NEW MAURITIUS HOTELS LIMITED

Integrated ANNUAL REPORT 2019

BEACHCOMBER
RESORTS & HOTELS

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

our **52** commitments

Dear Valued Shareholders

This Integrated Report comprises a suite of reports, namely the Risk Management Report, the Corporate Governance Report and the Audited Financial Statements, prepared in line with best practice and in accordance with the National Code of Corporate Governance for Mauritius (2016) and the Mauritius Companies Act 2001. It addresses all material matters affecting the Group through its operations in Mauritius, Seychelles and Morocco, and reflects fairly the Group's integrated performance.
The report was approved by the Board of Directors on 19 December 2019.
We look forward to meeting you at our next Annual Meeting to be held on 20 March 2020.

Hector ESPITALIER-NOËL
Chairman
19 December 2019

About OUR REPORT

Towards Integrated Reporting

The Integrated Annual Report 2019 of the NMH Group was developed to communicate with the providers of financial capital while taking into consideration the needs of all our stakeholders. We have therefore produced a set of reports embedding the guiding principles and fundamental concepts contained in the International Integrated Reporting Council ("IIRC") framework.

Forward-Looking Statements

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

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

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

Feedback

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

Board Responsibility Statement

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

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

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Glossary OF TERMS

AMS	Annual Meeting of Shareholders
ARC	Audit and Risk Committee
ARR	Average Room Revenue
bn	Billion
BHI	Beachcomber Hospitality Investments Ltd
Board	The Board of Directors of NMH
BREEAM	Building Research Establishment Environmental Assessment Method
CDS	Central Depository & Settlement Co. Ltd
CEM	Customer Experience Management
CEO	Chief Executive Officer
CGC	Corporate Governance Committee
CO_2	Carbon dioxide
CSR	Corporate Social Responsibility
DEM	Development Enterprise Market of the SEM
DMC	Destination Management Company
DPA	Data Protection Act
EBITDA	Earnings before Interest, Taxation, Depreciation and Amortisation
EIA	Environmental Impact Assessment
ENL	ENL Limited, a public company incorporated in Mauritius bearing business registration number C06000648 and listed on the Official Market of the SEM
EUR	Euro
FED	Fondation Espoir Développement Beachcomber
FTO	Federation of Tour Operators
FY	Financial year
FY20	9 months' period ending 30 June 2020
GBP	Great Britain Pound sterling
GDPR	General Data Protection Regulation
GNS	Guest Night Spending
GRI	Global Review Index
GRIT	Grit Real Estate Income Group Limited, a public company incorporated in Mauritius bearing business registration number C128881 C1/GBL and listed on the Official Market of the SEM and LSE
HACCP	Hazard Analysis and Critical Control Points
H&S	Health & Safety
HT	High-Tension
IHS	Invest Hotel Scheme
IIRC	International Integrated Reporting Council
ISO	International Organisation for Standardisation
k	Thousand
KPI	Key Performance Indicator
kVA	Kilovolt-ampere
kW	Kilowatt
m	Million
MCB	Mauritius Commercial Bank Limited
MJ	Megajoule
MUR/Rs	Mauritian rupee
MW	Megawatt
NAV	Net Asset Value
NAVPS	Net Asset Value per Share
NGO	Non-Governmental Organisation
NMH, Company or Group	New Mauritius Hotels Limited, a public company incorporated in Mauritius bearing business registration number C06001439 and listed on the Official Market of the SEM
NOI	Net Operating Income
Official Market	Official Market of the SEM
PAT	Profit after Taxation
PDS	Property Development Scheme
PEJ	Projet Employabilité Jeunes
PIE	Public Interest Entity
PNEE	Programme National d'Efficacité Energétique
PV	Photovoltaic
ROE	Return on Equity
Rogers	Rogers and Company Limited, a public company incorporated in Mauritius bearing business registration number C06000706 and listed on the Official Market
ROI	Return on Investment
SEM	Stock Exchange of Mauritius Limited
Semaris	Semaris Ltd, a public company registered in Mauritius, bearing business registration number C18153846 and listed on the DEM
TEQ	Toxic Equivalent Quantity
TO	Tour Operator
TRevPAR	Total Revenue per Available Room
USD	United States dollar
VEFA	Vente en État Futur d'Achèvement

Business OVERVIEW

Chairman's REPORT

Dear Valued Shareholders,

The Board of Directors is pleased to present the Integrated Annual Report 2019 of New Mauritius Hotels Limited for the financial year ended 30 September 2019. The report has been prepared in accordance with the guidelines of the Integrated Reporting Framework published by the International Integrated Reporting Council, the National Code of Corporate Governance for Mauritius (2016) and the Mauritius Companies Act 2001.

Reorganisation of Group assets

During the year, the Group pursued the reorganisation of its assets so that NMH may enhance its focus on its core hospitality activities. As such, the land bank earmarked for property development projects as well as existing entities carrying out real estate activities have been carved out of the Group. These assets were as follows:

(i) the investment in Domaine Palm Marrakech S.A., located in Morocco, for a consideration Rs 2.92bn for the continued development of luxury villas and apartments adjoining the existing residential estate and hotel resort;

(ii) the investment in Kingfisher 3 Limited for a consideration of Rs 675m to develop a property project in Seychelles, which includes conditions similar to the PDS in Mauritius;

(iii) a plot of land of approximately 174 arpents located at Les Salines, Black River for a consideration of Rs 2bn for the purpose of developing the Imperia Golf Estate project under the PDS in partnership with Safran Landcorp; and

(iv) a plot of land of 2 arpents 80 perches to be sold at Rs 100m to Les Salines IHS Limited located at Les Salines, Black River, within the premises of NMH's new 4-star hotel, to develop 56 units under the Invest Hotel Scheme. The construction of IHS units will be financed by revenue obtained from sales made under the VEFA scheme;

To carry out the carve-out, the above assets were initially transferred to Semaris, a fully owned subsidiary of NMH. Further to approval by shareholders, the Company proceeded with a share capital reduction of Rs 3.6bn settled by shares in Semaris. Semaris was listed on the DEM of the SEM on 16 September 2019 and as from 27 September 2019, NMH and Semaris operate as two separate entities with distinct business objectives. For the year under review, all activities relating to the property cluster were treated as discontinued operations.

Reduction in indebtedness and cost of debt

The above transaction has also enabled the Group to further reduce its indebtedness. Part of the proceeds from the sale of land plots to Semaris amounting to Rs 800m has been used to further reduce bank debts, fund capital expenditure and finance the start of work at Sainte Anne Resort in Seychelles. The Group is expected to receive a further amount of Rs 1.2bn upon agreed milestones being reached over the next few years.

In addition, preference shareholders were given a second window for conversion in March 2019. A total of 2,354,503 preference shares, representing 6% of the remaining preference shares in issue, were converted into ordinary shares. In July 2022, the Company will have the option to redeem all outstanding preference shares amounting to Rs 388m at the year end.

The above initiatives combined with treasury management decreased total debt by around Rs 513m year on year and cost of debt reduced by 14 basis points to reach 4.67%.

Rs 157m

Group profit after tax

Update on hotel development projects

Work on the redevelopment of Sainte Anne Resort in Seychelles started in January 2019 and construction is progressing well. The 295-key resort is expected to be delivered to Club Med by September 2020 as planned. The financing for the project, in the form of bonds and bank debt, has been finalised and ring-fenced so that debt repayment will be out of project cash flows only.

We are also pleased to report that work on Les Salines Beachcomber Golf Resort & Spa is expected to start in the coming months. The appeal against our EIA licence has been set aside by the Environment and Land Use Appeal Tribunal. Clearance of the authorities is awaited for the creation of a new wetland, which will be a key feature of our future development at Les Salines.

The planned renovation programme of our resorts follows its course and newly refurbished rooms have become available at Mauricia Beachcomber Resort & Spa, Victoria Beachcomber Resort & Spa, Paradis Beachcomber Golf Resort & Spa and Dinarobin Beachcomber Golf Resort & Spa during the year. A major uplift is being planned for Shandrani Beachcomber Resort & Spa, which will be closed for six months as from May 2020. Continued focus is being placed on revenue management to ensure that the rooms are priced at the appropriate rate to optimise returns.

Dividend payment

We are pleased to report that the Company has maintained the payment of ordinary share dividends in 2019. A dividend of 22 cents per ordinary share was declared during the year, representing a pay-out of Rs 121m. Dividend of 66 cents per preference share was also paid during the year, representing Rs 16m.

As at 30 September 2019, there were 548,982,130 ordinary shares in issue with a market capitalisation of around Rs 7bn. Since that date, the share has appreciated by 4.7% to reach the current price of Rs 13.20. The net asset value per share stands at Rs 16.32.

Sustainability

We are pleased to report that all our hotels and our head office in Mauritius have been awarded the EarthCheck Silver Certification in recognition for the continued progress made in measuring, monitoring and improving our carbon footprint. The Group has launched its Environmental and Social Charter during the year with 52 commitments to contribute to a cleaner, safer and more sustainable planet, including continued support to community partners through the engagement of our Artisans. We reiterate our commitment to eco-responsible practices and continue to encourage all our stakeholders, including guests, to participate in our sustainability projects.

Looking ahead

2019 has been a challenging year with a stagnation in tourist arrivals in Mauritius against the backdrop of a weaker euro and pound sterling and rising labour costs. The Group has nonetheless managed to marginally increase its turnover and profit after tax on account of improved performance in Marrakech.

For the year 2020, the outlook is promising with bookings in hand on the rise compared to the same period last year. The euro and pound sterling have appreciated in the first quarter and combined with the new slightly enhanced rate for the coming year, average room rates and revenue will be boosted. This will partly relieve the pressure on costs, especially with the newly enacted Workers' Rights Act and negotiations with trade unions. The management team is fully cognisant of the challenges ahead and the focus will be to ensure the completion of the Sainte Anne redevelopment project and the successful implementation of further cost efficiency and revenue enhancement initiatives.

Acknowledgement

I would like to thank my fellow Directors for their continued support during the year and also thank the CEO and his team for their commitment to deliver on the objectives set for the Group. I would like to convey my deepest appreciation to the Artisans of the Group for their engagement and dedicated service and to our business partners and shareholders for their trust.

Hector ESPITALIER-NOËL
Chairman
19 December 2019

Value CREATION MAP

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

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

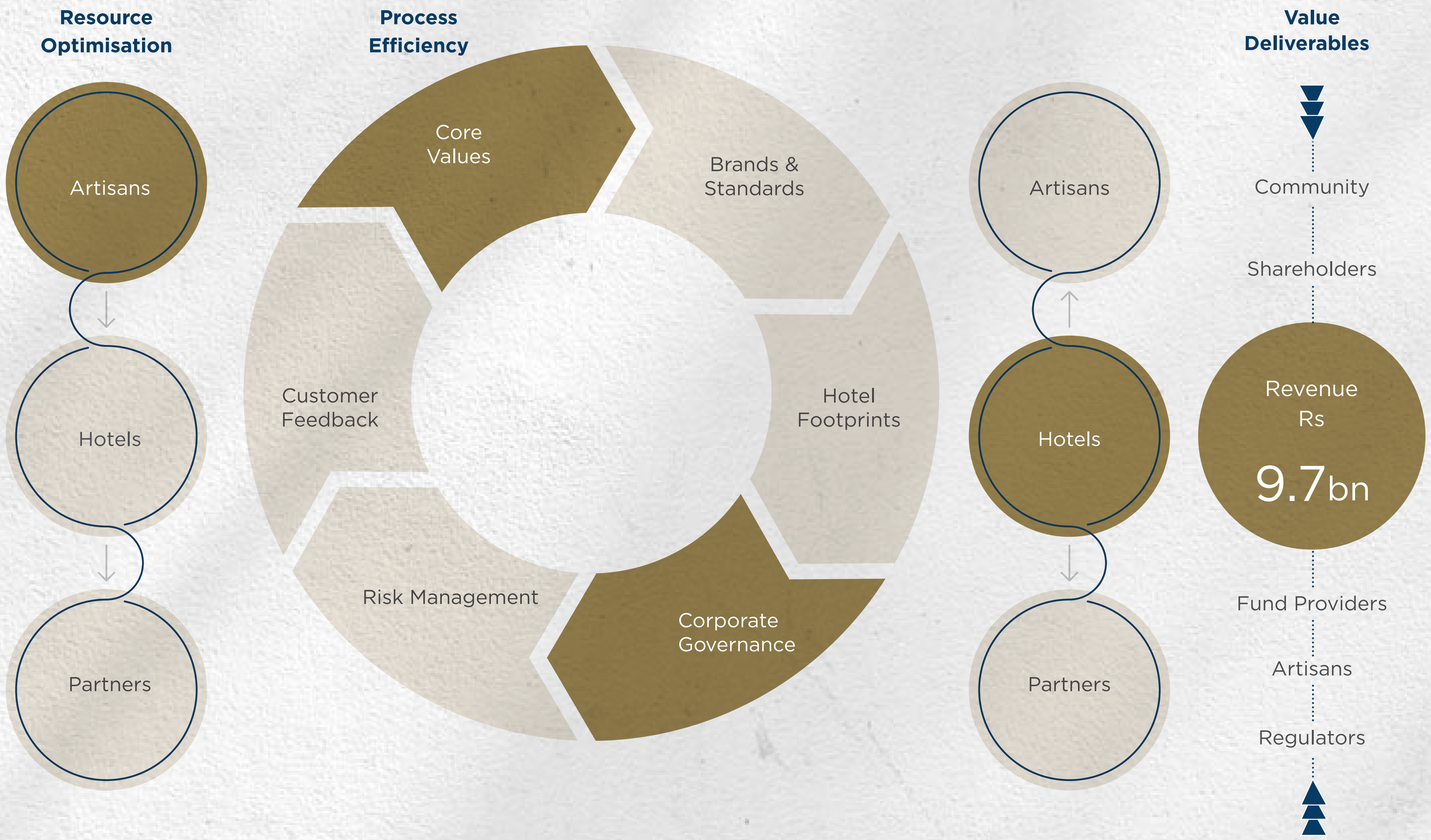
Social Capital
A social touch to our surroundings is also what we bring in. The immediate environment of our hotels forms part of the Beachcomber experience, and therefore demands considerable attention.

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

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

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

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



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

Social Capital
Promoting economic development of local communities.

Youth empowerment.

Natural Capital
Optimisation of our resource usage.

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

Manufactured Capital
Prestigious resorts.

Financial Capital
Superior returns to our stakeholders.

Human CAPITAL

The Beachcomber Human Capital strategy maintains its long-term focus on developing and embedding our Brand Promise, Core Values (Trust; Human; Team Spirit; Mauritian; Innovation; Service; Know-How; and Solidity) and associated behaviours into all relevant initiatives and practices. This has been and will remain essential for achieving lasting competitive advantage through outstanding service coming from the heart and exudes the genuine human kindness of our Artisans.

A concurrent strategic focus going forward will be to further enhance operational efficiency and productivity, to counter or mitigate the impact of escalating operational costs – particularly payroll and related costs – arising from the Workers' Rights Act 2019 and the arbitrator's award rendered on 30 September 2019.

Pursuing the latter without adversely affecting the former will be quite challenging.

2019 ACHIEVEMENTS AND WAY FORWARD

ENGAGEMENT

Engaged Artisans deliver sustainable high-quality service and work in the best interests of the Company.

One of our key actions in 2019 has been the launching of the 'Lavwa Artizan Beachcomber' Engagement Survey, which will henceforth be conducted annually. As a Group, we shall strive to improve and sustain our HiPO (High Performance Organisation) score through actions which will enhance the engagement and motivation of our Artisans.

HiPO Score:	Beachcomber: 81	Hotel Industry (Mtius): 85
Happiness Index:	Beachcomber: 84	Hotel Industry (Mtius): 82

The Artisan of the Month and Year Awards continue to be held and appreciated in our operations and the implementation of an Annual CEO Award and other accolades are being considered.

SELECTION AND RECRUITMENT

Selecting and appointing the right people = enhanced service, performance, productivity and bottom line = Sustainable Human Capital Growth and better efficiency and productivity.

Psychometric tests are increasingly being performed for recruitment and promotion. Improved methods are continuously being researched and it is our aim to integrate our Core Values and Behaviours as major selection criteria in our recruitment and selection processes.

LEARNING AND DEVELOPMENT

Developing our Leaders = more efficient management of resources including Human Resources (productivity, job satisfaction, bottom line) = Sustainable Human Capital.

Our Artisans are our pride. True to our Culture, Values and Brand Promise, the focus has been to equip them with the right tools and skills, stretching their abilities and focusing on performance. The Beachcomber learning experience fully covers five key categories: Technical Skills, Leadership Development, Compliance, IT & Digital Skills and our DNA, The Art of Beautiful.

Our objectives for 2019 have been largely met:

- The Training Academy Beachcomber has and will continue to reinforce its role though the implementation of a pool of internal trainers and mentors, a training passport, a new onboarding programme embracing the Beachcomber DNA and the reinforcement of on-the-job training.

- After a successful pilot project carried out in the previous financial year, the LEAD Management Development Programme in partnership with the Charles Telfair Campus has been officially launched this year. A total of 23 Artisans at middle management level in various departments have graduated after following the course in November 2019. The programme will be repeated with a new batch of Artisans next year.

- A Preferred Partners list has been established whereby all training partners are duly assessed and approved with a view of ensuring sustained and long-term implementation of our learning and development objectives and enabling group-wide transversal agreements.

- The number of MQA-approved courses has increased by 100%, with 51 registered courses at financial year end and our pool of mentors now consists of 37 certified in-house Trainers.

- A proprietary Leadership Development Programme, 'Leading the Beachcomber Way' is being developed in-house.

- Spa & Wellness Training remains a major part of our investment, in partnership with French experts in the field, this year representing 16% of the total number of training hours delivered.

KEY FIGURES - TRAINING

	2019
No. of training courses delivered	169
No of Artisans trained	3,410
Total training hours delivered	73,905
Average training hours per Artisan trained	22

As a key part of our sustained effort to incorporate youth from our community into our talent pools, not less than 150 (57%) PEJ trainees out of the 265 who successfully completed their course have secured a job or training placement in one of our hotels this year.

PERFORMANCE MANAGEMENT

A new Performance Management System will be designed and implemented across the Group over the next two years. The KPIs will be intrinsically linked to our Core Values and the Beachcomber Way.

REMUNERATION

A well-designed and maintained remuneration and reward system drives performance, efficiency and productivity and contributes towards promoting an attractive Employer Brand, thus attracting and retaining talent.

An Individual Performance-Related Bonus Scheme has been implemented for outstanding performers and will gradually replace salary increments.

A new modern bonus system, the 'Performance-Driven Bonus Scheme' has been introduced for Department Heads and other management level employees, whereby the team effort will be rewarded through KPIs (Guests, Artisans, Finance), thus aligning Business Unit management teams with the same objectives. It will be applicable from financial year 2019-2020 and will extend to other categories as well as to the Head Office.

In line with our intention to link performance with rewards, a broad-banded Job Grading Structure for operations has been developed to replace current seniority-based incremental salary scales. During this financial year, operational jobs from NMH Scale 10 and above have been evaluated using the HAY Job Evaluation methodology. The next step is the design of a new Remuneration Structure.

Industrial/Union Relations

An arbitration exercise relating to major remuneration issues between the Company and trade unions, which started in 2016, has now been completed.

The next industrial relations focus will be to negotiate towards a New Collective Agreement.

Policy

Well-thought-out, standardised and constantly adapting Human Capital-related policies known and understood by all mitigate risks and contribute to effectiveness, efficiency and sustainability.

A comprehensive HR Policy Manual has been introduced. This reference document will constantly be updated to reflect the changes in the dynamic legal, industrial relations and strategic environment in which we operate.

NMH has published a Code of Ethics and Conduct that will be disseminated across all levels over the next financial year.

Risks and Responses

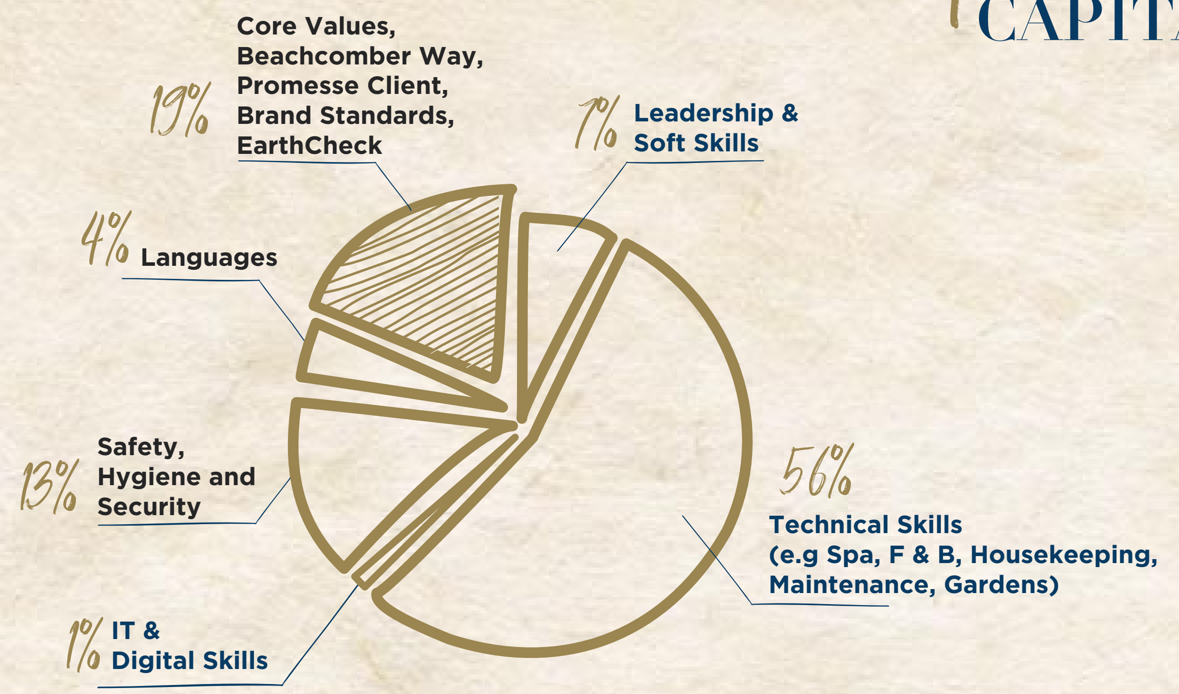
The Human Capital risk areas identified in the 2018 Annual Report, and responses thereto, remain broadly speaking unchanged. Substantial emerging risks will need close attention over the coming years. These relate to a sharp rise in labour costs as a result of the enforcement of the Workers' Rights Act (WRA) 2019 and the Chetty Award 2019. Those cost increases will need to be mitigated via driving enhanced productivity and efficiency throughout. Such drive will have to consider the heavy constraints imposed by the WRA on labour flexibility, as well as the intricate process of Industrial Relations within NMH, a company that has a historically high rate of unionisation within its labour force. This will constitute a major challenge.

"Our Artisans are our pride. True to our Culture, Values and Brand Promise, the focus has been to equip Artisans with the right tools and skills, stretching their abilities and focussing on performance."

Bertrand PIAT,

CHIEF HUMAN RESOURCES OFFICER

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



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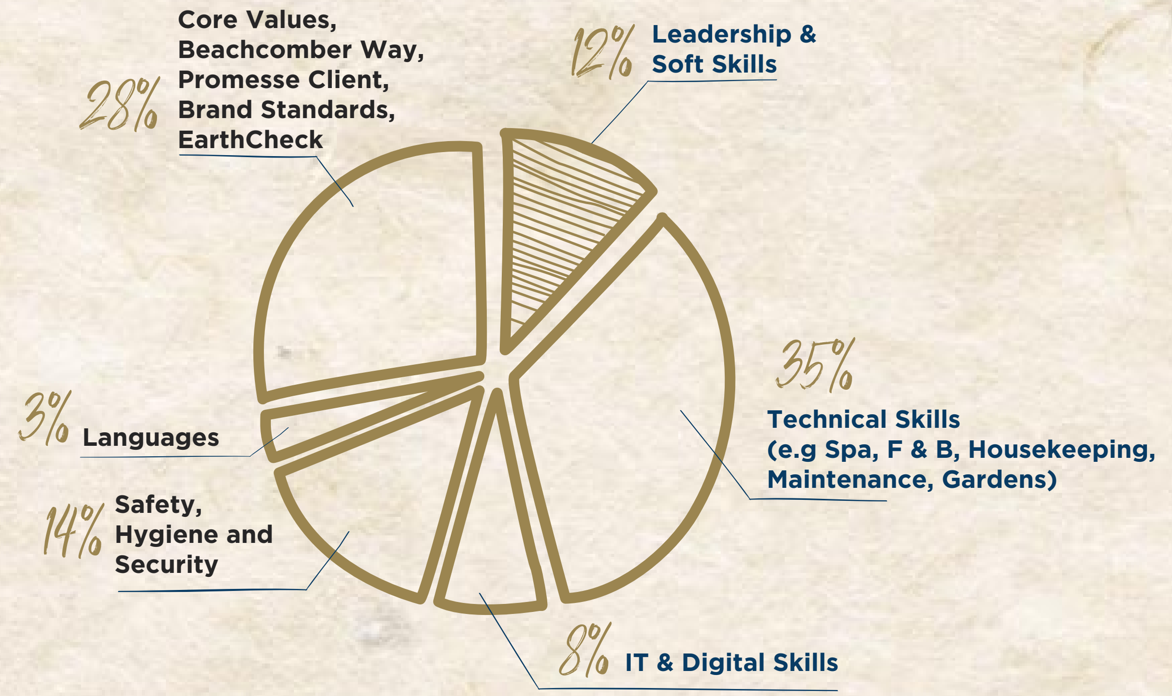
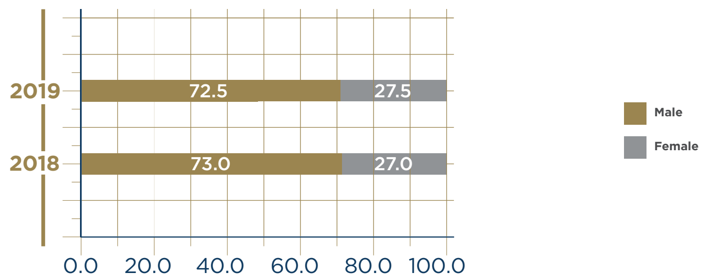
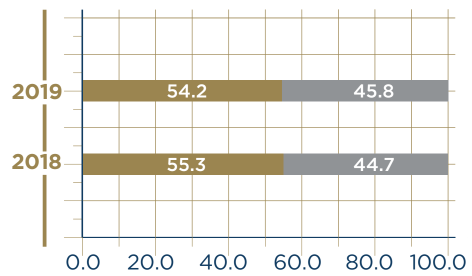


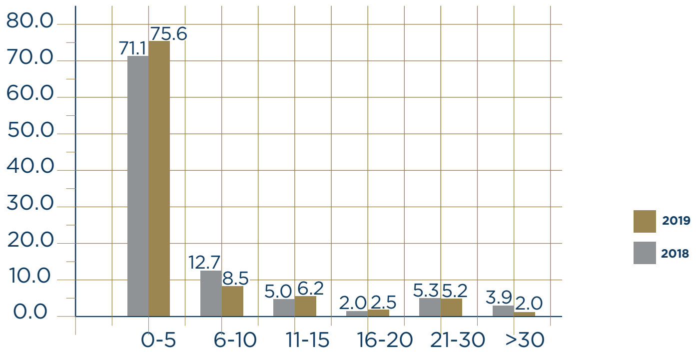
Gender Distribution (%)



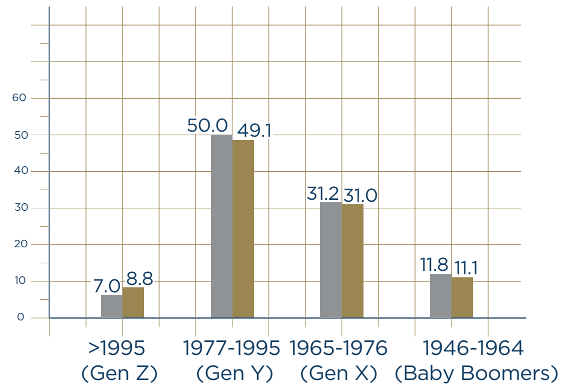
Gender Distribution (%)
Corporate Office



Leavers by Length of Service (%)



Headcount by Generation (%)



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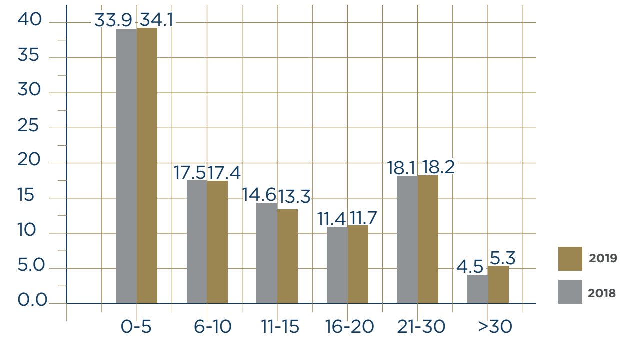
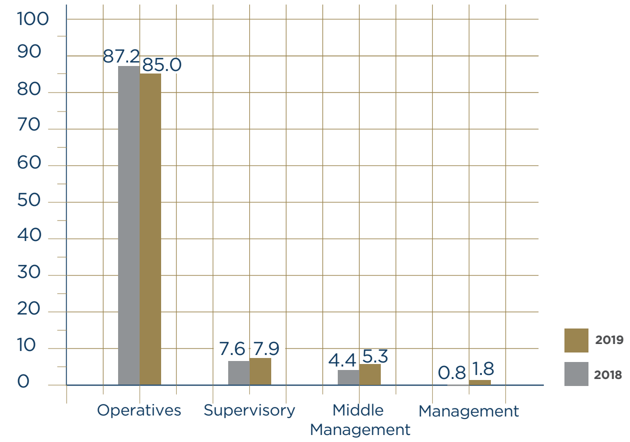
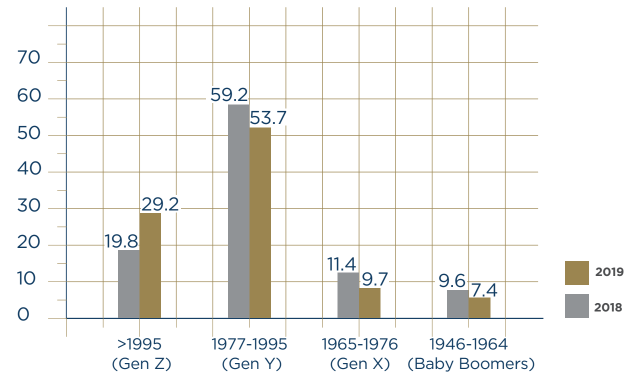


Leavers by Category (%)



Leavers by Generation (%)



Social CAPITAL

1. Presentation of FED

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

- Education and training;
- Health, including the fight against drug abuse and disability;
- Socio-economic development; and
- Conservation and promotion of the natural and cultural heritage of the country.

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

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

2. Projet Employabilité Jeunes

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

Our Artisans play a key role in this project throughout its different phases. First, during the recruitment phase, they advertise the project with youths they know. The Heads of Department of our hotels also give them presentations on the hospitality industry as part of their training. During the placements, some 80 Artisans act as mentors for the youths to facilitate their integration into our hotels, and those with whom they work provide them with on-the-job training. The supervisors and Heads of Department also give feedback and advice to the trainees to improve their performance.

PEJ indicators	2017	2018	2019
Number of applicants	700	745	**860**
Number of recruits	310	370	**320**
Number of recruits obtaining a certificate	230	270	**265** [1]
Number of recruits starting placements	212	218	**240**
Number of recruits completing placements	152	186	**200**
Number of recruits securing training/employment with Beachcomber	149	184	**150**
Number of mentors	130	80	**80**

[1] It must be noted that almost all the 265 youths who have completed the programme have secured employment, whether with Beachcomber or elsewhere.

Objectives for 2019 and status at 30 September 2019

Objectives for 2019	Status at 30 September 2019
Align the number of recruits with the number of placements available	In December 2018, hoteliers stated that 260 placements would be available for PEJ from July to September 2019. Some 320 recruits were enrolled in February 2019, based on previous statistics that ¾ of them are accepted for placements. In July 2019, 240 youths started a placement. Some 20 placements were not filled as certain of the youths could not work in the spas or mini-clubs given that they were less than 18 years old.
Implement the funding from the National Social Inclusion Foundation (formerly National CSR Foundation)	Funding amounting to Rs 500,000 was received in two tranches of Rs 250,000 each. Monitoring and reporting were done to the satisfaction of the NSIF.

New components of the project in 2019

Some 130 PEJ beneficiaries who have successfully completed their placements in September 2019 have started NC2 level training in Food Preparation, Restaurant and Bar Service, and Housekeeping under the National Apprenticeship Programme (NAP) whereby the Mauritius Institute for Training and Development (MITD) delivers the courses and pays a stipend to the trainees during their placement in Beachcomber hotels. Other PEJ beneficiaries will start a maintenance course with the MITD in January 2020. This collaboration with Beachcomber has been negotiated by the Training Academy Beachcomber.

Training for mentors has been enhanced (from 3 to 5 hours) and is now MQA-approved and HRDC-refundable.

Objectives for 2020

PEJ's objectives for 2020	How these objectives will help improve PEJ	How these objectives will be implemented
Better integrate the youths in the hotels during their placements.	The youths will be better motivated to complete their placement if they know the hotels and feel at ease with their colleagues.	The onboarding course designed by the Training Academy Beachcomber for new Artisans will also be delivered to PEJ beneficiaries. An induction ceremony with their mentors and Artisans within their department should be organised.
Give the youths the possibility to discover all the departments of a hotel before choosing one for their placement.	The youths will make an informed placement choice.	During the first week of placement, the youths can spend one day in each department, and then choose where they want to complete their placement.

3. Beautiful LocalHands

Beautiful LocalHands aims to promote local handicraft on the tourism market, especially in Beachcomber hotels, through production and marketing support to small-scale craftspeople.

Beautiful LocalHands' Indicators	2017	2018	2019
Sales (Rs)	5,300,000	4,214,000	**3,726,450**
Number of craftspeople	55	53	**50**

Sales have decreased because the new policy is to redirect clients to craftspersons to empower the latter instead of channeling all sales through Beautiful Local Hands.

The workshop at Bambous was upgraded at a cost of Rs 335,000 and new pottery equipment has been purchased for Rs 210,000. With a view of encouraging the craftspeople to become autonomous, they received pottery and first-aid training at a cost of Rs 32,000, and two of them were granted loans totalling Rs 45,000 to develop their own business; it must be noted that they repay these loans regularly.

4. Regional Committees

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

Regional committees' indicators	2017	2018	2019
Number of regional committee members	60	60	**50**
Number of programmes	5	7	**5**
Number of activities	22	40	**32**
Number of direct beneficiaries	655	650	**700**
Expenses for regional committee activities (Rs)	335,102	453,765	**725,124**
Number of NGOs benefitting from FED contributions	137	146	**145**
Total contributions to NGOs (Rs)	1,038,743	1,091,564	**1,006,243**

Programmes

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

A total of 150 beneficiaries aged 14 to 24 years old have to develop a skill, practise a sport and carry out a community service activity once a week. They are mentored by 30 leaders comprising FED committee members and adults from neighbouring communities. Beachcomber hotels including Paradis Beachcomber Golf Resort & Spa, Dinarobin Beachcomber Golf Resort & Spa and Shandrani Beachcomber Resort & Spa hold sessions on hospitality skills for the youths. The South-West Committee also organised the sale of second-hand books in collaboration with the NGO, Friends in Hope (which cares for persons with mental health problems) while FED organised an outing for all the youths from South-West and South-East. The Ministry of Youth also organised three camping sessions for them. A total of 100 youths completed all the activities and received their Award in September 2019.

Pointe aux Piments Government School

FED provides funding for the services of a liaison officer to investigate the reasons for absenteeism with the parents of the 270 pupils and motivate them to send their children to school. The Foundation also supports a remedial programme for low-achieving pupils in Grade 6. Given its success, the school has asked to extend funding for a similar programme with Grade 4 and 5 pupils, which has been done.
The children additionally participate in the Beautiful Neighbours programme at Victoria Beachcomber, which also contributes to various of the school's activities.

Notre Dame de Fatima School

The Notre Dame de Fatima school in Trou aux Biches provides alternative education to youths who have dropped out of the mainstream system. Trou aux Biches Beachcomber Golf Resort & Spa financially supports the school through FED and proposes to deliver introductory sessions on the hospitality industry to the beneficiaries.

IT Caravan

As in recent years, FED's South-East committee and Shandrani Beachcomber plan to organise ICT awareness sessions in villages of the region in collaboration with the National Computer Board.

Foodwise at Triolet with Trou aux Biches Beachcomber

Leftover food is recovered from the buffet at Trou aux Biches Beachcomber and redistributed to needy families. The resort has transformed an old building in Résidence Mère Teresa, Triolet into a kitchen where the frozen portions transported in refrigerated trucks by the food distributor, Panagora Marketing are reheated and given to the beneficiaries. The whole process is monitored by Beachcomber's HACCP team to ensure optimal food safety conditions.

Contribution to NGOs

The regional committees and Beachcomber Artisans have recommended 145 projects from NGOs and local associations for a total of Rs 1,006,243 in the areas of education; health including disability and prevention of substance abuse; sports and leisure; and socio-economic development.

Regional committees' objectives for 2019	Status at 30 September 2019
Facilitate Artisans' participation in social activities.	Beachcomber's Green Team has decided that releases given to Artisans for social activities should count for EarthCheck audit. This should motivate hotels to give releases in order to improve their EarthCheck performance.

Regional committees' objectives for 2020

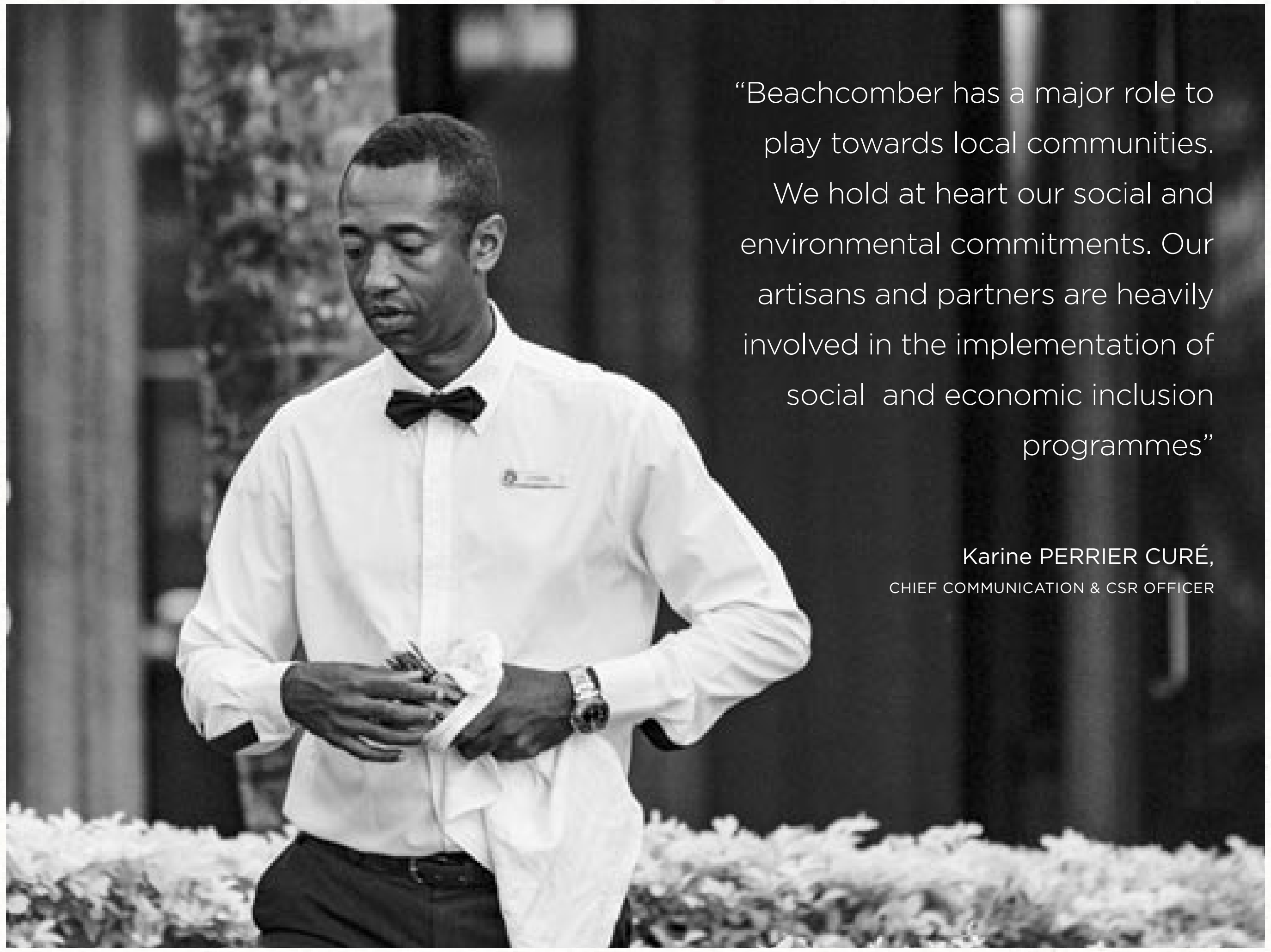
The regional committees met in November 2019 and discussions show that they are concerned by the sustainability of both our natural environment and labour force. They propose to implement projects that will make children and youths aware of the importance of preserving our environment and provide them with the values and competencies required for employability.

Regional committees' objectives	How these objectives will help improve regional committees	How these objectives will be implemented
Implement common long-term projects that will sensitise youths to the importance of preserving our natural environment and to the values and competencies required to become employable.	Projects provide clear objectives and activities which can be implemented and monitored.	Regular meetings with representatives from different regions to share best practices and design common tools.
Increase collaboration with the Green Team.	If hotel managers are aware of how social and community engagement contribute to EarthCheck performance, they should be more favourable to Artisans' participation in such activities.	Standardise recording of resources (financial, human, contributions in kind) dedicated to social activities by the hotels. Invite Green Team members to attend regional committee meetings and activities.
Differentiate between donations to NGOs and ad hoc assistance to Beachcomber Artisans.		Introduce a new code for assistance to employees in the accounting system.

5 Top FED

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

Top FED's indicators	2017	2018	2019
Amount collected (Rs)	3,177,419	4,024,138	**4,755,303**



Top FED's objectives for 2019	Status at 30 September 2019
Increase the visibility of Top FED with guests.	The Beachcomber Communication Department is dealing with this objective.

Top FED's objectives for 2020	How these objectives will help improve Top FED	How these objectives will be implemented
Monitor guest contributions more closely.	Closer monitoring will allow hotels to present the initiative in a more attractive way to guests if contributions do not meet expectations.	FED should access operational data to calculate indicators like total contribution, percentage of guests who refuse to contribute.

7 Sustainability/EarthCheck awareness sessions for Artisans

In line with the Beachcomber Sustainability Policy, FED's manager facilitates MQA-approved and HRDC-refundable workshops on sustainability and EarthCheck for Artisans.

Sustainability/EarthCheck sessions' indicators	2018	2019
Number of sessions	18	**23**

Natural CAPITAL

"Beachcomber Resorts & Hotels is the largest hotel owner and operator on the island and the footprint of our properties is quite extensive. We realise that our hotels have a potentially immense role to play in the preservation of our environment and that we cannot deliver on our Brand Promise without understanding how our behaviour affects our immediate surroundings both in the short and longer run."

Mathieu RIVET,
GROUP ENGINEERING MANAGER

We have further expanded our collaboration with the global programme of environmental and social certification developed specifically for the tourism industry, EarthCheck. All our properties are now Silver certified after successfully going through stringent audits. The involvement of our Artisans in this achievement was celebrated with a collaborative award day on 5 July 2019 designated by the hashtag #WEWALKOURTALK symbolising the fact that we, at Beachcomber Resorts & Hotels, mean what we say.

Victoria Beachcomber Resort & Spa has been declared the star achiever of the year. The property was the only one to achieve marked improvements in the four major KPIs reviewed by EarthCheck: Energy Consumption, Water Consumption, Green Gas Emissions and Waste Sent to Landfill. Paradis Beachcomber Golf Resort & Spa still fares quite well with progress in three out of the four KPIs. Only increases in water consumption prevented the hotel from maintaining its leadership position for the second consecutive year.

Energy

1% decrease in consumption

Overall energy consumption decreased by 1% compared to last year, confirming the trend already observed over the previous financial years; albeit at a reduced pace. Our already high energy efficiency standards are making it increasingly difficult for our properties to reduce their energy consumption. We are however confident that introduction of further technological features, especially in the rooms and in the kitchens as part of our CAPEX's and future refurbishment projects will contribute to increased savings on that front.

Water

9.9% rise in consumption

Overall water consumption grew by 9.9% compared to last year. The continuation of the trend seen over previous financial years is worrying, especially for a resource which is becoming scarcer.

An in-depth analysis attributes this rising consumption pattern to two main factors:

- Wastefulness and bad habits, driven by the incorrect belief that using more water for cleaning or washing will achieve better results. Some initiatives focused on efficient water utilisation are in the pipeline to raise Artisan awareness.
- Technical issues at several properties leading to massive leaks. We are primarily concerned with the situation at Shandrani Beachcomber Resort & Spa, which has been plagued by such issues for the last couple of years. This property was joined by Dinarobin Beachcomber Golf Resort & Spa with a 45% year-on-year increase in water consumption, mainly due to large leakages in potable water distribution. Shandrani Beachcomber will close in 2020 for a full refurbishment while remedial work is underway at Dinarobin Beachcomber. We expect much better results in the next financial year.

	Energy Consumption (MJ) 1415	Energy Consumption (MJ)1516	Energy Consumption (MJ)1617	Energy Consumption (MJ)1718	Energy Consumption (MJ)1819
Canonnier	997.047	650.348	898.121	840.913	
Mauricia	925.069	888.269	371.848	318.928	
Victoria	736.012	773.047	709.007	525.603	
Shandrani	1106.914	1118.24	1056.778	1140.173	
Trou aux Biches	1110.678	1,056	1,060	1,041	
Royal Palm	869.923	805.008	971.613	921.453	
Dinarobin	911.922	875.952	855.807	811.084	814.285
Paradis	713.846	733.87	692.321	798.224	766.791
Head Office	1088.272	898.489	1733.487	1499.623	1731.021
TOTAL	**2714.04**	**8253.954**	**8572.674**	**8176.011**	**8099.942**

	Greenhouse Gas Emissions (m^2)1415	Greenhouse Gas Emissions (m^2)1516	Greenhouse Emissions (m^2)1617	Greenhouse Gas Emissions (m^2)1718	Greenhouse Gas Emissions (m^2)1819
Canonnier	107.397	83.027	94.839	85.868	
Mauricia	88.039	83.644	36.391	32.619	
Victoria	79.855	79.131	94.581	67.333	
Shandrani	105.257	128.338	112.248	100.203	
Trou aux Biches	104	99	99	97	
Royal Palm	82.966	91.722	106.61	100.988	
Dinarobin	98.85	97.974	91.225	93.858	76.851
Paradis	78.762	81.276	62.251	73.104	68.311
Head Office	95.438	82.464	139.813	123.603	131.447
TOTAL	**273.05**	**829.091**	**858.045**	**833.873**	**760.385**

	Potable Water Consumption (L)1415	Potable Water Consumption (L)1516	Potable Water Consumption (L)1617	Potable Water Consumption (L)1718	Potable Water Consumption (L)1819
Canonnier	4,282	3,085	3,561	4,063	
Mauricia	3,546	3,495	1,347	1,795	
Victoria	1,896	1,743	2,923	1,845	
Shandrani	4,517	4,797	5,241	5,794	
Trou aux Biches	5,986	613	5,757	6,027	
Royal Palm	1,552	2,271	3,008	3,182	
Dinarobin	2,273	2,675	2,994	3,407	4,957
Paradis	2,239	2,111	2,246	2,032	2,209
Head Office	812	595	739	562	724
TOTAL	**5323.878**	**27160.227**	**21984.1882**	**27838.732**	**30596.175**

	Waste sent to landfill (L)1415	Waste sent to landfill (L)1516	Waste sent to landfill (L)1617	Waste sent to landfill (L)1718	Waste sent to landfill (L)1819
Canonnier	26	16	61	75	
Mauricia	22	36	24	24	
Victoria	51	45	24	24	
Shandrani	29	35	14	19	
Trou aux Biches	63	54	156	189	
Royal Palm	85	58	31	3182	
Dinarobin	16.973	18	4	22	25
Paradis	8.926	12	3	24	10.000
Head Office	51.099	34	51	41	8
TOTAL	**76.998**	**339.635**	**302.27**	**396.847**	**3557.342**

On the brighter side, in-house water production and bottling have been deployed at all our properties save for Trou aux Biches Beachcomber Golf Resort & Spa, where the bottling plant should be operational by end-2019. This move has led to a significant decrease in the purchase and use of single-use plastic bottles. It is in line with our ambition to gradually ban plastic from our operations and is highly regarded by our guests.

At the end of the financial year, production amounted to:

• 589,817 litres of bottled water in all denominations

This has led to a direct equivalent reduction in the purchase of bottled water in our hotels, with a decline of some 136,848 kg in the use of plastic.

Waste

We continued our collaboration with Don't Waste Services ("DWS") for the overall management of our solid waste streams. The figures are even more accurate this time as they cover the full financial year.

The intense training and awareness campaigns carried out during the year have contributed to an overall 27.4% reduction in the total amount of waste produced by our properties compared to the previous period.

Tonnes of waste produced: 3,418

• 14.8% of all solid waste produced was recycled and the remainder sent to landfill. Though more accurate, this metric shows a sharp reduction from last year and confirms the difficulties facing the waste recycling business on the island.

• 84.6% of our waste is classified into general waste and 13.03% as paper waste. The latter is becoming an issue as cardboard, which forms the bulk of our paper waste, must be exported for recycling. Sorting and collecting cardboard are a cost to the company. A way to get around the problem is to minimise cardboard usage or shift the burden/cost of collection onto suppliers. This is a problem that affects all hotels on the island and it is under discussion at AHRIM's level.
• The percentage composition of plastic in our solid waste dropped from 0.81% last year to about 0.54%. Although minimal in terms of gross volume, this downward trend shows a significant increase both in guest and employee awareness of the threats linked with plastic and the urgency to reduce its use.

The collaboration between the Group and Foodwise has further developed during the review year. The successful system that has been operational for two years at Paradis Beachcomber has been replicated at Trou aux Biches Beachcomber. The hotel has partnered with a nearby school for the redistribution of buffet leftovers. The setup remains unchanged with portioning at source after the buffet service. The portions are stored in the hotels' freezers for collection by a refrigerated truck from Panagora Marketing and delivery at the schools, where they are unpacked and distributed to needy children twice or thrice a week according to volumes. This action helps reduce food waste while bringing much-needed quality nutrients to these children. A noticeable change during the year at Paradis Beachcomber has been a reduction in the amount of food waste, and subsequently in the amount of food redistributed. The systematic measuring of all the food waste from the hotel's buffet has brought about an awakening in the kitchen, leading to better management of food portions displayed on the buffet.

We have also launched a trial project over the course of the year at Paradis Beachcomber, where organic kitchen leftovers are sorted and kept in specific bins that are collected every early morning for distribution to accredited pig farmers in the vicinity. The project had been on the cards for some time but was awaiting the green light from the Ministry of Agroindustry and identification of the proper pig farmers. This initiative is under close monitoring and based on its success, will be replicated in other hotels to meet existing needs in various regions of the country.

These 2 projects/collaborations show the Group's commitment to minimise food waste and where unavoidable, deal with it in a circular way instead of landfill disposal. Over the course of 2020, other novel on-site organic waste recycling systems will be introduced to further reduce waste sent to landfill.

Carbon Dioxide

Carbon dioxide emissions dropped by 9% compared to the previous financial year. This continued improvement in a critical KPI results from careful energy management, improvement of mass transportation of our Artisans and the gradual elimination of fossil fuel utilisation for hot water generation.
The above compounded with the indirect effect of waste recycling has led to a global CO_2 saving of 989,176 m^3. In tangible terms, this saving equates to:

• the yearly emissions of 138 typical households of four people;
• a total of 483 mature, fully grown trees that would have been required to absorb the CO_2; or
• around 53 acres of tropical forest that were not cut down. This is equivalent to about 40 football fields (assuming 1 acre approximately equals 75% of a football field).

Role of our Artisans

The main target of the Group in the report year was to achieve the EarthCheck Silver Certification for all our properties. This goal was met after tough audits. Given the central role played by our Artisans in this accomplishment, the Group's management decided to put them at the forefront of the ceremony marking this milestone.
A full day event designated by the hashtag #WEWALKOURTALK was organised on 5 July 2019. Selected Artisans from all our hotels and Head Office used a sustainable means of transport (walk, run, cycle...) to attend the award ceremony at the Head Office. Our main suppliers were offered the opportunity to purchase the kilometres covered by our Artisans in the form of room nights at our properties. This generated a meaningful sum of money which was subsequently distributed to the following three NGOs:

• Mission Verte
• We-Recycle
• Island Bio

The first two of them focus on the collection and upfront segregation of waste for subsequent recycling. Island Bio assists in the social integration of former prisoners through permaculture. We are further partnering with them for the potential supply of fresh produce to our hotels.
• A key moment of our year was the enactment of the Group's Social and Environmental Charter. The document contains the 52 commitments we have introduced in our endeavour to reduce our carbon footprint and contribute towards a cleaner, safer and more sustainable planet, with greater support to community partners through the engagement of our Artisans and stakeholders
• The formal introductory training/awareness session in sustainable development has been extended to all hotels and to date, more than 40% of our Artisans have followed these sessions. The outcome has surpassed our expectations with a keen interest in the issue and Artisans coming up with an abundance of valuable ideas. A higher-level training will be introduced in the next financial year to encourage supervisors and middle-level managers to come up with their own projects.

Role of our Hotels

• Refurbishment work continued at various properties to upgrade our guest experience and increase energy efficiency. In the year under review, the following projects were completed:
• Complete refurbishment of the Royal Palm Spa, including total redecoration of spaces and a new lighting experience based on LEDs coupled with individually dimmable circuits in each treatment room. The result is astonishing while significantly reducing the installed and useable lighting loads.
• Full refurbishment of the clubhouse at Paradis Golf Club, bringing more natural light to the building and increased visibility for guests. There also, as in all our developments, LED lighting was used throughout the building.
• Partial refurbishment of bathrooms at Dinarobin Beachcomber. This project is underway to replace all embedded pipework in the bathroom brickwork. The 20-year-old pipes have become increasingly prone to leakages, hence the poor performance of the hotel in terms of specific water consumption. An indirect consequence is higher fuel consumption due to hot water leakages. We are extremely confident that this refurbishment project will greatly help control the hotel's water consumption.
• The ongoing room redecoration project at Victoria Beachcomber is due to be completed in the next financial year. The work dealt mainly with providing the rooms with a much lighter and modern touch while replacing all light fittings with LEDs. Victoria Beachcomber was the hotel of the Group with the largest number of non-LED light fittings still in operation.
• Renewal of water chillers continued at Paradis Beachcomber and Shandrani Beachcomber. The new units can produce chilled water and high-temperature hot water simultaneously without compromising on efficiency. As already evidenced at Canonnier Beachcomber Golf Resort & Spa and Victoria Beachcomber, this has resulted in a drastic reduction in the use of supplementary fossil fuel heating to produce hot water.
• Capital expenditure budgets were also provided for the improvement of Group-wide technical installations with a special focus on upgrading high-energy intensity equipment and energy efficiency both in the rooms and back-of-the-house areas such as pools, technical plant rooms and kitchens.

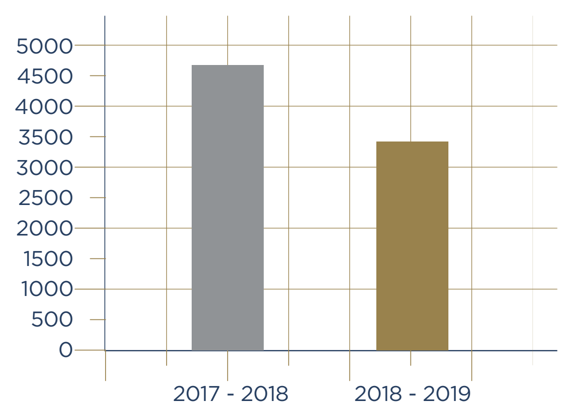
Main Targets and Priorities

In an era where guests are becoming increasingly aware of their own environmental footprint, our hotel operations will have to keep improving their operational efficiency but also stay abreast in terms of innovation. The main projects earmarked for 2020 are as follows:
• Installation from January 2020 of 1,000 kW of PV panels for which Beachcomber is licenced by the Central Electricity Board (CEB) under the Medium-Scale Distributed Generation programme. A partnership for implementation has been signed with a local specialist, EnVolt. The connection agreements with the CEB have now been signed, paving way for commencement of the project.

• Upgrading of chillers at Dinarobin Beachcomber and Mauricia Beachcomber as part of our ongoing equipment enhancement programme.
• Collaboration with the Agence Française de Développement in the SUNREF 3 Green Financing Programme for the refurbishment of Shandrani Beachcomber and the new hotel at Les Salines.
• Completion of the outfitting of all our hotel rooms with a proper energy management system. To date, 40% of our rooms are equipped with the technology, with the aim of reaching 60% by the end of the next financial year and 100% by end-2021. Relevant budgets have been provided in the forthcoming CAPEX to introduce the energy management system in all rooms at Mauricia Beachcomber, 181 Tropical Suites at Paradis Beachcomber and a portion of those at Trou aux Biches Beachcomber.

Natural CAPITAL

Don't Waste Figures (%)



- Commencement of work at Les Salines Beachcomber in Black River, an 18-month project with opening scheduled for December 2021. This new 366-room hotel with 56 Beachcomber-branded apartments will be a hallmark of sustainable development with a formal EarthCheck Building Planning and Design Standard ("BPDS") Certification.

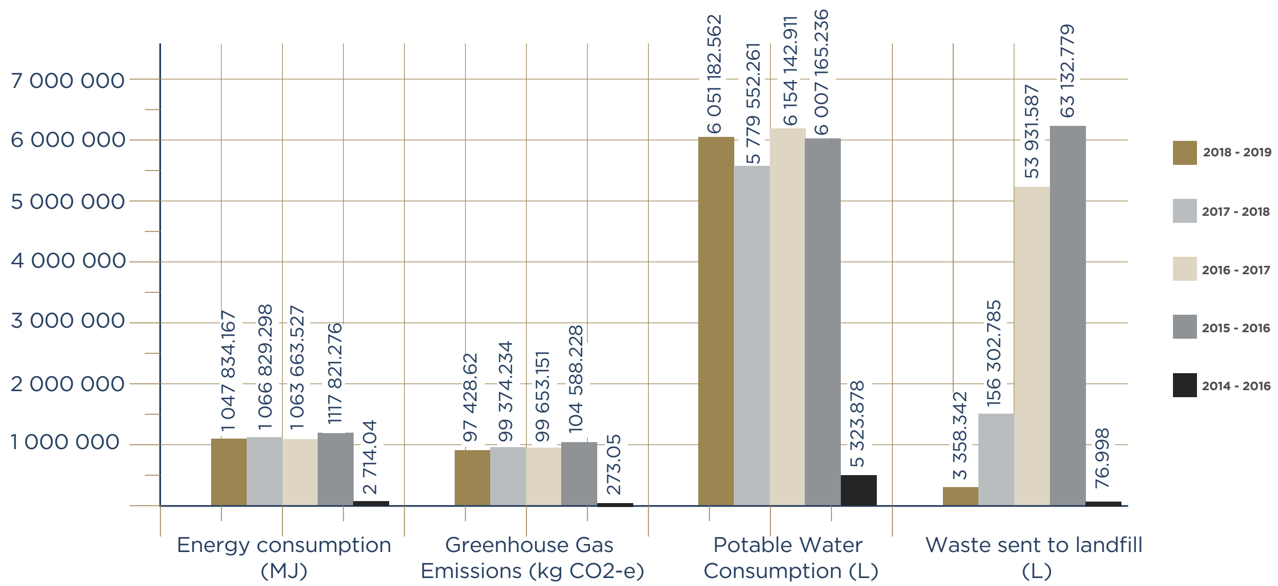
- Refurbishment of La Palma and Blue Marlin Restaurants at Paradis Beachcomber for a totally refreshed culinary and visual experience. On the technical side, both kitchens will be revamped with state-of-the-art and efficient cooking equipment and cold room systems.

- Complete refurbishment of Shandrani Beachcomber, which will be closed from 5 May to mid-November 2020. A significant portion of the work will consist of replacing the technical gallery to prevent the large water leakages that have been plaguing its operation in recent years. All rooms will have a proper energy management system and the entire property will become 100% LED lit.

- Completion of the refurbishment and expansion of Beachcomber Seychelles Sainte Anne into a 296-room before renting to Club Med for operation, with the whole redevelopment enjoying BREEAM ecological certification. Handing over to Club Med is due to take place on 30 August 2020.

- Replacement of water distributors fitted with 20-litre refillable plastic containers with mains-connected dispensers. This will put an end to delivery of refillable containers, thereby reducing the carbon footprint of our properties.

Performance 14-18 Area Under Roof/m²



Intellectual CAPITAL

The intellectual resources of our organisation comprise all intangible resources, such as knowledge, experience, skills and technological capabilities, including ideas and innovation, that give a relative advantage and which in combination are able to produce future benefits.

During the year 2019, and as part of the strategic plans and objectives within our intellectual capital value creation map, we:

- further consolidated our Brand through the effective communication and continuous training of our Artisans to live up to our Brand Standards and Brand Promise: cultivating the Art of Beauty in all its dimensions – the beauty of the place, the beauty of the heart;
- placed much emphasis on helping to bring out the beauty of our places and better embed The Art of Beautiful into artistic projects being launched and creating Signature Shows within our 5* hotels as part of our evening entertainment programmes;
- reinforced Beachcomber's position as a well-established brand with a strong environmental and social commitment through the unveiling of our 52 commitments, confirming that at Beachcomber, we "Walk our Talk"; and
- consolidated our focus on guest experience and our guest-centric approach through the implementation of a quality management system within each of our properties, coupled with investment in new technologies.

These are reflected through the continuous improvement of our online hotel reputation index and the strong guest satisfaction achieved, notwithstanding the high percentage of repeaters who enjoy staying within our properties.

Over the year, we reached a total of more than 1.1 million guest nights, accommodating more than 200,000 guests despite light refurbishment work at some of our hotels and difficult conditions prevailing within some of our main markets. We also won major industry awards and accolades and continued investing heavily in sales and marketing.

All the above contributed to strengthening our position as a hotel enterprise providing best-in-class services and experiences to each guest. This enabled the Beauty of living in the moment, with our Artisans at the heart of our success as true ambassadors of The Art of Beautiful.

At Beachcomber, we strive to build strong relationships with our main partners on both the commercial and operational fronts. We also continue engaging with the communities around our workplace, driven by a passion for excellence within a safe, innovative and sustainable environment.

We will continue working on further incorporating sustainability into our business model. The commitment and creativity of our Artisans will ensure it has personal relevance to them and becomes an innate aspect of our operations.

And we are confident that all these measures will help deliver future benefits.

A Snapshot of our Brand Essence

We proudly achieved all our objectives for the year, including the launch of our standards as part of our Golf experience, with further stretch in the pipeline for next year, including strengthening the Art of Enjoyment and Art of Fitness for our guests, while taking into consideration our Sustainability commitments as part of our continual improvement approach.

To help live our...	Status for the current year	Scope for next year
Art of Welcome	New PMS rolled out incorporating mobile check-in and housekeeping devices	Completion of roll-out and strengthening the process, including add-on modules
Art of Living	Room interiors upgraded at various properties to better align with guest preferences	Continuation of refurbishment work and product revamp with launching of EcoCert amenities
Art of Culinary Delights	New restaurant concepts introduced and upgrading of our themed buffets and layout	Implementation of signature products such as honey from our gardens
Art of Well-being	Revamping of all our Spa reception areas, among others, and further training	Implementation of our EcoCert Be Beautiful spa product range and launch of new treatments
Art of Entertaining	Consolidation of our Kids Club signature activities and greater sharing among team members	Continual improvement and launch of larger events, including our Be Local show
Art of Elegance	Refurbishment of Boutiques as per plan with Beachcomber standards duly implemented	Continuation of infrastructure upgrade and responsible sourcing approach

Overview of our Boutiques

During the report year, more than 60 of our Boutiques' Artisans received training in the latest Visual Merchandising techniques. The "Art of Silent Selling" session puts forward new market trends while taking into consideration Beachcomber Standards, with the aim of improving the customer experience through a more modern presentation of products.

The training was provided by Design Partnership, the architecture firm that has created our new boutique concept. The workshop combined theory with practice, including an analysis of existing shop layout, to help improve the presentation of our products. To date, the project has been implemented at Victoria Beachcomber Resort & Spa, Canonnier Beachcomber Golf Resort & Spa and Paradis Beachcomber Golf Resort & Spa, including the Golf Pro Shop.

This initiative confirms the commitment of our Boutiques to put our Artisans at the core of our business, as part of a vast project that started some two years back. The record of Rs 162m turnover reported by Beachcomber Boutiques for the year confirms that these initiatives are showing results.

"We are confident that it is only through the engagement of all our Artisans and a quality-driven culture that we will be able to live up to our Brand Promise."

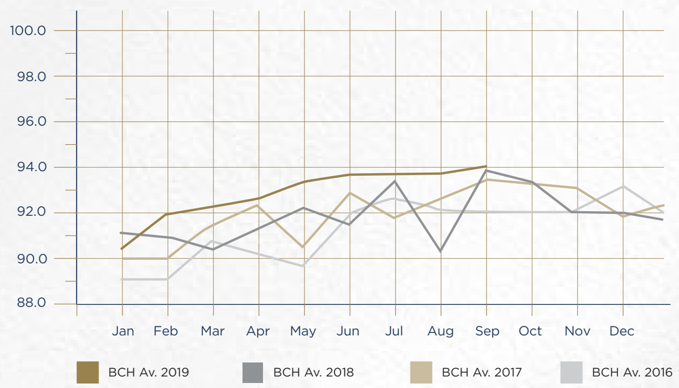
Geraldine KOENIG,
CHIEF OFFICER OPERATIONAL EXCELLENCE

Our key pillars

We are building a strong **Safety Culture** within our operations with a well-structured monitoring system in place. We have seven of our hotels in Mauritius HACCP certified.
In addition, all our hotel operations are EarthCheck Silver certified, attesting our endeavour and growing commitment towards achieving **Eco-Responsible** practices and objectives.

Measuring our online reputation

The graph below shows the evolution of our GRI over the last 4 years.



We can proudly state that our overall guest satisfaction reached some 93% over the financial year.

A Snapshot of our Awards and Accolades for 2018-2019

Royal Palm Beachcomber Luxury
TripAdvisor Travelers' Choice Award 2018
TripAdvisor Certificate of Excellence 2019
Booking.com Guest Review Award 2018
EarthCheck Silver Certification 2019

Dinarobin Beachcomber Golf Resort & Spa
TripAdvisor Certificate of Excellence 2018
TripAdvisor Certificate of Excellence 2019
HolidayCheck Award 2019
Booking.com Guest Review Award 2018
EarthCheck Silver Certification 2019
Ctrip's Chinese Preferred Hotel Certification

Paradis Beachcomber Golf Resort & Spa
TripAdvisor Certificate of Excellence 2018
TripAdvisor Certificate of Excellence 2019
HolidayCheck Award 2019
Booking.com Guest Review Award 2018
EarthCheck Silver Certification 2019

Trou aux Biches Beachcomber Golf Resort & Spa
TripAdvisor Certificate of Excellence 2018
TripAdvisor Certificate of Excellence 2019
Agoda Gold Circle Award 2018
HolidayCheck Award 2018
HolidayCheck Award 2019
Booking.com Guest Review Award 2018
British Airways Holidays Customer Excellence Award 2018
EarthCheck Silver Certification 2019

Shandrani Beachcomber Resort & Spa
TripAdvisor Certificate of Excellence 2018
Hotels.com Award Winner 2018
Ctrip's Chinese Preferred Hotel Certification
Booking.com Guest Review Award 2018
HolidayCheck Award 2019
EarthCheck Silver Certification 2019

Victoria Beachcomber Resort & Spa
World Travel Award Nominee
(Indian Ocean's Leading Dive Resort)
TripAdvisor Travelers' Choice Award 2018
TripAdvisor Certificate of Excellence 2018
Hotels.com Award Winner 2018
TripAdvisor Certificate of Excellence 2018
PADI Green Star Award
EarthCheck Silver Certification 2019

Canonnier Beachcomber Golf Resort & Spa
TripAdvisor Certificate of Excellence 2018
TripAdvisor Certificate of Excellence 2019
Booking.com Guest Review Award 2018
EarthCheck Silver Certification 2019

Mauricia Beachcomber Resort & Spa
TripAdvisor Certificate of Excellence 2018
TripAdvisor Certificate of Excellence 2019
HolidayCheck Award 2019
Booking.com Guest Review Award 2018
EarthCheck Silver Certification 2019

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

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

"Our excellent facilities, our renowned guest services coupled with a prominent marketing, operational and communication approach have led to continuous recognition and distinguished accolades from both our guests and partners."

François VENIN,
CHIEF SALES AND MARKETING OFFICER

Manufactured CAPITAL

Our manufactured capital consists of our portfolio of resorts inclusive of the unique infrastructure to ensure smooth operation, service excellence to our guests and operational efficiency while creating value over the long term.

Key indicators for the year:

STATUS	COUNTRY	HOTEL NAME	CATEGORY	#KEYS
EXISTING	MAURITIUS	Royal Palm Beachcomber Luxury	5-Star Luxury	69
		Dinarobin Beachcomber Golf Resort & Spa	5-Star	175
		Paradis Beachcomber Golf Resort & Spa	5-Star	293
		Trou aux Biches Beachcomber Golf Resort & Spa	5-Star	333
		Shandrani Beachcomber Resort & Spa	5-Star	327
		Victoria Beachcomber Resort & Spa	4-Star	295
		Canonnier Beachcomber Golf Resort & Spa	4-Star	283
		Mauricia Beachcomber Resort & Spa	4-Star	239
	MOROCCO	Fairmont Royal Palm Marrakech	5-Star Luxury	134
TOTAL EXISTING HOTELS				2,148
PROJECTS	SEYCHELLES	Club Med Sainte Anne	5-Star	295
	MAURITIUS	Les Salines Beachcomber Resort & Spa	4-Star	366
	GRAND TOTAL			2,809

Hotels	9 hotels in operation and 2 others under construction
Capital expenditure	Rs 1.0bn
Asset value	Rs 33.1bn

Achievements during the year:

Implementation of Central Reservation System and Core Property Management System

The major project undertaken during the year was the in-house development of our Central Reservation System and the roll-out of an enhanced Property Management System across our resorts. This enterprise-wide project has brought together teams across various departments and specialisms to find practical solutions to existing issues during the testing phase, taking into consideration guest requirements, operational efficiency and governance matters. Further to workshops and training sessions held with over 300 of the Group's Artisans, both systems were rolled out across the resorts and head office during the year. The successful implementation of such complex systems is the result of detailed planning, strong project management, coordination and teamwork to find timely solutions. Additional features of the system, e.g. speed of booking, use of mobile devices at check-in and housekeeping and fingertip access to guest information will assist in improving the customer journey and operational efficiency.

Uplifting work at Paradis Beachcomber

Work on the 36 Oceanfront Rooms, 13 Villas and Presidential Suite at Paradis Beachcomber was completed in December 2018 as scheduled and the rooms were available as inventory for the prime season. In May 2019, the golf clubhouse and pro shop were closed for a major uplift at a cost of Rs 60m. Operations resumed in October 2019, offering guests an enhanced golfing experience. The golf course will also undergo major work in the next 24 months, including an upgrade of the obsolete irrigation system and a new fairway.

Redevelopment of Sainte Anne Resort in Seychelles

Since January 2019, construction has started in Seychelles to extend the 87-villa resort into a 295-key property for Club Med. The total construction cost is estimated at EUR 73m, funded from (i) own funds generated from the sale of the ex-Reef Hotel, Mahe; and (ii) debt funding including the raising of bonds as a private placement. Funds have been secured for the project and the funding has been ring-fenced so that the related debt will be repaid out of project cash flows, without any recourse to NMH Company.

Major refurbishment of Spa at Royal Palm Beachcomber Luxury

Royal Palm Beachcomber Luxury's spa facilities were closed for 5 months for a major refurbishment. Spa products on offer have improved and in addition to the Beachcomber "Art of Wellness" EcoCert products, a partnership has been signed with the cosmetics company, CODAGE Paris.

Uplifting of suites and new restaurant at Dinarobin Beachcomber

Dinarobin Beachcomber Golf Resort & Spa's suites have all been revamped with new soft furnishing and the lobby completely redecorated. A new restaurant, Dina's has been launched to enhance the food experience on Le Morne Peninsula.

Significant back-of-house extensions at Trou aux Biches Beachcomber

Trou aux Biches Beachcomber Golf Resort & Spa has undergone major back-of-house extensions to comply with the standards of our EarthCheck certification and the HACCP programme. A new Hotel Manager has joined the resort as part of a succession planning exercise and will certainly bring new developments.

Conference Centre under construction at Fairmont Royal Palm Marrakech

To consolidate its position as an excellent venue for incentives and meetings, Fairmont Royal Palm Marrakech is currently building a 300-seat conference centre at a cost of Rs 200 million The project is due to be completed by end of April 2020.

Key initiatives for the year 2019-2020

- Completion of the redevelopment project at Sainte Anne Resort, Seychelles
- Development of a 366-key resort at Les Salines Beachcomber, Mauritius
- Complete renovation of Shandrani Beachcomber, Mauritius
- Refurbishment of Blue Marlin restaurant, La Palma restaurant, and 120 tropical rooms at Paradis Beachcomber, Mauritius
- Refurbishment of the lobby at Mauricia Beachcomber
- Beachcomber Catering: The appointment of a consultancy firm is under consideration in view of implementing a central production kitchen for all units

"The much-needed efforts to unlock value via digitalisation of our processes aim at improving the customer experience and asset management over the coming years."

Jean Louis PISMONT,
CHIEF OPERATIONS OFFICER

Financial CAPITAL

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

Key figures for the year:

Revenue	Rs 9.7bn
EBITDA	Rs 1.8bn
Cash generated from operations	Rs 1.1bn
Interest cover	2.46 times
Average cost of debt	4.67%
Equity	Rs 9.7bn
Dividend	Rs 0.22 per share
Net debt	Rs 15.2bn

Share capital reduction of Rs 3.6bn and carving-out of Semaris from NMH Group

In September 2019, NMH proceeded with a reduction in its stated ordinary share capital from Rs 6.4bn to Rs 2.8bn as approved at the Special Meeting of Shareholders (the "Capital Reduction"). The Capital Reduction was settled by way of ordinary shares in a then wholly-owned subsidiary Semaris, whereby the shareholders of NMH received one ordinary share in Semaris for each ordinary share held in NMH.

The portfolio of assets of Semaris consists of:

(i) 174 arpents of land located at Les Salines, Black River, sold by NMH to Semaris for the purpose of developing the Imperia Golf Estate under the PDS in partnership with Safran Landcorp Ltd;

(ii) the shares of Kingfisher 3 Limited, parent company of Praslin Resort Limited owning leasehold rights to 152 arpents of land located in Praslin, Seychelles, earmarked for a PDS-type cum hotel construction project;

(iii) the shares of Domaine Palm Marrakech S.A., located in Morocco, for the continued development of villas and apartments; and

(iv) 2 arpents 80 perches to be sold by NMH to Les Salines IHS Limited located within the premises of NMH's proposed new 4-star hotel at Les Salines, Black River for the development of 56 units under the Invest Hotel Scheme.

Further to the Capital Reduction, NMH's net assets dropped by Rs 3.6bn, mostly due to the transfer of Kingfisher 3 and DPM.

Semaris and NMH also became two independent entities with distinct value propositions. NMH will henceforth focus entirely on its core hospitality activities while Semaris will use the land bank mentioned above to undertake property development projects, with a separate team dedicated to its management.

Debt reduction of Rs 513m year on year for the Group

The asset reorganisation has enabled the Group and Company to further reduce indebtedness. The sale of land from NMH to Semaris at Les Salines unlocked about Rs 800m in cash, which were used to reduce long-term borrowings, fund capital expenditure and finance the start of work at Sainte Anne Resort in Seychelles.

An inflow of Rs 1.2bn is also expected from Semaris in subsequent years, arising from the sale of villas under the PDS and IHS units at Les Salines. The terms of repayment have been agreed in advance and the proceeds will be used to further bring down the debt level of NMH.

In June 2019, bonds amounting to Rs 614m matured and were refinanced through long-term debt.

In addition, further to the second window for conversion of preference shares into ordinary shares in January 2019, preference share capital was reduced to Rs 388m. NMH will have the option to fully redeem the remaining shares in July 2022.

The above initiatives, combined with treasury management, reduced the cost of debt by 14 basis points year on year.

Challenges and risks facing the Group

Changes in market conditions

Europe remains the main source market for tourist arrivals in Mauritius, with the generation of a significant portion of our sales from tour operators. Our Sales and Marketing strategy continues to be focused towards the diversification of markets, segments and booking channels to minimise concentration risks. Currency hedging techniques are also being applied to reduce the exposure to fluctuations in the euro and pound sterling exchange rates predominantly.

"NMH will henceforth focus on its core hospitality activities to generate sustainable returns for its stakeholders."

Pauline SEEYAVE,
CHIEF FINANCIAL OFFICER

Changes in interest rates

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

Project risks

Work at Sainte Anne Resort has started in January 2019 and completion is expected by September 2020. Given the magnitude of this turnkey project, there are potential risks of delays and cost overruns as one might expect of any project of such complexity. In order to mitigate these risks, (i) a dedicated professional team has been appointed for the planning, management and monitoring of the project; (ii) insurance policies are in place to reduce risks associated with natural calamities and contractors' risks; (iii) contractual arrangements are in place to ensure timely delivery and minimise financial penalties; and (iv) contingent funding arrangements have been established to cater for cost overruns, if any. Work is progressing well and costs incurred to date remain within budget. Regular on-site and off-site meetings are held to ensure that all issues are addressed proactively and in a timely manner to avoid delays. The resort is hence expected to be delivered to Club Med by September 2020 as planned.

Key initiatives for the year 2019-2020:

- Funding documentation including the listing of bonds for the Sainte Anne project
- Fundraising for the renovation of Shandrani Beachcomber Resort & Spa and Les Salines Beachcomber Resort & Spa

Executives' Report

Overview

Further to a reduction in the stated capital of New Mauritius Hotels Limited ("NMH") by Rs 3.6bn, Semaris was separated from NMH on 27 September 2019. The activities of Semaris are thus being accounted for under discontinued operations and last year's figures have been reclassified accordingly.

The Group's turnover from continuing operations showed a marginal improvement over last year. This increase stems mainly from the improved performance of Fairmont Royal Palm Marrakech. Normalised EBITDA was however lower than last year, the poor performance of operations in Mauritius during the high season having been only partly mitigated by the better operational performance recorded in the last quarter of the financial year. The Group's results were also impacted by increased labour costs of Rs 58m arising from an arbitration ruling, a write-off of Rs 20m with respect to the bankruptcy of Thomas Cook, closure costs of Rs 57m incurred by Sainte Anne Resort as well as Rs 6m following the adoption of IFRS 9. On the other hand, financial charges continued their downward trend. The Group's PAT from continuing operations decreased from Rs 247m in FY18 to Rs 157m in FY19.

Mauritius

Occupancy rate for hotels in Mauritius dropped from 73% in FY18 to 72% in FY19. Results were impacted by lower demand for the destination during the high-season months of January to April 2019. The reduced EBITDA for the year stems mainly from the subdued performance registered by the Group during these four months and increased staff costs as mentioned above.

The appeal lodged by a number of individuals against the EIA Licence obtained by the Group in December 2018 for the construction of Les Salines Beachcomber Golf Resort & Spa was recently struck off by the Environment and Land Use Appeal Tribunal (ELUAT). Further to this development, management is in discussion with the relevant authorities with respect to the modus operandi for the creation of the new wetland, a prerequisite for the start of construction work. With the delay caused by such appeal, this 366-room resort is now scheduled to open in the last quarter of 2021.

Seychelles

Work on the redevelopment of Sainte Anne Resort, which started in January 2019, has reached an advanced stage. The rental of this 295-room resort to Club Med from October 2020 will start having a significant positive impact on the Group's results in FY21.

The sale of the ex-Reef Hotel for a consideration of USD 6m was completed in the last quarter of the financial year.

Marrakech

The performance of Fairmont Royal Palm Marrakech continued to improve with occupancy increasing from 48% in FY18 to 65% in FY19. The hotel's Total Revenue per Available Room (TrevPAR) increased by 43% to reach Rs 15,700. The hotel posted a significantly improved positive EBITDA of Rs 83m compared to a negative EBITDA of Rs 36m in FY18.

Non-hotel operations

The three Beachcomber Tours and Mautourco all performed well. Beachcomber Tours France successfully completed its turnaround and posted positive results for the year.

During the year, the Group sold its investment in Launderers (Hotels and Restaurants) Ltd for Rs 40m, with a profit of Rs 18m recorded on the transcation.

Indebtedness

Group indebtedness dropped by Rs 513m whereas Company net indebtedness dropped by Rs 300m, mainly on account of sale of assets to Semaris. Combined with treasury management, financial charges dropped by Rs 68m and Rs 62m for the Group and Company respectively. Group financial charges are expected to increase in the forthcoming years with the expansion of its existing portfolio of hotels. On the other hand, Company financial charges are expected to gradually reduce over time.

Commitment to sustainable practices

Alongside all the measures to improve its financial performance the Group continues to invest in its Artisans and systems. During the year, the new and upgraded core Property Management System was rolled out in our hotels in Mauritius. All Artisans have been trained during this major change through workshops, leading to the successful and smooth implementation of this software. The youth training programme, "Projet Employabilité Jeunes", continues to be successful and has reached its 20th year of existence. To date, more than 3,000 bursaries have been awarded. We are aware of the impact of our consumption patterns on the environment and will continue to build on the progress made to maintain our certification by EarthCheck, the first global environmental and social certification programme specifically designed for the tourism industry.

Change in financial year end

As previously announced, the Group has decided to change its financial year end from 30 September to 30 June. Consequently, NMH's next financial year, which started on 1 October 2019, will have a duration of 9 months, ending on 30 June 2020.

Outlook

With the separation of Semaris from NMH, the Group has completed the major restructuring initiatives started 4 years ago. All Group operations are now generating positive cash flows, except for Sainte Anne Resorts, which will start contributing positively to the Group's PAT from FY21. Management is now putting greater emphasis on enriching guest experience, further digitalising its operational and commercial processes and improving procurement efficiency.

The Group's hotels, both in Mauritius and in Marrakech, have registered better results for the first three months of FY20. Furthermore, the booking trend for the upcoming high season shows an improvement over last year, particularly in the five-star segment. The expected progress in the Group's results for the first semester of FY20 will be dampened by the significant impact of the Workers' Rights Act and arbitration ruling on operational costs as well as by the impact of the coronavirus outbreak on tourist arrivals in Mauritius.

Gilbert ESPITALIER-NOËL
Director and CEO

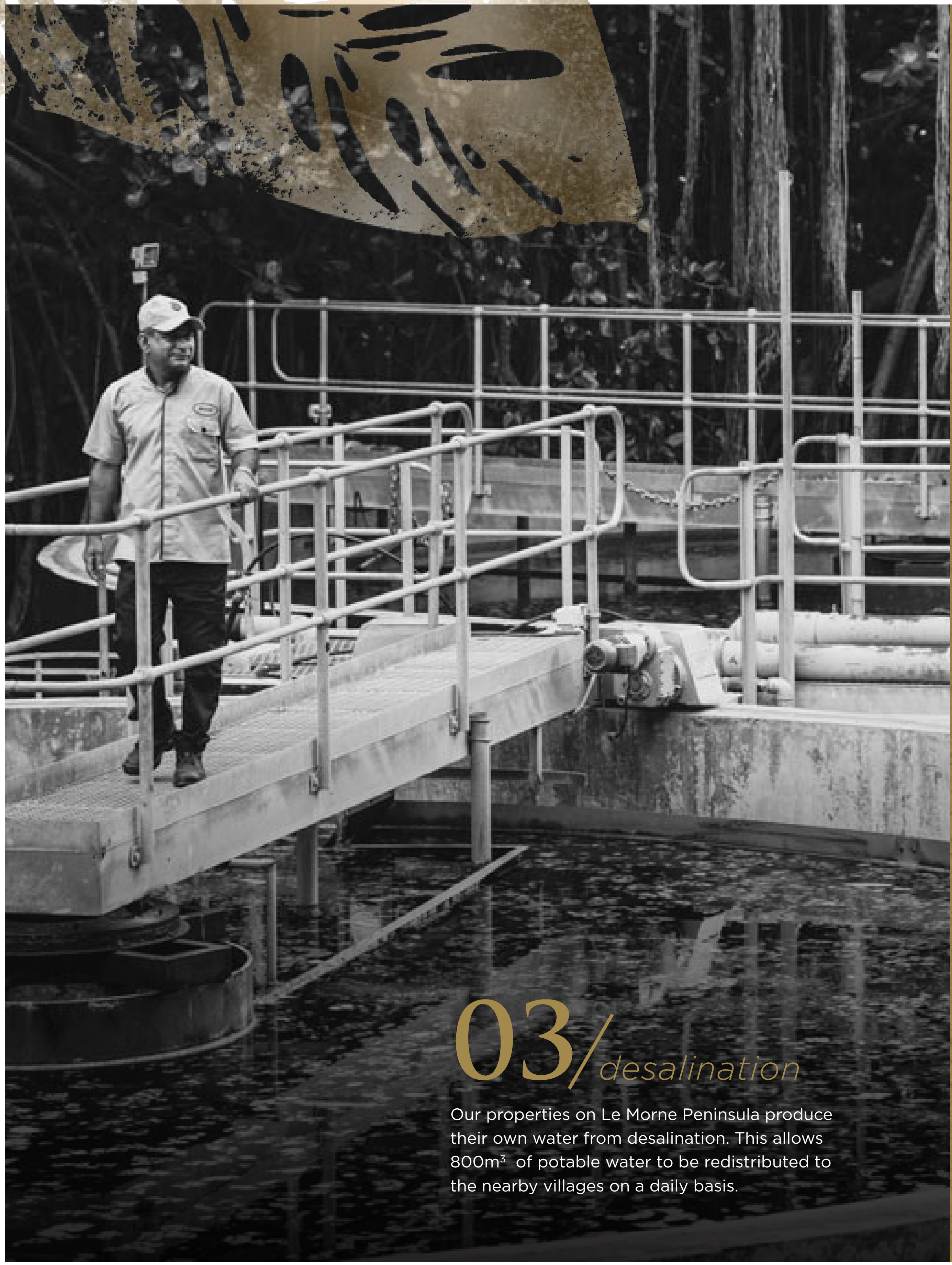
Pauline SEEYAVE
Director and CFO

19 December 2019

Key FIGURES

THE GROUP

	2019 Rs'm	2018 Rs'm
STATEMENT OF PROFIT OR LOSS		
Revenue	**9,688**	9,537
EBITDA	**1,778**	1,844
Profit before tax	**260**	340
Income tax expense	**(103)**	(93)
Profit for the year	**157**	134
Non-controlling interests	**124**	133
Profit attributable to owners of the parent	**33**	1
STATEMENT OF FINANCIAL POSITION		
Non-current assets	**29,635**	28,684
Current assets	**3,419**	7,603
Stated capital	**2,780**	6,350
Retained earnings	**4,888**	5,544
Other components of equity	**1,315**	1,122
Shareholders funds	**8,984**	13,015
Non-controlling interests	**740**	594
Total equity	**9,724**	13,610
Non-current liabilities	**16,908**	16,323
Current liabilities	**6,421**	6,463
DISTRIBUTION TO SHAREHOLDERS		
Dividends	**(121)**	(120)
KEY FINANCIAL RATIOS		
Number of room keys available as at 30.09	**2,148**	2,148
Room nights available	**775,191**	764,787
Number of guests nights	**1,192,840**	1,166,399
Occupancy (%)	**71**	71
TRevPAR (Rs)	**10,328**	10,303
Earnings per share (Rs)	**0.06**	0.00
Dividends per share (Rs)	**0.22**	0.22
Interest cover (x)	**2.46**	2.45
Net Asset value per share (Rs)	**17.71**	24.85
Return on equity (%)	**1.62**	0.99
Return on assets (%)	**0.48**	0.37
Net debt/total assets (%)	**46**	42
Gearing ratio (%)	**61**	53



03/ desalination

Our properties on Le Morne Peninsula produce their own water from desalination. This allows 800m^3 of potable water to be redistributed to the nearby villages on a daily basis.

Use Water efficiently

Advanced pool water quality monitoring and control systems have been installed on all our main pools and help greatly in reducing the number and period of backwash required for these pools. This, in turn, has helped reduce the volume of water lost to drain via backwash.

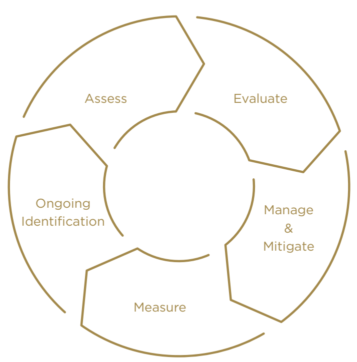
Risk Management REPORT

OUR RISK MANAGEMENT APPROACH

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

Our Integrated Risk Management Processes

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



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

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

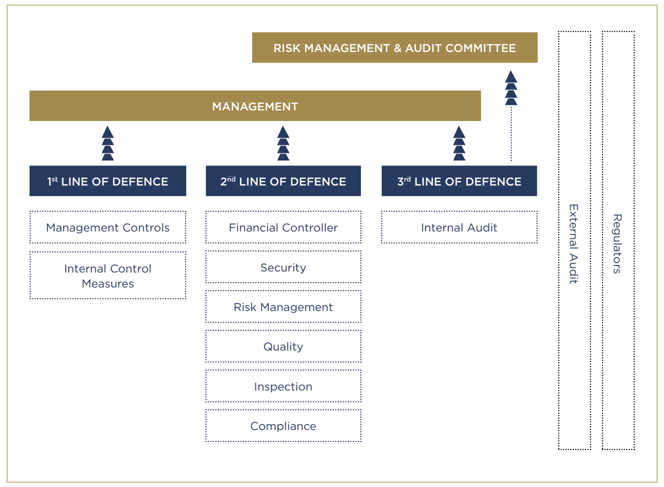
Our Risk Maturity Level

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

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

Our Lines of Defence

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



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

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

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

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

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

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

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

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

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

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

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

Holistic Approach to Risk Management

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

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

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

Our Risk Mitigation Approach

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

- Preventable risks
- Strategy risks
- External risks

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

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

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

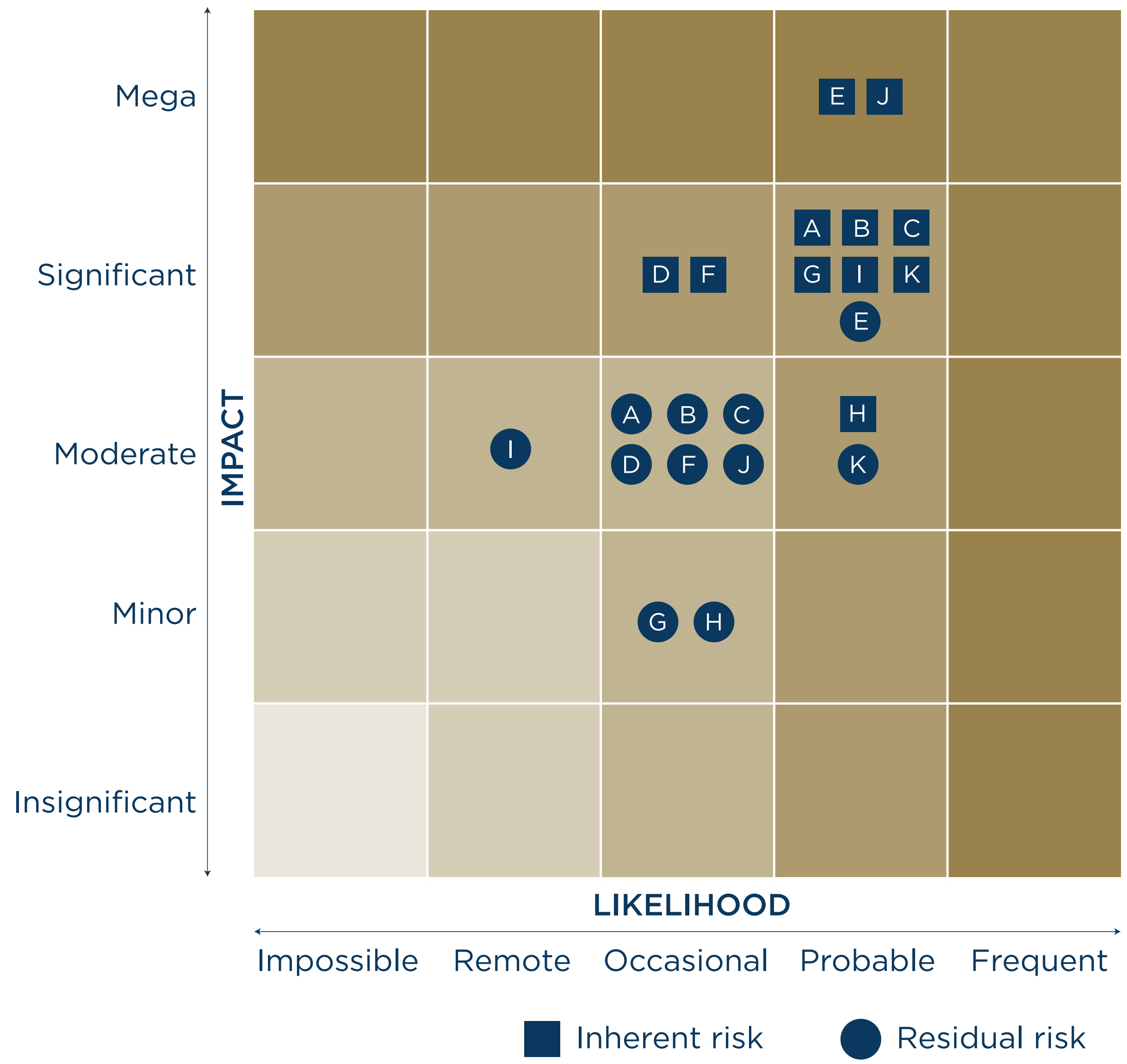
Top Risk	Description and Risk Context	Opportunities	Risk Responses
Strategic Risks			
A **Commercial**	• Inability to innovate products and services • Inability to sustain competitive edge • Inability to increase our markets	• Capitalise on our 'savoir faire' to consolidate our existing markets and enter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

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

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

Top Risk	Description and Risk Context	Opportunities	Risk Responses
	Reputational Risks		
J **Brand and Reputation**	• Loss of reputation if 'risks', at all level, are not properly managed / mitigated	• Continually aligning our standards with international norms • Inculcating risk management in the culture of the Group, whereby everyone in the organization become involved in the management of risks	• The Group constantly upgrades its products and adheres to high quality standards in all areas of operations • Standard Operating Procedures (SOPs) in respect of our Front Line activities are continuously revisited, in line with the Group's philosophy of providing the best customer experience • The Group is EarthCheck Certified and constantly strives towards achieving sustainable ecodevelopment • The Group has full time Health and Safety and Food Safety officers who continually review processes and ensure compliance with SOPs and international best practices
	External Risks		
K **Environmental Risks**	• Natural Disasters	• Establish system to ensure that the Group has the minimum resources to weather the full impact of an environmental risk event	• The Group methodically identifies, assesses and responds to environmental risks

RISK HEAT MAP



Our Top Inherent Risks

NMH is faced with inherent risks that could materially affect the Group's business, revenue and operating profit. The table on pages 50 and 54 lists the main inherent risks for the Group.

"NMH believes that the risk function plays an important role in training and raising risk awareness of its Artisans throughout the organisation. We recognise that risk management remains the responsibility of everyone."

Jamil TAUJOO,
CHIEF INTERNAL AUDIT OFFICER

IT, Data Management and Risk Information
Outlook

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

Risk Factors
We rely heavily on increasing connectivity and data management processes to conduct our business, be it for back-office processes, email communications, and to ensure guest satisfaction. As such, we are subject to ICT risks such as cyberattacks, viruses and malware, to name a few. We are constantly on the alert to mitigate those risks. Policies and procedures are in place to frame all these.

We are fully compliant with our local Data Protection Act and the European General Data Protection Regulation (GDPR).

Our pool of Artisans includes an internal IT team for first-level troubleshooting, which looks after all internal systems. We also have service level agreements with providers who are chosen according to the quality of the products and support they can provide. Most of our applications are on premises and the pros and cons of hosted applications and Software as a Service (SaaS) are under evaluation. This will enable better management of our exposure to potential IT threats. We also monitor our Customer Experience Management (CEM) surveys to evaluate our guest expectations before investing in new guest-facing technology.

AUDIT AND RISK COMMITTEE

For internal control, internal audit and risk management issues, please refer to page 63 (Governance – Board Committees)

Progress and Achievements
Internal Audit

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

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

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

The Internal Audit Department is adequately resourced and maintains a consistently high level of professionalism and quality based on International Standards, appropriate knowledge, skills and experience.

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

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

The Risk and Audit Department constantly strives in delivering quality audits together with sound recommendations geared towards improving business process efficiency and productivity. We remained consistent in our risk-based approach, where the focus of the internal audit was more oriented towards emerging and high-risk areas. In a bid to further improve the contribution of internal audit in providing assurance to the Board and management, the department is planning on automating its 'technology' in audit and risk management. Going digital, coupled with a touch of automation of our time-intensive and repetitive processes, will help internal audit spend less time on process administration and more time effecting changes.

Our Key Performance Indicators (KPIs) are as follows:

Business Units	Number of audits	
	FY18	FY19
Head Office	2	4
Hotels	8 Business Cycles across 8 hotels	8 Business Cycles across 8 hotels
DMC	1	-
Catering	5	2
Special Audits	4	6

In 2019, internal audit performed 6 special audits, of which 2 related to the change in Property Management System. The remaining 4 special audits concerned our business units and were unplanned interventions that internal audit covered due to certain specific needs. Consequently, the number of audit interventions over Beachcomber Catering fell slightly. Our Overseas Tour Operating activities are audited every 3 years.

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

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

Choose Less and Greener

Usage of fossil fuels for the production of domestic hot water is gradually being eliminated and is being replaced by a combination of solar generated hot water and utilisation of high temperature heat recovery on air conditioning chillers.

08/ *Eco-responsible*

Licenses received to install 1200 kW of PV panels on the roofs of several of our properties

Corporate GOVERNANCE REPORT

New Mauritius Hotels Limited ("NMH" or the "Company") is a public interest entity under the provisions of the Financial Reporting Act. NMH's Corporate Governance Report sets out the Company's commitment to transparency, good corporate governance and the continuous effort to enhance shareholder value. It describes the application of the principles of the Code of Corporate Governance for Mauritius (the "Code") by the Company and explains how our governance works.

This report, along with the Integrated Annual Report, is published in its entirety on the Company's website:
www.beachcomber.com

NMH was incorporated on 24 December 1964 and is listed on the Stock Exchange of Mauritius Limited ("SEM"). Its registered office is situated at Beachcomber House, Botanical Garden Street, Curepipe, Mauritius. The principal activities of the NMH Group consist of hotel operations, tour operating, and the provision of airline and inland catering and development of property for sale.

1. GOVERNANCE STRUCTURE

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

The Group operates within a clearly defined governance framework which provides for delegation of authority and clear lines of responsibility while enabling the Board to retain effective control. As such, the Board is ultimately accountable and responsible for the performance and affairs of the Group. While the Board has reserved certain matters for its approval, it has delegated some of its powers and responsibilities to two Committees, namely the Corporate Governance Committee ("CGC") and Audit and Risk Committee ("ARC"). A reporting mechanism is in place to ensure that matters affecting the affairs and reputation of the Group are escalated to the Board by the Chairpersons of these Committees.

1.1. Organisational and Governance Structure

The organisational and governance structure of NMH is illustrated on page 74 of the Annual Report.

1.2. Board Charter and Position Statements

The Board of Directors' Charter sets out the objectives, limits of authority, roles, responsibilities and composition of the Board of Directors of NMH.
The Board Charter as well as the position statements approved by the Board provide for a clear definition of the roles and responsibilities of the Chairperson, Executive and Non-Executive Directors, the Board's Committees, CEO of NMH as well as the Company Secretary.
The Board Charter is available for consultation on NMH's website: **www.beachcomber.com**

1.3. Code of Ethics

NMH is committed to the highest standards of integrity and ethical conduct in dealing with all its stakeholders.
NMH also remains committed to the fostering of high ethical and moral standards within its Group and has adopted some fundamental principles in the way it conducts its activities, such as:
- observing good corporate governance practices, good accounting and management principles and practices, as well as clear, objective and timely communication to their shareholders;
- achieving their business objectives with corporate social responsibility valuing their employees, preserving the environment and contributing towards the development of the communities where they are active; and
- observing their legal obligations in the countries where they are active, directly or indirectly.

The NMH Code of Ethics is available for consultation on NMH's website: **www.beachcomber.com**

1.4. Constitution of NMH

The material clauses of NMH's Constitution are as follows:
- fully paid up shares are freely transferable;
- the Company may acquire and hold its own shares;
- a special meeting of shareholders may be called at any time by the Board and shall be so called on the written request of shareholders holding shares carrying together not less than five percent (5%) of the voting rights entitled to be exercised on the issue;
- a Director is not required to hold shares in the Company; and
- the Board consists of nine or ten Directors. A quorum for a meeting of the Board is five Directors.

The Constitution of NMH is available for consultation on NMH's website: **www.beachcomber.com**

2. THE BOARD

2.1. Board Profile

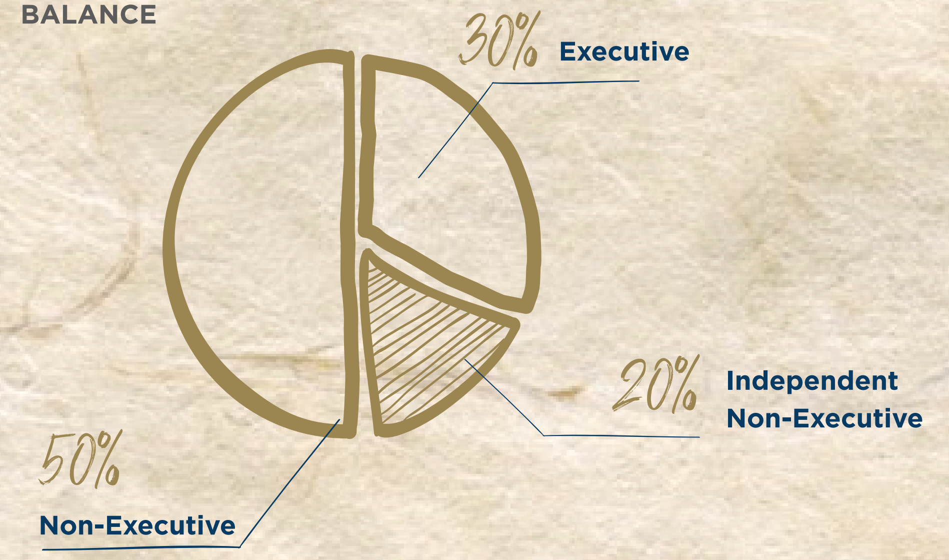
- The names and profiles of NMH's Directors are disclosed on pages 76 to 79 of the Integrated Annual Report. All the Directors of NMH ordinarily reside in Mauritius.

2.2. Board Composition

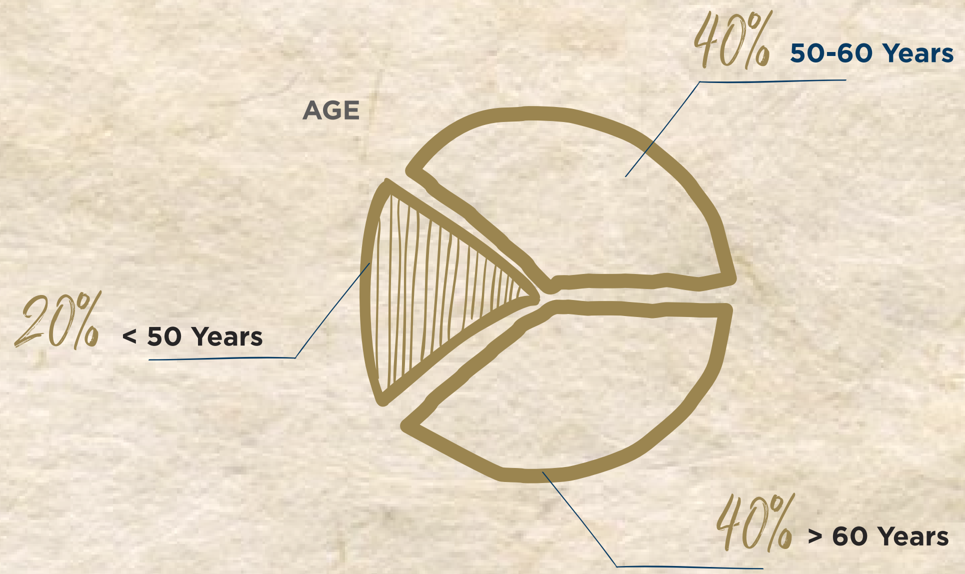
- The Board of Directors is the Company's supreme governing body and has full power over the affairs of the Company.
- As per the Board Charter, the Board has a unitary structure comprising Executive, Non-Executive and Independent Directors.
- In accordance with the NMH constitution, the Board consists of nine or ten Directors.
- The members of the Board are elected at the meeting of shareholders.
- The Board uses its best efforts to ensure that:
  - its members can act critically and independently of one another;
  - each Board member can assess the broad outline of the Company's overall policy;
  - each Board member has sufficient expertise to perform his/her role as a Board member;
  - the Board matches the Board Profile and comprises Directors from both genders with at least one male and one female member;
  - at least one Board member is a financial expert, meaning he has expertise in financial administration and accounting for companies similar to the Company in size and sophistication; and
  - no less than 2 of the Board members are independent.
- As at 30 September 2019, the Board comprised 10 members. Board members have a diverse mix of skills and experience and are distinguished by their professional ability, integrity and independence of opinion.
- In 2018, the Board of Directors reviewed the categorisation of the Independent Directors of NMH following which:
  - Mr Sunil Banymandhub is henceforth categorised as a Non-Executive Director of NMH since he has served for more than 9 years on the Board of NMH;
  - Mr Alain Rey is continuously categorised as an Independent Non-Executive Director of NMH in spite of having occupied an interim position at NMH for a period of 3 months during the last 3 years. The Board believes that Mr Alain Rey has shown independence of mind and judgement during his tenure of office and has also demonstrated objectivity during Board meeting deliberations.

The Board composition for the year under review was as follows:

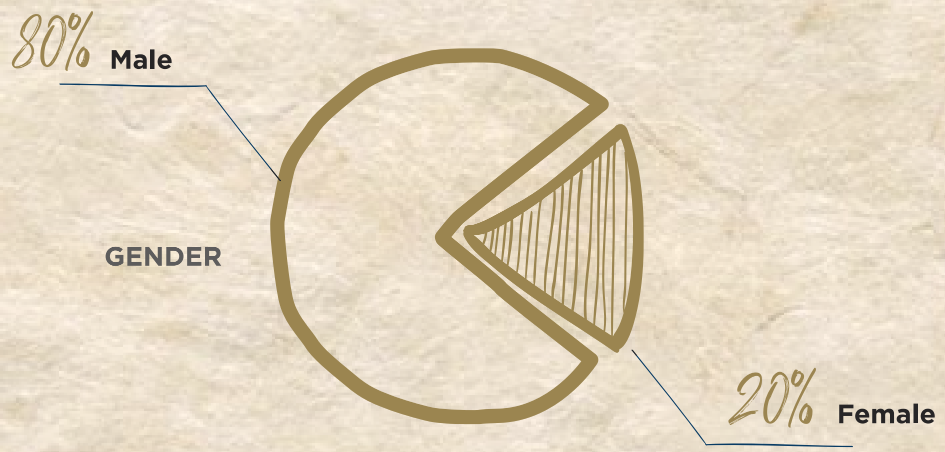
BALANCE



AGE



GENDER



2.3. Board Committees

	Corporate Governance Committee ("CGC")	Audit and Risk Committee ("ARC")
MEMBERS	**Director** – **Category** Jean-Pierre MONTOCCHIO – Non-Executive Director, Chairman Herbert COUACAUD – Non-Executive Director Gilbert ESPITALIER-NOËL – Executive Director Hector ESPITALIER-NOËL – Non-Executive Director Sunil BANYMANDHUB – Non-Executive Director In compliance with the Code, the CGC was composed of a majority of Non-Executive Directors. The Company Secretary acts as Secretary to the Committee.	**Director** – **Category** Alain REY – Independent Non-Executive Director, Chairman Louis RIVALLAND – Non-Executive Director Jyoti JEETUN – Independent Non-Executive Director In compliance with the Code, the Chairperson of the ARC is an Independent Non- Executive Director. The ARC is the cornerstone of the Company's system of internal controls and risk management. The Board has delegated its powers on internal control and risk management to the ARC, which reviews the risk philosophy, strategy and policies of the Group. The Head of the Internal Audit function has ready and regular access to the Chairperson and other members of the ARC. The Company Secretary acts as Secretary to the Committee.
QUORUM	The quorum necessary for the transaction of business is the majority of members in office.	The quorum for the transaction of business is two members, of which at least one must be an Independent Non-Executive Director.
MAIN DUTIES AS PER TERMS OF REFERENCE/ CHARTER	*In its capacity as **Corporate Governance Committee**:* • develop and recommend to the Board a corporate governance framework and a set of corporate governance guidelines; • review and evaluate the implementation of the corporate governance guidelines within the organisation; • ensure that an adequate process is in place for the Board and senior management to comply with the organisation's Code of Business Conduct and Ethics; • review annually with the Board the size and composition of the Board; and • ensure that an adequate process is in place for the Board and senior management to comply with the Mauritian Code of Corporate Governance. *In its capacity as **Nomination Committee**:* • review the stucture, size and composition of the Board and its Committees; • be responsible for identifying and nominating, for the approval of the Board, candidates to fill Board vacancies; • make recommendations to the Board concerning the re-election by shareholders of Directors or the retirement by rotation; • give full consideration to succession planning for Directors and other senior executives; and • keep under review the leadership needs of the organisation. *In its capacity as **Remuneration Committee**:* • set the remuneration policy for all Executive Directors, the Chairperson and other designated senior executives; and • review the ongoing appropriateness and relevance of the remuneration policy.	***Financial Statements:*** To review the quality and integrity of the financial statements of the Group and Company including its annual and half-yearly reports, interim reports and any formal announcement relating to the organisation's financial performance. ***Internal Controls and Risk Management systems:*** To keep under review the adequacy and effectiveness of the Group's systems of internal control, including financial controls and business risk management systems. ***Compliance, Whistleblowing and Fraud:*** To review the adequacy and security of the organisation's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. ***Internal Audit:*** To review and assess the annual internal audit work plan; and to monitor and review the effectiveness of the internal audit function, in the context of the Group's overall risk management system; ***External Audit:*** To consider and make recommendations to the Board, in relation to the appointment, reappointment and removal of the Company's external auditor; ***Business Conduct and Compliance with Laws and Regulations:*** To monitor the implementation of the Company's Code of Ethics and identify any violations of ethical conduct; and ***Reporting Responsibilities:*** To report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
MAIN DELIBERATIONS DURING THE YEAR	• Reviewed the Corporate Governance Report for the year ended 30 September 2018; • Recommended the re-election of Mr Gilbert Espitalier-Noël and Ms Pauline Seeyave in compliance with Section 23.6 of the Constitution; • Reviewed and recommended the payment of bonuses to the personnel; • Reviewed and recommended the new performance-based bonus scheme for the management team of NMH; • Recommended the appointment of ENL Secretarial Services Limited as additional Company Secretary; • Reviewed the Code of Ethics and whistleblowing process of NMH; • Reviewed and approved the succession plan of executives of NMH; • Reviewed and approved the Board evaluation exercise for the year 2019; and • Recommended the appointment of Directors of Semaris Ltd.	• Reviewed and recommended to the Board the approval of: - the audited financial statements for the year ended 30 September 2018; - the publication of the audited abridged financial statements for the year ended 30 September 2018; - the publication of the unaudited quarterly consolidated results of the Company; and - the risk management disclosures of the Annual Report as at 30 September 2018. • In respect of BDO & Co., the external auditors: - recommended the appointment of BDO & Co. as auditors for the year ended 30 September 2019; • In respect of the Internal Audit function: - in collaboration with the Internal Audit function, refined the processes for the conduct of Internal Audit assignments; - examined reports issued by the Internal Audit function; and - monitored the implementation of action plans by subsidiaries. • Reviewed the effectiveness of the internal control and risk management systems.

The Charters of the CGC and ARC of NMH are available for consultation on NMH's website: **www.beachcomber.com**

2.4. Board Deliberations

During the year under review, the Board met nine times and its deliberations included the following:

- approval of Annual Report for the year ended 30 September 2018;
- preparation of the meetings of the shareholders held on 22 March 2019 and 10 September 2019;
- approval of financial results:
  - abridged audited financial statements for the year ended 30 September 2018 for publication purposes; and
  - the unaudited quarterly consolidated results of the Company for publication purposes;
- recommendation for the appointment of BDO & Co. as auditor for the year ended 30 September 2019;
- declaration and payment of dividends for the year ended 30 September 2019;
- review of the Group's operations as reported by the CEO;
- approval of various banking facilities;
- ongoing review of the strategy of the NMH Group;
- review of the performance of the Group against Budget and assessing the group structure regularly;
- receiving the reports and recommendations of the ARC and CGC;
- approval of the conversion of 2,354,503 redeemable convertible non-voting preference shares ("Preference shares") into 1,311,929 ordinary shares;
- approval of the Memorandum of Understanding with Safran Landcorp Ltd;
- approval of the change in financial year end from 30 September to 30 June;
- approval of various off-market transfers/transmission of shares;
- in respect of the reorganisation of NMH's operating units and setting up of Semaris Ltd ("Semaris")
  - approval of the transfer of real estate assets from NMH to Semaris;
  - approval of the listing of Semaris on the Development & Enterprise Market;
  - approval of a management services agreement between NMH and Semaris; and
  - approval of the reduction of the stated capital pertaining to the ordinary shares of NMH from Rs 6,375,301,930 to Rs 2,780,301,930 and settlement by way of 548,982,130 ordinary shares of Semaris held by NMH in the proportion of 1 ordinary share of Semaris for each ordinary share held in NMH.

2.5. Directors' Appointment Procedures

2.5.1. Appointment and re-election

- The Board may appoint any person to be a Director, either to fill a casual vacancy or as an additional Director insofar as the total number of Directors does not at any time exceed the number fixed in accordance with the Company's Constitution. The Director so appointed by the Board will hold office only until the next following Annual Meeting and will then be eligible for reappointment.
- The appointment process is delegated to the Corporate Governance Committee (in its capacity as Nomination Committee) which recommends to the Board the Directors to be appointed and/or re-elected.
- Once the candidate has been approved by the Board, he/she is required to sign a letter of appointment, which states that he/she owes a duty to the Board and to the Company as Director, acts in good faith and is willing to allocate sufficient time to the Company.
- A nomination or recommendation of a candidate for the Board at the meeting of shareholders includes a brief of biographical details (namely age, profession, academic qualifications and any other information relevant to assess the suitability as a member of the Board) of the proposed Director.
- In accordance with the Company's Constitution, at each Annual Meeting of the Company, two Directors, who have been longest in office since their appointment or last reappointment, retire by rotation and are eligible for reappointment.
- Re-election of Directors over the age of 70 years is made in compliance with Section 138(6) of the Companies Act 2001.
- Upon recommendation of the Corporate Governance Committee, the following will be proposed to the shareholders for approval at the forthcoming Annual Meeting of NMH scheduled on 20 March 2020:
  - The re-election of Messrs Marie Maxime Hector Espitalier-Noël and François Roland Venin as Directors of the Company in accordance with Section 23.6 of the Company's Constitution.

- The re-election of Messrs Joseph René Herbert Maingard Couacaud and Sunil Kishore Banymandhub as Directors of the Company in compliance with Section 138 (6) of the Companies Act 2001.

- The Chairman confirms that Messrs François Roland Venin, Sunil Kishore Banymandhub and Joseph René Herbert Maingard Couacaud continue to be performing and remain committed to their role as Directors of the Company.
- The Chairman of the Corporate Governance Committee also confirms that following a performance evaluation, Mr Marie Maxime Hector Espitalier-Noël continues to be performing and remains committed to his role as Chairman of the Company.

2.5.2. Board Induction

- On their first appointment, Non-Executive Directors benefit from an induction programme aimed at deepening their understanding of the businesses, environment and markets in which the Group operates.
- As part of the induction programme, all newly appointed Directors receive a folder of essential Board and Company information, meet the Company's key executives and have a briefing session with the Chief Executive Officer.

2.5.3. Professional Development and Training

- The Directors are aware of their legal duties.
- The Board encourages its members to keep themselves abreast of changes and trends in the Company's businesses, environment and markets.
- The Board regularly assesses:
  - the development needs of its Directors and facilitates attendance at appropriate training programmes to continuously update the skills and knowledge of the Directors so that they fulfil properly their role on the Board and its Committees; and
  - the development needs of the Board as a whole to promote its effectiveness as a team.

2.5.4. Succession Planning

- The Corporate Governance Committee recommends plans for succession of Directors and senior management.
- The Board regularly reviews its composition, structure and succession plans.

2.6. Directors' Duties, Remuneration and Performance

2.6.1. Directors' Interests, Dealings in Securities and Related Party Transactions

- The Board, in relation to dealing in the Company's listed securities, complies with the provisions of the Model Code for Securities Transactions ("Model Code") by Directors of listed Companies as detailed in Appendix 6 of the Listing Rules issued by the SEM and the Companies Act 2001.
- The Company Secretary keeps the Directors apprised of closed periods and of their responsibilities in respect to the Model code.
- NMH's Board Charter also contains policies on Conflicts of Interests and Related Party Transactions.
- Directors, after becoming aware of the fact that they are interested in a transaction or proposed transaction with the Company, disclose their interests to the Board and cause same to be entered in the Interests Register.
- The Company Secretary keeps the Interests Register and ensures that the latter is updated regularly. The register is available for consultation by shareholders upon written request to the Company Secretary.
- All new Directors are required to notify in writing to the Company Secretary their direct and indirect interests in NMH.

- The Directors' interests in NMH's shares as at 30 September 2019 were as follows:

	INTERESTS IN NMH SHARES							
	ORDINARY SHARES				PREFERENCE SHARES			
	DIRECT		INDIRECT		DIRECT		INDIRECT	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Sunil BANYMANDHUB	12,500	0.00	-	-	-	-	-	-
Herbert COUACAUD	34,151,868	6.22	1,074,018	0.20	-	-	-	-
Gilbert ESPITALIER-NOËL	151,798	0.03	14,130,800	2.57	-	-	355	0.00
Hector ESPITALIER-NOËL	4,330	0.00	15,184,846	2.77	1,439	0.00	20,212	0.06
Jyoti JEETUN	-	-	-	-	-	-	-	-
Jean-Pierre MONTOCCHIO	-	-	521,533	0.10	-	-	22,694	0.06
Alain REY	-	-	149,056	0.03	-	-	-	-
Louis RIVALLAND	411,961	0.08	54,898	0.01	-	-	-	-
Pauline SEEYAVE	3,314	0.00	-	-	65	0.00	-	-
François VENIN	-	-	-	-	-	-	-	-

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

	Acquired		Disposed	
	Ordinary Shares	Preference Shares	Ordinary Shares	Preference Shares
Gilbert ESPITALIER-NOËL	72,800	-	-	-
Hector ESPITALIER-NOËL	4,330*	1,439	-	21*
Louis RIVALLAND	107,761**	-	-	193,400**
Pauline SEEYAVE	197***	65***	-	-
Jean-Pierre MONTOCCHIO (indirectly through associates)	26,692	-	184	46,908

** Ordinary shares have been obtained following the conversion of preference shares into ordinary shares and dividend in specie carried out by EUDCOS.*

*** Ordinary shares have been obtained following the conversion of preference shares into ordinary shares*

**** Ordinary and preference shares have been obtained following the dividend in specie carried out by EUDCOS.*

- Note 17 of the financial statements for the year ended 30 September 2019, set out on pages 119 to 123 of the Integrated Annual Report 2019 details all the related party transactions between the Company or any of its subsidiaries or associates and a Director, Chief Executive, controlling shareholder or companies owned or controlled by a Director, Chief Executive or controlling shareholder.
- Shareholders are apprised of related party transactions through the issue of circulars and press releases by the Company in compliance with the Listing Rules of the SEM.

2.6.2. Information, Information Technology and Information Security Governance

• Outlook

We are continuing our efforts to secure our ICT platforms as well as to modernise both the software and hardware infrastructure to promote digital transformation.

• Risk Factors

Risks related to our business can be read on pages 51 to 54.

• Information and Communication Technology

We rely heavily on Information and Communication Technology ("ICT") to conduct our business, for back-office processes, email communications, as well as to ensure guest satisfaction in an environment increasingly requesting connectivity and through data management, that helps in building the goodwill of the Company. As such, we are subject to ICT risks such as cyberattacks, viruses and malware, hardware and software failures and Internet access disruption. We are constantly on alert in order to mitigate those risks. Policies and procedures are in place to frame all these.

Running a 24/7/365 business, we have an internal ICT team for first level troubleshooting, looking after all systems in order to ensure business continuity. We also have service level agreements with providers who are chosen based on the quality of products and support they are able to provide.

In this constantly evolving technological world, we do our utmost to keep pace with new technologies, by evaluating their relevance in our industry.

Most of our applications are on premises and we are actually evaluating the pros and cons of hosted applications and Software as a Service ("SaaS").

We monitor our Customer Experience Management ("CEM") surveys to evaluate our guest expectations before investing in new guest-facing technology.

• Cyberattacks

We use industry-standard security devices which are regularly monitored and updated with latest patches.

• Viruses & malware

All our servers, PCs, laptops and mobile devices are properly secured and antivirus/antimalware are regularly updated. In addition, we promote awareness of our users of the inherent risks of malware.

• Hardware failures

Our infrastructure consists of a data centre, running all our on-premise applications, and a Disaster Recovery ("DR") site, where the more critical applications are replicated online and where backups are stored.

• Software failures

The most critical applications are replicated online and all others are regularly backed up at our DR site. We also have service level agreements with providers.

• Internet access disruptions

We rely heavily on email communications to run our business. For better security control and business continuity, all Internet connections are centrally managed at our headquarters. Our country being subject to cyclones, and therefore potential communication disruptions, all our communication lines are fully redundant, relying on different technologies, namely wireless and fibre, as well as through the use of two different suppliers. This applies to our Internet connections and connections between our sites.

• Utility failures

During the cyclone season, the probability of electricity supply disruption is quite high; we have equipped both our data centre and DR site with redundant UPS and generators.

• Websites

Our websites are hosted by a well-reputed international hosting company, and maintained by an internal team of developers.

• Business alignment

We are on the lookout for new technologies for running our business and also to improve our guest's satisfaction through guest-facing technologies, which are more and more expected from them.

• Data protection

We collect, handle and store sensitive data in the course of our business. We do our utmost to protect this information and are fully compliant with our local Data Protection Act and the European General Data Protection Regulation ("GDPR").

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

2.6.3. Access to Information

- The Chairman, the Company Secretary and the CEO ensure that the Management provides the Board and its committees, in a timely manner, with the information they need to properly function.
- Directors of the Company are entitled to have access, at all reasonable times, to all relevant Company information and to the Management, if useful, to perform their duties.
- During the discharge of their duties, the Directors are entitled to seek independent professional advice at the Company's expense and have access to the records of the Company.
- A Directors' and Officers' Liability Insurance policy has been taken out to by the Company. The policy provides cover for the risks arising out of the acts or omissions of the Directors and Officers of the Company.

2.6.4. Remuneration Policy

- In accordance with the NMH Constitution, fees are paid to the Directors for holding office.
- The underlying philosophy is to set remuneration at an appropriate level to attract, retain and motivate high-calibre personnel and reward in alignment with their individual as well as joint contribution towards the achievement of the Company's objective and performance, while taking into account the current market conditions and the Company's financial position. The Directors are remunerated for their knowledge, experience and insight given to the Board and Committees.
- Pursuant to the above, committees have been set up to regulate and follow up closely all matters relating to remuneration.
- The Chairperson of the Board is paid a special level of fees appropriate to his office.
- Particulars of Directors' remuneration are entered into the Interests Register of the Company.
- For Executive Directors, apart from a base salary and short-term benefits which reflect their responsibilities and experience, their remuneration consists of a variable element in the form of an annual bonus, determined by the performance of both the Group and the individual.
- None of the Non-Executive directors are entitled to remuneration in the form of share options or bonuses associated with the Company's performance.
- The table hereunder lays out the current fee structure, as decided by the Board following recommendations of the CGC, for the Chairperson and members of the Board and of its Committees:

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

2.6.5. Attendance and Remuneration/Benefits paid

For the year under review, the attendance at the Board and Committee meetings and actual remuneration and benefits received by the Directors were as per below:

		Board	Audit and Risk Committee	Corporate Governance Committee	Remuneration & Benefits received
Number of Meetings held		9	4	4	**(Rs)**
Category	**Director**	**Attendance**			
Executive	Gilbert ESPITALIER-NOËL	9/9	N/A	4/4	18,239,323
	Pauline SEEYAVE	9/9	N/A	N/A	12,861,381
	François VENIN	8/9	N/A	N/A	17,866,410
Non-Executive	Sunil BANYMANDHUB	7/9	N/A	4/4	420,000
	Herbert COUACAUD	3/9	N/A	1/4	420,000
	Hector ESPITALIER-NOËL	9/9	N/A	4/4	480,000
	Jean-Pierre MONTOCCHIO	8/9	N/A	4/4	420,000
	Louis RIVALLAND	7/9	2/4	N/A	420,000
Independent	Alain REY	9/9	4/4	N/A	420,000
	Jyoti JEETUN	8/9	4/4	N/A	420,000

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

2.6.6. Board Appraisal

- Every year, the Board critically evaluates the performance of the Board and of the Committees, as well as their respective processes and procedures to ensure that they are designed to assist the Board in effectively fulfilling its role.
- During the year under review, a Board appraisal was carried out, by means of a questionnaire sent to all the Directors and aimed at focusing on specific areas of improvement, namely:
  - Board structure;
  - conduct of Board meetings;
  - Board agenda and reporting;
  - risk management; and
  - self-evaluation.
- The findings of the aforesaid Board Appraisal have been considered by the Board.

3. INTERNAL CONTROL, INTERNAL AUDIT AND RISK MANAGEMENT

For internal control, internal audit and risk management, please refer to pages 48 to 57.

4.SHAREHOLDERS AND OTHER KEY STAKEHOLDERS

4.1. Shareholding Profile

- NMH's ordinary and preference shares are listed on the Official List of the SEM and accordingly, the Company is governed by the Listing Rules of the SEM.
- As at 30 September 2019, the share capital of NMH was composed of 548,982,130 ordinary shares and 35,458,987 preference shares.
- As at 30 September 2019, the shareholders holding more than 5% of the ordinary shares of the Company were as follows:

	Ordinary (%)
Rogers and Company Limited	22.93
ENL Limited	15.24
Swan Life Ltd	10.65
Joseph René Herbert Maingard COUACAUD	6.22

Distribution of Shareholders at 30 September 2019

Range of Shareholding	ORDINARY SHARES			PREFERENCE SHARES		
	Shareholder Count	Number of Shares held	% of Shares held	Shareholder Count	Number of Shares held	% of Shares held
1 – 1000	4,002	1,036,557	0.19	2,245	311,556	0.88
1,001 – 5,000	2,199	5,482,781	1.00	362	855,576	2.41
5,001 – 10,000	706	5,103,936	0.93	118	885,383	2.50
10,001 – 25,000	708	11,475,238	2.09	120	1,886,861	5.32
25,001 – 50,000	386	13,782,003	2.51	64	2,370,773	6.69
50,001 – 75,000	157	9,512,142	1.73	16	1,000,271	2.82
75,001 – 100,000	89	7,767,649	1.42	14	1,242,280	3.50
100,001 – 250,000	193	30,337,408	5.53	39	6,220,010	17.54
250,001 – 500,000	95	32,096,031	5.85	14	5,002,862	14.11
500,001 – 1,000,000	42	29,659,239	5.40	9	6,019,540	16.98
1,000,001 – 1,500,000	17	19,775,832	3.60	1	1,382,566	3.90
1,500,001 – 2,000,000	5	8,477,673	1.54	2	3,488,872	9.84
2,000,001 – 2,500,000	2	4,907,952	0.89	0	0	0.00
2,500,001 – 5,000,000	8	25,200,308	4.59	1	4,792,437	13.51
5,000,001 – 8,000,000	1	6,437,994	1.17	0	0	0
8,000,001 – 25,000,000	2	35,771,614	6.52	0	0	0
Over 25,000,001	4	302,157,773	55.04	0	0	0
Total	**8,616**	**548,982,130**	**100**	**3,005**	**35,458,987**	**100**

Spread of Shareholders

To the best knowledge of the Directors, the spread of shareholders at 30 September 2019 was as follows:

	ORDINARY SHARES			PREFERENCE SHARES		
	No of Shareholders	No. of Share held	%	No of Shareholders	No. of Shares held	%
Individuals	8,096	145,612,687	26.52	2,736	13,177,963	37.16
Insurance and Assurance Companies	19	40,441,748	7.37	14	2,692,664	7.59
Investment and Trust Companies	188	241,000,417	43.90	62	3,101,101	8.75
Other Corporate Bodies	195	22,858,513	4.16	98	1,229,246	3.47
Pension & Provident Funds	116	98,314,257	17.91	94	15,025,613	42.37
PLC Groups	2	754,508	0.14	1	232,400	0.66
Total	**8,616**	**548,982,130**	**100**	**3,005**	**35,458,987**	**100**

4.2. Contract between the Company and its Substantial Shareholders

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

4.3. Third Party Agreements

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

4.4. Engagement with Shareholders

4.4.1. Shareholders' Relations and Communication

- The Board of Directors places great importance on open and transparent communication with its shareholders.
- The Company communicates with shareholders through its Integrated Annual Report, circulars issued in compliance with the Listing Rules of the SEM, press announcements, publication of unaudited quarterly and audited abridged financial statements of the Company, dividend declaration and meetings of shareholders.
- Interim, audited financial statements, press releases and so forth are accessible from the Company's website, **www.beachcomber.com**
- Analyst meetings are also organised periodically, at which analysts are invited to interact with management. In compliance with the Companies Act 2001, shareholders are invited to the meetings of shareholders of NMH at which the Board of Directors is also present. The Company's meetings of shareholders provide shareholders with an opportunity to raise and discuss matters relating to the Company with the Board.

4.4.2. Shareholders' Calendar

December 2019	Publication of abridged audited financial statements for the year ended 30 September 2019
February 2020	Publication of quarterly results to 31 December 2019
March 2020	Issue of Annual Report 2019
	Annual Meeting of Shareholders
May 2020	Publication of quarterly results to 31 March 2020

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

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

4.4.4. Dividend

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

5. COMPANY SECRETARY

- ENL Secretarial Services Limited provides corporate secretarial services to New Mauritius Hotels Limited.
- All Directors, including the Chairman, have access to the advice and services of the Company Secretary, delegated by ENL Secretarial Services Limited for the purposes of the Board's affairs and business.
- The Company Secretary is responsible for ensuring that Board procedures are followed, that the applicable rules and regulations for the conduct of the affairs of the Board are complied with and for all matters associated with the maintenance of the Board or otherwise required for its efficient operation.

Preety GOPAUL, ACIS
For ENL Secretarial Services Limited
Company Secretary

19 December 2019

Company SECRETARY'S CERTIFICATE

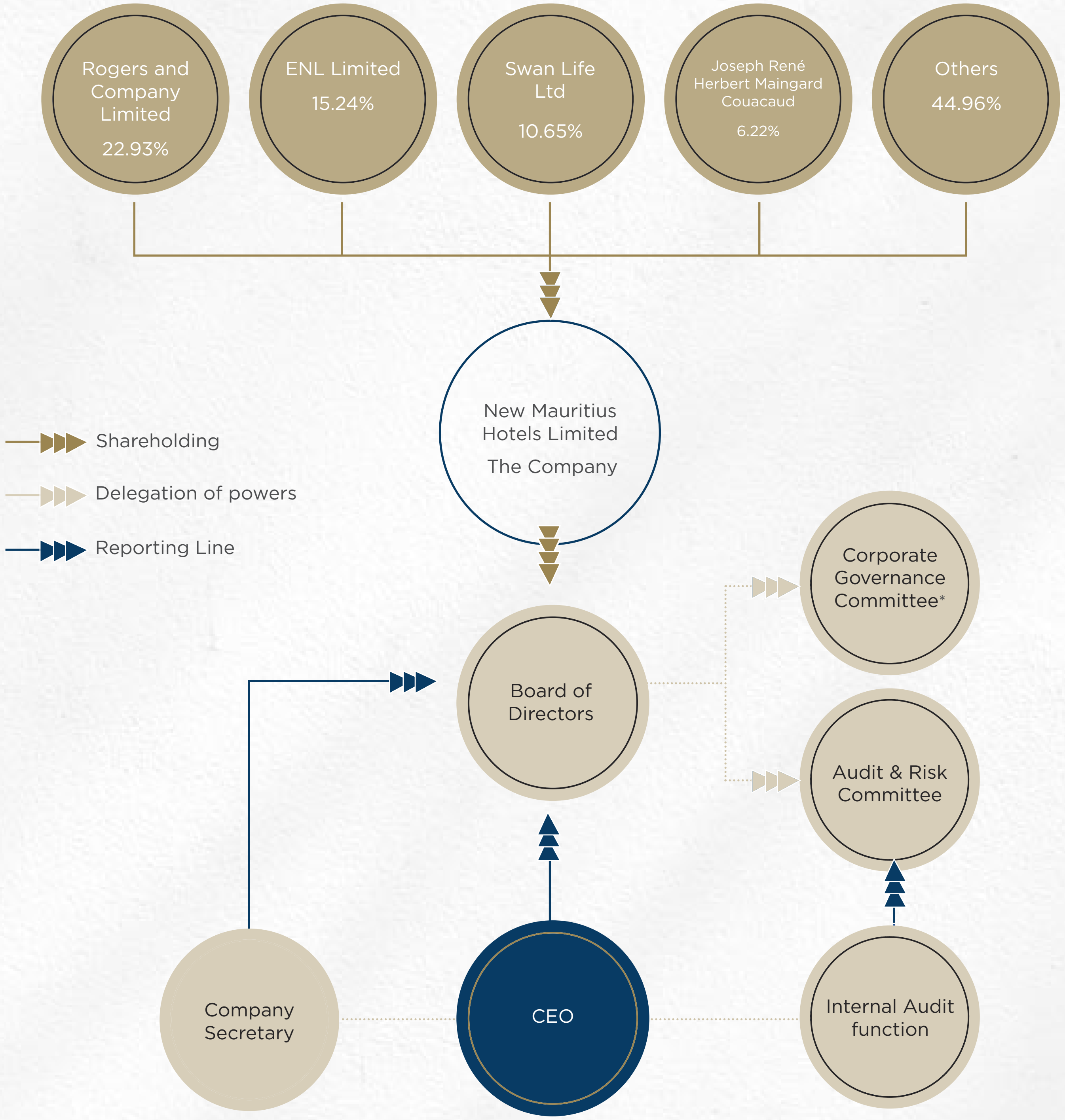
(Pursuant to Section 166(d) of the Companies Act 2001)

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

Preety GOPAUL, ACIS
For ENL Secretarial Services Limited
Company Secretary

19 December 2019

Governance STRUCTURE



*As per its terms of reference, in its capacity, the Corporate Governance Committee also acts as Remuneration and Nomination Committee

Director's PROFILES

STANDING FROM LEFT TO RIGHT

Louis Rivalland

Jyoti Jeetun

François Venin

Herbert Couacaud

Hector Espitalier-Noël

Sunil Banymandhub

SITTING FROM LEFT TO RIGHT

Alain Rey

Gilbert Espitalier-Noël

Pauline Seeyave

Jean-Pierre Montocchio

Hector ESPITALIER-NOËL
(Born in 1958)
Chairman, Non-Executive Director
• **Appointed in:** April 1997
(up for re-election at next Annual Meeting)
• **Qualifications:** Member of the Institute of Chartered Accountants in England and Wales
• **Committee:** Member of the Corporate Governance Committee
• **Professional Journey:**
Hector Espitalier-Noël previously worked with Coopers and Lybrand in London and with De Chazal du Mée in Mauritius. He is the Chief Executive Officer of ENL Limited and the ENL Group since 1990. He is also the Chairman of Semaris Ltd and Bel Ombre Sugar Estate Ltd and a past chair of Rogers and Company Limited, the Mauritius Chamber of Agriculture, the Mauritius Sugar Producers Association and the Mauritius Sugar Syndicate.
• **Skills:** Seasoned CEO with strong financial skills and experience in developing businesses, building alliances, ventures and partnerships. As Chairman and Board member of numerous blue-chip companies and trade organisations, Hector Espitalier-Noël has gathered in-depth knowledge and significant experience in key sectors of the Mauritian economy, including agro-industry, real estate, hospitality and financial services.

Sunil BANYMANDHUB
(Born in 1949)
Non-Executive Director
• **Appointed in:** March 2000
(up for reappointment at next Annual Meeting)
• **Qualifications:** BSc Honours First Class in Civil Engineering UMIST, UK, master's degree in Business Studies (London Business School), Associate of the Institute of Chartered Accountants in England and Wales
• **Committee:** Member of the Corporate Governance Committee
• **Professional Journey:**
Sunil Banymandhub has occupied senior positions with various major companies in the private sector in Mauritius. He is also the majority shareholder of a transport company. During his career, he has been involved with several private sector organisations and was, among other things, the President of the Mauritius Employers' Federation and a Member of the Presidential Commission on Judicial Reform presided over by Lord Mackay of Clashfern, previously UK Lord Chancellor. He currently acts as Chairman or Board member of a number of domestic and global entities.
• **Skills:** Many years' experience in financial services and senior management.

Herbert COUACAUD
(Born in 1948)
Non-Executive Director
• **Appointed in:** May 1981
(up for reappointment at next Annual Meeting)
• **Qualifications:** BSc in Economics and Mathematics, University of Cape Town
• **Committee:** Member of the Corporate Governance Committee
• **Professional Journey:**
Herbert Couacaud has been the Chief Executive Officer of New Mauritius Hotels Limited from 1974 until his retirement in June 2015.
• **Skills:** Actively contributed to the development of the tourism industryin Mauritius.

Gilbert ESPITALIER-NOËL
(Born in 1964)
Chief Executive Officer, Executive Director
• **Appointed in:** February 2013
• **Qualifications:** Master of Business Administration, INSEAD, BSc University of Cape Town, BSc (Hons) Louisiana State University
• **Committee:** Member of the Corporate Governance Committee
• **Professional Journey:**
Gilbert Espitalier-Noël commenced employment with the Food and Allied Group (now Eclosia Group) in 1990 and was appointed Group Operations Director in 2000. He joined the ENL Group, where he was Executive Director from February 2007 until June 2015. He is since July 2015 the Chief Executive Officer of New Mauritius Hotels Limited.
Gilbert Espitalier-Noël was President of the Mauritius Chamber of Commerce and Industry in 2001, the Joint Economic Council in 2002 and 2003 and the Mauritius Sugar Producers Association in 2008 and 2014.
• **Skills:** Extensive experience and expertise in the agro-industry, property and hospitality sectors. Gilbert Espitalier-Noël laid the foundation for the development of Moka Smart City and spearheaded ENL's growth into a major property player. He is currently leading the modernisation of New Mauritius Hotels.

Dr Jyoti JEETUN
(Born in 1960)
Independent Non-Executive Director
• **Appointed in:** December 2017
• **Qualifications:** PhD in Strategy and Accounting, MBA, Warwick Business School, University of Warwick. Fellow of the Institute of Chartered Secretaries and Administrators
• **Committee:** Member of the Audit & Risk Committee
• **Professional Journey:**
Jyoti Jeetun is the Group Chief Executive Officer of the Mont Choisy Group since April 2016, leading a major transformation in real estate development in the North. She was previously an international consultant in private sector development and financial services as well as an academic with leading UK Business Schools (Warwick Business School, Birmingham Business School, Oxford Brookes Business School and Essex Business School). Jyoti Jeetun has occupied senior management roles with global investment banks in London (BNP Paribas, Barclays Capital, Bank of America Merrill Lynch). She was the Deputy Director of the Centre for the Development of Enterprise, a Brussels-based international organisation promoting private sector enterprise development in ACP countries. She was formerly the founding Chief Executive of the Sugar Investment Trust and the founding Chairperson of the Mauritius Post and Cooperative Bank (now MauBank). She started her career as a public servant and went on to become the Finance Editor of Business Magazine.
• **Skills:** Over 25 years of executive management and boardroom credentials, mainly in the real estate development, banking, financial services and sugar sectors.

Jean-Pierre MONTOCCHIO
(Born in 1963)
Non-Executive Director
• **Appointed in:** April 2004
• **Qualifications:** Notary
• **Committee:** Chairman of the Corporate Governance Committee
• **Professional Journey:**
Jean-Pierre Montocchio was appointed Notary Public in Mauritius in 1990. He was a member of the Board of Directors' Sub-Committee of the National Committee on Corporate Governance.
• **Skills:** Well versed in corporate governance matters and NED experience across the private and public sectors. Jean-Pierre Montocchio also has significant experience in alliances, ventures and partnerships.

Alain REY
(Born in 1959)
Independent Non-Executive Director
• **Appointed in:** February 2017
• **Qualifications:** Member of the Institute of Chartered Accountants in England and Wales
• **Committee:** Chairman of the Audit and Risk Committee
• **Professional Journey:**
Alain Rey has worked in the financial services industry at Citibank N.A. (France) and as Regional Corporate Director of Barclays Bank Plc at their Mauritius branch, in the textile industry as Senior Vice President and Chief Financial Officer of Novel Denim Holdings Ltd, a Nasdaq-listed company. He has also been the CEO of Compagnie de Mont Choisy Limitée, a group of companies involved in agricultural and property development activities.
• **Skills:** Extensive experience in the formulation and appraisal of risk assessment and management systems in various industries. He has also been Chairman of various Strategic and Investment Committees and possesses banking and financial competence and expertise.

Louis RIVALLAND
(Born in 1971)
Non-Executive Director
• **Appointed in:** March 2002
• **Qualifications:** BSc (Hons) degree in Actuarial Science and Statistics, Postgraduate Diploma in Strategy and Innovation, University of Oxford and Fellow of the Institute of Actuaries (UK)
• **Committee:** Member of the Audit and Risk Committee
• **Professional Journey:**
Louis Rivalland is currently the Group Chief Executive of Swan General Ltd and Swan Life Ltd.
He is a former President of the Joint Economic Council and of the Insurers' Association of Mauritius. He has played an active role in the development of risk management, investment, insurance and pensions in Mauritius, having chaired or served on various technical committees in these fields.
• **Skills:** Extensive experience in financial services and risk management.

Pauline SEEYAVE
(Born in 1974)
Executive Director
• **Appointed in:** August 2016
• **Qualifications:** Master of Arts, St Catharine's College, University of Cambridge and Associate of the Institute of Chartered Accountants in England and Wales
• **Professional Journey:**
Pauline Seeyave is currently the Group Chief Financial Officer of New Mauritius Hotels Limited. She has 20 years of working experience in the UK and Mauritius. She has managed client portfolios in Audit and Business Assurance and has occupied senior executive roles in banking, finance, risk management, credit, project finance and corporate banking. She is a current Non-Executive Director of Innodis Ltd and was a past Director of SBM Bank (Mauritius) Ltd, State Insurance Company of Mauritius Ltd and Club Méditerranée Albion Resorts Ltd.
• **Skills:** Extensive experience in risk management, corporate finance and financial reporting.

François VENIN
(Born in 1957)
Executive Director
• **Appointed in:** July 2015
(up for re-election at the next Annual Meeting)
• **Professional Journey:**
François Venin is currently the Group Chief Sales and Marketing Officer of New Mauritius Hotels Limited. He is responsible for managing the sales and marketing strategies of the NMH Group's 8 hotels, all overseas offices worldwide and the three tour operating companies, Beachcomber Tours in France, the UK and South Africa. He also assists in the decision-making process on new projects or ventures and manages communication platforms with optimum use of all available digital channels. François Venin was previously the General Manager of Mauricia Beachcomber Resort & Spa and Canonnier Beachcomber Golf Resort & Spa and had before that managed properties overseas for Club Méditerranée.
• **Skills:** Strong expertise in sales, communication and marketing strategies. François Venin also has over 42 and 33 years of extensive experience in hospitality and team management respectively.

For full directorship list of the Directors, please refer to the Company's website : www.beachcomber.com

For full directorship list of the Directors, please refer to the Company's website : www.beachcomber.com

Senior Management PROFILE

FROM LEFT TO RIGHT

François Venin

Pauline Seeyave

Gilbert Espitalier-Noël

Géraldine Kœnig

Bertrand Piat

Karine Perrier Curé

Jean Louis Pismont

Gilbert ESPITALIER-NOËL
Chief Executive Officer, Executive Director
see under the section Directors' Profiles

Geraldine KOENIG
Chief Officer Operational Excellence
BA Hons Economics / MA, University of Cambridge, UK.
Diploma in Management, University of Amherst, USA.
Previous experience with SGS Group Management Ltd (Geneva) and Rogers Group.
Joined the NMH Group in March 2016.

Karine PERRIER CURÉ
Chief Communication & CSR Officer
Executive Master (MSc) in Marketing (Hons) from the University of Paris-Dauphine (France) and a BSc.
She started her career in the field of communication in Paris and has worked in Mauritius in the tourism, leisure and hotel sectors as well as Corporate Marketing & Communication. Karine is the former Chief Marketing & Communication Executive of Rogers Co Ltd since October 2015.
Joined the NMH Group in February 2019 as Chief Communication & CSR Officer and is the Chairperson of FED (Fondation Espoir Developpement).

Bertrand PIAT
Chief Human Resources Officer
BSc (Hons) Psychology and Economics from City University, London and MA Occupational Psychology from Sheffield University.
Previous experience in Human Resources and Training experience in Corporate and Consulting roles, locally and abroad.
Joined the NMH Group in 2009.

Jean Louis PISMONT
Chief Operations Officer
Graduated from the Hotel School of Granville and holds a degree from Thonon-les-Bains, Hotel Management School, France.
Joined the NMH Group in 1996, and managed various Beachcomber hotels. He represents the interests of New Mauritius Hotels Limited as owners' representative of the Fairmont Royal Palm Marrakech. He is also a past President of the Association of Hotels and Restaurants of Mauritius (AHRIM).

Pauline SEEYAVE
Chief Financial Officer
see under the section Directors' Profiles

François VENIN
Chief Sales and Marketing Officer
see under the section Directors' Profiles.

Business Units LEADERS

Mark BOULLÉ
Managing Director of Beachcomber Tours, UK

Sheila COLLET SERRET
General Manager of Beachcomber Office, Italy

Gregory COQUET
General Manager of Royal Palm Beachcomber Luxury

Michel DARUTY DE GRANDPRÉ
General Manager of Trou aux Biches Beachcomber Golf Resort & Spa

Annabelle DUPONT
General Manager of Beachcomber Holiday Shop

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

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

Terry MUNRO
Managing Director of Beachcomber Tours, South Africa

Olivier NAIRAC
General Manager of Beachcomber Catering

Rico PAOLETTI
General Manager of Shandrani Beachcomber Resort & Spa

Laurent PIAT
General Manager of Domaine Palm Marrakech

Kervyn RAYEROUX
General Manager of Victoria Beachcomber Resort & Spa

Richard ROBERT
Managing Director of Mautourco

Youssef SABRI
General Manager of Mauricia Beachcomber Resort & Spa

Afif SALIBI
General Manager of the Fairmont Royal Palm Marrakech

Stéphane SOGLIUZZO
General Manager of Dinarobin Beachcomber Golf Resort & Spa

Guy ZEKRI
Managing Director of Beachcomber Tours, France

Responsible Sourcing

All our Suppliers have been informed about our Policy and today we select our suppliers based on their responsible commitment.

42/ *eco-friendly products*

We favour eco-friendly products: cleaning products / bathroom amenities / FSC certified paper...

Other Statutory DISCLOSURES

I. Other Statutory Disclosures

(Pursuant to Section 221 of the Companies Act 2001 and Section 88 of the Securities Act 2005)

30 September 2019

Activities

The activities of New Mauritius Hotels Limited ("NMH") are disclosed in note 1 to the Integrated Annual Report 2019.

Directors

A list of the Directors of the Company and its subsidiaries is set out on page 89 of the Integrated Annual Report 2019.

Directors' Service Contracts

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

Directors' Remuneration and Benefits

The total remuneration and benefits received, or due and receivable:

(i) by each Director of NMH from the Company are found on page 70 of the Integrated Annual Report 2019.

(ii) by the Directors from NMH and its subsidiaries were as follows:

Directors of NMH	From the Company		From the Subsidiaries	
	2019	2018	2019	2018
Executive Directors	**Rs '000**	Rs '000	**Rs '000**	Rs '000
Full-time	**41,776**	46,670	**-**	-
Part-time	**-**	-	**-**	-
Non-Executive Directors	**3,000**	3,000	**-**	-
Post-employment benefits – Executive Directors	**7,191**	4,217	**-**	-
	51,967	53,887	**-**	-

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

Name of Subsidiary	Director	2019	2018
Executive Directors (2019: 7; 2018: 6**)**		**Rs '000**	Rs '000
Beachcomber Tours Limited	Michael Edwards	**7,596**	9,895
	Mark Boullé	**6,121**	-
Beachcomber Marketing (Pty) Ltd	Terry Munro	**16,816**	16,835
	S.L. Polo	**7,247**	3,957
	J.M. Visagie	**7,198**	3,853
Mautourco Ltd	Richard Robert	**4,778**	4,629
	Jean-Paul Poussin	**2,446**	2,504
Post-employment benefits – Executive Directors			
Mautourco Ltd	Richard Robert	**1,128**	399
	Jean-Paul Poussin	**605**	220

Directors' Interests in the Equity of NMH

(i) The interests of the Directors in the shares of NMH as at 30 September 2019 are found on page 67 of the Integrated Annual Report 2019.

(ii) As at 30 September 2019, none of the Directors, except for those detailed below, held any direct interests in the equity of the subsidiaries of the Company:

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

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

As at 30 September 2019, none of the senior officers (excluding Directors), except for those detailed below, held any direct or indirect interests in the equity of the Company:

	Ordinary Shares				Redeemable Non-Voting Preference Shares			
	Direct		Indirect		Direct		Indirect	
	Number of Shares	(%)	Number of Shares	(%)	Number of Shares	(%)	Number of Shares	(%)
Gregory COQUET	5,460	0.001	-	-	-	-	-	-
Michel DARUTY DE GRANDPRÉ	2,417,952	0.440	-	-	-	-	-	-
Annabelle DUPONT	53,067	0.010	-	-	-	-	-	-
Geraldine KOENIG	3,000	0.001	-	-	-	-	-	-
Olivier L. NAIRAC	8,913	0.002	131,499	0.024	-	-	43,833	0.124
Laurent PIAT	11,050	0.002	-	-	-	-	-	-

Contracts of Significance

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

Shareholders

At 19 November 2019, the following shareholders were directly or indirectly interested in more than 5% of the ordinary share capital of the Company:

Name of Shareholder	Interest (%)
Rogers & Company Limited	22.93
ENL Limited	15.25
Swan Life Ltd	10.65
Joseph René Herbert Maingard Couacaud	6.22

Donations

The Company has maintained its policy of channelling all requests for social assistance through its solidarity fund, FED, created in March 1999. During the year, the Company contributed Rs 7.6m (2018: Rs 6.0m) to the fund.

Political donations are dealt with by the Board. For the year under review, an amount of Rs 0.65m has been donated to political parties (2018: Rs 0.95m).

During the year, the subsidiaries of NMH made a total donation of Rs 1,210m (2018; Rs 1,562m).

Auditors' Remuneration

	Group		Company	
	2019 Rs '000	2018 Rs '000	**2019 Rs '000**	2018 Rs '000
Audit fees paid to:				
BDO & Co.	**8,427**	8,307	**6,600**	6,400
Other firms	**2,237**	2,230	**-**	-
Fees paid for other services provided by:				
BDO & Co.	**1,187**	898	**950**	700
Other firms	**7,880**	2,306	**7,324**	1,744

The other services relates to taxation fees, group restructuring and advisory fees.

List of Directors of the Company and its Subsidiaries

✓ In office | A Appointed | R Resigned

	Wild Africa Safari Limited	Trans-Maurice Car Rental Ltd	Ste Anne Resort Limited	Santayarea (Mauritius) Limited	Royal Gardens Ltd	Reef Resort Limited	Plaisance Catering Ltd	New Mauritius Hotels Limited	New Mauritius Hotel - Italia - S.R.L.	Mautourco Holdings Ltd	Mautourco Ltd	Les Salines Golf & Resort Limited	Les Salines Development Ltd	Kingfisher 2 Limited	Kingfisher Ltd	Fondation Espoir et Développement Limitée	Domaine de L'Harmonie Ltée	Beachcomber Training Academy Limited	Beachcomber Tours Limited	Beachcomber Tours	Beachcomber Marketing (Pty) Ltd	Beachcomber Limited	Beachcomber International Ltd	Beachcomber Hotel S.A	Beachcomber Hotel Marrakech S.A	Beachcomber Hospitality Investments Ltd	Beachcomber Holidays (UK) Limited
Banymandhub Kishore Sunil								✓																			
Bell John Eric																✓											
Boullé Mark David	A																		A								A
Cieslik David				R																							
Collet Serret Marie Anne Sheila									✓																		
Combes Anthony Henri George Richard																							✓				
Corbertt Bronwyn Anne																										✓	
Couacaud Joseph René Herbert Maingard					✓			✓															✓				
Daruty de Grandpré Jacques Gérard Michel			✓	✓														✓									
Descroizilles Frédérique Louise Etienette																✓											
Dr Sperl Klaus-Ulrich Gerhard										A																	
Edwards Michael Wynn	✓																		✓								✓
Espitalier-Noël Marie Edouard Gilbert		✓	✓	✓		✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓		✓	✓	✓	
Espitalier-Noël Marie Maxime Hector			✓		✓	✓		✓				✓					✓					✓		✓	✓	✓	
Espitalier-Noël Marie Hector Philippe		✓								✓	✓																
Fayd'herbe de Maudave Louis René Alexandre		✓								✓	✓																
Fleury Christine Arlette Françoise				✓																							
Jeetun Jyoti								✓																			
Masson Denys Marcel																							✓				
Montocchio Marie Joseph Jean-Pierre								✓																			
Munro Terence Leslie Ross																					✓						
Nairac Olivier Laurence							✓																				
Oodiah Deena Soondooren																R											
Perrier Curé Karine Marie																A											
Piat Jean Bertrand Evenor																		✓									
Piat Maurice Daniel Laurent Evenor																								✓	✓		
Pinault Fabrice Gabriel René				R																							
Pismont Jean Louis Fernand André				A		✓						✓	✓		✓	✓		✓						✓	✓		
Pitot Marie Adrien Robert Michel																							✓				
Polo Silvana-Lida																					✓						
Poupinel de Valencé Stéphane Jean Francois														✓													
Poussin Jean Paul		✓									✓																
Rey Alfred Joseph Gérard Robert Alain								✓																			
Rivalland Jean Michel Louis								✓																			
Rivet Jacques Armand Mathieu																✓											
Robert François Richard		✓									✓																
Seeyave Pauline Sybille Cheh		✓	✓			✓	✓	✓		R	✓	✓	✓	✓	✓		✓		✓		✓	✓				✓	
Staub Nicolas Edward Patrick																			A		✓						
Taylor Timothy																							✓				
Van de Moortele Leon Paul																										✓	
Venin François Rolland		✓	✓					✓		✓	✓				✓	✓		✓	✓		✓	A		✓			
Visagie Joanne Mary																					✓						

II. Statement of Director's Responsibilities

In Respect of Financial Statements

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

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

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

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

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

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

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

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

III. STATEMENT OF COMPLIANCE TO CODE

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

Name of Public Interest Entity ("PIE"):	New Mauritius Hotels Limited
Reporting Period:	1 October 2018 to 30 September 2019

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

Hector ESPITALIER-NOËL
Chairman

Jean-Pierre MONTOCCHIO
Chairman of the Corporate Governance Committee

19 December 2019

Independent auditors' REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of New Mauritius Hotels Limited and its subsidiaries (the "Group"), and the Company's separate financial statements on pages 100 to 158 which comprise the statements of financial position as at 30 September 2019, and the statements of profit or loss, statements of other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements on pages 100 to 158 give a true and fair view of the financial position of the Group and of the Company as at 30 September 2019, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Impairment Assessment of Investment in Subsidiaries

Key Audit Matter

In the Company's separate financial statements, investments in subsidiaries are carried at cost less impairment in accordance with IAS 36. The carrying value of investments stood at Rs 7.4bn at 30 September 2019 (2018: Rs 8.2bn). Most significant investment is the wholly owned subsidiary Beachcomber Hotel S.A.("BH"), amounting to Rs 4.2bn (2018: Rs 4.2bn) net of impairment of Rs 1.1bn.

Management makes an impairment assessment on the investment in subsidiaries when there is an indication of impairment at the end of each reporting date. The determination of impairment allowances is inherently judgemental and involves the application of critical accounting estimates by management as disclosed in note 15 to the financial statements.

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

Related Disclosures

Refer to notes 15 and 30 to the accompanying financial statements.

Audit Response

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

2. Recoverability of Deferred Tax Assets in Beachcomber Hotel S.A. ("BH") at Group Level

Key Audit Matter

The Group has recognised an amount of Rs 187m as deferred tax assets at 30 September 2019 (2018: Rs 175m), out of which Rs 182m (2018: Rs 170m) pertain to Beachcomber Hotel S.A. ("BH"). This deferred tax asset is based on part of the tax losses that are available to BH to be set off against future taxable income. The ultimate realisation of the deferred tax asset depends largely on the ability of BH to generate taxable income in order to utilise these losses. BH has so far not generated any taxable income.

Following the takeover of the hotel operations by Fairmont Group in 2017, the hotel has experienced a turnaround in its operations, with a considerable increase in the occupancy rate. Accordingly, management has assessed the recoverability of this deferred tax asset based on financial projections and certain assumptions which have been aligned to reflect the Fairmont Group business model.

Judgements and estimates applied in the measurement of the deferred tax, assumptions used in the cash flow projections to assess recoverability and the significance of the amount resulted in the deferred tax asset being identified as a key audit matter.

Related Disclosures

Refer to note 25 to the accompanying financial statements.

Audit Response

In evaluating the recoverability of the deferred tax asset, we reviewed the cash flow projections prepared by management. We performed various procedures, including the following:
• We assessed the entity's controls relating to the preparation of cash flow forecasts.

- We evaluated the appropriateness of the valuation methodology and models used.
- We ensured the availability of tax losses on which deferred tax asset has been recognised and their expiry date.
- We ensured the cash flow forecasts used for the recoverability of the deferred tax asset in BH is consistent with the cash flow used for the determination of the value in use.
- We checked the inputs used in the cash flow forecast against Directors' and management's strategic plans, which are aligned with the Fairmont business model.
- We assessed the reasonableness of the valuation assumptions and tested the corresponding underlying source information.
- We reviewed the appropriateness of discount factor used.
- We performed sensitivity analyses on the key assumptions used to assess the impact of any change on the carrying value of the deferred tax asset.

3. Revaluation of Land and Buildings

Key Audit Matter
As at 30 September 2019, the Group and Company had property, plant and equipment which included land and buildings amounting to Rs. 22.59bn and Rs 13.54bn respectively (2018: Rs 22.82bn and Rs 13.18bn respectively). The significance of the land and buildings on the statements of financial position resulted in them being identified as a key audit matter**.**

Land and buildings are stated at their fair value based on periodic valuations by Directors of the Group and Company subsequent to valuation carried out by external valuers, less depreciation for buildings. The fair value of land and buildings is arrived at using the open market value approach.

Related Disclosures
Refer to note 27 to the accompanying financial statements.

Audit Response
Our audit procedures included testing design, existence and operating effectiveness of internal control procedures implemented as well as test of detail to ensure completeness and accuracy of the land and building through the following:

- We ensured the estimated remaining useful lives and residual values of land and buildings are reasonable by comparing the Directors' estimates to the useful lives of assets with similar characteristics.
- We reviewed the Group's and Company's depreciation policy for buildings and verified the inputs to the calculation.
- We performed predictive tests on depreciation charge.
- We checked consistency and reasonableness of the component allocation with previous years.

We tested the key inputs to the valuation of the Group's and Company's land and buildings as follows:
- assessing and discussing management's process for the valuation exercise and appointment of the external valuers. We also assessed the competence, independence and integrity of the external valuers;
- obtaining the external valuation reports and discussing with the external valuers the results of their work on a sample of properties. We discussed and challenged the valuation process, performance of the portfolio, significant judgements and assumptions applied to the valuation model, including yields, occupancy rates and capitalisation rates. We benchmarked and challenged the key assumptions to external industry data and comparable property valuation;
- testing the integrity of a sample of the data provided to the external valuers. This included verifying a sample of information provided to the external valuers to underlying lease agreements; and
- testing land values by comparing the values used by the valuers to land values of similar characteristics.

4. Derecognition / Deconsolidation of Semaris Ltd

Key Audit Matter
The Board of Directors has approved on 15 July 2019 the restructuring of the Group whereby two independent entities with two distinct value propositions have been created. NMH focuses entirely on its core hospitality activities while the property development projects on the existing land bank of the Group have been transferred to Semaris, a wholly-owned subsidiary of NMH.

This has resulted into:
The disposal of Rs 3.51bn worth of assets at fair value from NMH to Semaris Ltd, realising a profit of Rs 2.34bn and Rs 0.11bn at Company and Group level respectively.
The carving out of Semaris Ltd from NMH via a capital reduction, whereby the stated capital of NMH has been reduced from Rs 6.4bn to Rs 2.8bn as approved at a shareholders' meeting dated 10 September 2019 and subsequent settlement through shares in Semaris, and subsequent loss of control. The effective date of loss of control being 30 September 2019.

Given the significance of the transaction and the impact on the financial statements, it has been considered as a key audit matter.

Related Disclosures
Refer to notes 30 and 47 of the accompanying financial statements.

Audit Response
- We have ensured with the Board of Directors and the Company Secretary that all the requirements of the Companies Act 2001 have been complied with, for the capital reduction.
- We have agreed the transfer of assets with Board minutes and the Admission Document and the transfer value to the IFA report.
- We obtained the calculation for the gain on disposal from management for both the Company and Group and ensured that they are fairly stated.
- We also performed the following substantive procedures:
  - We ensured that there was loss of control effective as at the date the shares have been transferred, being the effective date of settlement and allotment of shares of Semaris.
  - We ensured that the financial statements fairly present the substance of the transactions, whereby the results of the entities being transferred are consolidated up to the date control is lost.
  - We agreed the net assets being disposed with the corresponding audited financial statements of the entities being disposed.
  - We ensured that all assets and liabilities as well as the components of other comprehensive income in respect of the entities being disposed were properly derecognised from the consolidated statements of financial position of NMH in line with IFRS 10.
  - We ensured that all the disclosures relating to the derecognition of Semaris and the reduction in the stated capital are fairly reflected in the financial statements and in compliance with the Companies Act 2001 and IFRS.

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

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

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

Corporate Governance Report
Our responsibility under the Financial Reporting Act is to report on compliance with the Code of Corporate Governance disclosed in the Integrated Report and assess the explanations given for non-compliance with any requirement of the Code. From our assessment of the disclosures made on corporate governance in the Integrated Report, the public interest entity has, pursuant to section 75 of the Financial Reporting Act, complied with the requirements of the Code.

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

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

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

Those charged with governance are responsible for overseeing the Group's and Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and Company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Directors;
- conclude on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the 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 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; and
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the current period and are therefore the key audit matters. We describe these matters in our Auditor's Report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Companies Act 2001
We have no relationship with, or interests in, the Company or any of its subsidiaries, other than in our capacity as auditors, and dealings in the ordinary course of business.

We have obtained all information and explanations we have required.

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

Other Matter

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

BDO & Co

BDO & Co
Chartered Accountants

Ameenah RAMDIN, FCCA, ACA
Licensed by FRC

Port Louis
Mauritius.
19 December 2019

Financial Statements INDEX

NOTES		PAGE

STATEMENTS OF PROFIT OR LOSS
YEAR ENDED 30 SEPTEMBER 2019

	Notes	THE GROUP		THE COMPANY	
		2019	2018	**2019**	2018
		Rs '000	Rs '000	**Rs '000**	Rs '000
CONTINUING OPERATIONS					
Revenue from contracts with customers	12/18	**9,688,460**	9,537,441	**7,507,399**	7,608,047
Direct costs		**(1,643,508)**	(1,580,417)	**(1,191,312)**	(1,141,931)
Staff costs	19	**(3,426,377)**	(3,219,682)	**(2,715,854)**	(2,544,510)
Other expenses	20	**(2,987,203)**	(2,907,029)	**(2,732,342)**	(2,765,391)
Net impairment losses on financial assets	32A/36(i)	**(25,905)**	(3,039)	**(26,706)**	(3,455)
Earnings from operating activities		**1,605,467**	1,827,274	**841,185**	1,152,760
Other income	24	**132,744**	86,227	**179,459**	160,121
Share of results of associates	31	**(20,498)**	4,943	**-**	-
Profit/(loss) on disposal of property, plant and equipment		**7,567**	3,944	**4,368**	(1,209)
NORMALISED EBITDA		**1,725,280**	1,922,388	**1,025,012**	1,311,672
Closure costs	21	**(57,246)**	(78,304)	**-**	-
Gain on disposal of associate	31	**17,948**	-	**39,250**	-
Gain on disposal of subsidiaries	47	**92,347**	-	**-**	-
Gain on disposal of property	46	**-**	-	**149,666**	149,666
EBITDA		**1,778,329**	1,844,084	**1,213,928**	1,461,338
Finance costs	23	**(790,715)**	(858,385)	**(590,488)**	(650,257)
Finance revenue	22	**17,692**	12,977	**119,693**	118,801
Depreciation of property, plant and equipment	27/47	**(694,652)**	(654,909)	**(417,934)**	(399,699)
Amortisation of intangible assets	29/47	**(14,692)**	(3,967)	**(5,549)**	(2,343)
Other impairment losses	15/27	**(35,525)**	-	**(35,525)**	-
Profit before tax from continuing operations		**260,437**	339,800	**284,125**	527,840
Income tax expense	25(a)	**(103,102)**	(92,726)	**(42,834)**	(93,371)
Profit for the year from continuing operations		**157,335**	247,074	**241,291**	434,469
DISCONTINUED OPERATIONS					
Post tax loss from discontinued operations	47	**(367,416)**	(112,665)	**-**	-
Gain on disposal of inventories	35	**251,854**	-	**251,854**	-
Gain on deconsolidation of subsidiaries	47	**115,312**	-	**2,340,558**	-
(Loss)/profit for the year from discontinued operations		**(250)**	(112,665)	**2,592,412**	-
Profit for the year		**157,085**	134,409	**2,833,703**	434,469
Profit attributable to:					
Owners of the parent		**33,355**	1,094	**2,833,703**	434,469
Non-controlling interests		**123,730**	133,315	**-**	-
		157,085	134,409	**2,833,703**	434,469
Earnings per share:					
From continuing operations (Rs)	26	**0.06**	-		
From continuing and discontinued operations (Rs)	26	**0.06**	(0.21)		
Diluted earnings per share (Rs)	26	**-**	0.12		

The notes on pages 105 to 158 form an integral part of these financial statements.
Auditor's report on pages 92 to 97.

STATEMENTS OF OTHER COMPREHENSIVE INCOME
YEAR ENDED 30 SEPTEMBER 2019

	Notes	THE GROUP		THE COMPANY	
		2019	2018	**2019**	2018
		Rs '000	Rs '000	**Rs '000**	Rs '000
Profit for the year		**157,085**	134,409	**2,833,703**	434,469
Other comprehensive income: *Other comprehensive income that may be reclassified to profit or loss in subsequent periods:*					
Exchange differences on translation of foreign operations		**365,843**	85,157	**-**	-
Gain on available-for-sale financial assets	32A	**-**	4,597	**-**	4,656
Gain/(loss) on cash flow hedges	41	**36,107**	(63,065)	**(9,121)**	4,188
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods		**401,950**	26,689	**(9,121)**	8,844
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:					
Gains on revaluation of land and buildings	27	**320,252**	-	**42,759**	-
Tax effects on gains on revaluation of land and buildings	25(b)	**(47,759)**	-	**(3,655)**	-
Changes in fair value of equity instruments at fair value through other comprehensive income	32	**1,423**	-	**1,456**	-
Share of other comprehensive income of associates	31	**8,140**	240,686	**-**	-
Remeasurement of employee benefit (assets)/liabilities	43	**(890,460)**	777,000	**(883,740)**	773,109
Tax effect on remeasurement of employee benefit liabilities/(assets)	25(b)	**151,267**	(131,673)	**150,161**	(131,429)
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		**(457,137)**	886,013	**(693,019)**	641,680
Other comprehensive income for the year, net of tax		**(55,187)**	912,702	**(702,140)**	650,524
Total comprehensive income for the year		**101,898**	1,047,111	**2,131,563**	1,084,993
Total comprehensive income attributable to:					
Owners of the parent		**(124,469)**	915,446	**2,131,563**	1,084,993
Non-controlling interests		**226,367**	131,665	**-**	-
		101,898	1,047,111	**2,131,563**	1,084,993

The notes on pages 105 to 158 form an integral part of these financial statements.
Auditor's report on pages 92 to 97.

STATEMENTS OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2019

	Notes	THE GROUP 2019 Rs '000	THE GROUP 2018 Rs '000	THE COMPANY 2019 Rs '000	THE COMPANY 2018 Rs '000
ASSETS					
Non-current assets					
Property, plant and equipment	27	**25,915,260**	25,747,254	**15,151,396**	14,703,033
Investment property	28	**-**	354,102	**-**	-
Intangible assets	29	**1,654,721**	1,680,587	**1,220,273**	1,216,444
Investment in subsidiaries	30	**-**	-	**7,418,710**	8,165,401
Investment in associates	31	**662,097**	718,423	**18,307**	19,062
Financial assets at fair value through other comprehensive income	32	**11,752**	-	**11,512**	-
Available-for-sale financial assets	32A	**-**	8,664	**-**	8,391
Financial assets at amortised cost	33	**1,203,901**	-	**3,071,635**	-
Long-term loan receivable	34	**-**	-	**-**	1,873,833
Deferred tax assets	25(b)	**186,786**	174,844	**-**	-
Total non-current assets		**29,634,517**	28,683,874	**26,891,833**	25,986,164
Current assets					
Inventories	35	**469,261**	4,121,120	**425,662**	2,392,771
Trade and other receivables	36	**657,933**	2,405,554	**546,484**	1,557,634
Financial assets at amortised cost	33	**994,154**	-	**914,398**	-
Other assets	37	**510,868**	-	**260,732**	-
Derivatives financial instruments	38	**26,745**	-	**24,954**	-
Income tax prepaid	25(a)	**5,722**	18,504	**1,453**	13,307
Cash in hand and at banks	39	**753,972**	1,057,971	**88,226**	150,563
Total current assets		**3,418,655**	7,603,149	**2,261,909**	4,114,275
Non-current assets classified as held for sale		**-**	109,082	**-**	-
Total assets		**33,053,172**	36,396,105	**29,153,742**	30,100,439
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Stated capital	40	**2,780,301**	6,349,551	**2,780,301**	6,349,551
Retained earnings		**4,887,988**	5,544,141	**5,302,957**	3,309,548
Other components of equity	41	**1,315,474**	1,121,583	**876,140**	866,119
		8,983,763	13,015,275	**8,959,398**	10,525,218
Non-controlling interests		**740,244**	594,487	**-**	-
Total equity		**9,724,007**	13,609,762	**8,959,398**	10,525,218
Non-current liabilities					
Convertible preference shares	42	**388,160**	423,396	**388,160**	423,396
Subordinated loan	42	**1,492,867**	1,497,750	**-**	-
Borrowings	42	**11,224,412**	11,444,046	**8,734,143**	8,839,960
Deferred tax liabilities	25(b)	**2,050,246**	2,136,205	**1,320,306**	1,444,845
Deferred income	46	**-**	-	**1,672,161**	1,821,827
Employee benefit liabilities	43	**1,752,770**	821,670	**1,709,688**	796,891
Total non-current liabilities		**16,908,455**	16,323,067	**13,824,458**	13,326,919
Current liabilities					
Trade and other payables	44	**3,068,391**	3,283,705	**3,259,077**	3,396,013
Contract liabilities	18(a)	**457,740**	-	**408,372**	-
Borrowings	42	**2,801,923**	3,054,935	**2,479,799**	2,639,185
Derivatives financial instruments	38	**22,019**	61,440	**12,584**	3,194
Deferred income	46	**-**	-	**149,666**	149,666
Income tax payable	25(a)	**10,249**	2,952	**-**	-
Dividend payable	11	**60,388**	60,244	**60,388**	60,244
Total current liabilities		**6,420,710**	6,463,276	**6,369,886**	6,248,302
Total liabilities		**23,329,165**	22,786,343	**20,194,344**	19,575,221
Total equity and liabilities		**33,053,172**	36,396,105	**29,153,742**	30,100,439

Approved by the Board of Directors on 19 December 2019 and signed on its behalf by:

HECTOR ESPITALIER-NOËL
CHAIRMAN

ALAIN REY
CHAIRMAN OF THE AUDIT AND RISK COMMITTEE

The notes on pages 105 to 158 form an integral part of these financial statements.
Auditor's report on pages 92 to 97.

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 30 SEPTEMBER 2019

THE GROUP

		Attributable to owners of the parent company								
	Notes	Stated Capital	Retained Earnings	Foreign Exchange Difference Reserves	Financial Assets at Fair Value through OCI Reserves (2018: Available-for-Sale Financial Assets Reserves)	Revaluation Reserves	Other Reserves	Total	Non-Controlling Interests	Total Equity
		Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000
As at 1 October 2017		5,000,000	4,979,512	(1,891,193)	13,268	2,144,592	624,583	10,870,762	548,999	11,419,761
Conversion of preference shares	40	1,349,551	-	-	-	-	-	1,349,551	-	1,349,551
Profit for the year		-	1,094	-	-	-	-	1,094	133,315	134,409
Other comprehensive income for the year		-	644,138	24,085	4,597	241,532	-	914,352	(1,650)	912,702
Total comprehensive income for the year		-	645,232	24,085	4,597	241,532	-	915,446	131,665	1,047,111
Depreciation transfer for buildings		-	48,049	-	-	(48,049)	-	-	-	-
Tax effect of depreciation transfer for buildings		-	(8,168)	-	-	8,168	-	-	-	-
Dividends	11	-	(120,484)	-	-	-	-	(120,484)	(86,177)	(206,661)
As at 30 September 2018		6,349,551	5,544,141	(1,867,108)	17,865	2,346,243	624,583	13,015,275	594,487	13,609,762
As at 1 October 2018										
As previously reported		6,349,551	5,544,141	(1,867,108)	17,865	2,346,243	624,583	13,015,275	594,487	13,609,762
Effect of changes in accounting policies, net of tax	49	-	(31,540)	-	-	-	-	(31,540)	(3,799)	(35,339)
As restated		6,349,551	5,512,601	(1,867,108)	17,865	2,346,243	624,583	12,983,735	590,688	13,574,423
Conversion of preferences shares into ordinary shares	40	25,750	-	-	-	-	-	25,750	-	25,750
Capital reduction	40	(3,595,000)	-	-	-	-	-	(3,595,000)	-	(3,595,000)
Profit for the year		-	33,355	-	-	-	-	33,355	123,730	157,085
Other comprehensive income for the year		-	(736,477)	395,313	1,423	181,917	-	(157,824)	102,637	(55,187)
Total comprehensive income for the year		-	(703,122)	395,313	1,423	181,917	-	(124,469)	226,367	101,898
Depreciation transfer for buildings		-	62,270	-	-	(62,270)	-	-	-	-
Tax effect of depreciation transfer for buildings		-	(10,586)	-	-	10,586	-	-	-	-
Release on disposal of subsidiaries		-	124,964	(203,857)	(10,358)	(118,863)	-	(208,114)	-	(208,114)
Changes in ownership interest in subsidiaries that do not result in a loss of control	48	-	22,637	-	-	-	-	22,637	6,320	28,957
Dividends	11	-	(120,776)	-	-	-	-	(120,776)	(83,131)	(203,907)
As at 30 September 2019		**2,780,301**	**4,887,988**	**(1,675,652)**	**8,930**	**2,357,613**	**624,583**	**8,983,763**	**740,244**	**9,724,007**

THE COMPANY

	Notes	Stated Capital	Retained Earnings	Foreign Exchange Difference Reserves	Financial Assets at Fair Value through OCI Reserves (2018: Available-for-Sale Financial Assets Reserves)	Revaluation Reserves	Total Equity
		Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000
As at 1 October 2017		5,000,000	2,323,694	-	2,871	884,593	8,211,158
Conversion of preference shares	40	1,349,551	-	-	-	-	1,349,551
Profit for the year		-	434,469	-	-	-	434,469
Other comprehensive income for the year		-	641,680	4,188	4,656	-	650,524
Total comprehensive income for the year		-	1,076,149	4,188	4,656	-	1,084,993
Depreciation transfer for buildings		-	36,372	-	-	(36,372)	-
Tax effect of depreciation of transfer for buildings		-	(6,183)	-	-	6,183	-
Dividends	11	-	(120,484)	-	-	-	(120,484)
As at 30 September 2018		6,349,551	3,309,548	4,188	7,527	854,404	10,525,218
As at 1 October 2018							
As previously reported		6,349,551	3,309,548	4,188	7,527	854,404	10,525,218
Effect of changes in accounting policies, net of tax	49	-	(7,357)	-	-	-	(7,357)
As restated		6,349,551	3,302,191	4,188	7,527	854,404	10,517,861
Conversion of preferences shares into ordinary shares	40	25,750	-	-	-	-	25,750
Capital reduction	40	(3,595,000)	-	-	-	-	(3,595,000)
Profit for the year		-	2,833,703	-	-	-	2,833,703
Other comprehensive income for the year		-	(733,579)	(9,121)	1,456	39,104	(702,140)
Total comprehensive income for the year		-	2,100,124	(9,121)	1,456	39,104	2,131,563
Depreciation transfer for buildings		-	25,805	-	-	(25,805)	-
Tax effect of depreciation of transfer for buildings		-	(4,387)	-	-	4,387	-
Dividends	11	-	(120,776)	-	-	-	(120,776)
As at 30 September 2019		**2,780,301**	**5,302,957**	**(4,933)**	**8,983**	**872,090**	**8,959,398**

The notes on pages 105 to 158 form an integral part of these financial statements.
Auditor's report on pages 92 to 97.

STATEMENTS OF CASH FLOWS

YEAR ENDED 30 SEPTEMBER 2019

	Notes	THE GROUP		THE COMPANY	
		2019	2018	**2019**	2018
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
Cash generated from operations					
Profit before tax from continuing operations		**260,437**	339,800	**284,125**	527,840
Adjustments to reconcile profit before tax to net cash flows					
Non-cash:					
Depreciation and impairment of property, plant and equipment		**750,795**	657,122	**459,654**	402,425
Amortisation of intangible assets		**14,692**	3,967	**5,549**	2,343
Profit on disposal of property, plant and equipment		**(7,567)**	(3,944)	**(154,034)**	(148,457)
Profit on disposal of associate		**(17,948)**	-	**(39,250)**	-
Gain on disposal of subsidiaries		**(92,347)**	-	**-**	-
Foreign exchange differences		**39,380**	89,218	**24,640**	23,196
Impairment loss on intangible assets		**827**	9,797	**739**	-
Impairment loss on available-for-sale financial assets	32A	**-**	47	**-**	47
Net impairment losses on financial assets	36(i)	**25,905**	5,843	**26,706**	3,805
Dividend income	24	**(557)**	(2,166)	**(74,307)**	(73,149)
Interest income		**(17,660)**	(12,977)	**(119,693)**	(118,801)
Interest expense		**747,659**	821,600	**562,189**	621,154
Fair value gain on derivatives financial instruments		**(17,355)**	(67,948)	**(15,564)**	(67,948)
Share of loss/(profit) of associates	31	**20,498**	(4,943)	**-**	-
Increase in employee benefit asset	43	**41,731**	29,255	**29,057**	28,032
Working capital adjustments:					
(Increase)/decrease in inventories		**(83,401)**	(190,622)	**75,309**	(189,707)
Decrease/(increase) in trade and other receivables		**89,026**	(175,561)	**(128,397)**	(65,803)
Increase/(decrease) in trade and other payables		**609,112**	690,335	**(152,810)**	726,637
Increase in contract liabilities		**58,589**	-	**408,372**	-
Increase in financial assets at amortised cost		**(1,038,868)**	-	**(550,224)**	-
Increase in other assets		**(254,219)**	-	**(28,529)**	-
Income tax paid	25(a)	**(58,349)**	(46,742)	**(7,602)**	(6,386)
Net cash flows generated from operating activities		**1,070,380**	2,142,081	**605,930**	1,665,228
Cash flows from investing activities					
Purchase of property, plant and equipment		**(1,270,578)**	(1,093,419)	**(697,302)**	(793,049)
Purchase of intangible assets		**(18,459)**	-	**(10,117)**	-
Proceeds from sale of property, plant and equipment		**58,270**	17,562	**47,982**	395,478
Acquisition of associate		**(2,500)**	-	**-**	-
Disposal of investment in associate		**40,000**	-	**40,000**	-
Disposal of interest in subsidiary		**28,957**	-	**-**	-
Disposal of subsidiaries, net of cash	47	**210,569**	-	**-**	-
Deconsolidation of subsidiaries, net of cash	47	**(130,519)**	-	**-**	-
Purchase of financial assets at fair value through other comprehensive income		**(1,655)**	-	**(1,655)**	-
Dividend received		**3,947**	8,291	**74,307**	73,149
Interest received		**13,759**	12,977	**115,792**	118,801
Net cash flows used in investing activities		**(1,068,209)**	(1,054,589)	**(430,993)**	(205,621)
Cash flow from financing activities					
Proceeds from borrowings		**10,256,005**	13,167,157	**10,218,412**	12,942,420
Repayment of term loans		**(10,303,542)**	(15,365,871)	**(10,232,570)**	(15,247,521)
Repayment of finance lease liabilities		**(87,919)**	(106,817)	**(63,259)**	(82,268)
Repayment of debentures		**(618,703)**	(95,632)	**(618,703)**	(95,632)
Proceeds from debentures		**-**	2,971,713	**-**	2,971,713
Proceeds from shareholder loan		**-**	128,575	**-**	-
Repayment of long-term loan receivable		**-**	-	**-**	3
Advances to subsidiaries		**-**	-	**-**	(352,339)
Interest paid		**(753,559)**	(812,762)	**(564,644)**	(612,315)
Dividends paid to equity holders of the parent		**(120,632)**	(60,240)	**(120,632)**	(60,240)
Dividends paid to non-controlling interests		**(83,131)**	(86,177)	**-**	-
Net cash flows used in financing activities		**(1,711,481)**	(260,054)	**(1,381,396)**	(536,179)
Net cash flows from discontinued operations	47(f)	**1,131,566**	83,410	**800,000**	-
Net (decrease)/increase in cash and cash equivalents		**(577,744)**	910,848	**(406,459)**	923,428
Cash and cash equivalents at 1 October		**291,272**	(614,845)	**(309,914)**	(1,236,059)
Net foreign exchange differences		**11,040**	(4,731)	**3,659**	2,717
Cash and cash equivalents at 30 September	39(a)	**(275,432)**	291,272	**(712,714)**	(309,914)

The notes on pages 105 to 158 form an integral part of these financial statements.
Auditor's report on pages 92 to 97.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2019

1. Corporate information

The financial statements of New Mauritius Hotels Limited (the "Company") and consolidated with its subsidiaries (the "Group") for the year ended 30 September 2019 were authorised for issue in accordance with a resolution of the Directors on 19 December 2019. New Mauritius Hotels Limited is a public limited company incorporated in Mauritius and is listed on the Stock Exchange of Mauritius. Its registered office is situated at Beachcomber House, Botanical Garden Street, Curepipe, Mauritius.

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

The principal activities of the Group during the year consisted of hotel operations, tour operating and the provision of airline and inland catering and development of property for sale. As at 30 September 2019, the Company proceeded with the reorganisation of its operating units, which included the separation of its property development activities from its core hospitality activities. Following completion of the aforementioned reorganisation, the Company retained its core hospitality operations, while the property development activities will be carried out by Semaris Ltd ("Semaris"). Semaris will engage in the development of these assets with the objective of unlocking value and generating cash over the coming years. The reorganisation also included the carving out of Semaris Ltd from the Company via a capital reduction, whereby the stated capital of the Company has been reduced from Rs 6.4 billion to Rs 2.8 billion as approved at a shareholders' meeting dated 10 September 2019 and subsequent settlement through shares in Semaris, and subsequent loss of control. The effective date of loss of control being 30 September 2019 (refer to note 40 for more details).

2. Group information

Information on subsidiaries:

Name of Corporation	Main Business Activity	Country of Incorporation	Effective % Holding 2019	2018
Beachcomber Limited	Investment	Mauritius	**100**	100
Kingfisher Ltd	Investment	Mauritius	**100**	100
Kingfisher 2 Limited*	Investment	Mauritius	**-**	100
Kingfisher 3 Limited**	Investment	Mauritius	**-**	100
Semaris Ltd **	Property	Mauritius	**-**	100
Beachcomber Training Academy Limited	Hotel training	Mauritius	**100**	100
Les Salines Development Ltd	Property	Mauritius	**100**	100
Les Salines Golf and Resorts Limited	Hotel project	Mauritius	**100**	100
Ste Anne Resorts Limited	Hotel operations	Seychelles	**100**	100
Reef Resort Limited*	Property	Seychelles	**-**	100
Praslin Resort Limited**	Property	Seychelles	**-**	100
Beachcomber Gold Coast Resort Limited**	Dormant	Seychelles	**-**	100
Beachcomber Marketing (Pty) Ltd	Tour operating	South Africa	**51**	51
Beachcomber Tours	Tour operating	France	**100**	100
Beachcomber Tours Limited	Tour operating	England	**100**	100
New Mauritius Hotel - Italia Srl	Tour operating	Italy	**100**	100
Wild Africa Safari Ltd	Dormant	England	**100**	100
Beachcomber Holidays (UK) Limited	Dormant	England	**100**	100
Beachcomber Hotel Marrakech S.A.	Investment	Morocco	**90**	100
Beachcomber Hotel S.A.	Hotel operations	Morocco	**100**	100
Domaine Palm Marrakech S.A.**	Property development	Morocco	**-**	100
Mautourco Holdings Ltd ***	Investment	Mauritius	**41**	51
Mautourco Ltd***	Tour operating	Mauritius	**41**	51
Trans-Maurice Car Rental Ltd***	Car rental	Mauritius	**41**	51
Societé Pur Blanca	Investment	Mauritius	**51**	51
Santayarea (Mauritius) Limited	Hotel training	Mauritius	**56**	56
Domaine de L'Harmonie Limitée	Services	Mauritius	**100**	100
Beachcomber Hospitality Investments Ltd	Real estate	Mauritius	**56**	56

The operations of the subsidiaries are carried out in the countries in which they are incorporated.
There is no restriction on the ability of the above subsidiaries to transfer funds to the parent in the form of cash dividends or to repay loans.
* Disposed during the year (refer to note 47).
** Deconsolidated during the year (refer to note 47).
*** During the year, Societé Pur Blanca disposed part of its interest in Mautourco Holdings Ltd which resulted in a change in effective holding from 51% to 41% (refer to note 48).

Information on associates

Name of Corporation	Year End	Class of Shares	Percentage Holding 2019	2018
			%	%
South West Tourism Development Company Limited	30 June	Ordinary shares	**31**	31
Launderers (Hotels & Restaurants) Ltd ****	30 June	Ordinary shares	**-**	50
Parure Limitée	30 June	Ordinary shares	**48**	48
Societé Cajeva******	30 June	Parts	**50**	50
Sports-Event Management Operation Co Ltd *****	30 June	Ordinary shares	**25**	**-**

Investment in associates consists of investments in unquoted shares and are incorporated in the Republic of Mauritius.

**** Disposed during the year
***** Acquired during the year
****** Prior to year end, the Corporate Governance Committee gave its consent for the disposal of shares in Societé Cajeva. The terms and conditions are yet to be finalised.

BASIS OF PREPARATION AND OTHER SIGNIFICANT ACCOUNTING POLICIES

3. Basis of preparation and statement of compliance

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

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

4. Summary of other significant accounting policies

(a) Foreign currency translation

The Group's financial statements are presented in Mauritian rupees, which is also the parent company'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. The Group has elected to recycle the gain or loss that arises from the direct method of consolidation, which is the method the Group uses to prepare its consolidation.

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

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

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

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

Group companies
The assets and liabilities of foreign operations are translated to Mauritian rupees at the rate of exchange prevailing at the reporting date and their profit or loss items are translated at exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

(b) Financial assets

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

(i) Fair value through profit or loss
The Group classifies its derivative financial instruments not designated as hedging instruments at fair value through profit or loss (FVPL).

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

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

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

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

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

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

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

(b) Financial assets (cont'd)

(iii) Fair value through other comprehensive income

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

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

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

(iv) Derecognition of financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:
• the rights to receive cash flows from the asset have expired; or
• the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group 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 Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor has transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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

(c) Financial Liabilities

Initial recognition

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

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

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

Subsequent measurement

The measurement of financial liabilities depends on the following classification as follows:

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

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

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

(d) Derivatives financial instruments

(i) Derivatives recorded at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held-for-trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Derivatives, including separated embedded derivatives, are also classified as held-for-trading unless they are designated as effective hedging instruments as defined by IFRS 9.

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

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

The Group uses derivatives such as forward foreign exchange contracts. Derivatives are recorded at fair value and are carried as assets when fair value is positive and as liabilities when their fair value is negative. Changes in the fair value of derivatives are included in statements of profit or loss.

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

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

(d) Derivatives financial instruments (cont'd)

(ii) Hedging activities - cash flow hedges

- Derivatives designated as hedges

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

The Group documents at inception of the transaction the relationship between the hedging instruments and the hedging items as well as its risk management objective and strategies for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives designated as hedging instrument are highly effective in offsetting changes in cash flows of hedge items.

The Group has entered into forwards that qualify as cash flow hedges against highly probable forecasted transactions in foreign currencies. The fair value changes on the effective portion of the currency forwards designated as cash flow hedges are recognised in other comprehensive income accumulated in the hedging reserve and transferred to statements of profit or loss when the hedged forecast transactions are recognised. The fair value of the ineffective portion of currency forwards are recognised immediately in the statements of profit or loss. When the forecasted transaction is no longer expected to occur, the gains and losses that were previously recognised into other comprehensive income are reclassified to statements of profit or loss immediately.

- Borrowings

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

The fair values of various derivatives instruments used for hedging purposes are disclosed in note 38. Movements on the hedging reserve in shareholders' equity are shown in note 41.

(e) Offsetting of financial instruments

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

(f) Current versus non-current classification

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

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

The Group classifies all other assets as non-current.

A liability is current when:
· it is expected to be settled in normal operating cycle;
· it is held primarily for the purpose of trading;
· it is due to be settled within twelve months after the reporting period; or
· there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

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

(g) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in profit or loss net of any reimbursement.

(h) Other taxes

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

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

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

(h) Other taxes (cont'd)

Environment fees

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

(i) Impairment of non-financial assets

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

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

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

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of the recoverable amount of the cash-generating unit. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

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

Goodwill
Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating units to which the goodwill relates. Where the recoverable amount of the cash-generating units is less than the carrying amount of the cash-generating units to which goodwill has been allocated, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods. The Group performs its annual impairment test of goodwill as at 30 September.

Intangible assets
Intangible assets with indefinite useful lives are tested for impairment annually as at 30 September, either individually or at the cash-generating unit level, as appropriate and when circumstances indicate that the carrying value may be impaired.

(j) Revenue recognition

(a) Revenue from contracts with customers

Performance obligations and timing of revenue recognition

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

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

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

(ii) Revenue from Flight & Inland Catering
Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyers, usually on dispatch of the goods.

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

(iv) Revenue from sale of villas
The Group develops and sells villas. Revenue is recognised when control over the villas has been transferred to customers. As per terms of contract, customers can cancel the contract anytime by paying applicable penalties. Also, the ownership of villas being constructed is transferred to customers on completion. On cancellation of contract by customer, the Group has the option to sell the villas to other customers. Therefore, revenue is recognised at a point in time when the legal title has been passed to the customer.

(j) Revenue recognition (cont'd)
(a) Revenue from contracts with customers (cont'd)

Performance obligations and timing of revenue recognition (cont'd)

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

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

(b) Other revenue earned by the Group is recognised on the following bases:

- Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).
- Dividend income - when the shareholder's right to receive payment is established.
- Commission income - For the provision of services where the entity is a principal, it should recognise revenue based on the gross revenue, with a related expense for payments to third party.
- Management fees - when key financial metrics are met.

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

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of IFRS 9 Financial instruments from 1 October 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. This has fundametally changed the Group's accounting for loss impairment of its financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Group to record an allowance for ECLs for all its financial assets not held at fair value through profit or loss. The new accounting policies are set out in notes 4(b), 32, 33 and 36. The Group has elected to apply the exemption in IFRS 9 paragraph 7.2.15 not to restate prior periods in the year of initial application of the standard. The Group has chosen to adopt the simplified expected credit loss model for trade receivables in accordance with IFRS 9 paragraph 5.5.15.

IFRS 15 Revenue from contracts with customers is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The Group has adopted IFRS 15 Revenue from contracts with customers with effect from 1 October 2018 which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The new accounting policies are set out in note 4(j). In accordance with the transition provisions in IFRS 15, the Group has not restated comparatives for the financial year 2018.

To reflect the differences between IFRS 9 and IAS 39, IFRS 7 Financial Instruments: Disclosures was adopted, together with IFRS 9, for the financial year beginning 1 October 2018. Changes include transition disclosures as shown in note 49, detailed qualitative and quantitative information about the ECL calculations such as the assumptions and inputs used are set out in note 36. Reconciliations from opening to closing ECL allowances are presented in notes 36 and 49. IFRS 7 also requires additional and more detailed disclosures for hedge accounting even for entities opting to continue to apply the hedge accounting requirements of IAS 39.

Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2). The amendments clarify the measurement basis for cash-settled share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. The amendment has no impact on the Group's financial statements.

Applying IFRS 9 Financial instruments with IFRS 4 Insurance contracts (Amendments to IFRS 4). The amendment provides two different solutions for insurance companies: a temporary exemption from IFRS 9 for entities that meet specific requirements (applied at the reporting entity level), and the 'overlay approach'. Both approaches are optional. The amendment has no impact on the Group's financial statements.

Annual Improvements to IFRSs 2014–2016 Cycle:
- IFRS 1 - deleted short-term exemptions covering transition provisions of IFRS 7, IAS 19 and IFRS 10 which are no longer relevant.
- IAS 28 - clarifies that the election by venture capital organisations, mutual funds, unit trusts and similar entities to measure investments in associates or joint ventures at fair value through profit or loss should be made separately for each associate or joint venture at initial recognition. The amendment has no impact on the Group's financial statements.

IFRIC 22 Foreign Currency Transactions and Advance Consideration. The interpretation clarifies how to determine the date of transaction for the exchange rate to be used on initial recognition of a related asset, expense or income where an entity pays or receives consideration in advance for foreign currency-denominated contracts. The amendment has no impact on the Group's financial statements.

Transfers of Investment Property (Amendments to IAS 40). The amendments clarify that transfers to, or from, investment property can only be made if there has been a change in use that is supported by evidence. A change in use occurs when the property meets, or ceases to meet, the definition of investment property. A change in intention alone is not sufficient to support a transfer. The amendment has no impact on the Group's financial statements.

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

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for the Group's accounting periods beginning on or after 1 October 2019, but which the Group has not early adopted.

At the reporting date of these financial statements, the following were in issue but not yet effective:
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)
IFRS 16 Leases
IFRS 17 Insurance Contracts
IFRIC 23 Uncertainty over Income Tax Treatments
Prepayment Features with negative compensation (Amendments to IFRS 9)
Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)
Annual Improvements to IFRSs 2015–2017 Cycle
Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)
Definition of a Business (Amendments to IFRS 3)
Definition of Material (Amendments to IAS 1 and IAS 8)
Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

IFRS 16 - Leases will replace the existing lease standards, IAS 17 Leases. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lessee accounting model for lessees. A lessee recognises right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard also contains enhanced disclosure requirements for lessees. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17.

6. Standards, Amendments to published Standards and Interpretations issued but not yet effective (cont'd)

IFRS 16 is effective for accounting periods beginning on or after 1 January 2019, with first time application for the Group on 1 October 2019. The Group will apply the standard to its leases, modified retrospectively, with the cumulative effect of initially applying the standard, recognised on the date of initial application, 1 October 2019. Accordingly, the Group will not restate comparative information, instead, the cumulative effect of initially applying this standard will be recognised as an adjustment to the opening balance of retained earnings as on 1 October 2019. The right-of-use asset and lease liabilities are initally measured at the present value of the future lease payments. In accordance with the standard, the Group will elect not to apply the requirements of IFRS 16 to short-term leases and leases for which the underlying asset is of low value.

On transition, the Group will be using the practical expedient provided by the standard and therefore, will not reassess whether a contract is or contains a lease at the date of initial application.

The Group will recognise with effect from 1 October 2019, new assets and liabilities for its operating leases of premises and other assets. The nature of expenses related to those leases will change from lease rent in previous periods to (a) amortisation charge for the right-to-use asset, and (b) interest accrued on lease liability.

The Group is currently evaluating the impact of IFRS 16 on its financial statements.

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

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

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 September 2019.

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;
- the Group's voting rights and potential voting rights.

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

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

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

- 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 profit or loss; and
- reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

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

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

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

Name	Country of Incorporation and Operation	2019	2018
Mautourco Ltd	Mauritius	**59%**	49%
Beachcomber Marketing (Pty) Ltd	South Africa	**49%**	49%
Beachcomber Hospitality Investments Ltd	Mauritius	**44%**	44%

	2019 Rs '000	2018 Rs '000
Accumulated balances of material non-controlling interest:		
Mautourco Ltd	**50,936**	41,299
Beachcomber Marketing (Pty) Ltd	**17,090**	10,402
Beachcomber Hospitality Investments Ltd	**676,859**	544,585
Profit and other comprehensive income allocated to material non-controlling interest:		
Mautourco Ltd	**19,361**	16,810
Beachcomber Marketing (Pty) Ltd	**25,146**	26,186
Beachcomber Hospitality Investments Ltd	**177,760**	87,911

The summarised financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations and other consolidation adjustments.

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

	Mautourco Ltd Rs '000	Beachcomber Marketing (Pty) Ltd Rs '000	Beachcomber Hospitality Investments Ltd Rs '000
Revenue	**582,907**	**209,099**	**543,204**
Cost of sales	**(298,008)**	**-**	**-**
Administrative and other expenses	**(252,095)**	**(158,592)**	**(2,607)**
Finance revenue	**32**	**27,437**	**-**
Finance costs	**(5,622)**	**(5,042)**	**(296,843)**
Other income	**61,570**	**850**	**730,601**
Profit before tax	**88,784**	**73,752**	**974,355**
Income tax	**(7,610)**	**(20,651)**	**(52,614)**
Profit for the year from continuing operations	**81,174**	**53,101**	**921,741**
Total comprehensive income	**85,060**	**52,210**	**924,405**
Attributable to non-controlling interests	**19,361**	**25,146**	**177,760**
Dividends paid to non-controlling interests	**(29,326)**	**(20,191)**	**(33,614)**

Summarised statements of profit or loss for the year ended 30 September 2018:

	Mautourco Ltd Rs '000	Beachcomber Marketing (Pty) Ltd Rs '000	Beachcomber Hospitality Investments Ltd Rs '000
Revenue	597,490	212,327	555,580
Cost of sales	(310,954)	-	-
Administrative and other expenses	(247,302)	(167,418)	(2,924)
Finance revenue	44	29,273	-
Finance costs	(5,760)	-	(302,334)
Other income	6,694	-	278
Profit before tax	40,212	74,182	250,600
Income tax	(7,100)	(20,782)	(47,210)
Profit for the year from continuing operations	33,112	53,400	203,390
Total comprehensive income	34,306	53,441	197,820
Attributable to non-controlling interests	16,810	26,186	87,911
Dividends paid to non-controlling interests	-	(31,870)	(54,307)

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

Summarised statements of financial position as at 30 September 2019:

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

Summarised statements of financial position as at 30 September 2018:

	Mautourco Ltd Rs '000	Beachcomber Marketing (Pty) Ltd Rs '000	Beachcomber Hospitality Investments Ltd Rs '000
Non-current assets	209,092	5,867	7,065,386
Current assets	184,097	555,112	33,260
Current liabilities	(239,979)	(539,750)	(257,402)
Non-current liabilities	(68,926)	-	(5,424,968)
Total equity	84,284	21,229	1,416,276

Summarised cash flow information for year ended 30 September 2019:

	Mautourco Ltd Rs '000	Beachcomber Marketing (Pty) Ltd Rs '000	Beachcomber Hospitality Investments Ltd Rs '000
Cash flows generated from/(used in)			
Operating activities	**64,896**	**(166,683)**	**486,577**
Investing activities	**(32,196)**	**25,269**	**-**
Financing activities	**(19,918)**	**(39,088)**	**(371,877)**
Net increase/(decrease) in cash and cash equivalents	**12,782**	**(180,502)**	**114,700**

Summarised cash flow information for year ended 30 September 2018:

	Mautourco Ltd Rs '000	Beachcomber Marketing (Pty) Ltd Rs '000	Beachcomber Hospitality Investments Ltd Rs '000
Cash flows generated from/(used in)			
Operating activities	108,876	182,921	512,600
Investing activities	(16,159)	60,630	(598,951)
Financing activities	5,218	(65,040)	(179,014)
Net increase/(decrease) in cash and cash equivalents	97,935	178,511	(265,365)

8. Business combinations and goodwill

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

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

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

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

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

9. Financial risk management objectives and policies

The Group's principal liabilities comprise bank loans, overdrafts, finance leases, trade and other payables and contract liabilities. 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 receivables, financial assets at fair value through other comprehensive income, financial assets at fair value through profit and loss, financial assets at amortised cost and cash and cash equivalents which arise directly from its operations.

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

(i) Credit risk

The Group's credit risk arises mainly from cash and cash equivalents and financial assets at amortised cost as well as credit exposures to customers, including outstanding receivables.

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

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

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

(i) Credit risk (cont'd)

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

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

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs '000	Rs '000	**Rs '000**	Rs '000
Cash and cash equivalents	**753,972**	1,057,971	**88,226**	150,563
Financial assets at fair value through other comprehensive income	**11,752**	-	**11,512**	-
Financial assets at amortised cost	**2,198,055**	-	**3,986,033**	-
Available-for-sale financial assets	**-**	8,664	**-**	8,391
Trade and other receivables*	**657,933**	2,035,518	**546,484**	1,325,439
Derivatives financial instruments	**26,745**	-	**24,954**	-
Long-term loan receivable	**-**	-	**-**	1,873,833
	3,648,457	3,102,153	**4,657,209**	3,358,226

*Trade and other receivable excludes prepayments.

(ii) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk and other price risk such as equity risk. Financial instruments affected by market risk include loans and borrowings, deposits and financial assets at fair value through other comprehensive income (2018: available-for-sale financial assets).

The sensitivity analysis in the following sections relates to the position as at 30 September 2019 and 2018. The sensitivity analysis has been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and the proportion of financial statements in foreign currencies are all constant. The analysis excludes the impact of movements in market variables on the carrying value of pension and other post-retirement obligations, provisions and on the non-financial assets and liabilities of the Group.

(a) Foreign currency risk

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

The following table demonstrates the sensitivity to a reasonable possible change in Euros, US dollars, Pound sterling, rands, Australian dollars, Seychelles rupees and Moroccan dirhams exchange rates, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities) and the Group's equity (due to changes in the fair value of net investment in foreign operations):

		THE GROUP	THE COMPANY
	Increase in Rates	**Effect on Profit before Tax**	**Effect on Profit before Tax**
2019	**%**	**Rs '000**	**Rs '000**
Euros	**5%**	**(364,638)**	**(59,143)**
Pounds sterling	**5%**	**5,451**	**2,860**
Rands	**5%**	**(17,465)**	**(20,269)**
United States dollars	**5%**	**(1,800)**	**2,351**
Australian dollars	**5%**	**1**	**1**
Seychelles rupees	**5%**	**(636)**	**13**
Moroccan dirhams	**5%**	**835**	**-**
2018			
Euros	5%	(348,996)	(55,105)
Pounds sterling	5%	4,212	1,380
Rands	5%	(22,848)	(12,094)
United States dollars	5%	8,477	8,334
Australian dollars	5%	(1)	1
Seychelles rupees	5%	436	-
Moroccan dirhams	5%	3,947	-

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

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

(a) Foreign currency risk (cont'd)

Currency profile

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

	THE GROUP				THE COMPANY			
	FINANCIAL ASSETS		FINANCIAL LIABILITIES		FINANCIAL ASSETS		FINANCIAL LIABILITIES	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
	Rs '000	Rs '000	**Rs '000**	Rs '000	**Rs '000**	Rs '000	**Rs '000**	Rs '000
Euros	**782,413**	446,712	**8,075,171**	7,426,626	**2,812,537**	1,879,782	**3,995,392**	2,981,875
Pound sterling	**311,655**	300,775	**202,638**	216,541	**69,579**	29,974	**12,384**	2,377
Rands	**71,257**	325,428	**420,557**	782,385	**1,289**	1,370	**406,677**	243,246
United States dollars	**104,268**	193,263	**140,271**	23,731	**60,116**	173,446	**13,091**	6,769
Australian dollars	**11**	93	**-**	113	**11**	13	**-**	-
Seychelles rupees	**309**	8,720	**13,026**	-	**261**	-	**-**	-
Mauritian rupees	**1,452,135**	666,856	**9,230,300**	9,877,001	**1,713,399**	1,273,615	**10,440,107**	11,709,954
Moroccan dirhams	**926,393**	1,160,287	**909,697**	1,081,348	**-**	-	**-**	-
Others	**16**	19	**227**	543	**17**	26	**227**	543
	3,648,457	3,102,153	**18,991,887**	19,408,288	**4,657,209**	3,358,226	**14,867,878**	14,944,764

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs '000	Rs '000	**Rs '000**	Rs '000
Net exposure, excluding Mauritian rupees	**(7,565,265)**	(7,095,990)	**(1,483,961)**	(1,150,199)

(b) Interest rate risk

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

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

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

		THE GROUP	THE COMPANY
	Increase in Rates	**Effect on Profit before Tax/ Equity**	**Effect on Profit before Tax/ Equity**
2019	**%**	**Rs '000**	**Rs '000**
Interest-bearing loans and borrowings in Rs	**1.00%**	**52,633**	**52,132**
Interest-bearing loans and borrowings in EUR	**0.25%**	**16,345**	**6,818**
Interest-bearing loans and borrowings in MAD	**0.25%**	**759**	**-**
2018			
Interest-bearing loans and borrowings in Rs	1.00%	68,096	65,367
Interest-bearing loans and borrowings in EUR	0.25%	19,950	5,408
Interest-bearing loans and borrowings in MAD	0.25%	1,084	-
Interest-bearing loans and borrowings in SCR	0.25%	51	-

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

(c) Liquidity risk

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

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

(c) Liquidity risk (cont'd)

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

The Group	On Demand	Less than 3 Months	3 to 12 Months	1 to 5 Years	> 5 Years	Total
	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000
2019						
Trade and other payables	**-**	**3,062,506**	**-**	**-**	**-**	**3,062,506**
Borrowings*	**2,203,618**	**111,661**	**1,178,496**	**11,374,394**	**5,498,132**	**20,366,301**
Derivatives financial instruments	**-**	**1,615**	**20,404**	**9**	**-**	**22,028**
	2,203,618	**3,175,782**	**1,198,900**	**11,3741,403**	**5,498,132**	**23,450,835**
2018						
Trade and other payables	-	2,926,721	-	-	-	2,926,721
Borrowings*	1,887,327	123,861	1,762,419	6,908,395	10,396,546	21,078,548
Derivatives financial instruments	-	3,194	-	58,246	-	61,440
	1,887,327	3,053,776	1,762,419	6,966,641	10,396,546	24,066,709

* Borrowings include future interest costs.

The Company	On Demand	Less than 3 Months	3 to 12 Months	1 to 5 Years	> 5 Years	Total
	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000
2019						
Trade and other payables	**-**	**3,253,192**	**-**	**-**	**-**	**3,253,192**
Borrowings*	**1,975,152**	**39,597**	**939,595**	**5,449,909**	**5,844,917**	**14,249,170**
Derivatives financial instruments	**-**	**11,492**	**1,092**	**-**	**-**	**12,584**
	1,975,152	**3,304,281**	**940,687**	**5,449,909**	**5,844,917**	**17,514,946**
2018						
Trade and other payables	-	3,039,029	-	-	-	3,039,029
Borrowings*	1,581,118	48,859	1,505,375	5,402,997	6,788,319	15,326,668
Derivatives financial instruments	-	3,194	-	-	-	3,194
	1,581,118	3,091,082	1,505,375	5,402,997	6,788,319	18,368,891

* Borrowings include future interest costs.

(d) Equity price risk
The Directors have assessed that the impact of a 5% increase or decrease in price of its available-for-sale financial assets will not be significant.

10. Capital Management

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus debt. The actual gearing is higher as anticipated by management and is principally due to the financing of projects as part of the Group's strategy. The gearing ratio will improve once cash is generated from the projects. The Group includes within net debt, interest-bearing loans and borrowings, less cash and cash equivalents. Total capital is based on equity attributable to equity holders of the parent' as shown in the statements of financial position. The gearing ratios at 30 September 2019 and 2018 were as follows:

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs '000	Rs '000	**Rs '000**	Rs '00
Interest-bearing loans and borrowings	**20,366,301**	21,078,548	**14,249,170**	15,326,668
Less interests costs included above	**(4,458,939)**	(4,658,421)	**(2,647,068)**	(3,424,127)
Less cash in hand and at bank	**(753,972)**	(1,057,971)	**(88,226)**	(150,563)
Net Debt	**15,153,390**	15,362,156	**11,513,876**	11,751,978
Total equity	**9,724,007**	13,609,762	**8,959,398**	10,525,218
Total capital plus net debt	**24,877,397**	28,971,918	**20,473,274**	22,277,196
Gearing Ratio (Net debt/total capital plus debt)	**61%**	53%	**56%**	53%

11. Distributions

Accounting Policy

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

	THE GROUP AND THE COMPANY	
	2019	2018
	Rs '000	Rs '000
Interim dividend paid - Rs 0.11 per share	**60,388**	60,240
Final dividend payable - Rs 0.11 per share	**60,388**	60,244
	120,776	120,484

12. Segmental reporting

The Group presents segmental information using business segments and geographical segments. This is based on the internal management and financial reporting systems and reflects the risks and earnings structure of the Group. Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

For the year 2019 and 2018, the Group was composed of four business segments, which were as follows: Hotel Operations, Tour Operating, Flight & Inland Catering and Property Development and Others as described below. Each business segment provides products and services that are subject to risks and returns that are different from those of other business segments. During the year, the Board of Directors approved the reorganisation of the Group separating its property development activities from its core hospitality activities. As at year end, this exercise has been completed following a capital reduction exercise in the Company and the Group is now focusing entirely on its core hospitality activities.

- Hotel Operations - carried out in Mauritius, Seychelles and Morocco.
- Tour Operating - carried out in Mauritius, France, United Kingdom, Italy and South Africa.
- Flight & Inland Catering - carried out in Mauritius.
- Property Development and Others - carried out in Morocco and to be started in Mauritius.

Business segments

For the year ended 30 September 2019	**Hotel Operations**	**Tour Operating**	**Flight & Inland Catering**	**Property Development and Others**	**Group**
	Rs '000	**Rs '000**	**Rs '000**	**Rs '000**	**Rs '000**
Revenue	**8,034,751**	**1,371,899**	**281,810**	**-**	**9,688,460**
Profit/(loss) after tax	**99,149**	**87,835**	**(9,151)**	**(20,748)**	**157,085**
Segment assets	**30,094,493**	**1,561,336**	**483,803**	**251,443**	**32,391,075**
Investment in associates	-	-	-	**662,097**	**662,097**
Total assets					**33,053,172**
Segment liabilities	**21,752,171**	**1,390,408**	**156,972**	**29,614**	**23,329,165**
Other segment information:					
Capital expenditure	**1,338,382**	**45,194**	**18,740**	**157**	**1,402,473**
Depreciation and impairment on property, plant and equipment	**635,241**	**47,922**	**11,329**	**160**	**694,652**
Amortisation of intangible assets	**8,499**	**5,755**	**-**	**438**	**14,692**
For the year ended 30 September 2018					
Revenue	7,882,882	1,384,032	270,527	-	9,537,441
Profit/(loss) after tax	199,793	75,127	4,542	(145,053)	134,409
Segment assets	30,653,820	1,499,856	429,554	3,094,452	35,677,682
Investment in associates	-	-	-	718,423	718,423
Total assets					36,396,105
Segment liabilities	20,925,005	1,314,608	118,439	428,291	22,786,343
Other segment information:					
Capital expenditure	966,451	65,983	9,341	95,425	1,137,200
Depreciation and impairment on property, plant and equipment	589,875	52,686	12,348	-	654,909
Amortisation of intangible assets	3,529	-	-	438	3,967

12. Segmental reporting (cont'd)

Business segments

Geographical segments ***For the year ended 30 September 2019***	**Mauritius Rs '000**	**Europe Rs '000**	**Morocco Rs '000**	**Other Countries Rs '000**	**Group Rs '000**
Segment revenue	**8,080,882**	**599,456**	**804,943**	**203,179**	**9,688,460**
Segment assets	**25,551,116**	**1,019,101**	**4,165,969**	**2,316,986**	**33,053,172**
Capital expenditure	**824,944**	**4,938**	**26,420**	**546,171**	**1,402,473**
Geographical segments *For the year ended 30 September 2018*					
Segment revenue	8,196,507	588,119	536,087	216,728	9,537,441
Segment assets	25,476,176	805,119	7,776,383	2,338,427	36,396,105
Capital expenditure	876,305	19,647	16,118	225,130	1,137,200

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

13. Significant accounting judgements and estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

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

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

Going concern
The Board of Directors has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future.

At 30 September 2019, the Group and the Company had net current liabilities of Rs 3.0bn (2018: Net current assets of Rs 1.2bn) and Rs 4.1bn (2018: Rs 2.1bn) respectively. On the other hand, the net cash position of the Group and the Company decreased by Rs 567m and Rs 403m respectively (2018: increased by Rs 906m and Rs 926m respectively).

The Directors believe that there is no going concern issue at Group and Company level given the availability of undrawn banking facilities (refer to note 39). Moreover, the Group has successfully completed its reorganisation during the financial year and this will enable the Group to focus on its core hospitality business.

The Board is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

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

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

Impairment of non-financial assets
An impairment exists when the carrying value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different CGUs are disclosed and further explained in note 29.

Currency forward contracts
The Group has entered into forwards that qualify as cash flow hedge against highly probable forecasted transactions in foreign currencies. The probable forecasted transactions are duly certified expected costs to be incurred in the development project being undertaken by the Group which qualifies as the hedge item. The forward contract Euro for US Dollar is the hedge instrument. The change in the fair value of the hedge instrument has been judged to be fully effective at the year ended 30 September 2019 and recognised under other comprehensive income (note 41).

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

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

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2019

14. Significant transactions and events

Net investment in foreign operations
The Company has receivable balances from its overseas subsidiaries. The Directors reviewed those balances and concluded that, effective 1 October 2015, part of those balances qualified as ''net investment in foreign operations''. These amounts are regarded as monetary items that are receivable from foreign operations for which settlement is neither planned nor likely to occur in the foreseeable future. Further amounts transferred during the financial year ended 30 September 2019 were regarded as net investment in foreign operations and included under investment in subsidiaries (note 30).

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

15. Other impairment losses

Included in other impairment losses are the following:

	THE GROUP		THE COMPANY	
	2019 Rs '000	2018 Rs '000	**2019 Rs '000**	2018 Rs '000
Property, plant and equipment (note a)	**35,525**	-	**35,525**	-

(a) The impairment losses arose following the reclassification of 16 arpents of land from inventories to property, plant and equipment. These arpents were formerly earmarked for the property development project. Following the redesign of Les Salines project, they are now attached to the golf project, thus aggregating with the original 160 arpents.

(b) Beachcomber Hotel S.A
No impairment loss has been assessed this year following the impairment testing. The recoverable amount for the hotel has been determined using discounted cash flow techniques.

The significant assumptions as follows are deemed conservative: (i) the occupancy rate is capped at 60% as from 2021 (ii) Guest night spending (GNS) for the coming years will increase by 24% between 2019 and up to 2021 but will remain below the industry average for comparable hotels in Marrakech; the GNS will increase by 4%/5% year on year as from 2023 (iii) Capital expenditure is kept relatively low for the next few years as the hotel is new but will increase as from 2022 (iv) the residual value was estimated at the end of its useful life.

Discount rates:
A discount rate of 10.08% representing the current market assessment of the risks specific to a cash generating unit was used. The discount rate calculation was based on the specific circumstances of the Company and was derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest bearing borrowings the Company is obliged to service.

16. Events after the reporting date

Accounting Policy

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

Events which occurred after the reporting date and which require disclosure in the financial statements for the year ended 30 September 2019 are as follows:

The appeal lodged by a number of individuals against the EIA licence obtained by the Group in December 2018 for the construction of Les Salines Beachcomber Golf Resort & Spa was struck off on 5 November 2019 by the Environment and Land Use Appeal Tribunal (ELUAT). Further to this development, management is in discussion with the relevant authorities with respect to the modus operandi for the creation of the new wetland, a prerequisite before hotel construction works can be launched. With the delay caused by this appeal, this 366-room resort is now scheduled to open during the last quarter of FY 2021.

17. Related party transactions and disclosures

For the purposes 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 parties may be individuals or other entities.

The following transactions have been entered into with related parties:

		THE GROUP		THE COMPANY	
(i) Included in Revenue are:	**Nature of Goods or Services**	**2019 Rs '000**	2018 Rs '000	**2019 Rs '000**	2018 Rs '000
Subsidiaries:					
Beachcomber Marketing (Pty) Ltd	Hotel packages	**-**	-	**613,556**	603,952
Beachcomber Tours	Hotel packages	**-**	-	**394,580**	403,579
Beachcomber Tours Limited	Hotel packages	**-**	-	**385,538**	394,300
Santayarea (Mauritius) limited	Rental	**-**	-	**1,080**	-
Associate:					
Parure Limitée	Space rental	**2,488**	2,360	**2,488**	2,360

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

(ii) Included in Other income are:	Nature of Goods or Services	THE GROUP 2019 Rs '000	THE GROUP 2018 Rs '000	THE COMPANY 2019 Rs '000	THE COMPANY 2018 Rs '000
Subsidiaries:					
Beachcomber Hospitality Investments Ltd	Management fees	**-**	-	**1,944**	1,985
Ste Anne Resorts Limited	Management fees	**-**	-	**116**	81
Santayarea (Mauritius) Limited	Management fees	**-**	-	**7,238**	12,574
Semaris Ltd *	Management fees	**9,813**	-	**9,813**	1,244
Beachcomber Training Academy Limited	Management fees	**-**	-	**2,727**	5,232
Beachcomber Hospitality Investments Ltd	Profit on disposal	**-**	-	**149,666**	149,666
Beachcomber Hospitality Investments Ltd	Dividend income	**-**	-	**40,708**	65,094
Societé Pur Blanca	Dividend income	**-**	-	**29,651**	-
Associates:					
South West Tourism Development Company Limited	Dividend income	**3,392**	4,625	**3,392**	4,625
Launderers (Hotels & Restaurants) Ltd	Dividend income	**-**	1,500	**-**	1,500

** Subsidiary up to 30 September 2019 (discontinued operations)*

(iii) Included in Other expenses are:	Nature of Goods or Services	THE GROUP 2019 Rs '000	THE GROUP 2018 Rs '000	THE COMPANY 2019 Rs '000	THE COMPANY 2018 Rs '000
Subsidiaries:					
Beachcomber Limited	Rent	-	-	**1,000**	1,000
Beachcomber Marketing (Pty) Ltd	Incentive commission	-	-	**6,271**	5,702
Mautourco Ltd	Incentive commission	-	-	**-**	604
Mautourco Ltd	Transport & carriage	-	-	**2,445**	265
Beachcomber Hospitality Investments Lmited	Rent	-	-	**544,236**	556,740
Santayarea (Mauritius) Limited	Consultancy fees	-	-	**3,600**	4,800
Trans-Maurice Car Rental Ltd	Car rental	-	-	**-**	3,239
Associate:					
Launderers (Hotels & Restaurants) Ltd	Laundry services	**81,823**	127,575	**81,823**	127,575
Other related parties:					
New Mauritius Hotels Superannuation Fund	Rent	**28,355**	27,599	**28,355**	27,599
ENL Property	Consultancy fees	**175**	11,139	**175**	11,139
ENL Limited	Secretarial fees	**3,500**	3,150	**3,500**	3,150

(iv) Included in Staff costs are:	Nature of Goods or Services	THE GROUP 2019 Rs '000	THE GROUP 2018 Rs '000	THE COMPANY 2019 Rs '000	THE COMPANY 2018 Rs '000
Subsidiaries:					
Beachcomber Training Academy Limited	Training courses	**-**	-	**5,963**	522
Santayarea (Mauritius) Limited	Training courses	**-**	-	**10,831**	11,508

(v) Included in Direct expenses are:	Nature of Goods or Services	THE GROUP 2019 Rs '000	THE GROUP 2018 Rs '000	THE COMPANY 2019 Rs '000	THE COMPANY 2018 Rs '000
Subsidiary:					
Santayarea (Mauritius) Limited	Cost of sales	**-**	-	**5,666**	-

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2019

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

(vi) Included in Finance costs are:	Nature of Goods or Services	THE GROUP 2019 Rs '000	THE GROUP 2018 Rs '000	THE COMPANY 2019 Rs '000	THE COMPANY 2018 Rs '000
Interest on call account with subsidiaries:					
Beachcomber Marketing (Pty) Ltd	Interest on call account	**-**	-	**15,351**	17,469
Included in interest on finance lease:					
Beachcomber Limited	Interest on finance lease	**-**	-	**59**	1,612
Included in interest on loans and overdrafts:					
Subsidiaries:					
Beachcomber Limited	Interest on loans	**-**	-	**11,806**	9,322
Ste Anne Resorts Limited	Interest on loans	**-**	-	**-**	7,325
(vii) Included in Finance income:					
Subsidiaries:					
Beachcomber Hospitality Investments Ltd	Interest on loan	**-**	-	**115,706**	118,664
Semaris Ltd *	Interest on loan	**3,901**	-	**3,901**	-

(viii) Included in the Trade receivables and Financial assets at amortised cost balances are:	THE GROUP 2019 Rs '000	THE GROUP 2018 Rs '000	THE COMPANY 2019 Rs '000	THE COMPANY 2018 Rs '000
Subsidiaries:				
Beachcomber Tours	**-**	-	**118,306**	63,675
Beachcomber Tours Limited	**-**	-	**33,273**	24,983
Beachcomber Marketing (Pty) Ltd	**-**	-	**88,024**	67,171
Mautourco Ltd	**-**	-	**8,242**	8,141
Beachcomber Training Academy Limited	**-**	-	**8,193**	4,769
Ste Anne Resorts Limited	**-**	-	**327,804**	51,940
Beachcomber Gold Coast Limited	**-**	-	**-**	107,357
Kingfisher Ltd	**-**	-	**2,364**	2,351
New Mauritius Hotel - Italia Srl	**-**	-	**30,940**	31,041
Les Salines Development Ltd	**-**	-	**1,637**	21
Les Salines Golf and Resort Limited	**-**	-	**228,190**	139,150
Plaisance Catering Limited	**-**	-	**75**	75
Beachcomber Hospitality Investments Ltd	**-**	-	**9**	12,047
Beachcomber Limited	**-**	-	**6**	
Santayarea (Mauritius) Ltd	**-**	-	**6,841**	6,568
Domaine de L'Harmonie Ltd	**-**	-	**12,226**	-
Semaris Ltd*	-	-	**-**	314,149
Associates:				
Parure Limitée	**-**	132	**-**	132
Societé Cajeva	**12,919**	12,863	**12,919**	12,863
Other related parties:				
Semaris Ltd *	**15,537**	**-**	**15,537**	**-**
Beachcomber Gold Coast Limited *	**-**	**-**	**-**	**-**
Fondation Espoir et Développement	**104**	**-**	**104**	**-**
New Mauritius Hotels Superannuation Fund	**-**	245	**-**	245

(ix) Included in the loan at call payable to subsidiaries balance are:	THE GROUP 2019 Rs '000	THE GROUP 2018 Rs '000	THE COMPANY 2019 Rs '000	THE COMPANY 2018 Rs '000
Subsidiary:				
Loan at call payable to Beachcomber Marketing (Pty) Ltd	**-**	-	**364,993**	241,010
(x) Long-term loan receivable from related party included under financial assets at amortised cost (2018: Long-term receivable)				
Subsidiary:				
Beachcomber Hospitality Investments Ltd	**-**	-	**1,867,734**	1,873,833
Other related party:				
Semaris Ltd *	**1,203,901**	-	**1,203,901**	-

** Subsidiary up to 30 September 2019 (discontinued operations)*

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

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

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs '000	Rs '000	**Rs '000**	Rs '000
Ste Anne Resorts Limited	**-**	-	**1,029,298**	1,029,298
Beachcomber Hotel S.A.	**-**	-	**177,806**	177,806
Domaine Palm Marrakech S.A.	**-**	-	**-**	120,012

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

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs '000	Rs '000	**Rs '000**	Rs '000
Subsidiaries:				
Beachcomber Tours	**-**	-	**12,021**	4,438
Beachcomber Tours Limited	**-**	-	**8,762**	225
Kingfisher 2 Ltd	**-**	-	**-**	1
Kingfisher 3 Ltd	**-**	-	**-**	1
Semaris Ltd	**-**	-	**-**	1
Mautourco Ltd	**-**	-	**1,166**	1,551
Beachcomber Training Academy Limited	**-**	-	**2,203**	1,608
Beachcomber Hospitality Investments Ltd	**-**	-	**137,368**	113,424
Trans-Maurice Car Rental Ltd	**-**	-	**4**	116
Beachcomber Limited	**-**	-	**1,507,417**	1,451,673
Santayarea (Mauritius) Ltd	**-**	-	**6,798**	8,018
Associate:				
Launderers (Hotels & Restaurants) Ltd	**-**	39,810	**-**	39,810
Other related parties:				
Fondation Espoir et Développement (Not for profit organisation)	**496**	549	**496**	549
ENL Agri Ltd	**479**	991	**479**	991
ENL Property	**20**	848	**20**	848
ENL Limited	**339**	273	**339**	273

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

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs '000	Rs '000	**Rs '000**	Rs '000
Loan payable to Grit Real Estate Income Group Limited	**1,492,867**	1,497,750	**-**	-
Loans payable to Beachcomber Limited	**-**	-	**150,000**	150,000

(xiv) Borrowings from related parties included in ''obligations under finance leases":

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs '000	Rs '000	**Rs '000**	Rs '000
Ste Anne Resorts Limited	**-**	-	**192**	1,767
Beachcomber Limited	**-**	-	**-**	992

Terms and conditions of transactions with related parties
Outstanding balances at year end are unsecured and settlement occurs in cash. New Mauritius Hotels Limited has acted as guarantor for a EUR 5.25m granted to Ste Anne Resorts Limited. For the financial year, the Company assessed recoverability of amounts owed by related parties and no impairment loss was recorded (2018: Nil). The Group assessed provision for impairment from its associates and no impairment was noted. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which it operates. The key assumptions used to determine the recoverable amount for the different CGUs are disclosed and further explained in note 29.

Loans from related parties

Loan payable at call to Beachcomber Marketing (Pty) Ltd bears fixed interest rate at 5% (2018: 5%).

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

Finance lease facilities taken from related parties

The Company benefited from leasing facilities from leasing companies through Beachcomber Limited regarding hotel equipment. The facility has been fully reimbursed during the year (2018: Rs 0.992m).

The lease facility bears an interest rate of 8.5% p.a.

New Mauritius Hotels Limited has confirmed its continuous financial support to its subsidiaries, namely Ste Anne Resorts Limited and Mautourco Ltd because all of them are in a net current liability position as at 30 September 2019.

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

(xv) Compensation of key management personnel

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs '000	Rs '000	**Rs '000**	Rs '000
Short-term employee benefits and termination settlements	**189,215**	183,481	**128,809**	119,087
Post-employment benefits	**17,502**	11,749	**15,319**	10,622
	206,717	195,230	**144,128**	129,709

DETAILED INFORMATION ON STATEMENTS OF PROFIT OR LOSS ITEMS

18. Revenue from contracts with customers

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs '000	Rs '000	**Rs '000**	Rs '000
Revenue from hotels operations	**8,034,751**	7,882,882	**7,225,589**	7,337,520
Revenue from tour operating	**1,371,899**	1,384,032	**-**	-
Revenue from flight & inland catering services	**281,810**	270,527	**281,810**	270,527
Revenue from contracts with customers (note 12)	**9,688,460**	9,537,441	**7,507,399**	7,608,047
Timing of revenue recognition				
At a point in time	**9,688,460**	-	**7,507,399**	-

(a) Liabilites related to contracts with customers

	THE GROUP	THE COMPANY
	Rs '000	**Rs '000**
At 1 October 2018	407,689	356,984
Amounts included in contract liabilities that were recognised as revenue during the year	(407,689)	(356,984)
Cash received in advance of performance and not recognised as revenue during the year	457,740	408,372
At 30 September 2019	**457,740**	**408,372**

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

19. Staff costs

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs '000	Rs '000	**Rs '000**	Rs '000
Wages, salaries, fees and bonuses	**2,454,541**	2,293,698	**1,865,612**	1,752,716
Social costs	**260,763**	253,385	**170,794**	167,973
Other employee benefits and related expenses	**711,073**	672,599	**679,448**	623,821
	3,426,377	3,219,682	**2,715,854**	2,544,510

20. Other expenses

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs '000	Rs '000	**Rs '000**	Rs '000
Operating supplies and cleaning expenses	**549,262**	485,417	**429,737**	406,351
Repairs and maintenance	**300,544**	263,474	**276,151**	244,166
Utility costs	**456,695**	445,942	**417,772**	407,565
Marketing expenses	**766,742**	878,695	**449,577**	534,329
Guest entertainment	**124,864**	109,825	**113,884**	105,980
Administrative expenses	**476,621**	394,505	**222,826**	215,117
Operating lease rentals	**185,386**	187,315	**704,899**	717,601
Licences, patents, insurance and taxes	**127,089**	141,856	**117,496**	134,282
	2,987,203	2,907,029	**2,732,342**	2,765,391

21. Closure costs

	THE GROUP	
	2019	2018
	Rs '000	Rs '000
Staff costs	**13,243**	18,527
Other expenses	**44,003**	59,777
	57,246	78,304

Closure costs relate wholly to Ste Anne Resorts Limited in Seychelles. The hotel is under extensive renovation work which is scheduled to be completed in September 2020.

DETAILED INFORMATION ON STATEMENTS OF PROFIT OR LOSS ITEMS (cont'd)

22. Finance revenue

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs '000	Rs '000	**Rs '000**	Rs '000
Interest income	**17,692**	12,977	**119,693**	118,801

Included in interest income of the Company, is an amount of Rs 115m (2018: Rs 118m) pertaining to interest received on shareholder's loan to BHI and of Rs 4m on loan to Semaris Ltd. Refer to note 33 for terms and conditions.

23. Finance costs

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs '000	Rs '000	**Rs '000**	Rs '000
Exchange loss on retranslation of receivables from subsidiaries	**11,334**	5,669	**6,099**	5,669
Exchange loss on currency borrowings	**22,695**	27,922	**22,200**	20,240
Loss on derivatives	**-**	3,194	**-**	3,194
Dividends on preference shares	**16,445**	63,179	**16,445**	63,179
Interest costs on:				
Bank overdrafts	**24,167**	25,148	**22,305**	18,033
Loans	**540,109**	560,453	**335,590**	356,260
Debentures	**163,205**	160,593	**163,205**	160,593
Finance leases	**12,281**	17,995	**9,147**	11,388
Call account with subsidiaries (note 17(vi))	**-**	-	**15,351**	17,469
Others	**479**	42	**146**	42
	790,715	864,195	**590,488**	656,067
Less borrowing costs capitalised	**-**	(5,810)	**-**	(5,810)
	790,715	858,385	**590,488**	650,257

Accounting Policy

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

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

Borrowing costs consist of interests and other costs that the Group incurs in connection with borrowing of funds.

Borrowing costs capitalised can be analysed as follows:

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs '000	Rs '000	**Rs '000**	Rs '000
Interest cost on bank loans and overdrafts and debentures included in:				
Inventories (note 35 (c))	**-**	5,810	**-**	5,810
Total borrowing costs capitalised	**-**	5,810	**-**	5,810

24. Other income

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs '000	Rs '000	**Rs '000**	Rs '000
Other operating income	**42,933**	16,170	**21,838**	19,275
Investment income - quoted	**522**	1,915	**522**	1,915
- unquoted	**35**	251	**73,785**	71,234
Exchange gain on treasury transactions	**76,884**	67,891	**70,944**	67,697
Gain on derivatives	**12,370**	-	**12,370**	-
	132,744	86,227	**179,459**	160,121

DETAILED INFORMATION ON STATEMENTS OF PROFIT OR LOSS ITEMS (cont'd)

25. Income tax

Accounting Policy

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

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

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

- where the deferred income 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; *and*

- in respect of taxable temporary differences associated with investments in subsidiary companies and associated companies where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

- in respect of deductible temporary differences associated with investments in subsidiary companies and associated companies, deferred income 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 income 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 income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

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

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

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

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

Interest and penalties
Management considers that penalties and interest have the characteristics of tax since they are paid to the tax authorities, are not tax deductible expenses and should therefore form part of tax expense.

Significant accounting judgements and estimates

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

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

DETAILED INFORMATION ON STATEMENTS OF PROFIT OR LOSS ITEMS (cont'd)

25. Income tax (cont'd)

(a) Current income tax

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs '000	Rs '000	**Rs '000**	Rs '000
Major components of income tax expense for the years ended 30 September 2019 and 2018:				
Statements of profit or loss:				
Income tax charge on the adjusted profit for the year at 15% (2018: 15%)	**(57,351)**	(42,428)	**-**	-
Corporate Social Responsibility (CSR)	**(11,190)**	(6,096)	**(7,681)**	(6,096)
Deferred tax movement (note 25 (b))	**(24,913)**	(56,144)	**(23,378)**	(87,275)
Tax overpayment not recoverable	**(11,775)**	-	**(11,775)**	-
Overprovision of tax in previous year	**8**	8,695	**-**	-
Income tax expense	**(105,221)**	(95,973)	**(42,834)**	(93,371)
Analysed as follows :				
Continuing operations	**(103,102)**	(92,726)	**(42,834)**	(93,371)
Discontinued operations (note 47)	**(2,119)**	(3,247)	**-**	-
	(105,221)	(95,973)	**(42,834)**	(93,371)
Statements of other comprehensive income:				
Deferred tax relating to items recognised in other comprehensive income:				
Gains on revaluation of property	**(47,759)**	-	**(3,655)**	-
Remeasurement of employee benefit liabilities (note 23(b))	**151,267**	(131,673)	**150,161**	(131,429)
	103,508	(131,673)	**146,506**	(131,429)
Statements of financial position:				
At 1 October	**15,552**	12,234	**13,307**	13,017
Income tax on the adjusted profit for the year at 15% to 30% (2018: 15% to 30%)	**(66,414)**	(39,829)	**(7,681)**	(6,096)
Exchange differences	**(239)**	(6,842)	**-**	-
Tax overpayment not recoverable	**(11,775)**	-	**(11,775)**	-
Less: Payment during the year	**58,349**	49,989	**7,602**	6,386
At 30 September	**(4,527)**	15,552	**1,453**	13,307
Analysis of tax position at year end:				
Income tax prepaid	**5,722**	18,504	**1,453**	13,307
Income tax payable	**(10,249)**	(2,952)	**-**	-
	(4,527)	15,552	**1,453**	13,307

A reconciliation between tax expense and the product of accounting profit multiplied by the Mauritian tax rate for the years ended 30 September 2019 and 2018 as follows:

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs '000	Rs '000	**Rs '000**	Rs '000
Profit before tax - Continuing operations	**260,437**	339,800	**284,125**	527,840
Profit/(loss) before tax - Discontinued operations	**1,869**	(109,418)	**2,592,412**	-
	262,306	230,382	**2,876,537**	527,840
Tax calculated at a rate of 15% to 30% (2018: 15% to 30%)	**(117,483)**	(125,479)	**(431,481)**	(79,176)
Corporate Social Responsibilty (CSR)	**(11,190)**	(6,096)	**(7,681)**	(6,096)
Effect of temporary difference on CSR	**(3,984)**	(1,144)	**(3,933)**	3,690
Expenses not deductible for tax purposes	**(20,065)**	(20,744)	**(7,396)**	(13,768)
Deferred tax asset not recognised	**10,557**	15,282	**-**	-
(Under)/overprovision of tax and deferred tax	**(3,673)**	8,695	**(3,681)**	(31,443)
Tax overpayment not recoverable	**(11,775)**	-	**(11,775)**	-
Other movement	**-**	(4,535)	**-**	-
Income not subject to tax	**52,392**	38,048	**423,113**	33,422
Tax expense	**(105,221)**	(95,973)	**(42,834)**	(93,371)

DETAILED INFORMATION ON STATEMENTS OF PROFIT OR LOSS ITEMS (cont'd)

25. Income tax (cont'd)

(b) Deferred income tax

THE GROUP

Deferred income taxes as at 30 September relate to the following:

	Statement of Financial Position		Statement of Profit or Loss		Statement of Other Comprehensive Income	
	2019	2018	**2019**	2018	**2019**	2018
	Rs '000	Rs '000	**Rs '000**	Rs '000	**Rs '000**	Rs '000
Deferred tax liabilities						
Accelerated capital allowances	**1,851,896**	1,800,284	**(51,612)**	(137,092)	**-**	-
Assets revaluation	**928,238**	880,479	**-**	-	**(47,759)**	-
Exchange differences	**5,851**	12,819	**-**	-	**6,968**	(11,512)
	2,785,985	2,693,582				
Deferred income tax assets						
Losses available for offsetting against future taxable income	**(595,779)**	(576,090)	**19,689**	78,604	**-**	-
Employee benefit liability	**(299,155)**	(137,514)	**10,374**	2,386	**151,267**	(131,673)
Provision & others *	**(12,884)**	(13,243)	**(3,364)**	(42)	**-**	-
Exchange differences	**(14,707)**	(5,374)	**-**	-	**9,333**	10,358
	(922,525)	(732,221)				
Deferred tax liabilities (net)	**1,863,460**	1,961,361				
Disclosed as follows:						
Deferred tax assets	**(186,786)**	(174,844)	-	-	-	-
Deferred tax liabilities	**2,050,246**	2,136,205	-	-	-	-
	1,863,460	1,961,361				
Deferred income tax charged to profit or loss			**(24,913)**	(56,144)		
Deferred income tax credited/(charged) to other comprehensive income					**119,809**	(132,827)

* Includes adjustments of Rs 3.0m relating to effect of change in accounting policies (refer to note 49)

The Group has determined that deferred tax assets cannot be recognised on tax losses of Rs 502m (2018: Rs 957m) carried forward since there is uncertainty on whether future taxable profit will be available against which the unused tax losses can be utilised.

THE COMPANY	Statement of Financial Position		Statement of Profit or Loss		Statement of Other Comprehensive Income	
	2019	2018	**2019**	2018	**2019**	2018
	Rs '000	Rs '000	**Rs '000**	Rs '000	**Rs '000**	Rs '000
Accelerated capital allowances	**1,434,994**	1,395,177	**(39,817)**	(52,787)	**-**	-
Assets revaluation	**528,750**	525,095	**-**	-	**(3,655)**	-
Losses available for offsetting against future taxable income	**(345,273)**	(329,756)	**15,517**	(39,124)	**-**	-
Provision & others *	**(7,518)**	(10,200)	**(4,093)**	(129)	**-**	-
Employee benefit liability	**(290,647)**	(135,471)	**5,015**	4,765	**150,161**	(131,429)
Deferred tax liabilities	**1,320,306**	1,444,845				
Deferred income tax charged to profit or loss			**(23,378)**	(87,275)		
Deferred income tax credited/(charged) to other comprehensive income					**146,506**	(131,429)

* Includes adjustments of Rs 1.4m relating to effect of change in accounting policies (refer to note 49)

DETAILED INFORMATION ON STATEMENTS OF PROFIT OR LOSS ITEMS (cont'd)

26. Earnings per share

Accounting Policy

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

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

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

		2019 Rs '000	2018 Rs '000
Profit attributable to ordinary equity holders of the parent:			
- continuing operations		**33,355**	1,094
- discontinued operations		**(250)**	(112,665)
Weighted average number of ordinary shares for basic EPS ('000)		**548,385**	519,357
Earnings per share:			
From continuing operations	Rs.	**0.06**	-
From continuing and discontinued operations	Rs.	**0.06**	(0.21)
Diluted earnings per share	Rs.	**-**	0.12

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

DETAILED INFORMATION ON STATEMENTS OF FINANCIAL POSITION ITEMS

27. Property, plant and equipment

Accounting Policy

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

Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Following initial recognition at cost, freehold land and buildings of hotels are reviewed every 3 years; in prior years, revaluations were performed every 2 years.

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

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

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

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

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

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

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

Work in progress pertains mainly to costs incurred for renovation work at Ste Anne Resorts Limited.

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

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

Significant accounting judgements and estimates

Revaluation of freehold land, hotel buildings and investment property
The Group measures freehold land and hotel buildings at revalued amounts with changes in fair value being recognised in equity. In addition, it carries its investment property at fair value, with changes in fair value being recognised in profit or loss. The Group engaged an independent valuation specialist to determine fair value based on prevailing market data. Further details in respect of the freehold land and buildings and investment property are contained in note 27 and 28 respectively.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2019

DETAILED INFORMATION ON STATEMENTS OF FINANCIAL POSITION ITEMS (cont'd)

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

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

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

Other items of property, plant and equipment are depreciated using the norms applicable in the industry. The carrying amount of property, plant and equipment is disclosed below.

THE GROUP	Freehold Land Rs '000	Buildings Rs '000	Other Fixed Assets Rs '000	Motor Vehicles Rs '000	Work in Progress Rs '000	Total Rs '000
Cost and valuation						
At 1 October 2017	1,733,071	20,708,025	5,867,088	462,587	663,087	29,433,858
Additions	950	44,998	252,031	76,295	762,926	1,137,200
Transfer	956	525,540	185,756	-	(712,252)	-
Disposals	-	-	(74,289)	(49,779)	-	(124,068)
Scrapped	-	-	(114,600)	-	(42,273)	(156,873)
Transfer from inventories	500,000	-	-	-	-	500,000
Transfer to intangible assets (note 29)	-	-	(100,095)	-	-	(100,095)
Transfer to non-current assets classified as held for sale	-	(110,869)	(154)	(9,130)	-	(120,153)
Exchange differences	(9,718)	6,131	4,191	9,898	(2,203)	8,299
At 1 October 2018	2,225,259	21,173,825	6,019,928	489,871	669,285	30,578,168
Additions	131,092	64,555	304,145	88,497	814,184	1,402,473
Transfer	-	215,754	136,438	-	(352,192)	-
Disposals	(31,903)	(4,222)	(31,113)	(98,433)	(7,098)	(172,769)
Scrapped	-	(78,471)	(331,545)	-	-	(410,016)
Revaluation adjustments	62,278	(69,692)	-	-	-	(7,414)
Impairment losses (note 15)	(35,525)	-	-	-	-	(35,525)
Transfer from/(to) inventories	137,002	-	(630)	-	-	136,372
Deconsolidation and disposal of subsidiaries (note 47)	(116,505)	(1,032,966)	(56,416)	(40,729)	(63,348)	(1,309,964)
Exchange differences	29,960	214,508	72,504	3,040	7,327	327,339
At 30 September 2019	**2,401,658**	**20,483,291**	**6,113,311**	**442,246**	**1,068,158**	**30,508,664**
Depreciation						
At 1 October 2017	-	386,389	3,893,251	178,534	-	4,458,174
Charge for the year	-	188,775	418,726	68,387	-	675,888
Disposals	-	-	(70,926)	(39,121)	-	(110,047)
Scrapped	-	-	(112,387)	-	-	(112,387)
Transfer to intangible assets (note 29)	-	-	(70,491)	-	-	(70,491)
Transfer to non-current assets classified as held for sale	-	(1,887)	(154)	(9,030)	-	(11,071)
Exchange differences	-	1,147	(9,829)	9,530	-	848
At 1 October 2018	-	574,424	4,048,190	208,300	-	4,830,914
Charge for the year	-	208,274	436,683	72,396	-	717,353
Disposals	-	-	(24,326)	(79,531)	-	(103,857)
Scrapped	-	(78,471)	(311,196)	-	-	(389,667)
Revaluation adjustments	-	(327,666)	-	-	-	(327,666)
Transfer to inventories	-	-	(466)	-	-	(466)
Deconsolidation and disposal of subsidiaries (note 47)	-	(89,731)	(34,214)	(31,831)	-	(155,776)
Exchange differences	-	7,048	14,047	1,474	-	22,569
At 30 September 2019	**-**	**293,878**	**4,128,718**	**170,808**	**-**	**4,593,404**
Net book values						
At 30 September 2019	**2,401,658**	**20,189,413**	**1,984,593**	**271,438**	**1,068,158**	**25,915,260**
At 30 September 2018	2,225,259	20,599,401	1,971,738	281,571	669,285	25,747,254

DETAILED INFORMATION ON STATEMENTS OF FINANCIAL POSITION ITEMS (cont'd)

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

THE COMPANY

Cost and valuation	Freehold Land Rs '000	Buildings Rs '000	Other Fixed Assets Rs '000	Motor Vehicles Rs '000	Work in Progress Rs '000	Total Rs '000
At 1 October 2017	979,600	11,802,132	4,433,307	229,455	368,140	17,812,634
Additions	950	42,670	213,295	31,620	541,599	830,134
Transfer	956	525,540	185,756	-	(712,252)	-
Disposals	-	(391,692)	(47,312)	(21,995)	-	(460,999)
Transfer from inventories	500,000	-	-	-	-	500,000
Scrapped	-	-	(96,697)	-	(42,273)	(138,970)
Transfer to intangible assets (note 29)	-	-	(39,219)	-	-	(39,219)
At 1 October 2018	1,481,506	11,978,650	4,649,130	239,080	155,214	18,503,580
Additions	86,144	67,837	252,814	64,321	300,918	772,034
Transfer	-	215,754	136,438	-	(352,192)	-
Revaluation surplus/(deficit)	21,254	(267,472)	-	-	-	(246,218)
Impairment losses (note 15)	(35,525)	-	-	-	-	(35,525)
Disposals	(31,903)	-	(13,535)	(50,583)	-	(96,021)
Transfer from/(to) inventories	137,002	-	(630)	-	-	136,372
Scrapped	-	-	(281,056)	-	-	(281,056)
At 30 September 2019	**1,658,478**	**11,994,769**	**4,743,161**	**252,818**	**103,940**	**18,753,166**
Depreciation						
At 1 October 2017	-	179,968	3,297,049	114,443	-	3,591,460
Charge for the year	-	103,298	267,274	29,127	-	399,699
Disposals adjustments	-	-	(46,828)	(17,484)	-	(64,312)
Scrapped	-	-	(93,971)	-	-	(93,971)
Transfer to intangible assets (note 29)	-	-	(32,329)	-	-	(32,329)
At 1 October 2018	-	283,266	3,391,195	126,086	-	3,800,547
Charge for the year	-	113,353	271,847	32,734	-	417,934
Revaluation adjustments	-	(288,977)	-	-	-	(288,977)
Transfer to inventories	-	-	(466)	-	-	(466)
Disposals	-	-	(13,193)	(38,945)	-	(52,138)
Scrapped	-	-	(275,130)	-	-	(275,130)
At 30 September 2019	**-**	**107,642**	**3,374,253**	**119,875**	**-**	**3,601,770**
Net book values						
At 30 September 2019	**1,658,478**	**11,887,127**	**1,368,908**	**132,943**	**103,940**	**15,151,396**
At 30 September 2018	1,481,506	11,695,384	1,257,935	112,994	155,214	14,703,033

(a) Revaluation of freehold land and buildings

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

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

The revalued land and buildings consist of hotel properties. Management determined that these constitute two classes of assets - namely land and buildings - under IFRS 13, based on the nature, characteristics and risks of the property. Fair value of the properties was determined by using open market value. This means that valuations performed by the valuer are based on active market prices, significantly adjusted for difference in the nature, location or condition of the specific property. The freehold land and buildings have been classified as level 2 as they are based on sales comparison approach.

Significant observable valuation input		**2019** **Range**	2018 Range
Price per square metre :	- Freehold land	**Rs 1,345 - Rs 3,675**	Rs 996 - Rs 3,591
	- Building	**Rs 39,907 - Rs 62,491**	Rs 35,304 - Rs 63,776

Significant increases/(decreases) in estimated price per square metre in isolation would result in a significantly higher/(lower) fair value.

(b) If freehold land and buildings were measured using the cost model, the carrying amount would have been as follows:

	THE GROUP		THE COMPANY	
	2019 Rs '000	2018 Rs '000	**2019 Rs '000**	2018 Rs '000
Cost	**19,064,008**	18,614,933	**9,432,958**	9,018,085
Accumulated depreciation	**(1,390,369)**	(1,243,813)	**(994,850)**	(917,349)
Net book values	**17,673,639**	17,371,120	**8,438,108**	8,100,736

DETAILED INFORMATION ON STATEMENTS OF FINANCIAL POSITION ITEMS (cont'd)

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

(c) Assets held under finance leases	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
The carrying amount of property, plant and equipment held under finance leases was:	**Rs '000**	Rs '000	**Rs '000**	Rs '000
Plant and equipment and furniture included in other fixed assets				
Cost	**562,099**	563,669	**524,590**	526,245
Accumulated depreciation	**(422,215)**	(387,203)	**(397,143)**	(362,187)
Net book values	**139,884**	176,466	**127,447**	164,058
Motor vehicles				
Cost	**231,675**	347,681	**224,153**	180,905
Accumulated depreciation	**(112,190)**	(193,104)	**(106,183)**	(103,363)
Net book values	**119,485**	154,577	**117,970**	77,542

(d) Property, plant and equipment are included in assets given as collaterals for bank borrowings.

(e) Part of the total acquisition of property, plant and equipment which was financed by leases amounted to Rs 60.0m (2018: Rs 34.4m) for the Group and Rs 55.5m (2018: Rs 31.1m) for the Company.

28. Investment property

Accounting Policy

Investment property are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment property are stated at fair value, which reflects market conditions at the reporting date. Gains and losses arising from changes in the fair values of investment property are included in profit or loss in the year in which they arise. Fair values are determined based on an annual evaluation performed by an accredited external independent valuer, applying a valuation model recommended by the International Valuation Standards Committee.

Investment property are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

Transfers are made to investment property only when there is a change in use, evidenced by the end of owner occupation, commencement of an operating lease to another party or completion of construction or development. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of development with a view to sell.

For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is its fair value at the date of change in use. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

	THE GROUP	
	2019 Rs '000	2018 Rs '000
At 1 October,	**354,102**	343,383
Transfer of land to property, plant and equipment		
Additions	**-**	1,669
Fair value gain	**67,289**	-
Deconsolidation of subsidiary (note 47)	**(447,401)**	-
Foreign exchange difference	**26,010**	9,050
At 30 September,	**-**	354,102

In 2018, investment property were stated at fair value, based on valuations performed by independent certified practising valuers, Sofigex SARL. Management determined that these constitute one class of asset under IFRS 13, based on the nature, characteristics and risks of the properties. Fair value of the properties was determined by using open market value. This means that valuations performed by the valuer were based on active market prices, significantly adjusted for difference in the nature, location or condition of the specific property. The investment property were classified as level 2 as they were based on sales comparison approach. Following the disposal of Domaine Palm Marrakech S.A, the Group no longer holds investment property.

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

Significant observable valuation input	**2019 Rs '000**	2018 Rs '000
Price per square metre	**-**	4,292

DETAILED INFORMATION ON STATEMENTS OF FINANCIAL POSITION ITEMS (cont'd)

29. Intangible assets

Accounting Policy

Goodwill
Goodwill is initially measured at cost being the excess of the cost of the business combination over the Group's share in the net fair value of the identifiable assets, liabilities and contingent liabilities. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

When a subsidiary is disposed of, the difference between the disposal proceeds and the share of net assets disposed of, as adjusted for translation differences and net amount of goodwill, is recognised in profit or loss.

Other intangible assets
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is charged against profits in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are not amortised but are tested for impairment annually either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in the useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in the statement of profit or loss when the asset is derecognised.

Leasehold rights
Expenditure incurred to acquire leasehold rights is capitalised and amortised on a straight-line basis over the period of the respective lease.

Patents
Patents have an indefinite useful life and are assessed for impairment on an annual basis.

Licences
Licences are amortised over a period of five years.

DETAILED INFORMATION ON STATEMENTS OF FINANCIAL POSITION ITEMS (cont'd)

29. Intangible assets (cont'd)

THE GROUP

	Goodwill arising on Acquisition Rs '000	Leasehold Rights Rs '000	Patents Rs '000	Licences Rs '000	Computer Software Rs '000	Total Rs '000
Cost						
At 1 October 2017	1,259,000	444,783	24,493	3,150	-	1,731,426
Write off	-	-	(24,493)	-	-	(24,493)
Transfer from property, plant and equipment (note 27)	-	-	-	-	100,095	100,095
Exchange differences	-	(4,064)	-	-	-	(4,064)
At 1 October 2018	1,259,000	440,719	-	3,150	100,095	1,802,964
Additions	-	-	1,580	-	16,879	18,459
Write off	-	-	-	-	(3,701)	(3,701)
Deconsolidation and disposal of subsidiaries (note 47)	-	(37,012)	-	-	(3,649)	(40,661)
Exchange differences	-	730	-	-	1,902	2,632
At 30 September 2019	**1,259,000**	**404,437**	**1,580**	**3,150**	**111,526**	**1,779,693**
Amortisation						
At 1 October 2017	5,883	39,384	14,696	3,150	-	63,113
Write off	-	-	(14,696)	-	-	(14,696)
Amortisation charge	-	3,967	-	-	-	3,967
Transfer from property, plant and equipment (note 27)	-	-	-	-	70,491	70,491
Exchange differences	-	(498)	-	-	-	(498)
At 1 October 2018	5,883	42,853	-	3,150	70,491	122,377
Write off	-	-	-	-	(2,874)	(2,874)
Amortisation charge	-	3,965	-	-	10,851	14,816
Deconsolidation and disposal of subsidiaries (note 47)	-	(8,137)	-	-	(1,360)	(9,497)
Exchange differences	-	(273)	-	-	423	150
At 30 September 2019	**5,883**	**38,408**	**-**	**3,150**	**77,531**	**124,972**
Net book values						
At 30 September 2019	**1,253,117**	**366,029**	**1,580**	**-**	**33,995**	**1,654,721**
At 30 September 2018	1,253,117	397,866	-	-	29,604	1,680,587

DETAILED INFORMATION ON STATEMENTS OF FINANCIAL POSITION ITEMS (cont'd)

29. Intangible assets (cont'd)

THE COMPANY	Goodwill arising on Acquisition Rs '000	Leasehold Rights Rs '000	Computer Software Rs '000	Total Rs '000
Cost				
At 1 October 2017	1,089,892	140,247	-	1,230,139
Transfer from property, plant and equipment (note 27)	-	-	39,219	39,219
At 1 October 2018	1,089,892	140,247	39,219	1,269,358
Additions	-	-	10,117	10,117
Write-off	-	-	(2,033)	(2,033)
At 30 September 2019	**1,089,892**	**140,247**	**47,303**	**1,277,442**
Amortisation				
At 1 October 2017	-	18,242	-	18,242
Amortisation charge	-	2,343	-	2,343
Transfer from property, plant and equipment (note 27)	-	-	32,329	32,329
At 1 October 2018	-	20,585	32,329	52,914
Amortisation charge	-	2,342	3,207	5,549
Write-off adjustment	-	-	(1,294)	(1,294)
At 30 September 2019	**-**	**22,927**	**34,242**	**57,169**
Net book values				
At 30 September 2019	**1,089,892**	**117,320**	**13,061**	**1,220,273**
At 30 September 2018	1,089,892	119,662	6,890	1,216,444

(a) Cash-generating units

	Allocation of goodwill 2019 Rs '000	2018 Rs '000
Tour operating cash-generating unit		
Beachcomber Limited and its tour operating subsidiaries	**818,221**	818,221
Hotel operations cash-generating units		
Hotel boutiques	**4,101**	4,101
Royal Palm Beachcomber Luxury	**168,685**	168,685
Canonnier Beachcomber Golf Resort & Spa	**98,885**	98,885
The Company	**1,089,892**	1,089,892
Hotel operations cash-generating unit		
Ste Anne Resorts Limited	**89,745**	89,745
Tour operating cash-generating units		
Beachcomber Tours	**1,184**	1,184
Beachcomber Tours Limited	**72,296**	72,296
The Group	**1,253,117**	1,253,117

Each cash-generating unit (CGU) represents a business operation and is the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The recoverable amount for the different CGUs has been determined as follows:

- Hotel operations: The recoverable amount has been determined based on a Discounted Cash Flow (DCF) approach using management's forecasts using a discount rate of 9.11% - 10.08% for Mauritius and Marrakech operations. For Seychelles operations, future rental income was used with appropriate discount rates.
- Tour operating: The recoverable amount has been determined based on a Discounted Cash Flow (DCF) approach using management's forecasts using a discount rate of 9.11%.

(b) Leasehold rights

The leasehold rights comprise the cost of leases acquired for part of Ste Anne Island in Seychelles, Les Salines in Black River, Mauritius and costs associated with the exchange of land with the Government of Mauritius relating to the road diversion at Trou aux Biches. The leasehold rights are amortised over the respective lease period which ranges from 25 to 60 years.

DETAILED INFORMATION ON STATEMENTS OF FINANCIAL POSITION ITEMS (cont'd)

30. Investment in subsidiaries

Accounting Policy

Investment in subsidiaries
Subsidiaries are those entities controlled by the Company. Control is achieved when the Company is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Financial statements of the Company
Investment in subsidiaries are carried at cost which is the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The carrying amount is reduced to recognise any impairment in the value of individual investments. The impairment loss is taken to the statements of profit or loss.

	THE COMPANY 2019 Rs '000	2018 Rs '000
Cost (Unquoted)		
At 1 October	**8,165,401**	8,307,319
Additions during the year (note (i))	**3,960,199**	63,004
Transfer from amount due from subsidiaries	**39,661**	160,228
Disposals (note (ii))	**(4,746,551)**	(365,150)
At 30 September	**7,418,710**	8,165,401

(i) Additions during the year relate mainly to the acquisition of additional ordinary shares in Les Salines Development Ltd for Rs 365m and Semaris Ltd for Rs 3.6bn (refer to (iii) below). All additions for the year are non-cash transactions. The investment in Semaris Ltd has thereafter been disposed as settlement for the reduction in stated capital as fully explained in note ii (c) below.

(ii) Disposals are as follows:

(a) the Company disposed of its investments in Domaine Palm Marrakech S.A. and Kingfisher 3 Ltd to Semaris Ltd (a wholly-owned subsidiary up to 30 September 2019) for a consideration of Rs 3.6bn, paid in terms of shares issued by Semaris Ltd. The net carrying value of these investments on disposals were Rs 1.1bn.

(b) the Company disposed of its investment in Les Salines Golf & Resort Limited to Les Salines Development Ltd at its net carrying value for a consideration of Rs 51m. This is a non-cash transaction.

(c) at year end, following reorganisation with the Group, the stated capital of the Company was reduced from Rs 6.4 billion to Rs 2.8 billion (Rs 3.6bn) and settlement was through shares in Semaris Ltd. This is a non-cash transaction.

31. Investment in associates

Accounting Policy

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investors but without control or joint control over its policies.

Financial statements of the Company
Investments in associates are carried at cost. The carrying amount is reduced to recognise any impairment in the value of individual investments. The impairment loss is taken to profit or loss.

Consolidated financial statements
The Group's investments in its associates are accounted using the equity method.

Under the equity method, the investment in the associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

DETAILED INFORMATION ON STATEMENTS OF FINANCIAL POSITION ITEMS (cont'd)

31. Investment in associates (cont'd)

Consolidated financial statements (cont'd)
The profit or loss reflects the Group's share of the results of operations of the associate. When there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statements of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The Group's share of profit or loss of an associate is shown on the face of the statements of profit or loss and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value; it then recognises the loss as 'share of results of associates' in the statements of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in the statements of profit or loss.

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs '000	Rs '000	**Rs '000**	Rs '000
(a) At 1 October				
As previously reported	**718,423**	478,919	**19,062**	19,062
Effect of change in accounting policies (note 49)	**(20,200)**	-	**-**	-
As restated	**698,223**	478,919	**19,062**	19,062
Additions	**2,500**	-	**-**	-
Disposals*	**(22,052)**	-	**(755)**	-
Dividends	**(3,392)**	(6,125)	**-**	-
Share of results of associates recognised in profit or loss	**(20,498)**	4,943	**-**	-
Share of results of associates recognised in other comprehensive income	**8,140**	240,686	**-**	-
Other movements	**(824)**	-	**-**	-
At 30 September	**662,097**	718,423	**18,307**	19,062

*At Company level, disposals include non-cash transactions of Rs 5k.
During the year, the Company disposed of its investment in the associate, Launderers (Hotel & Restaurants) Co. Ltd, for a consideration of Rs 40m.

(b) Summarised financial information
Summarised financial information in respect of each of the material associates is set out below:

2019	Current Assets	Non-Current Assets	Current Liabilities	Non-Current Liabilities	Non-Controlling Interests	Revenue	(Loss)/ Profit for the Year	Other Comprehensive Income	Dividend Received
	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000
South West Tourism Development Company Limited and its subsidiaries	**750,439**	**4,884,522**	**1,321,216**	**486,774**	**59,248**	**804,331**	**(86,811)**	**26,475**	**3,392**
2018									
South West Tourism Development Company Limited and its subsidiaries	554,557	4,968,877	974,203	430,453	169,489	570,703	17,988	1,477,828	4,625

The summarised financial information above represents amounts shown in the associates' financial statements prepared in accordance with IFRS, adjusted for equity accounting purposes.

(c) Reconciliation of summarised financial information
Reconciliation of the above summarised financial information to the carrying amount recognised in the financial statements:

2019	Opening Net Assets	Effect of Changes in Accounting Policy	(Loss)/ Profit for the Year	Other Comprehensive Income	Dividends	Closing Net Assets	Ownership Interest	Interest in Associates	Carrying Value
	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	%	Rs '000	Rs '000
South West Tourism Development Company Limited and its subsidiaries	**3,949,288**	**(123,928)**	**(86,811)**	**26,475**	**(23,460)**	**3,741,564**	**16.30%**	**609,875**	**609,875**
2018									
South West Tourism Development Company Limited and its subsidiaries	2,481,846	2,481,846	17,988	1,477,828	(28,374)	3,949,288	16.30%	643,734	643,734

DETAILED INFORMATION ON STATEMENTS OF FINANCIAL POSITION ITEMS (cont'd)

31. Investment in associates (cont'd)

(d) Aggregate information of associates that are not individually material

	THE GROUP	
	2019	2018
	Rs '000	Rs '000
Carrying amount of interests	**52,222**	74,689
Share of profit	**(2,055)**	2,007
Share of other comprehensive income	**(288)**	(197)
Share of total comprehensive income	**(2,343)**	1,810
Share of dividends	**-**	(1,500)

The Group has assessed that no material adjustment will arise should the same reporting date of 30 September be used for all associates.

32. Financial assets at fair value through other comprehensive income

(i) Equity investments at fair value through other comprehensive income

	THE GROUP	THE COMPANY
	2019	**2019**
	Rs '000	**Rs '000**
At 1 October		
As previously reported	**-**	**-**
Reclassified from available-for-sale financial assets	**8,664**	**8,391**
As restated	**8,664**	**8,391**
Additions	**1,665**	**1,665**
Change in fair value recognised in OCI	**1,423**	**1,456**
At 30 September	**11,752**	**11,512**

(ii) Fair value through other comprehensive income financial assets include the following:

	THE GROUP	THE COMPANY
	2019	**2019**
	Rs '000	**Rs '000**
Quoted:		
Compagnie des Villages de Vacances de L'Isle de France Limitée (COVIFRA)	**11,405**	**11,405**
SBM Bank (Mauritius) Ltd	**337**	**97**
Unquoted:		
Fondation Espoir et Développement (FED)	**10**	**10**
	11,752	**11,512**

(iii) Financial assets measured at fair value through other comprehensive income include the Group's strategic equity investments not held for trading. The Group has made an irrevocable election to classify the equity investments at fair value through other comprehensive income rather than through profit or loss because this is considered to be more appropriate for these strategic investments. In 2018, the Group had designated the investments as available-for-sale where management intended to hold them for the medium to long term. See note 32A.

(iv) The fair value of quoted securities is based on published market prices.

(v) Fair value through other comprehensive income financial assets are denominated in Mauritian rupees.

32A. Available-for-sale financial assets

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs '000	Rs '000	**Rs '000**	Rs '000
At 1 October				
As previously reported	**8,664**	4,114	**8,391**	3,782
Reclassified to financial assets at fair value through other comprehensive income	**(8,664)**	-	**(8,391)**	-
As restated	**-**	4,114	**-**	3,782
Fair value gain	**-**	4,597	**-**	4,656
Impairment	**-**	(47)	**-**	(47)
At 30 September	**-**	8,664	**-**	8,391
Analysed into:				
Quoted	**-**	8,664	**-**	8,391
Unquoted	**-**	-	**-**	-
	-	8,664	**-**	8,391

Available-for-sale financial assets consist of investments in ordinary shares.
Quoted shares are stated at quoted (unadjusted) prices available in active markets.
Unquoted shares that do not have quoted market prices in an active market and whose fair values cannot be reliably measured are stated at cost.

DETAILED INFORMATION ON STATEMENTS OF FINANCIAL POSITION ITEMS (cont'd)

33. Financial assets at amortised cost

	THE GROUP	THE COMPANY
	2019	2019
	Rs '000	Rs '000
Non-Current		
Long-term loan receivable (see note a)	1,203,901	3,071,635
	1,203,901	3,071,635
Current		
Other receivables (see note b)	612,433	19,708
Amount due from related parties	368,802	15,641
Amount due from associates (note 17)	12,919	12,919
Amount due from subsidiaries (note 17)	-	866,130
	994,154	914,398
Total financial assets at amortised costs	2,198,055	3,986,033

(a) Long-term loan receivable	THE GROUP	THE COMPANY
	2019	2019
	Rs '000	Rs '000
Receivable from related party (see note i)	-	1,867,734
Receivable from other related parties (see note ii)	1,203,901	1,203,901
	1,203,901	3,071,635

(i) On 2 December 2016, the Company entered into a shareholder loan agreement with its subsidiary Beachcomber Hospitality Investments Ltd, a company incorporated in Mauritius. The loan balance as at 30 September 2019 has a maturity of 8 years from the date of first disbursement.

Terms and conditions of the loan:
- The loan bears an interest of 6.25% per annum.
- Interest shall be paid one month in arrear on an annual basis until final maturity.

(ii) On 30 August 2019, the Company sold 174 Arpents of land to Semaris Ltd for a consideration of Rs 2bn, out of which Rs 800m have been paid at the time of disposal. The remaining Rs 1.2bn are expected to be paid by the 10th anniversary of the loan agreement (refer to note 35).

Terms and conditions of the loan:
- The loan bears an interest of 5% per annum.
- The loan amount and payment of interest are split as follows:
  (i) for Rs 700m, interest is payable on a six-monthly basis and first time payment on 30 June 2021, and
  (ii) for Rs 500m, interest will be capitalised for the first two years and first time payment of interest is due on 30 June 2023.

(b) Other receivables
These amounts generally arise from transactions outside the usual operating activities of the Company. Interest may be charged at commercial rates where the terms of repayment exceed six months. Collateral is not normally obtained.

(c) The Group has made an impairment assessment by considering the previous repayment behaviours and assessing the future cash flow forecasts covering the contractual period of the loan. The Group does not expect any default from them and is certain of their ability to pay their debts as they become due in the normal course of business and/or in any adverse economic and business conditions. Consequently, the probabillity of default is negligible and the Group has not accounted for any impairment loss.

(d) The carrying amounts of the financial assets at amortised cost are denominated in the following currencies:

	THE GROUP	THE COMPANY
	2019	2019
	Rs '000	Rs '000
Euros	-	1,867,734
Mauritian rupees	2,198,055	2,118,299
	2,198,055	3,986,033

(e) The financial assets at amortised cost were accounted for as long-term loan receivables and receivables respectively in the previous year.

DETAILED INFORMATION ON STATEMENTS OF FINANCIAL POSITION ITEMS (cont'd)

34. Long-term loan receivable

	THE COMPANY	
	2019	2018
	Rs '000	Rs '000
At 1 October		
As previously reported	1,873,833	1,873,833
Reclassified to financial assets at amortised cost	(1,873,833)	-
As restated	-	1,873,833

35. Inventories

Accounting Policy

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Food and beverages are valued at purchase cost on a weighted average basis.
- Operating supplies and small equipment are recognised at purchase cost and amortised on a straight-line basis over their estimated useful life which is between two and four years.
- Spare parts, fabrics and garments are valued at purchase cost on a weighted average basis.
- Stock of villas is valued at cost which comprise cost of land, construction costs and borrowing costs.

Villas being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, are held as inventory and measured at the lower of cost and net realisable value.

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

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	Rs '000	Rs '000	Rs '000	Rs '000
Food and beverages (cost)	179,010	87,971	82,286	77,918
Operating equipment (net realisable value)	49,727	143,727	135,701	135,387
Operating supplies, sales products and others (net realisable value)	149,593	148,485	130,518	131,135
Spare parts (cost)	48,415	52,815	34,641	32,290
Stock of land for sale (cost) (note (a))	35,700	3,672,102	35,700	2,003,695
Goods in transit	6,816	16,020	6,816	12,346
	469,261	4,121,120	425,662	2,392,771
(a) Stock of land for sale is made up of:				
Land for sale at Les Salines, Mauritius	35,700	2,003,695	35,700	2,003,695
Villas under construction in Marrakech, Morocco	-	1,668,407	-	-
	35,700	3,672,102	35,700	2,003,695

(b) Inventories are included in assets given as collateral for bank borrowings.

(c) No interest cost was capitalised during the year in inventories for the Group and Company (2018: Rs 5.8m). The rate used to determine the amount of borrowing costs eligible for capitalisation varied between 2.5% and 4.9% for loans in foreign currency and between 6.25% and 7.5% for loans denominated in Mauritian rupees, which was the effective rate of interest on the specific borrowings.

(d) During the year, the Company sold 174 Arpents of land with a carrying value of Rs 1.7bn to Semaris Ltd for a consideration of Rs 2bn, realising a profit of Rs 251m (refer to note 33).

(e) Cost of inventories expensed amounts to Rs 1,191m (2018: Rs 1,142m) and Rs 1,643m (2018: Rs 1,580m) for the Company and for the Group respectively.

(f) At Group level, an impairment loss of Rs 178.3m was expensed and recorded under discontinued operations (Direct costs) (2018: Rs 37.4m) (refer to note 47). It relates to losses on some villas in Domaine Palm Marrakech S.A. whose net realisable value is expected to be lower than their costs.

DETAILED INFORMATION ON STATEMENTS OF FINANCIAL POSITION ITEMS (cont'd)

36. Trade and other receivables

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs '000	Rs '000	**Rs '000**	Rs '000
Trade receivables	**723,288**	859,913	**589,826**	461,429
Less: Loss allowance (2018: impairment) (note (i))	**(65,355)**	(35,008)	**(43,342)**	(7,868)
Trade receivables - net	**657,933**	824,905	**546,484**	453,561
Other receivables	**-**	1,567,654	**-**	257,640
Amounts due from associates (note 17(viii))	**-**	12,995	**-**	12,995
Amounts due from subsidiaries (note 17(viii))	**-**	-	**-**	833,438
	657,933	2,405,554	**546,484**	1,557,634

Trade receivables are unsecured, non-interest-bearing and are generally on 30 to 60 days' term.

At 30 September 2019, trade receivables at nominal value of Rs 65.3m (2018: Rs 35.0m) for the Group and Rs 43.3m (2018: Rs 7.9m) for the Company were impaired and fully provided for.

(i) *Impairment of Trade receivables*

The Group is applying the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

Trade receivables have been divided into insured and uninsured. For insured receivables, the Group exercised the policy choice of considering insurance cover as an integral part of the receivables. The expected cash flows from the insurance cover are included when measuring ECL of the receivables to the extent that the expected losses are covered by the insurance cover. The uninsured receivables are the balances where the Group has no collaterals.

The expected loss rates are based on the payment profiles of sales over a period of 36 months prior to 30 September 2019 or 1 October 2018 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the gross domestic products (GDP) as the key macroeconomic factor in the countries where the Group operates, and accordingly adjusts the historical loss rates based on expected changes in this factor.

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. Trade and other receivables generally have a short duration and do not carry a contractual interest rate. Therefore, they are measured on initial recognition at the transaction price. Accordingly, the effective interest rate for receivables is zero and discounting of expected cash shortfalls to reflect the time value of money would not be required when measuring expected credit losses.

On that basis, the loss allowance as at 30 September 2019 and 1 October 2018 (on adoption of IFRS 9) was determined as follows for trade receivables:

THE GROUP	**<30 days**	**30 - 60 days**	**60 - 90 days**	**90 - 120 days**	**>120 days**	**Total**
	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	**Rs '000**
At 30 September 2019						
Expected loss rate	1.58% - 63.37%	18.53% - 21.63%	21.12% - 47.96%	21.12% - 88.76%	21.12% - 83.85%	
Gross carrying amount						
- trade receivables	438,759	119,620	41,928	15,788	107,193	**723,288**
Less: guest in house	(106,790)	-	-	-	-	**(106,790)**
Less: specific provision	(42,214)	(27,730)	(14,385)	(2,437)	(19,560)	**(106,326)**
Net carrying amount	289,755	91,890	27,543	13,351	87,633	**510,172**
Loss allowance	14,362	12,019	4,262	1,455	13,790	**45,888**
Specific provision	7,063	9,561	1,095	51	1,697	**19,467**
Total impairment	21,425	21,580	5,357	1,506	15,487	**65,355**

THE COMPANY	**<30 days**	**30 - 60 days**	**60 - 90 days**	**90 - 120 days**	**>120 days**	**Total**
	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	**Rs '000**
At 30 September 2019						
Expected loss rate	1.58% - 4.98%	21.12% - 21.63%	21.12% - 21.63%	21.12% - 21.63%	21.12% - 21.63%	
Gross carrying amount						
- trade receivables	340,922	103,140	37,951	15,014	92,799	**589,826**
Less : guest in house	(106,790)	-	-	-	-	**(106,790)**
Less : specific provision	(42,214)	(27,730)	(14,385)	(2,437)	(19,560)	**(106,326)**
Net carrying amount	191,918	75,410	23,566	12,577	73,239	**376,710**
Loss allowance	1,870	9,635	2,614	1,013	8,743	**23,875**
Specific provision	7,063	9,561	1,095	51	1,697	**19,467**
Total impairment	8,933	19,196	3,709	1,064	10,440	**43,342**

DETAILED INFORMATION ON STATEMENTS OF FINANCIAL POSITION ITEMS (cont'd)

36. Trade and other receivables (cont'd)

(i) *Impairment of Trade receivables (cont'd)*

The closing loss allowances for trade receivables as at 30 September 2019 reconcile to the opening loss allowances as follows:

	THE GROUP		THE COMPANY	
Trade receivables	**2019**	2018	**2019**	2018
	Rs '000	Rs '000	**Rs '000**	Rs '000
At 30 September (IAS 39)	**34,792**	32,020	**7,868**	4,460
Amounts restated through opening retained earnings (note 49)	**18,144**	-	**8,768**	-
Loss allowance as at 1 October (IFRS 9)	**52,936**	32,020	**16,636**	4,460
Loss allowance recognised in profit or loss during the year for contracts with customers	**25,905**	5,843	**26,706**	3,805
Receivables written off during the year as uncollectible	**(13,246)**	(4)	**-**	-
Unused amount reversed	**(240)**	(2,851)	**-**	(397)
At 30 September	**65,355**	35,008	**43,342**	7,868

In 2018, the impairment of trade receivables was assessed based on the incurred loss model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively to determine whether there was objective evidence that an impairment had been incurred but not yet identified. For these receivables, the estimated impairment losses were recognised in a separate provision for impairment.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above.

(ii) In 2018, trade receivables were recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables was established when there was objective evidence that the Company would not be able to collect all amounts due according to the original terms of receivables.

37. Other assets

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs '000	Rs '000	**Rs '000**	Rs '000
Prepaid expenses	**510,868**	-	**260,732**	-

38. Derivatives financial instruments

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs '000	Rs '000	**Rs '000**	Rs '000
(i) **Derivatives at fair value through profit or loss:**				
Derivatives not designated as hedges:				
Foreign exchange currency contracts				
- Forwards	**14,161**	(3,194)	**12,370**	(3,194)
Total derivatives at fair value through profit or loss	**14,161**	(3,194)	**12,370**	(3,194)

The notional amounts of the outstanding forward foreign exchange contracts not designated as hedges at 30 September 2019 were EUR 55.3m and GBP 6.3m for the Group (2018: EUR 5.5m and USD 5.6m) and EUR 51.8m and GBP 6.3m for the Company (2018: Nil).

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs '000	Rs '000	**Rs '000**	Rs '000
(ii) **Derivatives designated as hedges:**				
Foreign exchange currency contracts				
- Forwards	**(9,435)**	(58,246)	**-**	-
Disclosed as follows:				
Current liabilities	**(9,435)**	(58,246)	**-**	-
Total derivatives designated as hedges	**(9,435)**	(58,246)	**-**	-
Total derivatives financial instruments	**4,726**	(61,440)	**12,370**	(3,194)

The notional amounts of the outstanding forward foreign exchange contracts designated as hedges at 30 September 2019 were EUR 56.3m (2018: EUR 47.3m).

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs '000	Rs '000	**Rs '000**	Rs '000
Disclosed as follows:				
Current assets	**26,745**	-	**24,954**	-
Current liabilities	**(22,019)**	(61,440)	**(12,584)**	(3,194)
	4,726	(61,440)	**12,370**	(3,194)

DETAILED INFORMATION ON STATEMENTS OF FINANCIAL POSITION ITEMS (cont'd)

39. Cash and cash equivalents

Accounting Policy

Cash and cash equivalents include highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Such investments are normally those with less than three months' maturity from the date of acquisition.

For the purpose of the statements of cash flows, cash and cash equivalents consist of cash in hand and at bank and net of outstanding bank overdrafts. Cash and cash equivalents are measured at amortised cost.

(a) For the purposes of the statements of cash flows, cash and cash equivalents comprise the following:

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs '000	Rs '000	**Rs '000**	Rs '000
Cash in hand and at banks	**753,972**	1,057,971	**88,226**	150,563
Bank overdrafts (note 42)	**(1,029,404)**	(766,699)	**(800,940)**	(460,477)
	(275,432)	291,272	**(712,714)**	(309,914)

While cash and cash equivalents are also subject to the impairment requirement of IFRS 9, the identified impairment loss was immaterial.

Cash at bank earns interest at floating rates based on daily bank deposit rates. The fair value of cash is Rs 754m (2018: Rs 1,058m) for the Group and Rs 88m (2018: Rs 151m) for the Company.

At 30 September 2019, the Group and Company did not have any undrawn loan facilities (2018: Group and Company: Rs Nil). Undrawn overdraft facilities amounted to Rs 1,176m (2018: Rs 1,463m) for both Group and Company.

(b) Non-cash transactions
The main non-cash transaction consists of acquisitions and disposal of investment in subsidiaries, capital reduction, sale of land and assets acquired under finance leases.

(c) Reconciliation of liabilities arising from financing activities:

(i) **THE GROUP**

			Non-Cash Changes						
	2018	**Cash Flows ***	**Acquisition**	**Amortisation Cost**	**Conversion**	**Deconsolidation and Disposal of Subsidiaries**	**Other Movement**	**Foreign Exchange Movement**	**2019**
	Rs '000	**Rs '000**	**Rs '000**	**Rs '000**	**Rs '000**	**Rs '000**	**Rs '000**	**Rs '000**	**Rs '000**
Term loans	9,950,400	834,290	1,200,000	3,901	-	(2,180,640)	-	56,102	**9,864,053**
Finance lease liabilities	181,231	(88,510)	60,034	-	-	(2,309)	-	(587)	**149,859**
Preference shares	423,396	-	-	625	(25,750)	-	(10,111)	-	**388,160**
Debentures	3,600,651	(618,703)	-	3,671	-	-	-	(2,600)	**2,983,019**
Loan from related party	1,497,750	-	-	-	-	-	-	(4,883)	**1,492,867**
	15,653,428	127,077	1,260,034	8,197	(25,750)	(2,182,949)	(10,111)	48,032	**14,877,958**

			Non-Cash Changes				
	2017	Cash Flows *	Acquisition	Amortisation Cost	Conversion	Foreign Exchange Movement	2018
	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000
Term loans	12,161,492	(2,213,684)	-	-	-	2,592	9,950,400
Finance lease liabilities	253,784	(106,949)	34,361	-	-	35	181,231
Preference shares	1,761,130	-	-	11,817	(1,349,551)	-	423,396
Debentures	712,170	2,876,081	-	-	-	12,400	3,600,651
Loan from related party	1,374,101	128,575	-	-	-	(4,926)	1,497,750
	16,262,677	684,023	34,361	11,817	(1,349,551)	10,101	15,653,428

** Include cash flows from discontinued operations.*

(ii) **THE COMPANY**

			Non-Cash Changes					
	2018	**Cash Flows**	**Acquisition**	**Amortisation Cost**	**Conversion**	**Other Movement**	**Foreign Exchange Movement**	**2019**
	Rs '000	**Rs '000**	**Rs '000**	**Rs '000**	**Rs '000**	**Rs '000**	**Rs '000**	**Rs '000**
Term loans	7,292,414	(14,158)	-	-	-	-	33,921	**7,312,177**
Finance lease liabilities	125,603	(63,259)	55,462	-	-	-	-	**117,806**
Preference shares	423,396	-	-	625	(25,750)	(10,111)	-	**388,160**
Debentures	3,600,651	(618,703)	-	3,671	-	-	(2,600)	**2,983,019**
	11,442,064	(696,120)	55,462	4,296	(25,750)	(10,111)	31,321	**10,801,162**

			Non-Cash Changes				
	2017	Cash Flows *	Acquisition	Amortisation Cost	Conversion	Foreign Exchange Movement	2018
	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000
Term loans	9,593,857	(2,305,101)	-	-	-	3,658	7,292,414
Finance lease liabilities	176,748	(82,268)	31,123	-	-	-	125,603
Preference shares	1,761,130	-	-	11,817	(1,349,551)	-	423,396
Debentures	712,170	2,876,081	-	-	-	12,400	3,600,651
	12,243,905	488,712	31,123	11,817	(1,349,551)	16,058	11,442,064

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2019

DETAILED INFORMATION ON STATEMENTS OF FINANCIAL POSITION ITEMS (cont'd)

40. Stated capital

	Issued Number of Shares		Issued and Fully Paid	
	2019	2018	**2019**	2018
			Rs '000	Rs '000
As at 1 October	**547,670,201**	484,270,608	**6,349,551**	5,000,000
Conversion of preference shares*	**1,311,929**	63,399,593	**25,750**	1,349,551
Capital reduction**	**-**	-	**(3,595,000)**	-
As at 30 September	**548,982,130**	547,670,201	**2,780,301**	6,349,551

*On 18 March 2019, the Company issued 1,311,929 ordinary shares following the option exercised by preference shareholders to convert their preference shares into ordinary shares.

**On 10 September 2019, the Board of Directors approved a reduction in stated capital from Rs 6,375,301,930 to Rs 2,780,301,930. The transaction has been settled by way of 548,982,130 ordinary shares of Semaris Ltd held by the Company in the proportion of 1 ordinary share of Semaris Ltd for each ordinary share held in the Company effective 30 September 2019.

41. Other components of equity

Nature and purpose of reserves	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs '000	Rs '000	**Rs '000**	Rs '000
Other reserves These reserves are principally used to record the fair value adjustments relating to shares issued by the Company to acquire non-controlling interests in local subsidiaries and the movement in the reserves of the associates.	**624,583**	624,583	**-**	-
Financial assets at fair value through OCI reserves (2018: Available-for-sale financial asset reserves) Fair value reserves are principally used to record the fair value adjustment relating to financial assets at fair value through OCI (2018: available-for-sale financial assets).	**8,930**	17,865	**8,983**	7,527
Revaluation reserves Revaluation reserves are principally used to record changes in fair value of freehold land and buildings following revaluation exercises performed by an independent surveyor. They are also used to record impairment losses to the extent that such losses relate to decreases on the same asset previously recognised in revaluation reserves.	**2,357,613**	2,346,243	**872,090**	854,404
Foreign exchange difference reserves These reserves include exchange differences arising on retranslation of the financial statements of foreign subsidiaries and loss or gain arising on cash flow hedges.	**(1,675,652)**	(1,867,108)	**(4,933)**	4,188
Total other components of equity	**1,315,474**	1,121,583	**876,140**	866,119

42. Borrowings

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs '000	Rs '000	**Rs '000**	Rs '000
Current portion				
Bank overdrafts (note (a)/note 39)	**1,029,404**	766,699	**800,940**	460,477
Bank loans (note (b))	**1,717,565**	1,589,723	**1,639,991**	1,509,167
Obligations under finance leases (note (c))	**54,954**	83,481	**38,868**	54,509
Debentures (note (d))	**-**	615,032	**-**	615,032
	2,801,923	3,054,935	**2,479,799**	2,639,185
Non-current portion				
Bank loans (note (b))	**8,146,488**	8,360,677	**5,672,186**	5,783,247
Loan to related company (note (b)/note 17(xiii))	**1,492,867**	1,497,750	**-**	-
	9,639,355	9,858,427	**5,672,186**	5,783,247
Obligations under finance leases (note (c))	**94,905**	97,750	**78,938**	71,094
Debentures (note (d))	**2,983,019**	2,985,619	**2,983,019**	2,985,619
	12,717,279	12,941,796	**8,734,143**	8,839,960
Preference shares (note (e))	**388,160**	423,396	**388,160**	423,396
	13,105,439	13,365,192	**9,122,303**	9,263,356
Total borrowings	**15,907,362**	16,420,127	**11,602,102**	11,902,541

(a) Bank overdrafts

Bank overdrafts are secured by floating charges on the assets of the individual companies of the Group. The rates of interest vary between 4.00% and 9.50% per annum.

DETAILED INFORMATION ON STATEMENTS OF FINANCIAL POSITION ITEMS (cont'd)

42. Borrowings (cont'd)

(b) Term loans

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs '000	Rs '000	**Rs '000**	Rs '000
Term loans can be analysed as follows:				
Current				
- Within one year	**1,717,565**	1,589,723	**1,639,991**	1,509,167
Non-current				
- After one year and before two years	**420,590**	241,232	**312,580**	149,204
- After two years and before five years	**3,890,635**	3,944,112	**1,685,825**	1,458,711
- After five years	**5,328,130**	5,673,083	**3,673,781**	4,175,332
	9,639,355	9,858,427	**5,672,186**	5,783,247
	11,356,920	11,448,150	**7,312,177**	7,292,414

Terms loans are denominated as follows:

	Effective		THE GROUP		THE COMPANY	
	Interest Rate	**Maturity**	**2019**	2018	**2019**	2018
	%		**Rs '000**	Rs '000	**Rs '000**	Rs '000
Denominated in:						
Mauritian rupees	3.15% - 6.75%	On demand	**1,188,303**	1,128,772	**1,141,845**	1,109,811
Mauritian rupees	4.5% - 7.6%	2026-2033	**4,017,295**	4,192,100	**4,017,300**	4,192,100
Euro	EURO LIBOR + (1.5% to 5.25%)	2019-2025	**918,030**	967,392	**709,027**	756,360
Euro	EURIBOR +(2.5% to 4.25%)	2024-2029	**1,444,005**	1,234,143	**1,444,005**	1,234,143
Euro	4%	2021	**1,993,008**	1,997,000	**-**	-
Euro	6.25% - 7.5%	2026	**1,492,867**	1,497,750	**-**	-
USD	4.5%-5%	2018	**-**	-	**-**	-
MAD	6%-7%	2017-2024	**303,412**	430,993	**-**	-
			11,356,920	11,448,150	**7,312,177**	7,292,414

The term loans are secured by fixed and floating charges over the Group's assets.

The loan to related company is unsecured and subordinated to the bank loans. It is repayable on the 10th anniversary of the loan agreement dated 2 December 2016.

The term loans include loans amounting to Rs 150m (2018: Rs 150m) from Beachcomber Limited.

(c) Obligations under finance leases

Accounting Policy

Leases
The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in the arrangement.

Group as a lessee
Finance leases
Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in profit or loss.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

DETAILED INFORMATION ON STATEMENTS OF FINANCIAL POSITION ITEMS (cont'd)

42. Borrowings (cont'd)

(c) Obligations under finance leases (cont'd)

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs '000	Rs '000	**Rs '000**	Rs '000
Minimum lease payments:				
- Within one year	**63,668**	90,332	**45,890**	63,462
- After one year and before two years	**56,690**	55,437	**39,904**	36,977
- After two years and before five years	**46,945**	62,865	**46,945**	46,943
	167,303	208,634	**132,739**	147,382
Less: Future finance charges on obligations under finance leases	**(17,444)**	(27,403)	**(14,933)**	(21,779)
Present value of obligations under finance leases	**149,859**	181,231	**117,806**	125,603
Present value analysed as follows:				
Current				
- Within one year	**54,954**	83,481	**38,868**	54,509
Non-current				
- After one year and before two years	**51,547**	48,174	**35,581**	31,254
- After two years and before five years	**43,358**	49,576	**43,357**	39,840
	94,905	97,750	**78,938**	71,094
	149,859	181,231	**117,806**	125,603

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

(d) Debentures

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs '000	Rs '000	**Rs '000**	Rs '000
Term debentures can be analysed as follows:				
Current				
- Within one year	**-**	615,032	**-**	615,032
Non-current				
- After two years and before five years	**1,608,342**	1,613,514	**1,608,342**	1,613,514
- After five years	**1,374,677**	1,372,105	**1,374,677**	1,372,105
	2,983,019	2,985,619	**2,983,019**	2,985,619
	2,983,019	3,600,651	**2,983,019**	3,600,651

Debentures are denominated as follows:

	Effective		THE GROUP		THE COMPANY	
	Interest Rate	**Maturity**	**2019**	2018	**2019**	2018
	%		**Rs '000**	Rs '000	**Rs '000**	Rs '000
Mauritian rupees						
Tranche B notes	Repo rate + 1.85%	15 July 2019	**-**	617,603	**-**	617,603
FLRNMUR5Y	Repo rate + 0.85%	15 November 2022	**223,653**	223,389	**223,653**	223,389
FRNMUR5Y	Fixed rate 4.75%	15 November 2022	**596,405**	595,704	**596,405**	595,704
FLRNMUR7Y	Repo rate + 1.40%	15 November 2024	**745,506**	744,630	**745,506**	744,630
FRNMUR7Y	Fixed rate 5.40%	15 November 2024	**621,255**	620,525	**621,255**	620,525
FRNEUR4Y [EURO]	Fixed rate 3.35%	15 November 2021	**796,200**	798,800	**796,200**	798,800
			2,983,019	3,600,651	**2,983,019**	3,600,651

(e) Preference shares

Redeemable convertible non-voting preference shares
In the financial year 2015, the Company issued 161,423,536 redeemable convertible non-voting preference shares at an issue price of Rs 11 each, totalling Rs 1,775,658,896. The purpose of same was to reduce the level of bank borrowings of the Company as part of the Financial Re-engineering Program.

The preference shares were initially measured at fair value less transaction costs and subsequently measured at amortised cost using the effective interest rate method.

The preference shares yield a cumulative preferred dividend of 6% per financial year; preferred dividends are declared twice per financial year and are paid in priority over ordinary dividends.

DETAILED INFORMATION ON STATEMENTS OF FINANCIAL POSITION ITEMS (cont'd)

42. Borrowings (cont'd)

(e) Preference shares (cont'd)

Salient features of the preference shares are as follows:

- The preference shares are convertible into ordinary shares at the shareholder's option in January 2018 and January 2019. The conversion will be effected at a factor equal to Rs 11 divided by the average market value of the ordinary shares during a 90-day period prior to the date of conversion less a 10% discount.

- In January 2018, at first conversion window, 123,610,046 preference shares of the Company were converted into 63,399,593 new ordinary shares ranking pari passu with the existing ordinary shares. The remaining number of preference shares of the Company after the first conversion is 37,813,490.

- In March 2019, i.e at second and final conversion window, 2,354,503 preference shares of the Company were converted into 1,311,929 new ordinary shares ranking pari passu with the existing ordinary shares. The remaining number of preference shares of the Company after the conversion is 35,458,987.

- The Company may, at its absolute discretion, from 28 July 2022, redeem or buy back the preference shares (in whole or in part) at their nominal value together with a sum equal to the prorated preferred dividend payable in respect of the relevant financial year, plus any preferred dividend accrued but not paid from previous financial years.

- The shares constitute unsecured and subordinated obligations of the Company and accordingly rank junior to all secured and unsubordinated creditors of the Company but ahead of ordinary shareholders.

The preference shares were classified as a liability even though the shares are redeemable at the option of the Company (as from 2022) since there is a contractual obligation to pay dividend (in priority over ordinary dividends) and the preference shares do not convert into a fixed number of ordinary shares.

43. Employee benefits liabilities

Accounting Policy

(i) Defined benefit plans
The Group operates a multi-employer defined benefit plan, the assets of which are held in a separately administered fund. The pension plan is funded by payments from employees and by the employer, by taking into account the recommendations of independent qualified actuaries who carry out a full valuation of the plan every three years.

Remeasurements, comprising actuarial gains and losses, the effect of the asset ceiling, excluding net interest and the return on plan assets (excluding net interest), are recognised immediately in the statements of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service cost are recognised in profit or loss on the earlier of:
- the date of the plan amendment or curtailment; and
- the date that the Company recognises restructuring related costs.

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

- service costs comprising current service costs, past service costs, gains and losses on curtailments and non-routine settlements; and
- net interest expense or income.

(ii) Defined contribution plans
The Group and Company operate a defined contribution scheme, set up in October 2014, the assets of which are held and administered by an independent fund administrator. All new employees of the Group and Company from that date become members of the defined contribution plan. Payments by the Group and Company to the defined contribution retirement plan are charged as an expense as they fall due.

(iii) Severance allowance
The Group and Company are liable to pay severance allowance to employees at the date of their retirements under the Employment Rights Act 2008. These benefits are unfunded. The cost of providing these benefits is determined using the projected unit credit method. Actuarial gains and losses in determining the current value of the unfunded obligations are recognised in full in the period in which they occur in other comprehensive income. Such actuarial gains and losses are also immediately recognised in retained earnings and are not reclassified to profit or loss in subsequent periods. The past service costs are recognised as an expense on a straight-line basis over the average period until the benefits become vested (that is when the employee retires). If the benefits have already vested, immediately following changes in legislation, past service costs are recognised immediately.

Significant accounting judgements and estimates

Employee benefit liabilities
The cost of the defined benefit pension plan and other post-employment medical benefits and the current value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

DETAILED INFORMATION ON STATEMENTS OF FINANCIAL POSITION ITEMS (cont'd)

43. Employee benefits liabilities (cont'd)

Significant accounting judgements and estimates (cont'd)

The Group has both funded and unfunded obligations. For the funded obligations, the Group participates in the New Mauritius Hotels Group Superannuation Fund, a multi-employer pension plan registered under the Private Pension Fund Act, the assets of which are held independently. The pension plans are funded from payments from the employees and the Group, taking into account the recommendations of an independent actuary, namely Swan Life Ltd. For the unfunded obligations, the Group participates in the Rogers Money Purchase Retirement Fund. The unfunded liability relates to employees who are entitled to retirement gratuities payable under the Employment Rights Act 2008. The pension scheme is a defined benefit scheme.

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs '000	Rs '000	**Rs'000**	Rs'000
Funded obligation (note (a))	**1,718,142**	800,859	**1,707,062**	796,891
Unfunded obligation (note (b))	**34,628**	20,811	**2,626**	-
	1,752,770	821,670	**1,709,688**	796,891
(a) Funded Obligation				
(i) The amounts recognised in the statements of financial position in respect of funded obligation are as follows:				
Defined benefit obligation	**5,231,152**	4,049,870	**5,179,426**	4,029,367
Fair value of plan assets	**(3,513,010)**	(3,249,011)	**(3,472,364)**	(3,232,476)
Employee benefit liability	**1,718,142**	800,859	**1,707,062**	796,891
(ii) Movement in the liability recognised in the statements of financial position:				
At 1 October	**800,859**	1,550,933	**796,891**	1,541,968
Amount recognised in profit or loss	**207,573**	200,900	**204,860**	198,592
Amount recognised in other comprehensive income	**890,669**	(776,760)	**882,818**	(773,109)
Employer's contributions	**(180,959)**	(174,214)	**(177,507)**	(170,560)
At 30 September	**1,718,142**	800,859	**1,707,062**	796,891
(iii) The amounts recognised in the statements of profit or loss are as follows:				
Current service cost	**143,368**	109,932	**140,880**	108,067
Scheme expenses	**19,745**	10,976	**19,645**	10,910
Interest cost on defined benefit obligation	**250,542**	250,237	**249,290**	248,793
Return on plan assets	**(206,082)**	(170,245)	**(204,955)**	(169,178)
Net benefit expense	**207,573**	200,900	**204,860**	198,592
(iv) The amounts recognised in the statements of other comprehensive income are as follows:				
(Gains)/losses on pension scheme assets	**(13,009)**	35,453	**7,258**	30,258
Experience losses on the liabilities	**209,664**	135,881	**188,883**	139,621
Changes in assumptions underlying the present value of the scheme	**694,014**	(948,094)	**686,677**	(942,988)
	890,669	(776,760)	**882,818**	(773,109)

DETAILED INFORMATION ON STATEMENTS OF FINANCIAL POSITION ITEMS (cont'd)

43. Employee benefit liabilities (cont'd)

(a) Funded Obligation (cont'd)	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs '000	Rs '000	**Rs '000**	Rs '000
(v) Cumulative actuarial losses recognised:				
Cumulative actuarial losses at 1 October	**739,693**	1,516,453	**729,165**	1,502,274
Actuarial losses/(gains) recognised in current year	**890,669**	(776,760)	**882,818**	(773,109)
Cumulative actuarial losses at 30 September	**1,630,362**	739,693	**1,611,983**	729,165
(vi) Reconciliation of the present value of defined benefit obligation:				
Present value of obligation at 1 October	**4,049,870**	4,627,926	**4,029,367**	4,600,818
Current service cost	**143,368**	109,932	**140,880**	108,067
Interest cost on defined benefit obligation	**250,542**	250,237	**249,290**	248,793
Employees' contribution	**32,001**	32,457	**31,352**	31,775
Actuarial (gains)/losses	**903,678**	(812,213)	**875,560**	(803,367)
Benefits paid	**(148,307)**	(158,469)	**(147,023)**	(156,719)
Present value of obligation at 30 September	**5,231,152**	4,049,870	**5,179,426**	4,029,367
(vii) Reconciliation of fair value of plan assets:				
Fair value of plan assets at 1 October	**3,249,011**	3,076,993	**3,232,476**	3,058,850
Return on plan assets	**206,082**	170,245	**204,955**	169,178
Employer's contributions	**180,959**	174,214	**177,507**	170,560
Scheme expenses	**(19,745)**	(10,976)	**(19,645)**	(10,910)
Employees' contribution	**32,001**	32,457	**31,352**	31,775
Actuarial gains/(losses)	**13,009**	(35,453)	**(7,258)**	(30,258)
Benefits paid	**(148,307)**	(158,469)	**(147,023)**	(156,719)
Fair value of plan assets at 30 September	**3,513,010**	3,249,011	**3,472,364**	3,232,476

The actual return on the plan assets was Rs 275m (2018: Rs 150.5m) for the current financial year.

(viii) The principal actuarial assumptions used for accounting purposes were:

	THE GROUP AND THE COMPANY	
	2019	2018
	%	%
Discount rate	**5.40**	6.30
Future salary increase	**3.00**	3.00
Pension increase	**0.00**	0.00
Post-retirement mortality tables	**PMA92/PFA92**	PMA92/PFA92

(ix) A quantitative sensitivity analysis for significant assumptions as at 30 September is shown below:

	Discount Rate			
Assumptions	THE GROUP		THE COMPANY	
Sensitivity	**1% Increase**	**1% Decrease**	**1% Increase**	**1% Decrease**
	Rs '000	**Rs '000**	**Rs '000**	**Rs '000**
2019				
Impact on defined benefit obligation	**762,508**	**971,935**	**754,441**	**961,261**
2018				
Impact on defined benefit obligation	558,834	705,097	700,238	555,191

	Future Salary Increase			
	THE GROUP		THE COMPANY	
	1% Increase	**1% Decrease**	**1% Increase**	**1% Decrease**
	Rs '000	**Rs '000**	**Rs '000**	**Rs '000**
2019				
Impact on defined benefit obligation	**379,360**	**325,251**	**375,251**	**321,826**
2018				
Impact on defined benefit obligation	289,158	246,733	287,155	244,841

The sensitivity analyses 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.

DETAILED INFORMATION ON STATEMENTS OF FINANCIAL POSITION ITEMS (cont'd)

43. Employee benefit liabilities (cont'd)

(b)Unfunded obligation

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

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs '000	Rs '000	**Rs '000**	Rs '000
Benefit liability	**34,628**	20,811	**2,626**	-
(ii) Movement in the liability recognised in the statements of financial position:				
At 1 October	**20,811**	18,482	**-**	-
Amount recognised in profit or loss	**16,356**	3,116	**1,704**	-
Benefits paid	**(1,210)**	(547)	**-**	-
Amount recognised in other comprehensive income	**(209)**	(240)	**922**	-
Exchange differences	**(1,120)**	-	**-**	-
At 30 September	**34,628**	20,811	**2,626**	-
(iii) The amounts recognised in the statements of profit or loss are as follows:				
Current service cost	**15,136**	2,236	**1,640**	-
Interest cost on defined benefit obligation	**1,220**	880	**64**	-
Net benefit expenses	**16,356**	3,116	**1,704**	-
(iv) The amounts recognised in the statements of other comprehensive income are as follows:				
Liability experience loss	**147**	1,213	**-**	-
Changes in assumptions underlying the present value of the scheme	**(356)**	(1,453)	**922**	-
Actuarial (gains)/losses recognised in othercomprehensive income	**(209)**	(240)	**922**	-
(v) Reconciliation of the present value of defined benefit obligation:				
Present value of obligation at 1 October	**20,811**	18,482	**-**	-
Current service cost	**15,136**	2,236	**1,640**	-
Interest cost	**1,220**	880	**64**	-
Actuarial (gains)/losses	**(209)**	(240)	**922**	-
Benefits paid	**(1,210)**	(547)	**-**	-
Exchange differences	**(1,120)**	-	**-**	-
Present value of obligation at 30 September	**34,628**	20,811	**2,626**	-

(vi) The principal actuarial assumptions used for accounting purposes were:

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	%	%	**%**	%
Discount rate	**0.6 - 5.4**	4.4 - 6.4	**5.4**	N/A
Future salary increase	**2 - 3**	4.0	**3.0**	N/A

DETAILED INFORMATION ON STATEMENTS OF FINANCIAL POSITION ITEMS (cont'd)

43. Employee benefit liabilities (cont'd)

(vii) A quantitative sensitivity analysis for significant assumptions as at 30 September is shown as follows below:

	Discount Rate			
Assumptions	THE GROUP		THE COMPANY	
Sensitivity	1% Increase Rs '000	1% Decrease Rs '000	1% Increase Rs '000	1% Decrease Rs '000
2019				
Impact on defined benefit obligation	**6,196**	**4,203**	**2,447**	**994**
2018				
Impact on defined benefit obligation	3,647	3,060	N/A	N/A

	Future Salary Increase			
	THE GROUP		THE COMPANY	
	1% Increase Rs '000	1% Decrease Rs '000	1% Increase Rs '000	1% Decrease Rs '000
2019				
Impact on defined benefit obligation	**6,308**	**4,302**	**2,495**	**1,017**
2018				
Impact on defined benefit obligation	3,688	3,144	N/A	N/A

The sensitivity analyses 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 GROUP AND THE COMPANY	
	2019	2018
(c) The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:	**%**	%
Local equities	**42**	45
Overseas bond and equities	**17**	18
Fixed interest	**13**	19
Property and other	**28**	18
	100	100

The overall expected rate of return on plan assets is determined by reference to market yields on bonds and expected yield difference on other types of assets held.

(d) Maturity profile of the defined benefit obligation

The weighted average duration of the liabilities as at 30 September 2019 is 14 years.

(e) Expected contribution for next year

The Group is expected to contribute Rs 185m (2018: Rs 176m) including employees' contribution to its defined benefit pension plan in the next financial year.

(f) Plan assets

Included in the plan assets is a property, valued at an open market value of Rs 497m (2018: Rs 432m). The property is rented to the Company by New Mauritius Hotels Group Superannuation Fund.

(g) Risk associated with the plans

The pension plans expose the Group and Company to the following actuarial risks:

Longevity risk : The liabilities disclosed are based on the mortality table PA(92). Should the experience of the pension plans be less favourable than the standard mortality tables, the liabilities will increase.

Interest risk: If the bond interest rate decreases, the liabilites would be calculated using a lower discount, and would therefore increase.

Investment risk: Should the returns on the assets of the plan be lower than the discount rate, a deficit will arise.

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

DETAILED INFORMATION ON STATEMENTS OF FINANCIAL POSITION ITEMS (cont'd)

44. Trade and other payables

	THE GROUP		THE COMPANY	
	2019 Rs '000	2018 Rs '000	**2019 Rs '000**	2018 Rs '000
Trade payables	**1,258,871**	1,670,336	**510,153**	598,345
Other payables	**1,809,520**	1,573,559	**845,560**	935,792
Loan at call payable to subsidiaries (note 17(ix))	**-**	-	**364,993**	241,010
Amount due to subsidiaries (note 17(xii))	**-**	-	**1,538,371**	1,581,056
Amount due to associates (note 17(xii))	**-**	39,810	**-**	39,810
	3,068,391	3,283,705	**3,259,077**	3,396,013

(a) Trade payables are non-interest-bearing and are generally on 30 to 60 days' term.
(b) The loan at call bears interest rate of 7.5% per annum.
(c) For terms and conditions pertaining to related party payables, refer to note 17.

45. Fair value of assets and liabilities

Accounting Policy

Fair value measurement
The Group measures its financial instruments and non-financial assets such as investment property, and properties 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 by the Group.

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

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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 reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's management determines the policies and procedures for both recurring fair value measurement, such as unquoted financial assets at FVOCI (2018: available-for-sale financial assets), and non-recurring fair value measurement, such as assets held for sale.

The Group's management determines the policies and procedures for the measurement of both recurring and non-recurring fair values. Financial assets that are unquoted are fair valued by management at least annually at the reporting date. The use of external valuers is decided by the management when the situation dictates it, taking into consideration the relevant factors.

Involvement of external valuers for the valuation of its properties is decided upon by management after discussion with and approval of the audit committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case. Management assesses the changes in the inputs, as well as those in the environment, from both internal and external sources, that affect the fair value of the property since the last valuation, and thereafter decides on the involvement of external valuers.

At each reporting date, management analyses the movements in the values of assets and liabilities which are required to be remeasured or reassessed as per the Group's accounting policies. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to relevant documents.

Management, in conjunction with the Group's external valuers, also compares each of the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

The fair values of the Group's unquoted financial assets at FVOCI (2018: available-for-sale financial assets) are determined by management at least annually at the reporting date through the income approach. Inputs and assumptions used in the determination of the fair value are verified and validated to their respective sources and documents.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

DETAILED INFORMATION ON STATEMENTS OF FINANCIAL POSITION ITEMS (cont'd)

45.Fair value of assets and liabilities (cont'd)

Significant accounting judgements and estimates

Fair value measurements of financial instruments

When the fair values of financial instruments recorded in the statements of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques. The inputs to those models are derived from observable market data where possible, but where observable market data are not available, a degree of judgement is required to establish fair values. The judgements include consideration of inputs such as liquidity risk, credit risk and volatility.

As at 30 September 2019, the Group held the following financial instruments carried at fair value in the statements of financial position.

Assets/(liabilities) measured at fair value	**THE GROUP**			
	2019 Rs '000	**Level 1 Rs '000**	**Level 2 Rs '000**	**Level 3 Rs '000**
Other financial instruments at fair value through profit or loss:				
Derivative financial instruments (note 38)	**4,726**	**-**	**4,726**	**-**
Financial assets at fair value through OCI (note 32)	**11,752**	**11,742**	**-**	**10**
Property	**22,591,071**	**-**	**22,591,071**	**-**
Borrowings	**(14,877,958)**	**-**	**(14,877,958)**	**-**

	THE COMPANY			
	2019 Rs '000	**Level 1 Rs '000**	**Level 2 Rs '000**	**Level 3 Rs '000**
Other financial instruments at fair value through profit or loss :				
Derivative financial instruments (note 38)	**12,370**	**-**	**12,370**	**-**
Financial assets at fair value through OCI (note 32)	**11,512**	**11,502**	**-**	**10**
Property	**13,545,605**	**-**	**13,545,605**	**-**
Borrowings	**(10,801,162)**	**-**	**(10,801,162)**	**-**

Assets/(liabilities) measured at fair value	**THE GROUP**			
	2018 Rs '000	Level 1 Rs '000	Level 2 Rs '000	Level 3 Rs '000
Other financial instruments at fair value through profit or loss :				
- Derivative financial instruments (Financial liabilities) (note 38)	(3,194)	-	(3,194)	-
Available-for-sale financial assets (note 32A)	8,664	8,664	-	-
Property	22,824,660	-	22,824,660	-
Investment property	354,102	-	354,102	-
Borrowings	(15,653,428)	-	(15,653,428)	-

	THE COMPANY			
	2018 Rs '000	Level 1 Rs '000	Level 2 Rs '000	Level 3 Rs '000
Other financial instruments at fair value through profit or loss :				
Derivative financial instruments (Financial liabilities) (note 38)	(3,194)	-	(3,194)	-
Available-for-sale financial assets (note 32A)	8,391	8,391	-	-
Property	13,176,890	-	13,176,890	-
Borrowings	(11,442,064)	-	(11,442,064)	-

The carrying amounts of financial assets and liabilities approximate their fair values.

Fair value of financial assets at FVOCI (2018: available-for-sale financial assets) is derived from quoted market prices in active markets.

Unquoted financial assets at FVOCI (2018: available-for-sale financial assets) represent investments in equity instruments that do not have a quoted market price in an active market and whose fair values cannot be reliably measured. Available-for-sale financial assets are therefore measured at cost.

Fair values of the Group's interest-bearing loans and borrowings and loans are determined by using the DCF method using discount rate that reflects the issuer's borrowings rate as at the end of the reporting date.

The fair value of foreign exchange forward and swap contracts are determined by using the foreign exchange spot and forward rates, interest rate curves and forward rate curves of each currency.

For valuation techniques regarding property classified under "Property, plant and equipment" and "Investment property", refer to notes 27 and 28 respectively.

During the year ended 30 September 2019, there were no transfers between Level 1 and Level 2 fair value measurements.

DETAILED INFORMATION ON STATEMENTS OF FINANCIAL POSITION ITEMS (cont'd)

46. Sale and leaseback transaction between the Company and Beachcomber Hospitality Investments Ltd

The Company signed a number of agreements with Leisure Property Northern (Mauritius) Limited (LPNM), a wholly-owned subsidiary of Grit Real Estate Income Group Limited (previously known as "Mara Delta Property Holdings Limited"), with respect to Beachcomber Hospitality Investments Ltd ("BHI") on 17 November 2016. The agreements entailed that:

- NMH transferred the hotel properties known as Victoria Beachcomber, Canonnier Beachcomber and Mauricia Beachcomber together with the attached leasehold land to BHI for a total consideration of EUR 155m (Rs 6bn) but would continue to manage the hotels.
- NMH would hold 55.58% of BHI's share capital, the remaining 44.42% being held by LPNM.
- NMH will have a call option to buy back the shares held by LPNM, such option being exercisable between the 7th and 10th anniversary of the Subscription and Shareholders' Agreement.
- NMH would pay BHI an annual rental equivalent to 7.5% of the value of the assets, increasing annually. The lease agreement had an initial duration of 15 years commencing 9 December 2016 with 3 successive ten-year renewal periods at the option of the Company for three successive periods of ten years.

The profit realised on the sale of the 3 hotels and the attached leasehold land to BHI amounted to EUR 62m (Rs 2.2bn), spread on a straight-line basis over a period of 15 years in line with the lease agreement signed between New Mauritius Hotels Limited and Beachcomber Hospitality Investments Ltd which stipulates a non-cancellable lease period of 15 years. Refer to the table below for details:

	THE COMPANY	
	2019 Rs '000	2018 Rs '000
Profit on disposal of assets	**1,971,493**	2,121,159
Less portion of gain accounted as deferred income as follows:		
- Current liabilities	**(149,666)**	(149,666)
- Non-current liabilities	**(1,672,161)**	(1,821,827)
Profit recognised in current year	**149,666**	149,666

47. Discontinued operations and disposal of subsidiaries

(a) **Deconsolidation of subsidiaries**
Following a Board meeting held on 5 August 2019, the Directors of New Mauritius Hotels Limited decided to segregate the core hospitality activities and the property development projects. At a special meeting held on 10 September 2019, the shareholders of the Company approved that the stated capital pertaining to the ordinary shares of the Company be reduced from Rs 6,375,301,930 to Rs 2,780,301,930 with the new stated capital consisting of 548,982,130 ordinary shares of no par value and Rs 387,784,991 consisting of 35,458,987 redeemable non-voting preference shares of Rs 11 each. The above-mentioned reduction in stated capital has been settled by way of 548,982,130 ordinary shares of Semaris Ltd held by the Company in the proportion of 1 ordinary share of Semaris Ltd for each ordinary share held in the Company at year end. Semaris Ltd will concentrate on the development of the non-hotel real estate assets. The book value of Semaris shares paid out to the ordinary shareholders of NMH to settle for the capital reduction amounted to Rs 3,595m.

The existing shares of NMH were traded ex-entitlement on the Stock Exchange of Mauritius on 25 September 2019. The effective settlement date for the capital reduction and the allotment of shares of Semaris Ltd to the shareholders of NMH was on 27 September 2019.

The following subsidiaries were held by Semaris Ltd on 27 September 2019:
Domaine Palm Marrakech S.A., Kingfisher 3 Limited, Praslin Resort Limited and Beachcomber Gold Coast Resort Limited.

(b) **Disposal of subsidiaries**
During the year, the Group disposed 100% of its interest in Kingfisher 2 Limited, which included its wholly-owned subsidiary, Reef Resort Limited. Proceeds on disposal amounting to Rs 211m were received in cash.

Consideration received	**THE GROUP**		
		2019	
	Deconsolidation Rs '000	**Disposal Rs '000**	**Total Rs '000**
Cash and cash equivalents	**-**	**210,569**	**210,569**
Reduction in stated capital	**3,595,000**	**-**	**3,595,000**
Total consideration received	**3,595,000**	**210,569**	**3,805,569**

(c) **The fair value of the net assets of Semaris Group deconsolidated and the two subsidiaries disposed above were as follows:**

	THE GROUP		
		2019	
	Deconsolidation Rs '000	**Disposal Rs '000**	**Total Rs '000**
Property, plant and equipment	**1,154,188**	**-**	**1,154,188**
Investment property	**447,401**	**-**	**447,401**
Intangible assets	**31,164**	**-**	**31,164**
Inventories	**3,668,877**	**-**	**3,668,877**
Trade receivables	**18,227**	**-**	**18,227**
Financial assets at amortised cost	**833,863**	**-**	**833,863**
Prepayments	**83,585**	**-**	**83,585**
Cash in hand and at banks	**131,540**	**-**	**131,540**
Non-current assets held for sale	**-**	**110,090**	**110,090**
Borrowings	**(2,182,949)**	**-**	**(2,182,949)**
Trade and other payables	**(673,249)**	**(113)**	**(673,362)**
Net assets distributed	**3,512,647**	**109,977**	**3,622,624**

DETAILED INFORMATION ON STATEMENTS OF FINANCIAL POSITION ITEMS (cont'd)

47. Discontinued operations and disposal of subsidiaries (cont'd)

Gains on deconsolidation and disposal of subsidiaries

	THE GROUP		
	2019		
	Deconsolidation Rs '000	Disposal Rs '000	Total Rs '000
Consideration received	**3,595,000**	**210,569**	**3,805,569**
Net assets disposed	**(3,512,647)**	**(109,977)**	**(3,622,624)**
Expenses incurred and write-offs on deconsolidation	**(183,399)**	-	**(183,399)**
Cummulative exchange difference in respect of the net assets of the subsidiaries deconsolidated and disposed reclassified from equity to profit or loss	**216,358**	**(8,245)**	**208,113**
Gains on deconsolidation and disposal of subsidiaries	**115,312**	**92,347**	**207,659**

	THE COMPANY Rs '000
Consideration received	**3,595,000**
Carrying value of investment in subsidiaries (note 30)	**(1,116,367)**
Expenses incurred and write-offs	**(138,075)**
Gains on deconsolidation	**2,340,558**

The gains on deconsolidation and disposal are included in the profit/loss for the year from discontinued operations in the consolidated financial statements.

(d) **An analysis of the result of discontinued operations and the disposed subsidiaries is as follows:**

	THE GROUP	
	2019 Rs '000	2018 Rs '000
Revenue	**192,135**	569,402
Direct costs	**(353,241)**	(504,780)
Staff costs	**(50,632)**	(45,589)
Other expenses	**(127,143)**	(109,908)
Net impairment losses on financial assets	**(238,066)**	-
Earnings from operating activities	**(576,947)**	(90,875)
Other income	**1,054**	5,246
Revaluation of investment property	**67,289**	-
Profit on disposal of property, plant and equipment	**1,275**	56
EBITDA	**(507,329)**	(85,573)
Finance costs	**(9,026)**	(4,314)
Finance revenue	**868**	1,448
Depreciation of property, plant and equipment	**(22,701)**	(20,979)
Amortisation of lease rights	**(124)**	-
Other impairment losses	**(60,606)**	-
Loss before non-recurring items	**(598,918)**	(109,418)
Non-recurring items	**233,621**	-
Loss before tax	**(365,297)**	(109,418)
Income tax credit	**(2,119)**	(3,247)
Loss for the year from discontinued operations	**(367,416)**	(112,665)

(e) **Net cash inflow on deconsolidation and disposal of subsidiaries**

	THE GROUP		
	2019		
	Deconsolidation Rs '000	Disposal Rs '000	Total Rs '000
Consideration received in cash and cash equivalents	**-**	**210,569**	**210,569**
Less: cash and cash equivalent balances disposed of	**(130,519)**	**-**	**(130,519)**
Total consideration received	**(130,519)**	**210,569**	**80,050**

(f) **Net cash flows from discontinued operations**	THE GROUP		THE COMPANY	
	2019 Rs '000	2018 Rs '000	**2019 Rs '000**	2018 Rs '000
Operating cash flows	**285,386**	107,635	**-**	-
Investing cash flows	**(33,376)**	(4,809)	**800,000**	-
Financing cash flows	**879,556**	(19,416)	**-**	-
	1,131,566	83,410	**800,000**	-

DETAILED INFORMATION ON STATEMENTS OF FINANCIAL POSITION ITEMS (cont'd)

48. Loss of interest in subsidiary without loss of control

(a) During the year, the Group disposed of 10.2% of its effective interest in Mautourco Holdings Ltd, reducing its continuing interest to 40.8%. The proceeds on disposal of EUR 750,000 were received in cash. An amount of Rs 7.8m (being the proportionate share of the carrying amount of the net asset of Mautourco Holdings Ltd Group) has been transferred to non-controlling interests. The gain on disposal of Rs 21.1m has been credited to retained earnings.

(b) During the year, the Group lost 10% of its interest in Beachcomber Hotel Marrakech S.A., reducing its continuing interest to 90%. An amount of Rs 1.5 m (being the proportionate share of the carrying amount of the net liabilities of Beachcomber Hotel Marrakech S.A.) has been transferred to non-controlling interests.

49. Change in accounting policies

The Group has adopted IFRS 9 - Financial Instruments and IFRS 15 - Revenue from Contracts with Customers without restating comparative information. Adjustments arising from the adoption of the new accounting policies have not been reflected in the comparatives for the year ended 30 September 2018 but have been recognised in the opening balance of retained earning at 1 October 2018.

(a) Restatement of impact lines of the financial statements for prior periods are as follows:

THE GROUP In Rs '000	**30 September 2018 As previously stated**	**IFRS 9 - Financial Instruments Reclassification**	**Remeasurement**	**1 October 2018 Restated**
Statement of Financial Position				
ASSETS				
Non-current assets				
Property, plant and equipment	25,747,254	-	-	25,747,254
Investment property	354,102	-	-	354,102
Intangible assets	1,680,587	-	-	1,680,587
Investment in associates	718,423	-	(20,200)	698,223
Financial assets at fair value through other comprehensive income	-	8,664	-	8,664
Available-for-sale financial assets	8,664	(8,664)	-	-
Deferred tax assets	174,844	-	3,005	177,849
Total non-current assets	28,683,874	-	(17,195)	28,666,679
Current assets				
Inventories	4,121,120	-	-	4,121,120
Trade and other receivables	2,405,554	(1,580,649)	(18,144)	806,761
Financial assets at amortised cost	-	1,210,614	-	1,210,614
Other assets	-	370,035	-	370,035
Income tax prepaid	18,504	-	-	18,504
Cash in hand and at banks	1,057,971	-	-	1,057,971
Total current assets	7,603,149	-	(18,144)	7,585,005
Assets classified as held for sale	109,082	-	-	109,082
Total assets	36,396,105	-	(35,339)	36,360,766
EQUITY AND LIABILITIES				
Capital and reserves				
Stated capital	6,349,551	-	-	6,349,551
Retained earnings	5,544,141	-	(31,540)	5,512,601
Other components of equity	1,121,583	-	-	1,121,583
Equity attributable to owners of the parent	13,015,275	-	(31,540)	12,983,735
Non-controlling interests	594,487	-	(3,799)	590,688
Total equity	13,609,762	-	(35,339)	13,574,423
Non-current liabilities				
Convertible preference shares	423,396	-	-	423,396
Subordinated loan	1,497,750	-	-	1,497,750
Borrowings	11,444,046	-	-	11,444,046
Deferred tax liabilities	2,136,205	-	-	2,136,205
Employee benefit liabilities	821,670	-	-	821,670
Total non-current liabilities	16,323,067	-	-	16,323,067
Current liabilities				
Trade and other payables	3,283,705	(407,689)	-	2,876,016
Contract liabilities	-	407,689	-	407,689
Borrowings	3,054,935	-	-	3,054,935
Derivatives financial instruments	61,440	-	-	61,440
Income tax payable	2,952	-	-	2,952
Dividend payable	60,244	-	-	60,244
Total current liabilities	6,463,276	-	-	6,463,276
Total liabilities	22,786,343	-	-	22,786,343
Total equity and liabilities	36,396,105	-	(35,339)	36,360,766

DETAILED INFORMATION ON STATEMENTS OF FINANCIAL POSITION ITEMS (cont'd)

49. Change in accounting policies (cont'd)

THE COMPANY In Rs '000	30 September 2018 As previously stated	IFRS 9 - Financial Instruments Reclassification	 Remeasurement	IFRS 15 - Revenue from Contracts with Customers Reclassification	 Remeasurement	1 October 2018 Restated
Statement of Financial Position						
ASSETS						
Non-current assets						
Property, plant and equipment	14,703,033	-	-	-	-	14,703,033
Intangible assets	1,216,444	-	-	-	-	1,216,444
Investment in subsidiaries	8,165,401	-	-	-	-	8,165,401
Investment in associates	19,062	-	-	-	-	19,062
Financial assets at fair value through other comprehensive income	-	8,391	-	-	-	8,391
Available-for-sale financial assets	8,391	(8,391)	-	-	-	-
Financial assets at amortised cost	-	1,873,833	-	-	-	1,873,833
Long-term loan receivable	1,873,833	(1,873,833)	-	-	-	-
Total non-current assets	25,986,164	-	-	-	-	25,986,164
Current assets						
Inventories	2,392,771	-	-	-	-	2,392,771
Trade and other receivables	1,557,634	(1,104,073)	(8,768)	-	-	444,793
Financial assets at amortised cost	-	871,870	-	-	-	871,870
Other assets	-	232,203	-	-	-	232,203
Income tax prepaid	13,307	-	-	-	-	13,307
Cash in hand and at banks	150,563	-	-	-	-	150,563
Total current assets	4,114,275	-	(8,768)	-	-	4,105,507
Total assets	30,100,439	-	(8,768)	-	-	30,091,671
EQUITY AND LIABILITIES						
Capital and reserves						
Stated capital	6,349,551	-	-	-	-	6,349,551
Retained earnings	3,309,548	-	(7,357)	-	-	3,302,191
Other components of equity	866,119	-	-	-	-	866,119
Total equity	10,525,218	-	(7,357)	-	-	10,517,861
Non-current liabilities						
Convertible preference shares	423,396	-	-	-	-	423,396
Borrowings	8,839,960	-	-	-	-	8,839,960
Deferred tax liabilities	1,444,845	-	(1,411)	-	-	1,443,434
Deferred income	1,821,827	-	-	-	-	1,821,827
Employee benefit liabilities	796,891	-	-	-	-	796,891
Total non-current liabilities	13,326,919	-	(1,411)	-	-	13,325,508
Current liabilities						
Trade and other payables	3,396,013	-	-	(356,984)	-	3,039,029
Contract liabilities	-	-	-	356,984	-	356,984
Borrowings	2,639,185	-	-	-	-	2,639,185
Other financial liabilities	3,194	-	-	-	-	3,194
Deferred income	149,666	-	-	-	-	149,666
Dividend payable	60,244	-	-	-	-	60,244
Total current liabilities	6,248,302	-	-	-	-	6,248,302
Total liabilities	19,575,221	-	(1,411)	-	-	19,573,810
Total equity and liabilities	30,100,439	-	(8,768)	-	-	30,091,671

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2019

DETAILED INFORMATION ON STATEMENTS OF FINANCIAL POSITION ITEMS (cont'd)

49. Change in accounting policies (cont'd)

The restatement impact on the retained earnings and non-controlling interests at 1 October 2018 are as disclosed below:

	THE GROUP Retained Earnings Rs '000	 Non-Controlling Interests Rs '000	THE COMPANY Retained Earnings Rs '000
At 30 September 2018	5,544,141	594,487	3,309,548
Adjustment on initial application of IFRS 9 - Financial Instruments			
Increase in impairment loss for trade receivables	(33,750)	(4,594)	(8,768)
Increase in deferred tax assets relating to impairment provisions	2,210	795	1,411
At 1 October 2018	5,512,601	590,688	3,302,191

(b) **IFRS 9 - Financial Instruments**

(i) **Classification and measurement**
Reclassification from available-for-sale financial assets to financial assets at fair value through other comprehensive income.

The Group elected to present, in the statements of other comprehensive income, changes in the fair value of its equity investments previously classified as available-for-sale financial assets, as these investments are held as long-term strategic investments which are not expected to be sold in the short to medium term. Therefore, on 1 October 2018, assets with a fair value of Rs 8.7m and Rs 8.4m for the Group and Company respectively were reclassified from available-for-sale financial assets to financial assets at fair value through other comprehensive income.

(ii) **Derivatives and hedging activities**
The foreign currency forwards and interest rate swaps in place as at 30 September 2018 qualified as cash flow hedges under IFRS 9. The Group's risk management strategies and hedge documentation are aligned with the requirements of IFRS 9 and these relationships are therefore treated as continuing hedges.

(iii) **Impairment of financial assets**
At 30 September 2018, the Group and Company had the following financial assets that were subject to IFRS 9's new expected credit loss model:

- trade receivables of Rs 859m for the Group and Rs 461m for the Company.

The Group was required to revise its impairment methodology under IFRS 9 - Financial Instruments for each class of assets and the impact of the change in impairment methodology on the Group's retained earnings and equity is disclosed above.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Trade receivables
The Group applies IFRS 9's simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. This resulted in an increase of the loss allowance on 1 October 2018 by Rs 18.1m for the Group and Rs 8.8m for the Company for trade receivables.

The loss allowance increased by a further Rs 25.9m for the Group and Rs 26.7m for the Company for trade receivables during the current reporting period.

(c) **IFRS 15 Revenue from Contracts with Customers**
No prior year adjustments have been made to the balances as at 1 October 2018 except for reclassification as per part (a).

Presentation of assets and liabilities related to contracts with customers
The Group has changed the presentation of certain amounts in the statements of financial position to reflect the terminology of IFRS 9 - Financial Instruments and IFRS 15 - Revenue from Contracts with Customers.

DETAILED INFORMATION ON STATEMENTS OF FINANCIAL POSITION ITEMS (cont'd)

50. Commitments

(a) Capital commitments	THE GROUP 2019 Rs '000	THE GROUP 2018 Rs '000	THE COMPANY 2019 Rs '000	THE COMPANY 2018 Rs '000
Les Salines project (i)	**2,800,000**	4,700,000	**400,000**	400,000
Villa project (Morocco) (ii)	**-**	4,825,000	**-**	-
Ste Anne Resorts Limited (iii)	**2,200,000**	2,800,000	**-**	-
	5,000,000	12,325,000	**400,000**	400,000

(i) Les Salines project will consist of the construction of a golf course (176 arpents) to be done in NMH Company. A 4-star hotel will be constructed over an area of 30 arpents through Les Salines Golf and Resort Limited once all necessary permits are obtained from the local authorities.

(ii) The amount of Rs 4.825bn represented the estimated cost of Phases 2 and 3 of the property development in Marrakech (2018: completion of Phase 1 and Phase 2 only). This property development will now be undertaken by Semaris Limited following the Group's reorganisation.

(iii) These commitments relate to the estimated amount outstanding at year end for the extension of Sainte Anne hotel from 87 rooms to 296 rooms. The extension works is expected to be completed by September 2020 and the hotel will be rented to Club Med SAS upon completion.

(b) Operating lease commitments

Accounting Policy

Operating lease

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

The Group has various land leases on which hotel buildings are constructed. Future minimum rentals payable under operating leases as at 30 September are as follows:

	THE GROUP 2019 Rs '000	THE GROUP 2018 Rs '000	THE COMPANY 2019 Rs '000	THE COMPANY 2018 Rs '000
Within one year	**142,777**	143,898	**129,875**	131,413
After one year but not more than five years	**571,106**	575,593	**519,506**	525,652
More than five years	**6,700,063**	6,387,422	**5,719,663**	5,912,994
	7,413,946	7,106,913	**6,369,044**	6,570,059

Choose Less and Greener

Ongoing initiatives by our hotels to serve locally produced food, privilege seasonality and fresh food, serve food in a more responsible manner and recycle as appropriate properties.

We have our own beehives at Royal Palm with home-made produced honey served to our Guests. This initiative will be further extended

Frequently Asked QUESTIONS

1. What is an Annual Meeting of Shareholders (AMS)?

An AMS is a meeting of the shareholders of a company. The law provides that it should be held not more than once in each calendar year and not later than 6 months after the balance sheet date of a company.

2. Who may attend the AMS?

In compliance with S120(3) of the Companies Act 2001, the Board has resolved that only the shareholders of the Company registered in the share register of the Company as at March 01, 2019 are entitled to attend the AMS.

3. Why should a shareholder attend the AMS?

Shareholders are encouraged to attend the AMS as it:
• provides them with a direct contact with the Board and management of the Company;
• enables them to have more insight into the operations, strategy and performance of the Company; and
• provides them with reasonable opportunity to discuss and comment on the management of the Company.

4. What matters are discussed at the AMS?

Usually, the following business is transacted at the AMS:
• the approval of the audited accounts of the Company;
• the receiving of the auditor's report;
• the consideration of the Annual Report; and
• the re-election/re-appointment of Directors.

5. What if a shareholder cannot attend the AMS?

An individual shareholder who cannot attend the meeting may appoint a proxy.

A corporate shareholder may, on the other hand, appoint a representative to attend the AMS and to act on its behalf.

6. What is a proxy?

A proxy is the person appointed by a shareholder to represent him/her at the AMS. Such person, who need not necessarily be a shareholder of the Company, may be heard at the meeting as if he/she were the shareholder.

7. How does a shareholder appoint a proxy/representative?

Shareholders are requested to fill in the Proxy Form sent to them with the notice convening the meeting. Corporate shareholders may also provide a Corporate Resolution to appoint their representative. Should a shareholder wish his/her proxy/representative to vote at the meeting in a particular manner, he/she is requested to fill in the resolution boxes provided on the appropriate forms.

8. After appointing a proxy, can a shareholder still attend the AMS?

Yes, but he/she is requested to make himself/herself known to the Company Secretary as soon as he/she arrives at the meeting. The proxy will consequently have no right to be heard and to vote at the meeting.

9. How many votes does a shareholder have?

Every shareholder, present in person or by proxy/representative, shall have one vote on a show of hands.

Where a poll is taken, each shareholder shall have the number of votes that corresponds to the number of shares held by him/her in the Company.

10. What is the voting procedure?

Voting at the AMS is generally by show of hands. However, if a poll is demanded for a particular resolution, then ballot papers shall be distributed and shareholders will be requested to cast their votes thereon.

11. How to obtain a copy of the minutes of proceedings of the last AMS of the Company?

A shareholder may make such a request to the Company Secretary prior to the AMS.

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RESORTS & HOTELS

www.beachcomber.com

Beachcomber House • Botanical Garden Street • Curepipe 74213
Mauritius • Tel: +230 601 9000 • Fax: +230 601 9090