pleased to confirm that we have complied with all of the requirements and provisions of the National Code of Corporate Governance (hereinafter referred as “the Code”) for Mauritius for the year ended 30th June 2023.

The Company has ensured that a written description of the major accountabilities within the organisation have been formalised.

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.

During the financial year 2023, the Company resolved for a capital reduction of Rs360,000,00 through the absorption of accumulated losses up to the amount of the reduction.

As at 30th June 2023, the Company’s share capital was Rs 30,163,337, 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 2023:

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 2023 was as follows:

Defined Brackets	Number Of Shareholders	Number Of Shares Owned	Percentage %
1-500	2,215	287,790	0.124
501-1,000	449	344,942	0.149
1,001-5,000	920	2,251,432	0.972
5,001-10,000	296	2,144,755	0.924
10,001-50,000	428	9,034,012	3.891
50,001-100,000	77	5,654,605	2.436
100,001-250,000	64	9,926,759	4.276
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

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	4,132	52,095,897	22.439
Insurance and assurance companies	13	9,288,278	4.001
Pension and provident funds	111	25,168,391	10.84
Investment and trust companies	31	896,333	0.386
Other corporate bodies	220	144,719,234	62.333
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 have access to the annual report of the Company and receive the notice of Annual General Meeting, which is also advertised in the newspapers.

Communication With Shareholders and Stakeholders

The Company actively engages with its shareholders to promote regular, effective, and fair communication with shareholders and investors at large. The Company frequently enters into dialogue with its key stakeholders on a variety of topics, including the organisational position, performance and outlook. The Directors are encouraged to have face-to-face contact with key stakeholders.

Employees

Directors always have a listening ear for employees and are committed to promoting sound industrial relations and best practices in human resource management. The Company maintains a constant dialogue with its employees through departmental meetings on a frequent basis. Training needs of employees are regularly assessed and addressed. However, employment stability and capacity to pay remain to a large extent dependent on the macroeconomic environment and market conditions.

Customers and Suppliers

The Company works closely with its suppliers to have an effective relationship that would ensure that suppliers adopt best management practices. Debtors and creditors are offered opportunities to suggest ways of improving the services to them.

Corporate Governance (continued)

RELATIONS WITH SHAREHOLDERS AND KEY STAKEHOLDERS (continued)

Financing Institutions

Regular communication with financial institutions is actively pursued and usually takes place through meetings and presentations. The annual report, which provides information on the business and its performance, is accessible to them, either through the website, or custody accounts.

Regulatory Authorities

Relationship with the regulators is critical to the success of the Group to ensure that global best practices with full transparency are maintained.

Communities

The Company pays great attention to the communities where it operates. By nature of its businesses, the Company has an impact on local communities and society as a whole. The Group constantly displays information to the attention of the public.

Election of Directors

As per the provisions of the Company’s Constitution, Directors are appointed from time to time by ordinary resolutions of the Shareholders. Besides, the Directors shall have power at any time to appoint any person to be a Director either to fill a casual vacancy or as addition to the existing Directors.

Furthermore, each Director offers himself/herself for re-election at each Annual Meeting of Shareholders of the Company.

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.

A dividend of Rs 0.12 per share has been paid on the 11th of September 2023 for the financial year ending 30th June 2023.

The Audit & Risk Committee and the Board ensured that the Company satisfied the solvency test before the 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 regards 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.

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 30th, 2023.

Directors	Shares	Direct Interest	Indirect Interest	Number of Other Directorships in Listed Companies
		%	%	
David Amsellem	-	-	-	-
Jean de Fondaumière	-	-	-	1
Alexis Harel	355,819	0,05	0,10	2
Julian Hagger (until 15.12.2022)	9,958,090	4,28		-
Paul Jones	11,701,334	5,04	-	-
Arnaud Lagesse	46,764		0,02	5
Diya Nababsing- Jetshan	-	-	-	-
Hans Olbertz	-	-	-	-
Deodass Poolovadoo (appointed on 09.02.2023)	515,507	0,20	0,02	-
Scott J. Woroch	-	-	-	-

CALENDAR OF IMPORTANT EVENTS FOR FORTHCOMING FINANCIAL PERIOD

Publication of 1 st quarter results	October 2023
Annual Meeting of Shareholders	30 November 2023
Publication of half-yearly results	January 2024
Publication of 3 rd quarter results	April 2024
Declaration/payment of dividend (if applicable)	Q1 2024
Financial year-end	June 2024

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 judgement and determine the probability of the plans and/or forecasts being realised

Corporate
Governance (continued)

GOVERNANCE STRUCTURE (continued)

- 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.

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
- Marie-Laure Ah-You - Chief Strategy Officer
- Nicolas Autrey - Chief Human Resources Officer
- Ashish Modak- Chief Operating Officer- EMEA
- Nitesh Pandey - Chief Operating Officer - Asia Pacific (APAC)
- Christian Pertl –Chief Commercial Officer
- Dev Poolovadoo –Senior Vice President - Finance
- 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, 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.

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
Julian Hagger (until 15.12.2022)	M	Singapore	Executive Director	-
Alexis Harel	M	Mauritius	Independent Non-Executive Director	Member of the Audit & Risk Committee, the Corporate Governance & Nomination Committee, and the Remuneration Committee
Paul Jones (Chief Executive Officer)	M	Singapore	Executive Director	-
Diya Nababsing-Jetshan	F	Mauritius	Non-Executive Director	-
Hans Olbertz	M	United Arab Emirates	Independent Non-Executive Director	Member of the Audit & Risk Committee
Deodass Poolovadoo (appointed on 09.02.2023)	M	Mauritius	Executive Director	-
Scott J. Woroch	M	United Kingdom	Non-Executive Director	-

The profile of all Directors as well as their directorship details in other listed companies are set out on the Company’s website, “www.theluxcollective.com”.

Corporate
Governance (continued)

STRUCTURE OF THE BOARD (continued)

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 take place in a critical yet constructive manner.

The Board evaluates, on an annual basis, and as and when the circumstances require, whether or not a director is independent, bearing in mind the provisions of the 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 Directors of the Company are free from any business or other relationships which would materially affect their ability to exercise independent judgement.

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

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

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 67 to 69 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. The Directors of the Company are aware of their legal duties and responsibilities as listed in the Companies Act 2001. The Directors further confirm that they exercise their duties with a degree of care, skill and diligence.

STRUCTURE OF THE BOARD (continued)

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. During the financial year, the ARC recommended the approval of its revised Charter to the Board.

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:

- 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.
- 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.
- Reviewing the effectiveness of the Group’s internal audit function.
- Reviewing the scope and results of the external audit, and the independence and objectivity of the external auditors.
- 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.

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 implications of the fire at LUX* Belle Mare and the TLC insurance claim
- The consideration for a capital reduction and the declaration of a dividend
- Redomiciliation of the Company
- The path to digital transformation of the Company

Corporate Governance (continued)

STRUCTURE OF THE BOARD (continued)

Audit & Risk Committee (ARC) (continued)

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 2023 (“FY 2023 Financial Statements”). The Board has approved the FY 2023 Financial Statements on 19th September 2023.

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 2023/24
- Audit Plan for 2023/24
- Internal and external audit reports issued

The members of the ARC are as follows:

- | | |
|-------------------------------------|------------------------------------|
| - Jean de Fondaumière (Chairperson) | Independent non-executive Director |
| - Alexis Harel | Independent non-executive Director |
| - Hans Olbertz | 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. During the financial year, the CGNC recommended the approval of its revised Charter to the Board.

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
- Alexis Harel
- Arnaud Lagesse

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

Remuneration Committee (RC)

The RC is governed by a Charter that determines the role and responsibilities of the Committee. During the financial year, the RC recommended the approval of its revised Charter to the Board.

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.

STRUCTURE OF THE BOARD (continued)

Remuneration Committee (RC) (continued)

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

The Remuneration Committee includes the following directors:

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

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)	4 (in attendance)	5 (in attendance)	19
Julian Hagger (until 15.12.22)	2	-	-	-	2
Deodass Poolovadoo (appointed on 09.02.2023)	3	3 (in attendance)	-	-	6
Non-Executive Directors					
Arnaud Lagesse	5	-	4	5	14
David Amsellem	4	-	4	5	13
Jean de Fondaumière	5	5	-	4	14
Alexis Harel	5	4	3	4	16
Diya Nababsing- Jetshan	5	-	-	-	5
Hans Olbertz	4	4	-	-	8
Scott J. Woroch	5	-	-	-	5
Number of Meetings held	5	5	4	5	19

Corporate
Governance (continued)

DIRECTOR APPOINTMENT PROCEDURES

Role of the Corporate Governance & Nomination Committee 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, Mrs Nababsing-Jetshan, Messrs. Arnaud Lagesse, David Amsellem, Alexis Harel, Paul Jones, Jean de Fondaumière, Hans Olbertz and Scott J. Woroch will submit their re-election as Board Members at the forthcoming Annual Meeting of Shareholders.

Mr Deodass Poolovadoo will submit his 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

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

Directors Development

The Chairperson regularly reviews and comes to an agreement with each Director, if necessary, on 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

The Board is confident that under the leadership of Mr Paul Jones, the Company will maintain its growth trajectory in 2023-2024. 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

DUTIES, REMUNERATION AND PERFORMANCE (continued)

Key Features of Board Processes (continued)

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.

From 1st July 2022 to 30th June 2023, 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 June 2023 and relevant publications
- Updates on new management contracts
- Approval of Q1 results
- Approval of Q2 results
- Approval of Q3 results
- Capital reduction and re-domiciliation of The Lux Collective Ltd
- Business plan for the financial year ending 30th June 2024 and the five year plan

Complete, Adequate, and Timely Information

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

The 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 and process in place where all Board members and Senior Officers of the Company self-disclose any cases of conflict of interest or potential conflict of interest to which they may be party. These are notified and dealt with by the CGNC as required.

The Company Secretary maintains an Interest Register with any disclosure made by the Directors.

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 feedback from Board members on improvement, when deemed appropriate.

The next board evaluation will be conducted in FY 2023/24.

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	Rs
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	-

Two of the Directors who do not reside in Mauritius have received a remuneration of Euro 20,000 and Euro 25,000 respectively.

Remuneration of Executives Directors and Key Management Personnel

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

The remuneration structure for executive directors and key management personnel consists of (a) fixed remuneration (b) variable bonus and/or (c) other benefits. 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.

REMUNERATION MATTERS (continued)

Remuneration of Executives Directors and Key Management Personnel (continued)

Directors remuneration for the year ended June 30th, 2023 is as follows:

	30 June 2023			30 June 2022		
	From the holding company Rs ‘000	From subsidiaries Rs ‘000	Total Rs ‘000	From the holding company Rs ‘000	From subsidiaries Rs ‘000	Total Rs ‘000
Jean de Fondaumiere	425	-	425	298	-	298
Alexis Harel	400	-	400	280	-	280
Hans Olbertz	960	-	960	670	-	670
Scott J. Woroch	1,200	-	1,200	665	-	665
David Amsellem	200	-	200	200	-	200
Total Non-Executive	2,985	-	2,985	2,113	-	2,113
Paul Jones	-	54,496	54,496	-	54,471	54,471
Julian Hagger (until 15 December 2022)	-	18,317	18,317	-	38,159	38,159
Deodass Poolovadoo	5,955	-	5,955	4,976	-	4,976
Total Executive	5,955	72,813	78,768	4,976	92,630	97,606
Total Non-Executive and Executive	8,940	72,813	81,753	7,089	92,630	99,719

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.

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. 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)

RESPONSIBILITIES FOR RISK MANAGEMENT AND INTERNAL CONTROLS (continued)

Assurance from 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 2023 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 is continuing its journey to deploy the COSO 2017 ERM framework across its operations.

We have continued to follow our risk management disciplines and managed risks in line with good practice. The main risks we face remain the same as last year as there have not been any significant changes in the way our business operates.

This section presents these principal risks and the mitigation measures in place to deal with them.

RESPONSIBILITIES FOR RISK MANAGEMENT AND INTERNAL CONTROLS (continued)

Opinion on Adequacy and Effectiveness of Internal Controls and Risk Management Systems (continued)

	Risk Name	Risk Description	Mitigation Measures/Controls	Risk Level
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.	– Diverse geographical operating presence. – International customer base. – Flexible business model that allows targeting marketing spend to relevant customer segments and changing hospitality trends.	H
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.	– 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 and an office in Dubai with a wider reach for talent.	H
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.	– Background checks on owners for management contracts. – Management contracts signed with owners with terms and conditions clearly laid out.	H
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.	– Our diversification plan through management contracts continues to limit risks of over-dependence on one country/location only.	H

Corporate
Governance (continued)

RESPONSIBILITIES FOR RISK MANAGEMENT AND INTERNAL CONTROLS (continued)

Risk Factors (continued)

	Risk Name	Risk Description	Mitigation Measures/Controls	Risk Level
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.	– Diversification plan through management contracts in various locations and currencies. – Advanced planning for our yearly needs in foreign currency.	H
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.	– Network security and internal controls measures in place to continually monitor our traffic. – IT Security audits.	M
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.	– 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. Regular review of all Health and Safety procedures – Insurance Policy which covers risks related to fire and food safety.	M
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.	– 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.	M

RESPONSIBILITIES FOR RISK MANAGEMENT AND INTERNAL CONTROLS (continued)

Risk Factors (continued)

	Risk Name	Risk Description	Mitigation Measures/Controls	Risk Level
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.	– Diversification of our operations to various countries.	M
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.	– We have embarked on a digital transformation journey to maximise performance, leveraging technology for our long term success.	M
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.	– Management decision to stick to HMAs only and not to invest the funds of TLC in managed hotels.	L
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.	– 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.	L

Corporate
Governance (continued)

RESPONSIBILITIES FOR RISK MANAGEMENT AND INTERNAL CONTROLS (continued)

IT Governance

The Group has appointed a professional services firm to review and update its IT governance framework. This will include training of its Team Members on Information Security policies and practices.

The shift towards digital transformation continues to ensure that the Group keeps at the forefront of technological innovation in the hospitality industry. It 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.

ACCOUNTABILITY AND AUDIT (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 2023	30 June 2022	30 June 2023	30 June 2022
	Rs’000	Rs’000	Rs’000	Rs’000
(a) Ernst & Young				
Audit services	1,442	1,246	706	613
Other services - Taxation	101	74	35	30
	1,543	1,320	741	643
(b) Other Auditors				
Audit services	459	287	-	-
	459	287	-	-
TOTAL	2,002	1,607	741	643

Statement of Compliance

Name of PIE:

The Lux Collective Ltd

Reporting period:

30th June 2023

We, the Directors of The Lux Collective Ltd, confirm that to the best of our knowledge, The Lux Collective Ltd has complied with all the obligations and requirements of the Code of Corporate Governance.



Arnaud Lagesse
Chairperson



Jean de Fondaumière
Chairman of the Audit Committee

This 19th September 2023

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 19th September 2023

and signed on its behalf by:



Arnaud Lagesse
Chairperson



Jean de Fondaumière
Chairman of the Audit Committee

Secretary’s Certificate

I hereby certify that to the best of my knowledge and belief, the Company has filed with the Registrar of Companies all such returns as are required of the Company under the Companies Act 2001 in terms of Section 166 (d).



IBL Management Ltd
Company Secretary
IBL House
Caudan Waterfront
Port Louis

This 19th September 2023



This Environment, Social and Good Governance (ESG) report is a continuity of the Sustainability Reports developed in Accordance with the GRI Standards, found within our last four Integrated Annual Reports publicly available on our website.

Data collected from our baseline FY 2013-2014 on Energy, Water, Waste, Wastewater, CSR, Carbon Emissions, Biodiversity and Good Governance has been pooled for critical analysis and decision-making.

The United Nations Sustainable Development Goals (SDGs) continue to guide corporate actions, resort-based projects, and green investment decisions.

With just a little over 6 years left for the world to deliver on United Nations 2023 Agenda, we know it is time to act.

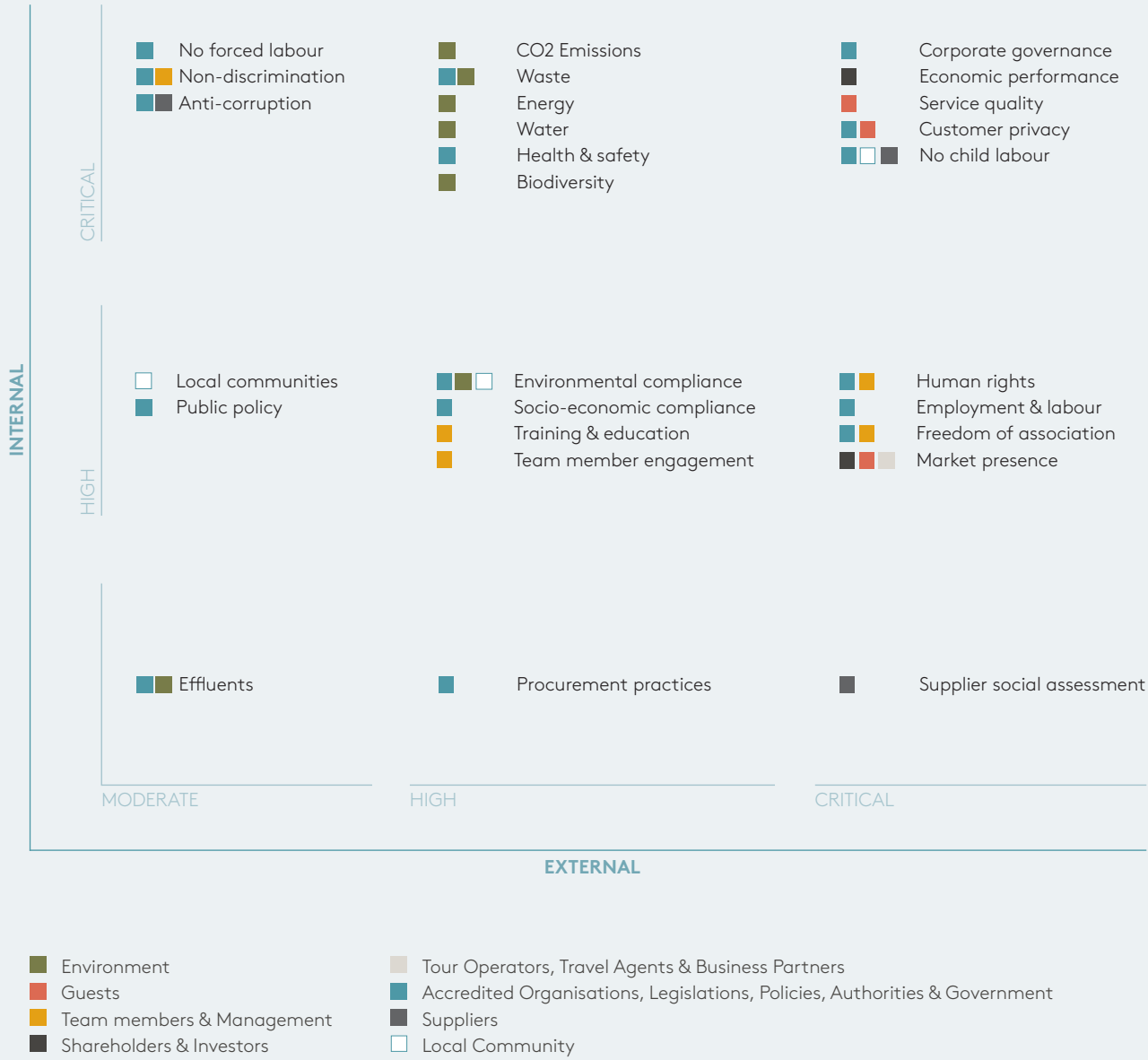
We have this year renewed our Participant status with the United Nations Global Compact, ongoing since our creation in 2018, thus ensuring the work under the 4 Pillars of U.N Global Compact (Human Rights, Labour Rights, Environment and Anti-Corruption) endures within the Group and all the brands by The Lux Collective.

Despite challenges, we have elevated our signature environmental project Tread Lightly with our CEO's bold pledge to the Science-Based Target Initiative to align with the 1.5°C trajectory when decarbonising our portfolio.

Sustainable Development

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.



Dear Stakeholders,

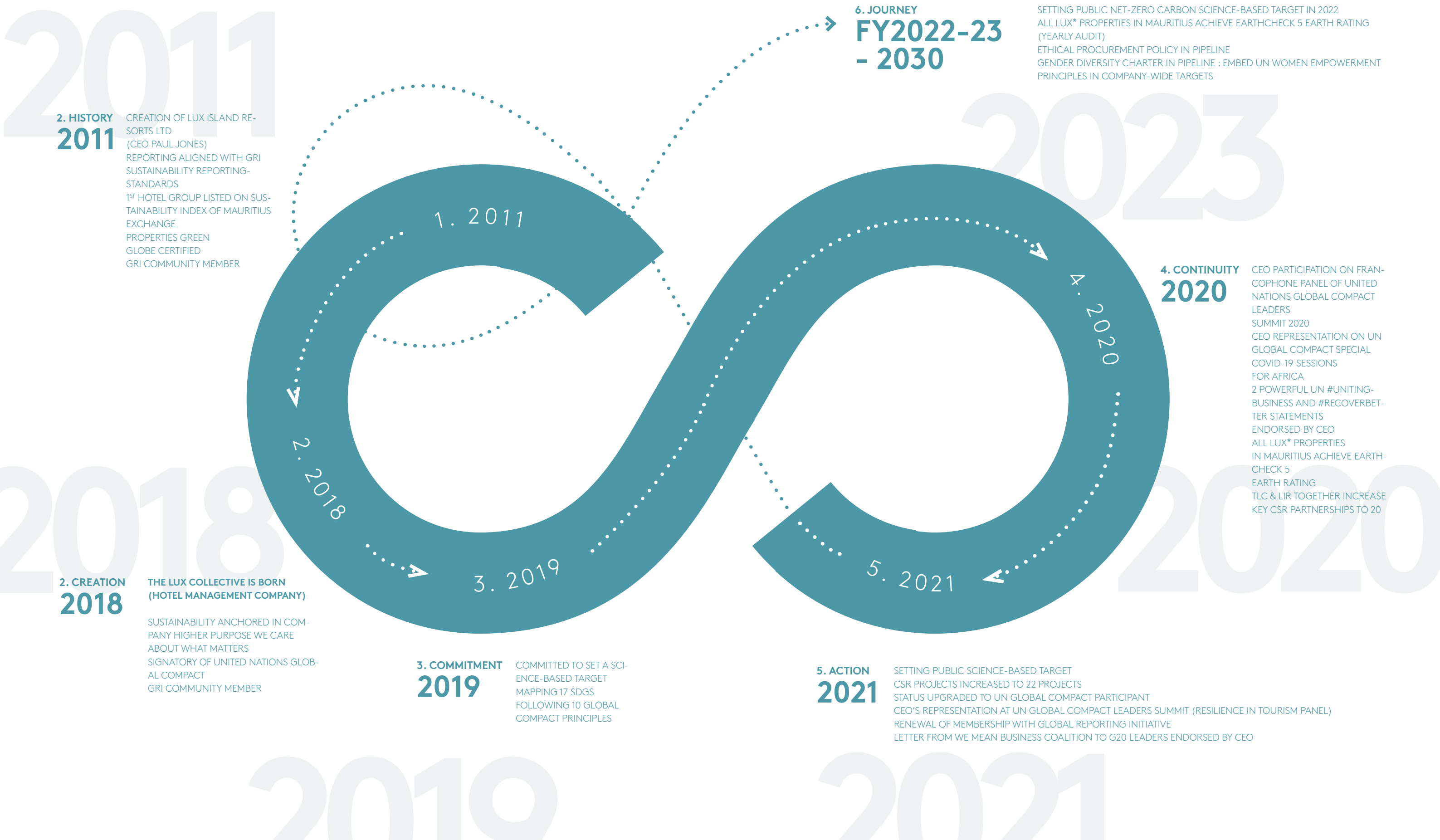
We are happy to let you know that The Lux Collective Ltd is standing by its commitment to the United Nations Global Compact's Ten Principles, which cover Human Rights, Labour, Environment, and Anti-Corruption. In this yearly update, part of our Integrated Annual Report 2023, we're outlining the steps we're taking to make sure the Global Compact and its principles are seamlessly woven into our business strategy, culture, and daily activities.

We're also dedicated to sharing this progress with you through our main communication channels.

Sincerely, always,

Paul Jones





**2. HISTORY
2011**

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

**2. CREATION
2018**

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. COMMITMENT
2019**

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

**5. ACTION
2021**

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

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. CONTINUITY
2020**

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 #UNITING-BUSINESS 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

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

The Lux Collective responded to the U.N’s call to action in 2019, following the IPCC’s (Intergovernmental Panel on Climate Change) alarming report on climate change and its impact on the world. The Lux Collective has joined the global movement via a Business Ambition for 1.5°C Pledge and a Science Based Targets Call-to-Action Commitment Letter ratified by our CEO on 2nd October 2019. The 1.5°C objective will alleviate the Earth of GHG (Greenhouse Gas) effects, by cutting global GHG emissions by 50% by 2030 and achieving NetZero emissions by 2050.

Our long-standing project *Tread Lightly*, established in 2011 has taken a significant stride forward. Now mandated to be our umbrella to achieve this ambitious journey to align decarbonisation with the strictest reduction trajectory of 1.5°C, *Tread Lightly* will carry its message to our Guests before they arrive and across their journey at our resorts and after they leave.



Environment

Decarbonisation, Responsible Consumption, Biodiversity Conservation

Decarbonisation We have been tracking emissions since 2013-2014 Baseline, in line with the Paris Agreement and the GHG Protocol using the HCMI (Hotel Carbon Measurement Initiative) and have continuously published the calculations in our Integrated Reports.

In 2023, we have chosen to work alongside the UK-based firm Altruistiq, to track Scopes 1, 2 and 3 emission sources and develop realistic strategies to reduce. The 1-year pilot to devise a fresh Greenhouse Gas emissions inventory of all our resorts of Mauritius and Maldives will also result in a measurable decarbonisation plan per site.

Altruistiq is a GHG emissions data management platform that enables businesses to make better sustainability decisions.

Biodiversity The umbrella project *Tread Lightly* is a platform for cooperation with local NGOs in Biodiversity Conservation, wherever we operate.

We support various biodiversity conservation projects, in line with the **United Nations Development Goals 13 Climate Action, 14 Life below Water, and 15 Life on Land**. We have contributed towards U.N registered projects in Africa and Asia such as afforestation of the virgin forest with 50,000 trees or protecting the population of the endangered snub-nosed money is Yunnan, China.

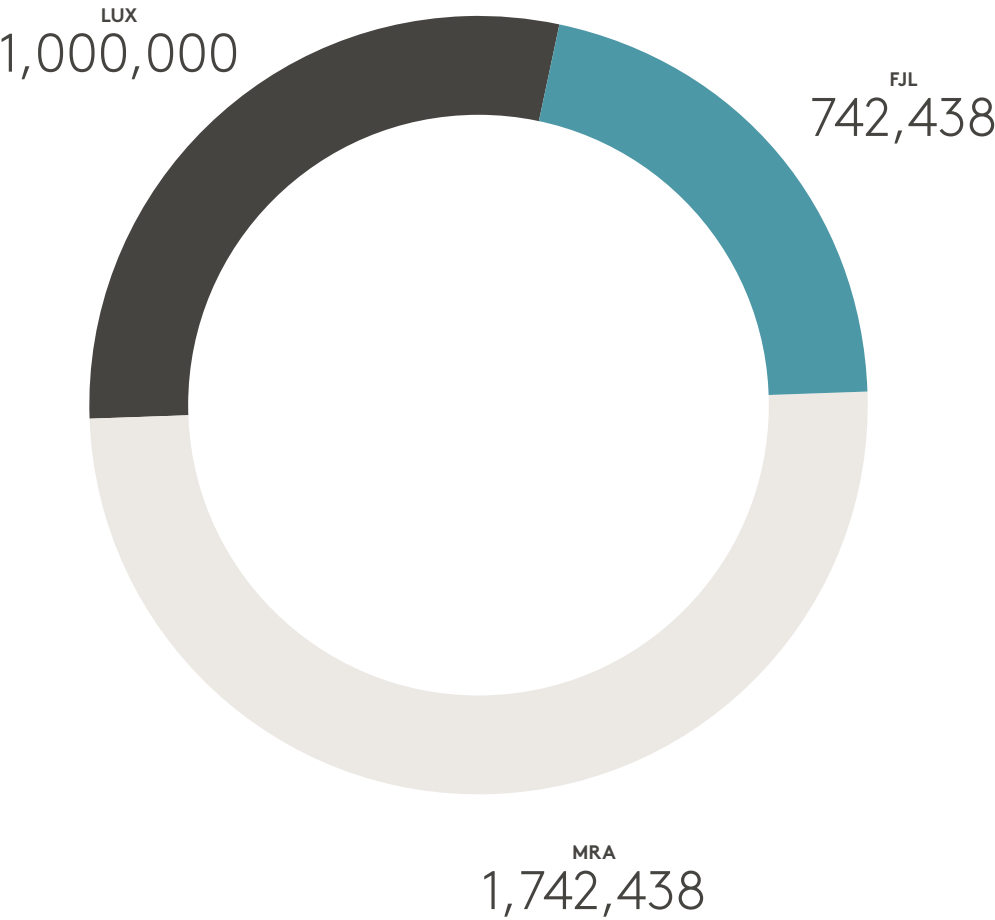
Tread Lightly invites our guests to engage on a Responsible Tourism journey by favoring trips to the endemic forests and protected areas where they can contribute to conservation work, for example in Mauritius with our trusted ecologist partners the Mauritian Wildlife Foundation (land fauna & flora conservation) or Ecosud (Marine life conservation). All our resorts have long-term affiliations with at least 1 biodiversity conservation NGO.

Responsible Consumption U.N SDG 12 guides our sourcing and production decisions. Since 2011, the group has been bottling its own drinking water in reusable glass bottles. We estimate this initiative avoids plastic waste generation by nearly 1 million bottles / year. All our in-room amenities are not only naturally derived vegan products but are presented in luxurious refillable containers, avoiding single use packaging. The Life-Cycle-Assessment logic is applied in the design of all items. As we track in granular details our solid-waste production on two pilot sites LUX* Le Morne and Tamassa Bel Ombre, we can rethink the use and reusability of the items we supply, cutting waste to landfill.

Social

Ray of Light, our umbrella project for social outreach guides the investment of our CSR Fund, as recommended by the Income Tax Act 1995, relevant legislations, guidelines as well as the NSIF Charter. 2% of taxable profit over the financial year 2022 – 2023 was distributed to the National Social Inclusion Foundation (NSIF), to the Fondation Joseph Lagesse and to our usual CSR Partners to sustain their activities.

Total CSR Fund Distribution



The Lux Collective Ltd and its sister organisation LUX Island Resorts extended support to organisations and initiatives aligned with our values. These endeavours resonate with the key national priorities and the tenets of the United Nations Sustainable Development Goals, such as poverty alleviation, quality education, empowerment of women, or biodiversity conservation.

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

Non-profit organisation	Sponsorship	Amount (MUR)
Elles C Nous Association	To help with the salary of a field worker responsible for all activities that support the centre.	40,000
Thalassemia Society	Thalassemia Society brings much needed support to Thalassemia patients and their family. This year the NGO will continue to care for their health with equipment to reduce covid-19 contamination and support the elder patients with MRI, treatment, and transportation expenses.	50,000
Lovebridge	Inclusiveness project for Children of South West region.	40,000
Atelier de Formation Joie De Vivre	Salary of the fitness teacher & extra-curricular activities.	40,000
Laventure Technical School	This centre hosts around 75 beneficiaries with various disabilities, the NGO is also supported beyond CSR by SALT of Palmar.	40,000
Angel Special School and Welfare Association	A Therapy and Training Centre for beneficiaries of all ages, with impairment and multiple learning difficulties.	40,000
Gender Links	Safe Haven Halfway Home (25 residents), after school club for children.	50,000
Association Paille en Queue	Education & ICT/IT Room/installation of projectors.	50,000
Mauritian Wildlife Foundation	Rare plant and species conservation and biodiversity awareness campaigns.	221,219
ECO SUD	Lagoon monitoring & eco activities with various stakeholder groups and in various regions of Mauritius.	168,781
SOS Children's Villages	General Expenses for the day to day running or the NGO.	30,000
Le PONT DU TAMARINIER	Social projects in the South-West region to alleviate poverty.	100,000
FONDATION COURS JEANNE D'ARC	Education fees for Special Needs Students.	30,000
THE GLOBAL RAINBOW FOUNDATION	Support the inclusion of the disabled via capacity building and workplace cross-exposure.	50,000
Protection of Animal Welfare Society	Sterilisation campaigns for stray dogs & cats.	20,000
The New Chinatown Foundation	Projects: Lighting, bins in each main crossroad and endemic plants donations to city of Port Louis.	30,000
Fondation Joseph Lagesse	Literacy and Food Security projects in regions of Bois marchand. Supporting the tertiary Quality Education of two students from disadvantaged backgrounds at VATEL.	742,438

ESG AUDITS

Environment, Social and Good Governance + Innovation!

To ensure the resorts we manage have a high standard of criteria for Sustainability projects, The Lux Collective has recently signed a Sustainability Audit agreement with Positive Luxury.

The Lux Collective, with its portfolio of four distinctive brands within the luxury travel & hospitality space, has built a global reputation for disrupting expectations of the resort experience all over the world.

With this new partnership, seven properties in Mauritius and Maldives will begin sustainability audits in 2023, powered by Positive Luxury's ESG+ framework. The Audits will verify actions and initiatives for the Environment including Climate Action, Circular Economy, Sustainable Sourcing, Biodiversity and Animal Welfare. Under the People pillar, we will be audited on aspects of People Management, Diversity, Inclusion, Ethics and Fair Operating Practices, Human rights and Modern Slavery, and Community Involvement

among other topics. The Good Governance pillar will check our Reporting, SDGs Alignment, Purpose, whereas the Innovation Pillar will help us track progress in Smart Monitoring, Reporting, Sustainable Innovation, or Carbon Capture.

Positive Luxury was founded in 2011 by sustainability pioneer Diana Verde Nieto and serial entrepreneur Karen Hanton and is a collection of over 200 brands transforming luxury for the good of all.



Independent Auditor’s Report

To the Members of The Lux Collective Ltd and its Subsidiaries

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 171 which comprise the consolidated and separate statements of financial position as at June 30, 2023, 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 the Group and Company as at June 30, 2023, 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 and the Financial Reporting Act 2004.

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, 2023”, which includes the Annual report and the 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 the Financial Reporting Act 2004, 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.

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

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 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.

Independent
Auditor’s Report (continued)

To the Members of The Lux Collective Ltd and its Subsidiaries

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.

Financial Reporting Act 2004

The Directors are responsible for preparing the Corporate Governance Report. Our responsibility under the Financial Reporting Act is to report on the compliance with the Code of Corporate Governance (“the Code”) disclosed in the annual report and assess the explanations given for non-compliance with any requirement of the Code. From our assessment of the disclosures made on corporate governance in the annual report, the Group has, pursuant to section 75 of the Financial Reporting Act, complied with the requirements of the Code.



Ernst & Young
Ebène, Mauritius



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

This 19th September 2023





Financial Statements

Statements of
Financial Position

As at June 30, 2023

	Notes	THE GROUP		THE COMPANY	
		2023	2022	2023	2022
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
ASSETS					
Non-current assets					
Property, plant and equipment	4	43,561	52,145	6,110	6,433
Right of use assets	19	233,956	271,690	2,700	5,049
Intangible assets	5	201,880	203,624	2,030	3,767
Investment in subsidiaries	6	-	-	214,595	214,595
Investment in other financial assets	7	4	4	-	-
Deferred tax assets	8 (a)	35,052	21,100	21,253	21,100
		514,453	548,563	246,688	250,944
Current assets					
Inventories	9	9,295	6,003	461	452
Trade and other receivables	10	162,528	172,030	173,620	169,719
Cash in hand and at bank	30	135,122	102,923	84,777	93,120
		306,945	280,956	258,858	263,291
TOTAL ASSETS		821,398	829,519	505,546	514,235
EQUITY AND LIABILITIES					
Equity					
Stated capital	11	30,164	390,164	30,164	390,164
Other reserves	12	15,308	11,163	-	-
Accumulated profit/ (losses)		24,046	(416,319)	65,162	(359,956)
Total equity		69,518	(14,992)	95,326	30,208
Non-current liabilities					
Employee defined benefit liabilities	14	28,974	33,257	26,362	30,495
Interest-bearing loans and borrowings	15	433,638	473,396	187,161	181,152
Other liabilities	16	-	-	-	25,034
Trade and other payables	17	15,173	13,699	-	-
		477,785	520,352	213,523	236,681
Current liabilities					
Interest-bearing loans and borrowings	15	60,594	109,644	26,478	50,810
Other liabilities	16	-	-	-	18,548
Contract liabilities	17 (iv)	3,532	2,357	-	-
Trade and other payables	17	175,318	210,186	142,359	177,988
Dividends payable	13	27,860	-	27,860	-
Income tax liability	18 (b)	6,791	1,972	-	-
		274,095	324,159	196,697	247,346
Total liabilities		751,880	844,511	410,220	484,027
TOTAL EQUITY AND LIABILITIES		821,398	829,519	505,546	514,235

These financial statements have been approved for issue by the Board of Directors on 19 September 2023 and signed on its behalf by:

Arnaud Lagesse,
Chairperson

Jean de Fondaumière,
Director

The notes set out on pages 107 to 171 form an integral part of these financial statements.
Independent auditor’s report on pages 96 to 98.

Statements of Profit or Loss
and Other Comprehensive Income

As at June 30, 2023

		THE GROUP		THE COMPANY	
	Notes	2023	2022	2023	2022
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
Revenue from contracts with customers	21	966,811	933,668	524,977	644,512
Other operating income	23	63,769	71,117	147,121	177,510
Total operating income		1,030,580	1,004,785	672,098	822,022
Cost of inventories	22	(38,408)	(18,625)	-	-
Employee benefit expenses	24	(439,048)	(460,846)	(191,077)	(201,815)
Depreciation and amortisation	25	(57,757)	(44,437)	(10,028)	(11,484)
Expected credit loss allowance	26	3,323	(33,847)	2,000	(36,430)
Other operating expenses	27	(339,103)	(214,353)	(365,839)	(312,800)
Total operating expenses		(870,993)	(772,108)	(564,944)	(562,529)
Operating profit	28	159,587	232,677	107,154	259,493
Finance costs	29	(41,474)	(55,114)	(15,341)	(42,359)
Profit before tax		118,113	177,563	91,813	217,134
Income tax expense	18 (a)	(14,765)	(75,184)	(3,626)	(53,232)
Profit for the year		103,348	102,379	88,187	163,902
Other comprehensive income:					
<i>- Other comprehensive income that may be reclassified to profit or loss subsequently</i>					
Cash flow hedge on foreign currency loan released to profit or loss on repayment of loan		-	29,761	-	29,761
Exchange difference on translation of foreign operations	12	4,145	2,667	-	-
Deferred tax relating to components of other comprehensive income	8 (a)	-	(4,938)	-	(4,938)
		4,145	27,490	-	24,823
<i>- Other comprehensive income/ (loss) that may not be reclassified to profit or loss subsequently</i>					
Actuarial (loss)/ gain on employee defined benefit liabilities - funded	14 (i)	(3,213)	228	(3,213)	228
Actuarial gain/ (loss) on employee defined benefit liabilities - unfunded	14 (r)	9,089	(10,444)	8,985	(10,576)
Deferred tax on employee defined benefit liabilities	8 (a)	(999)	1,759	(981)	1,759
		4,877	(8,457)	4,791	(8,589)
Total other comprehensive income for the year, net of tax		9,022	19,033	4,791	16,234
Total comprehensive income for the year, net of tax		112,370	121,412	92,978	180,136
Earnings per shares (Rs.)	32	0.45	0.44		

The notes set out on pages 107 to 171 form an integral part of these financial statements.
Independent auditor’s report on pages 96 to 98.

Statements of
Changes in Equity

For the Year Ended June 30, 2023

THE GROUP					
	Notes	Stated capital Rs.'000	Other reserves* Rs.'000	Accumulated losses Rs.'000	Total Rs.'000
At 01 July 2021		390,164	(16,327)	(510,241)	(136,404)
Profit for the year		-	-	102,379	102,379
Other comprehensive income/(loss) 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)
At 01 July 2022		390,164	11,163	(416,319)	(14,992)
Profit for the year		-	-	103,348	103,348
Other comprehensive income for the year		-	4,145	4,877	9,022
Total comprehensive income for the year		-	4,145	108,225	112,370
Capital reduction	11	(360,000)	-	360,000	-
Dividends	13	-	-	(27,860)	(27,860)
At 30 June 2023		30,164	15,308	24,046	69,518

* Other reserves comprise of foreign exchange translation reserve and cash flow hedge reserve as disclosed in Note 12.

Statements of
Changes in Equity

For the Year Ended June 30, 2023

THE COMPANY					
	Notes	Stated capital Rs.'000	Other reserves* Rs.'000	Accumulated losses Rs.'000	Total Rs.'000
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
At 01 July 2022		390,164	-	(359,956)	30,208
Profit for the year		-	-	88,187	88,187
Other comprehensive income for the year		-	-	4,791	4,791
Total comprehensive income for the year		-	-	92,978	92,978
Capital reduction	11	(360,000)	-	360,000	-
Dividends	13	-	-	(27,860)	(27,860)
At 30 June 2023		30,164	-	65,162	95,326

* Other reserves comprise of cash flow hedge reserve as disclosed in Note 12.

Statements
of Cash Flows

For the year ended June 30, 2023

	Notes	THE GROUP		THE COMPANY	
		2023	2022	2023	2022
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
OPERATING ACTIVITIES					
Profit before tax		118,113	177,563	91,813	217,134
<i>Adjustments to reconcile profit before tax to net cash flows from operating activities:</i>				.	
Depreciation of property, plant and equipment	4	14,630	11,620	2,942	3,255
Amortisation of intangible assets	5	1,744	3,571	1,737	3,033
Depreciation of right of use assets	19	41,383	29,246	5,349	5,196
Goodwill written off on business combination	20	-	30	-	-
Loss on scrapped/ sales of assets		149	1,161	30	182
Cash flow hedge released to profit or loss on repayment of loan	29	-	29,761	-	29,761
Derecognition of Leases		598	-	-	-
Interest expense	29	34,477	22,156	11,267	10,557
Financial guarantee contracts		-	30,762	-	30,762
Employee defined benefit liabilities	14	1,926	1,499	1,823	1,529
Dividend income	23	-	-	(110,517)	(123,608)
		213,020	307,369	4,444	177,801
<i>Working capital adjustments:</i>					
(Increase)/decrease in inventories		(3,292)	1,177	(9)	(38)
Decrease in contract assets		-	84,300	-	84,300
(Increase) in trade and other receivables		(9,364)	(21,435)	(3,901)	(26,016)
Increase/ (decrease) in contract liabilities		1,175	(589)	-	-
(Increase)/ Decrease in trade and other payables		(12,557)	(46,807)	(35,812)	(81,075)
Cash from /(used in) operations		188,982	324,015	(35,278)	154,972
Interest paid		(33,003)	(21,478)	(11,267)	(10,557)
Income tax paid	18(b)	(25,050)	(46,899)	(4,760)	(27,557)
Net cash flows generated from /(used in) operating activities		130,929	255,638	(51,305)	116,858
INVESTING ACTIVITIES					
Acquisition of shares in subsidiary	6	-	-	-	(1,200)
Net cash inflow resulting from business combination	20	-	1,453	-	-
Acquisition of property, plant and equipment	4	(8,283)	(2,295)	(2,650)	(976)
Proceeds from sale of property, plant and equipment		2,149	12	-	12
Dividend received		-	-	110,517	123,608
Net cash flows (used in)/ generated from investing activities		(6,134)	(830)	107,867	121,444
FINANCING ACTIVITIES					
Proceeds from long term borrowings	15 (c)	-	83,000	-	83,000
Repayment long term borrowings	15 (c)	(20,236)	(230,332)	(22,471)	(224,755)
Repayment of principal portion of other liabilities	16	-	-	-	(8,520)
Repayment of principal portion of obligation under leases	19 (b)	(37,408)	(27,458)	(6,356)	(5,422)
Net cash flows used in financing activities		(57,644)	(174,790)	(28,827)	(155,697)
Net increase in cash and cash equivalents		67,151	80,018	27,735	82,605
At July 1,		60,264	(24,878)	57,042	(25,563)
Exchange difference		594	5,124	-	-
At June 30,	30 (a)	128,009	60,264	84,777	57,042

The notes set out on pages 107 to 171 form an integral part of these financial statements.
Independent auditor’s report on pages 96 to 98.

Notes to the
Financial Statements

For the Year Ended June 30, 2023

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, 2023.

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, 2023

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 ACCOUNTING 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 2022. 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 2023, 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 2022:

		Effective for accounting period beginning on or after
<i>Amendments</i>		
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 2022
IFRS 16	Illustrative Examples accompanying IFRS 16 Leases	1 January 2022
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
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

These amendments which came into effect on 1 January 2022 had no impact on the financial statements or performance of the Group and Company.

Notes to the
Financial Statements (continued)

For the Year Ended June 30, 2023

2. ACCOUNTING POLICIES (continued)

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.

		Effective for accounting period beginning on or after
<i>New or Revised Standards</i>		
IFRS 17	IFRS 17 Insurance Contracts	1 January 2023
<i>Amendments</i>		
IAS 1	Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	1 January 2023
IAS 8	Definition of Accounting Estimates - Amendments to IAS 8	1 January 2023
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	1 January 2023
IAS 1	Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants - Amendments to IAS 1	1 January 2024
IFRS 16	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	1 January 2024
IAS 7/ IFRS 17	Disclosures: supplier finance arrangement	1 January 2024

The Group has assessed the potential impact of those standards and amendments to existing standards on its financial statements and does not anticipate any of these items to have a material impact on the Group and Company. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

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.

Notes to the Financial Statements (continued)

For the Year Ended June 30, 2023

2. ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Foreign currency translation (continued)

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, plants 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:

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 is 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.

Notes to the Financial Statements (continued)

For the Year Ended June 30, 2023

2. ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

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.

Notes to the
Financial Statements (continued)

For the Year Ended June 30, 2023

2. ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Intangible assets (continued)

Goodwill (continued)

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

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 are 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
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(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.

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.

Notes to the
Financial Statements (continued)

For the Year Ended June 30, 2023

2. ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Financial assets (continued)

Initial recognition and measurement (continued)

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (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 include 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 dividend income from investee companies.

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

Notes to the
Financial Statements (continued)

For the Year Ended June 30, 2023

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.

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.

Notes to the
Financial Statements (continued)

For the Year Ended June 30, 2023

2. ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

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.

Notes to the
Financial Statements (continued)

For the Year Ended June 30, 2023

2. ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Impairment of financial assets (continued)

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.

(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.

Notes to the
Financial Statements (continued)

For the Year Ended June 30, 2023

2. ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Fair value of financial instruments (continued)

Determination of fair value (continued)

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.

Notes to the
Financial Statements (continued)

For the Year Ended June 30, 2023

2. ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

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.

In prior year, the Group had only cash flow hedges which were 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 roll-over, 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 12 for further details on the risk management policies.

Notes to the
Financial Statements (continued)

For the Year Ended June 30, 2023

2. ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 an 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.

(q) 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, 2023

2. ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 Workers’ Rights Act 2019 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, 2023

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.

Notes to the
Financial Statements (continued)

For the Year Ended June 30, 2023

2. ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Taxes (continued)

Deferred tax (continued)

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.

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.

Notes to the
Financial Statements (continued)

For the Year Ended June 30, 2023

2. ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Leases (continued)

(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 |
| – Furniture & fittings | 5 to 7 years |
| – Computer equipment | 5 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.

(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.

Notes to the
Financial Statements (continued)

For the Year Ended June 30, 2023

2. ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Room revenue is recognised over time. Recognition starts once the guests check-in at the hotel premises and ends at check-out.

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.

Notes to the
Financial Statements (continued)

For the Year Ended June 30, 2023

2. ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Revenue recognition (continued)

(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.

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.

Notes to the
Financial Statements (continued)

For the Year Ended June 30, 2023

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 the 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 Rs 103M for financial year ended 30 June 2023, (2022: Profit Rs 102m) and at 30 June 2023 the Group had a net asset of Rs 69M (2022: Net Liabilities of Rs15m). The Company reported a profit of Rs 88M for financial year ended June 30, 2023 (2022: Rs 164M) and had a net asset of Rs 95M (2022 Rs 30M).

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

Based on the improved performance post-COVID 19, healthy cash flow forecasts for the foreseeable future as well as the availability of unused bank facilities in place, management is confident that the Group and the Company will meet its financial obligations as they fall due. Furthermore, management is not aware of any material uncertainties that may cast doubt upon the Group’s or Company’s ability to continue as a going concern. Therefore, the financial statements are prepared on a going concern basis.

(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 and the Company’s net employee defined benefit liabilities at 30 June 2023 is Rs 29M (2022: Rs 33M) and Rs 26M (2022: Rs 30M) respectively. Further details are set out in Note 14.

Notes to the
Financial Statements (continued)

For the Year Ended June 30, 2023

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

(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.

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

	2023	
	THE GROUP	THE COMPANY
	Rs’000	Rs’000
Tax losses	325,102	136,037
	2022	
	THE GROUP	THE COMPANY
	Rs’000	Rs’000
Tax losses	379,617	251,880

(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 2023 amounted to Rs 199.8M (2022: Rs 199.8M). 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 is disclosed in Note 35.

Notes to the
Financial Statements (continued)

For the Year Ended June 30, 2023

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, 2021	21,079	12,074	12,325	9,435	42,817	97,730
Additions	-	929	16	-	1,350	2,295
Transfer from right of use assets (Note 19)	-	-	-	-	800	800
Disposal	-	-	-	-	(888)	(888)
On business combination (Note 20)	-	27,805	11,005	-	4,370	43,180
Assets written off	(695)	(2,222)	(13)	-	(817)	(3,747)
Exchange difference	352	(22)	(6)	-	166	490
At July 1, 2022	20,736	38,564	23,327	9,435	47,798	139,860
Additions	-	3,136	668	-	4,479	8,283
Disposal (Note (iii))	(14,436)	-	(182)	-	(6,546)	(21,164)
Assets written off	-	(398)	-	-	(175)	(573)
Exchange difference	153	16	7	-	79	255
At June 30, 2023	6,453	41,318	23,820	9,435	45,635	126,661
DEPRECIATION						
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 July 1, 2022	17,548	11,944	8,142	8,995	41,086	87,715
Charge for the year	1,505	5,469	2,392	63	5,201	14,630
Disposal (Note (iii))	(12,826)	-	(164)	-	(5,908)	(18,898)
Assets written off	-	(398)	-	-	(144)	(542)
Exchange difference	121	9	7	-	58	195
At June 30, 2023	6,348	17,024	10,377	9,058	40,293	83,100
NET BOOK VALUES						
At June 30, 2023	105	24,294	13,443	377	5,342	43,561
At June 30, 2022	3,188	26,620	15,185	440	6,712	52,145

- (i) Bank borrowings are secured by way of floating charges on the assets of the Group. There are no restrictions on these.
- (ii) No borrowing costs were capitalised during the year (2022: nil).
- (iii) The significant disposal of PPE followed the cancellation of the long term lease agreement of the Singapore office, with the subsequent disposal of the building improvements, furnitures and other equipment to the landlord.

Notes to the
Financial Statements (continued)

For the Year Ended June 30, 2023

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, 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 July 1, 2022	8,512	5,200	3,130	37,384	54,226
Additions	22	234	-	2,394	2,650
Assets written off	-	-	-	(175)	(175)
At June 30, 2023	8,534	5,434	3,130	39,603	56,701
DEPRECIATION					
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
Disposal	-	-	-	(689)	(689)
At July 1, 2022	6,399	3,589	2,830	34,975	47,793
Charge for the year	406	446	10	2,080	2,942
Assets written off	-	-	-	(144)	(144)
At June 30, 2023	6,805	4,035	2,840	36,911	50,591
NET BOOK VALUES					
At June 30, 2023	1,729	1,399	290	2,692	6,110
At June 30, 2022	2,113	1,611	300	2,409	6,433

- (a) Bank borrowings are secured by way of floating charges on the assets of the Company. There are no restrictions on these.
- (b) No borrowing costs were capitalised during the year (2022: nil).

Notes to the
Financial Statements (continued)

For the Year Ended June 30, 2023

5. INTANGIBLE ASSETS

THE GROUP	Goodwill Rs.'000	Software Rs.'000	Total Rs.'000
COST			
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, 2023 & June 30, 2022	199,880	31,449	231,329
AMORTISATION			
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
Charge for the year	-	1,744	1,744
At June 30, 2023	30	29,419	29,449
NET BOOK VALUES			
At June 30, 2023	199,850	2,030	201,880
At June 30, 2022	199,850	3,774	203,624

Goodwill

During the financial year 2022, a goodwill arose on business combination of SALT Hospitality Ltd (Note 20) and was assessed as fully impaired during the same year. The remaining goodwill arose 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.

Notes to the
Financial Statements (continued)

For the Year Ended June 30, 2023

5. INTANGIBLE ASSETS (continued)

Impairment test on goodwill (continued)

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.

THE COMPANY	Computer software	
	2023 Rs.'000	2022 Rs.'000
COST		
At July 1,	30,905	30,905
Additions	-	-
At June 30,	30,905	30,905
AMORTISATION		
At July 1,	27,138	24,105
Charge for the year	1,737	3,033
At June 30,	28,875	27,138
Net book value at June 30,	2,030	3,767

6. INVESTMENT IN SUBSIDIARIES

THE COMPANY	2023 Rs.'000	2022 Rs.'000
At cost		
At July 1,	214,595	213,395
Additions	-	1,200
At June 30,	214,595	214,595

Notes to the
Financial Statements (continued)

For the Year Ended June 30, 2023

6. INVESTMENT IN SUBSIDIARIES (continued)

Details of the investments which are unquoted are as follows:

Name of companies	Country of incorporation	% Held	
		2023	2022
Island Light Vacations Ltd	Mauritius	100.00%	100.00%
LIRTA Ltd	Mauritius	100.00%	100.00%
Lux Island Resorts Seychelles Ltd	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%	100.00%
SALT Hospitality Ltd	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.

There is no significant restriction on the Group’s ability to access or use assets, and settle liabilities of the group.

7. INVESTMENT IN OTHER FINANCIAL ASSETS

	THE GROUP	
	2023	2022
	Rs. ’000	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.

Notes to the
Financial Statements (continued)

For the Year Ended June 30, 2023

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% (2022: 17%). The movement in the deferred tax account is as follows:

	THE GROUP		THE COMPANY	
	2023	2022	2023	2022
	Rs. ’000	Rs. ’000	Rs. ’000	Rs. ’000
At July 1,	21,100	51,562	21,100	49,954
Recognised in profit or loss (Note 18 (a))	14,951	(27,283)	1,134	(25,675)
Recognised in other comprehensive income	(999)	(3,179)	(981)	(3,179)
At June 30,	35,052	21,100	21,253	21,100

Deferred income tax relates to the following:-

THE GROUP	Balance		Movement	
	2023	2022	2023	2022
	Rs. ’000	Rs. ’000	Rs. ’000	Rs. ’000
Deferred tax assets				
Accelerated depreciation	13,730	15,582	(1,852)	(671)
Employee defined benefit liabilities	4,926	5,184	(258)	2,000
Right of use assets/ lease liabilities	8,552	129	8,423	(126)
Hedge reserve	-	-	-	(4,956)
Expected credit losses	190	205	(15)	(2,718)
Tax losses	7,654	-	7,654	(23,991)
	35,052	21,100	13,952	(30,462)

	2023	2022
	Rs. ’000	Rs. ’000
	2023	2022
Recognised as follows:		
- in profit or loss	14,951	(27,283)
- in other comprehensive income	(999)	(3,179)
Total movement for the year	13,952	(30,462)

Deferred tax assets of Rs 7.6m (2022: Rs NIL) has been recognised on tax losses amounting to Rs 45.0m out of total tax losses of Rs 325m (2022: Rs 380m). 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 the remaining unrecognised tax losses. Accordingly, no further deferred tax asset were recognised in respect of tax losses.

Notes to the
Financial Statements (continued)

For the Year Ended June 30, 2023

8. INCOME AND DEFERRED TAX (continued)

(a) Deferred tax asset (continued)

THE COMPANY	Balance		Movement	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Accelerated depreciation	9,049	15,582	(6,533)	837
Employee defined benefit liabilities	4,482	5,184	(702)	2,019
Right of use assets/ lease liabilities	-	129	(129)	(45)
Hedge reserve	-	-	-	(4,956)
Expected credit losses	68	205	(137)	(2,718)
Tax losses	7,654	-	7,654	(23,991)
	21,253	21,100	153	(28,854)

	2023	2022
	Rs. '000	Rs. '000
Recognised as follows:		
- in profit or loss	1,134	(25,675)
- in other comprehensive income	(981)	(3,179)
Total movement for the year	153	(28,854)

Deferred tax assets of Rs 7.6m (2022: Rs NIL) has been recognised on tax losses amounting to Rs 45.0m out of total tax losses of Rs 136m (2022: Rs 252m). 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 the remaining unrecognised tax losses. Accordingly, no further deferred tax asset were recognised in respect of tax losses.

9. INVENTORIES

	THE GROUP		THE COMPANY	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Food and beverage	5,992	3,289	-	-
Spare parts and consumables	3,303	2,714	461	452
Others	-	-	-	-
	9,295	6,003	461	452

All inventories are stated at the lower of cost and net realisable value. There were no write down of inventories during the year (2022: Nil). Bank borrowing is secured by floating charges on the assets of the Group including inventories.

Notes to the
Financial Statements (continued)

For the Year Ended June 30, 2023

10. TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Trade receivables	31,641	23,391	9,816	5,485
Trade receivables from fellow subsidiaries (Note 31)	57,013	118,249	46,439	104,983
Due from subsidiaries (Note 31)	-	-	69,310	62,229
Other receivables and prepayments	81,340	41,960	58,999	9,966
	169,994	183,600	184,564	182,663
Less expected credit losses	(7,466)	(11,570)	(10,944)	(12,944)
	162,528	172,030	173,620	169,719

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

	THE GROUP		THE COMPANY	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Not past due	53,779	78,303	50,289	74,567
Due less than 30 days	14,291	7,020	11,148	8,922
More than 30 and less than 60 days	3,630	6,846	4,855	8,304
More than 60 and less than 90 days	2,726	7,583	9,334	9,689
More than 90 days	6,762	30,318	38,995	58,271
	81,188	130,070	114,621	159,753

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	2023	2022
	Rs. '000	Rs. '000
Trade and other receivables		
At July 1	11,570	117,501
Reversal for the year (iii (a))	(3,323)	(105,926)
Bad debts written off	(553)	-
Exchange difference	(228)	(5)
At June 30	7,466	11,570

Notes to the
Financial Statements (continued)

For the Year Ended June 30, 2023

10. TRADE AND OTHER RECEIVABLES (continued)

THE COMPANY	Inter-company trade receivables	Trade and other receivables	Total
	Rs. '000	Rs. '000	Rs. '000
At July 1, 2021	100,185	17,194	117,379
Reversal for the year	(89,641)	(14,794)	(104,435)
At June 30, 2022	10,544	2,400	12,944
Reversal for the year (iii (a))	-	(2,000)	(2,000)
At June 30	10,544	400	10,944

Refer to Note 35 for the related credit risk disclosures.

- (iii(a))Reversal of expected credit losses accrued upon recognition of actual losses and/or subsequent settlement of doubtful balances.
- (iv) Prepayments amounting to Rs 9,861,412 (2022: Rs 11,584,202) for the Group and Rs 5,444,573 (2022: Rs 4,346,201) 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.

11. STATED CAPITAL

	2023	2022	2023	2022
	Number of shares	Number of shares	Rs. '000	Rs. '000
Stated capital - No par value shares				
At July 1,	232,170,133	232,170,133	390,164	390,164
Capital reduction	-	-	(360,000)	-
At June 30,	232,170,133	232,170,133	30,164	390,164

The shareholders of the Company, at its annual general meeting held on June 13, 2023 , approved the reduction of the stated capital of the company from Rs 390,163,337 to Rs 30,133,337, through an absorption of accumulated losses up to the amount of the reduction.

Notes to the
Financial Statements (continued)

For the Year Ended June 30, 2023

12. OTHER RESERVES

	Cash flow hedge reserve	Foreign exchange translation reserve	Total
THE GROUP	Rs. '000	Rs. '000	Rs. '000
At June 30, 2021	(24,823)	8,496	(16,327)
Cash flow hedge on foreign currency loan released to profit or loss on repayment of loan	29,761	-	29,761
Exchange difference on translation of foreign operations	-	2,667	2,667
Tax on other comprehensive income	(4,938)	-	(4,938)
At June 30, 2022	-	11,163	11,163
At July 1, 2022	-	11,163	11,163
Exchange difference on translation of foreign operations	-	4,145	4,145
At June 30, 2023	-	15,308	15,308

THE COMPANY	Cash flow hedge reserve	Total
	Rs. '000	Rs. '000
At July 1, 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 & June 30, 2023	-	-

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.

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 in prior year was 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. The foreign currency bank loan was early repaid in September 2021 and exchange differences amounting to Rs 29.7M were released to statement of profit or loss as at 30 June 2022.

Notes to the
Financial Statements (continued)

For the Year Ended June 30, 2023

13. DIVIDENDS

On 22 June 2023, the Board of directors have declared a dividend of Rs 0.12 per each ordinary share in respect of the year ended 30 June 2023 (2022: Rs NIL) . The dividend amounting to Rs 27.9m has been paid on September 11, 2023.

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 Workers’ Rights Act 2019 and which are unfunded.

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

	THE GROUP		THE COMPANY	
	2023	2022	2023	2022
	Rs.‘000	Rs.‘000	Rs.‘000	Rs.‘000
Funded obligation (Note (c - n))	9,580	6,616	9,580	6,616
Unfunded obligation (Note (o - u))	19,394	26,641	16,782	23,879
	28,974	33,257	26,362	30,495

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:

	2023	2022
	Rs.‘000	Rs.‘000
Present value of funded obligation (Note (g))	19,054	20,972
Fair value of plan assets (Note (f))	(9,474)	(14,356)
Liability in the statement of financial position	9,580	6,616

Notes to the
Financial Statements (continued)

For the Year Ended June 30, 2023

14. EMPLOYEE DEFINED BENEFIT LIABILITIES (continued)

FUNDED OBLIGATION (continued)

The Group and the Company (continued)

(d) Movement in the statement of financial position:

	2023	2022
	Rs.‘000	Rs.‘000
At July 01,	6,616	6,424
Total expenses (Note (e))	319	1,008
Actuarial loss / (gains) recognised in other comprehensive income	3,213	(228)
Contributions paid	(568)	(588)
At June 30,	9,580	6,616

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

	2023	2022
	Rs.‘000	Rs.‘000
Current service cost	46	649
Net interest cost	273	260
Scheme expenses	-	47
Cost of insuring risk benefits	-	52
Total included in staff costs	319	1,008

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

	2023	2022
	Rs.‘000	Rs.‘000
At July 01,	14,356	12,889
Interest on plan assets	497	552
Employer’s contribution	568	588
Scheme expenses	(18)	(47)
Cost of insuring risk benefits	(28)	(52)
Actuarial gains	293	426
Benefits paid	(6,194)	-
At June 30,	9,474	14,356

Notes to the
Financial Statements (continued)

For the Year Ended June 30, 2023

14. EMPLOYEE DEFINED BENEFIT LIABILITIES (continued)

FUNDED OBLIGATION (continued)

The Group and the Company (continued)

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

	2023	2022
	Rs. '000	Rs. '000
At July 01,	20,972	19,313
Current service cost	-	649
Interest cost	770	811
Actuarial losses	3,506	199
Benefits paid	(6,194)	-
At June 30,	19,054	20,972

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

	2023	2022
	Rs. '000	Rs. '000
Local equities	2,145	3,250
Overseas equities	2,797	4,238
Fixed interest	2,585	3,918
Properties	1,947	2,950
Total market value of assets	9,474	14,356

(i) Analysis of amount recognised in other comprehensive income

	2023	2022
	Rs. '000	Rs. '000
Gains on pension scheme assets	(293)	(426)
Experience gains on the liabilities	5,552	(395)
Changes in assumptions underlying the present value of the scheme	(2,046)	593
Actuarial (loss)/gains recognised in other comprehensive income	3,213	(228)

Notes to the
Financial Statements (continued)

For the Year Ended June 30, 2023

14. EMPLOYEE DEFINED BENEFIT LIABILITIES (continued)

FUNDED OBLIGATION (continued)

The Group and the Company (continued)

(j) Sensitivity analysis

	2023	2022
	Rs. '000	Rs. '000
Increase in defined benefit obligation due to 1% decrease in Discount Rate	1,251	1,485
Decrease in defined benefit obligation due to 1% increase in Discount Rate	1,728	2,734
Increase in defined benefit obligation due to 1% increase in future long-term salary assumption	-	740
Decrease in defined benefit obligation due to 1% decrease in future long-term salary assumption	-	871

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.

For the year ended 30 June 2023, no sensitivity has been performed in respect of future long term salary increase as the only employee under this scheme has already retired.

Sensitivity analysis has been provided for all the significant actuarial assumptions.

- (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, 2023.
- (l) Employer's contributions to be paid in the next reporting period is estimated at Rs. NIL (2022: Rs 0.52m) 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.

Notes to the
Financial Statements (continued)

For the Year Ended June 30, 2023

14. EMPLOYEE DEFINED BENEFIT LIABILITIES (continued)

FUNDED OBLIGATION (continued)

The Group and the Company (continued)

(m) Risk Associated with the Plans

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

Interest rate risk

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

Investment risk

If the return on the plan asset is lower than the discount rate, a deficit will arise.

Salary risk

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

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

	2023	2022
	%	%
Discount rate	5.30	4.30
Expected return on plan assets	5.30	4.30
Future guaranteed pension increase	0.00	0.00
Future long term salary increase	N/A	2.00
Post retirement mortality tables	PA92	PA92

UNFUNDED OBLIGATION

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

	THE GROUP		THE COMPANY	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Present value of unfunded obligation	19,394	26,641	16,782	23,879

Notes to the
Financial Statements (continued)

For the Year Ended June 30, 2023

14. EMPLOYEE DEFINED BENEFIT LIABILITIES (continued)

UNFUNDED OBLIGATION (continued)

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

	THE GROUP		THE COMPANY	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
At July 01,	26,641	12,305	23,879	12,194
Transfer on business combination (Note 20)	-	2,813	-	-
Total expenses (Note (q))	2,200	1,225	2,072	1,109
Actuarial (gains)/ losses recognised in other comprehensive income	(9,089)	10,444	(8,985)	10,576
Payment	(25)	-	-	-
Transfer to related companies	(333)	(146)	(184)	-
At June 30,	19,394	26,641	16,782	23,879

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

	THE GROUP		THE COMPANY	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Current service cost	970	562	926	524
Interest cost	1,230	663	1,146	585
Total included in staff costs	2,200	1,225	2,072	1,109

(r) Amount recognised in other comprehensive income

	THE GROUP		THE COMPANY	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Actuarial gains/ (losses)	7,728	(9,087)	7,846	(9,372)
Changes in assumptions	1,361	(1,357)	1,139	(1,204)
	9,089	(10,444)	8,985	(10,576)

Notes to the
Financial Statements (continued)

For the Year Ended June 30, 2023

14. EMPLOYEE DEFINED BENEFIT LIABILITIES (continued)

UNFUNDED OBLIGATION (continued)

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

	THE GROUP		THE COMPANY	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
At July 01,	26,641	12,305	23,879	12,194
Transfer on business combination (Note 20)	-	2,813	-	-
Current service cost	970	562	926	524
Interest cost	1,230	663	1,146	585
Actuarial (gains)/ losses	(9,089)	10,444	(8,985)	10,576
Payment	(25)	-		
Transfer	(333)	(146)	(184)	-
At June 30,	19,394	26,641	16,782	23,879

(t) Sensitivity analysis

	THE GROUP		THE COMPANY	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Increase in defined benefit obligation due to 1% decrease in discount rate	4,106	3,675	3,485	3,044
Decrease in defined benefit obligation due to 1% increase in discount rate	3,402	3,675	2,898	2,573
Decrease in defined benefit obligation due to 1% decrease in future long-term salary assumption	3,509	3,168	2,989	2,649
Increase in defined benefit obligation due to 1% increase in future long-term salary assumption	4,172	3,726	3,540	3,086

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

	2023	2022
	%	%
Discount rate	5.60	4.80
Future salary increases	3.00	2.50

Notes to the
Financial Statements (continued)

For the Year Ended June 30, 2023

15. INTEREST BEARING LOANS AND BORROWINGS

	THE GROUP		THE COMPANY	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Current				
Bank overdraft (Note 30)	7,113	42,659	-	36,078
Bank loans (Note (b))	23,636	25,266	26,012	8,958
Lease liabilities (Note (a))	29,845	41,719	466	5,774
	60,594	109,644	26,478	50,810
Non-current				
Bank loans (Note (b))	183,494	201,961	185,209	181,152
Lease liabilities (Note (a))	250,144	271,435	1,952	-
	433,638	473,396	187,161	181,152
Total interest bearing loans and borrowings	494,232	583,040	213,639	231,962

(a) Lease Liabilities

Lease liabilities - minimum lease payments:

	THE GROUP		THE COMPANY	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Within one year	51,267	60,966	603	5,966
Later than one year and not later than two years	51,010	50,284	603	-
Later than two years and not later than five years	147,806	135,074	1,583	-
Later than five years	122,831	159,235	-	-
	372,914	405,559	2,789	5,966
Future finance charges on leases	(92,925)	(92,405)	(371)	(192)
Present value of lease liabilities	279,989	313,154	2,418	5,774

Notes to the
Financial Statements (continued)

For the Year Ended June 30, 2023

15. INTEREST BEARING LOANS AND BORROWINGS (continued)

(a) Lease Liabilities (continued)

The present value of lease liabilities may be analysed as follows:

	THE GROUP		THE COMPANY	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Within one year	29,845	41,719	466	5,774
Later than one year and not later than two years	32,065	33,156	495	-
Later than two years and not later than five years	106,699	96,346	1,457	-
Later than five years	111,380	141,933	-	-
	279,989	313,154	2,418	5,774

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	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Loan repayable:				
-Within one year	23,636	25,266	26,012	8,958
-After one year and before two years	86,955	40,615	89,568	24,293
-After two years and before five years	68,688	109,703	67,791	105,216
-After five years	27,851	51,643	27,850	51,643
	207,130	227,227	211,221	190,110

Denomination	Effective interest rate	Maturity	THE GROUP		THE COMPANY	
			2023	2022	2023	2022
			Rs. '000	Rs. '000	Rs. '000	Rs. '000
MUR	Fixed rate 1.5%	Sep-24	37,501	37,501	37,500	37,500
MUR	Fixed rate 1.5%	Sep-24	25,550	34,736	25,550	-
GBP	Fixed rate 2.5%	Dec-26	1,999	2,380	-	-
MUR	PLR	Sep-27	21,395	24,610	21,395	24,610
MUR	PLR	Jun-30	120,685	128,000	120,685	128,000
MUR	Fixed Rate 6.65%	Jun-25	-	-	6,091	-
Total bank loans			207,130	227,227	211,221	190,110

Notes to the
Financial Statements (continued)

For the Year Ended June 30, 2023

15. INTEREST BEARING LOANS AND BORROWINGS (continued)

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

	THE GROUP		THE COMPANY	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
At July 01,	227,227	308,328	190,110	305,387
Proceeds from long term borrowings	-	83,000	-	83,000
Loans assigned from related company	-	66,478	-	26,478
Transfer from Other Liabilities (Note 16)	-	-	43,582	-
Repayment long term borrowings	(20,236)	(230,332)	(22,471)	(224,755)
Exchange differences	139	(247)	-	-
At June 30,	207,130	227,227	211,221	190,110

16. OTHER LIABILITIES

	THE GROUP		THE COMPANY	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
At July 1,			43,582	-
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)
Transfer to loans and borrowings (Note 15)	-	-	(43,582)	-
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 administration in the preceding year, the Company recognised a provision for financial liability in respect of various guarantees given on behalf of the subsidiary. Following the watershed meeting of 17 December 2021 and the subsequent execution of the Deed of Company Arrangement (DoCA), these guarantees were crystallised as an actual liability of the Company.

Notes to the
Financial Statements (continued)

For the Year Ended June 30, 2023

16. OTHER LIABILITIES (continued)

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 of the previous financial year 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 were recognised as “Other Liabilities” until completion of registration formalities and transferred under the name of the Company following which they have been classified as “Interest-bearing loans and borrowings”. From a group perspective, these are already classified as “Interest-bearing loans and borrowings”. The transfer from other liabilities to Interest-bearing loans and borrowings have been made during the current year.

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.

The movement on these obligations were as follows:

	THE GROUP		THE COMPANY	
	2023	2022	2023	2022
	Rs.‘000	Rs.‘000	Rs.‘000	Rs.‘000
At July 01,	-	-	43,582	-
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)
Transfer to loans and borrowings	-	-	(43,582)	-
At June 30,	-	-	-	43,582

17. TRADE AND OTHER PAYABLES, AND CONTRACT LIABILITIES

	THE GROUP		THE COMPANY	
	2023	2022	2023	2022
	Rs.‘000	Rs.‘000	Rs.‘000	Rs.‘000
Trade and other payables				
Trade payables (Note (i))	44,800	53,262	14,343	21,684
Accruals and other payables (Note (ii))	140,025	154,765	82,243	74,511
Due to fellow subsidiaries (Note 31)	5,666	15,858	-	1
Due to group companies (Note 31)	-	-	45,773	81,792
	190,491	223,885	142,359	177,988
Analysed as follows:				
Non-current trade and other payables	15,173	13,699	-	-
Current trade and other payables	175,318	210,186	142,359	177,988
	190,491	223,885	142,359	177,988
Contract liabilities (Note (iv))	3,532	2,357	-	-

Notes to the
Financial Statements (continued)

For the Year Ended June 30, 2023

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

(i) Trade and other payables are non-interest bearing and are normally settled in the next financial year.

The non-current portion relates 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 Rs 27M (2022: Rs 590K) was recognised as revenue.

18. TAXATION

(a) Income tax expense for the year

	THE GROUP		THE COMPANY	
	2023	2022	2023	2022
	Rs.‘000	Rs.‘000	Rs.‘000	Rs.‘000
Income tax charge*	28,363	48,559	4,760	27,557
Under / (over) provision of tax in previous year	1,353	(658)	-	-
Deferred tax movement (Note 8(a))	(14,951)	27,283	(1,134)	25,675
Income tax charged	14,765	75,184	3,626	53,232

*In prior year 30 June 2022, withholding tax amounting to Rs 46.9m for the Group and Rs 27.6m for the Company were presented on a separate line and this year it is shown under Income tax charge.

Notes to the
Financial Statements (continued)

For the Year Ended June 30, 2023

18. TAXATION (continued)

(a) Income tax expense for the year (continued)

Reconciliation between tax expense and accounting profit is as follows:

	THE GROUP		THE COMPANY	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Profit before tax	118,113	177,563	91,813	217,134
Tax calculated at the rate of 17% (2022: 17%)	20,079	30,186	15,608	36,913
Effect of different tax rates (Note (i))	(1,861)	(3,400)	-	-
Add expenses not deductible for tax purposes (Note (ii))	2,205	15,026	816	13,113
Exempt income (Note (iv))	(1,076)	163	(17,449)	(20,966)
Under / (over) provision of tax in previous year	1,353	(658)	-	-
Deferred tax assets not recognised	986	7,310	-	-
Utilisation of unused of tax losses (Note (iii))	(727)	(1,000)	-	(3,385)
Under provision of deferred tax asset in previous years	(10,954)	-	(109)	-
Irrecoverable Withholding tax (Note (v))	4,760	27,557	4,760	27,557
Income tax charged	14,765	75,184	3,626	53,232

- (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 of two subsidiaries, for which carried forwards losses were not recognised in previous years.
- (iv) Exempt income consists of dividends income from domestic companies as well as partial exempt income of taxable income of one overseas subsidiary.
- (v) Withholding tax arise on the management fee charged to overseas hotels in Reunion Island and Maldives and for which the Group/Company has not been able to claim foreign tax credit.

Notes to the
Financial Statements (continued)

For the Year Ended June 30, 2023

18. TAXATION (continued)

(b) Income tax liability

	THE GROUP		THE COMPANY	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
At 1 July	1,972	970	-	-
Charge for the year*	28,363	48,559	4,760	27,557
Under / (over) provision of tax in previous year	1,353	(658)	-	-
Income tax paid	(25,050)	(46,899)	(4,760)	(27,557)
Exchange difference	153	-	-	-
At 30 June	6,791	1,972	-	-

*In prior year 30 June 2022, withholding tax amounting to Rs 46.9m for the Group and Rs 27.6m for the Company were presented on a separate line and this year it is shown under charge for the year.

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 12 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.

Notes to the
Financial Statements (continued)

For the Year Ended June 30, 2023

19. LEASES (continued)

(a) Right of use assets (continued)

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, 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
Addition	-	-	-	-	3,000	3,000
Re-measurement of ROU assets*	8,769	-	-	-	-	8,769
Derecognised on termination**	(37,780)	-	-	(930)	-	(38,710)
Exchange difference	403	-	-	10	-	413
At June 30, 2023	286,580	5,446	4,161	4,018	3,000	303,205
AMORTISATION						
At July 1, 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
Charge for the year	39,006	1,038	543	496	300	41,383
Derecognised on termination**	(29,853)	-	-	(604)	-	(30,457)
Exchange difference	274	-	-	6	-	280
At June 30, 2023	65,949	1,439	846	715	300	69,249
NET BOOK VALUE						
At June 30, 2023	220,631	4,007	3,315	3,303	2,700	233,956
At June 30, 2022	258,666	5,045	3,858	4,121	-	271,690

*Re-measurement of right of use assets has arisen upon revision of fixed rental of SALT Hospitality Ltd, in line with CPI and as per agreement

**Termination has arisen on cancellation of the long term lease agreement of the Singapore office, with the subsequent disposal of the building improvements, furnitures and other equipment to the landlord.

Notes to the
Financial Statements (continued)

For the Year Ended June 30, 2023

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, 2021	20,190	800	-	20,990
Transfer to PPE (Note 4)	-	(800)	-	(800)
At June 30, 2022	20,190	-	-	20,190
Addition	-	-	3,000	3,000
At June 30, 2023	20,190	-	3,000	23,190
AMORTISATION				
At July 1, 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	-	-	15,141
Charge for the year	5,049	-	300	5,349
At June 30, 2023	20,190	-	300	20,490
NET BOOK VALUE				
At June 30, 2023	-	-	2,700	2,700
At June 30, 2022	5,049	-	-	5,049

Notes to the
Financial Statements (continued)

For the Year Ended June 30, 2023

19. LEASES (continued)

(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	
	2023	2022	2023	2022
	Rs.‘000	Rs.‘000	Rs.‘000	Rs.‘000
At July 1,	313,154	15,728	5,774	11,196
New leases during the year	3,000	16,426	3,000	-
Assignment of lease liabilities	-	12,102	-	-
Accretion of interest	22,361	10,893	244	531
Payments	(59,769)	(38,351)	(6,600)	(5,953)
On termination of leases	(7,655)	-	-	-
On business combination (Note 20)	-	296,073	-	-
Re-measurement of lease obligations	8,769	-	-	-
Exchange difference	127	283	-	-
As at June 30,	279,987	313,154	2,418	5,774

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

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

	THE GROUP		THE COMPANY	
	2023	2022	2023	2022
	Rs.‘000	Rs.‘000	Rs.‘000	Rs.‘000
Amortisation of right-of-use assets	41,383	29,246	5,349	5,196
Interest expense on lease liabilities	22,361	10,893	244	531
Expenses relating to leases of low-value assets (included in administrative expenses)	11,307	3,533	-	-
Total net amount recognised in profit or loss	75,051	43,672	5,593	5,727

Notes to the
Financial Statements (continued)

For the Year Ended June 30, 2023

19. LEASES (continued)

(b) Lease liabilities (continued)

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

	THE GROUP		THE COMPANY	
	2023	2022	2023	2022
	Rs.‘000	Rs.‘000	Rs.‘000	Rs.‘000
Lease liability principal portion payments	(37,408)	(27,458)	(6,356)	(5,422)
Interest on lease liabilities	22,361	10,893	244	531
Short term/ low value operating lease payments	11,307	3,533	-	-
Total cash outflows	(3,740)	52,777	(6,112)	6,484

The Group had one lease contract that includes extension option through 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 reasonably 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	
	2023	2022	2023	2022
	Rs.‘000	Rs.‘000	Rs.‘000	Rs.‘000
More than five years				
Extension option expected not to be exercised	605,148	542,219	-	-

20. BUSINESS COMBINATION

SALT Hospitality Ltd, a subsidiary company went under voluntary administration on 19 February 2021 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 execution, 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 deed 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:

Notes to the
Financial Statements (continued)

For the Year Ended June 30, 2023

20. BUSINESS COMBINATION (continued)

	THE GROUP
<u>Fair value recognised on acquisition</u>	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 Rs 38.6m, representing gross contractual receivable of Rs 39.7m. The Group considers it unlikely that Rs 1.1m of the contractual receivable will ultimately be collected.

From the date of acquisition, SHL contributed Rs 73.8m of revenue and posted a loss before tax of Rs 23.4m from its operation. If the combination had taken place at the beginning of the financial year 2022, the Group revenue for FY 2022 would have increased by Rs 127.2m with a loss from operation of Rs 41.3m before tax.

Notes to the
Financial Statements (continued)

For the Year Ended June 30, 2023

21. REVENUE FROM CONTRACTS WITH CUSTOMERS

	THE GROUP		THE COMPANY	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Hotel services- management and brand fees	720,940	849,869	523,577	640,944
Hotel operations and others*	244,471	80,231	-	-
Technical services fees	1,400	3,568	1,400	3,568
	966,811	933,668	524,977	644,512
*Others include revenue from Café Lux for Café services provided.				
Timing of revenue recognition				
- Products and services transferred at a point in time	42,665	36,119	38,833	33,107
-Products and services transferred over time	924,146	897,549	486,144	611,405
	966,811	933,668	524,977	644,512
Primary geographical market				
-Mauritius	669,512	367,659	441,536	291,958
-Maldives	187,173	465,440	-	272,256
-Reunion	77,922	70,730	77,922	70,730
-China	26,684	20,271	-	-
-Others	5,520	9,568	5,520	9,568
	966,811	933,668	524,978	644,512

22. COST OF INVENTORIES

	THE GROUP		THE COMPANY	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Food, beverages and room supplies	38,408	18,625	-	-

Notes to the
Financial Statements (continued)

For the Year Ended June 30, 2023

23. OTHER OPERATING INCOME

	THE GROUP		THE COMPANY	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Dividend income	-	-	110,517	123,608
Government Grant- GWAS	64	10,577	64	10,498
Foreign exchange gains	7,575	8,512	2,549	8,342
Gain on contract assets	-	22,386	-	22,386
Insurance proceeds	22,000	-	22,000	-
Refund of administrative and logistics cost	31,994	24,331	11,466	12,186
Others **	2,136	5,311	525	490
	63,769	71,117	147,121	177,510

** Others include recharged for administrative costs to a related company as mutually agreed by the relevant parties.

24. EMPLOYEE BENEFIT EXPENSES

	THE GROUP		THE COMPANY	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Wages and salaries	405,936	432,784	172,072	184,401
Social security costs	20,638	19,294	8,744	7,739
Pension costs:				
-Defined contribution scheme	9,955	6,535	7,870	7,558
-Defined benefit scheme (Note 14 (e))	319	1,008	319	1,008
-Other retirement benefit (Note 14 (q))	2,200	1,225	2,072	1,109
	439,048	460,846	191,077	201,815

25. DEPRECIATION AND AMORTISATION

	THE GROUP		THE COMPANY	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Depreciation on property, plant and equipment	14,630	11,620	2,942	3,255
Amortisation of Right of use assets	41,383	29,246	5,349	5,196
Amortisation of intangible assets	1,744	3,571	1,737	3,033
	57,757	44,437	10,028	11,484

Notes to the
Financial Statements (continued)

For the Year Ended June 30, 2023

26. EXPECTED CREDIT LOSS ALLOWANCE

	THE GROUP		THE COMPANY	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Movement on ECL for trade debtors	(3,725)	(12,591)	(2,000)	(14,794)
Movement on ECL for other receivables	402	(94,427)	-	(89,641)
Movement on ECL for financial guarantee contracts	-	30,762	-	30,762
Loan and current account with related company written off	-	110,103	-	110,103
	(3,323)	33,847	(2,000)	36,430

27. OTHER OPERATING EXPENSES

	THE GROUP		THE COMPANY	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Utilities	16,066	8,092	2,415	2,460
Motor vehicle running expenses	7,598	10,070	6,359	9,048
Repairs and maintenance	12,551	11,824	5,540	5,921
Printing, postage and stationeries	4,300	1,576	2,894	1,155
Marketing expenses	142,747	94,464	151,640	93,481
Project costs	10,038	9,025	4,847	3,420
IT and communication expenses	33,243	24,319	28,396	23,082
Professional fees	13,159	7,989	4,859	10,346
Direct operating expenses	28,227	-	-	-
Bank commissions and charges	7,907	3,798	1,616	1,530
Refund regional office costs	-	-	127,599	146,551
Insurance	5,449	2,529	3,121	1,024
Director fee	9,946	10,137	9,946	2,799
Overseas travelling	13,873	9,159	6,021	1,551
Security expenses	4,770	2,727	3,064	2,605
Low value items and short term leases	11,307	3,533	-	-
Loss on disposal of PPE and asset written off	149	1,161	30	4
Derecognised of lease	598	-	-	-
Sundry expenses	17,175	13,950	7,492	7,823
	339,103	214,353	365,839	312,800

Notes to the
Financial Statements (continued)

For the Year Ended June 30, 2023

28. OPERATING PROFIT

	THE GROUP		THE COMPANY	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
The operating profit for the year is arrived at after <i>crediting:</i>				
Dividend income	-	-	110,517	123,608
<i>and charging:</i>				
Goodwill written off on business combination	-	30	-	-
Loss on disposal of PPE and asset written off	149	1,161	30	4
Depreciation and amortisation of non-current assets	57,757	44,437	10,028	11,484
Payment on low value / short term lease expenses	11,307	3,533	-	-

29. FINANCE COSTS

	THE GROUP		THE COMPANY	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Interest expense on:				
- Bank overdraft	677	2,322	614	2,125
- Bank loan	9,965	8,263	10,409	7,438
- Other liabilities	-	-	-	781
- Others (Note (a))	1,474	678	-	-
- Finance charges on leases	22,361	10,893	244	214
Foreign exchange losses	6,997	3,197	4,074	2,040
Cash flow hedge released to profit or loss on repayment of loan	-	29,761	-	29,761
	41,474	55,114	15,341	42,359

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.

Notes to the
Financial Statements (continued)

For the Year Ended June 30, 2023

30. NOTES TO THE STATEMENT OF CASH FLOWS

	THE GROUP		THE COMPANY	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
(a) Cash and cash equivalents				
Bank overdraft (Note 15)	(7,113)	(42,659)	-	(36,078)
Cash in hand and at bank	135,122	102,923	84,777	93,120
	128,009	60,264	84,777	57,042

The undrawn borrowing facilities held at year end relate to Rs 50m (2022: Rs 50m) on bank overdraft and Rs 128m (2022: Rs 122m) on term loan. There are no restrictions on the undrawn borrowing facilities.

31. RELATED PARTY DISCLOSURES

	THE GROUP		THE COMPANY	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Related party transactions are as follows:				
<i>Purchases of goods or services</i>				
Subsidiaries	-	-	154,131	150,169
Entities over which directors have control/significant influence	16,614	8,256	7,791	7,890
<i>Sales of goods or services</i>				
Subsidiaries	-	-	16,495	4,531
Fellow subsidiaries	667,481	535,810	480,308	339,143
<i>Other income (dividend income)</i>				
Subsidiaries	-	-	110,517	123,608
<i>Amounts payable to related companies</i>				
Subsidiaries	-	-	45,773	81,792
Fellow subsidiaries	5,666	15,858	-	1
<i>Amounts receivable from related companies</i>				
Subsidiaries	-	-	69,310	62,229
Fellow subsidiaries	57,013	118,249	46,439	104,983
<i>Compensation to key management personnel</i>	159,607	193,339	47,747	43,735

Notes to the
Financial Statements (continued)

For the Year Ended June 30, 2023

31. RELATED PARTY DISCLOSURES (continued)

- (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 0.4m (2022: Rs 0.6m).
- (e) An impairment provision of Rs 10.5m (2022: Rs 10.5m) has been recognised on balances receivable from subsidiary companies.

32. EARNINGS PER SHARE

	THE GROUP	
	2023	2022
	Rs. '000	Rs. '000
Profit for the year	103,348	102,379
Average number of ordinary shares during the year	232,170,133	232,170,133
Total earnings per share - Basic	0.45	0.44

No other class of shares or conversion options exist that have any dilutive effect on the weighted average number of shares.

33. CONTINGENT LIABILITIES

The Group and The Company

- (a) Bank guarantees amounting to Rs 1.7m as at June 2023 (2022: Rs 1.7m) 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.

The Company

- (b) Bank guarantees of up to Rs 5m as at 30 June 2023 (2022: Rs 5m) 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 Rs 346m as at 30 June 2023 (2022: Rs 354m).
- (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.

Notes to the
Financial Statements (continued)

For the Year Ended June 30, 2023

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.

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 remains unchanged from previous years.

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	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Debt (i)	494,232	583,040	213,639	275,544
Cash in hand and at bank	(135,122)	(102,923)	(84,777)	(93,120)
Net debt	359,110	480,117	128,862	182,424
Equity (ii)	69,518	(14,992)	95,326	30,208
Total equity plus debt	428,628	465,125	224,188	212,632
Gearing ratio	84%	103%	57%	86%

(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.

Notes to the
Financial Statements (continued)

For the Year Ended June 30, 2023

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Categories of financial instruments

	THE GROUP		THE COMPANY	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<u>Financial assets</u>				
Financial assets at fair value through OCI	4	4	-	-
Financial assets at amortised cost	274,684	248,848	249,956	256,931
	274,688	248,852	249,956	256,931
<u>Financial liabilities</u>				
Financial guarantee contracts	-	-	-	-
Financial liabilities at amortised cost	661,347	786,810	343,781	441,289
	661,347	786,810	343,781	441,289

Financial assets at amortised cost consist of all financial assets except investment at fair value.

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.

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.

Notes to the
Financial Statements (continued)

For the Year Ended June 30, 2023

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

The currency profile of the financial assets and financial liabilities at 30 June 2023 and 2022 is as follows:

	THE GROUP		THE COMPANY	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
30 June 2023				
Euro	50,488	-	24,089	-
US\$	52,703	22,320	44,007	13,944
GBP	15,235	5,444	10,995	7,970
Mauritian Rupee	142,278	631,185	140,017	300,041
Others	13,984	2,398	30,848	21,827
Total	274,688	661,347	249,956	343,782
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

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.

Notes to the
Financial Statements (continued)

For the Year Ended June 30, 2023

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

	THE GROUP		THE COMPANY	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
EURO				
Effect on profit	2,524	3,303	1,204	3,035
Effect on equity	2,524	3,303	1,204	3,035
US\$				
Effect on profit	1,519	1,417	1,503	3,666
Effect on equity	1,519	1,417	1,503	3,666
GBP				
Effect on profit	490	(56)	151	(96)
Effect on equity	490	(56)	151	(96)

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 profit 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 profit before tax and equity for the Group by Rs 1,491,928 (2022: Rs 1,952,700) and for the Company by Rs 1,420,798 (2022: Rs 1,886,880)

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.

Notes to the
Financial Statements (continued)

For the Year Ended June 30, 2023

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

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. Management deems it to be appropriate to adjust ratings and the probabilities of default on a collective basis, considering risk characteristics such as the industry or geographical location of the borrowers.

The trade and other receivable exposure to credit risk is set out below:

THE GROUP						
30 June 2023	Total	Current	< 30 days	< 60 days	< 90 days	> 90 days
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Expected credit loss rate	8%	0%	0%	2%	2%	54%
Carrying amount	88,654	53,794	14,309	3,718	3,309	13,524
Expected credit loss	7,466	15	18	88	61	7,284
30 June 2022	Total	Current	< 30 days	< 60 days	< 90 days	> 90 days
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Expected credit loss rate	8%	0%	0%	0%	0%	28%
Carrying amount	141,640	78,303	7,020	6,846	7,583	41,888
Expected credit loss	11,570	-	-	-	-	11,570
THE COMPANY						
30 June 2023	Total	Current	< 30 days	< 60 days	< 90 days	> 90 days
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Expected credit loss rate	9%	0%	0%	0%	0%	22%
Carrying amount	125,565	50,289	11,148	4,855	9,334	49,939
Expected credit loss	10,944	-	-	-	-	10,944
30 June 2022	Total	Current	< 30 days	< 60 days	< 90 days	> 90 days
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	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

Notes to the
Financial Statements (continued)

For the Year Ended June 30, 2023

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 30 June 2023 and 2022 respectively and the corresponding historical credit losses experienced within this period. As at year end, the historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP of the country in which it sells its goods to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors. The changes in the loss rate are reflective of the history of defaults.

Cash and cash equivalents 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 Company 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 tables below summarises the maturity profile of the Group/company financial assets and liabilities at the reporting date based on contractual undiscounted repayment obligations.

Financial Liabilities	THE GROUP						
	Weighted average effective interest rate	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
	%	Rs.’000	Rs.’000	Rs.’000	Rs.’000	Rs.’000	Rs.’000
30 June 2023							
Non-interest bearing liabilities	-	151,942	-	-	15,173	-	167,115
Fixed rate instruments (Note 15)	6.39%	4,402	8,803	39,620	263,482	122,831	439,138
Variable rate instruments (Note 15)	5.60%	7,597	967	30,440	113,185	32,537	184,726
		163,941	9,770	70,060	391,840	155,368	790,979
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

Notes to the
Financial Statements (continued)

For the Year Ended June 30, 2023

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

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. For long-term loans and borrowings, valuation technique used is the present value of future cash flows, with discount rate being at market rate.

Liquidity and interest risk tables

Financial Liabilities	THE COMPANY						
	Weighted average effective interest rate	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
	%	Rs.’000	Rs.’000	Rs.’000	Rs.’000	Rs.’000	Rs.’000
30 June 2023							
Non-interest bearing liabilities		130,142	-	-	-	-	130,142
Fixed rate instruments (Note 15)	2.18%	366	736	3,391	68,476	-	72,969
Variable rate instruments (Note 15)	5.77%	484	967	30,440	113,185	32,537	177,613
		130,992	1,703	33,831	181,661	32,537	380,724
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

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. For long-term loans and borrowings, valuation technique used is the present value of future cash flows, with discount rate being at market rate.

Notes to the
Financial Statements (continued)

For the Year Ended June 30, 2023

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Fair value of financial instruments (Continued)

A summary of the carrying amounts and fair values of the financial instruments at 30 June 2023 and 30 June 2022 are as follows:

THE GROUP					
Fair value hierarchy	2023		2022		
	Carrying value	Fair value	Carrying value	Fair value	
	Rs.‘000.	Rs.‘000.	Rs.‘000.	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	139,563	139,563	145,925	145,925
Cash in hand and at banks	Level 2	135,122	135,122	102,923	102,923
		274,689	274,689	248,852	248,852
Financial liabilities:					
Interest-bearing loans and borrowings	Level 2	494,232	494,232	583,040	583,040
Trade and other payables	Level 2	167,115	167,115	217,469	217,469
		661,347	661,347	800,509	800,509

THE COMPANY					
Fair value hierarchy	2023		2022		
	Carrying value	Fair value	Carrying value	Fair value	
	Rs.‘000.	Rs.‘000.	Rs.‘000.	Rs.‘000.	
Financial assets:					
Trade and other receivables	Level 2	165,179	165,179	163,811	163,811
Cash in hand and at banks	Level 2	84,777	84,777	93,120	93,120
		249,956	249,956	256,931	256,931
Financial liabilities:					
Interest-bearing loans and borrowings	Level 2	213,639	213,639	231,962	231,962
Trade and other payables	Level 2	130,142	130,142	165,745	165,745
		343,781	343,781	397,707	397,707

Notes to the
Financial Statements (continued)

For the Year Ended June 30, 2023

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Fair value of financial instruments (Continued)

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.

Deposits and prepayments have been excluded from trade and other receivables

Accrued charges and VAT payable have been excluded from Financial liabilities.

There has been no transfers between the hierarchy levels in the current and prior year.

36. EVENTS AFTER THE REPORTING DATE

At the general meeting of the Company on June 13, 2023, the shareholders approved the resolution for the re-domiciliation of the Company in another jurisdiction. The procedures for the re-domiciliation have been initiated and were still in process at the time of this report.



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 30th November 2023 at 14h00 with the following agenda:

Resolutions

- To receive, consider and adopt the audited financial statements for the year ended 30th June 2023, including the Annual Report and the Auditors’ Report.
- To re-elect Mr Arnaud Lagesse as Director of the Company **
- To re-elect Mr Paul Jones as Director of the Company, as per section 138 (6) of the Companies Act 2001 **
- To re-elect Mr Scott Woroch as Director of the Company **
- To re-elect Mr Alexis Harel as Director of the Company **
- To re-elect Mr Jean de Fondaumière as Director of the Company, as per section 138 (6) of the Companies Act 2001 **
- To re-elect Mr Hans Olbertz as Director of the Company, as per section 138 (6) of the Companies Act 2001 **
- To re-elect Mr David Amsellem as Director of the Company **
- To re-elect Mrs Diya Nababsing-Jetshan as Director of the Company **
- To elect Mr Deodass Poolovadoo as Director of the Company **
- To ratify the remuneration paid to the auditors for the year ended 30th June 2023
- To reappoint Messrs Ernst & Young as the auditors under Section 200 of the Companies Act 2001 and to authorise the Board to fix their remuneration
- To ratify the remuneration of the Non-Executive Directors for the year ended 30th June 2023 and to approve the remuneration of the Non-Executive Directors for the year ended 30th June 2024

By Order of the Board

IBL Management Ltd
Company Secretary

26th October 2023

**** - Biography of the directors can be found at pages 10 to 14.**

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

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

A proxy form is included in this 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 31st October 2023.

Proxy Form

I/We of
being a shareholder of The Lux Collective Ltd hereby appoint
of or failing him/her, the Chairperson of the Meeting as my / our proxy to vote for me / us on my / our behalf at the Annual Meeting of Shareholders of the Company to be held at Cyril Lagesse Auditorium, 1st Floor, IBL House, Caudan Waterfront, Port Louis on Thursday 30th November 2023 commencing at 14hrs 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 receive, consider and adopt the audited financial statements for the year ended 30 th June 2023, including the Annual Report and the Auditors’ Report.			
2.	To re-elect Mr Arnaud Lagesse as Director of the Company			
3.	To re-elect Mr Paul Jones as Director of the Company, as per section 138 (6) of the Companies Act 2001			
4.	To re-elect Mr Scott Woroch as Director of the Company			
5.	To re-elect Mr Alexis Harel as Director of the Company			
6.	To re-elect Mr Jean de Fondaumière as Director of the Company, as per section 138 (6) of the Companies Act 2001			
7.	To re-elect Mr Hans Olbertz as Director of the Company, as per section 138 (6) of the Companies Act 2001			
8.	To re-elect Mr David Amsellem as Director of the Company			
9.	To re-elect Mrs Diya Nababsing-Jetshan as Director of the Company			
10.	To elect Mr Deodass Poolovadoo as Director of the Company			
11.	To ratify the remuneration paid to the auditors for the year ended 30 th June 2023			
12.	To reappoint Messrs Ernst & Young as the auditors under Section 200 of the Companies Act 2001 and to authorise the Board to fix their remuneration			
13.	To ratify the remuneration of the Non-Executive Directors for the year ended 30 th June 2023 and to approve the remuneration of the Non-Executive Directors for the year ended 30 th June 2024			

Signed this Signature

Registered Office - 58, Pierre Simonet Street Floreal

