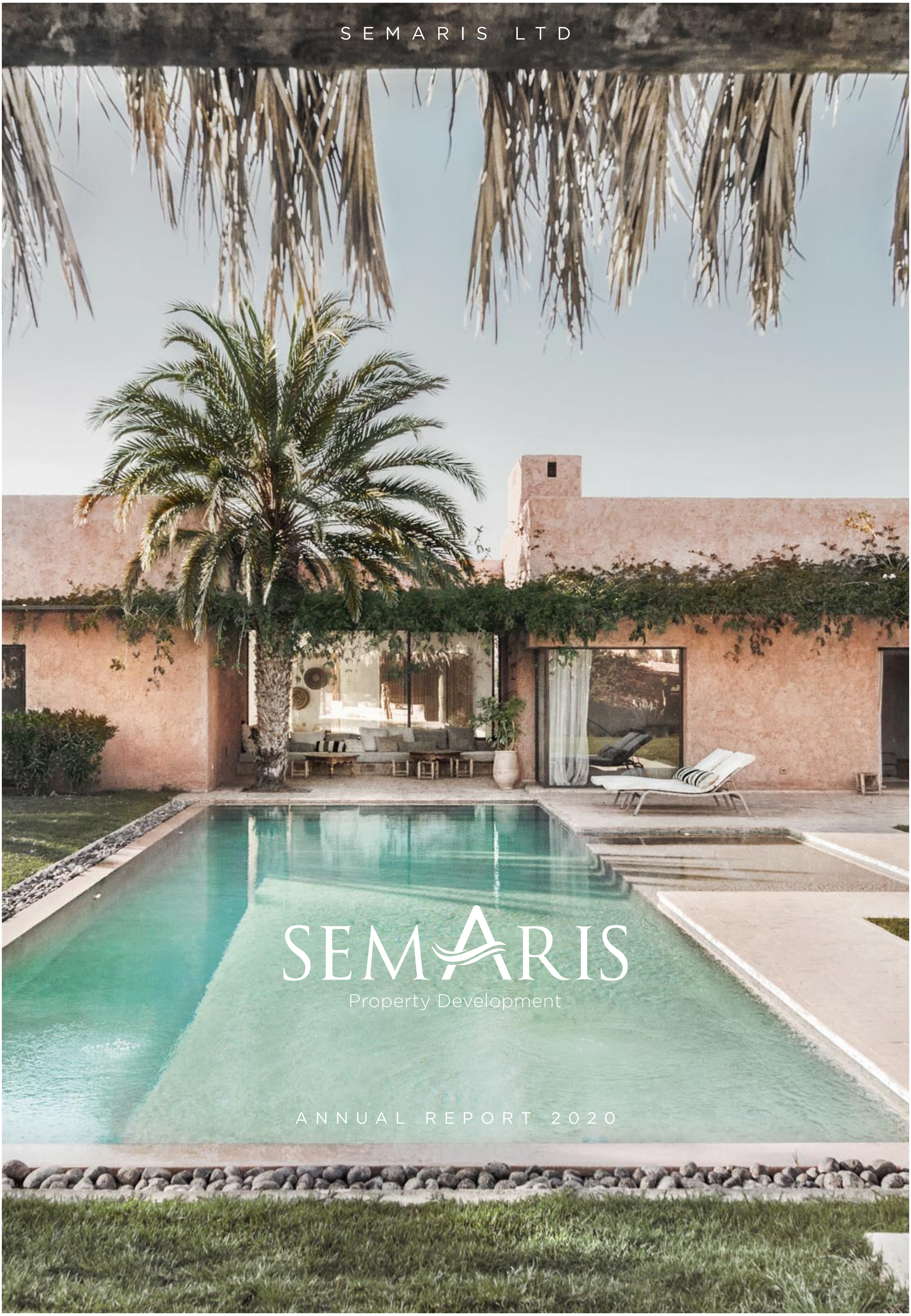
SEMARIS LTD
SEMARIS
Property Development
ANNUAL REPORT 2020

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

www.semaris.mu

CHAIRMAN'S & MANAGING DIRECTOR'S REPORT

Dear Shareholder,

The first half of the financial period for the Semaris Group ("Semaris") started with a positive note as our major Property Development Scheme ("PDS") at Les Salines in Mauritius obtained its Environmental Impact Assessment ("EIA") Licence in November 2019. The project was about to be launched according to plan in early 2020 but an association has appealed to the Environment and Land Use Appeal Tribunal in December 2019 against the granting of our licence and our project has since been stalled. We are sincerely hopeful for a positive outcome from the Tribunal within the quickest possible timeframe.

The second half of the financial period witnessed the serious economic disaster caused by the COVID-19 pandemic. This unprecedented crisis, amplified by the potential blacklisting of Mauritius by the European Union, is having a major impact on the international luxury real estate sector and we are monitoring closely its effects in order to assess its consequences on the Group's projects.

Mauritius

Our ambitious PDS project at Les Salines mentioned above provides for the sale of 220 luxury villas to wealthy foreigners at high-end prices and the construction of an 18-hole golf course. The impact of the crisis on our ability to deliver the initial project parameters in due time is currently being assessed and the project's launch has been put on hold until feasibility assurance can be gained from a clearer market perspective.

The Invest Hotel Scheme ("IHS") at Les Salines is fully dependent on the completion of 'Les Salines Beachcomber Resort & Spa' by New Mauritius Hotels Limited ("NMH"). The tourism industry being directly and profoundly impacted by the current situation, NMH has decided to delay the launch of this project and we remain in close contact to ensure that our IHS is launched in a coherent manner when the present crisis will have been dispelled.

Seychelles

Our villa project in Seychelles is associated with a significant hospitality component in accordance with our approved development plan. As the Group's core business is property development, we have been extensively looking for a suitable partner in the hospitality industry to joint venture into the project. In the wake of the COVID-19 crisis, we anticipate further delays in this endeavour but will keep progressing on the matter.

Morocco

At Domaine Palm Marrakech S.A. ("DPM") level, our target for the financial period ended 30 June 2020 was to hand over the eight remaining Phase 1 villas, which have all been sold. Unfortunately, the delivery of four of them has been postponed due to the lockdown and has been realised during the second quarter of the financial year ending 30 June 2021.

We were glad to note that sales negotiations regarding four large prime plots of land overlooking our golf course have not been compromised despite the crisis. These were planned to occur in the financial period ended 30 June 2020 but have been concluded during the second quarter of the financial year ending 30 June 2021 due to delays linked to the pandemic.

DPM has signed an exclusive broker agreement in February 2020 with Vaneau Luxury Real Estate for the French and Belgian regions which are the main target markets for our exclusive villas. Their high-end positioning is consistent with our estate's standing and we look forward to a fruitful collaboration in order to boost the sale of Phase 2. The combined sales and marketing efforts between Vaneau and DPM have been deferred until early 2021 due to the current crisis.

Financials

In terms of financials, the Group posted a substantial loss after tax of Rs 783m for the financial year period 30 June 2020.

At operational level, revenue for the period has only been realised in Marrakech. Unfortunately, revenue expected to be recognised during the reporting year has been postponed mainly due to the lockdown, and has materialised during the second quarter of the financial year ending 30 June 2021. Moreover, margins realised on villas delivered during the financial period were not enough to cover the Group's operational costs, which resulted in a negative normalised EBITDA of Rs 11m.

At financial level, finance costs amounting to Rs 81m associated mainly with the purchase of land at Les Salines had to be incurred. The Group has also judged prudent to account for major non-cash losses linked to our operations in Marrakech after valuations carried out in the post-COVID context have resulted in the impairment of some Rs 457m mainly on the value of our golf course and a fair value loss of Rs 205m on our investment properties in Morocco.

Time is of essence in property development and the delays caused by the COVID-19 crisis as well as the uncertainty faced by the international luxury real estate market are areas of concern for our Group.

Management remains fully committed to finding sustainable solutions in order to optimise the potential for value creation of Semaris, but uncertainties remain which are beyond our control. We hope that these unprecedented circumstances which prevent our developments to be spurred as anticipated will have been substantially dispelled early next year and will regularly keep shareholders posted on the evolution of our projects' status.

Yours truly,

Hector ESPITALIER-NOËL
Chairman
23 December 2020

Stéphane POUPINEL DE VALENCÉ
Managing Director

OUR RISK MANAGEMENT APPROACH

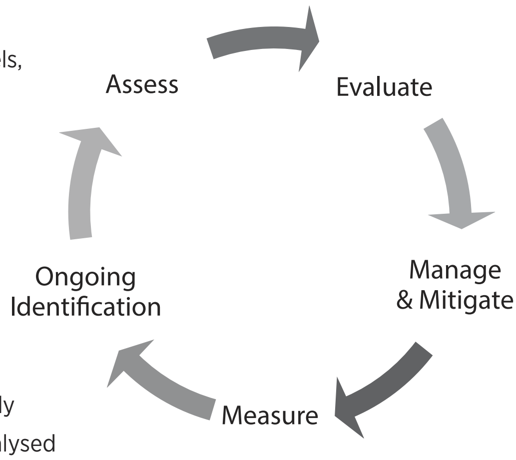
The Board of Semaris is ultimately accountable for overall risk management across the Group. It is supported in this task by the Audit and Risk Management Committee ('ARMC'), the management team and other delegated committees which collectively set the tone and appetite for risk at Semaris. This is cascaded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

Semaris has in place a Risk Monitoring Committee comprising senior members of the management team to:
- enable the business to identify, assess, manage and monitor major risks and uncertainties affecting the Group; and
- support the ARMC and Board in monitoring, reviewing and reflecting upon the progress of risk management activities.

The major risks align with our strategy and business priorities, and also identify those issues which are most likely to significantly affect other operational, commercial or reputational matters. These matters are regularly discussed at committee meetings.

OUR INTEGRATED RISK MANAGEMENT PROCESSES

While entities are accountable to manage the risks faced at their respective levels, the risk management framework of the Semaris Group provides guidance and support for achieving sustainable growth within the precinct of the Group's risk appetite. The risk management framework lays emphasis on responsibility, accountability, independence and reporting and ensures that a holistic, coordinated and systematic approach is adopted across the Group, to risk identification and mitigation.



Operational and compliance risks are identified, analysed and managed through regular meetings with functional specialists. Probability of occurrence and potential impacts are assessed and the mitigation measures in place are reviewed for adequacy. We are constantly on the lookout for emerging risks and business processes are also constantly analysed and consolidated following recommendations made by internal and external auditors or other specialised service providers.

Financial and strategic risks are predominantly identified, analysed and managed by the Group's executives during the annual budgeting process and short- to medium-term strategic planning. Risks identified are assessed for both likelihood of occurrence and potential financial impact.

While the inherent risks attached to property developments are common across all projects of the Group, their likelihood of occurrence and potential financial impacts vary from one project to another. This is particularly true given the geographical diversity and the different completion stages of these projects. In order to have a more effective risk management framework, Semaris has opted for maintaining distinct risk registers for each project.

OUR LINES OF DEFENCE

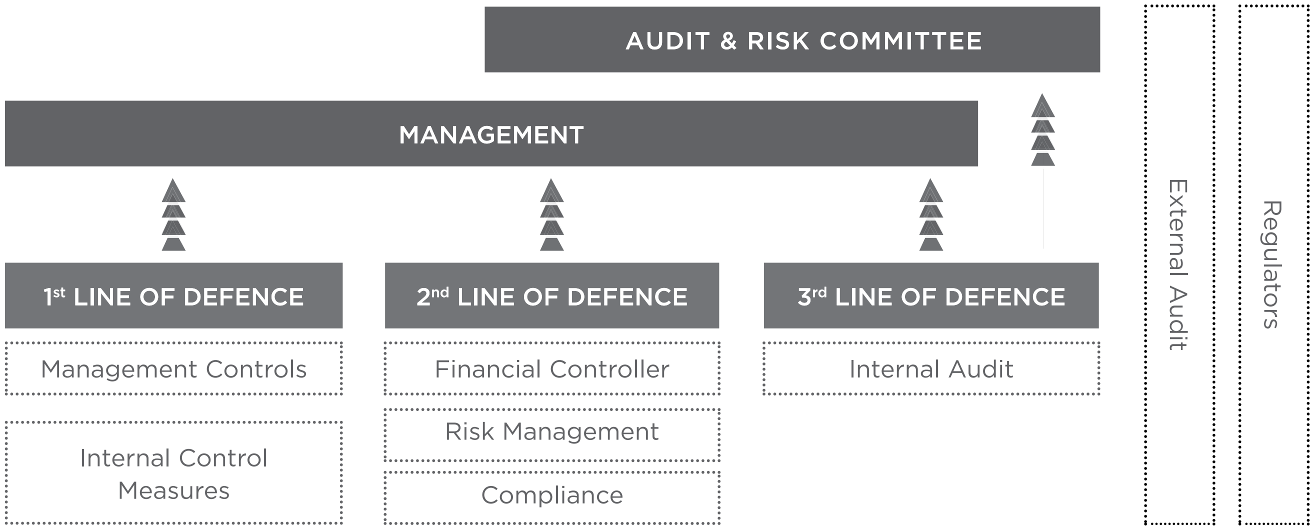
Semaris has adopted an integrated risk management approach as depicted in our three lines of defence model below:

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

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

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

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



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

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

Risks are identified, assessed, mitigated and monitored by functional specialists and periodically reviewed by internal and external auditors as deemed necessary. Realising that our staff are an important part of our lines of defence, Semaris has adopted a cross-functional approach to managing risks. This has had the effect of promoting better risk understanding and further strengthening our lines of defence. However, we realise that embedding risk management 'in everything we do' is a long-term process which requires constant monitoring and fine-tuning.

Supporting our three lines of defence model in managing risks, is our Code of Ethics, which includes a section on 'Whistle-blowing'.
The 'Code of Ethics' has been circulated and signed by all our employees. At Semaris, we believe that our employees should be able to raise any matter of concern in all confidence.

HOLISTIC APPROACH TO RISK MANAGEMENT

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

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

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

Semaris has adapted its risk management framework to be compliant with the provisions of the law on Anti-Money Laundering /Combating the Financing of Terrorism ('AML/CFT') that was promulgated in May 2020. With the real estate sector in Mauritius being classified as being medium-high in terms of risk of Money Laundering ('ML'), the Group has adopted a risk-based approach, in line with the recommendations of the Financial Intelligence Unit ('FIU'), to managing risks surrounding ML.

OUR RISK MITIGATION APPROACH

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

- Preventable risks
- Strategy risks
- External risks

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

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

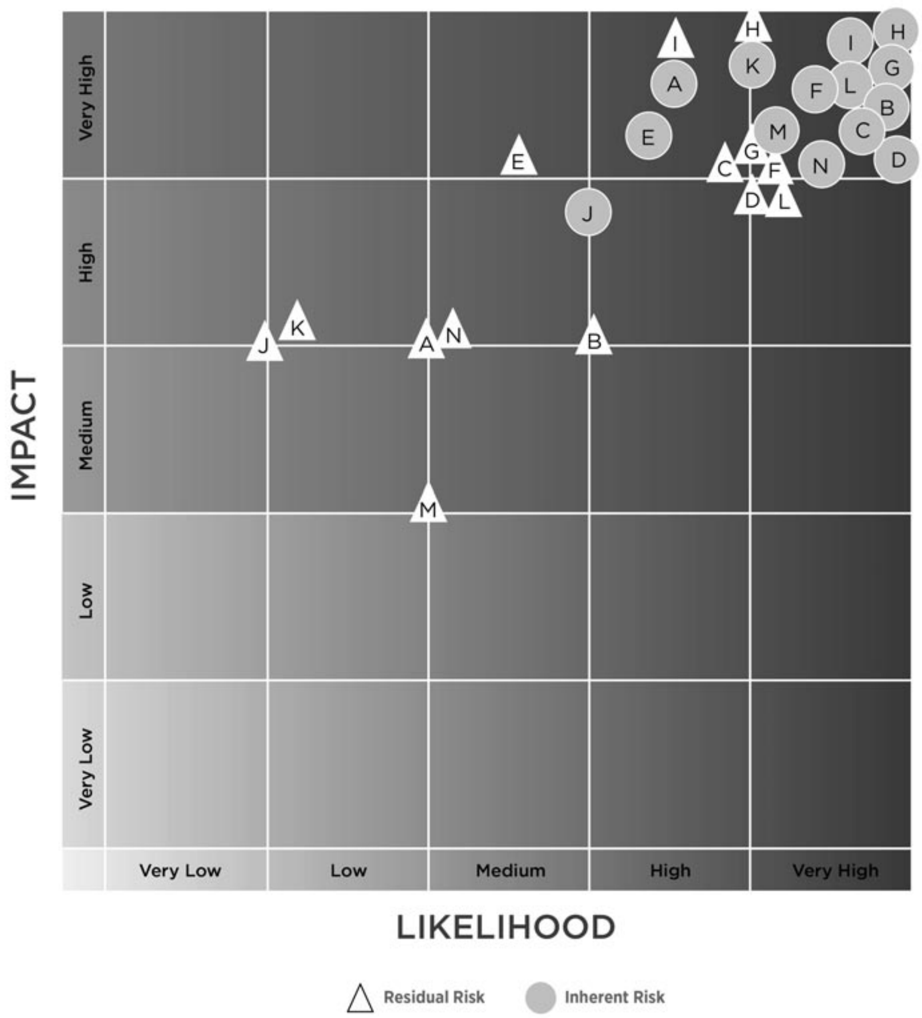
1	2	3
CATEGORY 1	**CATEGORY 2**	**CATEGORY 3**
Preventable Risks Risks arising from within the Company that generate no strategic benefits	**Strategy Risks** Risks taken for superior strategic returns	**External Risks** External, uncontrollable risks
RISK MIGRATION OBJECTIVES		
Avoid or eliminate occurrence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

RISK CATEGORY	PRINCIPAL RISK	RISK DESCRIPTION	MITIGATING STRATEGY
STRATEGIC			
A	• Market Intelligence	• Insufficient market knowledge with regard to international trends, architectural and engineering designs, construction methods and customer needs	• Systematically have proper market research in hand before making strategic decisions such as product positioning and pricing
B	• Master Planning	• Inability to alter initially approved Master Plan	• Set flexible guidelines when approving a at the beginning of the development
C	• Licences and Permits	• Incapacity of obtaining timely approvals in terms of zoning, development and building permits	• Nurture close relationships and ensure a systematic and timely follow up with the relevant local authorities
FINANCIAL			
D	• Project Financing	• Inability to obtain sources of finance in due time	• Have a realistic business case and develop close ties and mutual trust with banks and other financial institutions
E	• Financial Management	• Incapacity to meet financial obligations	• Monitor diligently and continuously cash flow management
F	• Cost Increases	• Unanticipated cost increases due to market volatility	• Ensure adequate provisions for escalation and contingencies are included in costing models
LEGAL			
G	• Due Diligence	• Binding pre-commitments taken by developer to future developments	• Negotiate to amend the binding pre-commitments as and when necessary
COMMERCIAL			
H	• Product Positioning	• Inability to reach targeted sales levels	• Have a commercial strategy properly planned and executed with strong sales networks and targeted marketing actions
I	• Market Volatility	• Changes in local and global market conditions	• Ensure the product is accurately positioned based on market research
ENVIRONMENTAL			
J	• Environmental Impact	• Inadequate management of pollution	• Appoint reputed and well-versed environmental (dust, noise, water, waste, etc.) management consultants
OPERATIONAL			
K	• Building Contracts	• Terms and conditions of building contracts poorly defined and assessed	• Obtain solid legal opinion on building contracts prior to signature and ensure cost estimates. and architectural details are detailed and accurate
L	• Deadlines and Quality	• Incapacity to achieve target dates and ensure construction quality	• Appoint reputed and well-versed Project Managers and builders
REPUTATIONAL			
M	• Homeowners Management	• Inappropriate relationship management with homeowners	• Cultivate close relationships with homeowners and ensure a communication plan is in place
N	• Health and Safety	• Lack of health and safety regulations	• Implement adequate Health and Safety protocols and training

Our Top Inherent Risks

Semaris is faced with inherent risks that could materially affect the Group's business, revenue and operating profit. The table on page 9 lists the main inherent risks for the Group.

The Heat Map shows the residual risks after having factored in the risk-mitigating measures adopted by the Group and the impact of the COVID-19 on the effectiveness of these mitigating measures.



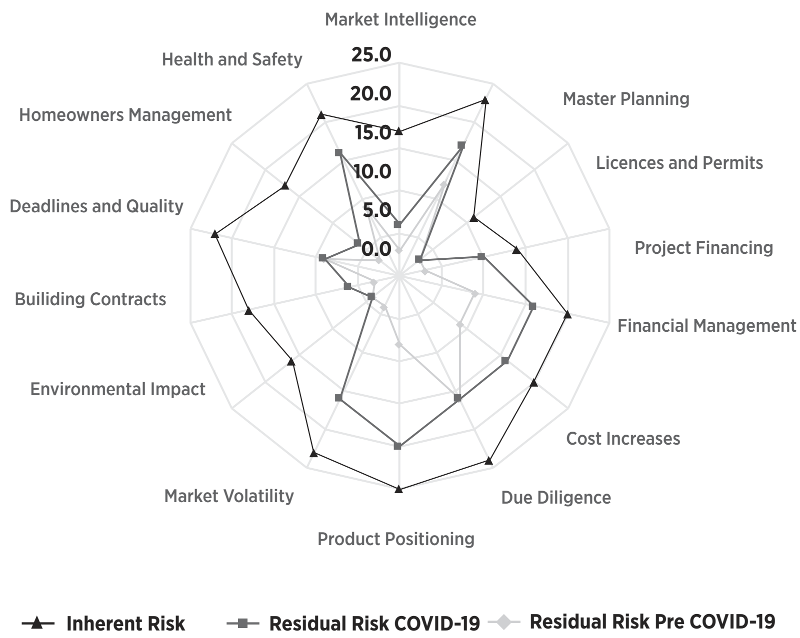
Risk Score Radar

The Risk Score Radar is a visual representation in the inherent risks of the 14 main risk areas that populate our risk register and the residual risks COVID-19 and Pre-COVID-19. Each risk has been assessed based on its likelihood of occurrence (scale 1-5) and the potential financial impact (scale 1-5). The Risk Score is a product of the likelihood of occurrence and the potential financial impact, where a score of 25 represents the maximum possible risk score.

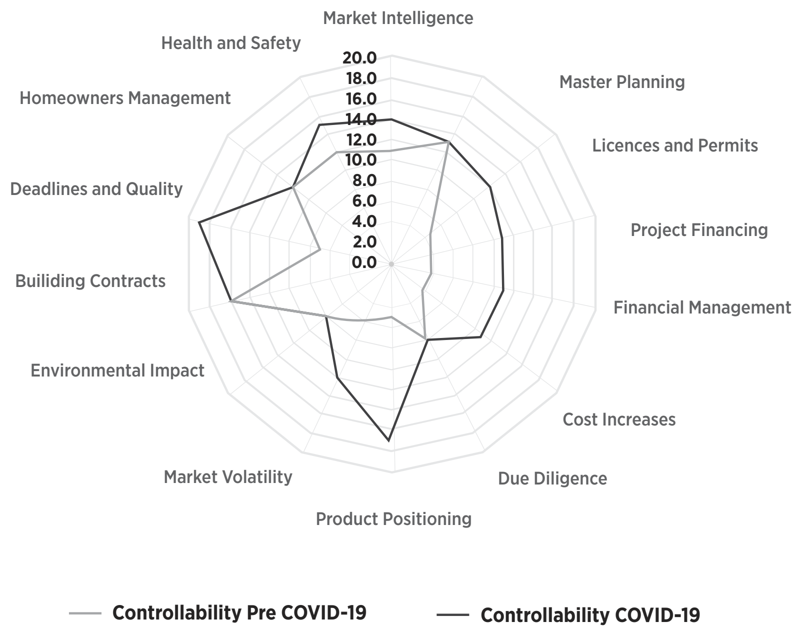
Controllability Index Radar

The Controllability Index Radar depicts the controllability score of each of the top 14 risks of the Group. The controllability score, is the difference between the inherent risk score and the residual risk score and since the 'residual risks' for certain risk captions have been affected by the COVID-19, the below radar shows both a COVID-19 controllability index and a pre-COVID-19 controllability index.

Risk Score Radar



Controllability Score Radar



IT, DATA MANAGEMENT AND RISK INFORMATION OUTLOOK

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

Risk Factors

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

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

Our pool of employees includes an internal IT team for first-level troubleshooting, which looks after all internal systems. During the year, the NMH Group, which offers IT assistance to the Semaris Group as part of its Management Contract, has automated its internal IT support with the introduction of a service desk. This will assist in harmonising the business processes with the overall IT infrastructure and prioritise actions to tackle IT issues.

PROGRESS AND ACHIEVEMENTS

Internal Audit

Internal audit forms Semaris' third line of defence. As the main ongoing operations of the Semaris Group are currently in Morocco Management has decided to appoint an independent internal auditor, for its Moroccan operations only while awaiting the launch of the other projects in Mauritius and Seychelles. The Internal Auditor will have a direct reporting line to the Chairperson of the ARMC on audit matters and to the CEO of DPM (Semaris Moroccan subsidiary) for day-to-day administrative matters.

NMH, through its Internal Audit Department, has assisted Semaris in developing a comprehensive risk register for its Moroccan operations. This has enabled Semaris to adopt a risk-based approach to managing risks. Risks have been identified and mitigating measures/action plans are being put in place by our team at DPM to reduce these risks to a level acceptable to the Board of Semaris. However, Semaris is at the beginning of its risk management journey while implementing mitigating measures and action plans is a medium- to-long-term process. Consequently, progress into our risk management journey is being closely monitored by the ARMC.

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

The Internal Auditor will be adequately resourced and will maintain a consistently high level of professionalism and quality based on International Standards, appropriate knowledge, skills and experience.

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

External Auditor

BDO was re-appointed at the Annual General Meeting of Shareholders. During the year, the ARMC assessed the independence and effectiveness of the external auditor before making a recommendation to the Board for their retention.

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

DIRECTORS' PROFILES

Hector ESPITALIER –NOËL
(Born in 1958)
Chairman, Non-Executive Director
Appointed in: September 2018
Qualifications: Member of the Institute of Chartered Accountants in England and Wales

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

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

Gilbert ESPITALIER–NOËL
(Born in 1964)
Executive Director
Appointed in: February 2018
Qualifications: Master of Business Administration, INSEAD. BSc University of Cape Town, BSc (Hons) Louisiana State University.

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

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

Jean-Pierre MONTOCCHIO *(up for re-election at the next Annual Meeting)*
(Born in 1963)
Non-Executive Director
Appointed in: September 2018
Qualifications: Notary

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

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

Jean Louis PISMONT
(Born in 1961)
Non-Executive Director
Appointed in: September 2018
Qualifications: Graduated from the Hotel School of Granville and holds a degree from Thonon-les-Bains Hotel Management School, France.

Professional Journey
• Worked in several countries within reputable international hotel chains • Joined New Mauritius Hotels Group in 1996, and managed various Beachcomber hotels • Represents the interests of New Mauritius Hotels Limited as owners' representative of the Fairmont Royal Palm Marrakech • Past President of the Association of Hotels and Restaurants of Mauritius (AHRIM)

Skills & Experience
• Project Management • Hotel design • Leisure sports management

Stéphane POUPINEL de VALENCÉ
(Born in 1978)
Managing Director, Executive Director
Appointed in: September 2018
Qualifications: MBA (Sorbonne/Dauphine), International Project Management Programme (INSEAD) and Senior Executive Programme (London Business School), BCom Marketing and Management (Curtin, Western Australia)

Professional Journey
• Spent the first 9 years of his career working in Sales and Marketing for Panagora Marketing Co. Ltd, part of the Eclosia Group • Joined in 2009 Medine Property, the property arm of Medine Limited, where he gained broad experience in property development during 9 years and his last position there was Managing Director • Joined New Mauritius Hotels Limited in August 2018

Skills & Experience
• Strong experience in property development, master planning, sales & marketing and leadership

Pauline SEEYAVE
(Born in 1974)
Executive Director
Appointed in: February 2018
Qualifications: Master of Arts, St Catharine's College, University of Cambridge and Associate of the Institute of Chartered Accountants in England and Wales
Committee: Member of the Audit and Risk Management Committee

Professional Journey

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

Skills & Experience

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

Sidharth SHARMA
(Born in 1974)
Independent Non-Executive Director
Appointed in: December 2019
Qualifications: Doctorate and master's degree in Telecommunication from the University of Bristol and a bachelor's degree in Electrical Engineering from the University of Cape Town
Committee: Chairman of the Audit and Risk Management Committee

Professional Journey

• Group Chief Executive Officer of RHT Holding Ltd and its subsidiaries. The Group is active in the mobility and investment sectors • Chartered Engineer registered with the UK Engineering Council and a Fellow of the Mauritius Institute of Directors • Council member of the National Committee on Road Safety and Business Mauritius. Advocate for a greener public transportation system and has a keen interest in electric vehicles • Published several technical papers in industry journals on dynamic cellular network planning and wireless technologies • An alumnus of the University of Cape Town, where he completed his bachelor's degree in Electrical Engineering • Worked for British Telecoms Plc before joining Island Communications Ltd., a portfolio company of RHT Ventures as Managing Director • Past Board member of the Mauritius Institute of Directors, Courts Mammouth and Globefin Management Services Ltd

Skills & Experience

• Strong expertise in strategy, innovation, sustainability, operational management, investment management, mobility and technology

Kevin TEEROOVENGADUM
(Born in 1974)
Independent Non-Executive Director
Appointed in: June 2019
Qualifications: MSc in Finance and Master of Business Administration (MBA) (The University of Leicester, UK), BSc in Economics
Committee: Member of the Audit and Risk Management Committee

Professional Journey:

• Holds a BSc in Economics, MBA and MSc in Finance from Leicester University, UK • Worked for KPMG, Deloitte, Ernst & Young in corporate finance and strategic consultancy before moving in 2002 to Loita Capital Partners Group based in South Africa • In 2007, joined Actis, the leading Emerging Market Private Equity Firm, as a Director on their Africa real estate team • Was the co-founder and CEO in 2013 of AttAfrica, which became the premier investor in shopping malls in Africa • Frequent writer and speaker at conferences globally • Currently serves on numerous boards and has advised a number of companies in Mauritius and Africa, leveraging his 19 years of experience in financial services and the real estate/hospitality sector

Skills & Experience

• Strategy • Investment • Real estate development/management and deal-making

CORPORATE GOVERNANCE REPORT

Semaris Ltd (''Semaris'' or the ''Company'') is classified as a public interest entity (''PIE'') under the provisions of the Financial Reporting Act 2004. The Company's Corporate Governance Report sets out its commitment to transparency, good corporate governance and the continuous effort to enhance shareholder value. Throughout the report, we have set out how we have applied the principles, and complied with the relevant provisions of the National Code of Corporate Governance (2016) for Mauritius (the "Code").

Semaris was listed on the Development and Enterprise Market ("DEM") of the Stock Exchange of Mauritius Limited (''SEM'') in September 2019. During the financial period under review, the Company continued the implementation of the Code, more specifically the appointment of an additional Independent Director; the setting up of an Audit and Risk Management Committee; the adoption of a Code of Ethics; and the setting up of systems of risk governance. Since the operations of the Group are currently exclusively focused on Domaine Palm Marrakech S.A., an internal audit function would be implemented for the Marrakech operations during the financial year ending 20 June 2021.

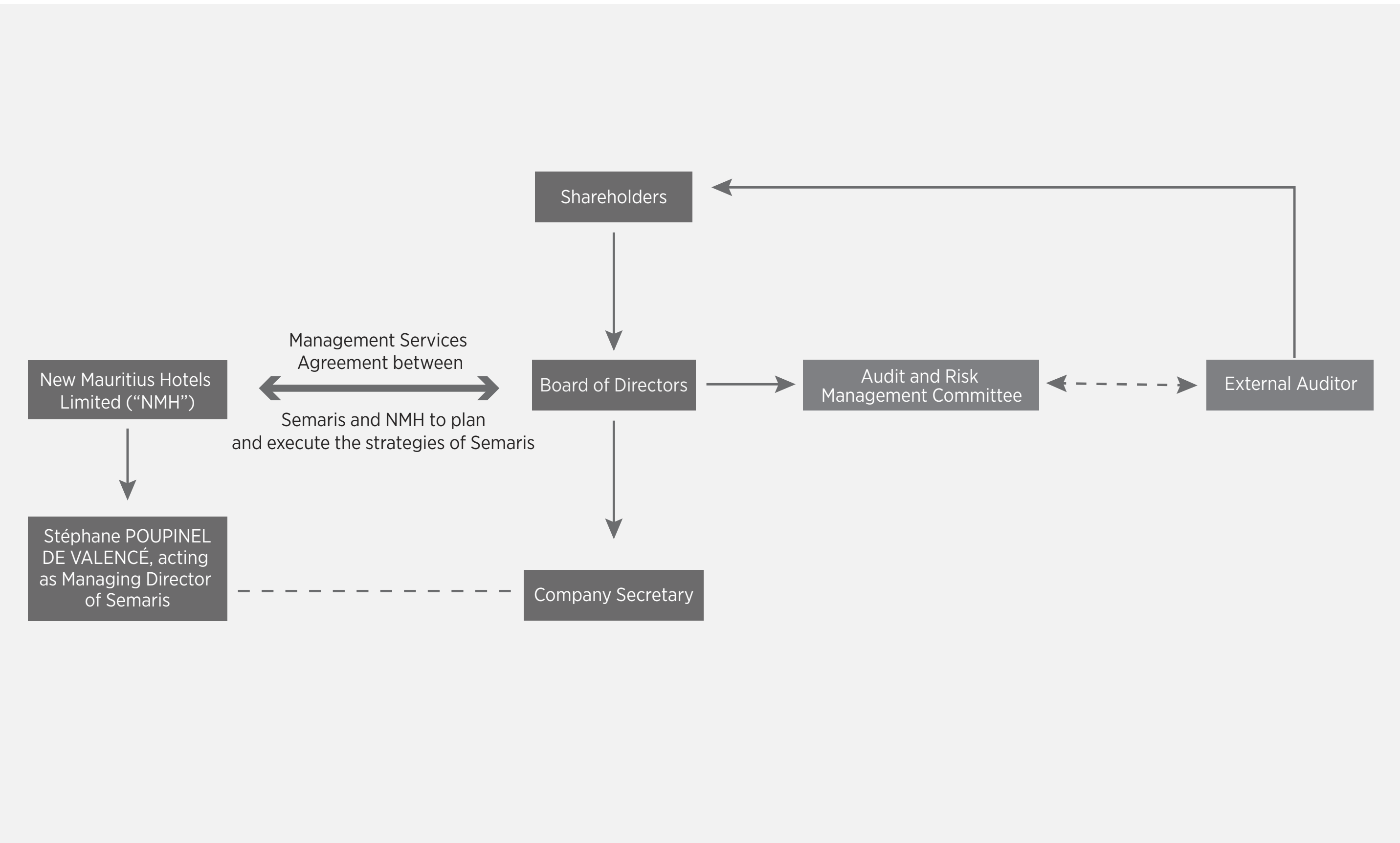
This report, along with the Annual Report, is published in its entirety on the Company's website: **www.semaris.mu**

1. GOVERNANCE STRUCTURE

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

- adopted a Board Charter which sets out the objectives, roles and responsibilities, as well as composition of the Board of Directors;
- identified its key Senior Governance positions;
- approved an Organisational and Governance Structure (as illustrated hereunder); and
- adopted a Code of Ethics.

The Board Charter and Code of Ethics are available for consultation on the Company's website: **www.semaris.mu**



2. THE BOARD

2.1. Board Composition

Semaris is headed by a unitary Board comprising eight Directors, including one female Director. The Board comprises 3 Executive Directors, 3 Non-Executive Directors and 2 Independent Non-Executive Directors. The size of the Board is determined by Semaris' Constitution, which is available for consultation on the Company's website: **www.semaris.mu**

Board members have a diverse mix of skills and experience and are distinguished by their professional ability, integrity and independence of opinion. Together, they ensure high standards of governance across Semaris. Save for Mr Kevin Teeroovengadum, all the Directors of Semaris ordinarily reside in Mauritius. Their names and profiles are disclosed on pages 15 to 17 of the Annual Report.

For more information on directorships held by the Directors, please refer to the Company's website: **www.semaris.mu**

2.2. Audit and Risk Management Committee

In order to facilitate efficient decision-making, the Board has delegated some of its powers and responsibilities to the Audit and Risk Management Committee ("ARMC"). The ARMC operates within defined terms of reference which are available for consultation on the Company's website: **www.semaris.mu**. The said Committee shall review its Charter annually and any proposed amendments will be recommended to the Board for approval.

Proceedings of the Committee are reported to the Board to allow other Directors to be informed and seek clarification from the Committee members. Each Director has access to all Committee meetings and records.

The ARMC is composed of:

Sidharth SHARMA ❍	Independent Non-Executive Director
Kevin TEEROOVENGADUM	Independent Non-Executive Director
Pauline SEEYAVE	Executive Director

Chairperson ❍

During the financial period, the Chairperson of the ARMC extended Committee meeting invitations on an ad hoc basis to the Managing Director, key executives and external auditors. Outside of formal meetings, the Committee Chairperson maintains a dialogue with key individuals involved in the Company's governance, namely the Chairman of the Board, the Managing Director and the external audit lead partner.

Since its inception in December 2019, the ARMC met thrice and its deliberations included the following:
• review and recommendation for Board approval of the publication of the unaudited quarterly consolidated results of the Company;
• review and recommendation for Board adoption of an ARMC Charter and Code of Ethics;
• review and recommendation to the Board of changes to the Board Charter; and
• review of the impact of the COVID-19 pandemic on the operations of the Group.

2.3. Board Deliberations

During the financial period under review, the Board met four times and its deliberations included the following:

• Strategy & Finance
- approval of the audited financial statements/Annual Report for the year ended 30 September 2019;
- approval of the unaudited quarterly consolidated results of the Company for publication purposes;
- review of the Group's operations as reported by the Managing Director and regular assessment of the group structure;
- review of the strategy of the Semaris Group; and
- approval of the budget for the year ending 30 June 2021.

• Governance, Compliance and Risk
- approval of the appointment of Dr Sidharth Sharma as additional Director;
- approval of the setting up of an ARMC;
- adoption of an ARMC Charter and Code of Ethics;
- review of the Board Charter;
- approval of the remuneration policy for the Board of Semaris;
- approval of the management contract between New Mauritius Hotels Limited and Semaris;
- preparation of meetings of shareholders; and
- approval of the use of electronic mail for circulation of shareholders' documents.

• Standing Agenda Items
- receipt of reports/recommendations of the ARMC; and
- receipt of reports from the Managing Director.

• COVID-19 Pandemic
- assessment of the potential impact of the COVID-19 pandemic on the operations of the Group.

2.4. Directors' Appointment Procedures

2.4.1. Appointment and Re-election

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

In accordance with the Company's Constitution, at each Annual Meeting of the Company, one-third of the Independent and Non-Executive Directors for the time being or, if their number is not a multiple of three, then the number nearest to but not exceeding one third, shall retire from office and shall be eligible for re-election. The Directors to retire in every year shall be those who have been longest in office since their last election but as between persons who become Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.

The re-election of Mr Jean-Pierre Montocchio as Director of the Company in accordance with Section 25.9.3 of the Company's Constitution will be proposed for approval at the forthcoming shareholders' meeting scheduled for 25 March 2021.

The Chairperson confirms that following a performance evaluation, Mr Jean-Pierre Montocchio continues to be performing and remains committed to his role as Director of the Company.

2.4.2. Board Induction

All new Directors, upon joining the Board, are provided with an induction programme aimed at deepening their understanding of the businesses, environment and markets in which the Group operates. As part of the induction programme, they receive a comprehensive induction pack from the Company Secretary which contains essential Board and Company information, meet the Company's key executives and have a briefing session with the Managing Director.

During the financial period under review, Dr Sidharth Sharma has been appointed to the Board of Semaris and participated in an induction and orientation programme.

2.4.3. Professional Development and Training

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

2.4.4. Succession Planning

The Board regularly reviews its composition, structure and succession plans.

2.5. Directors' Duties, Remuneration and Performance

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

The Board adheres to the rules for DEM companies issued by the SEM and the Companies Act 2001 in respect of share dealings. The Company Secretary keeps the Directors apprised of closed periods and of their responsibilities in respect to the above rules. Semaris' Board Charter also contains policies on Conflicts of Interests and Related Party Transactions. Directors who are interested in a transaction or proposed transaction with the Company disclose their interests to the Board and cause same to be entered in the Interests Register.
The Company Secretary keeps the Interests Register and ensures that the latter is updated regularly. The register is available for consultation by shareholders upon written request to the Company Secretary.
All new Directors are required to notify in writing to the Company Secretary their direct and indirect interests in Semaris.

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

	DIRECT		INDIRECT	
	No. of Shares	%	No. of Shares	%
Gilbert ESPITALIER-NOËL	78,998	0.01	12,478,364	2.27
Hector ESPITALIER-NOËL	4,330	0.00	15,733,828	2.87
Jean-Pierre MONTOCCHIO	-	-	527,023	0.10
Jean Louis PISMONT	-	-	-	-
Stéphane POUPINEL DE VALENCÉ	60,000	0.01	-	-
Pauline SEEYAVE	3,314	0.00	-	-
Sidharth SHARMA	-	-	-	-
Kevin TEEROOVENGADUM	-	-	-	-

During the financial period under review, none of the Directors have traded in the shares of Semaris.

Note 15 to the financial statements for the nine months ended 30 June 2020, set out on pages 60 and 61 of the Annual Report 2020, details all the related party transactions between the Company or any of its subsidiaries or associates and a Director, Chief Executive, controlling shareholder or companies owned or controlled by a Director, Chief Executive or controlling shareholder.

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

2.5.2. Information, Information Technology and Information Security Governance

Pursuant to the Management Services Agreement entered into between NMH and Semaris, NMH controls and manages all the aspects of information and communication technology for Semaris.

2.5.3. Legal Duties and Access to Information

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

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

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

2.5.4. Remuneration Policy

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

The Chairperson of the Board is paid a special level of fees appropriate to his office.
Particulars of Directors' remuneration are entered into the Interests Register of the Company.

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

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

Category of Member	Board	ARMC
Chairperson	MUR 30,000	MUR 10,000
Member	MUR 20,000	MUR 5,000
Independent Director (based outside Mauritius)	Fixed fee of MUR 30,000 and an attendance fee of MUR 10,000 per Board Meeting	

In view of the significant adverse impact of the COVID-19 pandemic on the affairs of the Company and in a spirit of solidarity, the Directors have waived their fees for the months of March to June 2020.

2.5.5. Attendance and Remuneration/Benefits Paid

For the financial period under review, the attendance at Board and Committee meetings and actual remuneration and benefits perceived by the Directors are as per below:

		Board	ARMC	Remuneration and Benefits Received (Rs)
Number of Meetings held		4	3	
Category	**Directors**	**Attendance**		
Executive	Gilbert ESPITALIER-NOËL	4/4	N/A	60,000
	Stéphane POUPINEL	4/4	N/A	60,000
	Pauline SEEYAVE	4/4	3/3	75,000
Non-Executive	Hector ESPITALIER-NOËL	❍ 4/4	N/A	90,000
	Jean-Pierre MONTOCCHIO	4/4	N/A	60,000
	Jean Louis PISMONT	4/4	N/A	60,000
Independent	Sidharth SHARMA	3/3	❍ 3/3	90,000
	Kevin TEEROOVENGADUM	4/4	3/3	180,000

❍ Chairperson

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

2.5.6. Board Evaluation

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

The Board considered the findings of the aforesaid appraisal and concluded that the Board, its ARMC and each of its Directors continue to be effective. The report also contained recommendations to improve Board's performance.

3. INTERNAL CONTROL AND RISK MANAGEMENT

For internal control and risk management, please refer to pages 6 to 13.

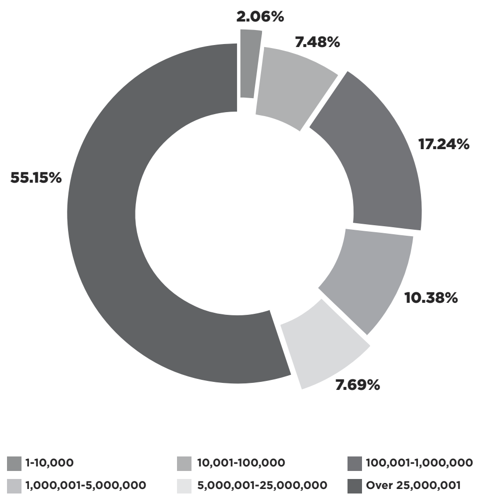
4. SHAREHOLDERS AND OTHER KEY STAKEHOLDERS

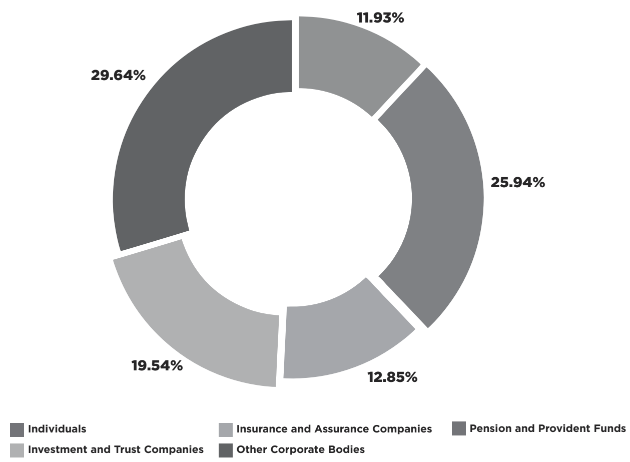
4.1. Shareholding Profile

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

	Ordinary (%)
Rogers and Company Limited	22.93
ENL Limited	15.24
Swan Life Ltd	10.64
Joseph René Herbert Maingard Couacaud	6.35

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





4.2 Contract between the Company and its Substantial Shareholders

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

4.3 Third-Party Agreements

Semaris has a Management Services Agreement with NMH for the provision of management services.

4.4 Engagement with Shareholders

4.4.1 Shareholders' Relations and Communication

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

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

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

4.4.2 Shareholders' Calendar

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

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

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

4.4.4 Dividend

The Company has no formal dividend policy in place. The Board aims to distribute regular and stable dividends, subject to the financial performance and cash flow availability of the Company.

5. COMPANY SECRETARY

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

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

Preety Gopaul, ACG
For ENL Secretarial Services Limited
Company Secretary

23 December 2020

OTHER STATUTORY DISCLOSURES

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

Activities

The activities of Semaris Ltd ("Semaris") are disclosed in Note 2 of the Annual Report 2020.

Directors

A list of Directors of the Company and its subsidiaries for the period 1 October 2019 to 30 June 2020 is set out below:

List of Directors of the Company and its subsidiaries	ESPITALIER-NOËL Marie Edouard Gilbert	ESPITALIER-NOËL Marie Maxime Hector	MONTOCCHIO Marie Joseph Jean-Pierre	PIAT Maurice Daniel Laurent Evenor	PISMONT Jean Louis Fernand André	POUPINEL DE VALENCÉ Stéphane Jean François	SEEYAVE Pauline Sybille Cheh	SHARMA Sidharth	TEEROOVENGADUM Kevindra
Domaine Palm Marrakech S.A.	✓			✓		✓	✓		
Gold Coast Resort Limited	✓	R			✓	A	✓		
Kingfisher 3 Limited	✓					✓	✓		
Les Salines PDS Ltd	✓				✓	✓	✓		
Les Salines IHS Limited	✓				✓	✓	✓		
Praslin Resort Limited	✓	R			✓	A	✓		
Semaris Ltd	✓	✓	✓		✓	✓	✓	A	✓

✓: In office

A: Appointed

R: Resigned

Directors' Service Contracts

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

Directors' Remuneration and Benefits

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

(i) by each Director of Semaris from the Company and its subsidiaries are found on page 23 of the Annual Report 2020;

(ii) by the Directors of subsidiaries who are not Directors of the Company are provided below:

		2020 *(9 months)*	2019
Name of Subsidiary	**Director**	**Rs.**	Rs.
Executive Directors **(2020: 1** ; 2019: 1)			
Domaine Palm Marrakech S.A.	Laurent PIAT	**5,432,900**	515,000*
Post-employment benefits - Executive Directors			
Domaine Palm Marrakech S.A.	Laurent PIAT	**19,200**	68,000*

* The amounts relate to the month of September 2019 only as the carve-out of Semaris occurred in September 2019.

Directors' Interests in the Equity of Semaris

(i) The interests of the Directors in the shares of Semaris as at 30 June 2020 are found on page 22 of the Annual Report 2020.

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

	Domaine Palm Marrakech S.A.	
	No. of Shares	%
Gilbert ESPITALIER-NOËL	1	0.000
Pauline SEEYAVE	1	0.000
Stéphane POUPINEL DE VALENCÉ	1	0.000

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

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

	Ordinary Shares			
	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Laurent PIAT	11,500	0.002	-	-

Contracts of Significance

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

Shareholders

At 23 November 2020, the following shareholders were directly or indirectly interested in more than 5% of the ordinary share capital of the Company:

Name of Shareholder	Interest (%)
Rogers & Company Limited	22.93
ENL Limited	15.24
Swan Life Ltd	10.64
Joseph René Herbert Maingard Couacaud	6.35

Donations

During the financial period, Domaine Palm Marrakech S.A. ("DPM") made a total donation of Rs 963,000 (2019: Nil). The donation was a contribution by DPM to assist the local community to fight the negative effects resulting from the COVID-19 pandemic.

External Auditors' Remuneration

	GROUP		COMPANY	
	2020	2019	**2020**	2019
	Rs	Rs	**Rs**	Rs
Audit fees paid to:				
BDO & Co.	**750,000**	350,000	**750,000**	350,000
Other firms	**986, 450**	-	**-**	-
Fees paid for the other services provided by:				
BDO & Co.	**-**	-	**-**	-
Other firms	**50,000**	1,935,000	**50,000**	1,850,000

Other services related to the valuation of the Company advisory fees.

In Respect of Financial Statements

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

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

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

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

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

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

The financial statements are prepared from the accounting records on the basis of consistent use of appropriate accounting policies supported by reasonable and prudent judgements and estimates that fairly present the state of affairs of the Group and the Company.

STATEMENT OF COMPLIANCE TO THE CODE

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

Name of Public Interest Entity ("PIE"): Semaris Ltd
Reporting Period: 1 October 2019 to 30 June 2020

We, the Directors of Semaris Ltd, confirm to the best of our knowledge that the PIE has not fully complied with the principles of the Code of Corporate Governance for the reasons stated below:

Principles	Areas of non-application of the Code	Explanation for non-application
Principle 7	Audit	Please refer to page 19 of the Annual Report

Hector ESPITALIER-NOËL
Chairman

Stéphane POUPINEL DE VALENCÉ
Managing Director

23 December 2020

COMPANY SECRETARY'S CERTIFICATE

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

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

Preety GOPAUL, ACG
For ENL Secretarial Services Limited
Company Secretary

23 December 2020

INDEPENDENT AUDITOR'S REPORT

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Semaris Ltd and its subsidiaries (the Group), and the Company's separate financial statements on pages 38 to 85 which comprise the statements of financial position as at June 30, 2020, and the statements of profit or loss, the statements of other comprehensive income, statements of changes in equity and statements of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements on pages 38 to 85 give a true and fair view of the financial position of the Group and of the Company as at June 30, 2020, and of their financial performance and their cash flows for the nine-month period then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to note 12 to the financial statements, which describes management assessment of the impact of COVID-19 pandemic on the Group's and Company's ability to continue as a going concern. The operations of the Group and Company have been significantly impacted by measures taken by the respective authorities in the countries where the Group and Company operate in order to limit the spread of the virus within the community as stated in note 12, the events or conditions indicate that a material uncertainty exists which may cast doubt on the Group's and Company's ability to continue as going concern.

Our opinion is not modified in respect of this matter.

Key Audit Matters

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

1. Carrying values of land and buildings

Key Audit Matter

As at June 30, 2020, the Group has land and buildings classified as Property and equipment and Investment property amounting to Rs 369m and Rs 757m respectively (2019: Rs 698m and Rs 883m) respectively. The significance of the land and buildings on the statement of financial position resulted in them being identified as a key audit matter**.**

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

Related Disclosures

Refer to notes 25 and 27 to the accompanying financial statements.

1. Carrying values of land and buildings (cont'd)

Audit Response

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

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

We tested the key inputs to the valuation of the Group's land and buildings as follows:

- assessing and discussing management's process for the valuation exercise and appointment of the external valuers. We also assessed the competence, independence and integrity of the external valuers;
- obtaining the external valuation reports and discussed with the external valuers about their results. We discussed and challenged the valuation process, performance of the portfolio, significant judgements and assumptions applied to the valuation model by benchmarking the different valuations available and challenged the key assumptions to external industry data and comparable property valuation;
- testing the integrity of a sample of the data provided to the external valuers. This included verifying a sample of information provided to the external valuers;
- testing land values by comparing the values used by the valuers to land values of similar characteristics;
- ensure that for assets with indication of impairment, management complied with IAS 36 requirements in their impairment assessment; and
- we verified the value in use provided by management and ensure the assumptions used, reflect the market conditions in line with the business operations.

2. Valuation of Inventory at Group and Company level

Key Audit Matter

Land at Les Salines earmarked for development amounting to Rs 2bn as at 30 June 2020, is included in inventory at Company level. Les Salines project will consist of the development of 174 Arpents to be sold for residential purposes under the Property Development Scheme ("PDS").

At Group level, the carrying value of inventory as at 30 June 2020 amounted to Rs 3.8bn representing land earmarked for development in Seychelles, Morocco and Mauritius.

In line with IAS 2, inventory is stated at the lower of cost or net realisable value ("NRV").

The NRV of land at Les Salines have been based on the Independent Valuer Report Noor Dilmohamed & Associates.

Given the significance of the inventory on the total assets at 30 June 2020, and the significant estimates and judgements used in the valuation by both the Independent Valuer and management to estimate the costs to complete the project in Mauritius, Seychelles and Marrakech, and the expected timing for the future sale of villas and land and the risk of material impairment losses due to uncertainty which may exist, we have identified the valuation of the stock of residential properties and land earmarked for projects as a key audit matter.

Related Disclosures

Refer to note 30 to the accompanying financial statements.

Audit Response

Our audit procedures to assess the carrying value of the villas classified as inventory under Phase 1a included the following:

- we have obtained the NRV tests as performed by management for the different projects;

2. Valuation of Inventory at Group and Company level (cont'd)

Audit Response (cont'd)

- we have agreed the expected realisable value of the assets with the selling prices from management. We have ensured that the estimated cost to sell is properly calculated and deducted from the proceeds to arrive at the proper NRV and discounted to reflect time value of money thereon;
- we have critically assessed the assumptions made and the benchmark relied on and ensured they are reasonable and appropriate;
- we ensured that the list for the different projects is complete and accurate and according to the plan; and
- for the villas under construction, we ensured that the assessment is performed on a unit-by-unit basis, in line with the relevant accounting standard and costs to completion is reasonable compared to the actual costs incurred, and in comparison with similar villas.

For the projects under Phase 1b and Phase 2 in Domaine Palm Marrakech S.A., Praslin Resort Limited and Les Salines IHS Limited, we have reviewed the reasonableness of the costs to complete by examining relevant agreements, corresponding valuation report and project costs and ensured that the estimates are reasonable.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Chairman's and Managing Director's Report, Risk Management Report and Other Statutory Disclosures (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report.

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

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

Corporate Governance Report

Our responsibility under the Financial Reporting Act is to report on compliance with the Code of Corporate Governance disclosed in the Annual Report and assess the explanations given for non-compliance with any requirement of the Code. From our assessment of the disclosures made on corporate governance in the Annual Report, the Public Interest Entity has not complied with the Principle 7 'Audit' of the Code. The Company became a Public Interest Entity in September 2019 and during the period under review, the implementation of the Code is still in progress, more specifically the appointment of an additional Independent Director; the setting up of an Audit and Risk Management Committee; the adoption of a Code of Ethics; and the setting up of systems of risk governance. The Company expects to fully adopt all the principles of the Code during its financial year ending 30 June 2021.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements 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.

Report on Other Legal and Regulatory Requirements

Companies Act 2001

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

We have obtained all information and explanations we have required.

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

Other Matter

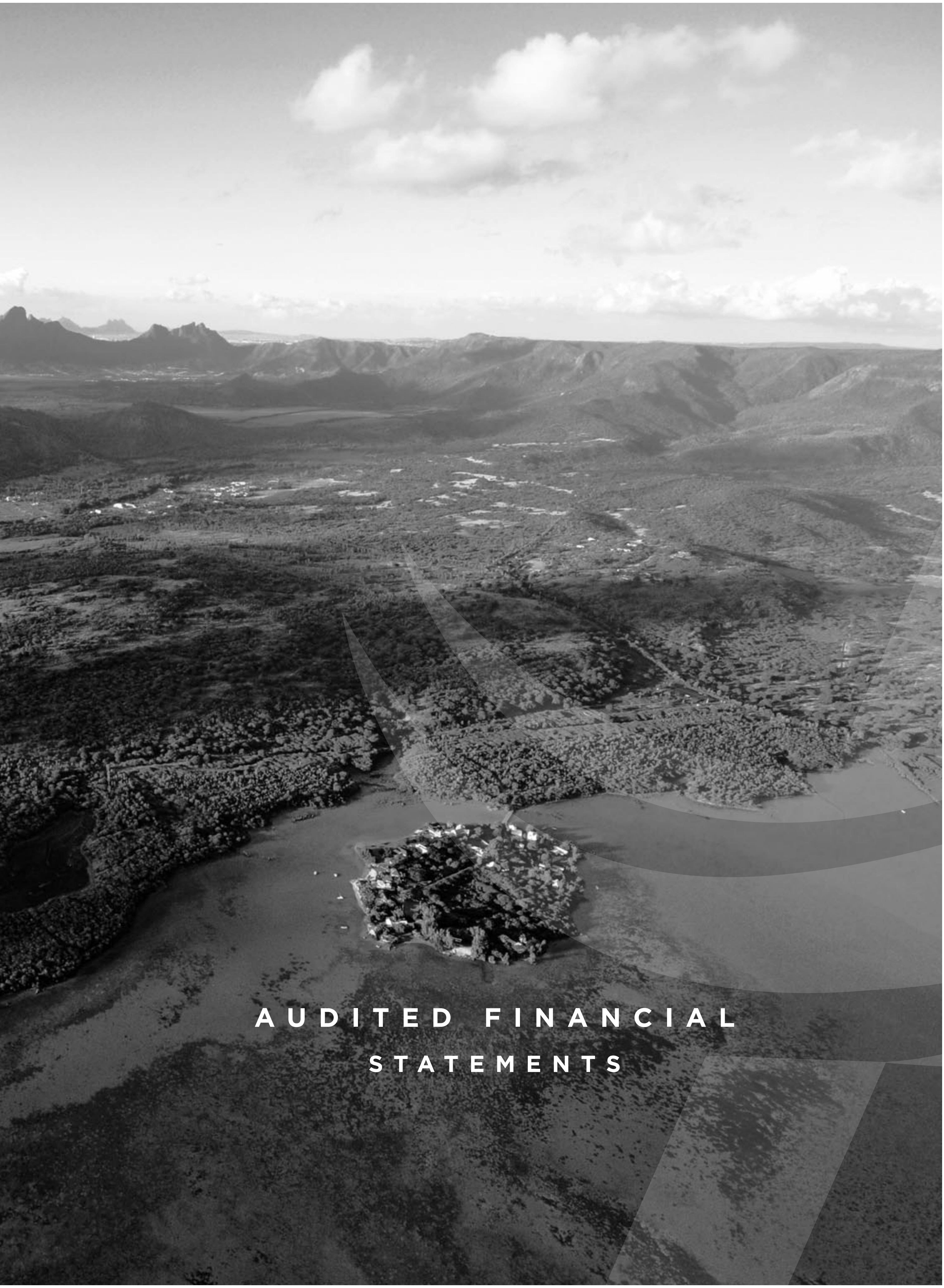
This report is made solely to the shareholders of Semaris Ltd (the "Company") as a body, in accordance with Section 205 of the Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report 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.

Ameenah Ramdin, FCCA, ACA
Licensed by FRC

BDO & Co.
Chartered Accountants

Port Louis
Mauritius

23 December 2020



AUDITED FINANCIAL STATEMENTS

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

	Notes	THE GROUP Nine-month period ended 30 June 2020 Rs'000	THE GROUP Year ended 30 September 2019 Rs'000	THE COMPANY Nine-month period ended 30 June 2020 Rs'000	THE COMPANY Year ended 30 September 2019 Rs'000
Revenue from contract with customers	16	**176,543**	-	**-**	-
Direct costs		**(160,952)**	-	**-**	-
Staff costs	17	**(30,416)**	(110)	**(675)**	(110)
Other expenses	18	**(49,665)**	(17,893)	**(10,721)**	(17,810)
Loss from operating activities		**(64,490)**	(18,003)	**(11,396)**	(17,920)
Other income	19	**54,049**	-	**-**	-
Net impairment losses on financial assets	31	**(552)**	-	**-**	-
NORMALISED EBITDA		**(10,993)**	(18,003)	**(11,396)**	(17,920)
Other impairment losses	13	**(457,003)**	-	**(545,518)**	-
Fair value movement in investment property	27	**(205,353)**	-	**-**	-
Gain on bargain purchase	24	**-**	127,530	**-**	-
EBITDA		**(673,349)**	109,527	**(556,914)**	(17,920)
Finance revenue	20	**295**	-	**-**	-
Finance costs	21	**(81,569)**	(7,351)	**(60,612)**	(7,351)
Finance costs on lease liabilities	21	**(6,497)**	-	**-**	-
Depreciation of property and equipment	25	**(15,064)**	-	**-**	-
Depreciation of right-of-use assets	26	**(8,938)**	-	**-**	-
Amortisation of intangible assets	28	**(306)**	-	**-**	-
(Loss)/profit before tax		**(785,428)**	102,176	**(617,526)**	(25,271)
Income tax	22(a)	**2,194**	-	**-**	-
(Loss)/profit for the period/year		**(783,234)**	102,176	**(617,526)**	(25,271)

STATEMENTS OF OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2020

	Notes	THE GROUP Nine-month period ended 30 June 2020 Rs'000	THE GROUP Year ended 30 September 2019 Rs'000	THE COMPANY Nine-month period ended 30 June 2020 Rs'000	THE COMPANY Year ended 30 September 2019 Rs'000
Other comprehensive income:					
Items that may be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations		**254,127**	(878)	**-**	-
Other comprehensive income/(loss) for the period/year		**254,127**	(878)	**-**	-
Total comprehensive (loss)/income for the period/year		**(529,107)**	101,298	**(617,526)**	(25,271)
(Loss)/earnings per share					
Basic and diluted (loss)/earnings per share (Rs)	23	**(1.43)**	0.19		

The notes on pages 46 to 85 form an integral part of these financial statements.
Auditor's report on pages 32 to 37.

STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2020

		THE GROUP		THE COMPANY	
	Notes	**30 June 2020**	30 September 2019	**30 June 2020**	30 September 2019
		Rs'000	Rs'000 Restated	**Rs'000**	Rs'000
ASSETS					
Non-current assets					
Property and equipment	25	**452,607**	800,088	**-**	-
Right-of-use assets	26(a)	**538,966**	-	**-**	-
Investment property	27	**756,718**	883,412	**-**	-
Intangible assets	28	**1,442**	447,856	**-**	-
Investment in subsidiaries	29	**-**	-	**3,049,483**	3,595,001
Financial assets at amortised cost	32	**332,634**	-	**-**	-
Deferred tax asset	22(c)	**3,029**	-	**-**	-
Total non-current assets		**2,085,396**	2,131,356	**3,049,483**	3,595,001
Current assets					
Inventories	30	**3,771,080**	3,603,525	**2,000,000**	2,000,000
Contract assets	16(a)	**3,832**	3,493	**-**	-
Trade receivables	31	**1,670**	7,650	**-**	-
Financial assets at amortised cost	32	**37,954**	419,496	**1,990**	-
Other assets	33	**425,066**	420,843	**4,187**	1,939
Cash in hand and at bank	34	**159,591**	131,542	**74,888**	99,902
Total current assets		**4,399,193**	4,586,549	**2,081,065**	2,101,841
Total assets		**6,484,589**	6,717,905	**5,130,548**	5,696,842
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Stated capital	35	**3,595,000**	3,595,000	**3,595,000**	3,595,000
(Revenue deficit)/retained earnings		**(682,302)**	100,932	**(644,041)**	(26,515)
Other component of equity	36	**253,249**	(878)	**-**	-
Total equity		**3,165,947**	3,695,054	**2,950,959**	3,568,485
Non-current liabilities					
Borrowings	37	**2,168,250**	2,193,107	**2,085,657**	2,102,891
Lease liabilities	26(b)	**89,830**	-	**-**	-
Total non-current liabilities		**2,258,080**	2,193,107	**2,085,657**	2,102,891
Current liabilities					
Trade and other payables	38	**423,803**	307,689	**26,341**	24,445
Contract liabilities	16(a)	**306,820**	366,173	**-**	-
Borrowings	37	**174,334**	23,598	**67,591**	1,021
Lease liabilities	26(b)	**10,480**	-	**-**	-
Income tax payable	22(a)	**145,125**	132,284	**-**	-
Total current liabilities		**1,060,562**	829,744	**93,932**	25,466
Total liabilities		**3,318,642**	3,022,851	**2,179,589**	2,128,357
Total equity and liabilities		**6,484,589**	6,717,905	**5,130,548**	5,696,842

Approved by the Board of Directors on 23 December 2020 and signed on its behalf by:

HECTOR ESPITALIER-NOËL
CHAIRMAN

STÉPHANE POUPINEL DE VALENCÉ
MANAGING DIRECTOR

The notes on pages 46 to 85 form an integral part of these financial statements.
Auditor's report on pages 32 to 37.

THE GROUP

	Note	Stated capital Rs'000	(Revenue deficit)/ retained earnings Rs'000	Foreign exchange difference reserves Rs'000	Total equity Rs'000
As at 1 October 2018		1	(1,244)	-	(1,243)
Issue of shares	35	3,594,999	-	-	3,594,999
Profit for the year		-	102,176	-	102,176
Other comprehensive loss for the year		-	-	(878)	(878)
Total comprehensive income/(loss) for the year		-	102,176	(878)	101,298
As at 30 September 2019		**3,595,000**	**100,932**	**(878)**	**3,695,054**
As at 1 October 2019		3,595,000	100,932	(878)	3,695,054
Loss for the period		-	(783,234)	-	(783,234)
Other comprehensive income for the period		-	-	254,127	254,127
Total comprehensive (loss)/income for the period		-	(783,234)	254,127	(529,107)
As at 30 June 2020		**3,595,000**	**(682,302)**	**253,249**	**3,165,947**

THE COMPANY

	Note	Stated capital Rs'000	Revenue deficit Rs'000	Total equity Rs'000
As at 1 October 2018		1	(1,244)	(1,243)
Issue of shares	35	3,594,999	-	3,594,999
Loss for the year		-	(25,271)	(25,271)
Other comprehensive income for the year		-	-	-
Total comprehensive loss for the year		-	(25,271)	(25,271)
As at 30 September 2019		**3,595,000**	**(26,515)**	**3,568,485**
As at 1 October 2019		3,595,000	(26,515)	3,568,485
Loss for the period		-	(617,526)	(617,526)
Other comprehensive income for the period		-	-	-
Total comprehensive loss for the period		-	(617,526)	(617,526)
As at 30 June 2020		**3,595,000**	**(644,041)**	**2,950,959**

The notes on pages 46 to 85 form an integral part of these financial statements.
Auditor's report on pages 32 to 37.

	Notes	THE GROUP Nine-month period ended 30 June 2020 Rs'000	THE GROUP Year ended 30 September 2019 Rs'000	THE COMPANY Nine-month period ended 30 June 2020 Rs'000	THE COMPANY Year ended 30 September 2019 Rs'000
Operating activities					
(Loss)/profit before tax		**(785,428)**	102,176	**(617,526)**	(25,271)
Adjustments to reconcile profit/loss before tax to net cash flows					
Non-cash:					
Amortisation of intangible assets	28	**306**	-	**-**	-
Depreciation of right-of-use assets	26(a)	**8,938**	-	**-**	-
Depreciation of property and equipment	20	**15,064**	-	**-**	-
Finance revenue		**(295)**	-	**-**	-
Finance costs on lease liabilities	26(b)	**6,497**	-	**-**	-
Interest expense	21	**81,569**	7,351	**60,612**	7,351
Profit on disposal of property and equipment		**(6)**	-	**-**	-
Fair value movement on investment property	27	**205,353**	-	**-**	-
Other impairment losses	13	**457,003**	-	**545,518**	-
Foreign exchanges differences		**(40,769)**			
Net impairment losses on financial assets	31	**552**	-	**-**	-
Gain on bargain purchase	24	**-**	(127,530)	**-**	-
Working capital adjustments:					
Increase in inventories		**(92,288)**	(800,000)	**-**	(800,000)
Decrease/(increase) in trade and other receivables		**6,471**	(1,939)	**-**	-
Decrease/(increase) in financial assets at amortised cost		**63,421**	-	**(1,990)**	-
Decrease/(increase) in other assets		**57,895**	-	**(2,248)**	(1,939)
Increase in trade and other payables		**89,565**	19,728	**5,451**	19,645
Decrease in contract liabilities		**(91,338)**	-	**-**	-
Income tax paid		**(1,246)**	-	**-**	-
Net cash flows used in operating activities		**(18,736)**	(800,214)	**(10,183)**	(800,214)
Cash flows from investing activities					
Acquisition of property and equipment		**(2,450)**	-	**-**	-
Acquisition of intangible assets		**(736)**	-	**-**	-
Acquisition of investment property		**(873)**	-	**-**	-
Proceeds from sale of property and equipment		**6**	-	**-**	-
Acquisition of subsidiary, net of cash acquired	24	**-**	31,640	**-**	-
Net cash flows (used in)/generated from investing activities		**(4,053)**	31,640	**-**	-
Cash flows from financing activities					
Proceeds from borrowings		**79,540**	899,100	**-**	899,100
Repayment of borrowings		**(10,815)**	-	**-**	-
Interest paid on lease liabilities	26(b)	**(1,995)**	-	**-**	-
Principal paid on lease liabilities	26(b)	**(926)**	-	**-**	-
Interest paid		**(28,022)**	(5)	**(24,815)**	(5)
Net cash flows generated from/(used in) financing activities		**37,782**	899,095	**(24,815)**	899,095
Net increase/(decrease) in cash and cash equivalents		**14,993**	130,521	**(34,998)**	98,881
Cash and cash equivalents at 1 October,		**130,521**	-	**98,881**	-
Net foreign exchange differences		**3,072**	-	**-**	-
Cash and cash equivalents at period/year	34(a)	**148,586**	130,521	**63,883**	98,881

The notes on pages 46 to 85 form an integral part of these financial statements.
Auditor's report on pages 32 to 37.

1. Corporate information

The financial statements of Semaris Ltd (the 'Company') and consolidated with its subsidiaries (the 'Group') for the period ended 30 June 2020 were authorised for issue in accordance with a resolution of the Directors on 23 December 2020. Semaris Ltd is a public limited company incorporated in Mauritius and is listed on the Development and Enterprise Market ('DEM'). Its registered office is situated at Beachcomber House, Botanical Garden Street, Curepipe, Mauritius.

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

The principal activities of the Group consist of the development of property for sale across different countries.

2. Group information

Information on subsidiaries:

Name of Corporation	Main business activity	Country of incorporation	Effective % holding June 2020 & September 2019
Les Salines PDS Ltd	Property development	Mauritius	100%
Les Salines IHS Limited	Property development	Mauritius	100%
Kingfisher 3 Limited	Investment	Mauritius	100%
Praslin Resort Limited	Property	Seychelles	99%
Gold Coast Resort Limited	Property	Seychelles	100%
Domaine Palm Marrakech S.A.	Property development	Morocco	100%

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

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

BASIS OF PREPARATION AND OTHER SIGNIFICANT ACCOUNTING POLICIES

3. Basis of preparation and statement of compliance

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

The Group has changed its financial year end from 30 September to 30 June and 30 June 2020 is the first financial reporting period adopting the new year-end date.

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

The figures in the statements of profit or loss and other comprehensive income and statements of cash flows for the Group and Company which represent nine months of operation for the period ended 30 June 2020 are not comparable with the prior year figures as assets and liabilities were brought in the Group on 27 September 2019 following the "carving out" of Semaris Ltd from NMH's financial statements. The results of the subsidiaries were hence not accounted in the statements of profit or loss in the financial year ended 30 September 2019.

4. Summary of other significant accounting policies

(a) Foreign currency translation

The Group's financial statements are presented in Mauritian rupees, which are also the parent company's functional and presentation currency. Each entity within the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group has elected to recycle the gain or loss that arises from the direct method of consolidation, which is the method the Group uses to complete its consolidation.

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

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

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

(a) Foreign currency translation (cont'd)

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

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

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

(b) Financial assets
The Group classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired:

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

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

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

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

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

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

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

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

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

(b) Financial assets (cont'd)

(ii) Derecognition of financial assets (cont'd)
Where the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor has transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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

(c) Financial Liabilities

The Group classifies its financial liabilities into the following category:

(i) Other financial liabilities
Other financial liabilities include the following items:

Bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statements of financial position. For the purpose of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

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

(d) Current versus non-current classification

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

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

All other assets are classified as non-current.

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

The Group classifies all other liabilities as non-current.

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

(e) Provisions

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

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

(f) Other taxes

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

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

(g) Impairment of non-financial assets

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

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

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

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

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

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

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

(h) Revenue recognition

(a) Revenue from contracts with customers

Performance obligations and timing of revenue recognition
Revenue from customers includes both sales of goods and sales of services made to customers. The Group main activity consists of property development and is therefore engaged in the construction and sale of villas.

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

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

(h) Revenue recognition (cont'd)

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

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

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

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

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

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

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

IFRS 16 Leases results in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. The Group has adopted IFRS 16 from 1 October 2019, but has not restated comparatives for 2019, as permitted under the specific transition provisions. The reclassifications and adjustments arising from the new leasing rules are recognised in the opening balance sheet on 1 October 2019. The new accounting policies are disclosed in note 41.

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under IAS 17. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 October 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 October 2019 were in the range of 9.06%-10.6%.

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

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

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

Annual Improvements to IFRSs 2015-2017 Cycle:

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

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

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

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

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

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

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

- calculate the current service cost and net interest for the remainder of the reporting period after a plan amendment, curtailment or settlement by using the updated assumptions from the date of the change;
- recognise any reduction in a surplus immediately in profit or loss, either as part of past service cost or as a gain or loss on settlement. In other words, a reduction in a surplus must be recognised in profit or loss even if that surplus was not previously recognised because of the impact of the asset ceiling;
- separately recognise any changes in the asset ceiling through other comprehensive income.

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

5(i). Standards, Amendments to published Standards and Interpretations issued but not yet effective

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

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

- sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)
- IFRS 17 Insurance Contracts
- definition of a Business (Amendments to IFRS 3)
- definition of Material (Amendments to IAS 1 and IAS 8)
- interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)
- classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- annual Improvements 2018–2020
- property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)
- reference to the Conceptual Framework (Amendments to IFRS 3)
- COVID-19-Related Rent Concessions (Amendment to IFRS 16)
- amendments to IFRS 17
- extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)

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

6. Basis of consolidation

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

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

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

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

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

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

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

6. Basis of consolidation (cont'd)

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

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

At reporting date, the Group does not have any material partly owned subsidiary (2019: nil).

7. Business combinations and goodwill

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

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

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

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or a liability will be recognised in accordance with IFRS 9 either through equity or profit or loss.

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

8. Financial risk management objectives and policies

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

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

(i) Credit risk

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

Credit risk is managed on a Group basis. For banks and financial institutions, only independently rated parties are accepted.

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

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

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

(i) Credit risk (cont'd)

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

	THE GROUP		THE COMPANY	
	30 June 2020	30 September 2019	**30 June 2020**	30 September 2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Cash and cash equivalents	**159,591**	131,542	**74,888**	99,902
Trade receivables	**1,670**	7,650	**-**	-
Financial assets at amortised cost	**370,588**	419,496	**1,990**	-
	531,849	558,688	**76,878**	99,902

(ii) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise two types of risks: interest rate risk and currency risk. Financial instruments affected by market risk include bank accounts, trade receivables, trade and other payables and loans and borrowings.

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

(a) Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group is exposed to foreign currency risk with respect to foreign currency arising from foreign supplies and revenue.

The following table demonstrates the sensitivity to a reasonable possible change in Moroccan dirham and Seychelles rupee exchange rates, with all other variables held constant, of the Group's (loss)/profit before tax (due to changes in the fair value of monetary assets and liabilities) and the Group's equity (due to changes in the fair value of net investment in foreign operations):

		THE GROUP	THE COMPANY
	Increase in rates	**Effect on (loss)/ profit before tax**	**Effect on (loss)/ profit before tax**
		Rs'000	**Rs'000**
2020			
Moroccan dirhams	**5%**	**(4,997)**	**43**
Seychelles rupees	**5%**	**(3,618)**	**-**
2019			
Moroccan dirhams	5%	1,365	-
Seychelles rupees	5%	(324)	-

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

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

(ii) Market risk (Cont'd)

(a) Foreign currency risk (Cont'd)

Currency profile

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

	THE GROUP				THE COMPANY			
	FINANCIAL ASSETS		FINANCIAL LIABILITIES		FINANCIAL ASSETS		FINANCIAL LIABILITIES	
	30 June 2020	30 September 2019	**30 June 2020**	30 September 2019	**30 June 2020**	30 September 2019	**30 June 2020**	30 September 2019
	Rs'000	Rs'000	**Rs'000**	Rs'000	**Rs'000**	Rs'000	**Rs'000**	Rs'000
Mauritian rupees	**74,888**	100,896	**2,213,784**	2,168,028	**76,878**	99,902	**2,179,589**	2,128,357
Moroccan dirhams	**456,961**	457,792	**580,561**	449,881	**-**	-	**-**	-
Seychelles rupees	**-**	-	**72,352**	6,485	**-**	-	**-**	-
	531,849	558,688	**2,866,697**	2,524,394	**76,878**	99,902	**2,179,589**	2,128,357

	THE GROUP		THE COMPANY	
	30 June 2020	30 September 2019	**30 June 2020**	30 September 2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Net exposure, excluding Mauritian rupees	**(195,952)**	(35,404)	**-**	-

(b) Interest rate risk

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

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

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before taxation (through the impact of variable rate borrowing). The percentage change in interest rates taken is: 1%

	Increase in rates	**THE GROUP Effect on profit/loss before tax/**	**THE COMPANY Effect on profit/loss before tax/**
	%	**Rs'000**	**Rs'000**
2020			
Interest-bearing loans and borrowings in Mauritian rupees	**1%**	**21,101**	**21,101**
Interest-bearing loans and borrowings in Moroccan dirhams	**1%**	**1,556**	**-**
2019			
Interest-bearing loans and borrowings in Mauritian rupees	1%	20,981	20,981
Interest-bearing loans and borrowings in Moroccan dirhams	1%	784	-

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

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

(iii) Liquidity risk

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

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

THE GROUP	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
2020						
Trade and other payables	**-**	**423,803**	**-**	**-**	**-**	**423,803**
Borrowings*	**-**	**14,876**	**169,107**	**1,756,671**	**686,527**	**2,627,181**
Lease liabilities	**-**	**-**	**20,115**	**68,090**	**486,981**	**575,186**
	-	**438,679**	**189,222**	**1,824,761**	**1,173,508**	**3,626,170**
2019						
Trade and other payables	-	307,689	-	-	-	307,689
Borrowings*	-	20,422	128,471	2,489,956	58,257	2,697,106
	-	328,111	128,471	2,489,956	58,257	3,004,795

THE COMPANY	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
2020						
Trade and other payables	**-**	**26,341**	**-**	**-**	**-**	**26,341**
Borrowings*	**-**	**14,876**	**66,021**	**1,704,528**	**686,527**	**2,471,952**
	-	**41,217**	**66,021**	**1,704,528**	**686,527**	**2,498,293**
2019						
Trade and other payables	-	24,445	-	-	-	24,445
Borrowings*	-	20,422	83,192	2,342,926	58,257	2,504,797
	-	44,867	83,192	2,342,926	58,257	2,529,242

* Borrowings include future interest costs.

9. Capital management

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

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

The implications of the COVID-19 pandemic on capital management have been discussed under the going concern note (note 12).

The Group monitors capital using a gearing ratio, which is net debt divided by total equity plus debt. The actual gearing is higher than anticipated by management and is principally due to the financing of projects as part of the Group's strategy. The gearing ratio will improve once cash is generated from the projects. The Group includes within net debt, interest-bearing loans and borrowings adjusted for interest accrued but not yet paid, less cash and cash equivalents. The target gearing of the Group is dependent on the country of operation and project. As such, Domaine Palm Marrakech S.A. and Praslin Resort Limited have a target gearing of 85:15 and 50:50 respectively. Total equity is attributable to equity holders of the parent as shown in the statement of financial position. The gearing ratios at 30 June 2020 and 30 September 2019 were as follows:

	THE GROUP		THE COMPANY	
	30 June 2020	30 September 2019	**30 June 2020**	30 September 2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Interest-bearing loans and borrowings	**2,627,181**	2,694,325	**2,471,952**	2,504,797
Lease liabilities	**575,186**	2,781	**-**	-
Less interest costs included above	**(759,473)**	(480,400)	**(329,708)**	(400,884)
Less cash in hand and at bank	**(159,591)**	(131,542)	**(74,888)**	(99,902)
Net Debt	**2,283,303**	2,085,164	**2,067,356**	2,004,011
Total equity	**3,165,947**	3,695,054	**2,950,959**	3,568,485
Equity attributable to equity holders of the parent	**3,165,947**	3,695,054	**2,950,959**	3,568,485
Gearing ratio (net debt/total equity plus debt)	**42%**	36%	**41%**	36%
Gearing Ratio (net debt excluding IFRS 16 Leases/total equity plus debt)	**41%**	36%	**41%**	36%

10. Distributions

Cash dividend to equity holders

The Company recognises a liability to make cash distributions to equity holders when the distribution is authorised by the Board. As at 30 June 2020, no dividend has been declared (2019: Nil).

11. Segmental reporting

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

Segmental information has been disclosed on a geographical basis as follows:

2020	**Mauritius**	**Morocco**	**Seychelles**	**Total**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Revenue	-	176,543	-	176,543
Other impairment losses	-	(457,003)	-	(457,003)
Fair value movement in investment property	-	(205,353)	-	(205,353)
Finance costs	(60,612)	(5,321)	(22,133)	(88,066)
Loss after tax	(73,080)	(689,217)	(20,937)	(783,234)
Segment assets	5,163,587	1,285,338	35,664	6,484,589
Segment liabilities	2,213,785	1,032,506	72,351	3,318,642
Other segment information:				
Capital expenditure	-	(4,059)	-	(4,059)
Depreciation of property and equipment	-	(15,064)	-	(15,064)
Depreciation of right-of-use assets	-	(779)	(8,159)	(8,938)
Amortisation of intangible assets	-	(306)	-	(306)
Other impairment losses	-	(457,003)	-	(457,003)
Fair value loss on investment property	-	(205,353)	-	(205,353)

2019	**Mauritius**	**Morocco**	**Seychelles**	**Total**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Gain on bargain purchase	-	127,530	-	127,530
Finance costs	(7,351)	-	-	(7,351)
Loss/(profit) after tax	(25,354)	127,530	-	102,176
Segment assets	5,730,913	981,333	5,659	6,717,905
Segment liabilities	2,162,513	853,802	6,536	3,022,851

12. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

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

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

Going concern
With the outbreak of COVID-19, the operations and projects of the Group and Company have been significantly impacted. The drop in revenue and the one-off non-cash impairment of assets have led to a loss of Rs 783m and Rs 618m for the Group and Company respectively for the period ended 30 June 2020. The Group and Company held net current assets of Rs 3.1bn and Rs 2.9bn (2019: Rs 3.8bn and Rs 2.1bn) respectively. In addition, the net cash position of the Group and Company at the reporting period remained positive at Rs 149m and Rs 64m (2019: Rs 131m and Rs 99m) respectively.

(i) Mauritius
Semaris Ltd has a land bank of 174 Arpents valued at Rs 2bn earmarked for the development of a high-end residential estate project under the "Property Development Scheme". An MOU was signed in October 2018 with Safran Landcorp Ltd with the first phase of the project expected to start in the financial period ended 30 June 2020. Due to the COVID-19 pandemic, the project launch has been delayed until the market conditions are more favourable. The Company has extended the MOU to start the project in July 2021.

12. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

Going concern (Cont'd)

(i) Mauritius (Cont'd)
The launching of the "Invest Hotel Scheme" project has also been delayed due to current market conditions. The timing of the project is now under review and a new project timeline will be set.

In the event of delay on account of the prolonged effect of the COVID-19 pandemic , management would envisage negotiations: (1) with the bank to restructure the existing loan and; (2) with New Mauritius Hotels Limited to reschedule the "solde de prix" including interest deferment thereon.

(ii) Morocco
With the prolonged lockdown period in Morocco, marketing actions have been delayed following travel restrictions which as a result prevented site visits of potential acquirers and hence sale and delivery of villas for the period ended 30 June 2020.

Management has also taken a series of cash protection measures since the beginning of the pandemic:

- voluntary salary reduction of 50% from May to June 2020, 20% – 50% from July to September 2020 and 15% – 25% from September to December 2020. This measure allowed a reduction of payroll costs of approximately Rs 5m;
- negotiations with suppliers to spread the outstanding balances due as at 30 June 2020 on a payment plan extending from July to December 2020;
- negotiations with authorities for an extended repayment plan for the "Douar" contribution; and
- negotiations with the bank to defer to January 2021 capital and interests repayment totaling approximately to Rs 16m for the period from April 2020 to September 2020 and reprofiling the outstanding capital balances.

Despite the current context, the Company has successfully finalised cash inflows of Rs 322m through the signature of sales agreement for four parcels of land in November 2020, has been able to recoup approximately Rs 100m on villas already sold during the period July 2020 to November 2020 and is expected to recover the remaining amount due by June 2021. The Company is actively under negotiation with potential buyers for further sales to be concluded in early 2021.

Management will closely analyse the situation to determine how and when cash will be used. Depending on market conditions, the residual cash will either be used in infrastructural work to speed up sale or kept as reserves to sustain the prolonged economic downturn.

With the encouraging news on COVID-19 vaccines and their availability in early 2021, management believes that the luxury property market should pick up that same year and with the strategic partnership signed with renowned brokers such as Vaneau and Chesterton, sales would regain momentum.

The above conditions indicate the existence of a material uncertainty which may cast significant doubt around the Company's ability to continue as a going concern. Management has determined however that the actions taken are sufficient to mitigate the uncertainty and has therefore prepared the financial reporting on a going concern basis.

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

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

Impairment of non-financial assets
An impairment exists when the carrying value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

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

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

13. Other impairment losses	THE GROUP		THE COMPANY	
	Nine-month period ended 30 June 2020	Year ended 30 September 2019	**Nine-month period ended 30 June 2020**	Year ended 30 September 2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Other impairment losses	**457,003**	-	**545,518**	-

Other impairment losses at Group level relate to Domaine Palm Marrakech S.A. where impaiment losses have been recognised on the golf course, inventory and VAT recoverable amounting to Rs 371m, Rs 44m and Rs 42m respectively.

The impairment loss arising on the golf course is due to a change in valuation technique. As at 30 September 2019, the golf course was valued on a replacement costs basis under 'IAS 40 Investment property' while as at 30 June 2020, following reclassification to 'IAS 16 Property, plant and equipment', a value-in-use approach has been adopted using a discounted cash flow method with a WACC of 10.6%. The impairment assessment as at 30 June 2020 is in line with 'IAS 36 Impairment of assets'.

The following main assumptions have been considered in the assessment for impairment of assets:

(a) Domaine Palm Marrakech S.A.
Phase 1 of the project consists of 97 fully sold villas, out of which 3 villas remain to be delivered in 2021. Phase 1b consists of 18 plots and 38 villas which are currently being developed, out of which 3 have been sold but not yet delivered. Phase 2 consists of a land bank of 43 hectares which will be available for development as from financial year 2024.

The discounted project cash flows have been used for the net realisable value (NRV) testing of the carrying value of inventories at year-end. The selling prices and margins for Phases 1b & 2 villas were based on management estimates and were expected to be higher than Phase 1. The discount rate used is 10.6% which is the WACC derived for Domaine Palm Marrakech S.A..

The golf course previously classified under investment property has been reclassified to property and equipment (note 25) and as such the valuation technique has changed from a net replacement cost as at 30 September 2019 to a discounted cash flow method with a WACC of 10.6%. An impairment assessment was done in accordance with 'IAS 36 Impairment of assets' where a value-in-use approach has been used. The change in valuation technique resulted in an impairment loss of Rs 371m at Group level.

As at 30 June 2020, the Company tested for impairment of its investment in Domaine Palm Marrakech S.A.. The recoverable amount being lower than its carrying value of investment, an impairment loss was recognised at Company level amounting to Rs 546m.

The recoverable amount is arrived by using a mix of valuation methods incorporating a combination of income and market approaches and using projected discounted cash flows.

(b) Praslin Resort Limited
The project consists of the development of 40 villas and the construction of a hotel of 112 rooms on a 64 hectares of leasehold land.

The carrying value of the investment of Kingfisher 3 Limited amounted to Rs 675m which included the fair value of the leasehold land held in the underlying investee Company, Praslin Resort Limited. As at 30 June 2020, there were no indicators of impairment on the Company. The carrying value of the investment at Company level is reflected by the valuation of the leasehold land at Rs 675m.

14. Events after the reporting date

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

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

- The memorandum of understanding ('MOU') between Semaris Ltd and Safran Landcorp Ltd has been extended from 23 October 2020 to 22 July 2021 following the COVID-19 implications on the economy. Through the joint venture between Semaris Ltd and Safran Landcorp Ltd, the proposed Imperia Golf Estate will be developed and promoted which comprise high-end residential estate project under the Property Development Scheme ('PDS') involving the construction, promotion and sale of 220 villas.

15. Related party transactions and disclosures

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

The following transactions have been entered into with related parties:

(i) Included in other income is:

	Nature of goods and services	THE GROUP Nine-month period ended 30 June 2020	THE GROUP Year ended 30 September 2019	THE COMPANY Nine-month period ended 30 June 2020	THE COMPANY Year ended 30 September 2019
		Rs'000	Rs'000	**Rs'000**	Rs'000
Entities under common control:					
Beachcomber Hotel Marrakech S.A.	Management fees	**28,536**	-	**-**	-
Ste Anne Resort Limited	Reversal of accruals	**5,195**	-	**-**	-

(ii) Included in other expenses is:

	Nature of goods and services	THE GROUP Nine-month period ended 30 June 2020	THE GROUP Year ended 30 September 2019	THE COMPANY Nine-month period ended 30 June 2020	THE COMPANY Year ended 30 September 2019
		Rs'000	Rs'000	**Rs'000**	Rs'000
Entities under common control:					
New Mauritius Hotels Limited	Management fees	**7,500**	10,003	**7,500**	10,003

(iii) Included in finance cost is:

	Nature of goods and services	THE GROUP Nine-month period ended 30 June 2020	THE GROUP Year ended 30 September 2019	THE COMPANY Nine-month period ended 30 June 2020	THE COMPANY Year ended 30 September 2019
		Rs'000	Rs'000	**Rs'000**	Rs'000
Entities under common control:					
New Mauritius Hotels Limited	Interest on borrowings	**35,755**	3,901	**35,755**	3,901

(iv) Included under financial assets at amortised cost is:

	THE GROUP 30 June 2020	THE GROUP 30 September 2019	THE COMPANY 30 June 2020	THE COMPANY 30 September 2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Entities under common control:				
Domaine Palm Marrakech S.A.	**-**	-	**863**	-
Les Salines PDS Ltd	**-**	-	**1,127**	-
Beachcomber Hotel Marrakech S.A.	**370,588**	396,872	**-**	-

(v) Long-term loan payable to related party included under borrowings

	THE GROUP 30 June 2020	THE GROUP 30 September 2019	THE COMPANY 30 June 2020	THE COMPANY 30 September 2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Entities under common control:				
New Mauritius Hotels Limited	**1,273,406**	1,237,651	**1,239,656**	1,203,901

(vi) Included under trade and other payables:

	THE GROUP 30 June 2020	THE GROUP 30 September 2019	THE COMPANY 30 June 2020	THE COMPANY 30 September 2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Entities under common control:				
New Mauritius Hotels Limited	**24,971**	15,537	**24,971**	15,537
Ste Anne Resort Limited	**129,243**	54	**-**	-
Kingfisher Ltd	**25,641**	25,641		
Domaine de l'Harmonie Ltée	**52,308**	47,680	**-**	-

Terms and conditions of transactions with related parties

Outstanding balances at period end are unsecured and settlement occurs in cash. The Company has acted as guarantor for a bank loan taken by Domaine Palm Marrakech S.A., a subsidiary of the Company, from Attijariwafa Bank for an amount of Rs 80m. The bank loan has been taken to finance infrastructural works. For the financial period, the Group and Company assessed the recoverability of amounts owed by related parties and no impairment loss was recorded (2019: nil). This assessment is undertaken each financial period/year through examining the financial position of the related party and the market in which the related party operates.

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

Loans from related parties
Loan payable to New Mauritius Hotels Limited bears interest rate of 5% per annum (2019: 5%).

(vii) Compensation of key management personnel

	THE GROUP		THE COMPANY	
	Nine-month period ended 30 June 2020	Year ended 30 September 2019	**Nine-month period ended 30 June 2020**	Year ended 30 September 2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Salaries	**5,433**	570	**195**	-
Post-employment benefits	**19**	13	**-**	-
	5,452	583	**195**	-

DETAILED INFORMATION ON STATEMENTS OF PROFIT OR LOSS ITEMS

16. Revenue from contract with customers

	THE GROUP	
	Nine-month period ended 30 June 2020	Year ended 30 September 2019
	Rs'000	Rs'000
Revenue from contract with customers (note 11)	**176,543**	-
Timing of revenue recognition		
At a point in time	**176,543**	-

(a) Assets and liabilities related to contract with customers

	THE GROUP			
	Contract assets		Contract liabilities	
	30 June 2020	30 September 2019	**30 June 2020**	30 September 2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 1 October	**3,493**	-	**366,173**	-
Acquired through business combination	**-**	3,493	**-**	366,173
Amounts included in contract liabilities that were recognised as revenue during the period	**-**	-	**(176,543)**	-
Cash received in advance of performance and not recognised as revenue during the period	**-**	-	**85,205**	-
Exchange differences	**339**	-	**31,985**	-
At 30 June/30 September	**3,832**	3,493	**306,820**	366,173

Contract assets relate to amount billed to customers as deposit for villas for which payments have not yet been received.

Contract liabilities relate to deposit received from customers for villas where performance obligations have not yet been met.
Revenue that will be recognised in future periods on these contracts when those remaining performance obligations will be satisfied is expected to be in period ending 30 June 2021.

17. Staff costs

	THE GROUP		THE COMPANY	
	Nine-month period ended 30 June 2020	Year ended 30 September 2019	**Nine-month period ended 30 June 2020**	Year ended 30 September 2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Wages, salaries, fees and bonuses	**22,598**	110	**675**	110
Social costs	**3,110**	-	**-**	-
Other employee benefits and related expenses	**4,708**	-	**-**	-
	30,416	110	**675**	110

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

18. Other expenses

	THE GROUP		THE COMPANY	
	Nine-month period ended 30 June 2020	Year ended 30 September 2019	**Nine-month period ended 30 June 2020**	Year ended 30 September 2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Operating supplies	**1,812**	-	**-**	-
Repairs and maintenance	**683**	-	**-**	-
Utility costs	**10,725**	-	**-**	-
Management fees	**7,500**	10,003	**7,500**	10,003
Marketing expenses	**3,015**	-	**-**	-
Administrative expenses	**24,160**	7,886	**3,081**	7,803
Licences and insurance	**1,770**	4	**140**	4
	49,665	17,893	**10,721**	17,810

19. Other income

	THE GROUP		THE COMPANY	
	Nine-month period ended 30 June 2020	Year ended 30 September 2019	**Nine-month period ended 30 June 2020**	Year ended 30 September 2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Management income	**28,536**	-	**-**	-
Other operating income	**25,507**	-	**-**	-
Profit on disposal of plant and equipment	**6**	-	**-**	-
	54,049	-	**-**	-

20. Finance revenue

	THE GROUP		THE COMPANY	
	Nine-month period ended 30 June 2020	Year ended 30 September 2019	**Nine-month period ended 30 June 2020**	Year ended 30 September 2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Interest income	**295**	-	**-**	-

21. Finance costs

	THE GROUP		THE COMPANY	
	Nine-month period ended 30 June 2020	Year ended 30 September 2019	**Nine-month period ended 30 June 2020**	Year ended 30 September 2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Exchange loss on retranslation of lease liability	**17,630**	-	**-**	-
Interest costs on:				
Bank overdrafts	**306**	5	**306**	5
Bank and other loans repayable by instalments	**63,633**	7,346	**60,306**	7,346
Lease liabilities	**6,497**	-	**-**	-
	88,066	7,351	**60,612**	7,351

Accounting Policy

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. Other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

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

Borrowing costs capitalised are analysed as follows:	THE GROUP		THE COMPANY	
	30 June 2020	30 September 2019	**30 June 2020**	30 September 2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Interest cost on bank loans included in inventories:				
Inventories	**348,719**	350,649	**-**	-
	348,719	350,649	**-**	-

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

22. Income tax

Accounting Policy

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

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

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

Deferred income tax liabilities are recognised for all taxable temporary differences, except:
- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiary companies where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

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

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

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

Deferred income tax assets and deferred income tax liabilities are offset, if and only if:

(a) there is a legally enforceable right 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;
(b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 (i) the same taxable entity; or
 (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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

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

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

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

22. Income tax (cont'd)

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

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

(a) Current income tax	**THE GROUP**		**THE COMPANY**	
	Nine-month period ended 30 June 2020	Year ended 30 September 2019	**Nine-month period ended 30 June 2020**	Year ended 30 September 2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
The major components of income tax expense for the period/year ended 30 June 2020 and 30 September 2019 are:				
Statements of profit or loss:				
Income tax charge on the adjusted profit for the period/year at 15%-30% (2019: 15%)	**(1,246)**	-	**-**	-
Deferred tax movement (note(iii))	**3,440**	-	**-**	-
Income tax credit	**2,194**	-	**-**	-
Statements of financial position:				
At 1 October	**132,284**	-	**-**	-
Income tax on the adjusted loss for the period/year at 15%-31%	**1,246**	-	**-**	-
Acquired through business combination	**-**	132,284		
Less: Payment during the period	**(1,246)**	-	**-**	-
Exchange diferrences	**12,841**	-	**-**	-
	145,125	132,284	**-**	-

(b) A reconciliation between tax expense and the product of accounting profit multiplied by the Mauritian's tax rate for the year and period ended 30 June 2020 and 30 September 2019 as follows:

	THE GROUP		**THE COMPANY**	
	Nine-month period ended 30 June 2020	Year ended 30 September 2019	**Nine-month period ended 30 June 2020**	Year ended 30 September 2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
(Loss)/profit before tax	**(785,428)**	102,176	**(617,526)**	(25,271)
Tax calculated at a tax rate of 15%-31% (2019: 15%-31%)	**(227,877)**	15,326	**(92,629)**	(3,791)
Effect of different tax rate in foreign countries	**108,822**	-	**-**	-
Expenses not deductible for tax purposes	**190,984**	-	**81,828**	-
Income not subject to tax	**(81,706)**	(19,130)		
Deferred tax asset not recognised	**11,971**	3,804	**10,801**	3,791
Income tax credit	**2,194**	-	**-**	-

(c) Deferred income tax

(i) Deferred income taxes are calculated on all temporary differences under the liability method at 15%-31% (2019: nil). There is a legally enforceable right to offset current tax assets against current tax liabilities and deferred income tax assets and liabilities when the deferred income taxes relate to the same fiscal authority on the same entity. The following amounts are shown in the statements of financial position:

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

22. Income tax (cont'd)

(c) Deferred income tax (cont'd)

	THE GROUP	
	30 June 2020	30 September 2019
	Rs'000	Rs'000
Deferred tax asset (note (iv))	**18,941**	-
Deferred tax liability (note (iv))	**(15,912)**	-
Net deferred income tax assets	**3,029**	-

(ii) No deferred tax asset has been recognised for both the Group and Company following losses in the reporting period due to unpredictability of future profit streams. The tax losses not recognised as deferred tax on the Group and Company amounted to Rs 228m (2019: nil) and Rs 93m (2019: nil) respectively. A deferred tax asset has been recognised on the adoption of IFRS 16. As at 30 June 2020, deferred tax liability amounting to Rs 17k, has been recognised on Domaine Palm Marrakech SA. and deferred tax asset amounting to Rs 3m was recognised on Praslin Resort Limited.

(iii) The movement on the deferred income tax account is as follows:

	THE GROUP	
	30 June 2020	30 September 2019
	Rs'000	Rs'000
At 1 October 2019	**-**	-
- As previously reported	**-**	-
- Effect of adopting IFRS 16 (note 41)	**-**	-
- As restated	**-**	-
Amount recognised in or loss (note (a))	**3,440**	-
Exchange differences	**(411)**	-
At 30 June/30 September	**3,029**	-

(iv) The movement in deferred tax assets and liabilities during the reporting period, without taking into consideration the offsetting of balances is as follows:

Deferred tax liability	**THE GROUP**
	Right-of-use assets
	Rs'000
At 1 October 2019	
- As previously reported	-
- Effect of adopting IFRS 16 (note 41)	(16,859)
- As restated	(16,859)
Amount recognised in profit or loss	258
Exchange differences	689
At 30 June 2020	**(15,912)**

Deferred tax asset	**THE GROUP**
	Lease liabilities
	Rs'000
At 1 October 2019	
- As previously reported	-
- Effect of adopting IFRS 16 (note 41)	16,859
- As restated	16,859
Amount recognised in profit or loss	3,182
Exchange differences	(1,100)
At 30 June 2020	**18,941**

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

23. (Loss)/earnings per share

Accounting Policy
Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. The number of ordinary shares of the Company as at year end amounts to 548,982,130.

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

	Note	**Nine-month period ended 30 June 2020**	Year ended 30 September 2019
		Rs'000	Rs'000
(Loss)/profit attributable to ordinary equity holders of the parent for basic earnings		**(783,234)**	102,176
Number of ordinary shares for basic EPS	35	**548,982,130**	548,982,130
Basic (loss)/earnings per share	Rs	**(1.43)**	0.19

DETAILED INFORMATION ON STATEMENTS OF FINANCIAL POSITION ITEMS

24. Business combinations

Acquisition of subsidiaries

(i) In prior year, the Group acquired 100% shares in Domaine Palm Marrakech S.A. and Kingfisher 3 Limited for a consideration of Rs 2.9bn and Rs 675m respectively.

The following table summarises the purchase consideration and the fair value of the identifiable amounts of the assets acquired and liabilities assumed at acquisition date:

	THE GROUP
Consideration:	30 September 2019
	Rs'000
Purchase consideration in kind	3,595,000
Less net assets acquired	(3,156,000)
	439,000

	THE GROUP
	30 September 2019
Net effect of business consideration:	Rs'000
Gain on bargain purchase on acquisition of investment in Domaine Palm Marrakech SA.	(127,530)
Leasehold right on acquisition of investment in Kingfisher 3 Limited:	
- upfront payment of sublease	437,555
- land under villas	128,975
	439,000

	THE GROUP
	30 September 2019
Net cash outflow on acquisition of subsidiary	Rs'000
Consideration paid in cash	-
Less: Cash in hand and at bank acquired	(31,640)
	(31,640)

(ii) Consideration price of acquisition of subsidiaries was based on Independent Financial Advisor (IFA) report issued on 10 July 2019. Domaine Palm Marrakech S.A. had been fair valued by KPMG Advisory Services Mauritius using a combination of fair value of properties, discounted cash flows and assets at book value.
(iii) The fair value of Kingfisher 3 Limited had been determined by Mr Noor Dilmohamed, BSc (Appl) Val, Dip L.S. FAPI, Certified Practising Valuer on the basis of open market value and has been reflected for business combination purposes.

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

25. Property and equipment

Accounting Policy

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

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

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

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

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

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

Office buildings	50 years
Property and equipment	Between 6 to 15 years
Furniture, fittings, office equipment and electrical appliances	Between 3 to 10 years
Computers and electronic equipment	Between 3 to 10 years
Motor vehicles	5 years

Land is not depreciated.

An item of property 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/period the asset is derecognised.

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

Significant accounting judgements and estimates
Revaluation of freehold land, buildings and investment property
The Group measures freehold land and buildings at revalued amounts with changes in fair value being recognised in statements of other comprehensive income and accumulated in equity. It carries its investment properties at fair value, with changes in fair value being recognised in profit or loss. The Group engaged an independent valuation specialist to determine fair value based on prevailing market data.

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

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

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

25. Property and equipment (cont'd)

The carrying amount of property and equipment is disclosed below:

THE GROUP	Freehold Land	Buildings	Other Fixed Assets	Motor Vehicles	Work in Progress	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
COST						
At 1 October 2018						
Acquired through business combination	10,120	37,581	45,904	37,014	83,586	214,205
At 30 September 2019 (as previously reported)	10,120	37,581	45,904	37,014	83,586	214,205
Correction of prior year error (note 42)	-	659,052	-	-	-	659,052
At 1 October 2019 (restated)	10,120	696,633	45,904	37,014	83,586	873,257
Effect of change in accounting policy (note 41)	-	-	-	(23,224)	-	(23,224)
At 1 October 2019 (restated)	10,120	696,633	45,904	13,790	83,586	850,033
Additions	-	711	1,739	-	-	2,450
Disposal	-	-	(105)	-	-	(105)
Impairment	-	(381,722)	-	-	-	(381,722)
Exchange Differences	982	52,774	4,520	1,273	(12,859)	46,690
At 30 June 2020	**11,102**	**368,396**	**52,058**	**15,063**	**70,727**	**517,346**
DEPRECIATION						
At 1 October 2018						
Acquired through business combination	-	8,819	34,215	30,135	-	73,169
At 30 September 2019	-	8,819	34,215	30,135	-	73,169
Effect of change in accounting policy (note 41)	-	-	-	(18,324)	-	(18,324)
At 1 October 2019 (restated)	-	8,819	34,215	11,811	-	54,845
Charge for the period	-	11,530	2,765	769	-	15,064
Disposal adjustment	-	-	(105)	-	-	(105)
Impairment	-	(10,561)	-	-	-	(10,561)
Exchange Differences	-	894	3,425	1,177	-	5,496
At 30 June 2020	**-**	**10,682**	**40,300**	**13,757**	**-**	**64,739**
Net book value 30 June 2020	**11,102**	**357,714**	**11,758**	**1,306**	**70,727**	**452,607**
Net book value 30 September 2019 (restated)	10,120	687,814	11,689	6,879	83,586	800,088

(a) Revaluation of freehold land and buildings
The Group has a policy of revaluing its freehold land and buildings every three years. Assets and liabilities have been brought into the Group at fair value as at 30 September 2019. The fair value of assets were determined by Mr. Noor Dilmohamed, BSc (Appl) Val, Dip L.S. FAPI, Certified Practising Valuer and KPMG Mauritius based on prevailing market data. The Directors are of the opinion that there has been no material change to the property value during the nine-month period except for the value of the golf course. As at 30 June 2020, the golf course has been valued using a value-in-use approach where a discounted cash flow method was applied using a WACC of 10.6% as compared to prior year where the golf course was valued on a net replacement cost basis and was accounted as investment property (note 42).

Detail of the Group's freehold land and buildings measured at fair value and information about the fair value hierarchy are as follows:

	Level 1	Level 2	Level 3
As at 30 June 2020	**Rs'000**	**Rs'000**	**Rs'000**
Freehold land	-	11,102	-
Buildings	-	31,286	326,428
	-	**42,388**	**326,428**

	Level 1	Level 2	Level 3
As at 30 September 2019	Rs'000	Rs'000	Rs'000
Freehold land	-	10,120	-
Buildings	-	687,814	-
	-	697,934	-

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

25. Property and equipment (cont'd)

(b) Following the restatement from investment property to property and equipment on 1 October 2019, the golf course has been classified as level 3 under the fair value hierarchy.

The fair value of the building was derived using the value-in-use approach. The most significant input into this valuation approach is price per square metre.

	2020
Significant observable valuation input	**Range**
Price per square metre:	
Buildings	Rs 400-Rs 500 per sqm

The fair value measurements of the buildings using significant unobservable inputs are as follows:

	THE GROUP	
	30 June 2020	30 September 2019
	Rs'000	Rs'000
At 1 October		
- As previously reported	**-**	-
- Effect of prior year error (note 42)	**659,052**	-
- As restated	**659,052**	-
Transfer from investment property (note 27)	**-**	659,052
Other impairment losses recognised in profit or loss (note 13)	**(371,161)**	-
Exchange differences	**38,537**	-
At 30 June/30 September	**326,428**	659,052

The following summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements:

	Valuation technique and key inputs	Unobservable inputs	Sensitivity used	Effect on fair value 30 June 2020 Rs'000
Building	Value-in-use approach	Weighted-average cost of capital	1% increase in fair value	**3,264**
			1% decrease in fair value	**(3,264)**

(c) Impairment of assets
As at 30 June 2020, an impairment assessment has been done in accordance with IAS 36 where an impairment loss of Rs 371m has been identified and recognised on the golf course in Domaine Palm Marrakech S.A. (note 13).

(d) Assets under finance leases
Assets under finance leases have been transferred to right-of-use asset following change in accounting policy.

26. Right-of-use assets and lease liabilities

Accounting Policy
In 2019, leases were classified as finance leases where the terms of the lease transferred substantially all the risks and rewards of ownership to the lessee. All other leases were classified as operating leases.

Finance leases were capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment was allocated between the liability and finance charges so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges were charged to profit or loss unless they were attributable to qualifying assets in which case, they were capitalised in accordance with the policy on borrowing costs.

Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 October 2019, all leases are accounted for by recognising a right-of-use asset and a lease liability except for:

• leases of low value assets (below Rs 200k); and
• leases with a duration of 12 months or less.

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

26. Right-of-use assets and lease liabilities (cont'd)

Accounting Policy (cont'd)

Identifying Leases
The Group accounts for a contract, or a portion of a contract, as a lease when it conveys the right to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:

(a) there is an identified asset;
(b) the Group obtains substantially all the economic benefits from use of the asset; and
(c) the Group has the right to direct use of the asset.

The Group considers whether the supplier has substantive substitution rights. If the supplier does have those rights, the contract is not identified as giving rise to a lease.

In determining whether the Group obtains substantially all the economic benefits from use of the asset, the Group considers only the economic benefits that arise from the use of the asset, not those incidental to legal ownership or other potential benefits.

In determining whether the Group has the right to direct use of the asset, the Group considers whether it directs how and for what purpose the asset is used throughout the period of use. If there are no significant decisions to be made because they are predetermined due to the nature of the asset, the Group considers whether it was involved in the design of the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use. If the contract or portion of a contract does not satisfy these criteria, the Group applies other applicable IFRS rather than IFRS 16.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:
• amounts expected to be payable under any residual value guarantee;
• the exercise price of any purchase option granted in favour of the Group if it is reasonably certain to assess that option;
• any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

• lease payments made at or before commencement of the lease;
• initial direct costs incurred; and
• the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations).

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Group revises its estimate of the term of any lease (for example, it reassesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to be made over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

When the Group renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

• if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional right-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy;
• in all other cases where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount;
• if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

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

26. Right-of-use assets and lease liabilities (cont'd)

Accounting Policy (cont'd)

For contracts that both convey a right for the Group to use an identified asset and require services to be provided to the Group by the lessor, the Group has elected to account for the entire contract as a lease, i.e. it does not allocate any amount of the contractual payments to, nor account separately for, any services provided by the supplier as part of the contract.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

Accounting for leases where the Group is the lessor
Lease income from leases where the Group is a lessor is recognised in profit or loss on a straight line basis over the lease term. Initial direct costs incurred in obtaining the lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature. The Group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting IFRS 16.

(a) Right-Of-Use Assets

		THE GROUP		
	Note	**Land and buildings**	**Plant machinery and motor vehicles**	**Total**
		Rs'000	**Rs'000**	**Rs'000**
At 30 September 2019		-	-	-
Effect of change in accounting policies:	41			
- Initial measurement of lease liability		86,426	-	86,426
- Transfer from property and equipment		-	4,900	4,900
- Transfer from inventories (note 30)		20,867	-	20,867
- Transfer from intangibles assets		446,948	-	446,948
At 1 October 2019		554,241	4,900	559,141
Depreciation		(8,550)	(388)	(8,938)
Exchange differences		(11,697)	460	(11,237)
At 30 June 2020		**533,994**	**4,972**	**538,966**

(b) Lease Liabilities

	Note	**Land and buildings**	**Plant machinery and motor vehicles**	**Total**
		Rs'000	**Rs'000**	**Rs'000**
At 30 September 2019		-	-	-
Effect of change in accounting policies:	41			
- Initial measurement of lease liability		86,426	-	86,426
- Transfer from borrowings (note 37 (d))		-	2,310	2,310
At 1 October 2019		86,426	2,310	88,736
Interest expense		6,398	99	6,497
Lease payments		(2,342)	(579)	(2,921)
Exchange differences		7,792	206	7,998
At 30 June 2020		**98,274**	**2,036**	**100,310**
Current				10,480
Non-current				89,830
				100,310

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

26. Right-of-use assets and lease liabilities (cont'd)

Accounting Policy (cont'd)

(b) Lease Liabilities (cont'd)

	THE GROUP	
	30 June 2020	30 September 2019
	Rs'000	Rs'000
Minimum lease payments:		
- Within one year	**20,115**	-
- After one year and before two years	**17,837**	-
- After two years and before five years	**50,253**	-
- After five years	**486,981**	-
	575,186	-
Less: Future finance charges on obligations	**(474,876)**	-
Present value of obligations	**100,310**	-
Present value analysed as follows:		
Current		
- Within one year	**10,480**	-
Non-current		
- After one year and before two years	**8,019**	-
- After two years and before five years	**21,189**	-
- After five years	**60,622**	-
	89,830	-
	100,310	-

(c) Adoption of IFRS 16
Following the adoption of IFRS 16, the leasehold rights arising on the cost of leases acquired for Praslin Resort Limited and these recognised at Group level through investment made by Semaris Ltd in Kingfisher 3 Limited for its underlying assets in Praslin Resort Limited have been reclassified to right-of-use assets. The leasehold rights recognised at Group level are amortised over the remaining lease term of the parcels of land i.e, 48 years.

(d) Nature of leasing activities (in the capacity as lessee)
The Group leases land in its jurisdictions of operation. In some jurisdictions, it is customary for lease contracts to provide for payments to increase each year by inflation or and in others to be reset periodically to market rental rates.

The Group also leases certain items of plant and equipment. In some contracts for services with distributors, those contracts contain a lease of vehicles. Leases of property, equipment and vehicles comprise only fixed payments over the lease terms.

(e) Extension and termination options
There are no extension and termination options included in property and equipment leases across the Group.

(f) Lease term
In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Extension and termination options are included in property leases in the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operation. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

(g) Interest expense

	THE GROUP	THE COMPANY
	Nine-month period ended 30 June 2020	**Nine-month period ended 30 June 2020**
	Rs'000	**Rs'000**
Interest expense (note 21)	**6,497**	**-**

The total cash outflow for leases in the financial period 2020 was Rs 2.9m for the Group.

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

27. Investment property

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

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

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

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

	THE GROUP	
	30 June 2020 Rs'000	30 September 2019 Rs'000 Restated
At 1 October,		
- As previously reported	**1,542,464**	-
- Effect of correction of prior year error (note (b))	**(659,052)**	-
- As restated	**883,412**	-
Acquired through business combination	**-**	1,542,464
Additions	**873**	-
Transfer to property and equipment	**-**	(659,052)
Fair value movement (note (c))	**(205,353)**	-
Exchange differences	**77,786**	-
At 30 June/ 30 September	**756,718**	883,412

(a) The investment properties are stated at fair value which has been determined by the Directors, based on valuations performed by accredited independent valuers namely KPMG Mauritius and A. Lazrak Advisory. As at 30 June 2020, a revaluation was carried out for the investment property using a fair value approach which was supported by open market value by reference to market evidence of transaction prices for similar properties and discounted cash flow method. The revaluations were based on market economic conditions and active market prices existing at the reporting date, adjusted for any difference in the nature, location or condition of the specific property. Cash flows of the different projects have been discounted using a WACC specific to the projects to reflect the current market assessments. Management determined that these constitute one class of asset under IFRS 13, based on the nature, characteristics and risks of the property. During the period ended 30 June 2020, investment properties previously classified under level 2 have been transferred to level 3 due to changes in valuation techniques.

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements:

	Valuation technique and key inputs	**Unobservable inputs**	**Sensitivity used**	**Effect on fair value 30 June 2020 Rs'000**
4-star hotel	Discounted cash flows	Weighted-average cost of capital	1% increase in fair value	1,603
			1% decrease in fair value	(1,603)
5-star hotel	Discounted cash flows	Weighted-average cost of capital	1% increase in fair value	3,278
			1% decrease in fair value	(3,278)
Country club	Discounted cash flows	Weighted-average cost of capital	1% increase in fair value	2,686
			1% decrease in fair value	(2,686)

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

27. Investment property (cont'd)

Accounting Policy (cont'd)

Significant valuation input:

	Fair value	**Range**
2020	**Rs'000**	
Price per square metre	756,718	Rs 4,000-Rs 12,000
2019		
Price per square metre	883,412	Rs 4,700-Rs 12,500

Details of the Group's freehold land and buildings measured at fair value and information about the fair value hierarchy are as follows:

	Level 1	**Level 2**	**Level 3**
As at 30 June 2020	**Rs'000**	**Rs'000**	**Rs'000**
Freehold land	-	-	444,026
Buildings	-	-	312,692
Total	**-**	**-**	**756,718**

	Level 1	Level 2	Level 3
As at 30 September 2019	Rs'000	Rs'000	Rs'000
Freehold land	-	553,832	-
Buildings	-	329,580	-
Total	-	883,412	-

Reconciliation of level 3 fair value hierarchy is as follows:	**30 June 2020**
	Rs'000
Opening balance	-
Transfer into level 3	962,071
Fair value movement	(205,353)
Closing balance	**756,718**

(b) The prior year error relates to the reclassification of the golf course from investment property to property, and equipment (note 42).

(c) Included in the fair value movement are the following properties:
  (i) a fair value movement of Rs 157m was recognised on land earmarked for the 5-star hotel in Domaine Palm Marrakech S.A.. The movement in fair value is based on latest fair valuation of the property using a WACC of 10.60% compared to a lower WACC of 9.46% in prior year. With the COVID-19 pandemic, cash flows have been revised to adapt to the prevailing conditions. The fair value is further supported by a set of 10 comparable property assets in the region;
  (ii) the fair value of the country club has fallen by Rs 47m following a revised discounted cash flow used. The operations of the country club being dependent on the operation of Beachcomber Hotel S.A. has been impacted and therefore the cash flows have been adapted to reflect the market conditions with a higher discount rate; and
  (iii) a fair movement of Rs 483k has also been recognised in profit or loss to reflect a change in the discount rate used in the valuation of the land for 4-star hotel.

The following amounts have been recognised in profit or loss:

	THE GROUP		**THE COMPANY**	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Rental income	**2,727**	-	**-**	-

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

28. Intangible assets

Accounting Policy

Other intangible assets

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

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

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

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

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

THE GROUP	Leasehold rights Rs'000	Computer software Rs'000	Total Rs'000
COSTS			
Acquired through business combination	447,078	2,269	449,347
At 30 September 2019 (As previously reported)	447,078	2,269	449,347
Effect of change in accounting policy (note 41)	(447,078)	-	(447,078)
At 1 October 2019 (restated)	-	2,269	2,269
Additions	-	736	736
Exchange differences	-	249	249
At 30 June 2020	**-**	**3,254**	**3,254**
AMORTISATION			
Acquired through business combination	130	1,361	1,491
At 30 September 2019 (As previously reported)	130	1,361	1,491
Effect of change in accounting policy (note 41)	(130)	-	(130)
At 1 October 2019 (restated)	-	1,361	1,361
Amortisation charge	-	306	306
Exchange differences	-	145	145
At 30 June 2020	**-**	**1,812**	**1,812**
Net book value 30 June 2020	**-**	**1,442**	**1,442**
Net book value 30 September 2019	446,948	908	447,856

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

29. Investment in subsidiaries

Accounting Policy

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

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

	THE COMPANY	
Cost (Unquoted)	**30 June 2020**	30 September 2019
	Rs'000	Rs'000
At 1 October	**3,595,001**	365,151
Additions	**-**	3,595,000
Disposal	**-**	(365,150)
Other impairment losses (note 13)	**(545,518)**	-
At 30 June	**3,049,483**	3,595,001

As at 30 June 2020, the Company recognised an impairment loss on its investment in Domaine Palm Marrakech S.A. due to recoverable value being lower than the carrying amount. The impairment loss was recognised in the statement of profit or loss under other impairment losses (note 13).

30. Inventories

Accounting Policy
Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition, are accounted for as follows:

- Stock of villas is accounted at costs which comprise cost of land, construction costs, leasehold rights and borrowing costs.

Villas being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, are held as inventory and measured at the lower of cost and net realisable value.

The leasehold right acquired on the parcel of land for construction of villas has been allocated to inventory. Upon disposal of villas, the leasehold rights will be released to the profit and loss account.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale. The Group uses forward price for sales of completed inventory in future years. Cash flows associated with net realisable value is discounted at an appropriate rate (WACC) to determine the estimated net realisable value of the inventory in its present location and condition.

Consequently, the outstanding cost of conversion and cost to sell are adjusted to take into account the time value of money.

	THE GROUP		THE COMPANY	
	30 June 2020	30 September 2019	**30 June 2020**	30 September 2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Stock of land for sale (note (a))	**3,642,105**	3,453,685	**2,000,000**	2,000,000
Leasehold rights acquired	**128,975**	149,840	**-**	-
	3,771,080	3,603,525	**2,000,000**	2,000,000
(a) Stock of land for sale is made up of:				
Land for sale at Les Salines	**2,000,000**	2,000,000	**2,000,000**	2,000,000
Land for development of integrated hotel scheme ("IHS") at Les Salines	**34,023**	34,023	**-**	-
Villas under construction in Marrakech	**1,608,082**	1,419,662	**-**	-
	3,642,105	3,453,685	**2,000,000**	2,000,000

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

30. Inventories (cont'd)

(b) Inventories are included in assets given as collateral for bank borrowings.
(c) Interest costs capitalised in inventory amounted to Rs 349m as at 30 June 2020 (2019: Rs 351m) for the Group. The rate used to determine the amount of borrowing costs eligible for capitalisation varied between 4.6%-6% for loans denominated in foreign currency, which was the effective rate of interest on the specific borrowings.
(d) Cost of inventories expensed amounts to Rs 156m for the Group.
(e) An amount of Rs 44m has been impaired on inventories to reflect its net realisable value as at 30 June 2020.
(f) Following the adoption of IFRS 16, the portion of leasehold rights incurred on the different parcels of land amounting to Rs 21m (note 26(a)) has been reclassified to right-of-use assets.

31. Trade receivables	**THE GROUP**	
	30 June 2020	30 September 2019
	Rs'000	Rs'000
Trade receivables	**1,670**	7,650

Trade receivables are unsecured, non-interest-bearing and are generally on 30 to 60 days' term.

(i) *Impairment of trade receivables*
The Group and Company applied the IFRS 9 simplified approach to measure the expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. Since trade receivables relate only to Domaine Palm Marrakech S.A. and that their value is low, a specific provisioning is used to assess expected loss allowance. As at 30 June 2020, trade receivables at a nominal value of Rs 552k for the Group were fully provided for.

32. Financial assets at amortised cost	**THE GROUP**		**THE COMPANY**	
(a)	**30 June 2020**	30 September 2019	**30 June 2020**	30 September 2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Non-current				
Financial assets at amortised cost	**332,634**	-	**-**	-
Current				
Financial assets at amortised cost	**37,954**	419,496	**1,990**	-
Total financial assets at amortised cost	**370,588**	419,496	**1,990**	-

This relates to amounts receivable from Beachcomber Hotel Marrakech S.A. for use of country club, golf and other services provided by Domaine Palm Marrakech S.A..

Terms and conditions:
- A repayment agreement has been established between Domaine Palm Marrakech S.A. and Beachcomber Hotel Marrakech S.A. whereby it is agreed that the receivable amount as at 30 June 2020 will be repayable quarterly over eight years starting from 1 July 2020 to 30 June 2028.
- Interest rates of 2.5% and 4% per annum will be charged on current and non-current receivables respectively.

The Group has made an impairment assessment by considering the previous repayment behaviours and assessing the future cash flow forecasts covering the contractual period of the receivable balances. The Group does not expect any default on repayment and is certain of Beachcomber Hotel Marrakech S.A. ability to repay its debt as it falls due in the normal course of business and/or in any adverse economic and business conditions. Consequently, the probability of default is negligible and therefore the Group has not accounted for any impairment loss.

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

32. Financial assets at amortised cost (cont'd)

(b) The carrying amounts of the financial assets at amortised cost are denominated in the following currencies:

	THE GROUP		THE COMPANY	
	30 June 2020	30 September 2019	**30 June 2020**	30 September 2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
MUR	**-**	76	**1,990**	-
MAD	**370,588**	419,420	**-**	-
	370,588	419,496	**1,990**	-

33. Other assets	THE GROUP		THE COMPANY	
	30 June 2020	30 September 2019	**30 June 2020**	**30 September** 2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
VAT receivable	**404,511**	389,040	**4,136**	1,939
Prepayments	**20,555**	31,803	**51**	-
	425,066	420,843	**4,187**	1,939

(a) VAT is receivable on capital expenditure incurred by the Group. During the period ended 30 June 2020, an amount of Rs 42m (note 13) has been impaired following lapse of time on the recoverability of the VAT.

34. Cash and cash equivalents

Accounting Policy

Cash and cash equivalents include highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Such investments are normally those with less than three months' maturity from the date of acquisition.

For the purpose of the statements of cash flows, cash and cash equivalents consist of cash in hand and at bank and net of outstanding bank overdrafts. Cash and cash equivalents are measured at amortised cost.

(a) For the purposes of the statements of cash flows, the cash and cash equivalents comprise the following:

	THE GROUP		THE COMPANY	
	30 June 2020	30 September 2019	**30 June 2020**	30 September 2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Cash in hand and at bank	**159,591**	131,542	**74,888**	99,902
Bank overdrafts (note 37)	**(11,005)**	(1,021)	**(11,005)**	(1,021)
	148,586	130,521	**63,883**	98,881

The fair value of cash is Rs 159m (2019: 131m) for the Group and Rs 74m (2019: 99m) for the Company.

At 30 June 2020, the Group and Company did not have any undrawn loan facilities. Undrawn overdraft facilities amounted to Rs 8.9m for both Group and Company after Rs 80m has been earmarked as bank guarantee given to Domaine Palm Marrakech S.A..

While cash and cash equivalents are also subject to impairment requirements of IFRS 9, the identified impairment loss was immaterial.

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

34. Cash and cash equivalents (cont'd)

(b) Reconciliation of liabilities arising from financing activities:

(i) THE GROUP
2020

			Non-cash changes			
	2019	**Cash flows**	**Recognition of IFRS 16**	**Amortisation cost**	**Foreign exchange differences**	**2020**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
Borrowings	**2,215,685**	**68,725**	**(2,310)**	**39,352**	**10,127**	**2,331,579**
Lease liabilities	**-**	**(2,921)**	**88,736**	**6,497**	**7,998**	**100,310**
	2,215,685	**65,804**	**86,426**	**45,849**	**18,125**	**2,431,889**

2019

			Non-cash changes			
	2018	Cash flows	Acquisition of inventories	Acquired through business combination	Amortisation cost	2019
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Borrowings	-	899,100	1,233,750	79,044	3,791	2,215,685
	-	899,100	1,233,750	79,044	3,791	2,215,685

(ii) THE COMPANY
2020

			Non-cash changes	
	2019	**Cash flows**	**Amortisation cost**	**2020**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Borrowings	**2,102,891**	**-**	**39,352**	**2,142,243**
	2,102,891	**-**	**39,352**	**2,142,243**

2019

			Non-cash changes		
	2018	Cash flows	Acquisition of inventories	Amortisation cost	2019
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Borrowings	-	899,100	1,200,000	3,791	2,102,891
	-	899,100	1,200,000	3,791	2,102,891

35. Stated capital	**Issued number of shares**		**Issued and fully paid**	
	30 June 2020	30 September 2019	**30 June 2020**	30 September 2019
			Rs'000	Rs'000
As at 1 October,	**548,982,130**	1,000	**3,595,000**	1
Issue of shares	**-**	548,981,130	**-**	3,594,999
At 30 June/ 30 September	**548,982,130**	548,982,130	**3,595,000**	3,595,000

By way of a written resolution, dated 2 August 2019, 548,981,130 new ordinary shares were issued to the shareholders of New Mauritius Hotels Limited (NMH) following a reduction in the stated capital of NMH and the carving out of Semaris Ltd in NMH financial statements.

36. Other components of equity

Nature and purpose of reserves	**THE GROUP**		**THE COMPANY**	
	30 June 2020	30 September 2019	**30 June 2020**	30 September 2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Foreign exchange difference reserves	**253,249**	(878)	**-**	-
Total other components of equity	**253,249**	(878)	**-**	-

These reserves include exchange differences arising on retranslation of the financial statements of foreign subsidiaries.

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

37. Borrowings	**THE GROUP**		**THE COMPANY**	
	30 June 2020	30 September 2019	**30 June 2020**	30 September 2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Current portion				
Bank overdrafts (note (a)/note 34)	**11,005**	1,021	**11,005**	1,021
Bank loans	**135,735**	21,970	**28,992**	-
Loan from related company (note (b))	**27,594**	-	**27,594**	-
Obligations under finance leases (note (d))	**-**	607	**-**	-
	174,334	23,598	**67,591**	1,021
Non-current portion				
Bank loans	**922,438**	953,753	**873,595**	898,990
Loan from related company (note (b))	**1,245,812**	1,237,651	**1,212,062**	1,203,901
	2,168,250	2,191,404	**2,085,657**	2,102,891
Obligations under finance leases (note (d))	**-**	1,703	**-**	-
	2,168,250	2,193,107	**2,085,657**	2,102,891
Total borrowings	**2,342,584**	2,216,705	**2,153,248**	2,103,912

(a) Bank overdrafts
Bank overdrafts are secured by fixed and floating charges on the assets of the individual companies of the Group. The interest rate on bank overdrafts vary between 3.15% and 4.75%.

(b) Loan from related company has been disclosed under related party transactions and disclosures (note 15(v)).

(c) Bank loans and loan from related party	**THE GROUP**		**THE COMPANY**	
	30 June 2020	30 September 2019	**30 June 2020**	30 September 2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Bank loans and loan from related party can be analysed as follows:				
Current				
- Within one year	**163,329**	21,970	**56,586**	-
Non-current				
- After one year and before two years	**957,061**	43,941	**908,856**	-
- After two years and before five years	**582,918**	1,343,562	**548,531**	1,298,990
- After five years	**628,271**	803,901	**628,270**	803,901
	2,168,250	2,191,404	**2,085,657**	2,102,891
	2,331,579	2,213,374	**2,142,243**	2,102,891

Bank loans and loan from related party are denominated as follows:

	Effective interest rate	**Maturity**	**THE GROUP 30 June 2020**	**THE GROUP** 30 September 2019
			Rs'000	Rs'000
Denominated in:				
MUR	4.75%-5%	2021-2029	**2,175,993**	2,136,640
MAD	6%-7%	2017-2023	**155,586**	76,734
			2,331,579	2,213,374

	Effective interest rate	**Maturity**	**THE COMPANY 30 June 2020**	**THE COMPANY** 30 September 2019
Denominated in:			**Rs'000**	Rs'000
MUR	4.75%-5%	2021-2029	**2,142,243**	2,102,891

Bank loans are secured by fixed and floating charges over the Group's assets as follows:
- floating charges on all immovable and movable assets of the Group;
- fixed charges on freehold land acquired by the Company.

The loan from related company amounting to Rs 1.2bn is unsecured and subordinated to the bank loans and is repayable according to the terms and conditions set in the loan agreement signed on the 30 August 2019.

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

37. Borrowings (cont'd)

(d) Obligations under finance leases

Accounting Policy
Leases
As from 1 October 2019, all leases are accounted for by recognising a right-of-use assets and lease liability (refer to note 26).

38. Trade and other payables

	THE GROUP		THE COMPANY	
	30 June 2020	30 September 2019	**30 June 2020**	30 September 2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Trade payables	**342,860**	222,360	**21,352**	12,727
Other payables	**80,943**	85,329	**4,989**	11,718
	423,803	307,689	**26,341**	24,445

(a) Trade payables are non-interest-bearing and are generally on 30 to 60 days' term.

39. Fair value of assets and liabilities

Accounting Policy

Fair value measurement
The Group measures its financial instruments and non-financial assets such as investment property and items of property at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

• in the principal market for the asset or liability; or
• in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group.

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

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is 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; and
• Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

The Group's management determines the policies and procedures for the measurement of both recurring and non-recurring fair values. Financial assets that are unquoted are fair valued by management at least annually at the reporting date. The use of external valuers is decided by the management when the situation dictates it, taking into consideration the relevant factors.

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

39. Fair value of assets and liabilities (cont'd)

Accounting Policy (cont'd)

Fair value measurement (cont'd)

Involvement of external valuers for the valuation of its properties is decided upon by management after discussion with and approval of the audit committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case. Management assesses the changes in the inputs, as well as those in the environment, from both internal and external sources, that affect the fair value of the property since the last valuation, and thereafter decides on the involvement of external valuers.

At each reporting date, management analyses the movements in the values of assets and liabilities which are required to be remeasured or reassessed as per the Group's accounting policies. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to relevant documents.

Management, in conjunction with the Group's external valuers, also compares the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Significant accounting judgements and estimates

Fair value measurements of financial instruments

When the fair values of financial instruments recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques. The inputs to those models are derived from observable market data where possible, but where observable market data is not available, a degree of judgement is required to establish fair values. The judgements include consideration of inputs such as liquidity risk, credit risk and volatility.

As at 30 June 2020 and 30 September 2019, the Group held the following financial instruments carried at fair value in the statements of financial position which have been disclosed under note 25 and note 27 respectively.

The carrying amounts of financial assets and liabilities approximate their fair values.

For valuation techniques regarding property classified under "Property and equipment'' and "Investment property'', refer to notes 25 and 27 respectively.

During the period, transfers were made from level 2 to level 3 which have been disclosed under note 27.

40. Commitments

	THE GROUP	
	30 June 2020	30 September 2019
	Rs'000	Rs'000
Capital commitments		
Les Salines PDS Ltd (i)	**10,650,574**	14,615,000
Les Salines IHS Limited (ii)	**445,873**	517,200
Domaine Palm Marrakech S.A. (iii)	**1,373,531**	1,845,000
Praslin Resort Limited (iv)	**1,080,648**	1,436,000
	13,550,626	18,413,200

(i) Les Salines project will consist of the development of 220 villas under the PDS scheme on a land bank of 73 hectares accompanied with the construction of a clubhouse and an 18-hole golf course. The project was expected to start during financial year 2021. However due to the COVID-19 impact, the project will now start in financial year 2022.

(ii) development of an Invest Hotel Scheme ("IHS") will be done under Les Salines IHS Limited on a land bank of approximately 1 hectare which will be within the premises of a 4-star hotel where 56 units will be constructed and sold under the scheme.

(iii) The amount of Rs 1.3bn represents the estimated cost of Phases 1b and 2 of the property development in Marrakech. Phase 1b will consist of developing and selling 18 plots of land and 35 premium villas.

(iv) 64 hectares of land have been acquired by Praslin Resort Limited for the development of 40 villas. In addition and in line with the villa policy, Semaris is in discussion with potential partners to construct a 60-key, 5-star hotel, which it will then sell to a hospitality vehicle.

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

41. Change in accounting policies

Impact on the financial statements - IFRS 16

The Group adopted IFRS 16 with a transition date of 1 October 2019. The Group has chosen not to restate comparatives on adoption of the standard, and therefore, the revised requirements are not reflected in the prior year financial statements. Rather, these changes have been processed at the date of initial application (i.e. 1 October 2019) with recognition in the opening equity balances. There is no adjustment at 1 October 2019.

Effective 1 January 2019, IFRS 16 has replaced IAS 17 *Leases* and IFRIC 4 *Determining whether an Arrangement Contains a Lease*.

IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, together with options to exclude leases where the lease term is 12 months or less, or where the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting in IAS 17, with the distinction between operating leases and finance leases being retained. The Group does not have significant leasing activities acting as a lessor.

Transition Method and Practical Expedients Utilised
The Group adopted IFRS 16 using the modified retrospective approach, with recognition of transitional adjustments on the date of initial application (1 October 2019), without restatement of comparative figures. The Group elected to apply the practical expedient to not reassess whether a contract is, or contains a lease at the date of initial application. Contracts entered into before the transition date that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. The definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 October 2019.

The Group:

(i) has two leases and has used each entity's Weighted Average Cost of Capital (WACC) as discount rate in the absence of incremental borrowing rate;
(ii) has excluded initial direct costs from the measurement of right-of-use assets at the date of initial application for leases where the right-of-use asset was determined as if IFRS 16 had been applied since the commencement date;
(iii) has relied on previous assessments on whether leases are onerous as opposed to preparing an impairment review under IAS 36 as at the date of initial application; and
(iv) has applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term remaining as of the date of initial application.

As a lessee, the Group previously classified leases as operating leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Group recognise right-of-use assets and lease liabilities for its leases.

On adoption of IFRS 16, the Group recognised right-of-use assets and lease liabilities as follows:

Classification under IAS 17	Right-of-use assets	Lease liabilities
Land lease	Land lease: Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.	Measured at the present value of the remaining lease payments, discounted using each entity's WACC as at 1 October 2019. The WACC applied for land lease under Domaine Palm Marrakech S.A. was determined at 10.6% while on Praslin Resort Limited a WACC of 9.06% was applied.
Other operating leases	All other: the carrying value that would have resulted from IFRS 16 being applied from the commencement date of the leases, subject to the practical expedients.	

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

41. Change in accounting policies (cont'd)

Impact on the financial statements - IFRS 16 (cont'd)

The following table presents the impact of adopting IFRS 16 on the statement of financial position as at 1 October 2019:

THE GROUP		30 September 2019 As originally presented	IFRS 16	1 October 2019
Assets	**Adjustments**	**Rs' 000**	**Rs' 000**	**Rs' 000**
Right-of-use assets: (note 26(a))	(i)			
- Initial measurement of lease liability		-	86,426	86,426
- Transfer from property and equipment		-	4,900	4,900
- Transfer from inventories		-	20,867	20,867
- Transfer from intangibles assets		-	446,948	446,948
		-	559,141	559,141
Deferred tax liabilities	(ii)	-	16,859	16,859
Liabilities				
Lease liabilities: (note 26(b))	(iii)			
- Initial measurement of lease liability		-	86,426	86,426
- Transfer from borrowings (note 37)		-	2,310	2,310
		-	88,736	88,736
Deferred tax assets	(ii)	-	16,859	16,859

(i) The adjustment to right-of-use assets is as follows:

	THE GROUP Rs'000
Operating type leases	4,900
Leasehold rights	467,815
Initial measurement of lease liability	86,426
Right-of-use assets	559,141

(ii) Deferred tax assets and liabilities were adjusted to reflect the tax effect on timing difference arising following the adoption of IFRS 16.

(iii) The following table reconciles the minimum lease commitments disclosed in the Group as at 30 September 2019 to the amount of lease liabilities recognised on 1 October 2019:

	THE GROUP 1 October 2019 Rs'000
Minimum operating lease commitment at 30 September 2019	109,500
Undiscounted lease payments	109,500
Less: effect of discounting using the incremental borrowing rate as at the date of initial application	(23,074)
	86,426
Plus: leases previously classified as finance type under IAS 17	2,310
Lease liability as at 1 October 2019	88,736
Of which are:	
Current lease liabilities	2,921
Non-current lease liabilities	85,815
	88,736

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

42. Prior year error

As at 30 September 2019, the golf course in Domaine Palm Marrakech S.A. which forms part of assets acquired as disclosed in note 24, was classified under investment property at fair value and was treated as a "lease-out" under operating lease to Beachcomber Palm Marrakech S.A..

On 1 October 2019, a reclassification from investment property was reassessed on the following basis:

(i) the villa owners in Domaine Palm Marrakech S.A. contribute to a high proportion of revenue for the golf course and is therefore considered as an owner-occupied property for the latter. The portion of owner-occupied property is deemed to be significant after considering the qualitative and quantitative factors; and
(ii) the nature of contract between Domaine Palm Marrakech S.A. and Beachcomber Palm Marrakech S.A being a management contract (contrat de gestion) instead of a rental contract, the golf course has been restated under property and equipment.

To correct the above, a reclassification from investment property to property and equipment was done. There was no impact on the Group statement of profit or loss and statement of cash flow. The following adjustments were made to the comparatives for the Group as follows:

Statement of financial position:	**THE GROUP**	
	Property and equipment	**Investment property**
	Rs'000	**Rs'000**
At 1 October 2019		
- as previously reported	141,036	1,542,464
- accounting of golf course as property and equipment	659,052	(659,052)
As restated	**800,088**	**883,412**

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