Financial Statements

Independent Auditor's Report to the members of IBL Ltd

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of IBL Ltd (the "Company") and its subsidiaries (the "Group") set out on pages 184 to 195 which comprise the statements of financial position as at 30 June 2020, and the statements of profit or loss and 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 accompanying consolidated and separate financial statements give a true and fair view of the financial position of Group and Company as at 30 June 2020, and of their consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and comply with the Companies Act 2001 and the Financial Reporting Act 2004.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated and separate financial statements section of our report. We are independent of the Group and the Company in accordance with the International Ethics Standards Board for Accountants' 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 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 consolidated 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key Audit Matter	How the matter was addressed in the audit
Expected credit loss under IFRS 9 IFRS 9 Financial Instruments requires an entity to incorporate reasonable and supportable information about past events, current conditions and forecasted future economic conditions into the assessment of expected credit losses ("ECL") for trade and other receivables. Such an assessment should be based on information at the reporting date and adjusted for subsequent available information where applicable. The current year results were affected by ECL charges of Rs 248.9 million and Rs 335.4 million at Group and Company level respectively. ECLs are calculated both for individually significant receivables and collectively on a portfolio basis which require the use of statistical models incorporating loss data and assumptions on the recoverability of customers' outstanding balances. The Covid-19 pandemic has given rise to uncertainty in the economic conditions and IFRS 9 requires management to incorporate forecasts of future economic conditions on a probability weighted basis. The Group has refined its model to take into account the severity and potential impact of the pandemic on the expected losses of financial assets.	**Procedures performed on trade and other receivables at Group and Company level:** We verified whether the ECL methodology developed by management for trade and other receivables and loans receivable from related parties are consistent with the requirements of IFRS 9. We tested management's key assumptions and judgements used in the models to determine the expected credit loss such as the loss rate by comparing these to historical data. We also ensured the completeness and internal consistency of data used and its mathematical accuracy by performing the following procedures: (1) testing the age buckets per industry balances of the balances due for the relevant periods (2) ensuring proper allocation of payments (3) agreeing the balances at year end to source data such as the general ledger (4) verifying that the formulas were properly applied throughout to obtain the expected credit loss (5) testing the classification of individual debtors by industry. We also ensured that the overlay applied on top of the probability of default to the different industry sectors analysed between low, medium and high risk was reasonable.

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Key Audit Matter	How the matter was addressed in the audit
The calculation of ECLs is complex and involves several judgmental assumptions. As a result, ECL calculation been identified as a key audit matter. Refer to Notes 2(B), 3 and 28(b) to the consolidated financial statements for the accounting policies and the relevant disclosure.	**Procedures performed on trade and other receivables at Group and Company level:** We ensured whether the related parties can repay their amount due (current accounts and shareholder's loan) based on their unrestricted cash position at year end where the full amount cannot be repaid, the recovery period of the balances is determined based on the cash flow forecast of the borrower. We tested the underlying assumptions used in the cashflow forecasts and underlying information to source data such as budgets to ensure that the amount due is fully recoverable over management's assessed recovery period. We ensured that expected credit losses are booked where there is a shortfall of the discounted cash flow against the amount receivable at year end. We also considered the appropriateness of forward-looking information (macroeconomic factors) used to determine the expected credit losses. We reviewed the adequacy of the Group's and Company's disclosures as per notes 2(B), 3 and 28(b) in the consolidated financial statements.
Valuation of unquoted investments Both the Group and the Company hold unquoted investments which are carried at fair value through other comprehensive income and are classified as level 3 financial instruments in the fair value hierarchy. As at 30 June 2020, the fair value of these unquoted investments which comprised investments in subsidiaries, associates, joint ventures and other financial assets amounted to Rs 14.6 billion at the Company's separate financial statements. During the year under review, non-current balances of Rs 1.3 billion receivable from related parties were waived. This resulted in an equity transaction and accordingly, same amount was capitalised in investments in subsidiaries. At Group level, investments at fair value through OCI amounted to Rs 321 million as at 30 June 2020. The investments are valued using different methods ranging from price to earnings multiple, EBITDA multiple or discounted cash flow techniques. Valuation techniques for these underlying investments can be subjective in nature and require significant management estimates including financial forecasts, discount factors, growth rates and market multiples amongst others. The actual results could therefore differ from the estimates. Moreover, due to the current Covid-19 crisis, there has been a significant reduction in market transactions, including uncertainty in relation to estimation of future cash flows and other prospective financial information which are critical in the fair value estimation process. Management has disclosed the judgments and estimates used for the fair valuation of investments in note 3 to the financial statements. The disclosures relating to the valuation of unquoted investments have been provided in notes 11, 12 and 13 and 37 to the financial statements. Due to the significance of this balance in the consolidated and separate financial statements, and the significant judgments applied by management in the fair value assessment, the valuation of unquoted investments was considered as a key audit matter.	**Our procedures in relation to assessing the fair values of unquoted investment included the following:** We verified whether the ECL methodology developed by management for trade and other receivables and loans receivable from related parties are consistent with the requirements of IFRS 9. We evaluated the design and implementation of the controls over the valuation process. We have reviewed the appropriateness of the valuation methodology and models used, and whether they are in line with generally acceptable valuation guidelines and principles. Where market multiples were used, we evaluated the assessment made by management with respect to the selection of appropriate comparable listed companies and adjustments to the valuation multiples amidst economic uncertainty caused by Covid-19. Where cash flow techniques were used, we reviewed the value-in-use obtained from these cash flow forecasts and performed the following procedures: - Reviewed the Group's controls relating to the preparation and approval of cash flow forecasts; - Verified the mathematical accuracy of the cash flow model used and checked the internal inconsistency of the models; - Considered the accuracy of historical forecasts prepared by management in the prior year and compared the assumptions used in previous forecasts against actual realised amounts, thereby testing management's ability to make forecasts; - Assessed the reasonableness of the significant inputs and assumptions used in the discounted cash flow such as growth rates and discount rates, also considering illiquidity and size of holdings. - Challenged the key judgments by management with reference to historical trends, our own expectations based on our own industry knowledge and management's strategic plans. An independent corroborative valuation on the unquoted investments was also performed to assess the reasonableness of values arrived at by management, including the assessment of the impact of Covid-19 on the variables used in the fair value calculations. In addition, we performed sensitivity analysis of a reasonable possible changes in growth rates and discount rates to evaluate the impact on the value in use calculations.

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Key Audit Matter	How the matter was addressed in the audit
	For amounts reclassified from amount due from related parties and capitalised as part of investment in subsidiaries, we obtained relevant board resolutions and ensure that the criteria for reclassification was appropriate. We reviewed the appropriateness of the disclosures provided in accordance with IFRS 9 Financial Instruments.
Assessment of impairment of goodwill The carrying amount of goodwill recognised at Group level amounted to Rs 1.64 billion as at 30 June 2020 and an impairment loss of Rs 850.7 million was recognised during the year under review. A cash generating unit ("CGU") to which goodwill has been allocated must be tested for impairment at least annually in accordance with IAS 36 Impairment of Assets, by comparing the carrying amount of the CGU, including the goodwill, with the recoverable amount of the unit. The determination of recoverable amount, being the higher of value-in-use and fair value less costs to sell, requires judgement on the part of management in both identifying and then valuing the relevant CGUs. The value-in-use calculations use discounted cash flow (DCF) projections based on financial budgets approved by the Board which involve judgement by management, such as determining the appropriate weighted average cost of capital (WACC), revenue growth rates, gross margins and operating margins. The Covid-19 global pandemic arrived in Mauritius and brought with it a significant negative impact on the Mauritian economy. The pandemic has created new uncertainties around the projections of future income and growth rate assumptions and discount rates. More specifically, there is uncertainty around the duration of the pandemic and timing of the recovery of the economy. These factors have made the timing and amount of future cash flows more uncertain, when they are already inherently uncertain. Management has disclosed the accounting judgments and estimates relating to goodwill impairment review in note 3 to the financial statements. The disclosures relating to the assumptions used to determine the recoverable amount of the goodwill has been provided in note 6. These assumptions and estimates can have a material impact on the impairment figure reflected in the consolidated financial statements of the Group. Accordingly, the impairment test of goodwill was considered as a key audit matter.	**Our procedures in relation to assessing theimpairment of goodwill included the following:** We evaluated the appropriateness of management's identification of the Group's CGUs and tested the operation of the Group's controls over the impairment assessment process. Our audit procedures included challenging management on the appropriateness of the impairment model and reasonableness of the assumptions used through performing the following: - Reviewing the Group's controls relating to the preparation and approval of cash flow forecasts; - Verifying the mathematical accuracy of the cash flow model used and checking the internal inconsistency of the models; - Assessed the reliability of cash flow forecasts through a review of actual past performance compared to previous forecasts; - Assessed the reasonableness of the significant inputs and assumptions used in the discounted cash-flow such as growth rates and discount rates, also considering illiquidity and size of holdings; - Compared the assumptions used in previous forecasts against actual realised amounts, thereby testing management's ability to make forecasts; - Challenged the key judgments by management with reference to historical trends, our own expectations based on our industry knowledge and management's strategic plans following the circumstances being imposed by the Covid-19 effect in the economy. We reviewed the working papers of the component auditors relating to the impairment of goodwill in certain material subsidiaries and discussed with them the rationale for the impairment methodology used, main assumptions, sensitivities of the impairment workings to these assumptions, their audit findings and their conclusions on the impairment in goodwill charged in these subsidiaries. We also assessed the appropriateness and completeness of the related disclosures in note 6 of the consolidated financial statements.

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Key Audit Matter	How the matter was addressed in the audit
Valuation of employee benefit liabilities and accounting for the re-charge of employee benefit liabilities by the Company to related companies **(i) Valuation of employee benefit liabilities** The Group's and the Company's employee benefit liabilities comprise no worse off guarantees given to certain members of IBL Pension Fund and obligations under the Workers' Rights Act. The total present value of pension obligations under the defined benefit plan and the Workers' Rights Act are Rs 2.22 billion (2019: Rs 1.67 billion) and Rs 0.99 billion (2019: Rs 0.90 billion) for the Group and the Company respectively and is therefore significant. The valuation of the pension obligations under IAS 19 Employee Benefit Liabilities requires judgement in determining assumptions such as salary increases, mortality rates, discount rates and inflation levels. The Covid-19 pandemic has given rise to uncertainty in the economic conditions which impacted significantly these key assumptions, especially the discount rates and future long-term salary increases. Management has applied judgement in determining the employee benefit liabilities and has involved an actuary to assist with the IAS 19 provisions and disclosures. The setting of the assumptions identified above is complex and an area of significant judgement whereby changes in any of these assumptions could lead to a material change in employee benefit liabilities within the financial statements of the Group and the Company. A sensitivity analysis on key assumptions is set out in note 24 of the consolidated financial statements. Employee benefit liabilities are considered a key audit matter due to the significance of the balance to the financial statements as a whole, combined with the judgment associated with determining the amount of provision.	**Our procedures in relation to the valuation of the employment benefit liabilities included the following:** • Evaluated the appropriateness of the assumptions applied in the valuation of the employment benefit liabilities, and the information contained within the actuarial valuation reports with our internal pension specialist team. We compared the discount rates and annual salary increase applied with historical data and market data available at year end and ensured that they were reasonable. • We tested the completeness and accuracy of the underlying membership data provided to the actuary to determine the underlying value of the pension liability. • We assessed the competence and objectivity of the qualified actuary engaged by the Group to value the defined benefit pension obligations under IAS 19. • We assessed the completeness and accuracy of disclosures in Note 24 of the financial statements in accordance with IFRS.
(ii) Accounting for the re-charge of employee benefit liabilities by the Company to related companies The Company contributes to a group defined benefit plan, IBL Pension Fund (the 'Fund'), as one of the legal sponsoring employers. The Fund covers both current and former employees of the Company and that of its related entities. Even if the risks were shared between the entities, there were no contractual agreements or stated policy in place for IBL to re-charge the net defined benefit costs to the individual entities. Effective 1 July 2019, the Company entered into back-to-back agreements with related companies to recharge the employee benefit liabilities for both active employees and pensioners while the Company remains the legal sponsoring employer of the Fund. The impact of the above recharge of defined benefit liabilities amounting to Rs 248.2M to the relevant entities is the recognition of an income in 'other gains and losses' (note 33) and a recognition of an asset within employee benefit and related assets. The relevant disclosures with respect to this material transaction are set out in note 24 of the separate financial statements. Given the nature of the transaction, its significant effect on the Company's financial performance and relative importance for intended users' understanding the financial statements, the re-charge of the employment benefit liabilities by the Company has been identified as a key audit matter.	**Our procedures in relation to the re-charge of the defined benefit obligations included the following:** • We examined the back to back agreements in place with the relevant parties and agreed the head count and employment benefit obligations to the actuarial report. • We obtained all relevant board resolutions of the related companies with respect to their assessment and approval to recognise the underlying employment benefit liabilities with respect to active members and pensioners. • We obtained the detailed report of active employees and pensioners value dated 1 July 2019 from management's actuary. We agreed a sample of the data in this report to the underlying data for closing employee benefit liabilities as at 30 June 2019. • We assessed the appropriateness of the accounting for the re-charge of the defined benefit liabilities including any deferred tax impact considerations. • We evaluated the adequacy of the disclosures in the Company's separate financial statements in respect of the pension liabilities re-charged by the Company to related companies.

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Key Audit Matter	How the matter was addressed in the audit
Implementation of IFRS 16 – Leases The Group adopted IFRS 16 effective as from 1 July 2019. IFRS 16 replaces the previous IAS 17 standard and specifies how leases are recognised, measured and disclosed. The Group applied the new standard in accordance with the modified retrospective method. As of 30 June 2020, right of use assets and lease liabilities in the consolidated statement of financial position amounted to Rs 5.11 billion and Rs 4.65 billion respectively. Right of use assets account for 10.3% of total non-current assets and thus have a material impact on the Group's financial position. The Group as a lessee has a significant number of assets and a large number of arrangements which were previously classified as operating leases under IAS 17 'Leases' and held off balance sheet. These are now recognised within assets and liabilities under IFRS 16. The measurement of a right-of-use asset and its corresponding lease liability is based on assumptions such as the discount rates and lease terms, including terminal and renewal options. The calculation of the lease terms and the incremental borrowing rates used as discount rates are based on estimates and can also be discretionary. Management has disclosed the transitional impact of adopting IFRS 16 in Note 2A to the consolidated financial statements whilst the lease-related information comprising of the Group as lessee and lessor has been disclosed in Note 16 to the consolidated financial statements. The assessment of the impact of IFRS 16 is significant to our audit as the balances recorded are material in the consolidated financial statements. As judgement is required for the calculation, this is considered as a key audit matter.	**Our audit procedures in relation to assessing the impact of IFRS 16 — Leases on the Group's financial statements included the following:** • Obtained an understanding and evaluated the Group's implementation process and key controls, including the review of the updated accounting policy in accordance with IFRS 16. • We evaluated the appropriateness of management assumptions including the discount rates applied to determine the lease liabilities with input from our internal specialist and renewal/ termination options • We verified the accuracy and completeness of the right-of -use assets and lease liabilities by performing the following: - Agreeing a sample of lease data such as monthly rental and lease terms to relevant lease contracts and other documentation. - Recalculating the lease liability and right of use assets for a sample of leases to check clerical accuracy and ensure in line with IFRS 16. - Reviewing the rental expensed in the statement of profit or loss and checked whether they contain a lease under IFRS 16. • We reviewed the working papers of the component auditors relating to the implementation of IFRS 16 in certain material subsidiaries and discussed with them the transition approach adopted for the implementation of IFRS 16, main assumptions concerning the lease terms, the rationale of the discount rate determination, their audit findings and their conclusions on the outcome of the reported figures for right-of-use assets and lease liabilities. • We assessed whether the Group's accounting policy and disclosures under the requirements of IFRS 16 are appropriate within the consolidated financial statements.
Valuation of insurance contract liabilities (gross outstanding claims) short-term insurance Insurance contract liabilities (gross outstanding claims) amount to Rs 1.56 billion and is disclosed in Note 41 to the consolidated financial statements. The valuation of general insurance loss reserves involves a high degree of subjectivity and complexity. Reserves for losses and loss adjustment expenses represent estimates of future payments of reported and unreported claims for losses and related expenses at a given date. The Group uses a range of actuarial methodologies to estimate these provisions. General insurance loss reserves require significant judgement relating to factors and assumptions such as inflation, claims development patterns and regulatory changes. Specifically, long-tail lines of business, which often have low frequency, high severity claims settlements, are generally more difficult to project and subject to greater uncertainties than short-tail, high frequency claims. Further, some catastrophic events can be more complex to model actuarial methodologies, which increase the degree of judgement needed in estimating general insurance loss reserves.	**Our audit procedures in relation to the valuation of insurance contract liabilities (gross outstanding claims) included the following:** We obtained an understanding, evaluated the design and tested the operating effectiveness of selected key controls over the claims estimation process including the Incurred but not Reported ("IBNR"). In particular, we tested the controls over the integrity of data and the assumptions setting and governance processes used by management related to the valuation of general insurance reserves. In relation to the particular matters set out above, our substantive testing procedures included the following: • We reviewed the documentation around outstanding claims which are high in value and involving longer settlement periods and tested management best estimates of the settlement outcome. Where appropriate we obtained legal confirmation to corroborate management's assessment. • We tested the completeness and accuracy of underlying claims data that are sent to the actuary in estimating general insurance loss reserves. This includes the testing of information sent to the actuary for the determination of IBNR;

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Key Audit Matter	How the matter was addressed in the audit
Given its complexity and significance the valuation of insurance contract liabilities-short term insurance has been considered as a key audit matter.	• We evaluated the actuarial assumptions used by management based on the analysis of the experience to date, industry practice and the financial and regulatory requirements; • We evaluated management's methodology and assumptions against actuarial practices and industry standards; and • We evaluated whether the actuary has the relevant expertise and experience in this field.
Fair Valuation of Investment Properties Including Land and Buildings in Property, Plant and Equipment The Group has investment properties of Rs 2.8 billion at 30 June 2020 and accounts for 4.31% of total assets. As detailed in note 3 to the financial statements, these are measured at fair value, with the corresponding changes in fair values being recognised in the statement of profit or loss. The investment properties have been fair valued by independent external valuers and management's internal expert as detailed in Note 5 to the financial statements. Significant judgements have been used by management's internal valuer and the independent external valuers in determining the fair value of investment properties. Accordingly, the valuation of properties is a key audit matter due to the significance of the balance to the financial statements as a whole and the level of judgement involved.	**Our procedure in relation to the valuation of investment properties including land and buildings included the following:** We reviewed the working papers and deliverables of the component auditors and the substantive testing procedures included the following: • We have obtained, read and understood the 2020 reports from the independent valuation specialists and management's internal expert. We have tested the mathematical accuracy of the reports and evaluated the valuation methodology used by the external property valuers and management's internal expert. We have assessed the competence, capabilities and objectivity of the management's internal expert and the independent external valuers. We also verified the qualifications of the internal and external valuers. • We have verified the appropriateness of the models used by the independent external valuers and the internal management's expert and reviewed the scope of work with management to ensure that there were no matters affecting the internal and external valuers' judgements. Other audit procedures also included challenging key assumptions adopted in the valuations and reasonableness of the assumptions used through performing the following: • Tested a selection of data inputs against supporting documentation to ensure it is accurate, reliable and reasonable. • We discussed the valuations with the external property valuers and the internal management's expert, and challenged the key assumptions comprising of the discount rate and capitalisation rate adopted in the valuations, including available market selling prices, market rents and by comparing them with historical rates and other available market data. We performed a sensitivity analysis using the key assumptions used. • We ensured the reasonableness of the inputs and assumptions used in the context of Covid-19 pandemic. We have ensured that proper disclosures have been made in respect of valuation of investment properties whilst attesting the transfers made from property, plant and equipment to investment properties in the consolidated financial statements. We have reviewed the significant estimates and critical judgements and ensured that adequate disclosures as per IAS 40 Investment Property have been in the consolidated financial statements.

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Other Information

The Directors are responsible for the other information. The other information comprises the Corporate Governance Report, Statement of Directors, Statement of Compliance, List of Directors of Subsidiaries, Certificate from the Company Secretary and Risks Management Report, which we obtained prior to the date of this auditor's report. The other elements of the Integrated Report are expected to be made avaliable to us after the date of this auditor's report. Other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements as well as the Corporate Governance Report 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 on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Corporate Governance Report

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

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act 2001 and the Financial Reporting Act 2004, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the director's 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 or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and the Company to express an opinion on the Group and Company financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Use of our report

This report is made solely to the Company's shareholders, 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 shareholders 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 shareholders, as a body, for our audit work, for this report, or for the opinions we have formed.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Companies Act 2001

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

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

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

ERNST & YOUNG
Ebène, Mauritius

ROGER DE CHAZAL, A.C.A.
Licensed by FRC

4 December 2020

Statements of Financial Position as at 30 June 2020

		THE GROUP			THE COMPANY		
		2020	2019 (Restated)	2018 (Restated)	**2020**	2019 (Restated)	2018 (Restated)
	Notes	**Rs'000**	Rs'000	Rs'000	**Rs'000**	Rs'000	Rs'000
ASSETS							
NON-CURRENT ASSETS							
Property, plant and equipment	4	**28,355,603**	26,403,597	26,672,207	**588,529**	471,603	555,047
Investment properties	5	**2,857,422**	2,892,786	2,306,529	**-**	-	-
Intangible assets	6	**2,168,837**	3,668,387	3,561,951	**34,282**	41,185	71,893
Deferred tax assets	7	**588,737**	170,115	359,277	**116,205**	87,228	60,563
Bearer biological assets	8	**-**	-	3,541	**-**	-	-
Right of use assets	16	**5,108,832**	-	-	**64,109**	-	-
Non-current receivables	17	**44,012**	176,347	4,541	**183,026**	577,991	-
Employee benefit and related assets	24	**11,324**	4,894	5,179	**437,712**	-	-
Non-current contract assets	29	**84,304**	91,007	-	**-**	-	-
Investment in:							
- Subsidiaries	11	**-**	-	-	**18,441,550**	20,591,541	22,077,283
- Associates	12	**9,472,435**	8,938,782	8,821,876	**5,325,526**	5,323,601	5,893,567
- Joint ventures	13	**117,057**	113,333	202,897	**302,580**	347,679	347,002
- Other financial assets	14	**729,273**	573,364	980,593	**122,369**	122,294	161,465
		10,318,765	9,625,479	10,005,366	**24,192,025**	26,385,115	28,479,317
		49,537,836	43,032,612	42,918,591	**25,615,888**	27,563,122	29,166,820
CURRENT ASSETS							
Consumable biological assets	9	**45,776**	49,664	34,627	**-**	-	-
Inventories	15	**5,260,298**	4,878,588	4,282,300	**961,437**	874,000	827,955
Trade and other receivables	18	**5,401,235**	6,390,215	6,594,663	**1,047,314**	1,094,535	1,474,202
Contract assets	29	**507,256**	612,736	-	**-**	-	-
Gross outstanding claims - Reinsurance assets	41	**916,482**	1,159,943	894,616	**-**	-	-
General insurance fund - Reinsurance assets	42(a)	**194,669**	227,600	260,175	**-**	-	-
Current tax assets	26	**72,265**	72,404	67,683	**4,965**	4,694	3,266
Other current financial assets	14	**179,643**	485,728	173,452	**-**	-	-
Cash and cash equivalents		**3,246,736**	2,124,154	1,799,943	**640,033**	323,752	68,430
		15,824,360	16,001,032	14,107,459	**2,653,749**	2,296,981	2,373,853
Assets classified as held for sale	21	**921,518**	699,384	1,845,878	**-**	-	174,926
TOTAL ASSETS		**66,283,714**	59,733,028	58,871,928	**28,269,637**	29,860,103	31,715,599

Statements of Financial Position as at 30 June 2020

		THE GROUP			THE COMPANY		
		2020	2019 (Restated)	2018 (Restated)	**2020**	2019 (Restated)	2018 (Restated)
	Notes	**Rs'000**	Rs'000	Rs'000	**Rs'000**	Rs'000	Rs'000
EQUITY AND LIABILITIES							
Stated capital	20(a)	**1,361,941**	1,361,941	1,361,941	**1,361,941**	1,361,941	1,361,941
Restricted redeemable shares	20(b)	**5,000**	5,000	5,000	**5,000**	5,000	5,000
Revaluation and other reserves		**6,072,422**	5,185,914	5,519,993	**8,853,218**	12,394,823	14,732,855
Retained earnings		**6,624,092**	9,013,129	9,510,823	**5,054,408**	5,842,812	6,070,675
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**14,063,455**	15,565,984	16,397,757	**15,274,567**	19,604,576	22,170,471
NON-CONTROLLING INTERESTS		**11,097,260**	11,520,953	11,423,851	**-**	-	-
TOTAL EQUITY		**25,160,715**	27,086,937	27,821,608	**15,274,567**	19,604,576	22,170,471
NON-CURRENT LIABILITIES							
Borrowings	22	**13,687,142**	11,009,912	11,285,303	**7,000,000**	3,341,820	4,450,702
Lease liabilities	16	**4,177,963**	-	-	**48,265**	-	-
Employee benefit and related liabilities	24	**3,211,779**	2,069,088	1,840,025	**1,202,660**	793,006	851,887
Government grants	27	**33,923**	40,477	50,688	**-**	-	-
Deferred tax liabilities	7	**1,012,712**	920,785	1,183,246	**-**	-	-
Other payables	23	**126,633**	100,170	54,957	**78,562**	62,992	37,641
		22,250,152	14,140,432	14,414,219	**8,329,487**	4,197,818	5,340,230
CURRENT LIABILITIES							
Borrowings	22	**7,991,695**	8,702,179	6,724,051	**2,921,299**	5,143,800	3,367,698
Lease liabilities	16	**474,087**	-	-	**18,019**	-	-
Trade and other payables	25	**7,074,944**	6,547,779	6,539,626	**1,460,978**	913,909	837,200
Gross outstanding claims	41	**1,558,839**	1,709,892	1,318,702	**-**	-	-
General insurance fund	42(a)	**455,380**	576,605	582,718	**-**	-	-
Contract liabilities	29	**475,707**	313,159	-	**-**	-	-
Dividend payable	19	**353,837**	74,088	84,531	**265,287**	-	-
Current tax liabilities	26	**33,633**	146,072	82,565	**-**	-	-
Government grants	27	**12,869**	10,037	10,069	**-**	-	-
		18,430,991	18,079,811	15,342,262	**4,665,583**	6,057,709	4,204,898
Liabilities associated with assets classified as held for sale	21	**441,856**	425,848	1,293,839	**-**	-	-
TOTAL LIABILITIES		**41,122,999**	32,646,091	31,050,320	**12,995,070**	10,255,527	9,545,128
TOTAL EQUITY AND LIABILITIES		**66,283,714**	59,733,028	58,871,928	**28,269,637**	29,860,103	31,715,599

Approved by the Board of Directors and authorised for issue on 03 December 2020.

Jan Boullé
Chairman of the Board of Directors

Isabelle de Melo
Director

The notes form an integral part of these financial statements.
The Independent Auditor's Report is on pages 176 to 183.

Statements of Profit or Loss for the year ended 30 June 2020

	Notes	THE GROUP 2020 Rs'000	THE GROUP 2019 (Restated) Rs'000	THE COMPANY 2020 Rs'000	THE COMPANY 2019 (Restated) Rs'000
Continuing operations					
Revenue from contracts with customers	29 (a)	**35,307,774**	37,799,306	**4,376,679**	4,227,173
Gross insurance premiums	29(b)	**1,410,717**	1,156,984	**–**	–
Rental income	29(c)	**68,404**	69,895	**–**	–
Dividend income	29(d)	**22,417**	24,283	**601,904**	879,116
Revenue	29	**36,809,312**	39,050,468	**4,978,583**	5,106,289
Cost of sales		**(25,478,566)**	(26,874,351)	**(3,435,925)**	(3,254,739)
Reinsurance premiums ceded		**(846,200)**	(625,579)	**–**	–
Release from/(to) general insurance fund		**88,294**	(26,462)	**–**	–
Gross profit		**10,572,840**	11,524,076	**1,542,658**	1,851,550
Other income	30	**940,099**	669,552	**300,799**	222,385
Administrative expenses	28(a)	**(10,426,967)**	(9,570,477)	**(1,528,075)**	(1,457,255)
Expected credit losses - (Provision)/Reversal	28(b)	**(248,897)**	5,555	**(335,421)**	(18,021)
Gross claims paid	42(b)	**(815,316)**	(963,379)	**–**	–
Claims recovered from reinsurers	42(b)	**431,055**	545,988	**–**	–
Operating profit		**452,814**	2,211,315	**(20,039)**	598,659
Interest income using the EIR method	31	**48,644**	22,382	**56,951**	52,488
Finance costs	32	**(1,261,237)**	(911,579)	**(361,982)**	(326,046)
Impairment of goodwill	6	**(850,763)**	(146,960)	**–**	–
Impairment of investment in associates	12(a)	**(198,612)**	(20,544)	**–**	–
Impairment of investment in joint ventures	13	**–**	(4,168)	**–**	–
Other gains and losses	33	**(26,749)**	169,900	**241,012**	155,626
Share of results of associates	12	**539,050**	410,937	**–**	–
Share of results of joint ventures	13	**29,385**	30,369	**–**	–
(Loss)/profit before tax		**(1,267,468)**	1,761,652	**(84,058)**	480,727
Tax expense	26	**(136,560)**	(427,748)	**(25,238)**	(20,164)
(Loss)/profit for the year from continuing operations		**(1,404,028)**	1,333,904	**(109,296)**	460,563
Discontinued operations					
Loss for the year from discontinued operations	21	**(22,124)**	(32,061)	**–**	–
(Loss)/profit for the year	28	**(1,426,152)**	1,301,843	**(109,296)**	460,563

Statements of Profit or Loss for the year ended 30 June 2020

	Notes	THE GROUP 2020 Rs'000	THE GROUP 2019 (Restated) Rs'000	THE COMPANY 2020 Rs'000	THE COMPANY 2019 (Restated) Rs'000
Attributable to:					
- Owners of the Company		**(1,191,133)**	339,784	**(109,296)**	460,563
- Non-controlling interests		**(235,019)**	962,059	**–**	–
		(1,426,152)	1,301,843	**(109,296)**	460,563
(Loss)/earnings per share (Rs)					
Basic and diluted:					
- From continuing and discontinued operations	40	**(1.75)**	0.50		
- From continuing operations	40	**(1.72)**	0.55		
- From discontinuing operations	40	**(0.03)**	(0.05)		

The notes form an integral part of these financial statements.
The Independent Auditor's Report is on pages 176 to 183.

Statements of Comprehensive Income for the year ended 30 June 2020

	Notes	THE GROUP 2020 Rs'000	THE GROUP 2019 (Restated) Rs'000	THE COMPANY 2020 Rs'000	THE COMPANY 2019 (Restated) Rs'000
(Loss)/profit for the year		**(1,426,152)**	1,301,843	**(109,296)**	460,563
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Share of OCI of associates / joint ventures		**6,342**	283	**-**	-
Net (loss)/gain on equity instruments at FVTOCI	(a)	**(54,672)**	42,134	**(3,541,606)**	(2,301,176)
Revaluation of land and buildings	4	**905,393**	88,639	**-**	-
Deferred tax on revaluation of land and buildings	7	**(100,435)**	36,093	**-**	-
Reversal of revaluation reserve		**-**	(392,864)	**-**	-
Remeasurement of employee benefit liabilities	24	**(1,173,827)**	(339,761)	**(318,277)**	(63,660)
Deferred tax on remeasurement of employee benefit liabilities	7	**169,979**	75,912	**54,107**	10,822
Remeasurement of employee benefit liabilities - share of associates and joint ventures		**(57,200)**	(3,750)	**-**	-
		(304,420)	(493,314)	**(3,805,776)**	(2,354,014)
Items that may be reclassified subsequently to profit or loss					
Fair value adjustment realised on disposal		**-**	(163)	**-**	(163)
Cash flow hedge movements	22	**(168,082)**	121	**-**	-
Deferred tax on cash flow hedge movements	7	**32,345**	-	**-**	-
Exchange differences on translating foreign operations		**516,083**	58,513	**-**	-
Deferred tax relating to components of other comprehensive income		**-**	(297)	**-**	-
Other movements in reserves		**(17,778)**	(39,557)	**-**	-
Share of OCI of associates / joint ventures		**260,307**	1,969	**-**	-
Total other comprehensive income/(loss)		**318,455**	(472,728)	**(3,805,776)**	(2,354,177)
Total comprehensive income for the year		**(1,107,697)**	829,115	**(3,915,072)**	(1,893,614)

The notes form an integral part of these financial statements.
The Independent Auditor's Report is on pages 176 to 183.

Statements of Comprehensive Income for the year ended 30 June 2020

	Notes	THE GROUP 2020 Rs'000	THE GROUP 2019 (Restated) Rs'000	THE COMPANY 2020 Rs'000	THE COMPANY 2019 (Restated) Rs'000
Attributable to:					
- Owners of the Company		**(1,014,730)**	59,463	**(3,915,072)**	(1,893,614)
- Non-controlling interests		**(92,967)**	769,652	**-**	-
		(1,107,697)	829,115	**(3,915,072)**	(1,893,614)
Total comprehensive income for the year analysed as follows:					
Continuing operations		**(1,085,573)**	861,176	**(3,915,072)**	(1,893,614)
Discontinued operations		**(22,124)**	(32,061)	**-**	-
		(1,107,697)	829,115	**(3,915,072)**	(1,893,614)

(a) The(decrease)/increase in fair value is analysed as follows:

	Notes	THE GROUP 2020 Rs'000	THE GROUP 2019 Rs'000	THE COMPANY 2020 Rs'000	THE COMPANY 2019 Rs'000
Subsidiaries	11	**-**	-	**(3,499,720)**	(1,762,258)
Associates	12	**-**	-	**1,925**	(530,799)
Joint ventures	13	**-**	-	**(45,099)**	677
Other financial assets	14	**(54,625)**	41,971	**1,288**	(11,879)
		(54,625)	41,971	**(3,541,606)**	(2,304,259)

Statements of Changes in Equity for the year ended 30 June 2020

Statements of Changes in Equity for the year ended 30 June 2020

THE GROUP	ATTRIBUTABLE TO EQUITY HOLDERS OWNERS									Non controlling interests Rs'000	Total equity Rs'000
	Issued capital Rs'000	Restricted redeemable shares Rs'000	Revaluation reserves Rs'000	Currency translation reserves Rs'000	Fair value reserves Rs'000	*(Note (a))* Other reserves Rs'000	Capital contribution reserve Rs'000	Retained earnings Rs'000	Total Rs'000		
At 1 July 2018											
– As previously stated	1,361,941	5,000	2,644,167	37,135	(18,811)	307,456	2,382,387	9,943,790	16,663,065	11,408,093	28,071,158
– Prior year adjustments	–	–	–	–	–	–	–	(564,431)	(564,431)	(28,863)	(593,294)
– As restated	1,361,941	5,000	2,644,167	37,135	(18,811)	307,456	2,382,387	9,379,359	16,098,634	11,379,230	27,477,864
Profit for the year	–	–	–	–	–	–	–	339,784	339,784	962,059	1,301,843
Other comprehensive (loss)/income for the year	–	–	(130,400)	14,474	21,555	10,346	–	(196,296)	(280,321)	(192,407)	(472,728)
Total comprehensive (loss)/income for the year	–	–	(130,400)	14,474	21,555	10,346	–	143,488	59,463	769,652	829,115
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	191	191
Changes in percentage holding in subsidiaries	–	–	–	–	–	–	–	68,736	68,736	(206,368)	(137,632)
Transfer of excess revaluation reserve on impairment of property	–	–	(49,157)	–	–	–	–	49,157	–	–	–
Revaluation surplus realised on depreciation	–	–	(4,514)	–	–	–	–	4,514	–	–	–
Other movements in reserves and retained earnings	–	–	(28,830)	767	–	(661)	–	28,724	–	–	–
Other movements in reserves and non controlling interests	–	–	–	–	–	–	–	(3,326)	(3,326)	3,326	–
Shares issued to non controlling interests	–	–	–	–	–	–	–	–	–	167,410	167,410
Dividends paid to non controlling interests	–	–	–	–	–	–	–	–	–	(581,314)	(581,314)
Dividends (Note 19)	–	–	–	–	–	–	–	(523,773)	(523,773)	–	(523,773)
Loss on share buy-back of NCI* in subsidiary	–	–	–	–	–	–	–	(134,305)	(134,305)	–	(134,305)
Disposal of subsidiary	–	–	–	–	–	–	–	555	555	(11,174)	(10,619)
At 30 June 2019	1,361,941	5,000	2,431,266	52,376	2,744	317,141	2,382,387	9,013,129	15,565,984	11,520,953	27,086,937
At 1 July 2019											
– As previously stated	1,361,941	5,000	2,431,266	52,376	2,744	317,141	2,382,387	9,013,129	15,565,984	11,520,953	27,086,937
– Effect of adopting new accounting standards	–	–	–	–	–	–	–	(67,391)	(67,391)	–	(67,391)
– As restated	1,361,941	5,000	2,431,266	52,376	2,744	317,141	2,382,387	8,945,738	15,498,593	11,520,953	27,019,546
Profit for the year	–	–	–	–	–	–	–	(1,191,133)	(1,191,133)	(235,019)	(1,426,152)
Other comprehensive income/(loss) for the year	–	–	380,489	522,356	6,291	58,331	–	(791,064)	176,403	142,052	318,455
Total comprehensive income/(loss) for the year	–	–	380,489	522,356	6,291	58,331	–	(1,982,197)	(1,014,730)	(92,967)	(1,107,697)
Changes in percentage holding in subsidiaries (Note 38)	–	–	–	–	–	–	–	(5,471)	(5,471)	(2,602)	(8,073)
Revaluation surplus realised on depreciation	–	–	(80,959)	–	–	–	–	80,959	–	–	–
Dividends paid to non controlling interests (Note 19)	–	–	–	–	–	–	–	–	–	(328,124)	(328,124)
Dividends (Note 19)	–	–	–	–	–	–	–	(414,937)	(414,937)	–	(414,937)
At 30 June 2020	1,361,941	5,000	2,730,796	574,732	9,035	375,472	2,382,387	6,624,092	14,063,455	11,097,260	25,160,715

Note (a): Other reserves include cash flow hedge movement as well as reserve adjustments following changes in shareholding of subsidiaries without loss of control.

NCI*: Non controlling interests

The notes form an integral part of these financial statements.
The Independent Auditor's Report is on pages 176 to 183.

Statements of Changes in Equity for the year ended 30 June 2020

Statements of Changes in Equity for the year ended 30 June 2020

THE COMPANY	Stated capital Rs'000	Restricted redeemable shares Rs'000	Fair value reserve Rs'000	Revaluation reserve Rs'000	Capital contribution reserve Rs'000	Retained earnings Rs'000	Total Rs'000
At 1 July 2018							
– As previously stated	1,361,941	5,000	9,156,000	193,103	5,383,752	6,404,575	22,504,371
– Prior year adjustments (Note 43)	–	–	–	–	–	(333,900)	(333,900)
– Effect of adopting IFRS 9 and IFRS 15*	–	–	–	–	–	(148,508)	(148,508)
– As restated	1,361,941	5,000	9,156,000	193,103	5,383,752	5,922,167	22,021,963
Profit for the year	–	–	–	–	–	460,563	460,563
Other comprehensive income for the year	–	–	(2,301,339)	–	–	(52,838)	(2,354,177)
Total comprehensive income for the year	–	–	(2,301,339)	–	–	407,725	(1,893,614)
Movement in reserves	–	–	(36,693)	–	–	36,693	–
Dividend (Note 19)	–	–	–	–	–	(523,773)	(523,773)
At 30 June 2019	1,361,941	5,000	6,817,968	193,103	5,383,752	5,842,812	19,604,576
At 1 July 2019	**1,361,941**	**5,000**	**6,817,968**	**193,103**	**5,383,752**	**5,842,812**	**19,604,576**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**(109,296)**	**(109,296)**
Other comprehensive income for the year	**–**	**–**	**(3,541,605)**	**–**	**–**	**(264,171)**	**(3,805,776)**
Total comprehensive income for the year	**–**	**–**	**(3,541,605)**	**–**	**–**	**(373,467)**	**(3,915,072)**
Dividend (Note 19)	**–**	**–**	**–**	**–**	**–**	**(414,937)**	**(414,937)**
At 30 June 2020	**1,361,941**	**5,000**	**3,276,363**	**193,103**	**5,383,752**	**5,054,408**	**15,274,567**

*Includes the prior year adjustment of Rs 6.7 million. Refer to Note 43 (i).

The notes form an integral part of these financial statements.
The Independent Auditor's Report is on pages 176 to 183.

Statements of Cash Flows for the year ended 30 June 2020

	Notes	THE GROUP 2020 Rs'000	THE GROUP 2019 (Restated) Rs'000	THE COMPANY 2020 Rs'000	THE COMPANY 2019 (Restated) Rs'000
OPERATING ACTIVITIES					
(Loss)/profit before tax from continuing operations		**(1,267,468)**	1,761,652	**(84,058)**	480,727
Loss before tax from discontinued operations		**(22,124)**	(32,061)	**-**	-
Pofit before tax		**(1,289,592)**	1,729,591	**(84,058)**	480,727
Adjustments to reconcile profit before tax to net cash flows:					
Share of profits from associates	12(a)	**(539,050)**	(410,937)	**-**	-
Share of profits from joint ventures	13	**(29,385)**	(80,244)	**-**	-
Depreciation and impairment of property, plant and equipment	4	**1,621,744**	1,682,168	**60,220**	93,547
Assets written off		**156,095**	19,408	**-**	11,582
(Profit)/Loss on disposal of property, plant and equipment and intangible assets		**(13,131)**	(13,827)	**235**	(347)
Depreciation of rights of use assets	16(a)	**489,569**	-	**20,401**	-
Amortisation intangible assets	6	**116,892**	82,094	**15,874**	13,956
Amortisation of grants	27	**(5,946)**	(10,243)	**-**	-
Impairment of intangible assets	6	**852,880**	155,637	**-**	-
Profit on disposal of investments in other financial assets		**(11,604)**	-	**-**	-
Gain on disposal of associates		**-**	(22,238)	**-**	-
Gain on disposal of joint ventures		**-**	(140,791)	**-**	-
Loss on disposal of subsidiaries		**-**	24,621	**-**	-
Impairment loss on associates and joint ventures		**231,602**	24,712	**-**	-
Net loss on debt instruments at FVTPL		**16,845**	22,056	**-**	-
Exchange differences		**121,431**	34,149	**11,226**	12,722
Dividend received in specie		**-**	-	**-**	(155,626)
Finance income	31	**(48,644)**	(22,386)	**56,951**	(52,488)
Finance costs	32	**1,275,461**	952,021	**361,982**	326,046
Movement in employee benefit liabilities		**(33,367)**	(110,549)	**(346,335)**	(122,541)
Profit on deemed disposal of associates resulting from dilution		**-**	(4,523)	**-**	-
Amortisation of biological assets	8	**-**	506	**-**	-
Impairment adjustment of bearer biological assets	8	**-**	3,035	**-**	-
Fair value movement on consumable biological assets	9	**(1,199)**	(19,396)	**-**	-
Fair value of investment property	5	**(20,502)**	(53,430)	**-**	-
Net general insurance fund		**(88,294)**	26,462	**-**	-
		2,801,805	3,867,896	**96,496**	607,578
Working capital adjustments:					
Movement in consumable biological assets		**5,087**	4,359	**-**	-
Net investment in finance leases		**-**	(38,713)	**-**	-
Movement in inventories		**(292,430)**	(606,463)	**(87,437)**	(46,045)
Movement in contract assets and right of return assets		**112,183**	(703,743)	**-**	-
Movement in trade and other receivables		**818,758**	(458,808)	**47,221**	547,146
Movement in reinsurance assets - General insurance fund		**243,461**	(265,327)	**-**	-
Movement in gross outstanding claims		**(151,053)**	391,189	**-**	-
Movement in non-current receivables		**126,138**	(143,439)	**(903,378)**	(978,714)
Movement in trade and other payables		**525,168**	912,712	**560,681**	148,599
Movement in contract liabilities and refund liabilities		**162,548**	313,159	**-**	-
CASH GENERATED FROM OPERATIONS		**4,351,665**	3,272,822	**(286,417)**	278,564
Interest paid		**(1,114,787)**	(952,021)	**(361,982)**	(326,046)
Tax paid		**(461,793)**	(302,284)	**(378)**	2,957
NET CASH FLOW FROM OPERATING ACTIVITIES		**2,775,085**	2,018,517	**(648,777)**	(44,525)

The notes form an integral part of these financial statements.
The Independent Auditor's Report is on pages 176 to 183.

Statements of Cash Flows for the year ended 30 June 2020

	THE GROUP 2020 Rs'000	THE GROUP 2019 (Restated) Rs'000	THE COMPANY 2020 Rs'000	THE COMPANY 2019 (Restated) Rs'000
NET CASH FLOW FROM OPERATING ACTIVITIES	**2,775,085**	2,018,517	**(648,777)**	(44,525)
INVESTING ACTIVITIES				
Proceeds from sale of property, plant and equipment, investment property and intangible assets	**176,634**	387,415	**1,056**	42,350
Proceeds from held for sale assets	**-**	8,400	**-**	177,846
Proceeds from sale of investments	**338,982**	577,161	**1,213**	40,806
Purchase of property, plant and equipment	**(2,661,318)**	(2,466,113)	**(189,117)**	(36,865)
Purchase of intangible assets	**(105,322)**	(320,276)	**(8,971)**	(10,070)
Acquisition of investments	**(411,576)**	(533,718)	**(51,381)**	(50,896)
Purchase of investment properties	**(168,693)**	(43,472)	**-**	-
Receipt of government grant	**1,697**	-	**-**	-
Share buy-back by associate	**48,991**	-	**-**	-
Consideration paid to acquire subsidiary (Note 38(a))	**(59,619)**	(5,000)	**-**	-
Cash on acquisition of subsidiaries (Note 38(a))	**13,417**	3,347	**-**	-
Consideration received on disposal of subsidiary (Note 38(b))	**-**	206,950	**-**	-
Cash in subsidiary disposed of (Note 38(b))	**-**	(118,939)	**-**	-
Dividend received from associates and joint ventures	**312,511**	221,012	**-**	-
Interest received	**48,644**	22,382	**(56,951)**	52,488
NET CASH FLOW USED IN INVESTING ACTIVITIES	**(2,465,652)**	(2,060,851)	**(304,151)**	215,659
FINANCING ACTIVITIES				
Loss on share buy-back of NCI in subsidiary	**-**	(134,305)	**-**	-
Proceeds from borrowings	**6,608,762**	3,462,280	**4,000,000**	45,180
Repayment of borrowings	**(3,281,351)**	(4,110,045)	**(1,120,617)**	(1,568,283)
Movement in deposits from customers	**-**	(88,582)	**-**	-
Repayment of leases	**(415,700)**	-	**(16,597)**	-
Shares issued to non controlling shareholders	**-**	22,640	**-**	-
Dividend paid to non controlling shareholders	**(313,663)**	(591,757)	**-**	-
Dividend paid to owners of the Company	**(149,649)**	(523,773)	**(149,649)**	(523,773)
NET CASH FLOW GENERATED FROM / (USED IN) FINANCING ACTIVITIES	**2,448,399**	(1,963,542)	**2,713,137**	(2,046,876)
INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	**2,757,832**	(2,005,876)	**1,760,209**	(1,875,742)
NET FOREIGN EXCHANGE DIFFERENCE	**6,781**	(2,317)	**(11,226)**	(12,722)
CASH AND CASH EQUIVALENTS AT 1 JULY	**(3,166,113)**	(1,157,920)	**(3,662,209)**	(1,773,745)
CASH AND CASH EQUIVALENTS AT 30 JUNE	**(401,500)**	(3,166,113)	**(1,913,226)**	(3,662,209)
Represented by :				
Cash in hand and at bank	**3,246,736**	2,124,154	**640,033**	323,752
Bank overdrafts (Note 22)	**(3,752,902)**	(5,293,253)	**(2,553,259)**	(3,985,961)
Cash at banks attributable to discontinued operations (Note 21)	**104,666**	2,986	**-**	-
	(401,500)	(3,166,113)	**(1,913,226)**	(3,662,209)

The notes form an integral part of these financial statements.
The Independent Auditor's Report is on pages 176 to 183.

1. CORPORATE INFORMATION

IBL Ltd (the "Company") is a public company incorporated in Mauritius and its main activities are that of investment holding and trading in consumables and healthcare products. Its registered office and principal place of business is situated on the 4th, Floor, IBL House, Caudan Waterfront, Port Louis, Mauritius.

IBL Ltd as a group (the "Group") has investments in subsidiaries, associates and joint ventures spanning over 9 clusters namely Agro and Energy, Building and Engineering, Commercial and Distribution, Financial Services, Hospitality and Services, Life and Technologies, Logistics, Seafood and Property. The Group is listed on the official market of the Stock Exchange of Mauritius and has a global presence in more than 20 countries.

2(A). APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

New and revised IFRSs applied on the financial statements

In the current year, the Group and the Company have applied all the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that were relevant to the Group and the Company's operations and effective for accounting period beginning on 1 July 2019.

IFRS 3	Business Combinations – Amendments resulting from Annual Improvements 2015–2017 Cycle (remeasurement of previously held interest)
IFRS 9	Financial Instruments – Amendments regarding prepayment features with negative compensation and modifications of financial liabilities
IFRS 11	Joint Arrangements – Amendments resulting from Annual Improvements 2015–2017 Cycle (remeasurement of previously held interest)
IFRS 16	Leases – Original issue
IAS 12	Income Taxes – Amendments resulting from Annual Improvements 2015-2017 cycle (income tax consequences of payments on financial instruments classified as equity)
IAS 19	Employee Benefits – Amendments regarding plan amendments, curtailments or settlements
IAS 23	Borrowing Costs – Amendments resulting from Annual Improvements 2015-2017 cycle (borrowings costs eligible for capitalisation)
IAS 28	Investments in Associates and Joint Ventures – Amendments regarding long-term interests in associates and joint ventures
IFRIC 23	Uncertainty over Income Tax Treatment

Where the adoption of the standard or interpretation or improvement is deemed to have an impact on the financial statements or performance of the Group and the Company, its impact is described below.

IFRS 16 Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 does not have an impact for leases where the entity is the lessor.

The Group and the Company adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 July 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedient to not reassess whether a contract is or contains a lease at 1 July 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application.

2(A). APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (CONTINUED)

New and revised IFRSs applied on the financial statements (Continued)

IFRS 16 Leases (Continued)

The effect of adoption IFRS 16 as at 1 July 2019 (increase/(decrease)) is, as follows:

	THE GROUP	THE COMPANY
	Rs'000	Rs'000
Assets		
Right-of-use assets	5,024,750	28,020
Property, plant and equipment	(300,518)	(10,680)
Intangible assets	(749,460)	-
Total assets	3,974,772	17,340
Liabilities		
Lease liabilities	4,340,528	28,349
Borrowings	(284,012)	(11,009)
Deferred tax liabilities	(14,353)	-
Total liabilities	4,042,163	17,340
Equity		
Retained earnings	(67,391)	-

The Group has lease contracts for land and buildings, various items of plant, machinery, vehicles and other assets. Before the adoption of IFRS 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. Refer to note 2B(o) Leases for the accounting policy prior to 1 July 2019.

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases except for leases of low-value assets. Refer to note 2B(o) Leases for the accounting policy beginning 1 July 2019. The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

Leases previously classified as finance leases

The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under IAS 17). The requirements of IFRS 16 were applied to these leases from 1 July 2019.

Leases previously accounted for as operating leases

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognised based on the amount equal to the lease liabilities. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- used a single discount rate to a portfolio of leases with reasonably similar characteristics;
- relied on its assessment of whether leases are onerous immediately before the date of initial application;
- excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

2(A). APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (CONTINUED)

New and revised IFRSs applied on the financial statements (Continued)

IFRS 16 Leases (Continued)

The lease liabilities as at 1 July 2019 can be reconciled to the operating lease commitments as of 30 June 2019, as follows:

	THE GROUP	THE COMPANY
	2020	2020
	Rs'000	Rs'000
Assets		
Operating lease commitments as at 30 June 2019	16,361,302	25,037
Weighted average incremental borrowing rate as at 1 July 2019	6.50%	6.05%
Discounted operating lease commitments as at 1 July 2019	4,056,517	17,340
Commitments relating to leases previously classified as finance leases	284,011	11,009
Lease payments relating to renewal periods not included in operating lease commitments as at 30 June 2019	-	-
Lease liabilities as at 1 July 2019	4,340,528	28,349

IFRIC 23 Uncertainty over Income Tax Treatment

This Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

The Company determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Company applies significant judgement in identifying uncertainties over income tax treatments. The Company has assessed the impact of this standard and has concluded that there is no impact on its financial statements.

New and revised IFRSs and IFRICs in issue but not yet effective

At the date of authorisation of these financial statements, the following relevant IFRS and IFRICs were in issue but not yet effective on annual periods beginning on or after the respective dates as indicated:

IFRS 3	Business Combinations – Amendments regarding definition of a business (effective 1 January 2020)
IFRS 3	Business Combinations – Amendments updating a reference to the Conceptual Framework (effective 1 January 2022)
IFRS 4	Insurance Contracts – Amendments regarding replacement issues in the context of the IBOR reform (effective 1 January 2021)
IFRS 7	Financial Instruments: Disclosures – Amendments regarding pre-replacement issues in the context of the IBOR reform (effective 1 January 2020)
IFRS 7	Financial Instruments: Disclosures – Amendments regarding replacement issues in the context of the IBOR reform (effective 1 January 2021)
IFRS 9	Financial Instruments – Amendments regarding pre-replacement issues in the context of the IBOR reform (effective 1 January 2020)

Notes to the Financial Statements for the year ended 30 June 2020

2(A). APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (CONTINUED)

New and revised IFRSs and IFRICs in issue but not yet effective (Continued)

IFRS 9	Financial Instruments – Amendments regarding replacement issues in the context of the IBOR reform (effective 1 January 2021)
IFRS 9	Financial Instruments – Amendments resulting from Annual Improvements to IFRS Standards 2018–2020 (fees in the '10 per cent' test for derecognition of financial liabilities) (effective 1 January 2022)
IFRS 16	Leases – Amendment to provide lessees with an exemption from assessing whether a Covid-19-related rent concession is a lease modification (effective 1 June 2020)
IFRS 16	Leases – Amendments regarding replacement issues in the context of the IBOR reform (effective 1 January 2021)
IFRS 17	Insurance Contracts – Original issue (effective 1 January 2023)
IAS 1	Presentation of Financial Statements – Amendments regarding the definition of material (effective 1 January 2020)
IAS 1	Presentation of Financial Statements – Amendments regarding the classification of liabilities (effective 1 January 2023)
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors – Amendments regarding the definition of material (effective 1 January 2020)
IAS 16	Property, Plant and Equipment – Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use (effective 1 January 2022)
IAS 37	Provisions, Contingent Liabilities and Contingent Assets – Amendments regarding the costs to include when assessing whether a contract is onerous (effective 1 January 2022)
IAS 39	Financial Instruments: Recognition and Measurement – Amendments regarding pre-replacement issues in the context of the IBOR reform (effective 1 January 2020)
IAS 39	Financial Instruments: Recognition and Measurement – Amendments regarding replacement issues in the context of the IBOR reform (effective 1 January 2021)
IAS 41	Agriculture – Amendments resulting from Annual Improvements to IFRS Standards 2018–2020 (taxation in fair value measurements) (effective 1 January 2020)

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

Conceptual framework

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

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

The above new standards and interpretations are not applicable to these financial statements and management does not expect these to have any significant impact on the financial performance of the Group and the Company when they become effective. No early adoption is intended by the board of directors.

2(B). SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements have been prepared on a historical cost basis, except for:

- land and buildings which are carried at revalued amounts;
- investment properties which are carried at fair value;
- investments at FVTPL and FVOCI;
- biological assets except for bearer plants which are stated at fair value less estimated point of sale costs.

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS").

Historical cost is generally based on the fair value of the consideration given in exchange for assets.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within , that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The consolidated financial statements are presented in Mauritian rupees and all values are rounded to the nearest thousand (Rs'000) except when otherwise indicated.

(b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 June each year. The Company controls an entity when it has power over the investee, is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to use its power to affect those returns.

The Company 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 listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the company has, or does not have, the current ability to direct the relevant activities at the time that the decisions need to be made, including voting patterns at previous shareholders' meetings.

Notes to the Financial Statements for the year ended 30 June 2020

2(B). SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Basis of consolidation (Continued)

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by the Group. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 Financial Instruments or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

(c) Business combinations

Acquisition method

The acquisition of subsidiaries is accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values, (at the date of exchange), of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments. Contingent consideration that is classified as an asset or liability is remeasured at subsequently reporting dates in accordance with IFRS 9 Financial Instruments, or IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss in accordance with IFRS 9. All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant IFRSs. Changes in the fair value of contingent consideration classified as equity are not recognised.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

2(B). SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Business combinations (Continued)

Acquisition method (Continued)

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with IFRS 2 Share-based Payment; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquire (if any) over the net if the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net if the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquire and the fair value of the acquirer's previously held interest in the acquire (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interest of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if the results in the non-controlling interests have a deficit balance.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date. The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year.

Business combination under common control

A business combination involving entities or businesses in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination is considered as business combination under common control.

In case of any acquisitions which meet the criteria of business combinations under common control the assets and liabilities are recorded at their previous carrying values and the difference between the purchase consideration and share of net assets transferred are accounted for as an adjustment to equity as common control reserve in the retained earnings.

(d) Investment in subsidiaries

Under IFRS 9, investment in subsidiary companies are classified as financial assets at FVTOCI and are carried at fair value. The gains and losses in fair value are recognised in other comprehensive income and accumulated under the heading of fair value reserves.

Notes to the Financial Statements for the year ended 30 June 2020

2(B). SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Investment in associates

Associated companies are entities in which the Company or the Group has significant influence but which are neither a subsidiary nor a joint venture of the Company or the Group. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Financial statements of the Company

Under IFRS 9, investment in associates are classified as financial assets at FVTOCI and are carried at fair value. The gains and losses in fair value are recognised in other comprehensive income and accumulated under the heading of fair value reserves.

Financial statements of the Group

The policy for the equity method of accounting described below is specific to the consolidated financial statements.

Equity method of accounting

The results and assets and liabilities of associates and joint ventures are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations.* Under the equity method, investments in associates are initially carried in the consolidated statement of financial position at cost and adjusted for post-acquisition changes in the Group's share of the profit or loss and other comprehensive income of the associates and joint ventures, less any impairment in the value of individual investments. Losses of an associate or joint venture in excess of the Group's interest in that associate or joint venture are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the associate or joint venture at the date of equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

Where a group entity transacts with an associate or joint venture of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate or joint venture.

The accounting policies of the associates and joint ventures are in line with those used by the Group. Refer to Note 2(B)(v) for the accounting policy for investment in joint ventures.

(f) Foreign currency translation

Functional and presentation currency

The individual financial statements of each entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Mauritian rupees, which is the presentation currency for the consolidated financial statements.

2(B). SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Foreign currency translation (Continued)

Transactions and balances

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities denominated in foreign currencies are retranslated into the entity's functional currency at the rates of exchange prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Group companies

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Mauritian rupee using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. The exchange differences arising from translation of the foreign operations are recognised in other comprehensive income and accumulated in equity (Group's translation reserve) and attributed to non-controlling interests as appropriate.

In relation to one of the subsidiaries of the Group, differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity are not taken to profit or loss. These are taken to other comprehensive income until the disposal of the net investment, at which time they are recognised in profit or loss. Tax charges and credits attributable to exchange differences on those borrowings are also dealt with in other comprehensive income.

On the disposal of the Group's entire interest in a foreign operation, a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of the associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the exchange rate prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income and accumulated in equity.

(g) Property, plant and equipment

Subsequent to the initial recognition at cost, land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity (3 to 4 years) to ensure that the fair value of a revalued asset does not differ materially from its carrying amount at the reporting date.

Any revaluation surplus is credited in other comprehensive income and accumulated in equity to the property revaluation reserve, 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 to the extent of the decrease previously charged. A revaluation deficit is recognised in profit or loss, to the extent that it exceeds the balance, if any, held in the property revaluation reserve relating to a previous revaluation of that asset.

An annual transfer from the property 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.

Notes to the Financial Statements for the year ended 30 June 2020

2(B). SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Property, plant and equipment (Continued)

On the subsequent sale or retirement of a revalued property, the revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings.

Other plant and equipment are stated at cost or valuation less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on the straight-line method to write off the cost of assets, or the revalued amounts, to their estimated residual values over their estimated useful life as follows:

Buildings	-	1% - 10% p.a.
Plant and equipment	-	1% - 33.3% p.a.
Motor vehicles	-	6.7% - 25% p.a.
Office furniture and equipment	-	5% - 33.3% p.a.
Computer and security equipment	-	14.3% - 50% p.a.
Containers	-	10% - 20% p.a.

Land and assets in progress are not depreciated.

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 assets' residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

(h) Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation (including property under construction for such purposes), is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains and losses arising from changes in the fair value of investment property are included in the profit or loss in the period in which they arise, including the corresponding tax effect.

Investment properties 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. Any gains or losses on the retirement or disposal of an investment property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) are recognised in profit or loss in the year of retirement or disposal.

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

(i) Intangible assets

(i) Goodwill

Goodwill arising in a business combination is recognised as an asset at cost as established at the date that control is acquired (the acquisition date) less any accumulated impairment losses, if any. Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

2(B). SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Intangible assets (Continued)

(i) Goodwill (Continued)

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the related amount of goodwill is included in the determination of the profit or loss on disposal. The Group's policy for goodwill arising on the acquisition of an associate and a joint venture is described in Note 2B(e) and Note 2B(v) respectively.

(ii) Other intangible assets

Other intangible assets include trademarks, leasehold rights, computer software and land conversion rights. Intangible assets acquired separately are measured on initial recognition at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised but are recognised as expenses in the period in which they are incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight line basis 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 each financial year-end with the effect of any changes in estimate being accounted for on a prospective basis. The intangible assets excluding leasehold rights are amortised over a period of 2 to 10 years. Leasehold rights are amortised over the period of the leases.

Land conversion rights are in relation to the reform of the Sugar Industry in the years 2000, which necessitated redundancy payments in the form of cash and serviced land, as well as capital expenditure for capacity expansion and optimisation. These capital expenditure investments and expenses have been financed by debt. To assist the repayment of these debts, Government granted a tax exemption to the Sugar Industry when converting agricultural land into residential land in the form of Land Conversion Rights ("LCRs"). These LCRs are granted by the Mauritius Cane Industry Authority (MCIA) based on the qualifying costs incurred by an entity. An LCR is recognised as a non-current asset and is initially measured at fair value at the date on which the Company is entitled to receive those rights, that is when there is reasonable assurance that the LCR will be received and all the attached conditions will be complied with. When the LCR relates to capital expenditure, the related grant is recognised as a deferred income in non-current liabilities and is released on a straight-line basis over the expected useful life of the related asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangibles are not amortised.

LCRs are tested annually for impairment. When the carrying amount of the asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. LCRs are derecognised upon disposal (i.e. the date the recipient obtains control), used internally for converting agricultural land into residential land for land projects or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the LCR is included in profit or loss.

(j) Impairment of non-financial assets excluding goodwill

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.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

2(B). SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Impairment of non-financial assets excluding goodwill (Continued)

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 for publicly traded subsidiaries or other available fair value indicators.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(k) Financial instruments

(i) Financial Assets

Classification of financial assets

In accordance with IFRS 9, the classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. Accordingly, the Group and Company classify their financial assets at initial recognition into financial assets at amortised cost (debt instruments), financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments), financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments), financial assets at fair value through profit or loss.

Initial recognition and measurement

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in section 2B(r) Revenue from contracts with customers.

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

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

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

2(B). SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Financial instruments (Continued)

(i) Financial Assets (Continued)

Subsequent Measurement

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

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

Financial assets at amortised cost (debt instruments)

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

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

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit impaired, interest income is recognised by applying the effective interest income rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the entity recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial assets subsequently improves so that the financial asset is no longer credit-impaired.

Financial assets at fair value through OCI (debt instruments)

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

Notes to the Financial Statements for the year ended 30 June 2020

2(B). SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Financial instruments (Continued)

(i) Financial Assets (Continued)

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets designated at fair value through OCI (equity instruments)

On initial recognition, the entity may make an irrevocable election (on an instrumentbyinstrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the entity manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment revaluation reserve. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are shown in the 'Dividend income' line item in profit or loss.

The Group and the Company have designated its investments in equity instruments that are not held for trading at FVTOCI on initial application of IFRS 9.

Financial assets at fair value through profit or loss

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the entity designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition

- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (accounting mismatch) that would arise from measuring assets or liabilities or recognising the gains and losses on them on different basis. The Group and the Company have not designated any debt instruments at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset. Fair value is determined in manner described in Note 2(B)(aa).

Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the entity may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the entity may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

2(B). SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Financial instruments (Continued)

(i) Financial Assets (Continued)

Derivatives financial instruments

The Group uses derivative financial instruments, such as forward currency contracts, interest rate swaps and forward commodity contracts, to hedge its foreign currency risks, interest rate risks and commodity price risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Derivatives including separated embedded derivatives, are classified as held for trading unless they are designated as effective hedging instruments.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically;

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss;
- for debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss. Other exchange differences are recognised in other comprehensive income in the investment revaluation reserve;
- for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss;
- for equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the investment revaluation reserve.

Impairment of financial assets

The Group and the Company recognise a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group and the Company apply the IFRS 9 simplified approach to measuring expected credit losses (ECL) which uses a lifetime expected loss allowance for all trade receivables and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the entity's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

For corporate bonds and loans, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for the financial instrument at an amount equal to 12-month ECL.

Notes to the Financial Statements for the year ended 30 June 2020

2(B). SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Financial instruments (Continued)

(i) Financial Assets (Continued)

Derivatives financial instruments (Continued)

For all the other financial instruments, the Group and the Company recognise lifetime ECL until they are derecognised due to short-term nature of the receivables and have been assessed to have credit risk other than low.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

(ii) Definition of default

The Group and the Company consider a trade receivable to be in default when contractual payments are past due for a period ranging from 90 to 360 days depending on the business environment in which each entity operates. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the entity is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the entity.

(iii) Write off policy

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. Financial assets written off may still be subject to enforcement activities under the Group's and the Company's recovery procedures. Any recoveries made are recognised in profit or loss.

Recognition of expected credit losses

The Group and the Company recognise an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

(ii) Financial Liabilities

Initial recognition and measurement

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

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, lease liabilities and derivative financial instruments.

Notes to the Financial Statements for the year ended 30 June 2020

2(B). SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Financial instruments (Continued)

(ii) Financial Liabilities (Continued)

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings. For more information, refer to Note 22.

(iii) Derecognition of financial assets and financial liabilities

Derecognition of financial assets

The Group and the Company derecognise a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the entity neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the entity recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the entity retains substantially all the risks and rewards of ownership of a transferred financial asset, the entity continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In contrast, on derecognition of an investment in equity instrument which the entity has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss but is transferred to retained earnings.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

(iv) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

Notes to the Financial Statements for the year ended 30 June 2020

2(B). SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Cash and cash equivalents

Cash comprises cash at bank and in hand and demand deposits or deposits with an original maturity of three months or less net of bank overdrafts. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(m) Inventories

Inventories are valued at the lower of cost and net realisable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories by the method most appropriate to the particular class of inventory. Purchase cost is calculated on a weighted average cost basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(n) 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 the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(o) Leases

Policy effective before 1 July 2019 (IAS 17)

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Asset held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter the term of the relevant lease.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessee is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease.

The Group as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Policy effective as from 1 July 2019 (IFRS 16)

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

2(B). SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Leases (Continued)

Group as a lessee

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

Right-of-use assets

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

- Land & Buildings 7 to 60 years
- Plant and equipment 5 to 10 years
- Motor vehicles 5 to 7 years
- Office furniture and computer equipment 1 to 5 years

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

The right-of-use assets are also subject to impairment.

Lease liabilities

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

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

The Group's lease liabilities are included in interest-bearing loans and borrowings (see Note 22).

Short-term leases and leases of low-value assets

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

The Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Notes to the Financial Statements for the year ended 30 June 2020

2(B). SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Taxation

The income tax expense represents the current tax provision and the movement in deferred tax.

Current income tax

Current income tax assets and liabilities 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 the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred 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.

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

Deferred income tax liabilities are recognised for all taxable temporary differences and deferred income tax assets are recognised for all deductible temporary differences, to the extent that it is probable that sufficient taxable profit will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recorded if the temporary difference 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.

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.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Corporate Social Responsibility ("CSR")

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 recognised in the profit or loss and the income tax liability on the statement of financial position.

The CSR charge for the current year 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.

Value added tax ("VAT")

The Group and the Company are subject to a value added tax ("VAT") of 15%. The amount of "VAT" liability is determined by applying the applicable tax rate to the invoiced amount provided (output "VAT") less "VAT" paid on purchases made with the relevant supporting invoices (input "VAT"). The Group and the Company reports revenue net of value added tax for all the periods presented in the consolidated statements of operations and comprehensive loss.

2(B). SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Employee benefit and related liabilities

Defined contributions schemes

Payments to defined contribution retirement plans are charged as an expense when employees have rendered service entitling them to the contributions.

Defined benefits schemes

Actuarial valuations are carried out at each reporting date. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit actuarial valuation method.

Remeasurement, comprising actuarial gains and losses, the effect of changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements)
- Net interest expense or income
- Remeasurement

The Group presents the first two components of defined benefit costs in profit or loss in the line item administrative expenses. Curtailment gains and losses are accounted for as past service costs. The retirement benefit obligation recognised in the statements of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

Other retirement benefits

The present value of other retirement benefits as provided under The Worker's Rights Act 2019 is recognised in the statement of financial position as a non-current liability and is not funded. The recognition and presentation of the components of the retirement gratuities are similar to the defined benefit plan (as above).

State plan

Contributions to the National Pension Scheme are expensed to profit or loss in the period in which they fall due.

(r) Revenue recognition

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the entity expects to be entitled in exchange for transferring promised goods or services to a customer, net of taxes, returns, rebates and discounts. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or services promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time. Revenue recognised are net of Value Added Taxes and other taxes.

The Group and the Company recognise revenue from the following major sources:

Notes to the Financial Statements for the year ended 30 June 2020

2(B). SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Revenue recognition (Continued)

Building and Engineering

- Revenue from construction of hotels as well as mechanical, electrical and plumbing (MEP)
- Revenue interior design including manufacture and sale of furniture
- Supply and installation of air conditioners and elevators
- Supply and installation of heavy machineries and generators
- Sale of parts for electro diesel and hydraulic equipment
- Sale of agrochemical products, detergents and fire-retardant products
- Supply and installation of irrigation equipment
- Sale of electrical accessories, parts, power tools, furniture and water pumps
- Rental of handling equipment
- Servicing and maintenance services including after sales service
- Construction and repairs of ships and sale of related parts

The Group has mid to long term contracts with customers in relation to revenue from construction and MEP contracts, interior design, manufacture and sale of furniture including installation of air conditioners and elevators as well as repairs of ships. Construction contracts involving engineering services comprise multiple deliverables which are highly integrated and are therefore recognised as a single performance obligation. Under the terms of these contracts, the Group creates or enhances the assets that the customer controls and has an enforceable right to payment for work done.

Revenues from these contracts are therefore recognised over time on an input method, i.e. based on cost incurred to date (excluding costs incurred but do not depict the progress towards completion). Management consider this method to be an appropriate measure of the progress towards complete satisfaction of these performance obligations under IFRS 15.

The Group becomes entitled to invoice customers for the above based on achieving a series of performance-related milestones. When a particular milestone is reached the customer is sent a relevant statement of work signed by a third-party assessor and an invoice for the related milestone payment. The Group will previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the milestone payment exceeds the revenue recognised to date under the input cost method, then the Group recognises a contract liability for the difference. This is not considered to be a significant financing component in construction contracts with customers as the period between the recognition of revenue under the input method and the milestone payment is always less than one year. Advance received are included in contract liabilities.

Sale of equipment, parts and other products are made directly to customers and revenue is recognised by the Group at a point in time when control of the goods has been transferred to the customers, i.e. delivered and accepted by the customers. Where installation service is not considered to be perfunctory to the sale of the equipment, a separate performance obligation is identified for the installation service and the Group allocate the transaction price based on the relative stand alone selling prices of the equipment and installation services. Revenue is recognised upon completion of installation.

Revenue from maintenance, repairs and after sale service contracts are considered as distinct services and are invoiced separately for each service provided. Revenue from these are recognised over time when the services have been provided.

Receivables are recognised by the Group when the goods and services are delivered to the customers as this represent the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Notes to the Financial Statements for the year ended 30 June 2020

2(B). SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Revenue recognition (Continued)

Building and Engineering (Continued)

Warranty given on equipment are assurance type warranties and are accounted in accordance with IAS 37 *Provisions, Contingent liabilities and Contingent Assets.* There is no right of return on sale of goods and revenue is recognised net of any discounts granted.

Commercial

- Sale of fast-moving consumer products (wholesale)
- Sale of fast-moving consumer products (operate chain of supermarkets)
- Sale of pharmaceutical products and equipment (wholesale and export)
- Sale of pharmaceutical products (operate chain of pharmacies)
- Sale of printing equipment and related consumables

Revenue is recognised when control of the goods has been transferred, being when the products are delivered and accepted by the customers i.e. at a point in time. For wholesale, the customers have full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customers' acceptance of the products.

For exports, revenue is recognised when control of the goods has been transferred to the customers. In majority of the cases, this condition is met when the goods are loaded on the ship and customer receives the bill of lading (delivery). In certain cases, revenue is recognised when the goods have been shipped to the customer's specific location (delivery). Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, has primary responsibility when onselling the goods and bears all the risks of obsolescence and loss in relation to the goods.

A receivable is recognised when the goods are delivered, as this represents the point in time at which the right to consideration becomes unconditional, because only passage of time is required before payment is due.

The goods are often sold with retrospective volume discounts based on aggregate sales over a 12-months period. Revenue from these sales is recognised based on the selling price net of the estimate volume discounts. The estimate for volume discount is based on the most likely amount method.

There is right of return policy on the sale of goods. Warranty granted on the equipment are assurance type warranty and are accounted in accordance with IAS 37 *Provisions, Contingent liabilities and Contingent Assets.*

The Group and the Company have trade agreements with some of its customers where cash payments are made to them in order to have their products prominently displayed (slotting fees) and for co-operative advertising (advertising by the customers of the company's products). The consideration payable to a customer is accounted for as a reduction of the transaction price unless the payment to the customer is in exchange for a distinct good or service that the customer transfers to the entity.

Logistics

- Revenue from shipping and aviation services
- Revenue from warehousing and related services
- Freight forwarding and custom clearing service
- Transport services - transport of cargo and passengers
- Travel related services - corporate and leisure

Revenue for providing these services is recognised in the period in which the services are rendered. Each service is considered as distinct and represent a performance obligation and price for each service are agreed with customers and defined in respective contracts.

Notes to the Financial Statements for the year ended 30 June 2020

2(B). SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Revenue recognition (Continued)

Logistics (Continued)

A receivable is recognised when the services are rendered, as this represents the point in time at which the right to consideration becomes unconditional, because only passage of time is required before payment is due.

For some contract relating to freight forwarding and transport services, the Group has determined whether the nature of its promise is a performance obligation to provide the specified services itself (i.e. it is acting as a principal) or to arrange for those services to be provided by other party (i.e. it is acting as an agent). Main factors considered are control over fulfilling the promise to provide the specified service and discretion over establishing the pricing. The revenue contracts in relation to freight forwarding include factors indicating that the Group acts as either principal or agent depending on nature of promise and revenue has been recognised as either gross or net wherever applicable. With respect to transport services for passengers, the Group has determined that it is acting as principal and revenue has been recognised as gross.

Manufacturing and Processing

- Processing and sale of beverages (predominantly for local sale)
- Manufacturing and sale of seafood and associated products (predominantly for export)
- Handling and storage of seafood products
- Manufacturing and sale of consumer goods

Revenue is recognised when control of the goods has been transferred, being when the products are delivered and accepted by the customers, i.e., at a point in time. The customers have full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customers' acceptance of the products.

For exports, revenue is recognised when control of the goods has been transferred to the customers. In majority of the cases, this condition is met when the goods are loaded on the ship and customer receives the bill of lading (delivery). Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, has primary responsibility when selling the goods and bears all the risks of obsolescence and loss in relation to the goods.

Revenue from providing handling services for seafood products is recognised in the period in which the services are rendered.

A receivable is recognised when the goods and services are delivered, as this represents the point in time at which the right to consideration becomes unconditional, because only passage of time is required before payment is due.

The goods are often sold with retrospective volume discounts based on aggregate sales over a 12-months period. Revenue from these sales is recognised based on the selling price net of the estimate volume discounts. The estimate for volume discount is based on the most likely amount method.

There is no right of return policy on the sale of goods.

Financial and other services

- Management services to local corporates and global business (include secretarial, human resource, information technology and other related services)
- Treasury management and related services
- Income from insurance contracts and insurance premiums

Revenue for providing these services is recognised in the period in which the services are rendered. Each service is considered as distinct and represent a performance obligation and price for each service are agreed with customers and defined in respective contracts.

A receivable is recognised when the services are rendered, as this represents the point in time at which the right to consideration becomes unconditional, because only passage of time is required before payment is due.

2(B). SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Revenue recognition (Continued)

Financial and other services (Continued)

Revenue arising from insurance contracts falls under IFRS 4. Insurance contracts are those contracts that transfer significant insurance risk at the inception of the contract. Such contracts remain insurance contracts until all rights and obligations are extinguished or expired. Gross premiums (including the marine business) on general business are earned on a pro-rata basis over the term of the policy coverage. The movement on the provision for unearned premiums is transferred to the general insurance fund based on the 1/24th method. Premiums are shown gross of commission.

Property

- Rental income and related services
- Property development and management services

Rental income from utilisation of investment properties are recognised on straight line basis over the tenure of the lease.

Revenue from property management services is recognised in the period in which the services are rendered. Each service is considered as distinct and represent a performance obligation and price for each service are agreed with customers and defined in respective contracts.

A receivable is recognised when the services are rendered, as this represents the point in time at which the right to consideration becomes unconditional, because only passage of time is required before payment is due.

Hospitality

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

The main streams of revenue are as follows:

- Room revenue is recognised when performance obligation is performed, i.e. once the guests check-in at the hotel premises. Revenue is recognised daily.
- Food & Beverages revenue is generated from packaged sales (e.g. half boards, full boards or All-inclusive) or through direct sales at the restaurants or bars. Packaged sales are recognised as revenue daily when it is probable that the future economic benefits will flow to the entity and those benefits can be measured reliably, i.e., upon consumption.
- Revenue recognised in other operating departments include the provision of services such as laundry, spa and boutique sales. The Group acts as an agent from time to time (e.g. for diving, big game fishing, horse riding, etc.). In an agency relationship, the gross inflows of economic benefits include amounts collected on behalf of the principal and which do not result on increases in equity for the entity. The amounts collected on behalf of the principal are not revenue. Instead revenue is the amount of commission.
- Management fees are recognised on an accrual basis.

Life

Revenue can be segregated in 2 parts:

- Revenue from cosmetics trials; and
- Revenue from pharmaceutical trials.

Cosmetics trials have been divided into 3 classes following their deliverables:

1) Sun Protection Factor (SPF) trials – The SPF trials are studies that last for 1-day to 1-week. There is only 1 deliverable for such trials which is sending of results to clients. Hence, revenue will be recognized at the end of the trials.

2) Standard trials – The standard trials are studies that last for 1-week to 1-month. There are 2 key deliverables for such trials which are signature of protocol and sending of report. Hence, revenue will be recognised when the protocol is signed and when the report is sent to the clients.

Notes to the Financial Statements for the year ended 30 June 2020

2(B). SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Revenue recognition (Continued)

Life (Continued)

3) Long-term trials – The long-term trials are studies that last for 1-month or more. For such studies the deliverables are mentioned in the quotation. Below is an illustration of the deliverable for a long-term study:
   - Reception of Purchase Order – 25% of study cost
   - Inclusion of all subjects – 25% of study cost
   - Last visit of the last subject – 40% of study cost
   - Final report – 10% of study cost

Hence, revenue will be recognized as and when the above milestones are achieved.

Pharma trials are long-term studies that last for 1-year to 5-years. The study quotation is divided in 2 parts:

- Conduct of study costs (Clinical Monitoring / Site Management & Quality Assurance units)
- Pass-Through costs incurred

For Pharma trials the revenue of the conduct of study is recognised on an equal monthly basis over a specified time period since the tasks are repetitive.

Contract Balances

Contract assets

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

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to the accounting policies of financial assets in section 2B(k)(i).

Contract liabilities

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

(s) Biological assets

(i) Bearer biological assets

Bearer biological assets comprising of sugar cane ratoons and plantation costs are capitalised and amortised over the period during which the Group expects to benefit from the asset, usually seven years.

(ii) Consumable biological assets

Consumable biological assets represent standing cane and plants and are stated at fair value. The fair value is measured as the expected net cash flows from the sale of the cane and plants discounted at the relevant market determined pre-tax rate.

(t) Related parties

Related parties include individuals and companies where the individual or company has the ability directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Affiliates are related parties of the company which cannot be considered as parent or subsidiary as defined by IAS 27, as associate and joint venture as defined by IAS 28, or as key management personnel as defined by IAS 24.

2(B). SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Non-current assets held for sale and discontinued operations

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

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

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale. Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

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

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

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.

(v) Interest in joint ventures

The Group has an interest in a joint venture which is a jointly controlled entity, whereby the venturers have a contractual arrangement that establishes joint control over the economic activities of the entity. In the Company's separate financial statements, interests in joint ventures are classified as a financial asset at FVTOCI and are carried at fair value. The gains and losses in fair value are recognised in other comprehensive income and accumulated under the heading of fair value reserves.

At Group level, the fair value accumulated in fair value reserves is reversed and the Group recognises its interest in the joint venture using the equity method. Under the equity method, the interest in joint venture is carried in the statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the joint venture. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The statement of profit or loss and other comprehensive income reflects the share of the results of operations of the joint venture. Where there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.

The financial statements of the joint venture are prepared for the same reporting period as the parent company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

(w) 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 or sale are capitalised as part of the cost of the assets until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are charged to profit or loss in the period in which they are incurred.

Notes to the Financial Statements for the year ended 30 June 2020

2(B). SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(x) Hedge accounting

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

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

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

The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk.

Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

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

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

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

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

(y) Share based payment

Executives of the Group receive remuneration in the form of share-based payments, whereby they render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The statement of profit or loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transaction for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction or is otherwise beneficial to the employee as measured at the date of modification.

Notes to the Financial Statements for the year ended 30 June 2020

2(B). SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(z) Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

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

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

Government Wage Assistance scheme

The Group and the Company applied for the Government Wage Assistance Scheme ('WAS') during the year due. The WAS is an economic measure by the Government of Mauritius to provide a wage subsidy to employers as a response to the Covid-19 pandemic and to ensure that all employees are duly paid their salary.

(aa) Fair value measurement

The Group and the Company measure its financial instruments 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 and the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group and the Company use 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 and the Company determine whether transfers have occurred between levels in the hierarchy by re-assessing 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. For the purpose of fair value disclosures, the Group and the Company have determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Notes to the Financial Statements for the year ended 30 June 2020

2(B). SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ab) Comparative figures

Where necessary, comparative figures have been restated or reclassified to conform to the current year's presentation.

(ac) General insurance fund

The provision for unearned premiums represents that part of the written premiums on short-term insurance contracts, gross of commission payable to intermediaries, that is estimated to be earned in subsequent periods. Unearned premiums are computed on 1/24th method. The change in the provision is recorded in the statement of profit or loss and other comprehensive income to recognise revenue over the period of the risk. The provision is transferred to or released to the General Insurance Fund. The provision is derecognised when the contract expires, is discharged or cancelled.

(ad) Outstanding claims

Outstanding claims represent the estimated liability for claims reported plus losses incurred but not yet reported and the related loss adjustment expenses. Claims and loss adjustment expenses are charged to the statement of profit or loss and other comprehensive income as incurred based on the estimated liability for compensation owed to contract holders or third parties damaged by the contract holders. They include direct and indirect claim settlement costs and arise from events that have occurred up to the end of the reporting period even if they have not yet been reported to the Company. The liability for losses and loss adjustment expenses is determined using "case basis" evaluations and statistical analysis and represents an estimate of the ultimate cost of all losses incurred but not paid at the end of the reporting period. Although considerable variability is inherent in such estimates, management believes that the liability for unpaid losses and loss adjustment expenses is adequate. These estimates are continually reviewed and adjusted as necessary, such adjustments are reflected in current operations.

(ae) Salvage and subrogation reimbursements

Some insurance contracts permit the Company to sell property acquired in settling a claim (i.e. salvage). The Company may also have the right to sue third parties for payment of some or all the costs incurred (i.e. subrogation). Estimate of salvage recoveries are included as allowance in the measurement of the insurance liability for claims, and salvage property is recognised in other assets when the liability is settled.

(af) Liability adequacy

At the end of each reporting period, the Company performs a liability adequacy test on its insurance liabilities to ensure that the carrying value is adequate, using current estimates of future cash flows (including claims handling and related costs), taking into account the relevant investment return. If that assessment shows that the carrying amount of the liabilities is inadequate, any deficiency is recognised as an expense to the statement of profit or loss and other comprehensive income by recognising an additional liability for claims provisions or recognising a provision for unexpired risks.

(ag) Current versus non-current classification

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

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

All other assets are classified as non-current.

Notes to the Financial Statements for the year ended 30 June 2020

2(B). SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ag) Current versus non-current classification (Continued)

A liability is current when:

- It is expected to be settled in the normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

(ah) Dividend

The Company recognises a liability to pay a dividend when the distribution is authorised, and the distribution is no longer at the discretion of the Company. A corresponding amount is recognised directly in equity.

(ai) wiiv Loyalty Programme

The Group has a customer loyalty programme whereby customers are awarded with reward credits (loyalty points) which are effectively used as cash back against future purchases. Loyalty points granted to customers participating in the loyalty programme provide rights to customers that need to be accounted for as a separate performance obligation.

The fair value of the consideration received under loyalty programme is allocated between the sale of goods supplied and the loyalty points granted. The consideration allocated to the loyalty points is measured by reference to their relative stand-alone selling price which is calculated as the amount for which the loyalty points could be separately sold, adjusted for an expected forfeiture rate. Such consideration is not recognised as turnover at the time of the sales transaction but is recognised as a deferred revenue liability until the loyalty points have been redeemed or forfeited. The likelihood of redemption, based on management's judgement of expected redemption rates, is reviewed on a regular basis and any adjustments to the deferred revenue liability is recognised in turnover.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of financial statements in accordance with IFRS requires the directors and management to exercise judgement in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions that may affect the reported amounts and disclosures in the financial statements. Judgements and estimates are continuously evaluated and are based on historical experience and other factors, including expectations and assumptions concerning future events that are believed to be reasonable under the circumstances. The actual results could, by definition therefore, often differ from the related accounting estimates.

Judgements

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

Going concern assessment

The Company is the holding company of subsidiaries, associates and joint ventures spanning over 9 clusters namely Agro and Energy, Building and Engineering, Commercial and Distribution, Financial Services, Hospitality and Services, Life and Technologies, Logistics, Seafood and Property.

These clusters, except for those in Hospitality, as well as Logistics and Property to some extent have been resilient and have largely recovered from the lockdown period of March to early June 2020. Results from the first 5 months of the year ending 30 June 2021 are encouraging and in some cases exceeding the comparative period of the year ended 30 June 2020.

Notes to the Financial Statements for the year ended 30 June 2020

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Judgements (Continued)

Going concern assessment (Continued)

Directors have made an assessment of the Company's ability to continue as a going concern. At 30 June 2020, the Group and the Company had net current liabilities of Rs 2,127 million (2019: Rs 1,805 million) and Rs 2,012 million (2019: Rs 3,761 million) respectively and had made a loss before tax of Rs 1,267 million (2019: profit of Rs 1,761 million) and Rs 84 million (2019: profit of Rs 480 million) respectively for the year ended 30 June 2020.

When making that assessment, the Directors have taken into consideration the existing and longer term effects of the pandemic on the Group's and the Company's activities and their ability to post profitable results and positive cashflows in the years ending 30 June 2021 and 2022.

The Company comprises of 3 main departments, the corporate cluster, BrandActiv and HealthActiv. The corporate cluster contains head office activities and drives strategic initiatives. Its main sources of income are from dividends from group entities and management income. BrandActiv is a distributor of foodstuff whilst HealthActiv operates in the healthcare sector.

The activities of HealthActiv and BrandActiv were resilient during the lockdown and have performed well post lockdown. Both operations are mature businesses and are key players in their sectors and are expected to remain profitable and contribute positive cashflows to the Company in the forthcoming two financial years.

The corporate cluster is expecting a reduction in dividend income in year ending 30 June 2021 compared to the Rs 800-900 million it received from subsidiaries, associates and joint ventures in the years ended 30 June 2019 and before. The Board is therefore closely monitoring the Company's operating expenses and capital expenses outflows in line with expected dividend income. Measures have been earmarked and, in some cases, implemented to reduce the level of cash burn in light of expected reduced cash inflows.

Entities within the Agro and Energy, Building and Engineering, Commercial and Distribution, Financial Services, Life and Technologies and Seafood are expected to be profitable and therefore the providers of dividend income to the Company during the year ending 30 June 2021 and especially for year ending 30 June 2022.

The Covid-19 pandemic and the resulting border restrictions that have been imposed by many governments across the world has impacted the logistics cluster to some extent. The Directors believe that the subsidiaries within this cluster will not require support from the Company and are expected to generate profits by 2022 given planned cost reduction initiatives and the reopening of borders.

The key risks within the Group is therefore on the hospitality and services cluster and the property cluster, comprising mainly hotels and the property development entities.

The management of both Lux Island Resorts ('LIR') and BlueLife Ltd ('BLL') has availed themselves of all possible forms of assistance in order to mitigate the risks associated with the loan liabilities, including: agreed loan moratoriums with the banks, wage assistance schemes from the government, various austerity measures to keep costs to a minimum during the crisis, selling of non-core assets and the possibility of availing themselves of a government-devised economic stress relief fund, which they have been successful in negotiating post year end with the Mauritius Investment Corporation Ltd ('MIC'). LIR has negotiated Rs 1 billion funding from the MIC which is expected to be disbursed by the end of December 2020.

Other than Rs 175 million commitments provided to The Lux Collective Ltd to refinance this group and other corporate guarantees provided to some of its smaller subsidiaries (refer to Note 45), the Company does not have any commitment to finance subsidiaries, associates or joint ventures. Therefore, the Board has considered the forecasts up to June 2021 and other information available up to June 2022 and has concluded that there is sufficient facilities (as per Note 22) and resources within the Company to cover the financing and investing activities of the Company. Company resources include positive forecast net cashflows from the BrandActiv and HealthActiv divisions and expected positive operating cashflows from the corporate division.

The Board will assess future investment opportunities and dividend distribution in light of its cashflow situation and forecasts.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Judgements (Continued)

Going concern assessment (Continued)

The Directors are therefore satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the Directors are not aware of any other material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Hence, the financial statements continue to be prepared on the going concern basis.

Assets held for sale

The Group has classified several assets as held for sale and discontinued operations since they meet the criteria to be classified as held for sale at that date for the following reasons:

- The assets are available for immediate sale and can be sold to the buyer in its current condition.
- The actions to complete the sale were initiated and expected to be completed within one year from the date of initial classification, except for Circle Square Holding Co Ltd ('CSHL'), which has been classified as held for sale since 30 June 2018.
- Potential buyers have been identified and negotiations as at the reporting date are at an advance stage.
- The plans to sell have already been approved.

The Group considers that CSHL still meets the definition of held for sale as the Group is still committed to sell its stake in it. The delay being caused are beyond the Group's control. For more details on the assets held for sale and discontinued operations, refer to Note 21.

Leases

Determining the lease term of contracts with renewal and termination options - Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group included the renewal period as part of the lease term for leases of plant and machinery with shorter non-cancellable period (12 months). The Group typically exercises its option to renew for these leases because there will be a significant negative effect on production if a replacement asset is not readily available. The renewal periods for leases of plant and machinery with longer non-cancellable periods are not included as part of the lease term as these are not reasonably certain to be exercised. In addition, the renewal options for leases of motor vehicles are not included as part of the lease term because the Group typically leases motor vehicles for not more than five years and, hence, is not exercising any renewal options. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised. Refer to Note 16 for information on potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term.

Property lease classification - Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains substantially all the risks and rewards incidental to ownership of these properties and accounts for the contracts as operating leases.

Notes to the Financial Statements for the year ended 30 June 2020

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimates and assumptions

Determination of functional currency of the group entities

As described in Note 2(B)(f), the determination of the functional currency of each group entity is critical since the way in which every transaction is recorded and whether exchange differences arise are dependent on the functional currency selected. In making this judgement, the directors and management have considered the currencies in which revenue is received, the currency of the country whose competitive forces and regulations matter, the currencies in which labour, material and other costs are settled, the currencies in which the funds from financing activities are generated and the currency in which receipts from operating activities are usually retained. The directors and management have determined that the functional currency of the Company as well as that of most subsidiaries is the Mauritian rupee, except for the foreign subsidiaries.

Classification as subsidiaries

The Group considers certain entities over which it controls less than 50% of the voting rights as subsidiaries. The remaining ownership interests of these entities, where most of them are listed on the Stock Exchange of Mauritius, are held by several widely dispersed shareholders not related to the Group. The directors and management have assessed whether or not the Group has control over these entities based on whether the Group has the practical ability to direct the relevant activities.

In making their judgement, the directors and management considered the Group's absolute size of holding and the relative size and dispersion of the shareholdings owned by the other investors. After assessment, the directors and management concluded that the Group has a sufficiently dominant voting interest to direct the relevant activities and therefore has control over these entities.

With respect to one of the subsidiaries where the Company has less than 50% shareholding and thus voting rights, based on the contractual arrangements between the Company and the other investors, the Company has the power to appoint and remove the majority of the board of directors that has the power to direct the relevant activities of the entity. Therefore, the directors and management concluded that the Company has the practical ability to direct the relevant activities and thus has control over the entity. 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.

Impairment of assets

In relation to Note 4, assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset or a cash generating unit is determined based on the higher of its fair value less cost to sell and value in use, calculated on the basis of management's assumptions and estimates. Changing the key assumptions, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the value-in-use calculations.

Impairment of goodwill

As described in Note 6, the Group determines whether goodwill is impaired on an annual basis. This requires an estimation of the 'value-in-use' of the cash generating units to which the goodwill is allocated. Estimating a value-in-use amont requires management to make an estimate of the expected future cash flows from the cash generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets

In relation to Note 7 in the note to the financial statement, deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The directors have made an assessment and believe that the deferred tax assets are recoverable.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimates and assumptions (Continued)

Employee benefits liabilities

The cost of defined benefit pension plans and other post-employment medical benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. The directors believe that the future salary increase is appropriate in the current situation, in particular with the economic uncertainty of the Covid-19 pandemic. Also, the actuarial specialists believe that the bonds issued on the primary market and the secondary market is appropriate to determine the discount rates for the Group's defined benefits pension plan.

The mortality rate is based on publicly available mortality tables and will change only at intervals in response to demographic changes. Detailed descriptions are available in Note 24.

Property, plant and equipment: estimations of the useful lives and residual value of the assets

In relation to Note 4, the Group makes significant estimates to determine the useful lives and residual value of its property, plant and equipment. Management will revise the depreciation charge where useful lives are different to previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

Property valuation

The Group measures land and buildings and investment properties at fair value based on periodic valuations by external independent valuers and as estimated by the directors and management based on reference to their knowledge on the current market evidence of transaction prices for similar properties. In arriving at the valuation, assumptions and economic estimates have to be made. The actual results could differ from their estimates and the directors and management consider they have used their best estimates to arrive at fair value of the properties. Reference is made to Note 4 and 5 in the note to the financial statements.

Valuation of biological assets

In relation to Note 9 in the note to the financial statements, the fair value of biological assets is based on the estimated net present value of future cash flows for the coming crop. Standing cane and plants valuation has been arrived based on an estimate of the future cash flows arising on a normal crop with sugar proceeds being adjusted for the drop in sugar price as well as estimated foreign currency movements and budgeted costs and applying a suitable discount rate in order to calculate the net present value.

The actual results could differ from the related accounting estimates and the directors and management consider they have used their best estimates to arrive at the value of the biological assets.

Fair value of unquoted investments

Where there is no active market, the fair values of unquoted investments have been determined using valuation techniques including comparisons to similar recent transactions, reference to price earnings ratios of similar quoted investments, discounted cash flow and other valuation models. Such valuation exercises require that the Group makes estimates of future cash flows, discount rates and price earnings ratio as applicable to the relevant markets. Refer to Note 11, 12 and 13 in the note to the financial statements for the corresponding fair values as at 30 June 2020.

Variable consideration for sales returns

In relation to Note 29 in the note to the financial statements, the Group estimates variable considerations to be included in the transaction price for sale with rights of return and volume rebates. The Group has developed a statistical model for forecasting sales returns. The model uses the historical return data of each product to come up with expected return percentages. These percentages are applied to determine the expected value of the variable consideration. Any significant changes in experience as compared to historical return pattern will impact the expected return percentages estimated by the Group.

Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test (refer to Note 2B - financial assets). The Group and the Company determine the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective.

Notes to the Financial Statements for the year ended 30 June 2020

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimates and assumptions (Continued)

Business model assessment(Continued)

This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured and how the risks affecting the performance are managed. Monitoring is part of the Group's and the Company's continuous assessment of whether the business model for which the financial assets are held continues to be appropriate.

Provision for expected credit losses

Credit risk

For loans and advances given to customers, the Group and the Company assess the credit risk based on the current liquidity position of its customers by considering the availability of financial inputs. Refer to Note 18 for a detailed depiction of the credit risk assessment in relation to trade receivables.

Loss allowance on trade receivables

The Group and the Company use a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns as disclosed in Note 18. The provision matrix is initially based on the Group's and the Company's historical observed default rates. The Group and the Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The Group has also updated its model for the provision matrix to incorporate the effect of the Covid-19 pandemic, whereby an overlay has been determined by management for each industry group. Refer to Note 18 for more details.

Loss allowance on other financial assets at amortised cost

In relation to ECLs for financial assets at amortised cost provided in Note 14, the Group determine credit rating of the corporate bonds and deposits to determine their probability of default by reference to the country rating. The Group also determine that there has been no significant increase in credit risk since initial recognition of the instruments since these assets are held with reputable banking institutions and listed entities and there has been no history of event of default.

Loss allowance on loans and advances to related parties

In relation to the Company's loans and advances receivable from related parties, these are mainly repayable on demand and where the related companies do not have unrestricted cash at reporting date to repay the debts, management has determined expected credit losses based on future cash flows on the basis that the entities will continue to operate. The main assumption used in determining the cash flows is the discount rate and growth rate and any change in the assumption will change the estimated credit loss. The key assumptions are provided in Note 17.

When measuring ECL, the Group and the Company use reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the entity would expect to receive, taking into account cash flows from credit enhancements.

The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's and the Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Insurance contracts

The uncertainty inherent in Notes 37(b), 41 and 42(a) of the financial statements arise mainly in respect of insurance liabilities, which include outstanding claims provision (including IBNR). In addition to the inherent uncertainty when estimating liabilities, there is also uncertainty as regards the eventual outcome of claims. As a result, the Group applies estimation techniques to determine the appropriate provisions.

Notes to the Financial Statements for the year ended 30 June 2020

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimates and assumptions (Continued)

Insurance contracts (Continued)

These estimates are described below.

The estimation of ultimate liability arising from the claims made under insurance contracts is one of the Group's most critical accounting estimates. There are sources of uncertainty that need to be considered in the estimate of the liability that the Group will eventually pay for such claims. Estimates have to be made both for the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of claims incurred but not reported ("IBNR") at the reporting date. The Group uses a range of actuarial methodologies to estimate these provisions. Liabilities for unpaid reported claims are estimated using the input of assessments for individual cases reported to the Group and management estimates based on past claims settlement trends for the claims incurred but not reported. General insurance loss reserves require significant judgement relating to factors and assumptions such as inflation, claims development patterns and regulatory changes.

Specifically, long-tail lines of business, which often have low frequency, high severity claims settlements, are generally more difficult to project and subject to greater uncertainties than short-tail, high frequency claims. Further, not all catastrophic events can be modelled using actuarial methodologies, which increases the degree of judgement needed in estimating general insurance loss reserves. At each reporting date, prior year claims estimates are reassessed for adequacy and changes are made to the provision.

The Group adopts multiple techniques to estimate the required level of provisions, thereby setting a range of possible outcomes. The most appropriate estimation technique is selected taking into account the characteristics of the business class and risks involved.

Recoverable amount on insurance and other receivables

In preparing those consolidated financial statements, the directors have made estimates of the recoverable amounts of insurance and other receivables and impaired those receivables where the carrying amounts exceeded recoverable amounts. The estimation of recoverable amounts involves an assessment of the financial condition of the debtors concerned and estimate of the timing and the extent of cash flows likely to be received by the Group.

Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities in Note 16. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Points earned under the WIIV loyalty programme

The WIIV rewards programme is a multi-partner programme developed by the Group. The monetary value assigned to the loyalty points which are earned and redeemed by customers under the WIIV loyalty programme is pre-determined by the Group. Given that the points which have been earned by customers under the WIIV loyalty programme expire after one year, the Group considers breakage which represents the portion of the points issued that will never be redeemed.

The Group applies statistical projection methods in its estimation using customers' historical redemption patterns as the main input. The redemption rate is updated yearly and the liability for the unredeemed points is adjusted accordingly. Any significant changes in customers' redemption patterns will impact the estimated redemption rate. As at 30 June 2020, the estimated liability for unredeemed points was Rs 19,116,848 (2019: Rs 19,186,600) and is included in Note 25 of the financial statements.

4. PROPERTY, PLANT AND EQUIPMENT

THE GROUP	Land and buildings Rs'000	Plant and equipment Rs'000	Motor vehicles Rs'000	Office furniture and equipment Rs'000	Computer and security equipment Rs'000	Containers Rs'000	Assets in progress Rs'000	Total Rs'000
COST/VALUATION								
At 1 July 2018								
As previously stated	21,001,596	10,816,049	997,757	2,606,859	712,852	1,112,861	294,378	37,542,352
Effect of prior year adjustments (Note 43)	152,108	–	–	–	–	–	–	152,108
As restated	21,153,704	10,816,049	997,757	2,606,859	712,852	1,112,861	294,378	37,694,460
Acquisition of subsidiaries (Note 38(a))	–	–	–	57	356	–	–	413
Transfer from/(to) assets in progress	268,264	37,369	–	–	–	6,306	(311,939)	–
Additions	447,267	867,587	187,998	464,943	162,969	95,069	370,755	2,596,588
Disposals	(174,934)	(266,228)	(85,711)	(181,521)	(112,724)	(64,957)	–	(886,075)
Reclassification	223,542	(211,965)	–	(112,198)	100,621	–	–	–
Write offs	(412,443)	(91,470)	–	(93,728)	(46,998)	–	–	(644,639)
Revaluation adjustments	35,489	–	–	–	–	–	–	35,489
Transfer to investment properties (Note 5)	(489,353)	–	–	–	–	–	–	(489,353)
Transfer to inventories	–	(23,214)	–	–	–	–	–	(23,214)
Disposal of subsidiaries (Note 38(b))	(35,339)	(28,242)	(17,875)	(10,270)	(1,852)	–	–	(93,578)
Transfer to intangible assets (Note 6)	–	–	–	–	(7,452)	–	–	(7,452)
Exchange differences	56,968	7,499	4,657	5,939	1,282	–	(8,567)	67,778
At 30 June 2019	21,073,165	11,107,385	1,086,826	2,680,081	809,054	1,149,279	344,627	38,250,417
At 1 July 2019	**21,073,165**	**11,107,385**	**1,086,826**	**2,680,081**	**809,054**	**1,149,279**	**344,627**	**38,250,417**
Transfer to right of use assets (Note (i) and 16)	**(1,410)**	**(196,511)**	**(259,009)**	**(6,357)**	**(21,878)**	**–**	**–**	**(485,165)**
Additions	**833,192**	**574,672**	**71,824**	**173,095**	**52,504**	**97,395**	**858,636**	**2,661,318**
Disposals	**(5,306)**	**(82,176)**	**(61,462)**	**(63,318)**	**(12,924)**	**(122)**	**–**	**(225,308)**
Write offs	**(218,668)**	**(49,573)**	**(8,252)**	**(4,917)**	**(8,458)**	**(930,737)**	**–**	**(1,220,605)**
Revaluation adjustments	**432,091**	**–**	**–**	**–**	**–**	**–**	**–**	**432,091**
Transfer from investment properties (Notes (iii) and 5)	**23,328**	**–**	**–**	**–**	**–**	**–**	**–**	**23,328**
Transfer to intangible assets (Note 6)	**–**	**–**	**–**	**–**	**(400)**	**–**	**–**	**(400)**
Transfer from inventories	**–**	**4,587**	**–**	**–**	**–**	**–**	**–**	**4,587**
Transfer from/(to) assets in progress	**41,499**	**(8,185)**	**–**	**43,974**	**–**	**5,115**	**(82,403)**	**–**
Transfer to assets classified as held for sale (Note 21)	**(327,950)**	**(8,838)**	**–**	**(8,223)**	**(13,868)**	**–**	**–**	**(358,879)**
Reclassification	**49,668**	**(34,611)**	**2,189**	**(17,114)**	**(132)**	**–**	**–**	**–**
Acquisition of subsidiaries (Note 38(a))	**–**	**487**	**–**	**–**	**–**	**–**	**–**	**487**
Exchange differences	**751,046**	**262,913**	**7,809**	**52,576**	**15,044**	**–**	**9,871**	**1,099,259**
At 30 June 2020	**22,650,655**	**11,570,150**	**839,925**	**2,849,797**	**818,942**	**320,930**	**1,130,731**	**40,181,130**

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

THE GROUP	Land and buildings Rs'000	Plant and equipment Rs'000	Motor vehicles Rs'000	Office furniture and equipment Rs'000	Computer and security equipment Rs'000	Containers Rs'000	Assets in progress Rs'000	Total Rs'000
DEPRECIATION AND IMPAIRMENT								
At 1 July 2018								
As previously stated	644,423	6,615,227	617,659	1,616,767	513,840	1,002,309	–	11,010,225
Effect of prior year adjustments (Note 43)	12,028	–	–	–	–	–	–	12,028
As restated	656,451	6,615,227	617,659	1,616,767	513,840	1,002,309	–	11,022,253
Charge for the year	502,899	686,653	116,422	225,662	86,994	63,538	–	1,682,168
Disposals	(11,955)	(189,828)	(56,816)	(155,275)	(37,360)	(64,957)	–	(516,191)
Write offs	(15,639)	(89,036)	–	(89,229)	(46,813)	–	–	(240,717)
Revaluation adjustments	(53,150)	–	–	–	–	–	–	(53,150)
Reclassification	–	(2,965)	2,238	(83,483)	84,210	–	–	–
Disposal of subsidiaries (Note 38 (b))	(4,189)	(20,905)	(16,861)	(8,475)	(1,666)	–	–	(52,096)
Transfer to intangible assets (Note 6)	–	–	–	–	(5,149)	–	–	(5,149)
Exchange differences	1,818	5,061	1,349	626	848	–	–	9,702
At 30 June 2019	1,076,235	7,004,207	663,991	1,506,593	594,904	1,000,890	–	11,846,820
At 1 July 2019	**1,076,235**	**7,004,207**	**663,991**	**1,506,593**	**594,904**	**1,000,890**	**–**	**11,846,820**
Transfer to right of use assets (Note (i) and 16)	**(45)**	**(58,978)**	**(116,436)**	**(544)**	**(8,644)**	**–**	**–**	**(184,647)**
Charge for the year	**476,053**	**653,889**	**68,967**	**262,956**	**89,979**	**69,900**	**–**	**1,621,744**
Disposals	**(4,393)**	**(72,394)**	**(52,077)**	**(59,888)**	**(10,634)**	**(122)**	**–**	**(199,508)**
Write offs	**(69,672)**	**(48,381)**	**(3,682)**	**(4,773)**	**(7,458)**	**(930,737)**	**–**	**(1,064,703)**
Revaluation adjustments	**(473,302)**	**–**	**–**	**–**	**–**	**–**	**–**	**(473,302)**
Transfer to intangible assets (Note 6)	**–**	**–**	**–**	**–**	**(99)**	**–**	**–**	**(99)**
Transfer – assets classified as held for sale (Note 21)	**(35,117)**	**(2,776)**	**–**	**(896)**	**(1,695)**	**–**	**–**	**(40,484)**
Reclassification	**–**	**(13)**	**–**	**13**	**–**	**–**	**–**	**–**
Exchange differences	**148,097**	**134,161**	**8,481**	**24,369**	**10,853**	**(6,255)**	**–**	**319,706**
At 30 June 2020	**1,117,856**	**7,609,715**	**569,244**	**1,727,830**	**667,206**	**133,676**	**–**	**11,825,527**
NET BOOK VALUE								
At 30 June 2020	**21,532,799**	**3,960,435**	**270,681**	**1,121,967**	**151,736**	**187,254**	**1,130,731**	**28,355,603**
At 30 June 2019	19,996,930	4,103,178	422,835	1,173,488	214,150	148,389	344,627	26,403,597

(i) The assets under finance and operating leases have been transferred to right of use assets under IFRS 16 (see Note 16) during the year ended 30 June 2020.

(ii) Management has reviewed the classification of certain assets and as a result, reclassification adjustments were made between land and buildings, plant and equipment, motor vehicles, office furniture and equipment, computer and security equipment and containers. This had no impact on the useful lives and residual values as initially estimated upon recongnition.

(iii) BlueLife Limited has booked a prior year adjustment (Note 43) on buildings being rented to Haute Rive Azuri Hotel Ltd and Haute Rive PDS Company Ltd by Haute Rive Holdings Ltd, which are subsidiaries of BlueLife Limited. The buildings were classified under investment Properties in the Group's financial statements. At Group level, the buildings are considered as 'owner occupied' and should have be reclassified to property, plant and equipment as per the requirements of IAS 40. Hence, the financials have been restated to incorporate this correction of error from investment property to plant, property and equipment.

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

THE COMPANY	Land and buildings Rs'000	Plant and equipment Rs'000	Motor vehicles Rs'000	Office furniture and equipment Rs'000	Computer and security equipment Rs'000	Total Rs'000
COST/VALUATION						
At 1 July 2018	410,441	165,791	73,550	299,274	125,211	1,074,267
Additions	–	7,072	410	22,058	7,327	36,867
Disposals	(5,587)	(30,447)	(5,490)	(41,160)	(15,858)	(98,542)
Write offs	–	(75,045)	(4,569)	(87,842)	(46,641)	(214,097)
Reclassification	–	–	–	(1,328)	1,328	–
At 30 June 2019	404,854	67,371	63,901	191,002	71,367	798,495
At 1 July 2019	**404,854**	**67,371**	**63,901**	**191,002**	**71,367**	**798,495**
Transfer to right of use assets (Notes (i) and 16)	**–**	**–**	**(20,434)**	**–**	**–**	**(20,434)**
Additions	**118,952**	**9,951**	**2,606**	**44,996**	**12,612**	**189,117**
Disposals	**–**	**(60)**	**(7,361)**	**(75)**	**(3,131)**	**(10,627)**
Write offs	**–**	**–**	**–**	**(2,177)**	**–**	**(2,177)**
At 30 June 2020	**523,806**	**77,262**	**38,712**	**233,746**	**80,848**	**954,374**
DEPRECIATION						
At 1 July 2018	38,507	118,651	51,434	211,298	99,330	519,220
Charge for the year	34,921	14,022	5,345	27,550	11,709	93,547
Disposals	(4,085)	(13,739)	(4,252)	(38,906)	(14,373)	(75,355)
Write offs	–	(75,046)	(4,563)	(84,353)	(46,558)	(210,520)
At 30 June 2019	69,343	43,888	47,964	115,589	50,108	326,892
At 1 July 2019	**69,343**	**43,888**	**47,964**	**115,589**	**50,108**	**326,892**
Transfer to right of use assets (Notes (i) and 16)	**–**	**–**	**(9,754)**	**–**	**–**	**(9,754)**
Charge for the year	**9,013**	**7,175**	**1,577**	**29,881**	**12,574**	**60,220**
Disposals	**–**	**(60)**	**(6,695)**	**(48)**	**(2,533)**	**(9,336)**
Write offs	**–**	**–**	**–**	**(2,177)**	**–**	**(2,177)**
At 30 June 2020	**78,356**	**51,003**	**33,092**	**143,245**	**60,149**	**365,845**
NET BOOK VALUE						
At 30 June 2020	**445,450**	**26,259**	**5,620**	**90,501**	**20,699**	**588,529**
At 30 June 2019	335,511	23,483	15,937	75,413	21,259	471,603

(i) The assets under finance and operating leases have been transferred to right of use assets under IFRS 16 (see Note 16) during the year ended 30 June 2020.

Notes to the Financial Statements for the year ended 30 June 2020

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Assets held under finance leases

Included in property, plant and equipment are assets held under finance leases with the following carrying values:

	THE GROUP 2019 Rs'000	THE COMPANY 2019 Rs'000
Net book value		
Plant and equipment	146,703	–
Motor vehicles	142,048	10,680
Computer and security equipment	11,767	–
	300,518	10,680

The Group's and the Company's obligations under finance leases are secured by the lessors' title to the leased assets.

The assets held under finance leases have been transferred to right of use assets under IFRS 16 (see Note 16) during the year ended 30 June 2020.

(b) Historical costs of revalued land and buildings:

	THE GROUP		THE COMPANY	
	2020 Rs'000	2019 Rs'000	**2020 Rs'000**	2019 Rs'000
Cost	**12,987,377**	12,159,491	**237,388**	118,436
Accumulated depreciation	**(3,637,344)**	(3,381,990)	**(59,939)**	(55,192)
Net book value	**9,350,033**	8,777,501	**177,449**	63,244

The land and buildings were revalued by professional independent valuers. The fair value of the land and buildings have been assessed on the basis of its market value, being the estimated amount for which the property could be exchanged between market participants at measurement date in an orderly transaction and taking into account the current market conditions and similar transactions undertaken by the group in recent years.

Some of the freehold land and buildings and buildings on leasehold land of the Group were revalued during the year at their open market value, by reference to recent market transactions on arm's length term, by Noor Dilmahomed & Associates, an independant professional valuer. The market comparison has been used as a basis of valuation. Market comparison data post-Covid is not available but there was no indication of a drop in the value of property presently.

Other freehold land of the Group valued by independent valuer Chasteau Doger De Speville Ltd was by reference to market based evidence; that is, the valuations are based on active market prices, adjusted for any differences in the nature, location or condition of a specific property. The fair value of buildings was determined using the depreciated replacement cost approach, which reflects the value by computing the current cost of replacing the property and subtracting any depreciation resulting from one or more of the following factors: physical deterioration, functional obsolescence and economic obsolescence.

The significant input for the land is the price per square metre which ranges between Rs 711 - Rs 7,699. The significant unobservable inputs for the buildings is the depreciation rate which ranges between 20%-55% and the price per square metre which ranges between Rs 3,000 - Rs 77,509. An increase/(decrease) of 100 basis points in the estimated price will result in an increase/(decrease) of Rs 4.8 million and Rs 81.2 million in the fair value of the land and buildings respectively.

Following the global pandemic Covid-19, the Directors considered its impact on the recoverable amount of the plant and equipment. As at reporting date, the Directors concluded that the remaining useful lives and residual values remained unchanged.

The Group's policy is to revalue its property every 3-4 years unless there is evidence that the fair value of the assets differ materially from the carrying amount.

Notes to the Financial Statements for the year ended 30 June 2020

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(c) Borrowing costs capitalised during the year is Rs 8.4 million (2019: Rs nil).

(d) Borrowings are secured by fixed and floating charges on the property, plant and equipment of the Group and the Company.

(e) Details of the Group's and the Company's land and buildings measured at fair value and information about the fair value hierarchy as at 30 June are as follows:

	Level 1	Level 2	Level 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
THE GROUP				
2020				
Land and buildings	**-**	**-**	**21,532,799**	**21,532,799**
2019				
Land and buildings	-	1,938,614	18,058,316	19,996,930
THE COMPANY				
2020				
Land and buildings	**-**	**445,450**	**-**	**445,450**
2019				
Land and buildings	-	335,511	-	335,511

The table below shows a reconciliation of all movements in the fair value categorised within Level 3 of the fair value hierarchy between the beginning and end of the reporting year:

	THE GROUP	
	2020	2019
	Rs'000	Rs'000
At 1 July	**18,058,316**	20,497,253
Transfer from/(to) investment property (Note 5)	**23,328**	(489,353)
Additions	**833,192**	447,267
Disposal of subsidiaries (Note 38(b))	**-**	(31,150)
Reclassifications	**49,668**	223,542
Disposals	**(913)**	(162,979)
Charge for the year	**(476,053)**	(502,899)
Write offs	**(148,996)**	(396,804)
Transfer to right of use assets (Note 16)	**(1,365)**	-
Transfer from assets in progress	**41,499**	268,264
Revaluation adjustment	**905,393**	88,639
Exchange differences	**602,949**	55,150
Transfer to assets classified as held for sale (Note 21)	**(292,833)**	-
Land and buildings under level 2	**1,938,614**	(1,938,614)
At 30 June	**21,532,799**	18,058,316

Notes to the Financial Statements for the year ended 30 June 2020

5. INVESTMENT PROPERTIES

	THE GROUP	
	2020	2019 (Restated)
	Rs'000	Rs'000
At 1 July	**2,892,786**	2,306,529
Additions	**168,693**	43,472
Transfer (to)/ from property, plant and equipment (Notes (b) and 4)	**(23,328)**	489,355
Transfer to inventories (Note (e))	**(96,250)**	-
Disposal	**(104,981)**	-
Fair value gain (Notes (a) and 33)	**20,502**	53,430
At 30 June	**2,857,422**	2,892,786
- Rental income	**75,559**	67,918
- Direct operating expenses	**13,158**	10,013

(a) The investment properties are stated at fair value which has been determined by Directors, based on valuations performed by accredited independent valuers, namely Chasteau Doger De Speville Ltd, Noor Dilmahomed & Associates and Ramiah-Isabelle Consultancy Ltd. These valuers are specialists in valuing these types of investment properties and the revaluations were carried at 30 June 2020. The fair value is determined on open market value by reference to recent market transactions on arm's length term. The valuations are based on active market prices, adjusted for any differences in the nature, location or condition of a specific property. Investment properties valued using the sales comparison approach have been classified as Level 2 and those valued using the depreciated replacement cost have been classified as Level 3.

The significant inputs used are the depreciation rate, the discount rate used on estimated development costs and the price per square metre. 1% change in the price per square metre will impact the value of the investment by Rs 285,000 - Rs 14,774,039. 1% change in the discount rate will impact the fair value of the investment by Rs 356,250 - Rs 18,467,549.

(b) During the reporting year:

(i) two subsidiaries rented buildings amounting to **Rs 63,155,000** (2019: Rs 489,363,000) to third parties, which were previously classified as property, plant and equipment and subsequently transferred to investment properties.

(ii) one subsidiary rented buildings amounting to **Rs 86,483,000** (2019: nil) to related parties, which was previously classifed as investment properties and transferred to property, plant & equipment.

(c) Banking facilities of some subsidiaries have been secured by charges on their investment properties.

(d) Details of the Group's and the Company's investment properties measured at fair value and information about the fair value hierarchy as at 30 June 2020 and 2019 are as follows:

	Level 1	Level 2	Level 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
THE GROUP				
2020				
Investment properties	**-**	**-**	**2,857,422**	**2,857,422**
2019				
Investment properties	-	118,476	2,774,310	2,892,786

5. INVESTMENT PROPERTIES (CONTINUED)

	THE GROUP 2020 Rs'000
At 1 July	2,774,310
Transfer to property, plant and equipment (Notes (b) and 4)	(23,328)
Additions	73,743
Transfer to inventories (Note (e))	(96,250)
Disposals	(104,981)
Revaluation adjustment	20,502
Transfer from level 2	213,426
At 30 June	2,857,422

(e) During the year, one of the subsidaries has transferred some assets from investment properties to inventories (Refer to Note 15).

(f) There were no new transfer to assets held for sale during the reporting year. Certain assets held for sale as at 30 June 2019 continued to be held for sale as at 30 June 2020 (Refer to Note 21).

(g) BlueLife Limited has booked a prior year adjustment (Note 43) on buildings being rented to Haute Rive Azuri Hotel Ltd and Haute Rive PDS Company Ltd by Haute Rive Holdings Ltd, which are subsidiaries of BlueLife Limited. The buildings were classified under investment Properties in the Group's financial statements. At Group level, the buildings are considered as 'owner occupied' and should have be reclassified to property, plant and equipment as per the requirements of IAS 40. Hence, the financials have been restated to incorporate this correction of error from investment property to plant, property and equipment.

(h) The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

(i) BlueLife Limited holds 60 % of the group investment properties and the quantitative investment sensitivity analysis have been disclosed below:

The fair value of the investment property which is categorised within Level 3 of the fair value hierarchy is based on significant unobservable inputs. Its value is most sensitive to the price per square metre used to determine the fair value. A 1% change in the price per square metre will impact the value of the investment property by Rs 285,000 – Rs 14,774,039 (2019: Rs 285,000 – Rs 15,886,520).

Notes to the Financial Statements for the year ended 30 June 2020

6. INTANGIBLE ASSETS

THE GROUP	Goodwill Rs'000	Leasehold Rights Rs'000	Computer Software Rs'000	Others Rs'000	Total Rs'000
COST					
At 1 July 2018	2,838,084	969,714	588,807	226,129	4,622,734
Acquisition of subsidiaries (Note 38(a))	–	–	60	–	60
Transfer from property, plant and equipment (Notes (a) and 4)	–	–	7,452	–	7,452
Assets in progress	–	–	10,695	–	10,695
Additions	8,285	178,995	127,307	3,220	317,807
Disposal of subsidiaries (Note 38(b))	–	–	–	(2,552)	(2,552)
Write offs	–	–	(28,573)	(8,088)	(36,661)
Disposals	–	–	(12,890)	–	(12,890)
Exchange differences	10,620	19,045	(241)	(41)	29,383
At 30 June 2019	2,856,989	1,167,754	692,617	218,668	4,936,028
At 1 July 2019	**2,856,989**	**1,167,754**	**692,617**	**218,668**	**4,936,028**
Transfer to right of use asset (Note 16)	**–**	**(1,125,602)**	**–**	**–**	**(1,125,602)**
Additions	**18,578**	**–**	**73,986**	**30,064**	**122,628**
Disposals	**–**	**(7,089)**	**(50,564)**	**(28)**	**(57,681)**
Write offs	**–**	**(23)**	**(1,838)**	**–**	**(1,861)**
Transfer from property, plant and equipment (Notes (a) and 4)	**–**	**–**	**400**	**–**	**400**
Transfer to assets classified as held for sale (Note 21)	**–**	**(36,724)**	**(2,127)**	**–**	**(38,851)**
Assets in progress	**–**	**–**	**1,272**	**–**	**1,272**
Exchange differences	**121,775**	**61,866**	**4,912**	**373**	**188,926**
At 30 June 2020	**2,997,342**	**60,182**	**718,658**	**249,077**	**4,025,259**

6. INTANGIBLE ASSETS (CONTINUED)

THE GROUP	Goodwill Rs'000	Leasehold Rights Rs'000	Computer Software Rs'000	Others Rs'000	Total Rs'000
AMORTISATION / IMPAIRMENT					
At 1 July 2018	355,400	337,398	358,464	9,521	1,060,783
Charge for the year	1,764	13,486	65,097	1,747	82,094
Write offs	–	–	(28,255)	(92)	(28,347)
Transfer from property, plant and equipment (Notes (a) and 4)	–	–	5,149	–	5,149
Impairment loss	146,960	–	–	8,677	155,637
Disposals	–	–	(12,707)	–	(12,707)
Disposal of subsidiary (Notes (b) and 38(b))	–	–	(1,676)	(12)	(1,688)
Exchange differences	–	6,678	64	(22)	6,720
At 30 June 2019	504,124	357,562	386,136	19,819	1,267,641
At 1 July 2019	**504,124**	**357,562**	**386,136**	**19,819**	**1,267,641**
Transfer to right of use asset (Notes (c) and 16)	**–**	**(376,142)**	**–**	**–**	**(376,142)**
Charge for the year	**–**	**2,609**	**103,431**	**10,852**	**116,892**
Disposals	**–**	**–**	**(24,988)**	**28**	**(24,960)**
Write offs	**–**	**–**	**(1,668)**	**–**	**(1,668)**
Impairment loss	**850,763**	**–**	**2,117**	**–**	**852,880**
Transfer from property, plant and equipment (Notes (a) and 4)	**–**	**–**	**99**	**–**	**99**
Exchange differences	**–**	**18,840**	**2,776**	**64**	**21,680**
At 30 June 2020	**1,354,887**	**2,869**	**467,903**	**30,764**	**1,856,422**
NET BOOK VALUE					
At 30 June 2020	**1,642,455**	**57,313**	**250,755**	**218,313**	**2,168,837**
At 30 June 2019	2,352,865	810,192	306,481	198,849	3,668,387

(a) During the year ended 30 June 2020, two subsidiaries have made a reclasification from property, plant and equipment (computer and security equipment) to intangible assets (computer software). Also, one subsidiary has made a reclassification from intangible assets (computer software) to property, plant and equipment (computer and security equipment). The carrying amount of the reclassifications amounted to Rs 301,000 (2019: Rs 2,303,000).

(b) During the year ended 30 June 2020, the leasehold rights in respect of one subsidiary have been assessed as right of use assets under IFRS 16 (Refer to Note 16).

(c) The assets under finance leases have been transferred to right of use assets under IFRS 16 (see Note 16) during the year ended 30 June 2020.

6. INTANGIBLE ASSETS (CONTINUED)

THE COMPANY	Computer Software Rs'000	Marketing rights Rs'000	Total Rs'000
COST			
At 1 July 2018	148,344	8,000	156,344
Additions	10,070	–	10,070
Write off	(27,056)	(8,000)	(35,056)
Disposals	(23,325)	–	(23,325)
At 30 June 2019	108,033	–	108,033
At 1 July 2019	**108,033**	**–**	**108,033**
Additions	**8,971**	**–**	**8,971**
Disposals	**(655)**	**–**	**(655)**
At 30 June 2020	**116,349**	**–**	**116,349**
AMORTISATION			
At 1 July 2018	84,451	–	84,451
Charge for the year	13,956	–	13,956
Write offs	(27,051)	–	(27,051)
Disposals	(4,508)	–	(4,508)
At 30 June 2019	66,848	–	66,848
At 1 July 2019	**66,848**	**–**	**66,848**
Charge for the year	**15,874**	**–**	**15,874**
Disposals	**(655)**	**–**	**(655)**
At 30 June 2020	**82,067**	**–**	**82,067**
NET BOOK VALUE			
At 30 June 2020	**34,282**	**–**	**34,282**
At 30 June 2019	41,185	–	41,185

Intangible assets included under "Others" at Group level consist of rights to publishing titles, marketing rights, trademarks, development costs, licences and Land Conversion Rights ("LCR").

The LCR arose from the reform of the sugar industry in the years 2000 which necessitated redundancy payments in the form of cash and serviced land, as well as capital expenditure for capacity expansion and optimisation. These capital expenditure (investments and expenses) have been financed by debt. In order to assist the repayment of these debts, government granted a tax exemption to the Sugar Industry when converting agricultural land into residential land in the form of Land Conversion Rights ("LCRs"). These LCRs are granted by the Mauritius Cane Industry Authority (MCIA) based on the qualifying costs incurred by an entity.

6. INTANGIBLE ASSETS (CONTINUED)

An LCR is recognised as a non-current asset and is initially measured at fair value at the date on which the Company is entitled to receive those rights, that is, when there is reasonable assurance that the LCR will be received and all the attached conditions will be complied with. LCRs are tested annually for impairment. When the carrying amount of the asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. LCRs are derecognised upon disposal (i.e., the date the recipient obtains control), use for converting agricultural land into residential land for land projects or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the LCR is included in profit or loss. The carrying amount of land conversion rights has been determined based on sales comparable. At 30 June 2020, the Directors have made an assessment of the carrying value of the LCRs and have concluded that there is no impairment to be recognised during the year (2019: Rs 8.7 million).

The following table shows the key unobservable input used in the valuation model:

	Key unobservable inputs	Range	Sensitivity of the input to fair value
2020			
Land Conversion Rights	**Discount rate**	**8%**	**52,000**
2019			
Land Conversion Rights	Discount rate	8%	(31,425)

The Directors have considered the relevant factors in determining the useful life of the marketing rights and trademarks. As there is no foreseeable limit to the period over which these are expected to generate net cash inflows for the Group, the marketing rights and trademarks have been assessed as having an indefinite useful life (already impaired fully since 30 June 2019).

Goodwill acquired through business combinations have indefinite lives and have been allocated to the following cash-generating units for impairment testing in the following clusters:

	Carrying value	
	2020	2019
	Rs'000	Rs'000
Building & Engineering	**29,656**	29,656
Commercial & Distribution	**660,028**	614,626
Financial Services	**9,743**	42,458
Logistics	**12,606**	12,606
Corporate Services	**32,096**	32,096
Hospitality & Services	**788,463**	1,398,733
Life & Technologies	**109,863**	109,865
Property	**-**	112,825
	1,642,455	2,352,865

On the overall, the recoverable amounts of these cash-generating units have been determined based on their value in use calculation and fair value less cost to sell where applicable using cash flow projections based on financial budgets established by management. The pre-tax discount rates applied to cash flow projections vary and the growth rates have been explained below. The key assumptions used for preparing the cash flow forecasts are based on management's past experience of the industry and the ability of each cash-generating unit to at least maintain its market share.

Impairment losses of goodwill amounting to Rs 850.7 million (2019: Rs 147 million) are attributable to the cash-generating units of Building & Engineering (Rs 18 million), Commercial & Distribution (Rs 20.2 million), Financial Services (Rs 32.7 million), Hospitality & Services (Rs 667 million) and Property (Rs 112.8 million) to reflect the loss in value of the CGU. These were done for certain non-operating and loss-making units. The impairment losses are recognised in statement of profit or loss. While the recoverable amounts for the clusters has been determined based on their value-in-use, that of the Hospitality & Services cluster is based on the fair values less cost to sell.

6. INTANGIBLE ASSETS (CONTINUED)

The Directors have reviewed the carrying values of goodwill at 30 June 2020 and are of the opinion that no additional impairment losses need to be recognised. Based on the weightage of the CGUs on the total amount of goodwill, the following clusters have been analysed:

Commercial & Distribution

Camp Investment Company Limited

In the Commercial cluster, the recoverable amounts of trademarks and goodwill of Edena S.A. and its subsidiaries (Edena Group), have been determined based on their value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a period of five years. Value-in-use was determined by discounting the future cash flows generated from the continuing use of trademarks and the cash-generating unit of Edena Group respectively using a pre-tax discount rate. Discount rates used represent the current market assessment of the risk specific to a cash-generating unit taking into consideration the time value of money and the weighted average cost of capital (WACC).

The key assumptions used for preparing the cash flow forecasts are based on management's past experience of the industry and the ability of trademarks and Edena Group to at least maintain their respective market share. The assumptions used for the value-in-use calculations are as follows:

- cash flows were projected based on actual operating results extrapolated using an annual growth rate of 4% (2019: 4%) for a period of five years;
- cash flows after the five year period were extrapolated using a perpetual growth rate of 1.69% (2019: 2%) in order to calculate the terminal recoverable amount.

The discount rate calculation is based on the specific circumstances of Edena Group and is derived from its weighted average cost of capital (WACC) of 6.34% - 9.78% (2019: 6.59% - 11.95%). The WACC takes into account both debt and equity. The Directors believe that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount of trademarks and goodwill of Edena Group to exceed their aggregate recoverable amount. A rise in the pre-tax discount rate to 6.84% - 10.28% (i.e., +0.5%) in Edena Group would reduce the recoverable amount of the cash-generating unit by Rs 2.3 million; however, this does not trigger any impairment.

Hospitality & Services

Lux Island Resorts

In relation to the Hospitality & Services cluster, the downward medium-term trading expectations due to the current economic environment which has been exacerbated by the global Covid-19 pandemic, the Group has impaired its goodwill during year ended 30 June 2020.

The recoverable amount of each cash-generating unit (CGU) has been determined based on their fair value less cost to sell. The post-tax cash flow projection is based on financial budgets approved by management covering a five-year period. The pre-tax discount rate applied represents the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC) which ranges between 10% to 12% (2019: 9% to 11.5%) for the various entities of the Group. The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service.

Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. These growth rates are consistent with the industry in which each CGU operates.

A terminal growth which ranges between 2% to 3% has been assumed in the calculation. Key assumptions used in the impairment tests for goodwill are occupancy rate, terminal growth rate and discount rate. The Directors believe that any reasonably possible change in the key assumptions on which recoverable amount is based would cause the aggregate carrying amount to exceed their aggregate recoverable amount. A 0.5% increase in the pre-tax discount rate will lead to additional impairment ranging between Rs 3.8 million - Rs 219 million. A 0.5% decrease in the terminal growth rate will lead to additional impairment ranging between Rs 1.8 million - Rs 167 million. Similarly, a decrease of 1% in occupancy rate will lead to additional impairment ranging between Rs 2.4 million - Rs 137 million.

6. INTANGIBLE ASSETS (CONTINUED)

Life & Technologies

IBL Life Ltd

In the Life & Technologies cluster, the recoverable amount of CIDP Holdings Ltd has been determined based on a value-in-use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The key assumptions used for preparing the cash flow forecasts are based on management's past experience of the industry and the ability of CIDP Holdings Ltd to at least maintain their respective market share. The key assumptions used for the value-in-use calculations encircles the discount rate, the cash flows which were projected based on actual operating results extrapolated using an annual growth rate of 3% (2019: 3%) for a period of five years. Moreover, cash flows after the five-year period were also extrapolated using a perpetual growth rate of 3% (2019: 3%) in order to calculate the terminal recoverable amount.

The discount rate calculation is based on the specific circumstances of CIDP Holdings Ltd and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The pre-tax discount rate applied to cash flow projections is 16.38% (2019: 15.11%) and cash flows beyond the five-year period are extrapolated using a 3% growth rate (2019: 3%) that is the same as the long-term average growth rate for the life & technologies industry. The directors are satisfied that there is no indication of impairment of goodwill for the year ended 30 June 2020. Also, any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount of goodwill to exceed their aggregate recoverable amount. A rise in the pre-tax discount rate to 16.88% (i.e., +0.5%) in CIDP Holdings Ltd would result in a decrease in the recoverable amount by Rs 19 million; however, this does not trigger any impairment.

Property

BlueLife Limited & Southern Investment Company Ltd

In relation to the property cluster, the Group has impaired its goodwill during year ended 30 June 2020. The goodwill for the Group in the Property cluster previously arose on amalgamation of BlueLife Limited with Indian Ocean Real Estate Company Ltd in prior years. Impairment of goodwill arising on amalgamation with Indian Ocean Real Estate Company Ltd has been assessed and accordingly, no future cash flows could be generated on the assets because operations have stopped. An impairment charge of Rs 31 million (2019: Rs 20.2 million) for the remaining goodwill held by the Group have been charged to profit or loss as at 30 June 2020. The recoverable amount was assessed as being nil since the CGU is not operating anymore . In that respect, goodwill arising from that CGU was fully impaired.

The Group also had goodwill arising on past acquisition of Salt of Palmar by Southern Investment Company Ltd. Impairment of goodwill has been assessed based on discounted cash flow technique, taking into consideration future cash flows expected to be generated on the assets and also the market conditions prevailing. An impairment charge of Rs 81.8 million (2019: nil) for the Group have been charged to profit or loss as at 30 June 2020. The recoverable amount was assessed as being nil for the current year under review since the CGU is not operating anymore given the current prevailing market conditions. In that respect, goodwill arising from that CGU was fully impaired.

7. DEFERRED TAXATION

Deferred tax is calculated on all temporary differences under the liability method at the rate of 17% (2019: 17%).

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Deferred tax liabilities	**1,012,712**	920,785	**-**	-
Deferred tax assets	**(588,737)**	(170,115)	**(116,205)**	(87,228)
Net deferred tax at 30 June	**423,975**	750,670	**(116,205)**	(87,228)

The movement in deferred tax during the year is as follows:

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 1 July (Note (i))				
- As previously reported	**750,670**	790,534	**(87,228)**	(101,330)
- Effect of adopting new accounting standards	**(14,353)**	-	**-**	-
- As restated	**736,317**	790,534	**(87,228)**	(101,330)
Disposal of subsidiaries (Note 38(b))	**-**	4,960	**-**	-
Exchange differences	**1,542**	(170)	**-**	-
Transfer to assets classified as held for sale (Notes (ii) and 21)	**25,294**	-	**-**	-
Other movement	**(19,105)**	3,327	**-**	371
Amounts recognised in profit or loss				
(Credit)/Charge for the year (Note 26(b))	**(218,184)**	64,024	**25,130**	24,553
Amounts recognised in other comprehensive income				
Deferred tax on hedge reserves	**(32,345)**	-	**-**	-
Deferred tax on revaluation losses/(surplus) of land and buildings	**100,435**	(36,093)	**-**	-
Deferred tax relating to remeasurement of employee benefit liabilities	**(169,979)**	(75,912)	**(54,107)**	(10,822)
At 30 June	**423,975**	**750,670**	**(116,205)**	**(87,228)**

(i) The previously stated balance includes the effect of adopting new accounting standards amounting to Rs 33.4 million on 1 July 2019 for the Group and Rs 40.7 million for the Company.

(ii) The transfer to assets classified as held for sale refers to deferred tax assets (See Note 21). There has been no new transfer for deferred tax liabilities during the year ended 30 June 2020.

7. DEFERRED TAXATION (CONTINUED)

THE GROUP	Accelerated tax depreciation	Hedge reserves	Provisions	Revaluation of property, plant and equipment	Employee benefit assets/ liabilities	Right-of-use	Tax losses	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At 1 July 2018	882,673	–	(84,472)	552,275	(293,711)	–	(266,231)	790,534
Other movement	1,338	–	1,787	173	(10)	–	39	3,327
Disposal of subsidiary (Note 38(b))	3,122	–	11,065	3,838	(15,782)	–	2,717	4,960
Credit to other comprehensive income	–	–	–	(36,093)	(75,912)	–	–	(112,005)
Credit to profit or loss	71,110	–	(24,009)	14,002	62,881	–	(59,960)	64,024
Exchange difference	–	–	(189)	–	–	–	19	(170)
At 30 June 2019	958,243	–	(95,818)	534,195	(322,534)	–	(323,416)	750,670
At 1 July 2019								
- As previously reported	**958,243**	**–**	**(95,818)**	**534,195**	**(322,534)**	**–**	**(323,416)**	**750,670**
- Effect of adopting new accounting standards	**–**	**–**	**–**	**–**	**–**	**(14,353)**	**–**	**(14,353)**
- As restated	**958,243**	**–**	**(95,818)**	**534,195**	**(322,534)**	**(14,353)**	**(323,416)**	**736,317**
Other movement	**(17,198)**	**–**	**–**	**–**	**–**	**393**	**(2,300)**	**(19,105)**
Transfer to assets classified as held for sale (Note 21)	**–**	**–**	**–**	**–**	**–**	**–**	**25,294**	**25,294**
Credit to other comprehensive income	**–**	**(32,345)**	**–**	**100,435**	**(169,979)**	**–**	**–**	**(101,889)**
Charge/(credit) to profit or loss	**(88,583)**	**–**	**(70,647)**	**(18,843)**	**(10,762)**	**(842)**	**(28,507)**	**(218,184)**
Exchange difference	**–**	**–**	**1,542**	**–**	**–**	**–**	**–**	**1,542**
At 30 June 2020	**852,462**	**(32,345)**	**(164,923)**	**615,787**	**(503,275)**	**(14,802)**	**(328,929)**	**423,975**

7. DEFERRED TAXATION (CONTINUED)

THE COMPANY	Accelerated tax depreciation	Provisions	Revaluation of property, plant and equipment	Right-of-use	Employee benefit assets/ liabilities	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At 1 July 2018	4,177	(40,767)	79,448	–	(144,188)	(101,330)
Credit to other comprehensive income	–	–	–	–	(10,822)	(10,822)
Other movement	–	371	–	–	–	371
Charged to profit or loss	2,234	1,726	–	–	20,593	24,553
At 30 June 2019	6,411	(38,670)	79,448	–	(134,417)	(87,228)
At 1 July 2019	**6,411**	**(38,670)**	**79,448**	**–**	**(134,417)**	**(87,228)**
Credit to other comprehensive income			**(54,107)**			**(54,107)**
Charged to profit or loss	**1,487**	**(3,046)**	**58,756**	**628**	**(32,695)**	**25,130**
At 30 June 2020	**7,898**	**(41,716)**	**84,097**	**628**	**(167,112)**	**(116,205)**

8. BEARER BIOLOGICAL ASSETS

THE GROUP	2019
	Rs'000
Plant canes	
At 1 July	**3,541**
Impairment adjustment	**(3,035)**
Amortisation for the year	**(506)**
At 30 June	**–**
Area harvested (Arpents)	**252**
Cost per Arpent (Rs)	**65,893**

At 30 June 2019, the directors made an assessment of the carrying value of the bearer plants and had concluded that an impairment of Rs 3 million was required based on their forecasts. This assessment was based on an average sugar price of Rs 11,000 per ton over the projected period. The main factor that led to the impairment was the decrease in projected revenue. The value in use model had been used and the discount rate was 9.75%.

As at 30 June 2020, the bearer plants were still considered as fully impaired.

Notes to the Financial Statements for the year ended 30 June 2020

9. CONSUMABLE BIOLOGICAL ASSETS

THE GROUP	Standing cane Rs'000	Plants Rs'000	Vegetables Rs'000	Total Rs'000
At 1 July 2018	4,997	23,517	6,113	34,627
Production	21,700	24,877	27,332	73,909
Sales	(17,265)	(37,547)	(23,456)	(78,268)
Fair value movement	(5,212)	18,453	6,155	19,396
At 30 June 2019	**4,220**	**29,300**	**16,144**	**49,664**
Production	**13,622**	**30,178**	**29,831**	**73,631**
Sales	**(16,385)**	**(41,497)**	**(20,836)**	**(78,718)**
Fair value movement	**3,335**	**8,663**	**(10,799)**	**1,199**
At 30 June 2020	**4,792**	**26,644**	**14,340**	**45,776**

The consumable biological assets are measured at fair value determined in accordance with the level 3 of the fair value hierarchy.

The main assumptions for estimating the fair values are as follows:

	2020	2019
Standing cane		
Expected area to harvest (ha)	**96**	98
Estimated yields (%)	**10.1**	10.4
Estimated price of sugar - Rs (per ton)	**16,076**	14,031
Plants		
Expected area to harvest (ha)	**8**	8
Maximum maturity of plants at 30 June	**1 year**	1 year
Vegetables		
Expected area to harvest (ha)	**50**	42
Discount factor (%)	**9.0**	9.0

Notes to the Financial Statements for the year ended 30 June 2020

9. CONSUMABLE BIOLOGICAL ASSETS (CONTINUED)

Description of significant unobservable inputs to valuation:

	Valuation technique	Significant unobservable inputs	Sensitivity of the input to value
Standing cane	Discounted cash flows	Cane yield per ha: **37 ton/ha** (2019: 38 ton/ha)	1% increase/(decrease) in cane yield per ha would result in increase/(decrease) in fair value by **Rs 268,882** (2019: Rs 95,289).
		Price of sugar: **Rs 16,076/ton** (2019: Rs 14,031/ton)	5% increase/(decrease) in the price of sugar would result in increase/(decrease) in fair value by **Rs 497,431** (2019: Rs 476,447).
		WACC **12.48%** (2019: 9.17%)	1% increase/(decrease) in WACC would result in (decrease)/increase in fair value by **Rs 3,604** (2019: Rs 2,366).
Plants	Discounted cash flows	Average price of plants: **Rs 206** (2019: Rs 176)	5% increase/(decrease) in price of plants would result in increase/(decrease) in fair value by **Rs 2,073,093** (2019: Rs 1,981,147).
		Mortality rate **3%** (2019: 5%)	5% increase/(decrease) in mortality rate would result in (decrease)/increase in fair value by **Rs 2,073,093** (2019: Rs 2,088,023).
		WACC **20%** (2019: 20%)	1% increase/(decrease) in WACC would result in (decrease)/increase in fair value by **Rs 266,438** (2019: Rs 292,989).
Vegetables	Discounted cash flows	Discount factor **8.8%** (2019: 8.8%)	1% increase/(decrease) in discount factor would result in (decrease)/increase in fair value by **Rs 33,715** (2019: Rs 3,256).
		Price of vegetables: **Rs 15,000 - Rs 19,000** (2019: Rs 19,000 – Rs 21,800)	5% increase/(decrease) in price of vegetables would result in increase/(decrease) in fair value by **Rs 955,845** (2019: Rs 1,022,386).

10. CLIENT'S MONIES

Pursuant to the circular letter dated 3 March 2003 by the Financial Services Commission, an analysis of client's money handled by the subsidiaries of the Group is shown below:

THE GROUP	2020 Rs'000	2019 Rs'000
At 1 July	**11,326**	12,419
Amounts received during the year from clients	**3,303**	125,106
Amounts disbursed during the year on behalf of clients	**(425)**	(126,200)
At 30 June	**14,204**	11,325

The funds are paid into a separate bank account kept solely for the purpose of handling client's monies.

11. INVESTMENT IN SUBSIDIARIES

THE COMPANY	Listed	Secondary market	Unquoted	Total
	Rs'000	Rs'000	Rs'000	Rs'000
At 1 July 2018	8,275,760	734,739	13,066,784	22,077,283
Additions	–	–	284,957	284,957
Disposal	–	–	(8,441)	(8,441)
Fair value adjustment	(999,541)	(64,069)	(698,648)	(1,762,258)
At 30 June 2019	7,276,219	670,670	12,644,652	20,591,541
At 1 July 2019	**7,276,219**	**670,670**	**12,644,652**	**20,591,541**
Additions	**–**	**–**	**51,381**	**51,381**
Recapitalisation of loans (Note (iii))	**–**	**–**	**1,298,348**	**1,298,348**
Fair value adjustment	**(2,662,341)**	**28,652**	**(866,031)**	**(3,499,720)**
At 30 June 2020	**4,613,878**	**699,322**	**13,128,350**	**18,441,550**

The additions have been financed as follows:

	2020	2019
	Rs'000	Rs'000
Cash	**51,381**	120,889
Recapitalisation of loans	**1,298,348**	–
Issue of shares	**–**	164,068
	1,349,729	284,957

(i) The Group and the Company have pledged their investments to secure the banking facilities obtained.

(ii) The investments in subsidiaries are measured at FVTOCI at year ended 30 June 2020 and are not subject to impairment requirements.

(iii) During the year, the Group converted several non-current receivable balances from related parties (Refer to Note 17) into investment balance.

11. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries	Country of incorporation	Type of shares	Principal activity	2020 % held Direct	2020 % held Indirect	2019 % held Direct	2019 % held Indirect
Chantier Naval de l'Océan Indien Limited	Mauritius	Ordinary	Construction and repair of ships	**63.83**	**–**	63.83	–
CNOI Investments Ltd	Mauritius	Ordinary	Investment	**–**	**63.83**	–	63.83
Mer and Design Ltd (viii)	Mauritius	Ordinary	Investment	**–**	**63.83**	–	–
Construction & Material Handling Company Ltd (ix)	Mauritius	Ordinary	Handling equipment	**100.00**	**–**	100.00	–
DieselActiv Co Ltd	Mauritius	Ordinary	Mechanical	**100.00**	**–**	100.00	–
Engineering Services Ltd	Seychelles	Ordinary	Outsourcing	**–**	**69.37**	–	69.37
Engineering Support Services Ltd (formerly called Riche Terre Development Limited)	Mauritius	Ordinary	Support Services	**100.00**	**–**	100.00	–
Engitech Ltd	Mauritius	Ordinary	Commerce	**100.00**	**–**	100.00	–
Fit-Out (Mauritius) Ltd	Mauritius	Ordinary	Manufacturing	**–**	**69.83**	–	69.83
IBL Madagasikara S.A.	Madagascar	Ordinary	Commerce	**90.00**	**–**	90.00	–
IBL Energy Ltd	Mauritius	Ordinary	Investment	**100.00**	**–**	100.00	–
IBL Energy Holdings Ltd (xi)	Mauritius	Ordinary	Investment	**100.00**	**–**	–	–
Manser Saxon Interiors Ltd	Mauritius	Ordinary	Manufacturing	**–**	**92.50**	–	92.50
Manser Saxon Elevators Ltd	Mauritius	Ordinary	Manufacturing	**–**	**92.50**	–	92.50
Manser Saxon Environment Ltd (ii)	Mauritius	Ordinary	Inactive	**–**	**92.50**	–	92.50
Manser Saxon Plumbing Ltd	Mauritius	Ordinary	Manufacturing	**–**	**92.50**	–	92.50
Manser Saxon Contracting Limited (ix)	Mauritius	Ordinary	Manufacturing & contracting	**92.50**	**–**	92.50	–
Manser Saxon Dubai LLC (ii)	Dubai	Ordinary	Manufacturing	**–**	**92.50**	–	92.50
Manser Saxon Interiors LLC (ii)	Dubai	Ordinary	Manufacturing	**–**	**92.50**	–	92.50
Manser Saxon Training Services Ltd	Mauritius	Ordinary	Training services	**–**	**92.50**	–	92.50
Tower Bridge Projects (Mauritius) Ltd	Mauritius	Ordinary	Construction	**–**	**92.50**	–	92.50
Saxon International Ltd	Mauritius	Ordinary	Investment	**–**	**92.50**	–	92.50
Servequip Ltd (ix)	Mauritius	Ordinary	Rental & servicing of equipment	**100.00**	**–**	100.00	–
Scomat Limitée (ix)	Mauritius	Ordinary	Industrial & Mechanical	**100.00**	**–**	100.00	–
Société de Transit Aérien et Maritime SARL (ii)	Madagascar	Ordinary	Clearing & forwarding	**–**	**85.50**	–	85.50
Systems Building Contracting Ltd	Mauritius	Ordinary	Manufacturing & contracting	**–**	**59.66**	–	59.66
Tornado Limited	Mauritius	Ordinary	Manufacturing	**–**	**92.50**	–	92.50
Flacq Associated Stonemasters Limited	Mauritius	Ordinary	Production and sale of aggregates and bricks	**–**	**28.15**	–	28.15
United Basalt Products Ltd	Mauritius	Ordinary	Manufacture of building materials	**33.14**	**–**	33.14	–
Espace Maison Ltée	Mauritius	Ordinary	Commerce	**–**	**33.14**	–	33.14
La Savonnerie Créole Ltée	Mauritius	Ordinary	Commerce	**–**	**33.14**	–	33.14
Compagnie de Gros Cailloux Limitée	Mauritius	Ordinary	Agriculture	**–**	**33.14**	–	33.14
Welcome Industries Limited	Mauritius	Ordinary	Manufacture of building materials	**–**	**25.15**	–	25.15
UBP International Ltd	Mauritius	Ordinary	Investment	**–**	**33.14**	–	33.14
UBP Madagascar	Madagascar	Ordinary	Manufacture of building materials	**–**	**33.14**	–	33.14
United Granite Products (Pvt) Ltd	Sri-Lanka	Ordinary	Manufacture of building materials	**–**	**25.52**	–	25.52
DHK Metal Crusher (Pvt) Ltd	Sri-Lanka	Ordinary	Manufacture of building materials	**–**	**33.14**	–	33.14
Sheffield Trading (Pvt) Ltd	Sri-Lanka	Ordinary	Manufacture of building materials	**–**	**33.14**	–	33.14

(i) Companies are inactive
(ii) Companies are inactive and in process of de-registration or in the process of liquidation
(iii) Transferred from investment in joint venture to investment in subsidiary following increase in stake
(iv) Increase in percentage holding further to share buy-back
(v) Investments disposed
(vi) Change in percentage holding without loss of control
(vii) Transferred from investment in associate to investment in subsidiary following additional investment made during the year ended 30 June 2020
(viii) Acquired during the year
(ix) Recapitalisation
(x) Companies have been de-registered
(xi) Companies incorporated during the year

Notes to the Financial Statements for the year ended 30 June 2020

11. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries (continued)	Country of incorporation	Type of shares	Principal activity	2020 % held		2019 % held	
				Direct	Indirect	Direct	Indirect
Sainte Marie Crushing Plant Ltd	Mauritius	Ordinary	Manufacture of building materials	–	25.35	–	25.35
Société des petits Cailloux	Mauritius	Ordinary	Investment	–	25.35	–	25.35
Dry Mixed Products Ltd (vi)	Mauritius	Ordinary	Manufacture of building materials	–	18.09	–	16.90
Land Reclamation Limited (ii)	Mauritius	Ordinary	Manufacture of building materials	–	33.14	–	33.14
Stone and Bricks Co Ltd	Mauritius	Ordinary	Manufacture of building materials	–	33.14	–	33.14
The Stonemasters Company Limited	Mauritius	Ordinary	Manufacture of building materials	–	33.14	–	33.14
Pricom Ltd	Mauritius	Ordinary	Manufacture of building materials	–	33.14	–	33.14
Blychem Ltd (ix)	Mauritius	Ordinary	Manufacturing of chemical products	100.00	–	100.00	–
WellActiv Company Ltd (formerly known as HealthActiv Ltd)	Mauritius	Ordinary	Healthcare	100.00	–	100.00	–
Medical Trading Company Ltd (ix)	Mauritius	Ordinary	Healthcare	100.00	–	100.00	–
Medical Trading International Ltd	Mauritius	Ordinary	Healthcare	100.00	–	100.00	–
New Cold Storage Company Limited (i)	Mauritius	Ordinary	Inactive	100.00	–	100.00	–
Pick and Buy Limited	Mauritius	Ordinary	Supermarkets	–	100.00	–	100.00
Winhold Limited (ix)	Mauritius	Ordinary	Investment	100.00	–	100.00	–
Compagnie des Magasins Populaires Limitée	Mauritius	Ordinary	Hypermarket	–	100.00	–	100.00
CMPL (Cascavelle) Limitée	Mauritius	Ordinary	Hypermarket	–	100.00	–	100.00
CMPL (Bagatelle) Limitée	Mauritius	Ordinary	Hypermarket	–	100.00	–	100.00
CMPL (Mont Choisy) Limitée	Mauritius	Ordinary	Hypermarket	–	100.00	–	100.00
Intergraph Ltée	Mauritius	Ordinary	Trading in printing equipment and consumables	100.00	–	100.00	–
Heilderberg Océan Indien Limitée	Mauritius	Ordinary	Investment		100.00	–	100.00
Intergraph Réunion	Réunion	Ordinary	Trading in printing equipment and consumables for printing	–	100.00	–	100.00
Intergraph Réunion SAV	Réunion	Ordinary	After sales service	–	100.00	–	100.00
SCI Les Alamandas	Réunion	Ordinary	Real Estate	–	100.00	–	100.00
Intergraph Réunion Papier	Réunion	Ordinary	Trading in papers	–	100.00	–	100.00
Intergraph Africa Ltd	Mauritius	Ordinary	Trading in printing equipment and consumables	–	100.00	–	100.00
Adam and Company Limited (i)	Mauritius	Ordinary	Inactive	–	100.00	–	100.00
Cassis Limited (i)	Mauritius	Ordinary	Inactive	100.00	–	100.00	–
Equip and Rent Company Ltd	Mauritius	Ordinary	Rental of equipment	100.00	–	100.00	–
Fondation Joseph Lagesse	Mauritius	Ordinary	Charitable institution	100.00	–	100.00	–
IBL Africa Investment Ltd	Mauritius	Ordinary	Investment	100.00	–	100.00	–
IBL Biotechnology International Ltd	Mauritius	Ordinary	Research and Development	100.00	–	100.00	–
IBL Loyalty Ltd (fomerly known as IBL Corporate Services Ltd) (i)	Mauritius	Ordinary	Inactive	100.00	–	100.00	–

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Notes to the Financial Statements for the year ended 30 June 2020

11. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries (continued)	Country of incorporation	Type of shares	Principal activity	2020 % held		2019 % held	
				Direct	Indirect	Direct	Indirect
IBL Entertainment Limited (i)	Mauritius	Ordinary	Inactive	–	100.00	–	100.00
IBL Entertainment Holding Limited (i)	Mauritius	Ordinary	Inactive	100.00	–	100.00	–
IBL Treasury Management Ltd (i)	Mauritius	Ordinary	Inactive	100.00	–	100.00	–
Les Cuisines Solidaires Ltée	Mauritius	Ordinary	Charitable institution	–	100.00	–	100.00
IBL International Limited	Kenya	Ordinary	Business Development	100.00	–	100.00	–
IBL Training Services Limited (i)	Mauritius	Ordinary	Training services	100.00	–	100.00	–
GML Immobilier Ltée	Mauritius	Ordinary	Inactive	100.00	–	100.00	–
IMV Services Ltd	Mauritius	Ordinary	Rental of equipment	100.00	–	100.00	–
I-Consult Limited	Mauritius	Ordinary	IT Services	100.00	–	100.00	–
I-Telecom Ltd	Mauritius	Ordinary	IT Services	100.00	–	100.00	–
Ireland Blyth (Seychelles) Ltd (i)	Seychelles	Ordinary	Inactive	100.00	–	100.00	–
Ireland Fraser and Company Limited (i)	Mauritius	Ordinary	Inactive	100.00	–	100.00	–
Printvest Holding Ltd	Mauritius	Ordinary	Investment	100.00	–	100.00	–
IBL Management Ltd	Mauritius	Ordinary	Management Services	100.00	–	100.00	–
IBL Treasury Ltd	Mauritius	Ordinary	Treasury	100.00	–	100.00	–
SPCB Ltée (ii)	Mauritius	Ordinary	Investment	100.00	–	100.00	–
Ze Dodo Trail Ltd	Mauritius	Ordinary	Organiser of trails	100.00	–	100.00	–
Beach International Company Ltd	Mauritius	Ordinary	Global business	–	100.00	–	100.00
DTOS Ltd	Mauritius	Ordinary	Global business	–	100.00	–	100.00
DTOS International Ltd	Mauritius	Ordinary	Global business	–	100.00	–	100.00
DTOS Trustees Ltd	Mauritius	Ordinary	Global business	–	100.00	–	100.00
DTOS Outsourcing Ltd	Mauritius	Ordinary	Global business	–	100.00	–	100.00
DTOS Registry Services Ltd	Mauritius	Ordinary	Provider of Services	–	100.00	–	100.00
DTOS East Africa Company Limited	Uganda	Ordinary	Global business	–	100.00	–	100.00
DTOS International East Africa (K) Limited	Kenya	Ordinary	Global business	–	100.00	–	100.00
IBL Financial Services Holding Ltd	Mauritius	Ordinary	Investment	100.00	–	100.00	–
Interface International Ltd	Mauritius	Ordinary	Global business	–	100.00	–	100.00
Interface Management Services Ltd	Mauritius	Ordinary	Global business	–	100.00	–	100.00
IPSE (Nominees) Ltd	Mauritius	Ordinary	Global business	–	100.00	–	100.00
ITA EST (Nominees) Ltd	Mauritius	Ordinary	Global business	–	100.00	–	100.00
Knights & Johns Management Ltd	Mauritius	Ordinary	Global business	–	100.00	–	100.00
Pines Ltd	Mauritius	Ordinary	Global business	–	100.00	–	100.00
Pines Nominees Ltd	Mauritius	Ordinary	Global business	–	100.00	–	100.00
Eagle Insurance Limited (formerly known as Mauritian Eagle Insurance Company Limited)	Mauritius	Ordinary	General Insurance	60.00	–	60.00	–

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11. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries (continued)	Country of incorporation	Type of shares	Principal activity	2020 % held		2019 % held	
				Direct	Indirect	Direct	Indirect
Specialty Risk Solutions Ltd	Mauritius	Ordinary	General Insurance	–	**42.00**	–	42.00
Eagle Investment Property Limited (formerly known as MEI Investment Property Limited)	Mauritius	Ordinary	Property	–	**60.00**	–	60.00
The Bee Equity Partners Ltd	Mauritius	Ordinary	Investment	**34.95**	–	34.95	–
Alentaris Ltd	Mauritius	Ordinary	Investment	**75.51**	–	75.51	–
Alentaris Recruitment Ltd	Mauritius	Ordinary	Recruitment services	–	**75.51**	–	75.51
Alentaris Consulting Ltd	Mauritius	Ordinary	Human resource consulting	–	**75.51**	–	75.51
Alentaris Management Ltd	Mauritius	Ordinary	Management company	–	**75.51**	–	75.51
International Development Partners (E.A) Limited	Kenya	Ordinary	Recruitment services and human resource management	–	**74.00**	–	–
LCF Holdings Ltd (vi)	Mauritius	Ordinary	Investment dealing and advisory services	**75.00**	–	75.00	–
LCF Registry & Advisory Ltd	Mauritius	Ordinary	Investment dealing and advisory services	–	**60.00**	–	60.00
LCF Securities Ltd	Mauritius	Ordinary	Investment dealing and advisory services	–	**63.75**	–	63.75
LCF Wealth Ltd	Mauritius	Ordinary	Investment dealing and advisory services	–	**60.00**	–	60.00
IBL Link Ltd	Mauritius	Ordinary	Investment	**100.00**	–	100.00	–
GWS Technologies Ltd (vii)	Mauritius	Ordinary	Investment	–	**80.00**	–	80.00
Real soft Ltd (xi)	Mauritius	Ordinary	Software Publishing	–	**40.00**	–	–
The Ground Collaborative Space Ltd (vi)	Mauritius	Ordinary	Collaborative workspace	–	**86.23**	–	86.23
Universal Media Ltd	Mauritius	Ordinary	Media	–	**55.00**	–	55.00
Lux* Island Resorts Ltd	Mauritius	Ordinary	Hospitality and Tourism	**56.47**	–	56.47	–
Holiday & Leisure Resorts Limited	Mauritius	Ordinary	Hospitality and Tourism	–	**56.47**	–	56.47
Merville Beach Hotel Ltd	Mauritius	Ordinary	Hospitality and Tourism	–	**56.47**	–	56.47
Merville Ltd	Mauritius	Ordinary	Hospitality and Tourism	–	**56.47**	–	56.47
Blue Bay Tokey Island Limited	Mauritius	Ordinary	Hospitality and Tourism	–	**56.47**	–	56.47
Beau Rivage Co Ltd	Mauritius	Ordinary	Hospitality and Tourism	–	**56.47**	–	56.47
LIR Properties Ltd (formely known as Lux Resorts Ltd)	Mauritius	Ordinary	Hospitality and Tourism	–	**56.47**	–	56.47
Les Pavillons Resorts Ltd	Mauritius	Ordinary	Hospitality and Tourism	–	**56.47**	–	56.47
LTK Ltd	Mauritius	Ordinary	Hospitality and Tourism	–	**56.47**	–	56.47
FMM Ltée	Mauritius	Ordinary	Hospitality and Tourism	–	**56.47**	–	56.47
MSF Leisure Company Ltd	Mauritius	Ordinary	Hospitality and Tourism	–	**56.47**	–	56.47
Hotel Prestige Réunion SAS	Réunion	Ordinary	Hospitality and Tourism	–	**56.47**	–	56.47
Le Recif	Réunion	Ordinary	Hospitality and Tourism	–	**55.97**	–	55.97
Les Villas du Lagon SA	Réunion	Ordinary	Hospitality and Tourism	–	**56.47**	–	56.47
Naiade Holidays (Pty) Ltd	South Africa	Ordinary	Hospitality and Tourism	–	**56.47**	–	56.47
Oceanide Limited	Mauritius	Ordinary	Hospitality and Tourism	–	**56.47**	–	56.47
Nereide Limited	Mauritius	Ordinary	Hospitality and Tourism	–	**56.47**	–	56.47

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11. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries (continued)	Country of incorporation	Type of shares	Principal activity	2020 % held		2019 % held	
				Direct	Indirect	Direct	Indirect
Lux Island Resort Foundation	Mauritius	Ordinary	Charitable institution	–	**56.47**	–	56.47
Lux Island Resort Maldives Ltd	Seychelles	Ordinary	Hospitality and Tourism	–	**56.47**	–	56.47
White Sand Resorts & Spa Pvt Ltd	Maldives	Ordinary	Hospitality and Tourism	–	**56.47**	–	56.47
The Lux Collective Ltd	Mauritius	Ordinary	Hospitality and Tourism	**49.61**	–	49.61	–
Lux Island Resort Seychelles Ltd	Seychelles	Ordinary	Hospitality and Tourism	–	**49.61**	–	49.61
LIRTA Ltd	Mauritius	Ordinary	Hospitality and Tourism	–	**49.61**	–	49.61
The Lux Collective UK Ltd (formerly known as Lux Island Resorts UK Limited)	UK	Ordinary	Hospitality and Tourism	–	**49.61**	–	49.61
Island Light Vacations Ltd	Mauritius	Ordinary	Hospitality and Tourism	–	**49.61**	–	49.61
Salt Hospitality Ltd	Mauritius	Ordinary	Hospitality and Tourism	–	**49.61**	–	49.61
Palm Boutique Hotel Ltd	Mauritius	Ordinary	Hospitality and Tourism	–	**49.61**	–	49.61
The Lux Collective Pte Ltd	Singapore	Ordinary	Hospitality and Tourism	–	**49.61**	–	49.61
Café LUX Ltd	Mauritius	Ordinary	Hospitality and Tourism	–	**49.61**	–	49.61
Lux Hotel Management (Shanghai) Co Ltd	China	Ordinary	Hospitality and Tourism	–	**49.61**	–	49.61
Bloomage Ltd	Mauritius	Ordinary	Real Estate & Property Management	**100.00**	–	100.00	–
Southern Investments Ltd (vi)	Mauritius	Ordinary	Real Estate	–	**100.00**	–	100.00
SCI Edena	Réunion	Ordinary	Real Estate	–	**23.28**	–	23.28
BlueLife Limited	Mauritius	Ordinary	Property Development & Holding Co	**48.99**	–	48.99	–
Haute Rive Holdings Limited	Mauritius	Ordinary	Property Development	–	**48.99**	–	48.99
Azuri Suites Ltd	Mauritius	Ordinary	Property Development	–	**48.99**	–	48.99
Azuri Watch Ltd	Mauritius	Ordinary	Property Development	–	**48.99**	–	48.99
Azuri Services Ltd	Mauritius	Ordinary	Property Development	–	**48.99**	–	48.99
Azuri Estate Management Ltd	Mauritius	Ordinary	Property Development	–	**48.99**	–	48.99
Haute Rive Ocean Front Living Ltd	Mauritius	Ordinary	Property Development	–	**48.99**	–	48.99
Haute Rive IRS Company Limited	Mauritius	Ordinary	Property Development	–	**48.99**	–	48.99
Haute Rive PDS Company Ltd	Mauritius	Ordinary	Property Development	–	**48.99**	–	48.99
HR Golf Holding Ltd	Mauritius	Ordinary	Property Development	–	**48.99**	–	48.99
Azuri Golf Management Ltd	Mauritius	Ordinary	Property Development	–	**48.99**	–	48.99
Circle Square Holding Company Limited	Mauritius	Ordinary	Property Development	–	**48.99**	–	48.99
Life in Blue Limited	Mauritius	Ordinary	Property Development	–	**48.99**	–	48.99
Ocean Edge Property Management Company Ltd	Mauritius	Ordinary	Property Development	–	**48.99**	–	48.99
Les Hauts Champs 2 Ltd	Mauritius	Ordinary	Property Development	–	**48.99**	–	48.99
PL Resort Ltd	Mauritius	Ordinary	Property Development	–	**43.37**	–	43.37
Haute Rive Azuri Hotel Ltd	Mauritius	Ordinary	Property Development	–	**38.13**	–	38.13
IBL Life Ltd	Mauritius	Ordinary	Biotechnologies	**100.00**	–	100.00	–
Healthscape Ltd (xi)	Mauritius	Ordinary	Cryotherapy	–	**100.00**	–	–
CIDP Holding (formerly Rouclavier Ltée)	Mauritius	Ordinary	Research and Biotechnology	–	**90.00**	–	90.00
Services Gestion des Compagnies Ltée	Mauritius	Ordinary	Management Services	–	**90.00**	–	90.00
CIDP Preclinical Ltd	Mauritius	Ordinary	Clinical testing	–	**90.00**	–	90.00
CIDP India Ltd	Mauritius	Ordinary	Clinical testing of pharmaceutical and cosmetic products	–	**90.00**	–	**90.00**

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11. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries (continued)	Country of incorporation	Type of shares	Principal activity	2020 % held Direct	2020 % held Indirect	2019 % held Direct	2019 % held Indirect
CIDP Biotech India Private Limited	India	Ordinary	Clinical testing	–	89.10	–	89.10
CIDP International	Mauritius	Ordinary	Clinical research and investment	–	89.10	–	89.10
CIDP Biotechnology SRL	Romania	Ordinary	Clinical testing of pharmaceutical and cosmetic products	–	89.10	–	89.10
CIDP Brasil Ltd	Mauritius	Ordinary	Clinical research and investment	–	90.00	–	90.00
CIDP Do Brasil Pesquisas Clinicas Ltda	Brasil	Ordinary	Clinical testing of pharmaceutical and cosmetic products	–	89.10	–	89.10
Centre de Phytotherapie et de Recheche Ltée	Mauritius	Ordinary	Testing and analysis of plants	–	90.00	–	90.00
CIDP Singapore Ltd	Mauritius	Ordinary	Clinical research and investment	–	90.00	–	90.00
Centre International de Development Pharmaceutique (formerly known as CIDP Biotech Singapore)	Singapore	Ordinary	Clinical testing of pharmaceutical and cosmetic products	–	90.00	–	90.00
Air Mascareignes Limitée	Mauritius	Ordinary	Tourism	50.00	–	50.00	–
Australair General Sales Agency Ltd	Mauritius	Ordinary	Tourism and Travel	–	50.00	–	50.00
Australair GSA Comores SARL	Comoros	Ordinary	Tourism and Travel	–	50.00	–	50.00
Australair GSA Mada s.a.	Madagascar	Ordinary	Tourism and Travel	–	50.00	–	50.00
Catovair Comores SARL (i)	Mauritius	Ordinary	Tourism and Travel	–	50.00	–	50.00
Compagnie Thonière de l'Ocean Indien Ltée	Mauritius	Ordinary	Rental of fishing boats	100.00	–	100.00	–
Ground 2 Air Ltd (formerly known as Equity Aviation Indian Ocean Limited)	Mauritius	Ordinary	Ground handling	100.00	–	100.00	–
Equity Aviation Comores SARL	Mauritius	Ordinary	Ground handling	–	100.00	–	100.00
G2A Camas Ltd	Mauritius	Ordinary	Training	–	50.00	–	50.00
IBL Aviation SARL (x)	Madagascar	Ordinary	Tourism and Travel	–	–	–	100.00
IBL Aviation Comores SARL (i)	Comoros	Ordinary	Tourism and Travel	–	100.00	–	100.00
IBL Cargo Village Ltd	Mauritius	Ordinary	Tourism and Travel	100.00	–	100.00	–
IBL Comores SARL	Comoros	Ordinary	Tourism	100.00	–	100.00	–
IBL Comores GSA Anjouan SARL	Comoros	Ordinary	Tourism	–	100.00	–	100.00
IBL Fishing Company Ltd	Mauritius	Ordinary	Shipping	100.00	–	100.00	–
IBL Regional Development Limited	Mauritius	Ordinary	Investment	100.00	–	100.00	–
Arcadia Travel Madagascar	Madagascar	Ordinary	Travel agency	–	100.00	–	100.00
Arcadia Travel Comores SARL	Comoros	Ordinary	Travel agency	–	100.00	–	100.00
Arcadia Travel Limited (formerly known as IBL Travel Limited) (ix)	Mauritius	Ordinary	Travel agency	100.00	–	100.00	–
IBL Travel SARL (ii)	Mauritius	Ordinary	Travel agency	–	–	–	100.00
Indian Ocean Dredging Ltd (ii)	Mauritius	Ordinary	Inactive	–	–	100.00	–
IBL Shipping Company Ltd (formerly known as Indian Ocean Logistics Limited)	Mauritius	Ordinary	Import-Export	100.00	–	100.00	–
I World Ltd	Mauritius	Ordinary	Commerce	100.00	–	100.00	–
Ireland Fraser (Madagascar) SARL (ii)	Madagascar	Ordinary	Commerce	–	100.00	–	100.00
Logidis Limited (ix)	Mauritius	Ordinary	Warehousing	100.00	–	100.00	–
Mad Courrier SARL	Madagascar	Ordinary	Courier service	92.50	–	92.50	–
Mada Aviation SARL	Madagascar	Ordinary	General sales agent	100.00	–	100.00	–
Reefer Operations Limited	Isle Of Man	Ordinary	Shipping	100.00	–	100.00	–
Reefer Operations (BVI) Limited	British Virgin Island	Ordinary	Shipping	–	100.00	–	100.00
Seaways Marine Supplies Limited (x)	Mauritius	Ordinary	Shipping	–	–	100.00	–

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11. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries (continued)	Country of incorporation	Type of shares	Principal activity	2020 % held Direct	2020 % held Indirect	2019 % held Direct	2019 % held Indirect
Société Mauricienne de Navigation Ltée (i)	Mauritius	Ordinary	Service provider	100.00	–	100.00	–
Somatrans SDV Ltd	Mauritius	Ordinary	Import-Export	75.00	–	75.00	–
Somatrans SDV Logistics Ltd	Mauritius	Ordinary	Import-Export	–	75.00	–	75.00
Southern Seas Shipping Company Limited (ix)	Mauritius	Ordinary	Shipping	100.00	–	100.00	–
IBL LAS Support Ltd (formerly known as Tourism Services International Limited)	Mauritius	Ordinary	Support Services	100.00	–	100.00	–
Aquatic Proteins Private Limited	India	Ordinary	Manufacturing	–	70.00	–	70.00
Cervonic Ltd	Mauritius	Ordinary	Manufacturing	–	85.00	–	85.00
Froid des Mascareignes Ltd	Mauritius	Ordinary	Storage	–	59.50	–	59.50
IBL Biotechnology Investment Holdings Ltd	Mauritius	Ordinary	Investment	100.00	–	100.00	–
IBL Biotechnology (Mauritius) Ltd	Mauritius	Ordinary	Research and Development	90.00	–	90.00	–
IBL India Investments Ltd	Mauritius	Ordinary	Investment	100.00	–	100.00	–
IBL Gabon Investments Limited	Mauritius	Ordinary	Investment	100.00	–	100.00	–
Tropical Holding SA	Gabon	Ordinary	Seafood	–	60.00	–	60.00
IBL Ugandan Holdings 1 Limited (i)	Mauritius	Ordinary	Investment	100.00	–	100.00	–
IBL Ugandan Holdings 2 Limited (x)	Mauritius	Ordinary	Investment	–	–	100.00	–
IBL Seafood Support Services Ltd (formerly known as Société de Traitement et d'Assainissement des Mascareignes Limitée)	Mauritius	Ordinary	Support Services	100.00	–	100.00	–
Industrie et Services de l'Océan Indien Limitée	Mauritius	Ordinary	Maritime Transport	–	63.83	–	63.83
La Tropicale Mauricienne Ltée	Mauritius	Ordinary	Manufacturing	100.00	–	100.00	–
Marine Biotechnology Products Ltd	Mauritius	Ordinary	Manufacturing	–	56.95	–	56.95
Marine Biotechnology International Ltd	Mauritius	Ordinary	Investment	–	85.00	–	85.00
Marine Biotechnology Products Cote d'Ivoire	Ivory Coast	Ordinary	Investment	–	41.65	–	41.65
Seafood Hub Limited	Mauritius	Ordinary	Investment	85.00	–	85.00	–
Transfroid Ltd	Mauritius	Ordinary	Import-Export	–	59.50	–	59.50
Camp Investment Company Limited	Mauritius	Ordinary	Investment	49.60	–	49.60	–
Phoenix Management Company Ltd	Mauritius	Ordinary	Management	–	49.58	–	49.56
Phoenix Investment Company Limited	Mauritius	Ordinary	Investment	26.17	11.25	26.17	11.25
Phoenix Beverages Limited	Mauritius	Ordinary	Production of Beer and Bottles and distribution of beverages	3.21	20.07	3.21	20.07
MBL Offshore Ltd	Mauritius	Ordinary	Investment	–	23.28	–	23.28
Phoenix Beverages Overseas Ltd	Mauritius	Ordinary	Export of beverages	–	23.28	–	23.28
The (Mauritius) Glass Gallery Ltd	Mauritius	Ordinary	Production and sale of glasswares	–	17.69	–	16.46
Phoenix Distributors Limited	Mauritius	Ordinary	Distribution of beverages	–	22.66	–	21.09
Phoenix Camp Minerals Offshore Limited	Mauritius	Ordinary	Investment	–	23.28	–	23.28
Phoenix Réunion SARL	Réunion	Ordinary	Commissioning agent	–	23.28	–	23.28
Helping Hands Foundation	Mauritius	Ordinary	Charitable institution	–	20.37	–	18.96
Phoenix Foundation	Mauritius	Ordinary	Foundation	–	23.28	–	23.28
Edena S.A.	Réunion	Ordinary	Distribution of beverages	–	23.28	–	23.28
Espace Solution Réunion SAS	Réunion	Ordinary	Other Services	–	23.28	–	23.28
The Traditional Green Mill Ltd (xi)	Mauritius	Ordinary	Restaurant	–	23.28	–	–

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(v) Investments disposed
(vi) Change in percentage holding without loss of control
(vii) Transferred from investment in associate to investment in subsidiary following additional investment made during the year ended 30 June 2020
(viii) Acquired during the year
(ix) Recapitalisation
(x) Companies have been de-registered
(xi) Companies incorporated during the year

11. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of non-wholly owned subsidiaries of the Group that have non-controlling interest:

	Percentage of voting rights held by non-controlling interests		Net profit/(loss) attributable to non-controlling interest		Accumulated non-controlling interests		Dividend paid to non-controlling interests	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019
			Rs'000	Rs'000	**Rs'000**	Rs'000	**Rs'000**	Rs'000
Lux* Island Resorts Ltd	**43.53%**	43.53%	**(382,300)**	317,685	**2,422,556**	2,901,674	**-**	(80,583)
Camp Investment Company Limited	**50.40%**	50.40%	**413,362**	575,539	**3,394,746**	3,381,776	**(180,117)**	(192,943)
United Basalt Products Ltd	**66.86%**	66.86%	**22,664**	131,720	**2,241,017**	2,202,159	**(34,277)**	(82,203)
Chantier Naval de l'Océan Indien Ltd	**36.17%**	36.17%	**9,101**	97,658	**810,042**	736,935	**(8,110)**	(54,981)
BlueLife Limited	**51.01%**	51.01%	**(147,842)**	(74,630)	**963,826**	1,140,087	**-**	-
Individually immaterial subsidiaries with non-controlling interests			**(150,003)**	(85,913)	**1,265,073**	1,158,322	**(105,620)**	(170,604)
Total			**(235,019)**	962,059	**11,097,260**	11,520,953	**(328,124)**	(581,314)

The Group considers certain entities over which it controls less than 50% of the voting rights as subsidiaries since it has sufficient dominant voting interest to direct the relevant activities of these entities and therefore has control over them (Refer to Note 3).

11. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Lux* Island Resorts Ltd	**2020**	2019
	Rs'000	Rs'000
Current assets	**1,537,212**	1,089,633
Non-current assets	**14,062,546**	11,198,805
Current liabilities	**4,972,134**	2,439,513
Non-current liabilities	**5,062,368**	3,842,466
Equity attributable to owners of the Company	**3,142,700**	3,104,785
Non-controlling interest	**2,422,556**	2,901,674

	2020	2019
Summarised statements of profit or loss:	**Rs'000**	Rs'000
Revenue from contracts with customers	**4,847,130**	6,413,433
Expenses	**(5,725,376)**	(5,683,850)
(Loss)/profit for the year	**(878,246)**	729,583
(Loss)/profit for the year:		
- (Loss)/profit attributable to owners of the Company	**(495,946)**	411,898
- (Loss)/profit attributable to the non-controlling interests	**(382,300)**	317,685
	(878,246)	729,583
Other comprehensive income/(loss) for the year:		
- Other comprehensive income/(loss) attributable to owners of the Company	**185,873**	(135,573)
- Other comprehensive income/(loss) attributable to the non-controlling interests	**250,590**	(104,506)
	436,463	(240,079)
Total comprehensive (loss)/income for the year:		
- Total comprehensive (loss)/income attributable to owners of the Company	**(310,073)**	276,325
- Total comprehensive (loss)/income attributable to the non-controlling interests	**(131,710)**	213,179
	(441,783)	489,504
Summarised statements of cash flows:		
Net cash inflow from operating activities	**555,988**	1,020,793
Net cash outflow from investing activities	**(923,908)**	(428,985)
Net cash inflow/(outflow) from financing activities	**287,023**	(605,040)
Net cash outflow for the year	**(80,897)**	(13,232)

Notes to the Financial Statements for the year ended 30 June 2020

11. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Camp Investment Company Limited	**2020**	2019
Summarised statements of financial position:	**Rs'000**	Rs'000
Current assets	**1,804,304**	1,925,622
Non-current assets	**5,397,041**	4,765,624
Current liabilities	**1,525,436**	1,233,292
Non-current liabilities	**1,256,530**	1,028,511
Equity attributable to owners of the Company	**1,024,633**	1,047,667
Non-controlling interest	**3,394,746**	3,381,776

	2020	2019
Summarised statements of profit or loss:	**Rs'000**	Rs'000
Revenue from contracts with customers	**7,572,564**	7,824,421
Expenses	**(7,081,838)**	(7,140,905)
Profit for the year	**490,726**	683,516
Profit for the year:		
- Profit attributable to owners of the Company	**77,364**	107,977
- Profit attributable to the non-controlling interests	**413,362**	575,539
	490,726	683,516
Other comprehensive loss for the year:		
- Other comprehensive loss attributable to owners of the Company	**(184,399)**	(24,478)
- Other comprehensive loss attributable to the non-controlling interests	**(57,174)**	(137,677)
	(241,573)	(162,155)
Total comprehensive (loss)/income for the year:		
- Total comprehensive (loss)/income attributable to owners of the Company	**(107,035)**	83,499
- Total comprehensive income attributable to the non-controlling interests	**356,188**	437,862
	249,153	521,361
Summarised statements of cash flows:		
Net cash inflow from operating activities	**802,098**	814,280
Net cash outflow from investing activities	**(509,803)**	(469,546)
Net cash outflow from financing activities	**(287,167)**	(369,386)
Net cash inflow/(outflow) for the year	**5,128**	(24,652)

Notes to the Financial Statements for the year ended 30 June 2020

11. INVESTMENT IN SUBSIDIARIES (CONTINUED)

United Basalt Products Ltd	**2020**	2019
Summarised statements of financial position:	**Rs'000**	Rs'000
Current assets	**1,391,694**	1,362,183
Non-current assets	**4,316,207**	3,743,154
Current liabilities	**814,977**	770,961
Non-current liabilities	**1,460,126**	1,174,302
Equity attributable to owners of the Company	**1,191,781**	957,915
Non-controlling interest	**2,241,017**	2,202,159

	2020	2019
Summarised statements of profit or loss:	**Rs'000**	Rs'000
Revenue from contracts with customers	**2,990,928**	3,363,398
Expenses	**(2,958,878)**	(3,146,914)
Profit for the year	**32,050**	216,484
Profit for the year:		
- Profit attributable to owners of the Company	**9,386**	57,368
- Profit attributable to the non-controlling interests	**22,664**	131,720
	32,050	189,088
Other comprehensive income for the year:		
- Other comprehensive income/(loss) attributable to owners of the Company	**48,545**	(2,482)
- Other comprehensive income/(loss) attributable to the non-controlling interests	**97,060**	(5,074)
	145,605	(7,556)
Total comprehensive income for the year:		
- Total comprehensive income attributable to owners of the Company	**57,931**	54,886
- Total comprehensive income attributable to the non-controlling interests	**119,724**	126,646
	177,654	181,532
Summarised statements of cash flows:		
Net cash inflow from operating activities	**340,348**	451,354
Net cash outflow from investing activities	**(241,303)**	(299,017)
Net cash inflow/(outflow) from financing activities	**43,582**	(143,397)
Net cash inflow for the year	**142,627**	8,940

Notes to the Financial Statements for the year ended 30 June 2020

11. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Chantier Naval de l'Océan Indien Ltd	**2020**	2019
Summarised statements of financial position:	**Rs'000**	Rs'000
Current assets	**550,820**	767,488
Non-current assets	**2,049,921**	1,666,853
Current liabilities	**137,182**	312,347
Non-current liabilities	**122,369**	88,400
Equity attributable to owners of the Company	**1,531,148**	1,296,659
Non-controlling interest	**810,042**	736,935

	2020	2019
Summarised statements of profit or loss:	**Rs'000**	Rs'000
Revenue from contracts with customers	**814,831**	1,079,268
Expenses	**(789,670)**	(822,688)
Profit for the year	**25,161**	256,580
Profit for the year:		
- Profit attributable to owners of the Company	**16,060**	158,922
- Profit attributable to the non-controlling interests	**9,101**	97,658
	25,161	256,580
Other comprehensive income for the year:		
- Other comprehensive income attributable to owners of the Company	**129,289**	1,758
- Other comprehensive income attributable to the non-controlling interests	**73,264**	996
	202,553	2,754
Total comprehensive (loss)/income for the year:		
- Total comprehensive (loss)/income attributable to owners of the Company	**145,349**	160,680
- Total comprehensive income attributable to the non-controlling interests	**82,365**	98,655
	227,714	259,335
Summarised statements of cash flows:		
Net cash inflow from operating activities	**107,238**	373,702
Net cash outflow from investing activities	**(165,666)**	(35,139)
Net cash outflow from financing activities	**(152,840)**	(180,199)
Net cash inflow/(outflow) for the year	**(211,268)**	158,364

Notes to the Financial Statements for the year ended 30 June 2020

11. INVESTMENT IN SUBSIDIARIES (CONTINUED)

BlueLife Limited	**2020**	2019 (Restated)
Summarised statements of financial position:	**Rs'000**	Rs'000
Current assets	**713,250**	733,563
Non-current assets	**2,980,752**	3,366,828
Current liabilities	**1,276,852**	1,321,423
Non-current liabilities	**584,161**	621,107
Equity attributable to owners of the Company	**869,163**	1,014,623
Non-controlling interest	**963,826**	1,143,238

	2020	2019
Summarised statements of profit or loss:	**Rs'000**	Rs'000
Revenue from contracts with customers	**473,331**	597,261
Expenses	**(797,288)**	(735,856)
Loss for the year	**(323,957)**	(138,595)
Loss for the year:		
- Loss attributable to owners of the Company	**(176,115)**	(63,963)
- Loss attributable to the non-controlling interests	**(147,842)**	(74,630)
	(323,957)	(138,593)
Other comprehensive loss for the year:		
- Other comprehensive loss attributable to owners of the Company	**(746)**	(2,277)
- Other comprehensive loss attributable to the non-controlling interests	**(180)**	(3,614)
	(926)	(5,891)
Total comprehensive loss for the year:		
- Total comprehensive loss attributable to owners of the Company	**(176,861)**	(66,240)
- Total comprehensive loss attributable to the non-controlling interests	**(148,022)**	(78,246)
	(324,883)	(144,486)
Summarised statements of cash flows:		
Net cash outflow from operating activities	**(55,794)**	(202,722)
Net cash inflow from investing activities	**136,177**	85,796
Net cash (outflow)/inflow from financing activities	**(116,072)**	46,454
Net cash outflow for the year	**(35,689)**	(70,472)

Notes to the Financial Statements for the year ended 30 June 2020

12. INVESTMENTS IN ASSOCIATES

(a) THE GROUP

	2020 Rs'000	2019 Rs'000
At 1 July		
– As previously stated (Note (iii))	**8,938,782**	8,840,830
– Prior year adjustments (Note 43)	**–**	(149,044)
– As restated	**8,938,782**	8,691,786
Additions	**317,631**	40,000
Disposals	**–**	(16,928)
Impairment loss	**(198,612)**	(20,544)
Share of profits – Continuing	**539,050**	410,937
Dividend income	**(292,511)**	(166,012)
Movement in fair value reserves	**(10,420)**	2,525
Movement in revaluation reserves	**92,875**	(5,757)
Movement in currency translation reserves	**184,379**	826
Movement in other reserves	**(51,723)**	78,246
Other movements in retained earnings	**1,975**	(75,821)
Transfer to investment in subsidiaries (Note 11)	**–**	(476)
Capital redemption (Note (ii))	**(48,991)**	–
At 30 June	**9,472,435**	8,938,782

(i) At 30 June 2020, the Group had recognised impairment losses with respect to Nutrifish SAS (Rs 151.3 million), Price Guru Ltd (Rs 37.4 million), Scimat SAS (Rs 3.7 million) and Cosy Club Management Services Ltd (Rs 6.2 million) due to recoverable values being lower than the carrying values. The recoverable amounts of the associates are determined based on their value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management. Value-in-use for each associate was determined by discounting the future cash flows generated by applying key assumptions encircling the cash flows which were projected based on actual operating results extrapolated using an annual growth rate for a period of five years where the cash flows after the five years period were also extrapolated using a perpetual growth rate in order to calculate the terminal recoverable amount. Discount rates which represent the current market assessment of the risk specific to the associate taking into consideration the time value of money and the weighted average cost of capital (WACC) were also key assumptions. Whilst estimating the recoverable amounts for Nutrifish SAS and Scimat SAS in addition to Price Guru Ltd and Cosy Club Management Services Ltd, it was noted that those companies ended up having a recoverable amount of nil as they were not operating given the current prevailing market conditions where cashflow projections were nil. These impairment losses were recognised in the statement of profit or loss under other gains and losses (Note 33). At 30 June 2019, the Group has recognised impairment losses with respect to Supintex Limited and Mer des Mascareignes Limitée (due to recurring losses incurred by these entities).

(ii) The capital redemption relates to capital reduction of the indirect associate Cosy Club Management Services Ltd. This did not result in any change in percentage holding as the capital reduction was made to all shareholders of the indirect associate.

(iii) The previously stated balance includes the effect of adopting new accounting standards on 1 July 2019 amounting to Rs 130 million.

Notes to the Financial Statements for the year ended 30 June 2020

12. INVESTMENTS IN ASSOCIATES (CONTINUED)

(b) THE COMPANY

	Listed Rs'000	Unquoted Rs'000	Total Rs'000
At 1 July 2018	2,253,652	3,639,915	5,893,567
Disposal	–	(39,167)	(39,167)
Fair value adjustments	(598,626)	67,827	(530,799)
At 30 June 2019	1,655,026	3,668,575	5,323,601
At 1 July 2019	**1,655,026**	**3,668,575**	**5,323,601**
Fair value adjustments	**(316,920)**	**318,845**	**1,925**
At 30 June 2020	**1,338,106**	**3,987,420**	**5,325,526**

(c) Additions during the year have been financed as follows:

	THE GROUP 2020 Rs'000	THE GROUP 2019 Rs'000
Recapitalisation of loan	**151,326**	–
Cash consideration	**166,305**	40,000
	317,631	40,000

Recapitalisation of loan relates to a loan receivable from Nutrifish SAS being capitalised during the year under review.

The cash consideration is in respect of the acquisition of Victoria Station, Identical Media Holding and Medscheme (Mtius) Ltd.

(d) The Group and the Company have pledged their investments to secure the banking facilities obtained.

(e) Refer to Note 34 for capital commitments and Note 35 for contingent liabilities related to associates of the Group.

12. INVESTMENTS IN ASSOCIATES (CONTINUED)

(f) Details of associates

	Country of incorporation	Type of shares	2020 % held Direct	2020 % held Indirect	2019 % held Direct	2019 % held Indirect
AfrAsia Bank Limited	Mauritius	Ordinary	**30.29**	**–**	30.29	–
AfrAsia Investments Limited	Mauritius	Ordinary	**–**	**30.29**	–	30.29
AfrAsia Capital Management Ltd	Mauritius	Ordinary	**–**	**30.29**	–	30.29
Alteo Ltd	Mauritius	Ordinary	**27.64**	**–**	27.64	–
Australair GSA Seychelles Ltd (iii)	Seychelles	Ordinary	**–**	**49.00**	–	49.00
Compagnie des Travaux Maritimes des Mascareignes Ltee (iii)	Mauritius	Ordinary	**–**	**25.00**	–	25.00
Confido Holding Limited	Mauritius	Ordinary	**33.33**	**–**	33.33	–
EllGeo Re (Mauritius) Ltd	Mauritius	Ordinary	**–**	**33.33**	–	33.33
Cosy Club Management Services Ltd	Mauritius	Ordinary	**–**	**44.67**	–	44.67
Crown Corks Industries Ltd	Mauritius	Ordinary	**–**	**7.07**	–	6.58
DDL Promotion Ltee (i)	Mauritius	Ordinary	**–**	**40.00**	–	40.00
Chronopost (Mauritius) Ltd (formerly known as DPD Laser (Mauritius) Ltd)	Mauritius	Ordinary	**25.00**	**–**	25.00	–
Energie des Mascareignes Limitée (iii)	Mauritius	Ordinary	**30.00**	**–**	30.00	–
Island Management Ltd	Mauritius	Ordinary	**25.00**	**–**	25.00	–
IBL Energy Efficiency Ltd (iii)	Mauritius	Ordinary	**–**	**35.00**	–	35.00
IBL Photovoltaic Solutions Ltd (iii)	Mauritius	Ordinary	**–**	**40.00**	–	40.00
Identical Media Holding Ltd (v)	Mauritius	Ordinary	**–**	**10.48**	–	–
H. Savy Insurance Company Ltd	Seychelles	Ordinary	**–**	**12.00**	–	12.00
LCL Cynologics Ltd	Mauritius	Ordinary	**–**	**30.05**	–	30.05
Madalg SARL (iii)	Madagascar	Ordinary	**40.00**	**–**	40.00	–
Mauritius Coal and Allied Services Co Ltd	Mauritius	Ordinary	**49.00**	**–**	49.00	–
Medscheme (Mtius) Ltd (v)	Mauritius	Ordinary	**–**	**18.00**	–	–
Mer des Mascareignes Limitee	Mauritius	Ordinary	**–**	**42.50**	–	42.50
Nutrifish SAS	France	Ordinary	**–**	**41.25**	–	24.97
Princes Tuna (Mauritius) Ltd	Mauritius	Ordinary	**23.37**	**17.27**	23.37	17.27
Quantilab Holding Ltd	Mauritius	Ordinary	**–**	**50.00**	–	50.00
Scimat SAS	Reunion	Ordinary	**50.00**	**–**	50.00	–
Supintex Limited	Mauritius	Ordinary	**49.00**	**–**	49.00	–
Supinvest Ltd	Mauritius	Ordinary	**–**	**49.00**	–	49.00
Switch Energy Ltd	Mauritius	Ordinary	**–**	**21.27**	–	21.27
Price Guru Ltd	Mauritius	Ordinary	**–**	**20.00**	–	20.00
Victoria Station (v)	Mauritius	Ordinary	**–**	**24.13**	–	–

(i) Companies are inactive
(ii) Companies are inactive and in process of de-registration
(iii) These have not been equity accounted in the financial statements as they were inactive and not material to the Group
(iv) Increase in sake and transferred to investments in subsidiaries
(v) Investments acquired during the year

All the above associates are accounted using the equity method in the consolidated financial statements, except where mentioned otherwise.

Notes to the Financial Statements for the year ended 30 June 2020

12. INVESTMENTS IN ASSOCIATES (CONTINUED)

(g) Information presented in aggregate for associates that are not individually significant:

	2020 Rs'000	2019 Rs'000
Summarised statements of financial position:		
Current assets	**1,122,868**	1,218,402
Non-current assets	**904,808**	563,583
Current liabilities	**766,266**	397,044
Non-current liabilities	**217,060**	319,438
Summarised statements of profit or loss and other comprehensive income		
The Group's share of profit from continuing operations	**179,754**	56,460
The Group's share of other comprehensive loss	**(5,159)**	(2,687)
The Group's share of profit and total comprehensive income	**174,595**	53,773
Carrying amount of the Group's total interest in its associates	**593,962**	506,867

Notes to the Financial Statements for the year ended 30 June 2020

12. INVESTMENTS IN ASSOCIATES (CONTINUED)

(h) Details of significant associates

The table below presents a summary of financial information in respect of each of the significant associates of the Group. This summary represents the amounts reported in the financial statements of the respective associates prepared in accordance with IFRS.

AfrAsia Bank Limited	2020 Rs'000	2019 Rs'000
Summarised statements of financial position:		
Current assets	**131,541,320**	112,729,633
Non-current assets	**28,935,557**	28,631,077
Current liabilities	**150,826,106**	125,583,504
Non-current liabilities	**999,289**	8,076,668
Equity attributable to other shareholders	**1,399,768**	760,617
Summarised statements of profit or loss:		
Revenue from contracts with customers	**3,010,670**	3,259,208
Profit for the year attributable to ordinary shareholders of the Company	**1,542,996**	1,627,973
Other comprehensive loss attributable to ordinary shareholders of the Company	**(15,368)**	(1,071)
Total comprehensive income for the year attributable to ordinary shareholders of the Company	**1,527,628**	1,626,902
Group's share ofprofit for year of the associate	**422,733**	493,113
Group's share of total comprehensive income of the associate	**418,078**	492,788
Dividend income from associate	**130,039**	56,463

Reconciliation of financial information summarised above and the carrying value of the investment in AfrAsia Bank Limited recorded in the consolidated financial statements:

	2020 Rs'000	2019 Rs'000
Net assets of the associate attributable to the Group	**7,251,709**	6,939,923
Percentage holding by the Group (Note 12(f))	**30.29%**	30.29%
Share of net assets	**2,196,543**	2,102,102
Goodwill	**364,963**	364,964
Carrying value of the Group's share	**2,561,506**	2,467,066

Notes to the Financial Statements for the year ended 30 June 2020

12. INVESTMENTS IN ASSOCIATES (CONTINUED)

(h) Details of significant associates (Continued)

Alteo Ltd	2020 Rs'000	2019 Rs'000
Summarised statements of financial position:		
Current assets	**6,925,029**	5,879,010
Non-current assets	**23,051,651**	22,655,024
Current liabilities	**5,116,244**	4,210,223
Non-current liabilities	**7,701,578**	7,002,897
Equity attributable to other shareholders	**1,365,039**	1,542,646
Summarised statements of profit or loss:		
Revenue from contracts with customers	**8,290,697**	8,997,439
Loss for the year attributable to ordinary shareholders of the Company	**(102,340)**	(821,268)
Other comprehensive income attributable to ordinary shareholders of the Company	**327,127**	35,420
Total comprehensive income/(loss) attributable to ordinary shareholders of the Company	**224,787**	(785,848)
Group's share of loss for year of the associate	**(28,287)**	(226,998)
Group's share of total comprehensive income/(loss) of the associate	**62,131**	(217,208)
Dividend income from associate	**47,537**	58,982

Reconciliation of financial information summarised above and the carrying value of the investment in Alteo Ltd recorded in the consolidated financial statements:

	2020 Rs'000	2019 Rs'000
Net assets of associate	**15,831,069**	15,778,268
Percentage holding by the Group (Note 12(f))	**27.64%**	27.64%
Share of net assets	**4,375,707**	4,361,113
Carrying value of the Group's share	**4,375,707**	4,361,113

12. INVESTMENTS IN ASSOCIATES (CONTINUED)

(h) Details of significant associates (Continued)

Princes Tuna (Mauritius) Ltd	**2020 Rs'000**	2019 Rs'000
Summarised statements of financial position:		
Current assets	**3,618,139**	3,837,738
Non-current assets	**2,957,707**	1,838,985
Current liabilities	**2,089,822**	2,591,850
Non-current liabilities	**891,429**	1,741
Equity attributable to other shareholders	**185,815**	3,468
Summarised statements of profit or loss:		
Revenue from contracts with customers	**8,653,189**	9,710,749
Profit for the year attributable to ordinary shareholders of the Company	**120,749**	342,651
Other comprehensive loss attributable to ordinary shareholders of the Company	**(41,734)**	(15,471)
Total comprehensive income for the year attributable to ordinary shareholders of the Company	**79,015**	327,180
Group's share of profit for year of the associate	**38,903**	132,916
Group's share of total comprehensive income of the associate	**137,383**	126,158
Dividend income from associate	**32,361**	-

Reconciliation of financial information summarised above and the carrying value of the investment in Princes Tuna (Mauritius) Ltd recorded in the consolidated financial statements:

	2020 Rs'000	2019 Rs'000
Net assets of associate attributable to the Group	**3,408,780**	3,079,664
Pecentage holding by the Group (Note (i))	**43.68%**	43.68%
Share of net assets	**1,488,955**	1,345,031
Goodwill	**452,303**	452,303
Carrying value of the Group's share	**1,941,258**	1,797,334

(i) The Company has direct shareholding of 23.37% in Princes Tuna (Mauritius) Ltd ("PTM") and one the subsidiaries of the Group has 20.31% shareholding in PTM. Cumulatively, the Group has 43.68% shareholding in the associate.

Notes to the Financial Statements for the year ended 30 June 2020

13. INVESTMENTS IN JOINT VENTURES

Details of joint ventures:

	Type of Shares	Country of incorporation		Percentage held 2020	2019
City Brokers Ltd	Ordinary	Mauritius	Direct	**50.00%**	50.00%
CBL Africa Ltd	Ordinary	Mauritius	Indirect	**50.00%**	50.00%
Manser Saxon Facilities Ltd	Ordinary	Mauritius	Indirect	**46.24%**	46.24%
Plat Form Laser	Ordinary	Mauritius	Indirect	**45.00%**	45.00%

	THE GROUP		THE COMPANY	
	2020 Rs'000	2019 Rs'000	**2020 Rs'000**	2019 Rs'000
At July 1	**113,333**	202,897	**347,679**	347,002
Share of results - continuing	**29,385**	30,369	**-**	-
Share of results - discontinued (Note 21)	**-**	49,875	**-**	-
Dividends	**(20,000)**	(55,000)	**-**	-
Movement in other reserves	**(5,661)**	-	**-**	
Fair value movement	**-**	-	**(45,099)**	677
Impairment loss	**-**	(4,168)	**-**	-
Share of other comprehensive income	**-**	(1,430)	**-**	-
Disposal	**-**	(109,210)	**-**	-
At 30 June	**117,057**	**113,333**	**302,580**	**347,679**

There are no contingent liabilities and capital commitments with respect to the joint ventures.

None of the joint ventures are individually significant to the Group.

13. INVESTMENTS IN JOINT VENTURES (CONTINUED)

Information presented in aggregate for the joint ventures that are not individually significant:

	2020 Rs'000	2019 Rs'000
Summarised statements of financial position:		
Current assets	**221,125**	161,892
Non-current assets	**27,432**	18,208
Current liabilities	**97,819**	63,501
Non-current liabilities	**27,238**	1,665
Group's share of profit for the year	**29,385**	30,369
Group's share of total comprehensive income for the year	**23,724**	30,154
Equity	**123,500**	114,934
Group's share in equity	**61,958**	58,234
Goodwill	**55,099**	55,099
Carrying amount of the Group's total interest	**117,057**	113,333
Summarised statements of profit or loss:		
Revenue from contracts with customers	**298,254**	298,254
Cost of sales	**69,721**	69,721
Administrative expenses, including depreciation	**155,661**	155,661
Profit before tax	**70,480**	70,480
Income tax expense	**10,453**	10,453
Profit for the year (continuing operations)	**80,933**	80,933
Total comprehensive income for the year (continuing operations)	**53,186**	53,186

Notes to the Financial Statements for the year ended 30 June 2020

14. OTHER FINANCIAL ASSETS

THE GROUP	Fair value through OCI Rs'000	Fair value through profit or loss Rs'000	Measured at amortised cost Rs'000	Total Rs'000
At 1 July 2018 (Note (ii))	315,728	481,058	328,099	1,124,885
Additions	79,021	100,012	144,315	323,348
Disposals	(35,078)	(186,524)	(190,838)	(412,440)
Fair value adjustments	41,971	(22,056)	758	20,673
Transfer to investment in non-current receivables (Note 17)	-	(1,500)	-	(1,500)
Exchange differences	(5)	640	-	635
Reclassification	578	(292)	-	286
Accrued interest during the year	-	-	3,204	3,204
At 30 June 2019	402,215	371,338	285,537	1,059,091
At 1 July 2019	**402,215**	**371,338**	**285,537**	**1,059,091**
Additions	**68,277**	**92,687**	**84,307**	**245,271**
Disposals	**(26,148)**	**(115,596)**	**(185,634)**	**(327,378)**
Fair value adjustments	**(54,625)**	**(16,845)**	**32,738**	**(38,732)**
Exchange differences	**(24,051)**	**(640)**	**(10,843)**	**(35,534)**
Reclassification	**(369)**	**-**	**369**	**-**
Accrued interest during the year	**69**	**-**	**6,128**	**6,197**
At 30 June 2020	**365,368**	**330,944**	**212,602**	**908,915**

	2020 Rs'000	2019 Rs'000
Analysed as follows:		
Current	**179,643**	485,728
Non-current	**729,273**	573,364
	908,916	1,059,092
Analysed as follows:		
Listed	**255,151**	400,788
Unquoted	**653,765**	691,042
	908,916	1,091,830

14. OTHER FINANCIAL ASSETS (CONTINUED)

THE COMPANY	Fair value through OCI Rs'000	Fair value through profit or loss Rs'000	Measured at amortised cost Rs'000	Total Rs'000
At 1 July 2018 (Note (ii))	130,805	1,500	–	132,305
Additions	5,008	–	–	5,008
Disposals	(1,640)	–	–	(1,640)
Fair value adjustments	(11,879)	–	–	(11,879)
Transfer to investment in non-current receivables (Note 17)	–	(1,500)	–	(1,500)
At 30 June 2019	122,294	–	–	122,294
At 1 July 2019	**122,294**	**–**	**–**	**122,294**
Disposal	**(1,213)**	**–**	**–**	**(1,213)**
Fair value adjustments	**1,288**	**–**	**–**	**1,288**
At 30 June 2020	**122,369**	**–**	**–**	**122,369**

	2020 Rs'000	2019 Rs'000
Analysed as follows:		
Non-current	**122,369**	122,294
Analysed as follows:		
Listed	**28,499**	35,922
Unquoted	**93,870**	86,372
	122,369	122,294

(i) **Impairment of financial assets:**
At Group level, the corporate bonds and deposits are held mainly with reputable local banks and listed entities. The directors have assessed that the credit risk on these financial instruments has not increased significantly since initial recognition and recognises 12-month ECL for these assets. The directors have determined the credit ratings of these instruments to be BBB-, BBB and BB+ based on the sovereign rating and external rating for main local banks. A loss rate given default of 45% has been applied in determining the ECL on the assumption that these corporate bonds are unsecured. There were no impairment of the financial assets at Company level (2019: nil).

(ii) The previously stated balance includes the effect of adopting new accounting standards on 1 July 2019 amounting to Rs 29.1 million for both the Group and the Company.

Notes to the Financial Statements for the year ended 30 June 2020

15. INVENTORIES

	THE GROUP			THE COMPANY	
	2020 Rs'000	2019 (Restated) Rs'000	2018 (Restated) Rs'000	**2020 Rs'000**	2019 Rs'000
Raw materials (at cost)	**1,590,690**	1,120,481	966,392	**312,873**	–
Spare parts (at cost)	**253,785**	199,535	162,662	**219**	–
Work in progress (at cost)	**204,233**	135,153	169,160	**–**	–
Finished goods (at lower of cost and net realisable value)	**2,833,037**	2,987,756	2,701,127	**512,667**	742,230
Goods in transit (at cost)	**285,408**	352,456	207,354	**135,678**	131,770
Stock of land for sale (at net realisable value)	**93,145**	83,207	75,605	**–**	–
	5,260,298	4,878,588	4,282,300	**961,437**	874,000

The trading stocks of some subsidiaries have been pledged as security for bank facilities granted to them. The carrying amount of inventory pledged as security is Rs 1,552.5 million (2019: Rs 2,204.5 million). The cost of inventories recognised as an expense includes an amount of Rs 7.6 million (2019: Rs 68.6 million) in respect of write down of inventories to net realisable value.

The marketing costs have been incorrectly capitalised since inception. However, as per the definition of IAS 2 criteria, marketing costs are considered as part of selling cost and should be excluded from the cost of inventory and are expensed as incurred. Since impact is quantitatively and qualitatively material, this has resulted to a correction of a prior period error. Refer to Note 43.

16. RIGHT OF USE ASSETS AND LEASE LIABILITIES

(a) Right of use assets

Group as a lessee

The Group has lease contracts for land and buildings, plant and equipment, motor vehicles, office furniture and computer equipment which contained lease components used in its operations. Land and buildings have a lease term between 7 and 60 years, plant and equipment has a lease term of 5 to 10 years, motor vehicles have lease terms between 5 and 7 years and office furniture and computer equipment have a lease terms of 1 to 5 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	THE GROUP					THE COMPANY		
	Land and building	Plant and equipment	Motor vehicles	Office furniture and Computer equipment	Total	Land and building	Motor vehicles	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Recognition of right of use assets on initial application of IFRS 16 on 1 July 2019	3,610,888	328,559	35,325	-	**3,974,772**	13,068	4,272	17,340
Transfer from property, plant and equipment (Note 4)	1,365	137,533	142,573	19,047	**300,518**	-	10,680	10,680
Transfer from intangible assets (Note 6)	749,460	-	-	-	**749,460**	-	-	-
Additions for the year	331,405	96,592	31,327	-	**459,324**	52,913	3,577	56,490
Depreciation charge for the year	(318,642)	(122,069)	(45,048)	(3,809)	**(489,568)**	(13,400)	(7,001)	(20,401)
Exchange differences	78,004	36,322	-	-	**114,326**	-	-	-
At 30 June 2020	**4,452,480**	**476,937**	**164,177**	**15,238**	**5,108,832**	**52,581**	**11,528**	**64,109**

16. RIGHT OF USE ASSETS AND LEASE LIABILITIES (CONTINUED)

(b) Lease liabilities

	THE GROUP	THE COMPANY
	2020	**2020**
	Rs'000	**Rs'000**
Recognition of lease liability on initial application of IFRS 16 on 1 July 2019	**4,056,516**	**17,340**
Transfer from borrowings (Note 22)	**284,012**	**11,009**
New leases	**469,890**	**54,532**
Interest expense	**323,595**	**3,625**
Lease payment	**(739,295)**	**(20,222)**
Exchange differences	**257,332**	**-**
At 30 June 2020	**4,652,050**	**66,284**
Current	**474,087**	**18,019**
Non-current	**4,177,963**	**48,265**
	4,652,050	**66,284**

	THE GROUP	THE COMPANY
	2020	**2020**
	Rs'000	**Rs'000**
The following are the amounts recognised in profit or loss:		
Depreciation expense of right-of-use assets	**489,568**	**20,401**
Interest expense on lease liabilities	**323,595**	**3,625**
Total amount recognised in profit or loss	**813,163**	**24,026**

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

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

	THE GROUP		
	Within five years	More than five years	Total
	Rs'000	Rs'000	Rs'000
Termination options not expected to be exercised	307,412	37,975	345,387

Future minimum rentals receivable under non-cancellable operating.

16. RIGHT OF USE ASSETS AND LEASE LIABILITIES (CONTINUED)

(b) **Lease liabilities (Continued)**

Finance lease liabilities - minimum lease payments:

	THE GROUP	THE COMPANY
	2020	2020
	Rs'000	Rs'000
Within one year	714,724	24,575
After one year but not more than five years	2,833,058	25,789
More than five years	4,627,603	59,418
	8,175,385	109,782
Future finance charges on finance lease	(3,523,335)	(43,498)
Present vaue of finance lease liabilities	4,652,050	66,284

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

	THE GROUP	THE COMPANY
	2020	2020
	Rs'000	Rs'000
Within one year	421,113	20,950
After one year but not more than five years	1,658,613	11,290
More than five years	2,572,324	34,044
	4,652,050	66,284

The effective interest rates at the end of reporting date were as follows:

	THE GROUP	THE COMPANY
	2020	2020
	Rs'000	Rs'000
Finance lease liabilities	4.0% - 12.5%	4.1% - 9.2%

Group as a lessor

The group has entered into operating leases on its investment property portfolio consisting of certain office and commercial buildings. These leases have terms between 5 and 20 years.

Future minimum rentals receivables under non-cancellable operating leases as at 31 December are as follows:

	THE GROUP
	2020
	Rs'000
Within one year	48,424,450
After one year but not more than five years	150,031,196
More than five years	18,103,221
	216,558,867

Notes to the Financial Statements for the year ended 30 June 2020

17. NON-CURRENT RECEIVABLES

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019 (Restated)
	Rs'000	Rs'000	Rs'000	Rs'000
Amount due from related parties (Note (a)(i))	3,800	137,455	531,010	1,000,030
Prior year adjustments (Note 43)	-	-	-	(368,664)
As restated	3,800	137,455	531,010	631,366
Provision for expected credit losses (Note (a)(ii))	(1,850)	(1,850)	(349,484)	(54,875)
Other amounts receivable (Note (b))	40,562	39,242	-	-
Financial asset	1,500	1,500	1,500	1,500
At 30 June	44,012	176,347	183,026	577,991

(a)(i) **Amount due from related parties**

The Group and the Company have determined lifetime expected credit loss on loan receivables from related companies based on expected recovery of the related debts.

Amount due from related parties for the Company are unsecured and repayable on demand. Receivable amounting to Rs 127 million (2019: Rs 270 million) are interest-free while remaining balances of Rs 404 million (2019: Rs 796 million) bear interest at rates ranging from 3.1% to 7.75% (2019: 3.1% to 7.75%). In determining the expected credit losses, the Company has assessed the ability of the related parties to pay the debts if demanded at reporting date and where the borrower has access to unrestricted cash to repay the debt, the ECL determined is immaterial. If the borrower cannot repay the debts at reporting date, management has determined a recovery period usually between 3 to 5 years on the basis that the entities will continue operations and generate future cash flows. The expected credit loss will be limited to the effect of discounting the amount due on the loan (at the loan's effective interest rate, which might be 0% if the loan is interest free) over the period until cash is realised. If the time period to realise cash is short or the effective interest rate is low, the effect of discounting might be immaterial. If the effective interest rate is 0%, and all strategies indicate that the lender would fully recover the outstanding balance of the loan, there is no impairment loss to recognise.

As there has not been a significant increase in credit risk for credit exposures since initial recognition, ECLs have been provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL).

During the year, the Company waived several balances due from related parties which were converted into investment balance. Refer to Note 11.

(ii) **Set out below is the movement in the loss allowance:**

	THE GROUP	THE COMPANY
	Rs'000	Rs'000
At 1 July	1,507	139,312
Increase/(decrease) in loss allowance recognised in profit or loss during the year	343	(84,437)
At 30 June 2019	1,850	54,875
At 1 July	1,850	54,875
Increase/(decrease) in loss allowance recognised in profit or loss during the year	-	294,609
At 30 June 2020	1,850	349,484

(b) Other amounts receivable relate to deposits which are repayable after more than one year.

(c) Management has assessed ECL on other amount receivable and financial asset and the amount is insignificant (2019: Nil).

18. TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Trade receivables (Note (a))	**3,479,706**	3,963,051	**427,176**	438,608
Trade receivables from related parties	**212,885**	177,635	**220,236**	386,487
Less: Allowance for expected credit losses	**(818,709)**	(569,812)	**(99,810)**	(58,997)
	2,873,882	3,570,874	**547,602**	766,098
Other receivables (Note (b))	**2,179,598**	2,335,728	**136,738**	171,325
Less: Allowance for expected credit losses	**(8,725)**	(5,284)	**-**	(5,284)
Prepayments	**337,100**	488,832	**92,235**	30,793
Transfer to non current receivables	**-**	(137,455)	**-**	(1,043,006)
Amount receivable from related companies	**19,380**	137,520	**270,739**	1,174,609
	5,401,235	6,390,215	**1,047,314**	1,094,535

The directors consider that the carrying amount of trade and other receivables approximates their fair value.

(a) Trade receivables

Before accepting any new customer, the Group and the Company assess the potential customer's credit quality and defines credit limits by customer and these are reviewed on a regular basis. The concentration of credit risk is limited due to the customer base being large and unrelated.

The Group and the Company have recognised allowance for doubtful debts against trade receivables by reference to past default experience on an individual basis.

The Group and the Company measure the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e. by geographical region, product type, customer type and credit terms. The Group has presented the credit risk exposure on trade receivables by the different business clusters consistent with the reportable segments. The Company's trade receivables arise from services provided by corporate office as well as operations in commercial and logistics clusters mainly from sale of consumer goods, healthcare products and equipment and sale of shipping and aviation services.

Building & Engineering

The activities within this cluster inlcude engineering and contracting services as well as sale of goods and services. The average credit period on sales of goods and services ranges from 30 to 90 days. Management considers trade receivables to be in default when contractual payments are past due for a period ranging from 180 days to 360 days based on the business environment in which the entities operate taking into consideration the market dynamics, customer base and competition. Some of the entities within this cluster have segmented the trade receivables by customer/product/service types (e.g. related/non related, agrochemical, detergents, irrigation, swimming pool, water treatment, electrical, parts, storage and furniture). The entities have recognised a loss allowance of 100% against receivables over default period (except where repayment plan has been agreed or debts have been recovered) where historical experience has indicated that these receivables are generally not recoverable.

Commercial

The commercial cluster consists mainly of sale of consumer, healthcare and industrial goods and related services. The average credit period on sales of goods and services ranges between 30 to 90 days. Management considers trade receivables to be in default when contractual payments are past due for a period ranging from 90 days to 180 days based on the business environment in which the entities operate taking into consideration the market dynamics, customer base and competition.

18. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Trade receivables (Continued)

Commercial (Continued)

Some of the entities within the cluster have segmented the trade receivables by geography/customer base (e.g. countries of exportation – Madagascar, Seychelles, HORECA, retail key account, retail modern account, retail traditional account, hotels, Government). The entities have recognised a loss allowance of 100% against receivables over default period (except where repayment plan has been agreed or debts have been recovered) where historical experience has indicated that these receivables are generally not recoverable.

Logistics

This cluster provides logistics, shipping and aviation services to clients. The average credit period on sales of most services is 30 days except for provision of aviation courses which has a credit period of 150 days. Management considers trade receivables to be in default when contractual payments are past due for a period ranging from 90 days to 150 days based on the business environment in which the entities operate taking into consideration the market dynamics, customer base and competition. Trade receivables have been segmented between related and non related for some entities. The entities have recognised a loss allowance of 100% against receivables over default period (except where repayment plan has been agreed or debts have been recovered) where historical experience has indicated that these receivables are generally not recoverable.

Seafood

The activities within this cluster include production and distribution of beverages, seafood and associated products as well as provision of handling and storage services of seafood products. The average credit period on sales of goods and services is 0 to 60 days. Management considers trade receivables to be in default when contractual payments are past due for a period ranging from 120 days to 180 days based on the business environment in which the entities operate taking into consideration the market dynamics, customer base and competition. Trade receivables for certain entities have been segmented based on credit period granted to customers. The entities have recognised a loss allowance of 100% against receivables over default period (except where repayment plan has been agreed or debts have been recovered) where historical experience has indicated that these receivables are generally not recoverable.

Financial services

The financial services cluster includes mainly revenue from global business management. The average credit period on sale of services is 90 days. Management considers trade receivables to be in default when contractual payments are past due for a period ranging from 120 days to 180 days based on the business environment in which the entities operate taking into consideration the market dynamics, customer base and competition. No segmentation has been done by the entities as the historical loss experience does not show significantly different loss patterns for different customer segments. The entities have recognised a loss allowance of 100% against receivables over default period (except where repayment plan has been agreed or debts have been recovered) where historical experience has indicated that these receivables are generally not recoverable.

Property

Revenue from property cluster includes mainly property management, real estate development and income from rental of properties. The average credit period on sale of services ranges from 0 to 30 days. Management considers trade receivables to be in default when contractual payments are past due for 90 days based on the business environment in which the entities operate taking into consideration the market dynamics, customer base and competition. Trade receivables have been segmented between related and non related for some entities. The entities have recognised a loss allowance of 100% against receivables over default period (except where repayment plan has been agreed or debts have been recovered) where historical experience has indicated that these receivables are generally not recoverable.

Hospitality & Services

This cluster provides hospitality services to its clients. Trade receivables are not secured, non interest-bearing and are generally on 30 days term. Impairment of receivables have been assessed on an individual basis and also on a collective basis under the 'Expected Credit loss' model. The Group has subscribed to a credit protection scheme for its trade receivables with a Global Service Provider, with a view to minimise its credit risk exposure. Bad debts written off which were provided for relate to individual debtor balances which have been impaired during the year and which were not previously provided for.

Notes to the Financial Statements for the year ended 30 June 2020

18. TRADE AND OTHER RECEIVABLES (CONTINUED)

The following table details the credit risk exposure of trade receivables based on the Group's and Company's provision matrix at 30 June 2020 and 30 June 2019:

THE GROUP

	Not past due	<30	31-60	61-90	91-120	121-150	151-180	181-270	271-360	>360	Total
At 30 June 2020											
Expected credit loss rate (%)	**0.02 – 2.1**	**0.04 – 2.63**	**0.05 – 12.91**	**0.4 – 20.25**	**0.28 – 35.2**	**0.45 – 60**	**0.60 – 70.15**	**8.22 – 83.43**	**32.86 – 90.99**	**100**	
Expected total gross carrying amount at default (Rs'000)	**1,058,894**	**670,703**	**289,239**	**301,845**	**564,342**	**213,679**	**36,484**	**235,056**	**55,337**	**267,012**	**3,692,591**
Lifetime ECL (Rs'000)	**(39,252)**	**(29,421)**	**(19,648)**	**(28,899)**	**(84,841)**	**(104,573)**	**(23,840)**	**(173,927)**	**(47,271)**	**(267,037)**	**(818,709)**
At 30 June 2019											
Expected credit loss rate (%)	0.02 – 1.7	0.03 – 2.23	0.08 – 12.51	0.2 – 19.85	0.28 – 33.7	0.4 – 46.53	0.55 – 68.95	7.02 – 96.23	28.66 – 59.89	100	
Expected total gross carrying amount at default	1,121,487	1,311,940	423,913	223,052	828,293	264,549	195,678	81,575	28,920	114,625	4,594,032
Lifetime ECL	(13,913)	(9,589)	(10,993)	(5,594)	(112,875)	(94,879)	(131,925)	(56,532)	(18,884)	(114,628)	(569,812)

THE COMPANY

	Not past due	<30	31-60	61-90	91-120	121-150	151-180	181-270	271-360	>360	Total
At 30 June 2020											
Expected credit loss rate (%)	**0.22 – 1.9**	**0.23 – 2.43**	**0.28 – 12.71**	**0.4 – 20.05**	**0.32 – 35**	**0.6 – 46.73**	**100**	**100**	**100**	**100**	
Expected total gross carrying amount at default (Rs'000)	**209,053**	**288,916**	**23,057**	**32,914**	**10,787**	**23,919**	**31,719**	**3,124**	**5,000**	**18,923**	**647,412**
Lifetime ECL (Rs'000)	**(13,855)**	**(10,941)**	**(2,508)**	**(3,618)**	**(2,197)**	**(7,925)**	**(31,719)**	**(3,124)**	**(5,000)**	**(18,923)**	**(99,810)**
At 30 June 2019											
Expected credit loss rate (%)	**0.02 – 1.7**	**0.03 – 2.23**	**0.08 – 12.51**	**0.2 – 19.85**	**0.28 – 33.7**	**0.4 – 46.53**	**0.55 – 68.95**	**7.02 – 100.00**	**28.66 – 100**	**100**	
Expected total gross carrying amount at default	265,689	373,542	29,304	41,831	13,709	30,399	40,312	3,970	–	24,049	822,805
Lifetime ECL	(4,324)	(1,583)	(1,722)	(2,506)	(2,107)	(2,919)	(15,817)	(3,970)	–	(24,049)	(58,997)

Notes to the Financial Statements for the year ended 30 June 2020

18. TRADE AND OTHER RECEIVABLES (CONTINUED)

The following table details the credit risk exposure of trade receivables based on the Group's and Company's provision matrix at 30 June 2020 and 30 June 2019 per industry groups:

THE GROUP

	Building & Engineering Rs'000	Commercial & Distribution Rs'000	Financial Services Rs'000	Hospitality & Services Rs'000	Life & Technologies Rs'000	Logistics Rs'000	Property Rs'000	Seafood Rs'000	Corporate services Rs'000	Consolidation adjustments Rs'000	Total Rs'000
At 30 June 2020											
Expected total gross carrying amount at default	**690,581**	**2,072,540**	**740,170**	**578,667**	**34,415**	**244,068**	**100,594**	**207,920**	**6,902**	**(983,266)**	**3,692,591**
Lifetime ECL	**(135,071)**	**(377,829)**	**(94,705)**	**(201,265)**	**(361)**	**(25,832)**	**(62,799)**	**–**	**–**	**79,153**	**(818,709)**
At 30 June 2019											
Expected total gross carrying amount at default	808,761	2,071,428	720,930	623,114	75,735	281,517	132,317	242,271	228,572	(1,043,959)	4,140,686
Lifetime ECL	(142,103)	(284,531)	(94,683)	(57,947)	(44)	(18,923)	(10,021)	–	(4,062)	42,502	(569,812)

THE COMPANY

	Building & Engineering Rs'000	Commercial & Distribution Rs'000	Financial Services Rs'000	Hospitality & Services Rs'000	Life & Technologies Rs'000	Logistics Rs'000	Property Rs'000	Seafood Rs'000	Corporate services Rs'000	Consolidation adjustments Rs'000	Total Rs'000
At 30 June 2020											
Expected total gross carrying amount at default	**–**	**496,257**	**145,021**	**–**	**–**	**6,134**	**–**	**–**	**–**	**–**	**647,412**
Lifetime ECL	**–**	**(55,259)**	**(42,221)**	**–**	**–**	**(2,330)**	**–**	**–**	**–**	**–**	**(99,810)**
At 30 June 2019											
Expected total gross carrying amount at default	52,073	525,206	–	–	–	23,610	–	–	221,916	–	822,805
Lifetime ECL	(73)	(52,150)	–	–	–	(2,620)	–	–	(4,154)	–	(58,997)

18. TRADE AND OTHER RECEIVABLES (CONTINUED)

The table below details the expected credit losses based on credit risk concentration by industry group (Covid-19).

	THE GROUP		THE COMPANY	
2020	Gross carrying amount Rs'000	Lifetime ECL Rs'000	Gross carrying amount Rs'000	Lifetime ECL Rs'000
Agriculture and fishing	**244,197**	**(4,139)**	**-**	**-**
Manufacturing	**212,323**	**(15,146)**	**34,324**	**(10,707)**
Tourism	**800,589**	**(212,812)**	**45,010**	**(503)**
Transport	**33,425**	**(8,384)**	**4,897**	**(663)**
Construction	**413,821**	**(90,036)**	**838**	**(1,516)**
Financial and business services	**139,408**	**(4,549)**	**3,495**	**(153)**
Traders	**1,443,552**	**(310,311)**	**295,029**	**(19,970)**
Personal	**35,006**	**(7,808)**	**-**	**-**
Professional	**215,585**	**(64)**	**-**	**-**
Foreign governments	**18,566**	**(446)**	**-**	**-**
GBL Holders	**249,526**	**(48,270)**	**-**	**-**
Others	**869,863**	**(195,898)**	**263,819**	**(66,298)**
Consolidation adjustments	**(983,270)**	**79,154**	**-**	**-**
Total	**3,692,591**	**(818,709)**	**647,412**	**(99,810)**

The Group has updated its provision matrix model to include an overlay debtors in specific industry group to cater for the impact of the economic uncertainty of Covid-19 pandemic. The different industries have been classified depending on their risk categories and an overlay has been determined by management for each industry group to the extent that they are exposed to the negative impact of the pandemic.

Receivable balance falling under the industry of agriculture, financial services, traders, foreign governmental bodies amongst others are classified as low risk entities and have not overlay applied to the provision matrix. On the other hand, receivable balance falling in the manufacturing and logistics (including the aviation sector) are classified as medium risk and have an overlay of 2% applied to the provision matrix.

Receivable balance falling in the hospitality and the building and engineering are classified as high risk and have an overlay of 10% applied to the provision matrix.

The expected loss rates are based on the payment profiles of sales and the corresponding historical credit losses experienced. 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 reflection of forward-looking information does not have a significant impact on the loss rates.

Notes to the Financial Statements for the year ended 30 June 2020

18. TRADE AND OTHER RECEIVABLES (CONTINUED)

The following table shows the movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in IFRS 9.

THE GROUP	Collectively assessed Rs'000	Individually assessed Rs'000	Total Rs'000
At 1 July 2018	161,470	427,327	588,797
(Decrease)/increase in loss allowance	(12,119)	45,745	33,626
Transfer to other receivables	-	(3,293)	(3,293)
Disposal of subsidiaries	-	(4,834)	(4,834)
Amounts written off	(4,131)	(40,793)	(44,924)
Foreign exchange gains and losses	86	354	440
At 30 June 2019	145,306	424,506	569,812
At 1 July 2019	**145,306**	**424,506**	**569,812**
(Decrease)/increase in loss allowance	**349,810**	**(70,787)**	**279,023**
Transfer to assets held for sale (Note (i))	**(9,804)**	**-**	**(9,804)**
Acquisition of subsidiaries	**905**	**-**	**905**
Amounts written off	**(28,505)**	**(11,211)**	**(39,716)**
Amounts recovered during the year	**(5,840)**	**(4,109)**	**(9,949)**
Foreign exchange gains and losses	**5,003**	**23,435**	**28,438**
At 30 June 2020	**456,875**	**361,834**	**818,709**

(i) The amount transferred to assets held for sale relates to Le Recif SAS, entity which has been classified as held for sale during the year.

THE COMPANY	Collectively assessed Rs'000	Individually assesed Rs'000	Total Rs'000
At 1 July 2018	9,161	62,174	71,335
(Decrease)/increase in loss allowance	1,595	(11,750)	(10,155)
Transfer to other receivables	-	(2,183)	(2,183)
At 30 June 2019	10,756	48,241	58,997
At 1 July 2019	**10,756**	**48,241**	**58,997**
(Decrease)/increase in loss allowance	**88,879**	**(48,066)**	**40,813**
At 30 June 2020	**99,635**	**175**	**99,810**

18. TRADE AND OTHER RECEIVABLES (CONTINUED)

(b) Other receivables

The Group and the Company have determined lifetime expected credit loss on other receivables based on expected recovery of the related debts. Set out below is the movement in the loss allowance in accordance with IFRS 9:

	THE GROUP AND THE COMPANY	
	Rs'000	Rs'000
Other receivables		
At 1 July 2018	–	–
(Decrease)/increase in loss allowance	5,284	5,284
At 30 June 2019	5,284	5,284
At 1 July 2019	5,284	5,284
(Decrease)/increase in loss allowance	3,441	(5,284)
At 30 June 2020	**8,725**	**–**

19. DIVIDEND

On 14 November 2019, the Board of Directors declared an interim dividend of Rs 0.22 per share (2019: Rs 0.21 per share) and was paid on 20 December 2019 and on 12 June 2020 a final dividend of Rs 0.39 per share (2019: Rs 0.56 per share) was declared and payable at 1 July 2020. The total dividend declared amounted to Rs 414.9 million (2019: Rs 523.8 million). During the year, subsidiaries declared a dividend amount of Rs 328.1 million (2019: Rs 581.3 million) to their non-controlling interests. The Group and the Company have dividend payable at Rs 353.8 million (2019: Rs 74 million) and Rs 265.2 million (2019: nil) at year end.

20. (a) STATED CAPITAL

THE GROUP AND THE COMPANY

	2020	2019
	Rs'000	Rs'000
Issued and fully paid		
At 30 June 2020: 680,224,040 ordinary shares of no par value (2019: 680,224,040 ordinary shares of no par value)	**1,361,941**	1,361,941

Each share confers to its holder the right to vote and a proportional right to dividends and to the distribution of the surplus assets of the Company upon winding up.

(b) RESTRICTED REDEEMABLE SHARES

1,510,666,650 Restricted Redeemable Shares (RRS) of no par value amounting to Rs 5 million were in issue at 30 June 2020 (2019: same).

Each RRS confers to the holder the right to vote at general meetings and right to participate in a rights issue together with the holders of the ordinary shares. The RRS holders have no right to dividends or distribution of any surplus of the Company in case of winding up. The RRS are redeemable at the option of the Company and at no proceeds.

Notes to the Financial Statements for the year ended 30 June 2020

21. ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS

Assets held for sale and discontinued operations for the year ended 30 June 2020

(a) Le Recif SAS

Le Recif SAS was classified as assets held for sale as at June 2020. On 1 August 2020, the Group has finalised the sale of Hotel Le Recif, in Reunion Island, for a total proceeds of EUR 9 million payable as follows:

- EUR 7 million payable on date of signature
- EUR 1 million payable 3 years after date of signature
- EUR 1 million contingent upon Hotel Le Recif achieving a target EBITDA

The amount of EUR 7 million as per the deed of sale has already been paid. There is no impairment of the assets of Hotel Le Recif as the disposal proceeds exceeds the fair value of the net assets.

(b) Circle Square Holding Co Ltd ("CSHL")

On 30 March 2018, the Board of Directors of CSHL approved a share purchase agreement with a potential buyer for the disposal of its 100% stake in CSHL for a total consideration of Rs 366 million (i.e. gross consideration of Rs 655 million net of the secured debt). CSHL owns bare land at Forbach and the Circle Square Retail Park. As at reporting date, the assets and liabilities of CSHL for the Group has been classified as held for sale and the investment in subsidiary for the Company has been classified as held for sale. The operations of CSHL has been disclosed as discontinued operations in the statements of profit and loss of the Group for the years ended 30 June 2019 and 30 June 2018. The Group is still committed to sell its stake in CSHL as at 30 June 2020 as the delay is being caused by circumstances beyond the Group's control.

(c) Manser Saxon Dubai LLC has been classified as discontinued operations during the year ended 30 June 2020.

The assets and liabilities classified as held for sale in related to the Group are as follows;

	THE GROUP	
	2020	2019
	Rs'000	Rs'000
Assets		
Property, plant and equipment (Note 4)	**318,395**	125,963
Investment property (Note 5(f))	**384,294**	563,909
Intangible assets (Note 6)	**38,851**	2,588
Deferred tax assets (Note 7)	**25,294**	–
Trade and other receivables	**47,634**	3,938
Cash and cash equivalents	**104,666**	2,986
Inventories	**2,384**	–
Assets classified as held for sale	**921,518**	699,384
Liabilities		
Borrowings (Notes (a) and 22)	**308,538**	288,854
Employee benefit liabilities	**4,200**	–
Deferred tax liabilities	**15,067**	13,213
Trade and other payables	**114,051**	123,781
Liabilities associated with assets classified as held for sale	**441,856**	425,848

21. ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS (CONTINUED)

Assets held for sale for the year ended 30 June 2020 (Continued)

The results for the year ended 30 June 2020 for the assets classified as held for sale are disclosed below. The comparative figures have been reclassified in accordance with IFRS 5.

	THE GROUP	
	2020	2019
	Rs'000	Rs'000
Revenue (Note 29)	**189,580**	336,933
Cost of sales	**(150,369)**	(162,096)
Gross profit	**39,211**	174,837
Other income (Note 30)	**5,806**	6,085
Administrative expenses	**(53,651)**	(221,334)
Operating loss	**(8,634)**	(40,412)
Interest income using EIR method (Note 31)	**-**	4
Finance costs (Note 32)	**(14,224)**	(40,442)
Other gains and losses (Note 33)	**2,588**	-
Share of results of joint ventures (Note 13)	**-**	49,875
Loss before tax	**(20,270)**	(30,975)
Tax expense (Note 26(b))	**(1,854)**	(1,086)
Loss for the year from discontinued operations	**(22,124)**	(32,061)

(a) Borrowings balance held for sale includes loan balance from CSHL classified as held for sale since 30 June 2019 and Le Recif SAS (entity classified as held for sale in the reporting year ended 30 June 2020).

(b) Other gains and losses is the fair value gain on the investment property held by CSHL.

Notes to the Financial Statements for the year ended 30 June 2020

22. BORROWINGS

(a) The borrowings are repayable as follows:

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Within one year				
Secured bank overdrafts	**1,157,467**	1,356,001	**-**	88,445
Unsecured bank overdrafts	**2,595,435**	3,937,252	**2,553,259**	3,897,516
Secured bank loans	**3,660,315**	2,043,240	**53,702**	109,133
Unsecured borrowings	**243,287**	237,457	**-**	-
Bonds secured by floating charges	**335,191**	1,050,906	**314,338**	1,045,180
Obligations under finance leases (Note (b))	**-**	77,323	**-**	3,526
Borrowings - Current	**7,991,695**	8,702,179	**2,921,299**	5,143,800
After one year and before two years				
Secured bank loans	**1,001,124**	1,141,194	**-**	50,337
Unsecured borrowings	**-**	27,212	**-**	-
Bonds secured by floating charges	**-**	284,000	**-**	284,000
Obligations under finance leases (Note (b))	**-**	97,284	**-**	3,401
	1,001,124	1,549,690	**-**	337,738
After two years and before five years				
Secured bank loans	**3,694,650**	3,300,840	**1,000,000**	1,000,000
Unsecured borrowings	**-**	10,417	**-**	-
Deposits from customers	**-**	-	**-**	-
Bonds secured by floating charges	**4,000,000**	1,000,000	**4,000,000**	1,000,000
Obligations under finance leases (Note (b))	**-**	93,378	**-**	4,082
	7,694,650	4,404,635	**5,000,000**	2,004,082
After five years				
Secured bank loans	**1,029,327**	2,279,561	**-**	-
Unsecured borrowings	**1,041**	-	**-**	-
Bonds secured by floating charges	**3,961,000**	2,760,000	**2,000,000**	1,000,000
Obligations under finance leases (Note (b))	**-**	16,026	**-**	-
	4,991,368	5,055,587	**2,000,000**	1,000,000
Borrowings - Non-current	**13,687,142**	11,009,912	**7,000,000**	3,341,820
Total borrowings	**21,678,837**	19,712,091	**9,921,299**	8,485,620

22. BORROWINGS (CONTINUED)

(b) Obligations under finance leases

	THE GROUP	THE COMPANY
	2019	2019
	Rs'000	Rs'000
Finance lease liabilities - minimum lease payments		
- Not later than 1 year	93,374	4,313
- Later than 1 year and not later than 5 years	207,719	8,287
- After five years	18,969	-
	320,062	12,600
Less: Future finance charges	(36,051)	(1,591)
Present value of minumum lease payment	284,011	11,009
Representing lease liabilities		
- Not later than 1 year	77,323	3,526
- Later than 1 year and not later than 2 years	97,284	3,401
- Later than 2 year and not later than 5 years	93,378	4,082
- After five years	16,026	-
	284,011	11,009

The obligations under finance leases have been transferred to lease liabilities under IFRS 16 at 1 July 2019 and are disclosed in Note 16 for the year ended 30 June 2020.

During the year, the financial performance of one of the subsidiaries has been impacted significantly by the Covid-19 pandemic and therefore, it was not able to satisfy its financial covenants (gearing ratio and interest cover) on its secured bank loans. This represented a breach of contract as per the loan agreements and the bank had the right to claim back the whole amount due with respect of these loans. As a consequence of a breach of these loans, the Group reclassified Rs 1.24 billion of capital portion of loan payable after more than one year to current liabilities. The subsidiary has successfully renegotiated the repayment terms with the banks and subsequent to the year end, it obtained confirmation from its bankers about rescheduling of repayment of loans up to 30 June 2021 for majority of its loans (refer to Note 45 (a) for more details).

(c) Bank overdraft

The bank overdrafts and borrowings are secured by fixed and floating charges on the assets of the Group and of the Company.

Bonds

The Company had issued bonds for an amount of Rs 834 million. These bonds are guaranteed by floating charges on the Company's assets and are repayable at maturity ranging over 3, 5 and 7 years. Interest is payable semi-annually and includes both fixed and variable rates. The Company has repaid Rs 350 million and Rs 200 million during the year ended 30 June 2017 and 30 June 2019 respectively; which are based on the maturity period of 3 and 5 years respectively. The remaining Rs 284 million was repaid on 16 October 2020 and is classified as current liability as at 30 June 2020.

Multicurrency notes

The Company has set up a multicurrency medium term secured and unsecured note programme of up to an aggregate nominal of Rs 10 billion.

In September 2017, the Company issued the first Series of notes, in 5 tranches for an aggregate nominal amount of Rs 3 billion (in Mauritian Rupees) which are secured by floating charges on the assets of the Company. Tenor period ranges from 2 to 7 years and interest is payable semi-annually at both fixed and floating rates.

22. BORROWINGS (CONTINUED)

(c) Bank overdraft (Continued)

Multicurrency notes (Continued)

The Notes issued under Tranches 2 to 5 aggregating to Rs 2 billion are listed on the Stock Exchange of Mauritius and the fair value of these notes at 30 June 2020 amounted to Rs 2.012 billion (2019: Rs 2.045 billion). The Notes issued under Tranches 1 to 5 are accounted at amortised costs. The Series 1/ Tranche 1 for an amount of MUR 1 billion over a 2 years tenor were repaid 13 September 2019.

On 27 September 2019, the Company issued the second Series of notes, in 4 tranches for an aggregate nominal amount of Rs 4 billion which are secured by floating charges on the assets of the Company. Tenor period ranges from 5 to 7 years and interest is payable semi-annually at both fixed and floating rates. The Notes issued under Series 2 are accounted for at amortised costs. The fair value of these notes at 30 June 2020 amounted to Rs 3.25 billion.

Debentures

The unsecured debentures bearing interest at repo rate +1.20% had been repaid in the year ended 30 June 2019.

Borrowings

The unsecured borrowings bear interest as disclosed in note (d):

(d) The interest rate on borrowings are as follows :

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Secured borrowings	**0.15% - 9.25%**	0.15% - 9.25%	**3.85% - 4.50%**	3.54% - 6.48%
	PLR + (0% - 5.75%)	PLR + (0% - 5.75%)	**-**	-
	LIBOR + (1.25% - 5.00%)	LIBOR + (1.25% - 5.00%)	**-**	-
	EURIBOR + (3.00% - 4.50%)	EURIBOR + (3.00% - 4.50%)	**-**	-
	EURIBOR - 3.75%	EURIBOR - 3.75%	**-**	-
	Repo +1.75%	Repo +1.75%	**-**	-
	SBM PLR - 0.85%	SBM PLR - 0.85%	**-**	-
Unsecured borrowings	**1.00% - 11.25%**	1.00% - 11.25%	**1.00% - 4.75%**	1.50% - 6.50%
	LIBOR + (1.00% - 2.75%)	LIBOR + (1.00% - 3.00%)	**LIBOR + (1% - 2.75%)**	LIBOR + (1% - 3%)
	EURIBOR + (1.00% - 2.75%)	EURIBOR + (1.00% - 3.00%)	**EURIBOR +(1% - 2.75%)**	EURIBOR + (1% - 3%)
	PLR - 0.25%	PLR + 0.25%	**-**	-
Bonds and Notes	**4.50% -6.48%**	3.45% -6.48%	**4.50% - 6.48%**	3.45% - 6.48%
	Repo + (0.75%-1.65%)	Repo + (0.75%-1.65%)	**Repo + (0.75% - 1.65%)**	Repo + (0.75% - 1.65%)
Obligations under finance leases*	-	2.75% - 9.75%	**-**	7.50% - 9.00%

*Transferred to Note 16 for the year ended 30 June 2020

22. BORROWINGS (CONTINUED)

(e) Reconciliation of liabilities arising from financing activities

The table details changes in the Group's and the Company's liabilities arising from financing activities, including both cash and non cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in cash flows from financing activities in the statement of cash flows. In accordance with the transitional guidance, no comparatives have been presented.

THE GROUP	At 1 July	Transferred to lease liabilities IFRS 16	Financing cash flows	Non-cash changes						
				Disposal of subsidiaries	Cash flow hedge	IFRS 16	Exchange differences	Held for sale	Other*	At 30 June
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
		(Note 16)		(Note 38(b))				(Notes (ii) and 21)		
2020										
Bank loans	**8,764,835**	**–**	**413,025**	–	**12,781**	**–**	**307,979**	**(113,209)**	**–**	**9,385,411**
Other borrowings	**275,086**	**–**	**(31,242)**	–	**–**	**–**	**485**	**–**	**–**	**244,329**
Bonds and debentures	**5,094,906**	**–**	**3,199,826**	–	**–**	**–**	**1,464**	**–**	**–**	**8,296,196**
Dividend payable	**74,088**	**–**	**(463,312)**	–	**–**	**–**	**–**	**–**	**743,061**	**353,837**
Lease liabilities	**–**	**284,012**	**(415,700)**	–	**–**	**4,526,406**	**257,332**	**–**	**–**	**4,652,050**
Finance lease	**284,012**	**(284,012)**	**–**	–	**–**	**–**	**–**	**–**	**–**	**–**
	14,492,927	**–**	**2,702,597**	–	**12,781**	**4,526,406**	**567,260**	**(113,209)**	**743,061**	**22,931,823**
2019										
Bank loans	8,708,475	–	9,298	(6,784)	(121)	–	30,861	–	23,106	8,764,835
Other borrowings	220,188	–	53,856	–	–	–	1,042	–	–	275,086
Bonds and debentures	5,647,428	–	(603,422)	–	–	–	–	–	50,900	5,094,906
Finance lease	226,941	–	(107,497)	–	–	164,688	(120)	–	–	284,012
	14,803,032	–	(647,765)	(6,784)	(121)	164,688	31,783	–	74,006	14,418,839

THE COMPANY	At 1 July	Transferred to lease liabilities IFRS 16	Financing cash flows	Non-cash changes						
				Disposal of subsidiaries	Cash flow hedge	IFRS 16	Exchange differences	Held for sale	Other*	At 30 June
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
		(Note 16)		(Note 38(b))				(Notes (ii) and 21)		
2020										
Bank loans	**1,159,470**	**–**	**(105,775)**	**–**	**–**	**–**	**–**	**–**	**–**	**1,053,695**
Other borrowings	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Bonds	**3,329,180**	**–**	**2,985,157**	**–**	**–**	**–**	**–**	**–**	**–**	**6,314,337**
Dividend payable	**–**	**–**	**(149,650)**	**–**	**–**	**–**	**–**	**–**	**414,937**	**265,287**
Lease liabilities	**–**	**11,009**	**(16,597)**	**–**	**–**	**71,880**	**–**	**–**	**–**	**66,292**
Finance lease	**11,009**	**(11,009)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	4,499,659	**–**	**2,713,135**	**–**	**–**	**71,880**	**–**	**–**	**414,937**	**7,699,611**
2019										
Bank loans	1,762,612	–	(604,499)	–	–	–	–	–	1,357	1,159,470
Other borrowings	667,124	–	(667,124)	–	–	–	–	–	–	–
Bonds	3,531,293	–	(247,287)	–	–	–	–	–	45,174	3,329,180
Finance lease	15,196	–	(4,187)	–	–	–	–	–	–	11,009
	5,976,225	–	(1,523,097)	–	–	–	–	–	46,531	4,499,659

(i) Cash flow hedge reserve is used to record the exchange differences arising on the EUR, GBP and USD loans taken by the Group. The hedging of those loans are done with the inflows of revenue by the Group in the same currency. The movement for the year is in respect of exchange difference on conversion of loan in USD, GBP and EUR at year end rate. Upon annual repayment of long term borrowings the portion of hedge realised is released to profit or loss. The foreign currency translation reserve is used to record exchange differences arising from the translation of financial statements of foreign subsidiaries.

(ii) The Circle Square Holding Co Ltd (CSHL) was classified as held for sale in reporting year 30 June 2018 and continued to be classified so as at 30 June 2019 and 30 June 2020. During the reporting year 30 June 2020, Le Recif SAS was classified as held for sale and had a bank loan balance of Rs 113 million.

*Other includes dividend during the year.

23. OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Long term incentive scheme	**126,633**	100,170	**78,562**	62,992

IBL Ltd has implemented a Long Term Incentive scheme (LTI) as from 1 July 2017 which provides an opportunity for executives of IBL Ltd and certain subsidiaries to participate in the creation of value within the IBL Group.

The LTI is a Phantom Share Award Scheme and allocations to eligible executives may be made once a year on 1 July.

The LTI payment shall be made to participants who remain employees in Good Standing of IBL or relevant subsidiaries on the exercise date, and based on IBL shares vested and the Exercise Price.

The vesting periods for payments to be made under the scheme are based on a percentage of phantom shares allocated and start at the end of the third year from the allocation date up to the fifth year.

24. EMPLOYEE BENEFIT AND RELATED (ASSETS)/LIABILITIES

THE GROUP

The Group's pension fund comprise both final salary defined benefit plans and defined contribution plans. The pension fund, namely IBL Pension Fund, is operational since 1 July 2002 for the majority of the employees of the Group. Pension Consultants and Administrators Ltd is responsible for the management of this fund. The plans provide for a pension at retirement and a benefit on death or disablement in service before retirement.

The Company operates a group defined benefit plan as the legal sponsoring employer, which covers some current and former employees of the Company and its related parties. The plan is wholly funded and the risks are shared amongst all participants. The benefits to employees and pensioners are based on final salary and the plan provides for a pension at retirement and a benefit on death or disablement in service before retirement.

As at 30 June 2019, there was no contractual agreement or stated policy between the Company and its related parties for recharging the defined benefit costs and liabilities to them. Effective 1 July 2019, the Company has entered into an agreement to recharge pension costs and liabilities relating to current and former employees of the related parties to the latter. The Company has reflected this recharge in its results for the year and amounts recoverable from related parties in Note (v).

The Group also has defined contribution plans for the Company and its subsidiaries. Furthermore, for one of the subsidiaries, some employees receive a guaranteed amount equal to a defined benefit scheme based on salary at retirement. The scheme is funded by the employer, through contributions to a fund administered separately.

The unfunded portion of the obligation concern employees who are entitled to employee benefits payable under the "Worker's Rights Act 2019". This provides for a lump sum at retirement based on final salary and years of service.

As from 1 July 1999, the defined benefit plan has been closed to new entrants and all new entrants joined a defined contribution plan.

The most recent actuarial valuation of the pension plans were carried out at 30 June 2020 by Swan Life Ltd.

The pension plans typically expose the Group to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Longevity risk – The liabilities disclosed are based on mortality tables A and PA 67/70 (92). If the experience of the pension plan is less favorable than the standard mortality tables, the liability will increase.

Interest rate risk – If bond yields decline, the liability would be calculated using a lower discount rate and would therefore increase.

24. EMPLOYEE BENEFIT AND RELATED (ASSETS)/LIABILITIES (CONTINUED)

THE GROUP (CONTINUED)

Investment risk – The present value of the liabilities of the plan are calculated using a discount rate. 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 anticipated in our assumptions, the liabilities would increase giving rise to actuarial losses.

Amounts recognised in the statements of financial position:

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Employee benefit assets – under defined benefit plan (Note (i))	**–**	(4,894)	**–**	–
Employee benefit and related assets (Note (iii))	**(11,324)**	–	**(437,712)**	–
	(11,324)	(4,894)	**(437,712)**	–
Employee benefit under defined benefit plan (Note (i))	**2,219,591**	1,166,249	**1,099,575**	682,355
Employee benefit under The Worker's Rights Act 2019 (Note (ii))	**992,188**	902,839	**103,085**	110,651
	3,211,779	2,069,088	**1,202,660**	793,006

(i) **Defined benefit plan**

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Employee benefit assets	**–**	(4,894)	**–**	–
Employee benefit liabilities	**2,219,591**	1,166,249	**1,099,575**	682,355
	2,219,591	1,161,355	**1,099,575**	682,355
Qualifying Insurance Policy	**–**	(900)	**–**	–
Present value of funded obligation	**4,189,764**	2,906,770	**2,110,177**	1,607,116
Present value of unfunded obligation	**–**	106,709	**–**	18,085
Fair value of plan assets	**(1,970,173)**	(1,851,224)	**(1,010,602)**	(942,846)
Liability recognised in the statements of financial position	**2,219,591**	1,161,355	**1,099,575**	682,355

24. EMPLOYEE BENEFIT LIABILITIES (CONTINUED)

(i) Defined benefit plan (Continued)

Movement in the liabilities recognised in the statements of financial position:

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 1 July	**1,161,356**	1,072,969	**682,355**	736,680
Acquisition of subsidiaries (Note 38(a))	**-**	310	**-**	-
Amount recognised in profit or loss	**116,970**	108,452	**61,309**	63,860
Amount recognised in other comprehensive income	**1,141,124**	286,746	**510,784**	86,340
Transfer of liabilities from Annuity Fund	**-**	430,558	**-**	68,662
Transfer of assets from Annuity Fund	**-**	(429,169)	**-**	(66,765)
Transfer from Defined Contribution Reserve Account	**-**	(7,370)	**-**	-
Contributions and direct benefit paid	**(199,859)**	(301,141)	**(154,873)**	(206,422)
At 30 June	**2,219,591**	1,161,355	**1,099,575**	682,355

One of the plans, IBL Pension Fund ("IBLPF"), contained an Annuity Fund since its inception from which all pensioners were paid. All sponsoring employers accepted, at that time, the pooling of risk and inherent cross subsidies associated with this common Annuity Fund. The governing body of IBLPF, in agreement with the sponsoring employees, decided to allocate the assets and liabilities of the Annuity Fund to each respective employer effective 1 July 2018. Until that date, the Group had accounted for the Annuity Fund as if it were a defined contribution plan. The allocation of assets and liabilities from the Annuity Fund have been recognised during the current year with the excess of liabilities over assets recognised in profit or loss for the year.

Amounts recognised in:

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
- Statements of profit or loss:				
Current service cost	**57,768**	57,440	**27,072**	27,030
Net interest cost	**59,202**	51,012	**34,237**	36,830
Components of amount recognised in profit or loss	**116,970**	108,452	**61,309**	63,860
- Statements of other comprehensive income:				
Return on plan assets (excluding amounts included in net interest expense)	**42,399**	62,148	**43,211**	24,982
Actuarial loss/(gain) arising from changes in financial assumptions	**916,496**	87,811	**508,555**	(69,968)
Actuarial loss/(gain) arising from experience adjustments	**182,229**	136,787	**(40,982)**	131,326
Components of amount recognised in other comprehensive income	**1,141,124**	286,745	**510,784**	86,340
Total	**1,258,094**	395,198	**572,093**	150,200
Actual return on plan assets	**144,129**	32,065	**11,365**	17,513

24. EMPLOYEE BENEFIT LIABILITIES (CONTINUED)

(i) Defined benefit plan (Continued)

Movement in the present value of the defined benefit obligations were as follows:

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 1 July	**3,013,479**	2,350,650	**1,625,201**	1,491,158
Acquisition of subsidiaries (Note 38(a))	**-**	310	**-**	-
Current service cost	**51,039**	53,171	**21,173**	22,328
Interest cost	**165,159**	142,572	**88,812**	79,325
Benefits paid	**(138,638)**	(188,382)	**(92,582)**	(97,630)
Actuarial loss/(gain) arising from experience adjustments	**182,229**	136,787	**(40,982)**	131,326
Actuarial loss/(gain) arising from changes in financial assumptions	**916,496**	87,813	**508,555**	(69,968)
Transfer of liabilities from Annuity Fund	**-**	430,558	**-**	68,662
Employee's contribution	**-**	-	**-**	-
At 30 June	**4,189,764**	3,013,479	**2,110,177**	1,625,201

Movements in the present value of the plan assets were as follows:

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 1 July	**1,852,124**	1,277,681	**942,846**	754,478
Interest income	**105,957**	91,560	**54,575**	42,495
Current service cost	**-**	-	**-**	-
Transfer of assets from Annuity Fund	**-**	429,169	**-**	66,765
Return on plan assets excluding interest income	**38,172**	(62,148)	**(43,210)**	(24,982)
Employer contributions	**119,287**	301,143	**154,872**	206,422
Scheme expenses	**(2,182)**	(1,603)	**(2,359)**	(1,090)
Cost of insuring risk benefits	**(4,547)**	(2,666)	**(3,540)**	(3,612)
Transfer from defined contribution reserve account	**-**	7,370	**-**	-
Benefits paid	**(138,638)**	(188,382)	**(92,582)**	(97,630)
At 30 June	**1,970,173**	1,852,124	**1,010,602**	942,846

The fair value of the plan assets at the end of the reporting period for each category are as follows:

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Cash and cash equivalents	**279,765**	144,466	**143,505**	73,542
Equity investments categorised by industry type:				
- Local	**500,424**	635,279	**256,693**	323,396
- Foreign	**490,573**	455,622	**251,640**	231,940
Fixed interest instruments	**683,650**	601,940	**350,679**	306,425
Properties	**15,761**	14,817	**8,085**	7,543
Total market value of assets	**1,970,173**	1,852,124	**1,010,602**	942,846

24. EMPLOYEE BENEFIT LIABILITIES (CONTINUED)

(i) Defined benefit plan (Continued)

The principal actuarial assumptions used for accounting purposes are:

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
Discount rate	**2.8% – 4.1%**	4.7% – 6.8%	**3%**	6%
Future long term salary increase	**1.0% – 4.0%**	3.5% – 4.0%	**1%**	4%
Future pension increase	**0%**	1%	**0%**	1%
Average retirement age (ARA)	**60 – 65 years**	60 – 65 years	**60 years**	60 years

Sensitivity analysis on defined benefit obligations at end of the reporting date:

The sensitivity analysis below has been carried out by recalculating the present value of obligation at the year end after increasing or decreasing the actuarial assumptions below while leaving all other assumptions unchanged. The sensitivity analysis presented may not be representative of the actual change in the defined benefit liability as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Increase in defined benefit obligation due to 1% decrease in discount rate	**242,231**	308,487	**238,852**	273,000
Decrease in defined benefit obligation due to 1% increase in discount rate	**193,517**	172,361	**196,897**	158,136
Increase in defined benefit obligation due to 1% increase in salary	**40,246**	62,322	**38,431**	56,390
Decrease in defined benefit obligation due to 1% decrease in salary	**33,418**	94,829	**35,232**	63,077

Future cash flows:

The funding policy is to pay contributions to an external legal entity at the rate recommended by the entity's actuaries.

The Company expects to make a contribution of Rs 127.5 million to the defined benefit plan during the year ending 30 June 2021 (2020 : Rs 127.5 million).

The average duration of the defined benefit obligation at 30 June 2020 was between 7 and 23 years.

Notes to the Financial Statements for the year ended 30 June 2020

24. EMPLOYEE BENEFIT LIABILITIES (CONTINUED)

(ii) Employee benefit under The Worker's Rights Act 2019

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Present value of unfunded obligations	**992,188**	902,839	**103,085**	110,651

Movement in liability recognised in financial position:

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 1 July	**902,839**	761,877	**110,651**	115,207
Disposal of subsidiaries (Notes 38(b))	**-**	(488)	**-**	-
Transfer to subsidiaries	**-**	-	**(146)**	(1,592)
Amount recognised in profit or loss	**112,530**	120,139	**13,170**	27,720
Amount recognised in other comprehensive income	**37,227**	53,015	**(16,968)**	(22,680)
Exchange difference	**-**	(155)	**-**	-
Employee benefit paid	**(60,408)**	(31,549)	**(3,622)**	(8,004)
At 30 June	**992,188**	902,839	**103,085**	110,651

Amount recognised in the statement of comprehensive income:

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Current service cost	**62,628**	63,187	**6,778**	7,275
Past service cost	**1,318**	20,340	**-**	14,086
Net interest cost	**48,584**	36,612	**6,392**	6,359
Components of amount recognised in profit or loss	**112,530**	120,139	**13,170**	27,720
Remeasurement of the net defined benefit liability:				
Actuarial gain arising from experience adjustments	**(56,836)**	(13,409)	**(20,839)**	(19,755)
Actuarial loss/(gain) arising from changes in financial assumptions	**94,063**	66,424	**3,871**	(2,925)
Components of amount recognised in other comprehensive income	**37,227**	53,015	**(16,968)**	(22,680)
At 30 June	**149,757**	173,154	**(3,798)**	5,040

24. EMPLOYEE BENEFIT LIABILITIES (CONTINUED)

(ii) Employee benefit under The Worker's Rights Act 2019 (Continued)

Movements in the present value of the defined benefit obligations in the current year were as follows:

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 1 July	**902,839**	761,833	**110,651**	115,207
Transfer to subsidiaries	**–**	–	**(146)**	(1,592)
Current service cost	**62,628**	63,187	**6,778**	7,275
Interest cost	**48,584**	36,612	**6,392**	6,359
Past service cost	**1,318**	20,340	**–**	14,086
Actuarial gain arising from experience adjustments	**(56,836)**	(13,409)	**(20,839)**	(19,755)
Actuarial loss/(gain) arising from changes in financial assumptions	**94,063**	66,424	**3,871**	(2,925)
Retirement paid	**(60,408)**	(31,549)	**(3,622)**	(8,004)
Disposal of subsidiary (Note 38(b))	**–**	(488)	**–**	–
Exchange difference	**–**	(111)	**–**	–
At 30 June	**992,188**	902,839	**103,085**	110,651

The principal actuarial assumptions used for accounting purposes are:

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
Discount rate	**2.1% – 3.7%**	4.5% – 7.0%	**2.9%**	6.0%
Future long term salary increase	**1%**	3.0% – 4.0%	**1.0%**	4.0%

Sensitivity analysis on defined benefit obligations at end of the reporting date:

The sensitivity analysis below has been carried out by recalculating the present value of obligation at the year end after increasing or decreasing the actuarial assumptions below while leaving all other assumptions unchanged. The sensitivity analysis presented may not be representative of the actual change in the defined benefit liability as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Increase in defined benefit obligation due to 1% decrease in discount rate	**118,656**	95,687	**14,782**	15,670
Decrease in defined benefit obligation due to 1% increase in discount rate	**108,831**	97,087	**12,530**	13,238
Increase in defined benefit obligation due to 1% increase in salary	**120,991**	116,956	**14,358**	15,222
Decrease in defined benefit obligation due to 1% decrease in salary	**108,223**	85,310	**12,316**	13,020

Notes to the Financial Statements for the year ended 30 June 2020

24. EMPLOYEE BENEFIT LIABILITIES (CONTINUED)

(iii) Defined contribution plans

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Contributions for the defined contribution plans	**276,765**	142,240	**24,100**	16,411

(iv) State pension plan

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
National Pension Scheme contribution expensed	**140,961**	254,713	**8,410**	9,244

(v) Amount recoverable from related parties

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Amount recoverable from related parties	**11,324**	–	**437,712**	–
Analysed as follows:				
Recharged through profit and loss:				
Defined benefits liabilities on 1 July 2019	**6,427**	–	**248,251**	–
Service and interest costs for the year	**373**	–	**13,922**	–
Recharged through other comprehensive income:				
Actuarial loss from changes in financial assumptions	**4,524**	–	**175,539**	–
	11,324	–	**437,712**	–

The amount recoverable from related parties represents the following deficit in the defined benefit pension plan operated by the Company.

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Present value of defined benefit obligations being recharged				
Present value of defined benefit obligation at 1 July	**14,772**	–	**579,954**	–
Current service cost	**419**	–	**11,422**	–
Interest cost	**797**	–	**30,163**	–
Actuarial losses	**3,507**	–	**144,654**	–
Benefits paid	**–**	–	**(7,087)**	–
Present value of defined benefit obligations recharged at 30 June	**19,495**	–	**759,106**	–

24. EMPLOYEE BENEFIT LIABILITIES (CONTINUED)

(v) Amount recoverable from related parties (continued)

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
Plan assets funding defined benefit pension plan				
Fair value of plan assets at 1 July	(8,345)	-	(331,703)	-
Interest income	(498)	-	(19,027)	-
Employer's contribution	(455)	-	(11,199)	-
Scheme expenses	53	-	1,468	-
Cost of insuring risk benefits	58	-	1,623	-
Employees' contribution	-	-	-	-
Actuarial losses	1,016	-	30,885	-
Benefits paid	-	-	6,559	-
Fair value of plan assets funded at 30 June	(8,171)	-	(321,394)	-
Deficit (amount recoverable from retaled parties)	11,324	-	437,712	-

The Group has established agreements with the subsidiaries for the recharge of the liability.

25. TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
Trade payables (Note (a))	2,144,803	3,036,443	481,236	331,064
Other payables (Note (b))	3,447,133	2,918,113	468,773	427,569
Amounts payable to related companies (Note (a))	37,597	71,833	432,785	130,386
Accruals (Note (b))	1,445,411	521,390	78,184	24,890
	7,074,944	6,547,779	1,460,978	913,909

(a) The trade payables and amounts due to related companies are unsecured, interest free and the average credit period is 60 days. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe. As at 30 June 2020, the estimated liability for unredeemed points with respect to the WIIV rewards programme developed by the Group as explained in Note 3 to the financial statements was Rs 19,116,848 (2019: Rs 19,186,600).

(b) Other payables and accruals comprise provisions for payroll related costs, amounts payable to contractors, deposits from tenants, audit and taxation fees, director fees, professional fees, project cost fees, dividend payable and other accruals made in the normal course of business.

Notes to the Financial Statements for the year ended 30 June 2020

26. TAXATION

Income tax is calculated at the rate of 15% (2019: 15%) on the profit for the year as adjusted for income tax purposes.

The Company is required to set up a Corporate Social Responsibility ("CSR") fund equivalent to 2% of its chargeable income of the preceding year to implement a CSR programme in accordance with its own CSR framework. Where the amount paid out of the CSR fund is less than the amount provided under the fund, the difference shall be remitted to the Director-General at the time of submission of the income tax return of the year under review.

(a) Income tax - statements of financial position

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
At 1 July	73,668	14,882	(4,694)	(3,266)
Acquisition of subsidiaries (Note 38(a))	-	1	-	-
Disposal of subsidiaries (Note 38(b))	-	(619)	-	-
Over/(under) provision in income tax in previous years	42,613	(12,626)	74	(4,950)
Provision for the year	274,345	345,557	-	174
Tax paid	(418,253)	(284,196)	(27)	-
Tax refunded	21,480	43,969	-	6,961
Provision for contribution CSR	39,640	31,412	33	391
CSR paid during the year	(25,234)	(13,162)	(23)	(262)
Tax deducted at source	(39,786)	(48,895)	(328)	(3,742)
Exchange difference	(2,915)	427	-	-
Other movements	(4,190)	(3,082)	-	-
At 30 June	(38,632)	73,668	(4,965)	(4,694)
Tax assets	(72,265)	(72,404)	(4,965)	(4,694)
Tax liabilities	33,633	146,072	-	-
	(38,632)	73,668	(4,965)	(4,694)

(b) Income tax - statements of profit or loss

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
Provision for the year - continuing operations	274,345	345,557	-	174
Under provision in income tax in previous years	42,613	(12,158)	75	(4,954)
Deferred tax movement (Note 7)	(218,184)	64,024	25,130	24,553
Contribution CSR	39,640	31,411	33	391
Tax expense for the year	138,414	428,834	25,238	20,164
Attributable to:				
- Continuing operations	136,560	427,748	25,238	20,164
- Discontinued operations (Note 21)	1,854	1,086	-	-
	138,414	428,834	25,238	20,164

26. TAXATION (CONTINUED)

(c) The total charge for the year can be reconciled to the accounting profit as follows:

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
(Loss)/profit before tax from continuing operations	**(1,267,468)**	1,761,652	**(84,058)**	480,727
Loss before tax from discontinued operations (Note 21)	**(20,270)**	(30,975)	**-**	-
	(1,287,738)	1,730,677	**(84,058)**	480,727
Tax calculated at a rate of 17% (2019: 17%)	**(213,616)**	303,936	**(14,290)**	81,724
Adjustments for:				
Non-deductible expenses	**247,006**	161,768	**84,325**	100,107
Exempt income	**(31,996)**	(102,608)	**(31,859)**	(175,056)
Tax losses utilised	**(1,289)**	(20,403)	**(19,151)**	-
Tax rate differential	**(29,236)**	(36,877)		-
(Under)/over provision of deferred tax in previous years	**(57,337)**	20,117	**3,097**	7,224
Over/(under) provision in income tax in previous years	**40,759**	(12,159)	**74**	(4,954)
Share of results of associates and joint ventures	**(96,652)**	(82,601)	**-**	-
Depreciation of assets not qualifying for capital allowances	**2,192**	6,563	**1,015**	5,823
Deferred tax not recognised	**172,777**	69,150	**-**	-
CSR adjustment	**15,617**	7,551	**33**	7,412
Others	**90,189**	114,397	**1,994**	(2,114)
Tax expense	**138,414**	428,834	**25,238**	20,164

Others comprise of adjustments with respect to elimination of unrealised profits on property, plant & equipment and inventories, and equity accounting of investment in associates and joint ventures.

27. GOVERNMENT GRANTS

THE GROUP	**2020**	2019
	Rs'000	Rs'000
At 1 July	**50,514**	60,757
Additions	**1,697**	-
Release against depreciation charge	**(5,946)**	(10,243)
Exchange differences	**527**	-
At 30 June	**46,792**	50,514
Non-current	**33,923**	40,477
Current	**12,869**	10,037
	46,792	50,514

Lux* Island Resorts

The grants are in respect of Government assistance to finance construction of hotel and acquisition of plant and equipment in Reunion Island and have been accounted under the income approach. The grants are being released to profit or loss against depreciation charge over the useful life of the asset.

27. GOVERNMENT GRANTS (CONTINUED)

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

28. PROFIT FOR THE YEAR

(a) Profit for the year is arrived at after charging/(crediting):

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Continuing operations				
Depreciation on property, plant and equipment (Note 4)	**1,621,744**	1,682,168	**60,220**	93,547
Depreciation on right-of-use assets (Note 16)	**489,568**	-	**20,401**	-
Amortisation of intangible assets (Note 6)	**116,892**	82,094	**15,874**	13,956
Cost of inventories recognised as expense	**18,395,265**	22,803,828	**3,435,925**	3,246,883
Staff costs (Note (i))	**4,692,361**	5,001,728	**907,682**	727,365
Loss on exchange	**8,476**	10,900	**22**	2,537
Assets written off (Note 4)	**155,902**	403,922	**-**	3,577
Interest expense on lease liabilities	**323,595**	-	**3,625**	-
Net gain on disposal of associates	**-**	22,238	**-**	30,172
Cancellable operating lease	**-**	241,943	**-**	-
Discontinued operations				
Depreciation on property, plant and equipment	**-**	20,079	**-**	-
Amortisation of intangible assets	**-**	85	**-**	-
Cost of inventories recognised as expense	**-**	1,445	**-**	-
Staff costs (Note (i))	**-**	3,372	**-**	-

(i) Included in staff costs are (i) pension contribution for the Group and the Company amounting to Rs 277 million (2019: Rs 142 million) and Rs 24 million (2019: Rs 16 million) respectively and (ii) state pension contribution for the Group and the Company amounting to Rs 140 million (2019: Rs 254 million) and Rs 8 million (2019: Rs 9 million) respectively.

(b) Expected credit losses - (Provision)/Reversal

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Allowance for credit losses on trade receivables (Note 18)*	**(248,897)**	18,985	**(40,813)**	12,338
Allowance for credit losses on non-current receivables (Note 17)	**-**	(13,430)	**(294,608)**	(30,359)
	(248,897)	5,555	**(335,421)**	(18,021)

* Included in this is the prior year adjustment for expected credit losses on trade receivables (Note 43).

Notes to the Financial Statements for the year ended 30 June 2020

29. REVENUE

The Group and the Company derive their revenue from contracts with customers for the transfer of goods and services over time in the following major product and service lines under the new revenue recognition policy. This is consistent with the revenue information that is disclosed for each reportable segment under IFRS 8 Operating Segments (See Note 39).

		THE GROUP		THE COMPANY	
	Timing of revenue recognition	2020 Rs'000	2019 Rs'000	2020 Rs'000	2019 Rs'000
(a) Revenue from contracts with customers					
Disaggregation of revenue					
Construction and sale of properties	Over time	**660,452**	607,328	**-**	-
Construction contracts - construction, engineering and interior design	Over time	**1,543,476**	2,328,643	**-**	-
Customer loyalty programmes	Over time	**14,491**	-	**17,631**	-
Freight forwarding and custom clearing services	At a point in time	**306,541**	511,609	**-**	-
Hotel operations, management and leisure	Over time	**4,812,889**	6,264,577	**-**	-
Maintenance, repairs and after sale services	Over time	**123,236**	175,640	**-**	-
Management services - local and global businesses	Over time	**568,201**	545,887	**114,379**	119,934
Manufacturing, storage and sale of seafood and associated products	At a point in time	**1,175,216**	1,055,542	**-**	-
Medical research	Over time	**192,794**	206,286	**-**	-
Processing and sale of beverages	At a point in time	**7,141,857**	7,344,666	**-**	-
Construction and repairs of ships	Over time	**814,178**	1,059,665	**-**	-
Sales of equipment - heavy machineries, generators and irrigation	At a point in time	**627,033**	655,425	**-**	-
Sales of goods - tools, spare parts and electrical goods	At a point in time	**515,788**	540,402	**-**	-
Sales of goods - consumer, retail, wholesale and other products	At a point in time	**16,381,047**	15,991,090	**4,240,820**	4,049,012
Shipping and aviation services	Over time	**243,284**	343,035	**3,849**	58,227
Transport services - cargo and passengers	Over time	**368,390**	489,158	**-**	-
Travel-related services - corporate and leisure	At a point in time	**6,561**	10,991	**-**	-
Others	At a point in time	**1,920**	6,295	**-**	-
		35,497,354	38,136,239	**4,376,679**	4,227,173
Attributable to :					
- Continuing operations		**35,307,774**	37,799,306	**4,376,679**	4,227,173
- Discontinued operations (Note 21)		**189,580**	336,933	**-**	-
		35,497,354	38,136,239	**4,376,679**	4,227,173

Notes to the Financial Statements for the year ended 30 June 2020

29. REVENUE (CONTINUED)

		THE GROUP		THE COMPANY	
	Timing of revenue recognition	2020 Rs'000	2019 Rs'000	2020 Rs'000	2019 Rs'000
(b) Gross insurance premiums	Over time	**1,410,717**	1,156,984	**-**	-
Attributable to :					
- Continuing operations		**1,410,717**	1,156,984	**-**	-
		1,410,717	1,156,984	**-**	-
(c) Rental income	Over time	**68,404**	69,895	**-**	-
Attributable to :					
- Continuing operations		**68,404**	69,895	**-**	-
		68,404	69,895	**-**	-
(d) Dividend income	At a point in time	**22,417**	24,283	**601,904**	879,116
Attributable to :					
- Continuing operations		**22,417**	24,283	**601,904**	879,116
		22,417	24,283	**601,904**	879,116
TOTAL REVENUE					
Revenue from contracts with customers (Note 29(a))		**35,497,354**	38,136,239	**4,376,679**	4,227,173
Gross insurance premiums (Note 29(b))		**1,410,717**	1,156,984	**-**	-
Rental income (Note 29(c))		**68,404**	69,895	**-**	-
Dividend income (Note 29(d))		**22,417**	24,283	**601,904**	879,116
		36,998,892	39,387,401	**4,978,583**	5,106,289
Attributable to :					
- Continuing operations		**36,809,312**	39,050,468	**4,978,583**	5,106,289
- Discontinued operations (Note 21)		**189,580**	336,933	**-**	-
		36,998,892	39,387,401	**4,978,583**	5,106,289

29. REVENUE (CONTINUED)

(e) **Contract balances**

Set out below is the information about receivables, contract assets and contract liabilities from contracts with customers.

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Trade receivables (Note 18)	**5,401,235**	6,390,215	**1,047,314**	1,094,535
Contract assets	**591,560**	703,743	**–**	–
Contract liabilities (Note (f))	**475,707**	313,159	**–**	–
	6,468,502	7,407,117	**1,047,314**	1,094,535

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date on construction contracts. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer.

Management has measured lifetime ECL on contract assets on the same basis as its trade receivables. None of the amounts due on contract assets at 30 June 2020 is past due (2019: Nil).

Management has assessed ECL on contract asset and the amount is insignificant.

(f) **Contract liabilities**

	THE GROUP			
	At 1 July	Amount received during the year	Amount recognised in revenue	At 30 June
	Rs'000	Rs'000	Rs'000	Rs'000
Arising on upfront fees from management services recognised over time	**68,188**	**75,882**	**(69,350)**	**74,720**
Amounts related to construction contracts	**231,216**	**316,665**	**(154,706)**	**393,175**
Amounts related to research and development	**13,755**	**7,044**	**(12,987)**	**7,812**
	313,159	**399,591**	**(237,043)**	**475,707**

30. OTHER INCOME

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Sundry income (Note (i))	**464,935**	288,274	**144,613**	100,199
Rental income	**27,810**	21,718	**3,600**	4,680
Transport income	**9,843**	24,137	**–**	7
Profit on disposal of property, plant and equipment	**5,002**	5,929	**90**	347
Commissions income	**50,536**	64,452	**23,466**	20,496
Management fees	**79,568**	80,459	**8,664**	8,889
Gain on exchange	**284,779**	174,035	**102,680**	66,068
Directors fees	**12,890**	3,398	**7,314**	10,002
Secretarial fees	**2,936**	3,178	**10,372**	11,222
Bad debts recovered	**7,605**	10,057	**–**	475
	945,905	675,637	**300,799**	222,385
Attributable to:				
– Continued operations	**940,099**	669,552	**300,799**	222,385
– Discontinued operations (Note 21)	**5,806**	6,085	**–**	–
	945,905	675,637	**300,799**	222,385

(i) Sundry income includes marketing incentives received from suppliers and funding under government wage assistance scheme.

31. INTEREST INCOME USING THE EIR METHOD

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Interest income	**48,644**	22,386	**17,827**	5,901
Interest income from related parties	**–**	–	**39,124**	46,587
	48,644	22,386	**56,951**	52,488
Attributable to:				
– Continuing operations	**48,644**	22,382	**56,951**	52,488
– Discontinued operations (Note 21)	**–**	4	**–**	–
	48,644	22,386	**56,951**	52,488

32. FINANCE COSTS

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Interest expense on:				
- Bank loans	**494,169**	551,538	**51,151**	79,751
- Bank overdrafts	**116,778**	153,160	**65,732**	92,999
- Other loans	**340,919**	219,929	**241,474**	152,255
- Leases (Note (i))	**323,595**	27,394	**3,625**	1,041
	1,275,461	952,021	**361,982**	326,046
Attributable to:				
- Continuing operations	**1,261,237**	911,579	**361,982**	326,046
- Discontinued operations (Note 21)	**14,224**	40,442	**-**	-
	1,275,461	952,021	**361,982**	326,046

(i) The finance costs for the year ended 30 June 2019 arose on leases accounted under IAS 17 Leases while finance costs for the year ended 30 June 2020 arose on leases under IFRS 16.

33. OTHER GAINS AND LOSSES

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Cost of issue of bonds and other costs	**(16,000)**	-	**(16,000)**	-
Reversal of impairment loss on loans	**-**	-	**-**	-
Fair value adjustment on investment properties (Note 5)	**20,502**	50,430	**-**	-
Fair value adjustment on investment properties held for sale (Note 21)	**2,588**	-	**-**	-
Gain on disposal of associates	**-**	22,238	**-**	-
Reversal of provisions	**92,536**	-	**8,761**	-
Loss on winding up of a subsidiary	**-**	(4,405)	**-**	-
Assets written off	**(104,040)**	-	**-**	-
Gain on disposal of joint venture	**-**	140,791	**-**	-
Loss on disposal of subsidiary	**-**	(24,621)	**-**	-
Dividend in specie	**-**	-	**-**	155,626
Gain deemed on disposal of associate	**-**	4,523	**-**	-
Recharge of employee benefit liability	**6,427**	-	**248,251**	-
Gain on disposal of previously held for sale assets	**6,517**	-	**-**	-
Loss on debt instruments at fair value through profit and loss	**(32,691)**	(22,056)	**-**	-
	(24,161)	169,900	**241,012**	155,626
Attributable to:				
- Continuing operations	**(26,749)**	169,900	**241,012**	155,626
- Discontinued operations (Note 21)	**2,588**	-	**-**	-
	(24,161)	169,900	**241,012**	155,626

Notes to the Financial Statements for the year ended 30 June 2020

34. COMMITMENTS

(a) **Capital commitments**

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Authorised by the Board of Directors and:				
(i) Contracted for	**1,745,186**	698,278	**636**	183,410
(ii) Not contracted for	**2,218,700**	3,843,974	**29,118**	46,248
	3,963,886	4,542,252	**29,754**	229,658

The associates and joint ventures of the Group had contracted and non-contracted capital commitments amounting to Rs 160,273 (2019: Rs 160,273) and Rs 741,897 (2019: Rs 219,152) respectively for the year ended 30 June 2020.

One of the associates had undrawn commitments for loans and receivables amounting to Rs 915 million at 30 June 2020 (2019: Rs 1,094 million).

(b) **Operating lease arrangements**

The Group and the Company as lessees

Operating leases relate to warehouse facilities, offices and motor vehicles with lease terms of between 5 to 6 years, with an option to renew. All operating lease contracts contain market review clauses in the event that the lessees exercise their option to renew. The lessees do not have an option to purchase the leased assets at the expiry of the lease period.

Payments recognised as an expense

	THE GROUP	THE COMPANY
	2019	2019
	Rs'000	Rs'000
Minimum lease payments	160,999	8,684

Minimum lease rental payable under non cancellable leases

	THE GROUP	THE COMPANY
	2019	2019
	Rs'000	Rs'000
Within one year	459,820	7,201
Between two to five years	1,713,639	12,826
More than five years	14,187,843	5,010
	16,361,302	25,037

35. CONTINGENT LIABILITIES

Lux Island Resorts

One of the subsidiaries, Lux*, is being sued for breach of termination of employment contract by a number of former employees and the amount claimed is Rs 54.1 million (2019: Rs 53.3 million). The directors have been advised that some claims appear unfounded and that the necessary severance alowance/damages claim in others appear grossly exagerated. The company has also enterred into counter proceedings for an amount of Rs 75 million against one of the plaintiffs.

United Basalt Products Ltd

Legal action has been initiated by former employees against the Group in respect of unpaid severance allowances. The estimated payout is Rs 25.5 million (2019: Rs 57.5 million), should the action be successful. Trials are ongoing and therefore it is not practicable to state the timing of payment, if any. The Group has been advised by its legal counsel that it is only possible, but not probable, that the action will succeed. Accordingly, no provision for any liability has been made in the financial statements.

Eagle Insurance Limited

Following the investigation by the Competition Commission of Mauritius ("CCM") into the affairs of all members of the Association of Private Health Plans and Administrators ("APHPA") relative to the alleged collusive behaviour, they have now submitted their findings in a preliminary report dated 15 May 2020.

They have based their findings on two grounds namely:

1) Agreements between members of the APHPA on a common scale of cost in so far as it concerns gynecological procedures and,

2) Agreements between certain members of APHPA on referrals of cases for overseas treatment. Our objections to these points have been submitted to APHPA counsel. In the findings of their preliminary report, the CCM has also mentioned what would be the level of fines.

A reply was sent to the CCM through APHPA's legal counsel on 26 June 2020 requesting details on the basis of calculation for the pro rated amount applicable to Eagle Insurance, as we are agreeable to the principle of fines but not to the quantum. There is no indication as at date around the timing or amount of any inflows.

The Company and several subsidiaries have provided bank guarantees and other guarantees in the normal course of their activities. The directors consider that no liabilities will arise as the probability for default in respect of the guarantees is remote.

The details of the contingent liabilities are as follows:

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Bank guarantees	**1,031,789**	1,080,784	**68,826**	91,913
Guarantee and letter of credit	**1,175,035**	856,054	**296,255**	244,255
	2,206,824	1,936,838	**365,081**	316,168

36. RELATED PARTY TRANSACTIONS

	Associates and joint ventures	
THE GROUP	**2020**	2019
	Rs'000	Rs'000
Balances		
Cash at bank	**35,634**	76,278
Trade and other receivables	**260,521**	177,635
Trade and other payables	**32,958**	82,625
Amount recoverable from related parties on employee benefit liabilities	**11,324**	–
Bank overdrafts and borrowings	**946,414**	430,862

	Associates and joint ventures	
THE GROUP	**2020**	2019
	Rs'000	Rs'000
Transactions		
Sale of goods and services	**1,135,607**	783,378
Purchase of goods and services	**690,392**	697,758
Purchase of property, plant and equipment	**–**	= –
Sale of property, plant and equipment	**–**	338
Interest income	**–**	88
Interest expense	**26,634**	32,672

For the year ended 30 June 2020, the Group recognised provision for expected credit losses relating to amounts owed by related parties (see Notes 18).

36. RELATED PARTY TRANSACTIONS (CONTINUED)

THE COMPANY	Subsidiaries		Associates and joint ventures	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Balances				
Cash at bank	**-**	-	**7,585**	10,217
Trade and other receivables	**433,709**	469,556	**58,720**	48,534
Trade and other payables	**77,641**	110,821	**4,990**	19,565
Borrowings	**-**	-	**401,659**	160,000

THE COMPANY	Subsidiaries		Associates and joint ventures	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Transactions				
Sale of goods and services	**1,014,937**	843,157	**18,677**	13,678
Purchase of goods and services	**90,477**	86,624	**185,978**	165,178
Dividend income	**366,762**	707,958	**225,492**	165,372
Interest income	**61,275**	78,445	**-**	746
Interest expense	**22,149**	25,150	**13,448**	644
Administrative expenses	**279,024**	314,214	**2,701**	10,457
Management fees	**55,730**	74,775	**6,672**	12,619

The terms and conditions of transactions with related party are presented in their respective notes.

The Company has provided a letter of financial support to the following subsidiaries: DieselActiv Co Ltd, Medical Trading International Ltd, IBL Financial Services Holdings Ltd, IBL Life Ltd, IBL Gabon Investments Ltd, IBL India Investments Ltd, Marine Biotechnology International Ltd, IBL Biotechnology Investment Holdings Ltd and IBL Biotechnology International Ltd.

Compensation paid to key management personnel

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Short term benefits	**977,929**	631,537	**257,257**	173,872
Post employment benefits	**55,653**	48,310	**14,834**	14,482
	1,033,582	679,847	**272,091**	188,354

Notes to the Financial Statements for the year ended 30 June 2020

37(a). FINANCIAL INSTRUMENTS

In its ordinary operations, the Group and the Company are exposed to various risks such as capital risk, foreign currency risks, interest rate risks, credit risks and liquidity risks. The Group and the Company have devised on a central basis a set of specific policies for managing these exposures.

Capital risk management

The Group and the Company manage their capital to ensure that they will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's and the Company's overall strategy remains unchanged.

The capital structure of the Group and the Company consists of debt, which includes borrowings, net of cash and cash equivalents and equity, comprising stated capital, reserves, retained earnings and non-controlling interests as disclosed in the statements of changes in equity.

Gearing ratio

The Group and the Company monitor capital on the basis of the debt-to-equity ratio. This ratio is calculated as net debt over total equity. Net debt is calculated as total borrowings (as shown on the statement of financial position) less cash and cash equivalents. Total equity comprises all components of equity (i.e. stated capital, non-controlling interests, retained earnings and reserves).

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Total debt	**26,330,887**	19,712,091	**9,987,583**	8,485,620
Less: Cash and cash equivalents	**(3,246,736)**	(2,124,154)	**(640,033)**	(323,752)
Net debt	**23,084,151**	17,587,937	**9,347,550**	8,161,868
Total equity	**25,160,715**	27,086,937	**15,274,567**	19,604,576
Gearing (net debt / (net debt + total equity)	**48%**	39%	**38%**	29%

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability and equity instruments are disclosed in note 2(B) to the financial statements.

Categories of financial instruments

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Financial assets (IFRS 9)				
Financial assets at fair value through other comprehensive income	**10,498,408**	9,454,330	**24,192,025**	26,385,115
Financial assets at fair value through profit or loss	**330,944**	371,338	**-**	-
Financial assets at amortised cost	**9,914,769**	10,192,963	**1,758,874**	2,334,995
	20,744,121	20,018,631	**25,950,899**	28,720,110
Financial liabilities				
Amortised cost	**34,852,008**	29,605,840	**11,713,343**	9,491,712
	34,852,008	29,605,840	**11,713,343**	9,491,712

Notes to the Financial Statements for the year ended 30 June 2020

37(a). FINANCIAL INSTRUMENTS (CONTINUED)

Fair value

Except where stated elsewhere, the carrying amounts of the Group's and the Company's financial assets and financial liabilities approximate their fair values due to the short-term nature of the balances involved.

The fair values of financial assets and liabilities are determined as follows:

- The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets is determined with reference to quoted market prices.
- Where there is no active market, the fair value of available for sale investments have been determined using valuation techniques including comparisons to similar recent transactions, reference to price earnings ratios of similar quoted investments, discounted cash flow and other valuation models. Such valuation exercises require that the Group and the Company make estimates of future cash flows, discount rates and price earning ratio as applicable to the relevant markets.

The following table provides an analysis of financial assets that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

THE GROUP

	Level 1	Level 2	Level 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
2020				
Other financial assets (Note 14)	**255,151**	**120,024**	**321,137**	**696,312**
2019				
Other financial assets (Note 14)	400,788	157,713	215,052	773,553
Assets classified as held for sale (Note 21)	121,483	-	-	121,483
	522,271	157,713	215,052	895,036

THE COMPANY

	Level 1	Level 2	Level 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
2020				
Investment in subsidiaries (Note 11)	**5,313,200**	**-**	**13,128,350**	**18,441,550**
Investment in associates (Note 12)	**1,338,106**	**2,918,943**	**1,068,477**	**5,325,526**
Investment in joint ventures (Note 13)	**-**	**-**	**302,580**	**302,580**
Other financial assets (Note 14)	**28,499**	**-**	**93,870**	**122,369**
	6,679,804	**2,918,943**	**14,593,277**	**24,192,025**
2019				
Investment in subsidiaries (Note 11)	7,946,889	155,626	12,489,026	20,591,541
Investment in associates (Note 12)	1,655,026	2,600,700	1,067,875	5,323,601
Investment in joint ventures (Note 13)	-	-	347,679	347,679
Other financial assets (Note 14)	35,922	-	86,372	122,294
	9,637,837	2,756,326	13,990,952	26,385,115

Notes to the Financial Statements for the year ended 30 June 2020

37(a). FINANCIAL INSTRUMENTS (CONTINUED)

Fair value (Continued)

There has been no transfer between Level 1 and Level 3 as at 30 June 2020 and 2019.

The reconciliation of Level 3 fair value financial instruments for the Company are detailed in notes 11, 12, 13 and 14.

Reconciliation of Level 3 for the Group

	2020	2019
	Rs'000	Rs'000
At 1 July	**215,052**	205,077
IFRS 9 adoption - adjustments	**-**	86,150
Additions	**21,591**	70,530
Disposals	**(90,801)**	(25,050)
Fair value adjustment (Note 14)	**-**	24,263
Transfer to other non-current assets	**-**	(1,500)
Assets held for sale (Note 21)	**-**	(145,682)
Accrued interest during the year	**70,778**	1,269
Exchange difference	**158**	(5)
Accrued interest	**3,922**	-
Reclassification from level 1 to level 3	**100,437**	-
Balance at 30 June	**321,137**	215,052

The impairment loss and fair value adjustment are unrealised. Since investment in associates and Joint ventures are equity accounted, the fair value adjustment only relates to other financial assets. Refer to Note 14.

Notes to the Financial Statements for the year ended 30 June 2020

37(a). FINANCIAL INSTRUMENTS (CONTINUED)

Quantitative information of significant unobservable inputs – Level 3

THE GROUP

Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity to the input to fair value
2020			
		Unquoted equity investment	
PE Multiple	Multiple	6.3x-14.98x	An increase/(decrease) of 1x would result in an increase (decrease) in fair value by Rs 7,883,000.
PE Multiple	Discount for lack of marketability	15%-25%	An increase/(decrease) of 5% would result in an decrease (increase) in fair value by Rs 6,714,000.
		Foreign equity-Bank	
Price to book value	Discount due to lack of marketability	0-40%	A 5% increase/(decrease) in discount factor will lead to a (decrease)/increase of Rs15.85M (2019: Rs7M) in fair value.
		Commerce and others	
Dividend yield	Discount due to lack of markeatability	10-20%	A 5% increase/(decrease) in discount factor will lead to a (decrease)/increase of Rs0.016M (2019: Rs0.07M) in fair value.
2019			
		Unquoted equity investment	
PE Multiple	Multiple	9.7x-13.27x	An increase/(decrease) of 1x would result in an increase (decrease) in fair value by Rs 22,805,000.
PE Multiple	Discount for lack of marketability	15-20%	An increase/(decrease) of 5% would result in an (decrease)/increase in fair value by Rs 6,335,000.
		Foreign equity-Bank	
Price to book value	Discount due to lack of markeatability	0-40%	A 5% increase/(decrease) in discount factor will lead to a (decrease)/increase of Rs 7.0M in fair value.
		Foreign equity-Reinsurance	
Dividend yield	Discount due to lack of markeatability	10-20%	A 5% increase/(decrease) in discount factor will lead to a (decrease)/increase of Rs 0.07M (2018: nil) in fair value.

Notes to the Financial Statements for the year ended 30 June 2020

37(a). FINANCIAL INSTRUMENTS (CONTINUED)

Quantitative information of significant unobservable inputs – Level 3

THE COMPANY

Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity to the input to fair value
2020			
		Unquoted equity investment	
DCF method	Long-term growth rate for cash flows for subsequent years	3.00% - 3.00% (3.00%)	A 1% increase/(decrease) would result in an increase/(decrease) in fair value by Rs 614,850,000.
DCF method	WACC	11.87%-18.83% (14.55%)	A 1% increase/(decrease) would result in a (decrease)/ increase in fair value by Rs 788,635,000.
PE Multiple	Multiple	10.0x-12.09x	An increase/(decrease) of 1x would result in an increase/(decrease) in fair value by Rs 205,907,300.
PE Multiple	Discount for lack of marketability	0-21%	An increase/(decrease) of 5% would result in a (decrease)/increase in fair value by Rs 99,979,050.
EV/EBITDA Multiple	EBITDA	2.25x-10.11x	An increase/(decrease) of 1x would result in an increase/(decrease) in fair value by Rs 89,612,842.
2019			
		Unquoted equity investment	
DCF method	Long-term growth rate for cash flows for subsequent years	3.00% - 3.00% (3.00%)	A 1% increase/(decrease) would result in an increase/(decrease) in fair value by Rs 721,647,000.
DCF method	WACC	11.10% - 39.69% (14.93%)	A 1% increase/(decrease) would result in a (decrease)/ increase in fair value by Rs 837,680,000.
PE Multiple	Multiple	10.0x -12.6x	An increase/(decrease) of 1x would result in an increase/(decrease) in fair value by Rs 176,603,940.
PE Multiple	Discount for lack of marketability	0-20%	An increase/(decrease) of 5% would result in a (decrease)/increase in fair value by Rs 94,887,545.
EV/EBITDA Multiple	EBITDA	4.43x 8.28x	An increase/(decrease) of 1x would result in an increase/(decrease) in fair value by Rs 26,168,288.

37(a). FINANCIAL INSTRUMENTS (CONTINUED)

Foreign exchange risk

The Group and the Company are exposed to the risk that the exchange rate of the Mauritian Rupee relative to foreign currencies may change in a manner which has a material effect on the reported values of the Group's and the Company's assets and liabilities. The Group and the Company undertake certain transactions denominated in foreign currencies and hence, exposures to exchange rate fluctuations arise. The Group and the Company are mainly exposed to the United States Dollar (USD), Euro (EUR) and Great Britain Pounds (GBP).

Currency profile

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Financial assets				
Mauritian Rupee	**17,918,902**	16,914,462	**25,274,706**	28,046,817
US Dollars	**1,144,110**	936,658	**595,015**	258,451
Euro	**326,995**	1,348,809	**79,979**	368,193
Great Britain Pounds	**50,452**	144,322	**1,199**	4,472
Others	**1,303,662**	674,380	**-**	42,177
	20,744,121	20,018,631	**25,950,899**	28,720,110
Financial liabilities				
Mauritian Rupee	**28,628,159**	22,839,831	**11,512,652**	9,148,884
US Dollars	**121,010**	2,550,300	**14,553**	223,516
Euro	**623,853**	2,984,174	**47,455**	55,410
Great Britain Pounds	**106,947**	525,579	**1,704**	408
Others	**5,372,039**	705,955	**-**	63,493
	34,852,008	29,605,839	**11,576,364**	9,491,711

Foreign currency sensitivity analysis

The following table details the Group's and the Company's sensitivity to a 10% increase and decrease in the Mauritian Rupee against the relevant foreign currencies. 10% represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit where the Mauritian Rupee appreciates 10% against the relevant currency. For a 10% weakening of the Mauritian Rupee against the relevant currency, there would be an equal and opposite impact on the profit.

37(a). FINANCIAL INSTRUMENTS (CONTINUED)

Foreign currency sensitivity analysis (Continued)

Impact of an appreciation of 10% of the Mauritian Rupee against the relevant currencies:

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Impact - US Dollars				
Profit or loss	**102,310**	(161,364)	**58,046**	3,494
Equity*	**45,552**	(62,217)		
Impact - Euro				
Profit or loss	**(29,686)**	(163,537)	**3,252**	31,278
Equity*	**(64,591)**	(35,770)		
Impact - Great Britain Pounds				
Profit or loss	**(5,650)**	(38,126)	**(50)**	406
Equity*	**(27,872)**	(25,299)		

The profit or loss is mainly attributable to the exposure outstanding on foreign currency receivables, payables, borrowings and cash and cash equivalents at year end in the Group and the Company. The equity impact of a change in rate of Euro vis-à-vis the Mauritian Rupee is attributable mainly to net investment in the subsidiary in Réunion Island and also to the hedge reserve arising on the hedge accounting on Euro loans. The equity impact of a change in rate of USD vis-à-vis the Mauritian Rupee is attributable mainly to net investment in the subsidiary Lux Island Resorts Maldives Ltd, and also to the hedge reserve ariding on USD loans.

Interest rate risk

The Group and the Company are exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates.

The Group and the Company manage the risk by maintaining an appropriate mix between fixed and floating rate borrowings.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for the non-derivative instruments at the reporting date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year. Financial assets are either interest free or bear a fixed rate of interest; therefore, they are not exposed to interest rate risk. For instance, the financial assets as shown in the categories of financial instruments, with the exception of loans and advances, are interest free. Financial assets encompassing loans and advances have a fixed rate of interest. A 100 basis point increase or decrease is used and it represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended 30 June 2020 would decrease/increase by Rs113,049,363 (2019: Rs122,651,932) and the Company's profit for the year ended 30 June 2020 would decrease/increase by Rs39,909,603 (2019: Rs39,930,806). This is mainly attributable to the Group's and the Company's exposure to interest rates on their variable rate borrowings.

37(a). FINANCIAL INSTRUMENTS (CONTINUED)

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and the Company. The Group and the Company have adopted a policy of only dealing with creditworthy counterparties, as a means of mitigating the risk of financial loss from defaults. Credit exposure is controlled by counterparty limits that are approved and reviewed by key management on regular basis. Refer to Note 2A(b) for the credit risk attributes in relation to trade and other receivables, cash and bank balances and corporate bonds and deposits.

The Group's and the Company's credit risk are primarily attributable to trade receivables. The amounts presented in the statements of financial position are net of allowances for doubtful receivables, estimated by management based on prior experience and represents the Group's and the Company's maximum exposure to credit risk. Refer to Note 18 for the credit risk exposure of trade receivables based on the Group's and the company's provision matrix in accordance with IFRS 9.

As explained in Note 18, receivable balance falling under the industry of agriculture, financial services, traders, foreign governmental bodies amongst others are classified as low risk entities and have not overlay applied to the provision matrix. On the other hand, receivable balance falling in the manufacturing and logistics (including the aviation sector) are classified as medium risk and have an overlay of 2% applied to the provision matrix. Receivable balance falling in the hospitality and the building and engineering are classified as high risk and have an overlay of 10% applied to the provision matrix.

Other price risks

The Group and the Company are exposed to equity price risks arising from equity investments. Equity investments are held for strategic rather than trading purposes. The Group and the Company do not actively trade these investments.

The sensitivity analysis below has been determined based on the exposure to equity price risks at the reporting date.

If the equity price had increased or decreased by 10%:

- there would be no impact on the net profit at 30 June 2019 and 2020 as equity investments are classified as Financial assets at fair value through other comprehensive income (OCI).
- The other comprehensive income and fair value reserves included in equity would increase/decrease by Rs25,515,128 (2019: Rs83,559,966) for the Group and Rs667,980,434 (2019: Rs963,783,523) for the Company, as a result of the changes in fair value of Financial assets at fair value through other comprehensive income (OCI).

Liquidity risk management

The Group and the Company manage liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

37(a). FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity risk management (Continued)

The table below shows the maturity profile of the financial liabilities of the Group and the Company, based on undiscounted contracted payments:

THE GROUP

	At call Rs'000	Less than one year Rs'000	1 to 5 years Rs'000	> 5 years Rs'000	Total Rs'000
2020					
Lease liabilities	**-**	**421,113**	**1,658,613**	**2,572,324**	**4,652,050**
Non-interest bearing instruments**	**-**	**474,087**	**1,798,508**	**2,379,456**	**4,652,051**
Variable interest rate instruments	**-**	**7,825,685**	**126,633**	**-**	**7,952,318**
Fixed interest rate instruments	**2,921,913**	**2,123,278**	**5,293,336**	**3,679,317**	**14,017,844**
Financial guarantee contracts*	**1,175,035**	**-**	**-**	**-**	**1,175,035**
	4,096,948	**10,844,163**	**8,877,090**	**8, 631,097**	**32,449,298**
2019					
Finance lease liabilities	-	93,374	207,719	18,969	320,062
Non-interest bearing instruments**	-	9,150,069	100,170	-	9,250,239
Variable interest rate instruments	2,459,943	1,912,642	4,751,547	4,503,366	13,627,498
Fixed interest rate instruments	2,837,649	1,659,997	1,747,882	1,109,927	7,355,455
Financial guarantee contracts*	856,054	-	-	-	856,054
	6,153,646	12,816,082	6,807,318	5,632,262	31,409,308

*Based on the maximum amount that can be called for under financial guarantee contracts under IFRS 9.
**Non-interest bearing instruments consist of trade and other payables, other payables and dividend payable.

THE COMPANY

	At call Rs'000	Less than one year Rs'000	1 to 5 years Rs'000	> 5 years Rs'000	Total Rs'000
2020					
Lease liabilities	**-**	**-**	**-**	**-**	**-**
Non-interest bearing instruments	**-**	**18,019**	**14,736**	**33,529**	**66,284**
Variable interest rate instruments	**-**	**1,114,830**	**78,562**	**-**	**1,193,392**
Fixed interest rate instruments	**713,259**	**307,788**	**2,373,450**	**1,048,750**	**4,443,247**
Financial guarantee contracts*	**68,826**	**344,433**	**3,460,388**	**1,071,250**	**4,944,897**
	782,085	**1,785,070**	**5,927,136**	**2,153,529**	**10,647,820**
2019					
Finance lease liabilities	-	4,313	8,287	-	12,600
Non-interest bearing instruments	-	910,422	62,992	-	973,414
Variable interest rate instruments	1,550,961	112,431	2,054,098	607,166	4,324,656
Fixed interest rate instruments	2,435,000	1,041,887	607,166	607,166	4,691,219
Financial guarantee contracts*	224,200	-	-	-	224,200
	4,210,161	2,069,053	2,732,543	1,214,332	10,226,089

*Based on the maximum amount that can be called for under financial guarantee contracts under IFRS 9.

37(a). FINANCIAL INSTRUMENTS (CONTINUED)

Cash flow hedge

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

The effective portion of the gain or loss on the hedging instruments in cash flow hedge reserves recognised in the cash flow hedge as at 30 June 2020 is a negative reserve of Rs 28,640,000 (2019: Rs 198,020,000). The amount included in "other reserves" is negative Rs 7,914,000 (2019: Rs 87,730,000) while amount attributable to non-controlling interests is Rs 36,554,000 (2019: Rs 110,290,000).

The movement for the year amounting to negative Rs 169,380,000 in 2020 (2019: Rs 46,921,000) relates to exchange differences on translation of US Dollar and Euro at year end rate in addition to the portion of exchange difference reserve realised on repayment of borrowings. An amount of negative Rs 95,644,000 (2019: Rs 26,495,000) is attributable to the Company while an amount of negative Rs 73,736,000 (2019: Rs 20,426,000) is attributable to non-controlling interests.

THE GROUP	Cash Flow hedge reserve
At 01 July 2018	70,607
Cash flow hedge on loan in foreign currency	121
At 30 June 2019	70,728
Cash flow hedge on loan in foreign currency	(243,933)
Cash flow hedge reserve released on repayment of loan	75,851
Tax on other comprehensive income	32,345
At 30 June 2019	(135,737)

37(b). MANAGEMENT OF INSURANCE RISKS

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Group faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the estimate established using statistical techniques.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be (Law of large numbers). In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. The Group has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome. Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

Notes to the Financial Statements for the year ended 30 June 2020

37(b). MANAGEMENT OF INSURANCE RISKS (CONTINUED)

Casualty Insurance

Frequency and severity of claims

The frequency and severity of claims can be affected by several factors. The most significant are the increasing level of awards for the damage suffered as a result of motor injury claims. The Group manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling.

The Group has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome. As part of its permeating and systematic risk management, the Group continually identifies and analyses the risks. Underwriting guidelines and limits clearly regulate responsibility and accountability for the whole process of acquiring and concluding insurance contracts. Compliance with the above are regularly checked. Following developments in the local and global market, appropriate measures are taken, translated without delay in corresponding underwriting guidelines if required.

Underwriting limits are thus in place to enforce appropriate risk selection criteria. For example the Group has the right to impose deductibles and it has the right to reject the payment of a fraudulent claim, as well as inviting renewals on different terms. Insurance contracts also entitle the Group to sue third parties for payment of incurred costs (i.e. subrogation).

The reinsurance arrangements are mostly excess of loss reinsurance layers in respect of casualty.

Property insurance

Frequency and severity of claims

For property insurance contracts, climatic changes give rise to more frequent and severe extreme weather events (for example, cyclones, Tsunami etc.) and their consequences (for example, cyclone claims).

For certain contracts, the Group has also limited the number of claims that can be paid in any policy year or introduced a maximum amount payable for claims in any policy year.

The Group has the right to re-price the risk on renewal. It also has the ability to impose deductibles and reject fraudulent claims. These contracts are underwritten by reference to the commercial replacement value of the properties and contents insured, and claims payment limits are always included to cap the amount payable on occurrence of the insured event. Cost of rebuilding properties, of replacement or indemnity for contents and time taken to restart operations for business interruption are the key factors that influence the level of claims under these policies. The greatest likelihood of significant losses on these contracts arises from cyclone or flood damage. The availability and cost of reinsurance are subject to prevailing market conditions, both in terms of price and availability capacity. Although the reinsurers are liable to the extent of the reinsurance ceded, the company remains primarily liable to the policy holder as the direct insurer of all risks reinsured. The company evaluates the financial condition of its reinsurers to minimize its exposures to losses from reinsurer insolvencies.

To the Group's knowledge, none of its reinsurers is experiencing financial difficulties. Markets have tightened their underwriting of proportional treaty programme, which have impacted on the Mauritian Insurance sector where companies were more used to traditional reinsurance and had to increase their net retention.

Catastrophe protection treaties are a must to insurance companies based in Mauritius due to our constant exposure towards tropical cyclones.

The Group has reinsurance cover for such damage to accommodate its increased exposure.

Property insurance contracts are subdivided into four risk groups: fire, business interruption, cyclone damage and other perils. The insurance risk arising from these contracts is not concentrated in any of the territories in which the Group operates, and there is a balance between commercial and personal properties in the overall portfolio of insured buildings.

Notes to the Financial Statements for the year ended 30 June 2020

37(b). MANAGEMENT OF INSURANCE RISKS (CONTINUED)

Concentration of insurance risk (Short-term insurance)

The following table discloses the concentration of outstanding claims by class of business, gross and net of reinsurance.

	2020			2019		
Class of business	**Gross Rs'000**	**Reinsurance Rs'000**	**Net Rs'000**	Gross Rs'000	Reinsurance Rs'000	Net Rs'000
Accident	**128,829**	**(73,237)**	**55,592**	138,540	(101,046)	37,494
Engineering	**82,091**	**(69,801)**	**12,290**	78,619	(67,618)	11,001
Fire	**453,391**	**(406,048)**	**47,343**	675,258	(624,287)	50,971
Liability	**187,473**	**(112,230)**	**75,243**	158,450	(101,075)	57,375
Motor	**320,748**	**(25,829)**	**294,919**	340,987	(23,414)	317,573
Health	**36,070**	**(28,295)**	**7,775**	8,934	(5,268)	3,666
Marine	**118,828**	**(66,009)**	**52,819**	81,123	(93,174)	(12,051)
IBNR	**231,409**	**(135,033)**	**96,376**	227,981	(144,061)	83,920
	1,558,839	**(916,482)**	**642,357**	1,709,892	(1,159,943)	549,949

The company manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling.

Sources of uncertainty in the estimation of future benefit payments

Casualty insurance

Claims on casualty contracts are payable on a claims-occurrence basis. The Group is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contracts term. As a result, liability claims are settled over a long period of time and a larger element of the claims provision relates to incurred but not reported claims (IBNR). There are several variables that affect the amount and timing of cash flows from these contracts. These mainly relate to the inherent risks of the business activities carried out by individual contract holders and the risk management procedures they adopted. The compensation paid on these contracts is the monetary awards granted for bodily injury suffered by employees (for employer's liabilities covers) or members of the public (for public liability covers). Such awards are lump-sum payments that are calculated as the present value of the lost earnings and rehabilitation expenses that the injured party will incur as a result of incident.

The estimated cost of claims includes direct expenses incurred in settling claims, net of the expected subrogation value and other recoveries. The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposure. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. The liability for these contracts comprises a provision for IBNR, a provision for reported claims not yet paid and a provision for unexpired risks at the end of the reporting period. The amount of casualty claims is particularly sensitive to the level of court awards and to the development of legal precedent on matters of contract and tort. Casualty contracts are also subject to the emergence of new types of latent claims, but no allowance is included for this at the end of the reporting period.

In calculating the estimated cost of unpaid claims (both reported and not), the Group estimation techniques are a combination of loss-ratio-based estimates (where the loss ratio is defined as the ratio between ultimate cost of insurance claims and insurance premiums earned in a particular financial year in relation to such claims) and an estimate based upon actual claims experience using predetermined formulae where greater weight is given to actual claims experience as time passes.

The initial loss-ratio estimate is an important assumption in the estimation technique and is based on previous years' experience, adjusted for factors such as premium rate changes, anticipated market experience and historical claims inflation. The initial estimate of the loss ratios used for the current year (before reinsurance) are analysed by territory and type of risk where the insured operates for current and prior year premium earned.

The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Group, where information about the claim event is available. IBNR claims may not be apparent to the insurer until many years after the event that gave rise to the claims has happened.

Notes to the Financial Statements for the year ended 30 June 2020

37(b). MANAGEMENT OF INSURANCE RISKS (CONTINUED)

Sources of uncertainty in the estimation of future benefit payments (Continued)

Casualty insurance (Continued)

For casualty contracts, the IBNR proportion of the total liability is high and will typically display greater variations between initial estimates and final outcomes because of the greater degree of difficulty of estimating these liabilities.

In estimating the liability for the cost of reported claims not yet paid, the Group considered any information available from loss adjusters and information on the cost of settling claims with similar characteristics in previous periods. Large claims are assessed on a case-by-case basis or projected separately in order to allow for the possible distortive effect of their development and incidence on the rest of the portfolio.

Where possible, the Group adopts multiple techniques to estimate the required level of provisions. This provides a greater understanding of the trends inherent in the experience being projected. The projections given by the various methodologies also assist in estimating the range of possible outcomes. The most appropriate estimation technique is selected taking into account the characteristics of the business class and the extent of the development of each accident year.

Property insurance

Property claims are analysed separately for cyclone and non-cyclone claims. The development of large losses/catastrophes is analysed separately. Non-cyclone claims can be estimated with greater reliability, and the Group's estimation processes reflect all the factors that influence the amount and timing of cash flows from these contracts. The shorter settlement period for these claims allow the Group to achieve a higher degree of certainty about the estimated cost of claims, and relatively little (Incurred but not Reported) IBNR is held at year-end.

37(b). MANAGEMENT OF INSURANCE RISKS (CONTINUED)

Claims development table

The development of insurance liabilities provides a measure of the company's ability to estimate the ultimate value of claims. The table below illustrates how the estimates of total claims outstanding for each year have changed at successive year-ends and reconciles the cumulative claims to the amount appearing in the statement of financial position.

2020

	2015	2016	2017	2018	2019	2020	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At end of							
Accident year	1,301,956	608,754	428,699	841,151	840,449	825,515	4,846,524
1 year later	225,565	89,706	163,750	59,271	51,996	–	590,288
2 years later	11,543	25,761	(32,106)	24,714	–	–	29,912
3 years later	(20,553)	(31,859)	(17,328)	–	–	–	(69,740)
4 years later	(3,070)	(6,673)	–	–	–	–	(9,743)
5 years later	(3,277)	–	–	–	–	–	(3,277)
Current estimate of cumulative claims	1,515,441	692,362	560,343	900,422	840,449	825,515	5,383,964
Accident year	314,807	349,390	317,902	308,880	308,367	508,812	2,108,158
1 year later	1,109,791	206,400	128,796	179,049	415,540	–	2,039,576
2 years later	9,943	20,571	16,075	51,861	–	–	98,450
3 years later	1,862	2,838	5,199	–	–	–	9,899
4 years later	4,126	1,964	–	–	–	–	6,090
5 years later	1,825	–	–	–	–	–	1,825
Cumulative payment to date	1,440,529	579,199	462,773	487,929	308,367	508,812	4,263,998
	74,912	113,163	97,570	412,493	532,082	316,703	1,119,966
Liabilities in respect of prior years*							207,464
IBNR							231,409
Total gross liabilities							1,558,839

This represents the cumulative liabilities prior to 2015

37(b). MANAGEMENT OF INSURANCE RISKS (CONTINUED)

Claims development table (Continued)

2019

	2014	2015	2016	2017	2018	2019	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At end of							
Accident year	314,292	1,301,956	608,754	428,699	841,151	840,449	4,335,301
1 year later	46,341	225,565	89,706	163,750	59,271	–	584,633
2 years later	10,833	11,543	25,761	(32,106)	–	–	16,031
3 years later	7,129	(20,553)	(31,859)	–	–	–	(45,283)
4 years later	6,311	(3,070)	–	–	–	–	3,241
5 years later	156	–	–	–	–	–	156
Current estimate of cumulative claims	385,062	1,515,441	692,362	560,343	900,422	840,449	4,894,079
Accident year	209,974	314,807	349,390	317,902	308,880	308,367	1,809,320
1 year later	103,279	1,109,791	206,400	128,796	179,049	–	1,727,315
2 years later	18,157	9,943	20,571	16,075	–	–	64,746
3 years later	685	1,862	2,838	–	–	–	5,385
4 years later	4,258	4,126	–	–	–	–	8,384
5 years later	1,348	–	–	–	–	–	1,348
Cumulative payment to date	337,701	1,440,529	579,199	462,773	487,929	308,367	3,616,498
	47,361	74,912	113,163	97,570	412,493	532,082	1,277,581
Liabilities in respect of prior years*							188,296
IBNR							244,015
Total gross liabilities							1,709,892

This represents the cumulative liabilities prior to 2014

38. BUSINESS COMBINATIONS

(a) Acquisition of subsidiaries

In September 2019, one of the subsidiaries, Chantier Naval de L'Ocean Indien Limited acquired 100% stake in Mer & Design SAS for a consideration of Rs 49,562,574.

The identifiable assets acquired and liabilities assumed at fair value at date of acquisition are as follows:

	2020	2019
	Rs'000	Rs'000
Assets		
Property, plant and equipment (Note 4)	487	413
Intangible assets (Note 6)	–	60
Trade and other receivables	25,608	1,331
Cash and cash equivalents	13,417	3,347
	39,512	5,151
Liabilities		
Trade and other payables	8,527	2,934
Employee benefit liabilities (Note 24)	–	310
Tax payable (Note 26)	–	1
	8,527	3,245
Fair value of net assets acquired	30,985	1,906
Consideration paid in cash	49,563	5,000
Non controlling interests	–	191
Fair value of previously held interests	–	5,000
	49,563	10,191
Goodwill (i)	18,578	8,285
Cash flow		
Consideration paid in cash	49,563	5,000
Less: cash and cash equivalents acquired in subsidiary	(13,417)	(3,347)
Net cash outflow on acquisition	36,146	1,653

Notes to the Financial Statements for the year ended 30 June 2020

38. BUSINESS COMBINATIONS (CONTINUED)

(a) Acquisition of subsidiaries (Continued)

Impact of the acquisitions on the results of the Group

The revenue and results for the year ended 30 June 2020 include an amount of Rs 22 million and a loss before tax of Rs 4 million respectively attributable to the additional business generated by the acquired subsidiary.

The revenue and results for the year ended 30 June 2019 include an amount of Rs 5 million and a profit before tax of Rs 1 million respectively attributable to the additional business generated by the acquired subsidiary.

(i) The goodwill of Rs 18 million arising from the acquisition of the subsidiary during the year has been fully impaired as at year end (Refer to Note 6).

(b) Disposal of subsidiaries

Previous reporting year

In August 2018, the Group disposed its 94% shareholding in Mauritian Eagle Leasing Company Ltd, asset classified as held for sale for the year ended 30 June 2018, for a consideration of Rs 205,778,000. The share of net assets at the date of disposal was Rs 194,604,536.

In December 2018, the Group disposed its 100% shareholding in Fresh Cuts (Uganda) Limited for a consideration of Rs 1. The share of net assets at the date of disposal was Rs 42,923,188.

In February 2019, the Group disposed its 100% shareholding in Escape Outdoor & Leisure Ltd for a consideration of Rs 1. The share of net assets losses at the date of disposal was Rs 717,712.

In April 2019, one of the subsidiaries, Intergraph Ltée disposed its 100% shareholding in Intergraph Editions Ltée for a consideration of Rs 26,588,068. The share of net assets at the date of disposal was Rs 20,177,053.

Notes to the Financial Statements for the year ended 30 June 2020

38. BUSINESS COMBINATIONS (CONTINUED)

(b) Disposal of subsidiaries (Continued)

Analysis of assets and liabilities over which control was lost:

	2020 Rs'000	2019 Rs'000
Assets		
Property, plant and equipment (Notes (i) and 4)	-	378,835
Intangible assets (Notes (ii) and 6)	-	978
Deferred tax assets (Note 7)	-	4,960
Trade and other receivables	-	71,273
Finance lease receivables	-	608,217
Cash and cash equivalents	-	126,303
Inventories	-	33,388
	-	1,223,954
Liabilities		
Trade and other payables	-	116,115
Borrowings (Notes (iii) and 22)	-	830,271
Employee benefit liabilities (Note (iv) and 24)	-	1,222
Bank overdrafts	-	7,364
Tax liabilities	-	821
	-	955,793
Net assets disposed	-	268,161
Share of net assets disposed	-	256,988
Loss on disposal	-	(24,621)
	-	232,367
Consideration		
Consideration received in cash	-	206,950
Consideration receivable	-	25,417
	-	232,367
Net cash outflow on disposal		
Consideration received in cash	-	206,950
Net cash and cash equivalents in subsidiary disposed of	-	(118,939)
	-	88,011

In August 2018, the Group disposed of one of its subsidiary, Mauritian Eagle Leasing Company Ltd (MELCO) which was classified as asset held for sale in the prior reporting year 30 June 2018:

(i) The carrying value of the property, plant and equipment of MELCO amounted to Rs 337,353,741;
(ii) The carrying value of the intangible assets of MELCO amounted to Rs 114,218;
(iii) Borrowings amounted to Rs 823,487,000.
(iv) MELCO had employee benefit liabilities of Rs 734,087.

Notes to the Financial Statements for the year ended 30 June 2020

38. BUSINESS COMBINATIONS (CONTINUED)

(c) Change in percentage holding in subsidiaries

Current reporting year 30 June 2020

Dry Mixed Ltd

On 13 February 2020, the Group acquired an additional 3.59% of the issued shares of Dry Mixed Ltd for a purchase consideration of Rs 10,056,480. The Group derecognised the non-controlling interests and recorded an increase in equity attributable to owners of the Company of Rs 4,584,033. The effect of changes in the ownership interest on the equity attributable to owners of the Group is summarised as follows:

	2020 Rs'000
Consideration paid to non-controlling interests	**10,056**
Less: Carrying amount of non-controlling interests acquired	**(4,585)**
Adjustment recognised in retained earnings	**5,471**

UBP Coffrages Ltée

As at 30 June 2019, United Basalt Products Ltd held 90% of the share capital in UBP Coffrages Ltée. In October 2019, UBP Coffrages Ltée issued additional shares to United Basalt Products Ltd and to its non-controlling interest owners in proportion to their shareholdings.

The Group recognised a movement in non-controlling interests of Rs 1,983,000 as a result of the transaction.

Previous reporting year 30 June 2019

LCF Holdings Ltd

On 31 July 2018, the Group acquired an additional 15% reaching 75% of the issued shares of LCF Holdings Ltd for a purchase consideration of Rs 3,750,000. The Group derecognised the non-controlling interests and recorded a decrease in equity attributable to owners of the Company of Rs 1,145,377. The effect of changes in the ownership interest on the equity attributable to owners of the Group is summarised as follows:

	2019 Rs'000
Consideration paid to non-controlling interests	3,750
Less: Carrying amount of non-controlling interests acquired	(1,145)
Adjustment recognised in retained earnings	2,605

Medical Trading International Limited

On 5 December 2018, the Group acquired an additional 49% to reach 100% of the issued shares of Medical Trading International Limited for a purchase consideration of Rs 2,139,000. The Group derecognised the non-controlling interests and recorded a decrease in equity attributable to owners of the Company of Rs 3,997. The effect of changes in the ownership interest on the equity attributable to owners of the Group is summarised as follows:

	2019 Rs'000
Consideration paid to non-controlling interests	2,139
Less: Carrying amount of non-controlling interests acquired	(4)
Adjustment recognised in retained earnings	2,135

38. BUSINESS COMBINATIONS (CONTINUED)

(c) Change in percentage holding in subsidiaries (Continued)

Previous reporting year 30 June 2019 (Continued)

Southern Investments Limited

On 16 November 2018, the Group held 100% of the issued shares of Southern Investments Limited after acquiring a 37% stake for a purchase consideration of Rs 131,743,965. The Group derecognised the non-controlling interests and recorded a decrease in equity attributable to owners of the Company of Rs 76,290,405. The effect of changes in the ownership interest on the equity attributable to owners of the Group is summarised as follows:

	2019 Rs'000
Consideration paid to non-controlling interests	131,744
Less: Carrying amount of non-controlling interests acquired	(76,290)
Adjustment recognised in retained earnings	55,454

Chantier Naval de l'Océan Indien Limited ("CNOI")

On 31 December 2018, Chantier Naval de l'Océan Indien Limited bought back 6% of its issued shares at a premium from two shareholders for a consideration of Rs 134 million. An amount of Rs 118 million was charged against retained earnings following the share buy back and the share capital of CNOI was reduced by Rs 15 million. The shares were cancelled after the buy back resulting in an increase in the Group stake by 3.83%. The Group derecognised the non-controlling interests and recorded an increase in equity attributable to owners of the Company of Rs 129,661,979. The effect of changes in the ownership interest on the equity attributable to owners of the Group is summarised as follows:

	2019 Rs'000
Consideration paid to non-controlling interests	-
Less: Carrying amount of non-controlling interests acquired	(128,930)
Adjustment recognised in retained earnings	(128,930)

	2019 Rs'000
Total adjustments recognised in equity	68,736

Notes to the Financial Statements for the year ended 30 June 2020

39. SEGMENTAL INFORMATION – GROUP

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. The Group's reportable segments under IFRS 8 are:

- Agro & Energy
- Building & Engineering
- Commercial & Distribution
- Financial & Other Services
- Hospitality & Services
- Life & Technologies
- Logistics
- Property
- Seafood
- Corporate Services

The segment information reported below does not include any amounts for the Group's discontinued operations. More information is given in Note 21.

Notes to the Financial Statements for the year ended 30 June 2020

39. SEGMENTAL INFORMATION – GROUP (CONTINUED)

(i) Segment revenues and results

The following is an analysis of the Group's revenue and results from continuing operations by reporting segment.

At 30 June 2020	Building & Engineering Rs'000	Commercial & Distribution Rs'000	Financial & Other Services Rs'000	Hospitality & Services Rs'000	Life & Technologies Rs'000	Logistics Rs'000	Property Rs'000	Seafood Rs'000	Corporate Services Rs'000	Consolidation adjustments Rs'000	**Total Rs'000**
Revenue (Note 29)	**5,820,741**	**23,596,252**	**2,007,263**	**4,836,828**	**223,992**	**1,448,976**	**761,686**	**1,406,599**	**199,256**	**(3,492,281)**	**36,809,312**
Results											
Segment result	**(160,016)**	**590,529**	**90,776**	**192,034**	**(3,910)**	**(39,389)**	**20,394**	**272,116**	**(445,661)**	**(64,059)**	**452,814**
Finance costs (Note 32)											**(1,261,237)**
Finance income (Note 31)											**48,644**
Impairment of goodwill and investments											**(1,049,375)**
Other gains and losses (Note 33)											**(26,749)**
Share of results of associates and joint ventures (Note 12 and 13)											**568,435**
Loss before taxation (continuing operations)											**(1,267,468)**
Taxation (Note 26)											**(136,560)**
Loss for the year											**(1,404,028)**

At 30 June 2019	Building & Engineering Rs'000	Commercial & Distribution Rs'000	Financial & Other Services Rs'000	Hospitality & Services Rs'000	Life & Technologies Rs'000	Logistics Rs'000	Property Rs'000	Seafood Rs'000	Corporate Services Rs'000	Consolidation adjustments Rs'000	Total Rs'000
Revenue (Note 29)	6,964,657	23,099,154	1,764,140	6,297,532	231,750	1,896,694	837,294	1,123,400	171,468	(3,335,621)	39,050,468
Results											
Segment result	544,862	1,079,900	19,448	815,369	12,506	71,428	92,139	178,076	(515,615)	(86,798)	2,211,315
Finance costs (Note 32)											(911,579)
Finance income (Note 31)											22,382
Impairment of goodwill and investments											(171,672)
Other gains and losses (Note 33)											169,900
Share of results of associates and joint ventures (Note 12 and 13)											441,306
Profit before taxation (continuing operations)											1,761,652
Taxation (Note 26)											(427,748)
Profit for the year											1,333,904

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2B. Segment profit represents the profit earned by each segment without allocation of finance costs, finance income, share of results of associates and income tax expense.

39. SEGMENTAL INFORMATION – GROUP (CONTINUED)

(ii) Segment assets and liabilities

At 30 June 2020	Building & Engineering Rs'000	Commercial & Distribution Rs'000	Financial Services Rs'000	Hospitality & Services Rs'000	Life & Technologies Rs'000	Logistics Rs'000	Property Rs'000	Seafood Rs'000	Corporate Services Rs'000	Consolidation adjustments Rs'000	**Total Rs'000**
Segment assets	**9,615,143**	**14,234,643**	**3,646,412**	**15,843,119**	**374,942**	**1,404,945**	**7,327,955**	**1,976,124**	**1,728,095**	**(1,948,593)**	**54,202,785**
Investments in associates, joint ventures and other financial assets (Note 12, 13 and 14)											**10,498,408**
Deferred tax assets											**588,737**
Tax assets (Note 26)											**72,265**
Assets classified as held for sale (Note 21)											**921,518**
Consolidated total assets											**66,283,713**
Segment liabilities	**4,181,552**	**7,508,871**	**3,050,159**	**10,309,006**	**185,989**	**1,065,838**	**3,585,140**	**780,201**	**11,768,776**	**(2,800,735)**	**39,634,797**
Deferred taxation (Note 7)											**1,012,712**
Tax payable (Note 26)											**33,633**
Liabilities associated with assets classified as held for sale (Note 21)											**441,857**
Consolidated total liabilities											**41,122,999**

At 30 June 2019	Building & Engineering Rs'000	Commercial & Distribution Rs'000	Financial Services Rs'000	Hospitality & Services Rs'000	Life & Technologies Rs'000	Logistics Rs'000	Property Rs'000	Seafood Rs'000	Corporate Services Rs'000	Consolidation adjustments Rs'000	Total Rs'000
Segment assets	9,455,240	12,064,478	3,396,886	12,763,265	483,193	897,673	7,472,904	1,876,213	894,379	(624,313)	48,679,918
Investments in associates, joint ventures and other financial assets											10,111,207
Deferred tax assets											170,115
Tax assets											72,404
Assets classified as held for sale											699,384
Consolidated total assets											59,733,028
Segment liabilities	3,865,175	5,105,468	2,991,519	6,241,997	228,140	572,660	3,199,824	583,711	9,548,020	(1,183,128)	31,153,386
Deferred taxation											920,785
Tax payable											146,072
Liabilities associated with assets classified as held for sale											425,848
Consolidated total liabilities											32,646,091

39. SEGMENTAL INFORMATION – GROUP (CONTINUED)

(ii) Segment assets and liabilities (Continued)

For the purposes of monitoring segment performance and allocating resources between segments:

- All assets are allocated to reportable segments other than taxes and investments in associates, joint ventures and other financial assets. Goodwill is allocated to reportable segments as described in Note 6. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments; and
- All liabilities are allocated to reportable segments other than taxes. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

(iii) Other segment information

Additions to non-current assets (include property, plant and equipment, investment properties, intangible assets and exclude investments, deffered tax assets and finance lease receivables) and depreciation and amortisation.

	Building & Engineering Rs'000	Commercial & Distribution Rs'000	Financial Services Rs'000	Hospitality & Services Rs'000	Life & Technologies Rs'000	Logistics Rs'000	Property Rs'000	Seafood Rs'000	Corporate Services Rs'000	Total Rs'000
At 30 June 2020										
Additions to non-current assets	**426,035**	**649,000**	**57,911**	**844,691**	**5,553**	**359,755**	**339,568**	**74,621**	**174,841**	**2,931,975**
Depreciation and amortisation	**360,215**	**555,674**	**39,682**	**459,970**	**16,180**	**94,765**	**50,819**	**122,174**	**39,160**	**1,738,639**
At 30 June 2019										
Additions to non-current assets	567,739	464,098	142,661	581,150	4,457	132,923	354,101	689,706	5,768	2,942,603
Depreciation and amortisation	415,993	165,239	25,643	474,135	14,840	55,408	105,455	415,352	73,890	1,745,955

Revenue from major products and services

The following is an analysis of the Group's revenue from continuing operations from its major products and services.

		2020 Rs'000	2019 Rs'000
Building & Engineering	– Contracting & equipment	**5,820,741**	6,964,657
Commercial & Distribution	– Consumer goods, sale of beverages & chain of supermarkets	**23,596,252**	23,099,154
Financial Services	– Insurance, leasing and management services	**2,007,263**	1,764,140
Hospitality & Services	– Hotels operation	**4,836,828**	6,297,532
Life & Technologies	– Medical research	**223,992**	231,750
Logistics	– Freight forwarding	**1,448,976**	1,896,694
Seafood	– Seafood sector	**1,406,599**	1,123,400
Others		**960,942**	1,008,762
Consolidation adjustments		**(3,492,281)**	(3,335,621)
		36,809,312	39,050,468

Information about major customers

The Group does not have any one single external customer to whom sales of goods and services amounted to 10% or more of the Group's total turnover.

Notes to the Financial Statements for the year ended 30 June 2020

39. SEGMENTAL INFORMATION – GROUP (CONTINUED)

(iii) Other segment information (Continued)

Geographical information

The Group's operations are located in the countries as described below.

The following table provides an analysis of the Group's sales by geographical market, irrespective of the origin of the goods/services:

	2020 Rs'000	2019 Rs'000
Mauritius	**31,353,078**	32,640,170
Europe	**698,812**	924,264
USA	**91,730**	47,105
Madagascar, Comoros, Seychelles & Reunion	**2,478,622**	3,117,153
Dubai, Africa, Australia & others	**1,029,097**	783,780
Maldives	**1,157,973**	1,537,996
	36,809,312	39,050,468

40. (LOSS)/EARNINGS PER SHARE

	2020 Rs	2019 Rs
(Loss)/Earnings per share		
Basic and diluted:		
– From continuing and discontinued operations	**(1.75)**	0.50
– From continuing operations	**(1.72)**	0.55
– From discontinuing operations	**(0.03)**	(0.05)

The earnings and weighted average number of ordinary shares used in the calculation of earnings per share are as follows:

	2020 Rs'000	2019 Rs'000
Earnings for the year attributable to owners of the Company used in calculation of earnings per share – From continuing and discontinued operations	**(1,191,133)**	339,784
Earnings for the year attributable to owners of the Company used in calculation of earnings per share – From continuing operations	**(1,169,009)**	371,845

	2020 Rs'000	2019 Rs'000
Weighted average number of ordinary shares	**680,224,040**	680,224,040

41. GROSS OUTSTANDING CLAIMS AND REINSURANCE ASSETS

The GROUP	2020 Gross Rs '000	2020 Reinsurance Rs '000	2020 Net Rs '000	2019 Restated* Gross Rs '000	2019 Reinsurance Rs '000	2019 Net Rs '000
Claims notified	**1,481,911**	**(1,015,882)**	**466,029**	1,129,602	(778,430)	351,172
Claims incurred but not reported	**227,981**	**(144,061)**	**83,920**	189,100	(116,186)	72,914
At 1 July	**1,709,892**	**(1,159,943)**	**549,949**	1,318,702	(894,616)	424,086
Movement in claims incurred	**839,527**	**(369,560)**	**469,967**	1,074,602	(580,021)	494,581
Cash (paid)/received for claims settled in the year	**(990,580)**	**613,021**	**(377,559)**	(683,412)	314,694	(368,718)
At 30 June	**1,558,839**	**(916,482)**	**642,357**	1,709,892	(1,159,943)	549,949
Analysed as:						
Claims notified	**1,327,430**	**(781,448)**	**545,982**	1,481,911	(1,015,882)	466,029
Claims incurred but not reported	**231,409**	**(135,034)**	**96,375**	227,981	(144,061)	83,920
	1,558,839	**(916,482)**	**642,357**	1,709,892	(1,159,943)	549,949

42 (a). GENERAL INSURANCE FUND AND REINSURANCE ASSETS

The GROUP	Gross Rs '000	Reinsurance Rs '000	Net Rs '000
At 1 July 2018	582,718	(260,175)	322,543
Decrease during the year	(6,113)	32,575	26,462
At 30 June 2019	576,605	(227,600)	349,005
(Decrease)/increase during the year	(121,225)	32,931	(88,294)
At 30 June 2020	**455,380**	**(194,669)**	**260,711**

42 (b). NET CLAIMS INCURRED

The GROUP	2020 Gross Rs '000	2020 Reinsurance Rs '000	2020 Net Rs '000	2019 Gross Rs '000	2019 Reinsurance Rs '000	2019 Net Rs '000
Net claims incurred	**815,316**	**(431,055)**	**384,261**	963,379	(545,988)	417,391

43. PRIOR YEAR ADJUSTMENT

During the year ended 30 June 2020, the Company and the Group have booked prior year adjustments and these changes have been applied retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

The prior adjustment relates to a loan receivable from Manser Contracting Limited which is not recoverable. The loan was accounted under trade and other receivables at year ended 2018 and was subsequently accounted under non-current receivables at year end 2019 after assessment of its repayment capacity over the next year.

The effect of these restatements is detailed as follows:

The Company

IBL Ltd

IBL Ltd has booked a prior year adjustment and adjusted its trade and other receivables for the year 2018 and non-current receivables for the year 2019 impacting retained earnings as follows:

Dr/(Cr)	As previously stated Rs'000	Adjustments Rs'000	As re-stated Rs'000
Statement of financial position		2018	
Trade and other receivables	1,808,102	(333,900)	1,474,202
Retained earnings	(6,404,575)	333,900	(6,070,675)
		2019	
Non-current receivables	946,655	(368,664)	577,991
Retained earnings	(6,211,475)	368,664	(5,842,811)
Statement of profit and loss		2019	
Expected credit losses	-	41,441	41,441
Statement of cash flows		2019	
Profit before tax	(522,168)	41,441	480,727
Adjustments to profit before tax in cash flows:			
Movement in non-current receivables	1,020,155	(41,441)	978,714
Cash generated from operations	278,564	-	278,564

There are no tax implications on the prior year adjustments above.

Impact on basic and diluted earnings per share (EPS) (increase/(decrease) in EPS)

	2019
Basic and diluted:	
- From continuing and discontinued operations	(61)

Notes to the Financial Statements for the year ended 30 June 2020

43. PRIOR YEAR ADJUSTMENT (CONTINUED)

The Group

Manser Saxon Dubai LLC

During the current financial year, the Group noted that one of its subsidiaries, Manser Saxon Dubai had provided erroneous financial information with respect to its trade receivables over a number of years. These balances have been determined as being not substantiated and thus are not recoverable. Due to the non recoverability of these balances, the Group have adjusted the trade and other receivables impacting their retained earnings.

Manser Saxon Dubai LLC has booked a prior year adjustment and adjusted its trade and other receivables impacting retained earnings and non controlling interest for the years 2018 and 2019 as follows:

Dr/(Cr)	As previously stated Rs'000	Adjustments Rs'000	As re-stated Rs'000
Statement of financial position		2018	
Trade and other receivables	7,023,433	(428,770)	6,594,663
Retained earnings	(10,075,254)	396,612	(9,678,642)
Non-controlling interests	(11,452,714)	32,158	(11,420,556)
		2019	
Trade and other receivables	6,813,114	(455,637)	6,357,477
Retained earnings	(9,672,518)	421,464	(9,251,054)
Non-controlling interests	(11,522,589)	34,173	(11,488,416)
Statement of profit or loss		2019	
Expected credit losses	-	26,867	26,867
Statement of cash flows		2019	
Profit before tax from continuing operations	(1,781,472)	26,867	(1,754,605)
Adjustments to profit before tax in cash flows:			
Movement in non current receivables	170,306	(26,867)	143,439
Cash generated from operations	3,272,822	-	3,272,822

There are no tax implications on the prior year adjustments above.

The prior year adjustment relates to work in progress which was not substantiated and thus incorrectly recorded on the balance sheet. Manser Saxon Dubai LLC has ceased its operation during the year.

	2019
Basic and diluted:	
- From continuing and discontinued operations	(39.50)

Notes to the Financial Statements for the year ended 30 June 2020

43. PRIOR YEAR ADJUSTMENT (CONTINUED)

The Group (Continued)

BlueLife Limited

(i) Buildings being rented to Haute Rive Azuri Hotel Ltd and Haute Rive PDS Company Ltd by Haute Rive Holdings Ltd, which are subsidiaries of Bluelife Limited, are classified under investment properties in the Group's financial statements. At Group level, the properties are considered as 'owner occupied' and should have been reclassified to property, plant and equipment as per the requirements of IAS 40. The incorrect classification of these buildings under investment property was misstated. Hence, the financials are being restated to incorporate this correction of error from investment property to plant, property and equipment.

Dr/(Cr)	As previously stated Rs'000	Adjustments Rs'000	As re-stated Rs'000
Statement of financial position		2018	
Property, plant and equipment	26,532,127	140,080	26,672,207
Investment property	2,446,108	(139,579)	2,306,529
Retained earnings	(10,075,254)	(501)	(10,075,755)
		2019	
Property, plant and equipment	26,266,524	137,073	26,403,597
Investment property	3,029,417	(136,631)	2,892,786
Retained earnings	(9,672,518)	(442)	(9,672,960)
Statement of profit or loss		2019	
Administrative expenses (Note A)	9,688,991	60	9,689,051
Statement of cash flows		2019	
Profit before tax before tax from continuing operations	(1,781,472)	60	(1,781,412)
Adjustments to profit before tax in cash flows:			
Depreciation and impairment of property, plant and equipment	1,679,761	3,007	1,682,768
Fair value of investment property	(50,483)	(2,947)	(53,430)
Cash generated from operations	3,272,822	-	3,272,822

There are no tax implications on the prior year adjustments above.

	2019
Basic and diluted:	
- From continuing and discontinued operations	-

43. PRIOR YEAR ADJUSTMENT (CONTINUED)

The Group (Continued)

BlueLife Limited (Continued)

(ii) Previously, the Group provided for future capital project expenditure. Provisions for the future capital project expenditure do not meet the definition of a provision as there is no present obligation arising from past event that will result in an outflow of future economic benefits. The provision has now been reversed.

Dr/(Cr)	As previously stated Rs'000	Adjustments Rs'000	As re-stated Rs'000
Statement of financial position		2018	
Trade and other payables	(6,548,199)	8,573	(6,539,626)
Retained earnings	(10,075,254)	(5,278)	(10,080,532)
Non-controlling interests	(11,452,714)	(3,295)	(11,456,009)
		2019	
Trade and other payables	(6,564,709)	16,929	(6,547,780)
Retained earnings	(9,672,518)	(10,473)	(9,682,991)
Non-controlling interests	(11,522,589)	(6,456)	(11,529,045)
Statement of profit or loss		2019	
Administrative expenses (Note A)	9,688,991	(8,356)	9,680,635
Statement of cash flows		2019	
Profit before tax before tax from continuing operations	(1,781,472)	(8,356)	(1,789,828)
Working capital adjustments:			
Movement in trade and other payables	921,067	(8,356)	912,711
Cash generated from operations	3,272,822	-	3,272,822

There are no tax implications on the prior year adjustments above.

	2019
Basic and diluted:	
- From continuing and discontinued operations	12

43. PRIOR YEAR ADJUSTMENT (CONTINUED)

The Group (Continued)

BlueLife Limited (Continued)

(iii) The marketing costs have been incorrectly capitalised since inception. However, as per the definition of IAS 2 criteria, marketing costs are considered as part of selling cost and should be excluded from the cost of inventory and are expensed as incurred. Since impact is quantitatively and qualitatively material, this has resulted to a correction of a prior period error.

Dr/(Cr)	As previously stated Rs'000	Adjustments Rs'000	As re-stated Rs'000
Statement of financial position		2018	
Retained earnings	(10,075,254)	24,554	(10,050,700)
Inventories	4,306,854	(24,554)	4,282,300
		2019	
Retained earnings	(9,672,518)	55,241	(9,617,277)
Inventories	4,933,829	(55,241)	4,878,588
Statement of profit or loss		2019	
Cost of sales	26,949,766	30,687	26,980,453

There are no tax implications on the prior year adjustments above.

Dr/(Cr)	As previously stated Rs'000	Adjustments Rs'000	As re-stated Rs'000
Statement of cash flows		2019	
Profit before tax before tax from continuing operations	(1,679,761)	30,687	(1,649,074)
Working capital adjustments:			
Movement in inventories	(637,150)	30,687	(606,463)
Cash generated from operations	3,272,822	-	3,272,822

	2019
Basic and diluted:	
- From continuing and discontinued operations	(45)

43. PRIOR YEAR ADJUSTMENT (CONTINUED)

The Group (Continued)

BlueLife Limited (Continued)

(iv) Non-financial assets relating to prepayments not meeting the IAS 32-Financial Instruments criteria were accounted under other financial assets at amortised cost. The incorrect classification of these receivables under Financial assets at amortised cost constitutes an error. Hence, the financials are being restated to incorporate this correction of error.

Dr/(Cr)	As previously stated Rs'000	Adjustments Rs'000	As re-stated Rs'000
Statement of financial position		2019	
Other financial assets	518,466	(32,738)	485,728
Trade and other receivables (prepayments)	6,813,114	32,738	6,845,852

There is no effect on the statement of profit or loss and the statement of cash flows as a result of the above adjustment at 30 June 2019.

There are no tax implications on the prior year adjustments above.

There is no effect on basic or diluted earnings per share (EPS)

(v) Non-controlling interests in the Group financial statements were overstated by Rs 26,080,000 due to a consolidation adjustment accounted twice. This error has been corrected in current year's financial statements.

Dr/(Cr)	As previously stated Rs'000	Adjustments Rs'000	As re-stated Rs'000
Statement of financial position		2019	
Revaluation reserves	(5,211,994)	26,080	(5,185,914)
Non-controlling interests	(11,522,589)	(26,080)	(11,548,669)

There is no effect on the statement of profit or loss and the statement of cash flows as a result of the above adjustment at 30 June 2019.

There are no tax implications on the prior year adjustments above.

There is no effect on basic or diluted earnings per share (EPS).

43. PRIOR YEAR ADJUSTMENT (CONTINUED)

The Group (Continued)

IBL Ltd – Investment in associates

The Group has restated its financial statements in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to correct an error identified during the year ended 30 June 2020 on the equity accounting method used for one of its associate, AfrAsia Bank Limited under IAS 28, Investment in Associates. The Group has reflected these adjustments as a restatement in its financial statements.

The error identified are in relation to the dividend paid to Class A shareholders issued by the bank during the year ended 30 June 2014 which should be adjusted in the Group share of profit or loss for the year as the Group does not hold Class A shareholders.

The effect of the restatements on the financial statements of the Group are as follows:

Dr/(Cr)	As previously stated Rs'000	Adjustments Rs'000	As re-stated Rs'000
Statement of financial position		2018	
Investment in associates	8,970,920	(149,044)	8,821,876
Retained earnings	(10,075,254)	149,044	(9,926,210)
		2019	
Investment in associates	9,132,381	(193,599)	8,938,782
Retained earnings	(9,672,518)	193,599	(9,478,919)
Statement of profit or loss		2019	
Share of profit of associate	(455,492)	44,555	(410,937)
Statement of cash flows		2019	
Profit before tax before tax from continuing operations	(1,679,761)	44,555	(1,635,206)
Adjustments to profit before tax in cash flows:			
Share of results from associate	(455,492)	44,555	(410,937)
Cash generated from operations	3,272,822	-	3,272,822

There are no tax implications on the prior year adjustments above.

43. PRIOR YEAR ADJUSTMENT (CONTINUED)

The Group (Continued)

IBL Ltd – Investment in associates (Continued)

Net effect of all prior year adjustments on equity is as follows:

Dr/(Cr)	As previously stated Rs'000	Adjustments Rs'000	As re-stated Rs'000
Statement of financial position		2018	
Retained earnings	(10,075,254)	564,431	(9,510,823)
Non-controlling interests	(11,452,714)	28,863	(11,423,851)
		2019	
Retained earnings	(9,672,518)	659,389	(9,013,129)
Non-controlling interests	(11,522,589)	1,636	(11,520,953)

	2019
Basic and diluted:	
- From continuing and discontinued operations	(65.50)

Expected Credit Loss

Expected credit losses have been disclosed on the face of the statement of profit or loss (previously the expected credit loss was included in administrative expenses and other gains and losses) and comparative figures have been restated accordingly as follows:

The Company

The effect of the restatements on the financial statements of the Company are as follows:

Dr/(Cr)	As previously stated Rs'000	Adjustments Rs'000	As re-stated Rs'000
		2019	
Administrative expenses	1,444,917	(6,939)	1,437,978
Other gains and losses	166,708	(11,082)	155,626

There are no tax implications on the prior year adjustments above.
There is no effect on basic or diluted earnings per share (EPS).

Notes to the Financial Statements for the year ended 30 June 2020

43. PRIOR YEAR ADJUSTMENT (CONTINUED)

Expected Credit Loss (Continued)

The Company (Continued)

The effect of the restatements on the financial statements of the Group are as follows:

Dr/(Cr)	As previously stated Rs'000	Adjustments Rs'000	As re-stated Rs'000
		2019	
Administrative expenses (Note A)	9,688,991	18,985	9,707,976
Other gains and losses	(15,202)	13,430	(1,772)

There are no tax implications on the prior year adjustments above.
There is no effect on basic or diluted earnings per share (EPS).

Note A:
The cumulative effect of the above adjustments on administrative expenses amounted to an increase of Rs 37.5 million. This amount, together with the reclassification of Rs 156.1 million of administrative expenses pertaining to Manser Saxon Group to held for sale, result in a Group administrative expenses being restated from Rs 9.69 billion to Rs 9.71 billion as disclosed in Statement of Profit or Loss.

44. SUMMARY OF THE PUBLISHED RESULTS AND OF THE ASSETS AND LIABILITIES OF THE GROUP

	2020 Rs'000	2019 Rs'000
Statements of profit or loss and other comprehensive income		
Revenue	**36,809,312**	39,050,468
Share of results of associates and joint ventures	**568,435**	441,306
(Loss)/Profit before taxation	**(1,267,468)**	1,761,652
Income tax charge	**(136,560)**	(427,748)
(Loss)/Profit for the year from continuing operations	**(1,404,028)**	1,333,904
Loss for the year from discontinued operations	**(22,124)**	(32,061)
(Loss)/Profit for the year	**(1,426,152)**	1,301,843
Other comprehensive income/(loss) for the year, net of tax	**318,455**	(472,728)
Total comprehensive (loss)/income for the year	**(1,107,697)**	829,115
(Loss)/Profit attributable to:		
- Owners of the parent	**(1,191,133)**	339,784
- Non-controlling interests	**(235,019)**	962,059
	(1,426,152)	1,301,843
Total comprehensive (loss)/income attributable to:		
- Owners of the parent	**(1,014,730)**	59,463
- Non-controlling interests	**(92,967)**	769,652
	(1,107,697)	829,115
Dividend	**414,937**	523,773

44. SUMMARY OF THE PUBLISHED RESULTS AND OF THE ASSETS AND LIABILITIES OF THE GROUP (CONTINUED)

	2020 Rs'000	2019 Rs'000
Statements of financial position		
Assets		
Non-current assets	**49,537,836**	43,032,612
Current assets	**15,824,360**	16,001,032
Non-current assets classified as held for sale	**921,518**	699,384
Total assets	**66,283,714**	59,733,028
Equity and liabilities		
Share capital and reserves	**14,063,455**	15,565,984
Non-controlling interests	**11,097,260**	11,520,953
Total equity	**25,160,715**	27,086,937
Liabilities		
Non-current liabilities	**22,250,152**	14,140,432
Current liabilities	**18,430,991**	18,079,811
Liabilities associated with assets classified as held for sale	**441,856**	425,848
Total liabilities	**41,122,999**	32,646,091
Total equity and liabilities	**66,283,714**	59,733,028

45. EVENTS AFTER THE REPORTING PERIOD

There are no significant events after the reporting date which require adjustments or additional disclosures in the financial statements for the Company. As for the Group, the following subsequent events were noted which did not result in any adjustments to the figures as at reporting date:

(a) Lux* Island Resorts Ltd

Waiver of financial covenants and rescheduling of repayment of loans by the commercial banks

As more fully explained in Note 17, the Group has obtained confirmation from its bankers about rescheduling of repayment of loans up to 30 June 2021 for most loans of Mauritius and Maldives entities. As at the date of reporting, the Group has received written confirmation from 3 banks and the 2 other banks have confirmed verbally the deferment of capital repayment up to 30 June 2021, while interest will continue to be accrued.

Signature of the Term Sheet with the Mauritius Investment Corporation (MIC)

The Company and MIC have on 18 September 2020 signed a term sheet pursuant to which MIC has committed to subscribe to redeemable and convertible secured bonds (the "Bonds") having a nominal value of Rs 10 million each to be issued by the Company for a total subscription amount of Rs 1 billion. The Bonds will carry a fixed interest rate and interest will be payable twice yearly. The Bonds will mature on the ninth (9th) anniversary of the first subscription date of Bonds by MIC. The proceeds from the Bonds issue will be used principally for the working capital requirements of the Group's Mauritian operations and payment of interests due and payable in respect of the Group's existing indebtedness with commercial banks.

Notes to the Financial Statements for the year ended 30 June 2020

45. EVENTS AFTER THE REPORTING PERIOD (CONTINUED)

(a) Lux* Island Resorts Ltd (Continued)

Term loans from the commercial banks

The Group has already secured a term loan of USD 7.8 million for the Maldives entity and a Government sponsored loan of Rs 160 million for its hotels based in Mauritius. These loans coupled with operational income and MIC financing will be sufficient to enable the Group to meet all its commitments during the financial year 2021.

Sale of Hotel Le Recif

As more fully explained in Note 13, on 1 August 2020, the Group has finalised the sale of Hotel Le Recif, in Réunion Island for a total proceeds of EUR 9 million. Part of the proceeds as per the deed of sale representing EUR 7 million has already been paid by the acquirer. This money will be used to finance any shortfall that might arise in case the above financing is not sufficient.

(b) BlueLife Limited

Circle Square Holding Ltd

The sale of the investment property of Circle Square Holding Company Ltd is expected to be completed by end of year. Contracts amount to Rs 155 million have already been signed. As at date of approval of these financial statements, the administrative procedures to transfer the legal ownership of the property to the buyers were not yet completed.

Sale of land

The sale of land at Piton, relating to investment properties held by the Company, has been completed for an amount of Rs 12 million. The sale of the industrial building and the plot at Harbour Front is expected to be completed by end of financial year.

Term loans from the Commercial Banks

Additional bank overdraft facilities amounting to Rs 100 million have been approved by the banking institutions and the loans provided by financial institutions have been provided for moratoriums up to March 2021.

Loan	Original loan amount	Payment terms as per agreement	Capital repayment due at 30 June 2020	Moratorium approved after year end on capital and interest up to
Afrasia loan - Haute Rive Holdings Ltd	219,000,000	Quarterly	61,231,997	Mar-21
MCB - Haute Rive Azuri Hotel Ltd	195,000,000	Quarterly	5,000,000	Mar-21
SBM - Haute Rive Azuri Hotel Ltd	195,000,000	Quarterly	9,000,000	Mar-21
MCB - PL Resort Ltd	320,424,285	Quarterly	22,500,000	Mar-21
Afrasia loan - Circle Square Holding Company Ltd	300,000,000	Quarterly	18,284,695	Mar-21
ABC loan - Circle Square Holding Company Ltd	50,000,000	Monthly	3,023,625	Mar-21

(c) On 15 July 2020, Eagle Insurance Limited has been delisted from the Stock Exchange of Mauritius.

Notes to the Financial Statements for the year ended 30 June 2020

45. EVENTS AFTER THE REPORTING PERIOD (CONTINUED)

(d) The Lux Collective Ltd

Subsequent to year end, management of The Lux Collective Ltd ('TLC') has secured a loan of Rs 250 million from one commercial bank, with a 24 months moratorium period and a term sheet has already been agreed between the parties. The loan is subject to a guarantee provided by the Company. Parallel to this, TLC has also obtained approval from its main shareholders to proceed with a rights issue of Rs 175 million.

(e) Covid-19 Outlook

Financial year 2020 was marked by the Covid-19 pandemic which affected all areas of the economy and brought about a high level of uncertainty. IBL Group operated under reasonably normal business circumstances until mid-March and the ensuing lockdown. The Group's operations have subsequently been severely impacted and a proper risk assessment has been carried out by Management. The below sectorial review aims to give an insight into our expectations for each industry our businesses operate in, amid a sluggish economic recovery.

Building and Engineering

While all works on construction sites came to a halt during the lockdown, operations have resumed since, albeit not to normal levels of activities. Official statistics estimate a 20% contraction for the construction and low private investment going forward which should affect United Basalt Products Ltd ('UBP') which is one of the largest company in the building and engineering cluster and other entities in the contracting businesses as a whole. All companies have however, taken measures (such as cost reduction initiatives) to overcome this challenging business environment.

Although assessing the medium to long term effect of the pandemic is difficult, UBP and Manser Group have posted better results than last year in the first quarter. Based on the unaudited accounts for the 3 months ended 30 September 2020, UBP reported an operating profit of Rs 131 million which is 26.1% better when compared to the same period in the prior year. This improvement is attributable to their core business segment whose operating profit increased by 40.1%. With an expected contraction in business, the companies in the Manser Group would still have enough cash and undrawn bank facilities to meet their obligations with the exception of Manser Saxon Contracting Ltd ('MSCL') which is currently negotiating with its main banker for additional capital funding for working capital requirements. There was also a recapitalisation of debt due by MSCL to IBL Ltd to improve the financial position of the Company. Chantier Navale de L'Ocean Indien Limited ('CNOI') is unable to welcome new ships to its shipyard as crews are unable to fly home due to travel restrictions. However, the Company has enough cash and cash equivalents to meet its working capital requirements in the foreseeable future.

Commercial and Distribution

Many of the Group's businesses are classified as "frontliners" and contributed fully in the national endeavour to fight the pandemic. The retail businesses should continue to perform to expectations. This sector posted an increase in turnover but reported a lower operating profit compared to last year partly due to higher costs of operation and a shift in buying behaviour during the lockdown. PhoenixBev was adversely affected by production, sale and distribution constraints during the lockdown months, exacerbated by the fact that most "HORECA" clients (Hotels, Restaurants and Cafés) remained closed for the rest of the financial year. Post year end, the Companies in this sector have posted revenue and profits growth as compared to the same period in the prior year and are expected to have a stable performance. The Companies in the commercial and distribution cluster have enough funding to meet their obligations and they are expected to generate profits from operations.

Financial Services

The most impacted company within this cluster is the private equity firm, The Bee Equity Partners Ltd ('The Bee'). The performance of The Bee reflects the adverse impact of the pandemic on financial markets, with lower dividend declared by companies and stock market valuations taking a hit. AfrAsia's loan portfolio remains strong but remains at risk of provisioning for higher expected credit losses ('ECL'). The Group expected its share of profit after tax in AfrAsia to increase in the ensuing quarter after year end. This is confirmed by results for its first quarter made public by the bank. The Bee took the most of the hit on its fair value on investments in FY2020. No significant drop was observed in the fisrt quarter, it lost Rs 6 million on its fair value through profit and loss.

Notes to the Financial Statements for the year ended 30 June 2020

45. EVENTS AFTER THE REPORTING PERIOD (CONTINUED)

(e) Covid-19 Outlook (Continued)

Hospitality and Services

Our hospitality activities were on track to register excellent results. However, they felt the impact of booking cancellations as soon as Italy and subsequently France came into the limelight with high Covid-19 infection rates. Most of our major markets then went into lockdown by March 2020 and our own borders were closed leading to hotel closures for the rest of the financial year. They are still largely closed as at date. Réunion and Maldives operations have reopened in July and August respectively and recently 3 hotels partially reopened in Mauritius for local residents only. Turnover for the cluster and operating profit have gone down by 23% and 76% respectively. Goodwill impairment for properties in Maldives and a significant increase in provisions against debtors have compounded the impact of this sector on the Group's results.

Furthermore, financing has been secured from commercial bank and the Mauritius Investment Corporation Ltd (MIC). The Group obtained confirmation from its bankers about rescheduling its repayment of loans up to 30 June 2021 for majority of its loans. The Group finalised the sale of a hotel in Réunion Island for EUR 9 million and the proceeds will be used to finance any shortfall that might arise in case the above financing is not sufficient.

Until such time borders are opened in an unrestrained manner and the major sourcing market namely Europe gets control over the pandemic, the hospitality cluster will continue to be loss making. Based on the audited accounts for the first quarter ended 30 September 2020, Lux* Island Resorts ('LIR') made a loss of Rs 365 million compared to a loss of Rs 83 million for the same quarter a year ago. The assessment for the goodwill impairment on the Mauritian operations have been made based on a staggered re-opening of hotel that straddles to June 2021. No material adjustment is expected on the carrying amount of the goodwill post year end as the on-going adverse effects of the pandemic and closed borders were considered as part of the impairment calculation at 30 June 2020. Should the recovery of the hotel operations be slower than anticipated, additional impairment may be needed upon goodwill annual impairment review.

Seafood

Results for Seafood companies were relatively stable year on year despite the closure of factories during the lockdown period. Many of our products were considered basic commodities and exporters have benefitted from favourable exchange rates. This sector has proven to be resilient and bounced back quickly post lockdown. Business volumes and profits for the first quarter in FY 2021 have resumed to almost same level to same quarter in FY 2020 and the seafood companies are expected to have a stable performance.

Property

The two main companies within the cluster are Bloomage and BlueLife. The occupancy level for properties managed by Bloomage remains high and is not expected to change drastically. Tenants have nonetheless started negotiations for temporary rental rebates. BlueLife has been more affected by Covid given its main business lines include hotel operations and property development. On the property segment, the impact relies more towards the ability of foreign buyers to come and visit. The pandemic has delayed the beginning of construction works on BlueLife's current projects and the recognition of profits towards profit or loss.

Post year end, the performance of Bloomage confirms that this business is least affected by Covid-19 given that both revenues and operating profits were higher in the first quarter of FY 2021 compared to FY 2020. Visibility on the recovery of the hotel segment of BlueLife will be in same trend as Lux* Island Resorts (refer to the hospitality and services section above). On the property segment, the impact relies more towards the ability of foreign buyers to come and visit. The consequence is further delays in starting the construction of our current projects and the recognition of profits towards profit or loss. Management has availed themselves all forms of possible assistance to mitigate the risks with the loan liabilities and shortfall in working capital. These include loan moratoriums with the banks and wage assistance schemes from the government. Management is also in the process of disposing non-core activities and is considering other initiatives including capital raising measures to support the entity up to FY 2023.

Notes to the Financial Statements for the year ended 30 June 2020

45. EVENTS AFTER THE REPORTING PERIOD (CONTINUED)

(e) Covid-19 Outlook (Continued)

Logistics

The cluster is made of 3 sub-segments, namely, aviation, shipping and freight and warehousing services. Aviation operations are at a stand still due to the lack of commercial flights and are expected to be heavily impacted by travel bans and low air traffic. Freight and warehousing services are affected by the slow economic recovery with business volumes forecasted to decline compared to previous years. As long as aviation businesses do not resume, all aviation related activities, like ground handling and cargo forwarding and clearing activities will suffer and it would not be possible to quantify the impact on revenue and profits as at this date. Management has applied for financial assistance from the MIC with respect to the aviation operations. For the other segments, management has implemented various cost review exercises and monitoring of debtors to ensure cash flows are adequate for the business.

Shipping nonetheless posted better results overall with the addition of a new vessel to the fleet during the year.

Life and Technologies

The laboratories of Centre International de Développement Pharmaceutique ('CIDP') have temporarily stopped during the lockdown. CIDP operates in several geographical locations around the world and so far, lockdown and prevailing difficult economic conditions have adversely impacted bottom-line. The company has triggered cost reduction initiatives to mitigate the effects of Covid on its results. This cluster operating in wellness product will continue to be hard-hit, the impact on revenue and profits will be hard to quantify.

Agro and Energy

Alteo's sugar segment's exposure to the effects of the pandemic is limited. Overall, results for this financial year show a marked improvement over last year which had seen significant levels of impairment in the Sugar and Energy businesses.

The disruptions caused by Covid-19 will nonetheless deeply affect the activities of Anahita Golf Club and Anahita Golf and Spa Resort. After the year end, Alteo finalised the sales deeds for serviced plots at Anahita, initially planned for the previous financial year, resulted in higher property revenues for the first quarter. Group share of Alteo's first quarter profit has increased resulting from better performance on the back of higher average sugar prices as well as better off take in the energy sector.

Future Outlook

Although the effects of the pandemic will be long lasting and have impacted all players within the economy here in Mauritius and abroad, the directors are confident that IBL's portfolio of diverse investments will enable the Group to get through these tough challenges successfully.

The directors are of the opinion that it is difficult to assess the potential future wider consequences (including a global, regional or other economic recession). Hence, it is difficult to quantify the overall outcome and impact of Covid-19 at this stage.