
THE LUX
COLLECTIVE
2019
INTEGRATED ORT

WE MAKE EACH MOMENT MATTER
WE CARE ABOUT WHAT MATTERS

Dear Stakeholders,

Your Board of Directors is pleased to present the Integrated Annual Report of The Lux Collective Ltd for the year ended 30th June 2019. This report was approved by the Board of Directors on 19th October 2019.

ARNAUD LAGESSE
Chairman

Service is our passion. We provide **comfort** through thoughtful & exquisite **design**, creating experiences that make **each moment matter** for all our guests.

We **care** about what matters and are **committed** to operating in a considered, respectful manner, mindful of our **contribution** to future generations.

CONTENTS

OUR HOSPITALITY BRANDS

THE LUX COLLECTIVE

	LUX* RESORTS & HOTELS	Tamassa	salt	Socio
AUDIENCE	Simplicity Searchers Social Capital Seekers	Simplicity Searchers Social Capital Seekers	Cultural Purists. Ethical Travellers.	Obligation Meeters. Social Capital Seekers.
PURPOSE	Helping people celebrate life.	Bringing people together.	Connecting people to local people and places..	A flexible and friendly place to collaborate, create, eat, sleep and play
VALUES	People Passion Integrity Creativity Leadership	Joyful Vibrant Generous Thoughtful Creative	Human Transformational Local Simple Curious	Flexible Welcoming Bold Mindful Creative
TAGLINE	*Lighter, Brighter	Good times,together.	We are SALT.	Get Social. Stay Socio.

GRI 102-1

GROUP STRUCTURE

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THE LUX COLLECTIVE LTD

- 100% — **THE LUX COLLECTIVE (UK) LTD (PREVIOUSLY KNOWN AS LUX ISLAND RESORTS (UK) LTD)**
  LONDON OFFICE
- 100% — **CAFÉ LUX LTD**
  OPERATOR OF CAFÉ LUX*
- 100% — **THE LUX COLLECTIVE PTE LTD**
  SINGAPORE OFFICE
- 100% — **PALM BOUTIQUE HOTEL LTD**
  BOUTIQUE OPERATOR
- 100% — **SALT HOSPITALITY LTD**
  OPERATOR OF SALT OF PALMAR
- 100% — **LUX ISLAND RESORTS (SEYCHELLES) LTD**
- 100% — **LIRTA LTD**
  TRAINING ACADEMY
- 100% — **ISLAND LIGHT VACATIONS LTD**
  ONLINE TOUR OPERATOR
- 100% — **LUX HOTEL MANAGEMENT (SHANGHAI) CO LTD**
  MANAGEMENT COMPANY

GRI 102-5

BOARD AND COMMITTEES

BOARD OF DIRECTORS

Arnaud Lagesse (Chairman)
Paul Jones (Chief Executive Officer)
Christof Zuber
Hans Olbertz
Jean de Fondaumière
Alexis Harel
Karen Lai Yong
Julian Hagger
Marie Laure Ah-You
Scott J. Woroch

REMUNERATION COMMITTEE

Christof Zuber (appointed as Chairman on 01.01.19)
Arnaud Lagesse
Alexis Harel
Jean de Fondaumière

AUDIT & RISK COMMITTEE

Jean de Fondaumière
(appointed as Chairman on 01.01.19)
Alexis Harel
Hans Olbertz

CORPORATE GOVERNANCE AND NOMINATION COMMITTEE

Christof Zuber (appointed as Chairman on 01.01.19)
Alexis Harel
Arnaud Lagesse

REGISTERED OFFICE

58, Pierre Simonet Street
Floréal, Mauritius

REGISTRY AND TRANSFER OFFICE

The Lux Collective Ltd
Pierre Simonet Street, Floreal, Mauritius

ALTERNATE DIRECTORS

Dev Poolovadoo (Appointed as Alt. to Julian Hagger on 31.12.18)
Dominik Ruhl (Alt. to Marie Laure Ah-You)

COMPANY SECRETARY

IBL Management Ltd

LEGAL ADVISORS

Clarel Benoit
André Robert
Hervé Duval

COMUNICATION ADVISOR

Blast Communications Ltd

AUDITORS

Ernst & Young, Chartered Accountants

NOTARY

Jean Pierre Montocchio

BANKERS

ABC Banking Ltd
HSBC Limited (UK, Germany, Singapore)
The Mauritius Commercial Bank Ltd

MANAGEMENT AND ADMINISTRATION EXECUTIVE COMMITTEE

Paul Jones – Chief Executive Officer
Julian Hagger – Executive Vice President – Global Sales & Marketing and LUX* Resorts & Hotels Asia Pacific Operations
Dominik Ruhl- Chief Operating Officer
Marie-Laure Ah-You – Chief Strategy Officer
Nicolas Autrey – Chief Human Resources Officer
Karen Lai Yong - Senior Vice President - Global Business Development
Nitesh Pandey – Senior Vice President (in charge of Tamassa, SALT and Ile des Deux Cocos)
Sydney Pierre – Senior Vice President - Commercial
Guillaume Valet – Group Head of Legal, Secretarial and Corporate Affairs
Dev Poolovadoo – Vice President – Finance

CHIEF INTERNAL AUDITOR

Pritila Joynathsing-Gayan

SENIOR MANAGERS

Darnen Ramassami – Vice President – Information Technology
Ruben Thumiah – Group Finance Manager
Walter Lanfranchi - Vice President – Food & Beverages
Dave Minten – Corporate Chef
Grace Lee – Vice President – Public Relations
Caroline Gaud Perrier – Group Marketing Manager
Tobi Kuhlang – Vice President – Revenue & E-Distribution
Kerensa Langitan – Group Spa & Wellness Manager
Maggie Derblay – Group Wellbeing, Health & Fitness Manager
Smita Modak – Group Training Manager
Ashish Modak – Regional General Manager – LUX* Belle Mare, LUX* Grand Gaube & LUX* Grand Baie
Jérémie de Fombelle – General Manager – LUX* Le Morne
Frits Hannenberg – General Manager – LUX* Grand Gaube
Jonas Amstad – General Manager – LUX* South Ari Atoll
John Rogers – General Manager – LUX* North Malé Atoll
Tony Duval - General Manager – Merville Beach
Raj Reedoy – General Manager – SALT of Palmar
Stephan Anseline – General Manager – Tamassa

DIRECTORSHIP

	THE LUX COLLECTIVE LTD	THE LUX COLLECTIVE PTE LTD	SALT HOSPITALITY LTD	CAFÉ LUX LTD		ISLAND LIGHT VACATIONS LTD	LIRTA LTD	LUX HOTEL MANAGEMENT (SHANGHAI) CO LTD	LUX ISLAND RESORTS SEYCHELLES LTD	THE LUX COLLECTIVE (UK) LTD PREVIOUSLY KNOWN AS LUX ISLAND RESORTS LTD	PALM BOUTIQUE HOTEL LTD
Ah-You Marie-Laure	•	•		•				•			
Autrey Nicolas							•				
De Fondaumière Jean	•										
Hagger Julian	•		•					•			
Harel Alexis	•										
Hoareau Daniela									•		
Germain Stéphanie									•		
Jones Paul	•	•	•	•		•	•	•		•	•
Julie Bernadette Suzanne (Alternate to Daniela Hoareau and Stephanie Germain)									•		
Lagesse Arnaud	•	•	•	•		•			•	•	•
Lai Yong Karen	•										
Poolovadoo Dev (Alternate to Julian Hagger)	•		•					•			•
Ruhl Dominik (Alternate to Marie-Laure Ah-You)	•	•		•				•			
Olbertz Hans	•										
Thumiah Ruben							•				
Valet Guillaume						•					•
Woroch Scott J.	•										
Zuber Christof	•										

BOARD OF DIRECTORS

KAREN LAI YONG

EXECUTIVE DIRECTOR

Karen Lai Yong has more than 20 years' experience in hospitality development. She has a successful track record of driving development efforts and growing the distribution of major international hotel companies including Raffles, InterContinental Hotels Group and Club Med. She is a chartered accountant (Singapore) and has an MBA for Financial Specialists from University of Wales & Manchester Business School.

She was appointed as Director on the Board of The Lux Collective Ltd on 22nd October 2018.

Directorship in other listed companies: None

JULIAN HAGGER

EXECUTIVE DIRECTOR

Julian Hagger has a rich career of some 26 years in hospitality of which 18 years in senior management and at corporate level in prestigious international groups such as Belmond, Ritz-Carlton and Marriott. He is a holder of a Bachelor's of Science Degree in Business Administration from Hawaii Pacific University, U.S.A, and holds a degree in Swiss Hotel Management from the Hotel Institute of Management (H.I.M), Montreux, Switzerland.

Julian is responsible for driving top-line revenue for The Lux Collective and associated businesses, as well as all aspects relating to marketing the brands under The Lux Collective, ensuring that the strategic priorities of the commercial disciplines are aligned and designed to yield profitable sales, increased market share, and enhanced competitive advantage.

Based in the Singapore Headquarters, Julian oversees the operational responsibilities for LUX* Resorts & Hotels in Asia Pacific.

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

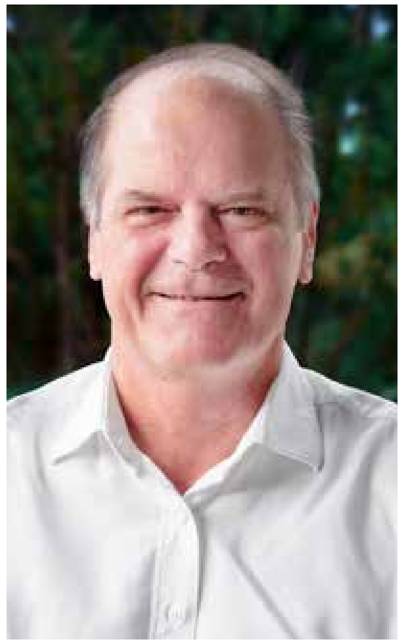
Directorship in other listed companies: None

MARIE-LAURE AH-YOU

EXECUTIVE DIRECTOR

Marie-Laure Ah-You brings more than 27 years of experience in Hospitality, having held both operational and corporate senior positions, first within the Sun Resorts Group, and later with One&Only in Mauritius. Prior to joining LUX* Resorts as Chief Strategy Officer in 2013, she was the Global Quality Director for the One&Only Resorts Group, based in Dubai. Her career includes extensive international experience, serving various regions worldwide, including North America, Caribbean, Middle East, Asia and Africa. She holds a Maîtrise ès Sciences Economiques – Gestion des Entreprises, from the University of Paris II Panthéon-Assas, and has also attended several Executive programs at Harvard Business School, Cambridge & Oxford Universities. Ms Ah-You is a member of the Board of Directors of The Lux Collective Ltd since November 2015.

Directorship in other listed companies: None



ALEXIS HAREL

INDEPENDENT NON-EXECUTIVE DIRECTOR

Born in 1962, Alexis Harel holds a Bachelor of Science Degree in Business Administration-Accounting from Louisiana State University, USA. He started his career in auditing with De Chazal Du Mee, then occupied managerial position in the industrial sector and participated in setting up the first BPO (Business Process Outsourcing) company in Mauritius where he was Managing Director. He joined Grays & Co in 1992 and currently holds the position of Managing Director. He is an Executive Director of Terra Mauricia. He also serves as Director of Rehm Grinnaker Construction Co Ltd, Terragri and Grays Distilling amongst others.

He was appointed as Director of Lux Island Resorts Ltd and as Chairman of the Audit Committee in April 2004, then as Chairman of the Corporate Governance Committee in April 2005. He resigned from the Board of Lux Island Resorts Ltd and its Audit and Corporate Governance Committees in November 2015 to be appointed on the Board of its Management Company, The Lux Collective Ltd, where he actually sits as Director.

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

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

ARNAUD LAGESSE

NON-EXECUTIVE CHAIRPERSON OF THE BOARD

Arnaud Lagesse is the Group CEO of IBL Ltd, the largest business group on the island of Mauritius. He is one of the Mauritian private sector's most prominent leader and is known to drive the Group he leads with innovative and challenging undertakings. Two Three years ago, he initiated the merger of GML Investissement Ltée and Ireland Blyth Limited, creating both a successful Group and substantial shareholder value for all stakeholders since the Group's introduction onto the local Stock Market.

Qualifications

Breakthrough Executive Program, Egon Zehnder-Mobius, Portugal

Advanced Management Program (AMP180), Harvard Business School, United States

Executive Education Program at INSEAD, France

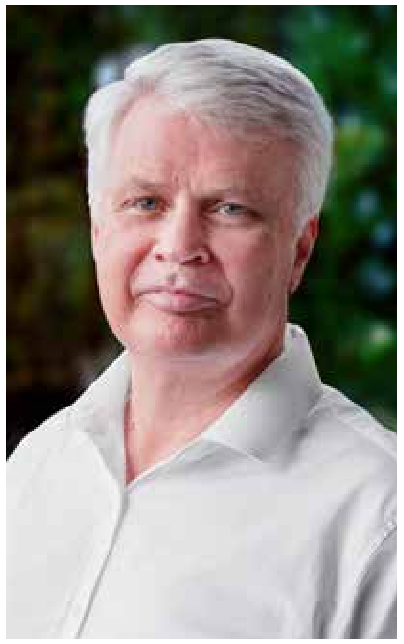
Masters in Management, Université d'Aix-Marseille, France

Graduated from the Institut Supérieur de Gestion de Paris, France

External appointments
Chairman
Fondation Joseph Lagesse
Alteo Limited
Phoenix Beverages Limited
Phoenix Investment Company Limited

Member of the Board of Directors
BlueLife Limited
AfrAsia Bank Limited
The United Basalt Products Ltd
Non-listed Mauritian Companies

Mr Lagesse was appointed as non-executive Chairman of The Lux Collective Ltd in May 2013, and is also a member of the Corporate Governance and Nomination Committee, and the Remuneration Committee.



JEAN DE FONDAUMIERE

INDEPENDENT NON-EXECUTIVE DIRECTOR

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

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

Directorship in other listed companies: Constance La Gaieté Company Ltd, Hotelest Limited, Constance Hotel Services Limited, United Investments Limited

BOARD OF DIRECTORS (CONTINUED)

CHRISTOF ZUBER

INDEPENDENT NON- EXECUTIVE DIRECTOR

Swiss, born in 1956, Christof Zuber holds a PhD in economics from University of Zurich.

After several positions in Switzerland and abroad in key account management, sales and marketing, he assumed responsibility as CEO of different fast moving consumer goods companies.

Two of them where publicly quoted. He gained exposure to the travel sector as CEO of Hotelplan Group, a European multi-billion Tour Operator with additional activities in Hotels and Airline Business. Today Christof Zuber is a private equity advisor and investor and assumes strategic and occasionally operational responsibilities in the travel and luxury goods sector.

He was appointed as Director of Lux Island Resorts Ltd in February 2012 and member of the Remuneration Committee and of the Corporate Governance Committee in September 2012. Then he resigned from Lux Island Resorts Ltd in November 2015 to be appointed on the Board of The Lux Collective Ltd, where he actually sits as Director, he also became the Chairman of the Remuneration Committee at the same date.

Mr Zuber was also appointed as Chairman of the Corporate and Governance Committee in January 2019.

Directorship in other listed companies: None

SCOTT J. WOROCH

INDEPENDENT NON- EXECUTIVE DIRECTOR

Scott J. Woroch has been active in the luxury lodging sector for over 25 years, working for hotel brands, hotel owners and developers, hotel advisors, and as well as a transactional lawyer. He has worked and been based in Asia, Europe and North America.

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

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

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

Directorship in other listed companies: None

HANS OLBERTZ

INDEPENDENT NON- EXECUTIVE DIRECTOR

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

He also holds a diploma in Hotel Management from the Hotel school Bad Reichenhall, Germany.

Hans Olbertz is a very experienced international hotelier for over 40 years.

He joined Intercontinental Hotels in 1973 after his apprenticeship and worked in Germany, England, Thailand, China, Egypt, Jordan, Greece, Austria, Korea and the United Arab Emirates.

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

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

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

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

Directorship in other listed companies: None

PAUL JONES

EXECUTIVE DIRECTOR

With more than 4 decades of international hotel management experience, Paul Jones joined LUX* in 2010, where he quickly established his mark as a charismatic leader with a unique and passionate approach to hospitality management, centered around People, Culture and Service.

Paul Jones' rich career covers various key leadership positions, having served for almost 20 years as Managing Director of the Sun Resorts Group, and later, as President of One&Only Resorts & Hotels, where he was instrumental in successfully launching and growing the brand on a global basis.

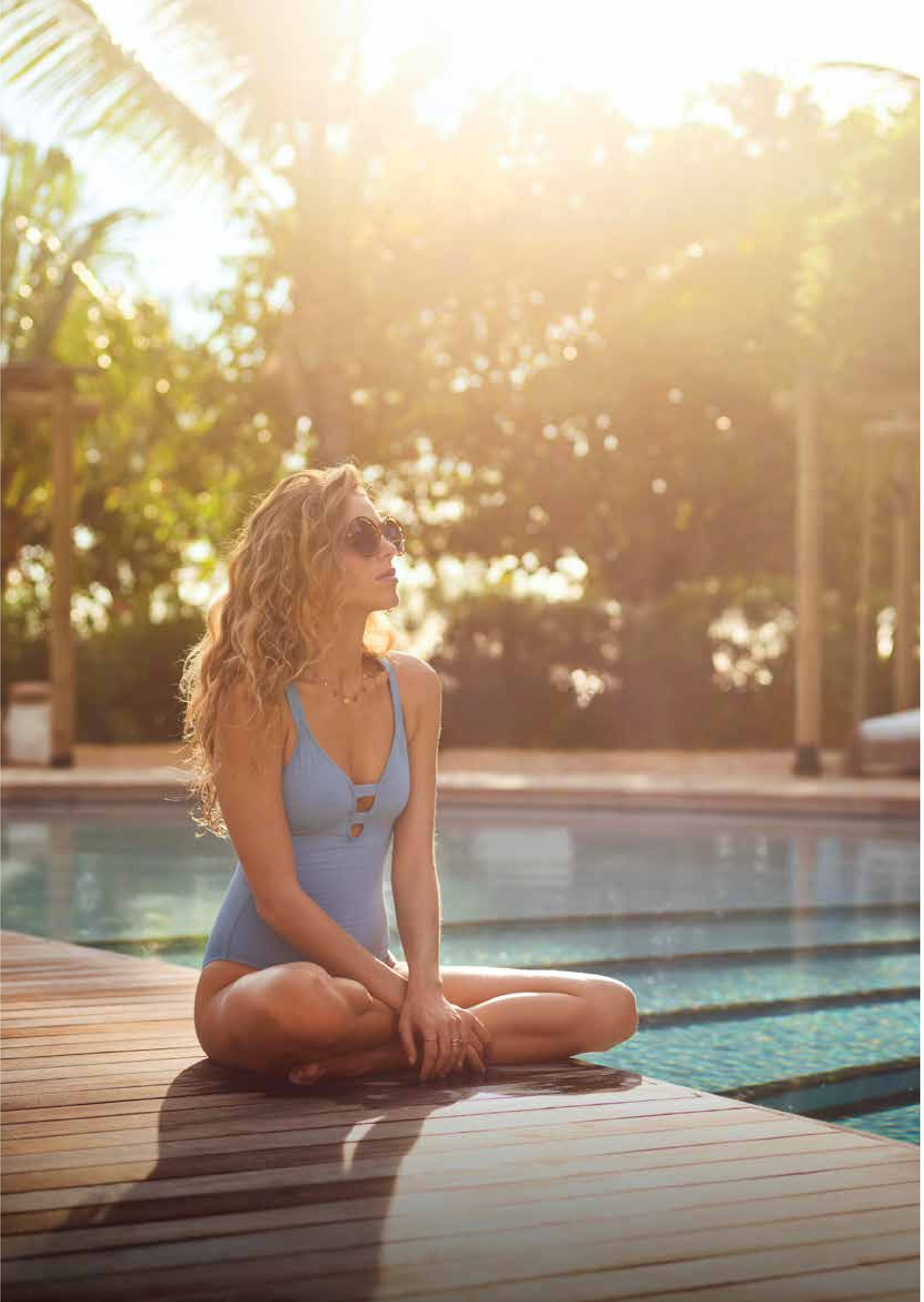
Recognized as a leading figure in the establishment and development of the hotel and tourism industry in Mauritius, Paul Jones was conferred the Dignity of Companion of the Order of Saint Michael and Saint George by her Majesty Queen Elizabeth II. He was also awarded one of the highest honours by the President of the Comores, the Chevalier de L'Etoile d'Anjouan, for his significant contribution to the growth and development of the hotel and tourism sector in the Comores.

Paul Jones directly overseas the Company's overall strategic direction, spearheading the Group's global development plans. He is personally involved in every aspect of the business ensuring that the concept development of each new property not only respects the ethos of the four brands: LUX*, Tamassa, SALT and Socio but is also innovative thereby drawing a distinctive differentiated approach to hospitality.

He successfully completed the Final Membership of the HCIMA at 'Courtfield', part of Blackpool Technical College and holds an MBA with distinction from the University of Surrey. He followed the Program for Management Development (PMD) at Harvard Business School. He is a Fellow of the Institute of Hospitality in the UK.

He was appointed as Chief Executive Officer of the Group on 1st October 2010. Following the separation of the Management Company, The Lux Collective Ltd, from the real estate and property holding company, Lux Island Resorts Ltd, in January 2019, Mr Paul Jones remained the Chief Executive Officer of the Management Company, The Lux Collective Ltd.

Directorship in other listed companies: None



LUX*

RESORTS & HOTELS

PURPOSE

Helping people celebrate life.

VALUES

People,
Passion,
Integrity,
Creativity,
Leadership.

BRAND TAG LINE

*Lighter, Brighter.

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

At LUX* Resorts & Hotels, we believe that time is finite; so every minute is precious. More valuable than material things are experiences and emotions. Our guests spend their time with us to acquire these riches; Time with family, Time alone, Time off, Time to reflect, Time to reconnect, Time to heal, Time to explore, Time to do, Time for caring, Time for sharing.

So, we're in the 'time' business not only resorts and holidays. This is why, at LUX* Resorts & Hotels, our vision expresses that Each Moment Matters.

RESORTS IN OPERATION

Mauritius
LUX* Belle Mare Resort & Villas
LUX* Le Morne
LUX* Grand Gaube Resort & Villas

Reunion Island
LUX* Saint Gilles Hotel le Récif

Maldives
LUX* South Ari Atoll
LUX* North Malé Atoll

Turkey
LUX* Bodrum, Resort & Residences

China
LUX* Tea Horse Road, Lijiang
LUX* Tea Horse Road, Benzilan

OPENING SOON

Mauritius
LUX* Grand Baie Resort & Residences

France
LUX* La Baraquette Resort & Residences

Vietnam
LUX* Phu Quoc

Italy
LUX* Tuscany

UAE
LUX* Al Zorah, Ajman

China
LUX* Tea Horse Road, Dali
LUX* Zhuhai
LUX* Luxelakes, Chengdu

DISCOVER MORE ON LUXRESORTS.COM

salt

PURPOSE

Connecting people to local people and places.

VALUES

Human
Transformational
Local
Simple
Curious

BRAND TAG LINE

We are SALT.

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

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

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

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

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

RESORTS IN OPERATION

Mauritius
SALT of Palmar

DISCOVER MORE ON SALTRESORTS.COM

Tamassa

PURPOSE

Bringing people together.

VALUES

Joyful,
Vibrant,
Generous,
Thoughtful,
Creative.

BRAND TAG LINE

Good times, together.

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

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

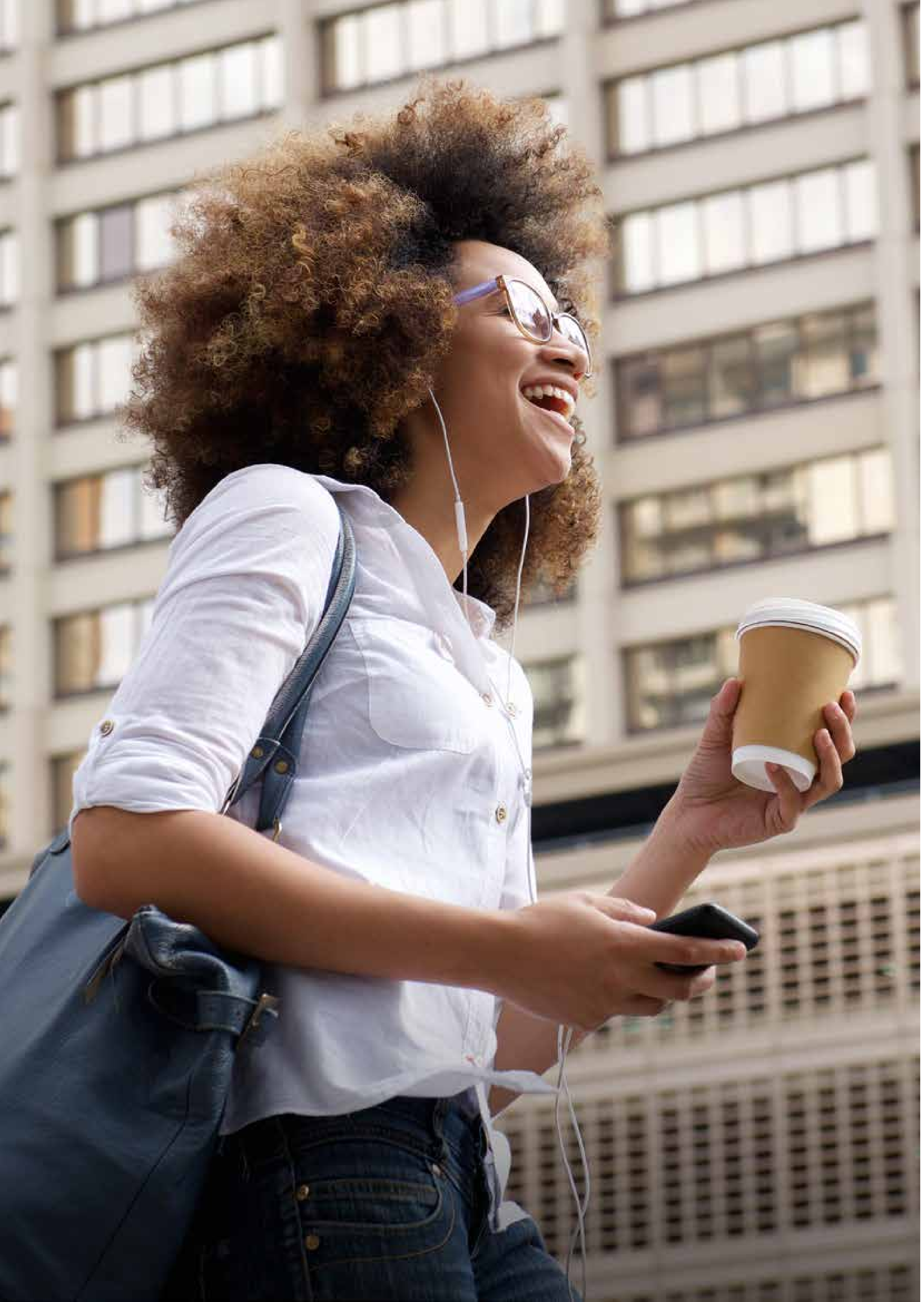
Our mission is to bring people together and joy to life, and we've created a holiday experience that's designed to do just that.

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

RESORTS IN OPERATION

Mauritius
Tamassa, Bel Ombre

DISCOVER MORE ON TAMASSARESORT.COM



SOCIO

PURPOSE

A flexible and friendly place to collaborate, create, eat, sleep and play.

VALUES

Flexible,
Welcoming,
Bold,
Mindful,
Creative.

BRAND TAG LINE

Get Social. Stay Socio.

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

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

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

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

OPENING SOON

Mauritius
Socio Trianon, 2021

DISCOVER MORE ON SOCIOHOTELS.COM

CHAIRMAN'S STATEMENT

Our objective is clear: we want to substantially increase the number of management contracts for the years to come.

I am delighted to present the very first Annual Report of The Lux Collective Ltd and its subsidiaries (The Group) for the financial year ended 30 June 2019. For the first year of operation since its restructuring, effective on 1st January 2019, the Group has produced an Integrated Annual Report, thus providing its shareholders with a comprehensive overview of its activities and of the value created for our shareholders and stakeholders.

RESTRUCTURING

This is the first report presented by The Group of our activities involving the separation of our management company, The Lux Collective Ltd, from the real estate and hotel operations company, namely Lux Island Resorts Ltd ("LIR"). The separation was done by way of a distribution in specie by LIR of its shares in The Lux Collective Ltd (TLC), whereby shareholders of LIR, registered at close of business on 30 November 2018, received one TLC share for every share that they held in LIR. Following the restructuring, the activities of the former LIR Group are undertaken by the two distinct companies:

i. LIR, the investment property holding company, owns the real estate assets and the hotel operations which are managed by The Lux Collective Ltd under long-term management contracts;

ii. TLC, the management company, owns a portfolio of brands, namely LUX*, Tamassa, SALT, SOCIO and Café LUX*. The Lux Collective Ltd manages hotels owned by LIR and by other owners. Its income comprises principally of management and brand fees from the hotels.

Mr Paul Jones is the Chief Executive Officer of The Lux Collective Ltd, while Mr Désiré Elliah was appointed Chief Executive Officer of LIR as from 1st January 2019. On the same date, Mr Jean-Claude Bega has been appointed as Chairman of the Board of LIR, while I remain Chairman of the Board of TLC.

The increase in share capital is in respect of a rights issue carried out in September 2018 prior to the restructuring. The rights issue price was Rs 7 and it was fully subscribed by the shareholders as at that date and on 30 June 2019, the stated capital of The Lux Collective Ltd stands at Rs 216.7 million.

This report has been prepared in accordance with the GRI Standards: Core option and International Integrated Reporting Council guidelines. The Group remains committed to the UN Sustainable Development Goals, the UN Global Compact and the Hotel Carbon Measurement Initiative (HCMI), which ensure that we meet sustainability and good governance standards. Beyond the fact that we adhere to internationally recognised norms, we firmly acknowledge that responsible business forms the basis of our decision-making and contributes to advancing the communities and economies with which we are fully engaged.

OUR OPERATING REVENUE HAS REACHED

Rs 746 M

OVERVIEW

The Lux Collective Ltd, as a new entity, now focuses on hotel management only and owns a portfolio of five brands, namely: LUX*, SALT, SOCIO, Tamassa and Café LUX*. These brands represent the assets of the company whilst its revenues come from management fees.

For the year under review, all our hotels were operating and tourist arrivals were on the rise in every destination we operate in. Our operations in Maldives have performed well, showing an increase in revenues and profits, whilst the "Gilets Jaunes" movement has had adverse effects on our performance in Reunion Island.

In this context, the Group has posted results with an increase of 72% in our operating revenue which has reached Rs 746 million. Earnings before interest, tax, depreciation and amortisation (EBITDA) for the year was negative at Rs 51 million, mainly due to the launch of SALT of Palmar in November 2018. Depreciation and amortisation for the year has increased to reach Rs 25.2 million, while net finance costs amounted to Rs 12 million. Our performance has been impacted by the launching of SALT and the relatively low pace at which the new resort has been commercialised. The Group posted a loss of Rs 73 million compared to a loss of Rs 0.7 million last year.

ROADMAP

The relocation of TLC headquarters to Singapore on the 1st of January 2019, with the primary objective of positioning TLC as a Global Hotel Management Company based in a vibrant, dynamic and forward-looking city offering a pro-business environment with excellent infrastructure, represents a very important move in support of our strategy. It also brings us closer to markets we are targeting in China and South East Asia - currently, our pipeline is composed mostly of hotels within Asia.

The Lux Collective Ltd has indeed an interesting portfolio of very distinctive brands, each with great potential internationally. Together, they will help to bring new growth opportunities to the Group and reach out to multiple audiences. While the LUX* brand remains the flagship of the Group with a good performance, both in Mauritius and abroad, new avenues are being explored in other geographical locations to grow the brand.

During the financial year 2018-2019, we have launched the SALT brand and opened the first property on the east coast of Mauritius. SALT is in line with TLC's diversification strategy since it targets a different customer profile, one that blends relaxation with a sense of purpose. SOCIO, on the other hand, is a hotel brand with an urban appeal. Finally, Tamassa offers a resort experience designed to bring people together, for a joyful holiday experience.

OUTLOOK

Our objective is clear: we want to substantially increase the number of management contracts for the years to come. Presently, The Lux Collective Ltd has 13 hotels which are already in operation, and 11 additional management contracts in the pipeline. Our forecast is that Asian and ASEAN markets hold great potential and shall be the main drivers of our growth in the medium to long term. We are confident that our Group will continue to move forward on its growth journey and create increasing value for its stakeholders.

However, the coming months will be marked by a number of uncertainties, the main ones being the Brexit and the looming trade war between the United States and China.

We continue to adopt a proactive approach to ensure that we remain alert and seize potential business development opportunities in key locations, putting forward our multi-brand strategy.

APPRECIATION

On behalf of the Board of Directors, I would like to take this opportunity to thank our shareholders, customers and business partners for their esteemed support and confidence in The Lux Collective Ltd. May I end by thanking Mr Paul Jones, the Management and all team members, who are the driving force behind The Lux Collective Ltd and have been instrumental in the successful reorganisation of the Group.

ARNAUD LAGESSE
Chairman
The Lux Collective Ltd

19th October 2019

GRI 102-50, GRI 102-52

GRI 102-10, GRI 102-14, GRI 102-15, GRI 102-55, GRI 102-54

CEO'S REPORT

We are more than ever excited with the tremendous opportunities lying ahead of us.

2018-2019 marked an important milestone for The Lux Collective Ltd (TLC), as we operated our first year as a distinct business. Since launching the LUX* brand in 2011, we gradually and successfully grew from a small Indian Ocean focused entity to an ambitiously expanding Global Hotel Management Company with its new HQ based in one of the most thriving cities in the world, Singapore. At the same time, we evolved from a single brand with 8 properties in 3 countries in the Indian Ocean, to a multi-brand company managing 13 properties in 5 countries across the Indian Ocean, China & Europe. Added to that, a healthy pipeline of newly signed properties, several of which will be opening within the next couple of years.

We are more than ever excited with the tremendous opportunities lying ahead of us, as we continue to commit ourselves to increasing shareholder value through growth in earnings by increasing the number of hotel management contracts. We are thankful to each individual Team Member throughout the business, for the hard work, passion and dedication, as we set ourselves to conquer the future together.

For the year ended 30th June 2019, TLC reported total revenue excluding gain on bargain purchase of Rs 746 million, which represents a growth of 72%, as compared to the previous financial year. Revenue from management fees represented an increase of 54%. The operating loss for the year was Rs 50 million.

MARKET OVERVIEW

Tourist arrivals in Mauritius have increased by 3% to reach 1.4 million. Europe, which remains our main market, has increased by the same percentage. France and Germany have both experienced an increase of 8% and 3%, respectively. Arrivals from China and India have fallen by 20% and 10% respectively. In the Maldives, arrivals increased overall by 11% and the Chinese market, which is the main market, has grown by 1%. Several factors account for this robust growth, such as additional flights and an array of newly opened accommodation facilities which have stimulated the influx of tourists. In Reunion Island, statistics for tourist arrivals are not yet available for the financial year. The figures for the nine months to 31 March remained flat at 419,000.

GROUP RESULTS

Despite the challenging business environment, The Lux Collective Ltd has managed to maintain a growth path with a turnover increasing by 72% from Rs 433 million to Rs 746 million. Earnings before interest, tax, depreciation and amortisation (EBITDA) for the year was negative at Rs 25.2 million, mainly due to the launch of SALT of Palmar in November 2018.

ADOPTION OF IFRS 9 AND IFRS 15

The Group adopted the new IFRS 9 and IFRS 15, which became effective for the accounting period beginning on or after 1 January 2018. The impact of those standards on the accounts of the Group has been broad. To comply with IFRS 9, the Group had to record expected credit losses on all its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Group has applied the simplified approach, and this has resulted in an additional provision of Rs 3 million being made in respect of its trade receivables.

The IFRS 15 has had an impact on the presentation of the Group's revenue, which relates to the key money for a management contract. Prior to IFRS 15, key money, representing money paid to hotel owners to secure management contracts were capitalised as intangible asset and amortised over the life of the related contracts. Under the new standard, these payments are treated as 'consideration payable to a customer' and therefore recorded as a contract asset and recognized as a deduction to revenue over the contract term. This change resulted in a reduction to revenue and amortization for the year ended 30 June 2019 of Rs 2.8 million with no change in operating profit and the reclassification of key money on the statement of financial position from intangible assets to contract assets at 30 June 2019 of Rs 97.7 million.

CONTRACT ASSETS REPRESENT THE KEY MONEY PAID TO SECURE THE MANAGEMENT CONTRACT OF LUX* NORTH MALE ATOLL

NON-CURRENT ASSETS

During the year, Salt Hospitality Ltd (SHL) entered into a lease agreement with Southern Investments Ltd (SIL) for the rental and operation of SALT of Palmar. The hotel formerly known as La Palmeraie underwent a major renovation and SIL invested up to Rs 200 million in the project. All the movables such as furniture and fittings, operating equipments and IT equipments were financed by SHL, which explains the increase in property, plant and equipment.

Intangibles increased by Rs 33 million and is mainly on account of right to manage and operate SALT of Palmar.

Contract assets represent the key money paid to secure the management contract of LUX* North Malé Atoll and at 30 June 2019, the amount stood at Rs 91 million, classified as non current assets.

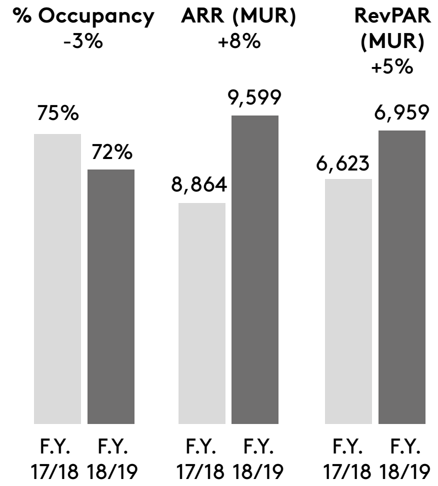
MARKET ANALYSIS

The Group

The following chart shows the evolution of the main metrics, for all the hotels under management in the destinations that we operate.

Mauritius

Our hotels in Mauritius performed well and on a comparable basis



against last year (LUX* Grand Gaube was closed for eight months and SALT of Palmar started operating in November 2018), occupancy grew by one percentage point to 79% and ADR reached Rs 8,950 an increase of 5%. The increase in occupancy and ADR contributed to an increase of 5% in RevPAR.

The Maldives

LUX* North Malé Atoll was operational as from February 2019 and posted occupancy of 51% with an ADR of USD 958 for the period ended 30 June 2019. LUX* South Ari Atoll achieved an occupancy of 66%, which was down by 2% points on last year. ADR stood at USD 533, an increase of 5% on last year and RevPAR was up by 3% to reach USD 347.

GRI 102-3 , GRI 102-4, GRI 102-6, GRI 102-7, GRI 102-9

Reunion Island

The two hotels in Reunion Island performed satisfactorily with an occupancy of 79%, at par on last year. ADR for both hotels was EUR 160, an increase of 5% and RevPAR as well was up by 5%.

China

Our two hotels in China posted modest occupancy of 30% for the period under review, an increase of 4% points on last year. ADR reached USD 100 for the year, an increase of 2 % on previous year.

SALT

This financial year has also been marked by the successful launch of the new SALT brand in September 2018. The Lux Collective Ltd entered into a long-term lease agreement with the owner of a 59-key beachfront property in Palmar, and following a major remodelling and refurbishment, SALT of Palmar opened its doors on 1st November 2018. Since then, both the brand and the hotel have attracted a huge volume of publicity in our core international markets and guest feedback has been outstanding. The property is already ranked 5th on Trip Advisor and has been classified by Time Magazine as one of the World's 100 Greatest Places. In September 2019, the resort has been nominated among the finalists for the prestigious Surface Travel Awards.

Through this brand, The Lux Collective has taken a bold stand to promote what it considers to be the two most beautiful aspects of Mauritius: its culture and its people. SALT aims at meeting the needs and demands of a new generation of tourists who are looking for authentic experiences, both within and outside of the hotel, connecting with local people and places. SALT's food philosophy is reflected in its cuisine: high quality, healthy, fresh, local, sustainable.

It is therefore no surprise that SALT's wide-ranging vegan menu was praised by VeganWelcome. As a champion of sustainable tourism, SALT has also launched eco-friendly wedding packages, which is a first in Mauritius.

Although business has been slow to pick up, resulting in a negative result which stood at Rs 89 million, we remain confident in the future positive performance of the hotel.

SUSTAINABLE DEVELOPMENT

As a responsible Organisation committed to Sustainable Development, The Lux Collective has responded to the UN's call to action, following the IPCC's (Intergovernmental Panel on Climate Change) alarming report on climate change and its impact on the world. The Lux Collective has joined the global movement via a Business Ambition for 1.5°C Pledge and a Science Based Targets Call to Action Commitment Letter ratified on 2nd October 2019. The 1.5°C objective will alleviate the Earth of GHG (Greenhouse Gas) effects, by cutting global GHG emissions by 50% by 2030 and achieving net-zero emissions by 2050. The Lux Collective will continue to map the 17 UN SDGs and involve all stakeholders on this journey to meet the 1.5°C objective.

We continue to sensitise Team Members across all our resorts to the importance of adopting sustainable practices, such as 'Green Housekeeping'. Implementation of these practices have helped in reducing the use of chemical products, electricity and water in our housekeeping processes.

With regard to Food wastage which is an important issue we are committed to address, LUX* Le Morne has partnered with an NGO, FoodWise, to organise the first Zero Food Waste Forum. The objective has been to sensitise stakeholders on this issue as well as envision the numerous solutions that exist. Our resorts have already adopted them.

In line with our CSR Programme and the Ray of Light Project, we have been actively combating all forms of social inequality. For this financial year, The Lux Collective has shared Rs 3,3 million among 12 NGOs covering a number of fields such as education, healthcare to needy people, and assistance to

THE LUX COLLECTIVE HAS SHARED AMONG 12 NGOs

Rs 3,3 M

disabled persons. Over the years, we have established strong partnerships with several NGOs which are relentlessly working for the betterment of their beneficiaries.

HUMAN RESOURCES

In June 2019, The Lux Collective held its first Executive Conference in Mauritius over 3 full days, bringing together all General Managers and Senior Executives. The theme chosen was 'TLC – The Next R-evolution'. A panel of international speakers exposed the attendees to a number of thought-provoking subjects, including leadership, mindfulness & emotional intelligence, innovative green technologies, latest industry trends, as well as best practices. Participants were invited to step back, challenge the present, think & plan the future together. During the conference, we also shared The Lux Collective's new Purpose:

WE MAKE EACH MOMENT MATTER
WE CARE ABOUT WHAT MATTERS

The collective ideas generating from the conference resulted in an action plan with defined milestones on 'What's next for TLC' and what we will do to ensure that our new Purpose is indeed a living Purpose across all of TLC brands. It was good to observe the collective spirit expressed throughout the conference & the commitment by everyone to not only continue to serve with passion and make each moment matter for all our guests, but also show to the world, through our actions and the way we do business, that we are committed to operating in a considered, respectful manner, mindful of our contribution to future generations.
In August, we were very pleased to welcome Frits Hannenberg in the LUX* family as the new General Manager of LUX* Grand Gaube, in replacement of Brice Lunot. The Management is thankful to Brice for his longstanding service to this resort for almost 11 years.

From July 2018 to June 2019, we continued on our Learning & Development Plan, exceeding once again our training man-hours target with an achievement of 190 man-hours per team member, representing an increase of 13% over the last financial year.

AWARDS & ACCOLADES

The Lux Collective won various industry awards during the financial year, and I would like to thank each and every one of our Team Members for their meaningful contribution in making each moment matter for our guests.

The awards received during the financial year 2018-2019 are listed on pages 30 and 31.

BUSINESS OUTLOOK

Our strategy is to consolidate our position as one of the leaders of the hospitality industry in the Indian Ocean, as well as accelerate our global growth by securing new management contracts.

In Mauritius, the transformation of the Merville Beach Hotel into LUX* Grand Baie, which is scheduled to open in March 2021, will further strengthen our positioning in the high-end league.

On the global front, while we are exploring many potential deals in China and South East Asia, we are at the same time looking for growth opportunities in other geographical regions.

ESTIMATES FOR TOURISM EARNINGS HAVE BEEN REVISED TO

Rs 64.7 M

According to Statistics Mauritius forecasts, the country will welcome 1.425 million tourists during the 2019 calendar year, which represents a slight growth of 2% as compared to last year. Estimates for tourism earnings have been revised to Rs 64.7 billion, which is a modest increase since the revenue was at Rs 64 billion in 2018.

Based on current trends, the World Tourism Organisation has forecasted that international tourist arrivals worldwide in 2019 will grow by 3% to 4%. There is however cause for concern since the International Monetary Fund has forecasted a slowdown of the global economy due to happen in the coming months. Brexit, the looming trade war between the United States and China, as well as economic difficulties in European countries are some of the reasons that account for this. The impact of Brexit as well as the political turmoil it is creating have yet to be analysed. Escalating military tensions in the Persian Gulf are also spreading uncertainties on the world economy. Recent attacks of Saudi Arabian oil facilities will most probably cause an increase in the price of oil and hence impact a number of commodities. Any increase in air fares will have adverse effects on our destinations.

I would like to conclude by expressing my heartfelt thanks to all who contributed in this financial year in making The Lux Collective an Organisation we are proud of, and to the Chairman, Mr Arnaud Lagesse, as well as all the board members of The Lux Collective Ltd for their continued support.

PAUL JONES
CEO
The Lux Collective Ltd

19th October 2019

LATEST AWARDS & ACCOLADES

THE LUX COLLECTIVE

TRIP ADVISOR TRAVELLERS' CHOICE AWARDS - AFRICA

2019

- LUX* Belle Mare, 3rd Best All-Inclusive Hotel
- LUX* Le Morne, TOP 25 Luxury Hotels - Africa
- LUX* Grand Gaube, TOP 25 Luxury Hotels - Africa
- Tamassa, 5th Worldwide Best All-Inclusive Hotel

MAURITIUS TOURISM AWARDS

2018

LUX* Resorts & Hotels - Winner of Mauritius Tourism Awards

WORLDWIDE HOSPITALITY AWARDS

2018

LUX* 'Expert Led Workshops' awarded The Best Innovative Services

GREEN GLOBE CERTIFICATION

2019

LUX* Group of Hotels in the Indian Ocean awarded Green Globe Certification

LUX* BELLE MARE MAURITIUS

TRIP ADVISOR TRAVELLERS' CHOICE AWARDS

2019

- Ranked 3rd out of 25 All-Inclusive Resorts across the World
- Ranked 14th out of 25 All-Inclusive Hotels for Service in Africa
- Ranked 1st out of 10 All-Inclusive Resorts in Africa
- Ranked 2nd out of 10 Hotels for Service in Mauritius
- Ranked 7th out of 10 Hotels for Romance in Mauritius

2018

- Rated No. 20 in the category TOP 25 Hotels for Service - Africa

LUX* GRAND GAUBE MAURITIUS

TRIP ADVISOR TRAVELLERS' CHOICE AWARDS

2019

- Ranked 7th out of 25 Hotels in Africa
- Ranked 19th out of 25 Hotels for Service in Africa
- Ranked 21st out of 25 Hotels for Romance in Africa
- Ranked 3rd out of 10 Hotels in Mauritius

2018

- Rated No. 17 in the category TOP 25 Hotels for Service - Africa

LUX* LE MORNE MAURITIUS

TRIP ADVISOR TRAVELLERS CHOICE AWARDS

2019

- Ranked 12th out of 25 Hotels in Africa
- Ranked 6th out of 10 Hotels in Mauritius
- Ranked 5th out of 10 Hotels for Romance in Mauritius
- Rated No. 23 in the category TOP 25 Luxury Hotels - Africa

2018

- Rated No. 21 in the category TOP 25 Hotels for Service - Africa

WORLD LUXURY HOTEL AWARDS

2018

- Awarded the "Best Heritage Hotel Worldwide"

LUX* SOUTH ARI ATOLL MALDIVES

CITY TRAVELER

2018

- Awarded as The Best Overseas Hotel Award

LUXURY SPA AWARDS

2018

- LUX* ME Spa awarded Best Luxury Island Resort Spa

TAMASSA

TRIP ADVISOR TRAVELLERS CHOICE AWARDS

2019

- Ranked 5th out of 25 All-Inclusive Resorts across the World
- Ranked 2nd out of 10 All-Inclusive Resorts in Africa
- Ranked 5th out of 10 Hotels for Service in Mauritius
- Ranked 8th out of 10 Hotels for Romance in Mauritius

SALT

WORLD LEADERSHIP

2018

- Africa Best Employer Brand Awards - Awarded Salt
- Awarded the Positive Luxury Label

HUMAN RESOURCES

RESORT OPENINGS & TEAM MEMBER LEARNING AND DEVELOPMENT

SALT of Palmar opened less than a year ago and has already been featured in Time Magazine's list of the World's 100 Greatest Places. Our Training Academy, together with selected external training partners, guided the SALT Team Members on a 5-month journey of personal transformation. TLC Organisational Culture & Service mindset were widely shared, and today, we are happy to say that the whole team acts as true ambassadors of SALT, ensuring that we deliver a service that is aligned with the brand's ethos.

The opening of LUX* North Malé Atoll in 2019 in the Maldives involved over two months of rigorous training on the LUX* Shining Hospitality Standards, LUX* Culture education, along with operations skills training, to ensure we are able to seamlessly deliver the LUX* Purpose of 'Helping People Celebrate Life' the hard work, passion and dedication of our Team Members.

Our focus during the coming year will be the upskilling of the Merville Beach Resort team members in Mauritius who are currently deployed in our different resorts since July 2019, getting ready to launch the brand-new LUX* Grand Baie, Mauritius at the site of Merville Beach Resort.

The Innovation Challenge launched in 2013 continues to encourage creativity and innovation within our operations. We have successfully run five editions of this challenge with company-wide participation. For the 2018 edition of The Lux Collective Innovation Challenge themed 'Innovate to Reduce Waste' – our teams came up with ideas not only to reduce and reuse, but also upcycle and repurpose the waste we generate in our operations. The LUX* Le Morne team won the challenge with their initiative 'Zero Food Waste' geared to eliminate food waste by taking proactive measures to prevent overproduction, optimize consumption, donate excess to livestock farms and recycle as compost. The project spurred a collaboration between the private and public sectors in order to share knowledge and experience. The first national conference on the subject was also hosted by LUX* Le Morne in January 2019 to ensure we spread the impact of the Innovation Challenge beyond our operations. The 2019 edition of the Innovation Challenge is themed "**Innovate to Enhance the Team Member Experience**" and will celebrate The Lux Collective's Employer Value Proposition in developing initiatives to redefine and enrich the day to day experience of our Team Members. Our teams are developing their initiatives on:

- Personal Development
- Wellbeing
- Mindfulness
- Team Member Recognition Programs

THE RUNNERS UP (1ST & 2ND) AND JURY'S CHOICE AWARD WERE PRESENTED RESPECTIVELY TO LUX* GRAND GAUBE, LUX* BELLE MARE AND LUX* SOUTH ARI ATOLL.

We continue to emphasize **leadership development** at all levels through a variety of internal and external programs and partnerships. Thirteen of our key operations managers participated in the IBL Management Development Program geared towards developing middle management capabilities. We also participated in the IBL LEAD Program catering to senior management while two of our executives successfully graduated from the Executive MBA Program of the National University of Singapore. Through our Training Academy, we bring accredited education to our management team members and the first batch of 19 managers are progressing towards graduation which will take place in July 2020. With our ongoing partnership with The John Maxwell Company, our Training Academy has devised a 2-year development program to equip over 125 Managers with enhanced personal leadership skills including executive coaching from the best resources and self-paced learning opportunities.

Under the third edition of the **Service Leadership Challenge** we looked at the building block of "Service Improvement Process." Our teams identified areas in front as well as heart of the house where service was below "Desired" and resulted in dissatisfaction to our Guests or Team Members. They completed the challenge by working in teams, brainstorming ideas and implementing the best solutions to remove the roadblocks to service excellence. In the 4th edition, the teams are invited to do "Service Benchmarking with a difference". Our partnership with Ron Kaufman's Up Your Service continues and we have an active team of internal certified Workshop Leaders who are constantly educating our team members on different ways to achieve service excellence.

Another new Learning and Development initiative we launched this year is the **Global Collective Learning Week** (GCLW) which took place in May 2019. It involved a full week of customized immersive learning experiences curated for all levels of team members with a view to enhancing our collective knowledge. The GCLW allows us to go beyond work related training and provide diverse learning opportunities through workshops, expert experiences, seminars and group collaborations open for everyone in the team to participate. The topics included soft skills, technical skills, life skills, leadership and many more. The first edition of the GCLW was remarkably successful in both organization and execution by all properties. We had participation from all resorts, the Regional Head office and Café LUX* operations.

Personal transformation leads to organizational transformations and with this in mind, we started the LUX* Energy Journey in 2016. We developed an internal team of dedicated Blue Energy Coaches to educate our team members and they are currently on the 4th phase of the journey titled "Me to Me" where we are being encouraged to discover who we really are and what we stand for by consciously keeping our ego aside. Through this journey we are also looking at how fast the world is moving from a commodities economy to an experience economy. This shift demands complete authenticity on our part to be able to provide our guests with more meaningful experiences

To continue on this path, we collaborated with renowned **MindPower** expert Robin Banks to provide our team with a unique opportunity to discover MindPower as a practice and discipline which produces desired results. Robin educated +3000 team members and we opened the sessions to our team members' families and friends for a larger impact. We intend to continue on this journey by providing life skills that will undoubtedly go a long way in making our team members live more meaningful and fulfilling lives.

WE HAVE EXCEEDED OUR TRAINING MANHOURS TARGET WITH AN ACHIEVEMENT OF 190 MANHOURS PER TEAM MEMBER, REPRESENTING AN INCREASE OF **13%** OVER THE LAST FINANCIAL YEAR.

GRI 404-1, GRI 404-3, GRI 405-1

CORPORATE GOVERNANCE REPORT

STATEMENT OF COMPLIANCE BY THE BOARD

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

The introduction of the new National Code of Corporate Governance for Mauritius ("the Code") has brought considerable changes, from a Corporate Governance reporting perspective.

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

RELATIONS WITH SHAREHOLDERS AND KEY STAKEHOLDERS

COMPANY CONSTITUTION

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

SHAREHOLDING

The directors regard IBL Ltd as the ultimate holding company and as at 30th June 2019, one director was common to the Company and IBL Ltd, namely Mr Arnaud Lagesse.

As at 30th June 2019, the Company's share capital was Rs 216,664,810, composed of 156,082,273 shares with 4,653 shareholders present on the registry.

The following shareholders had more than 5% of the capital of the Company at 30th June 2019:

IBL Ltd	49.60%
Swan Life Ltd	5.58%
Other shareholders	44.82%
Total	100.00%

SHAREHOLDING PROFILE

The Company's shareholding profile as at 30th June 2019 was as follows:

DEFINED BRACKETS	NUMBER OF SHAREHOLDERS	NUMBER OF SHARES OWNED	PERCENTAGE %
1-500	2,291	299,493	0.192
501-1,000	454	351,926	0.225
1,001-5,000	966	2,400,842	1.538
5,001-10,000	328	2,394,519	1.534
10,001-50,000	429	9,023,376	5.781
50,001-100,000	79	5,456,301	3.496
100,001-250,000	61	9,466,364	6.065
250,001-1,000,000	38	17,631,811	11.296
1,000,001-1,500,000	1	1,471,714	0.943
Over 1,500,000	6	107,585,927	68.929

RELATIONS WITH SHAREHOLDERS AND KEY STAKEHOLDERS (CONTINUED)

SUMMARY A SHAREHOLDER CATEGORY

CATEGORY OF SHAREHOLDERS	NUMBER OF SHAREHOLDERS	NUMBER OF SHARES OWNED	% OF TOTAL ISSUED SHARES
Individuals	4,228	38,431,399	24.623
Insurance and assurance companies	4	8,936,872	5.726
Pension and provident funds	40	5,702,967	3.654
Investment and trust companies	20	750,738	0.481
Other corporate bodies	360	12,258,297	65.516

SHAREHOLDER RIGHTS

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

The Company is committed to providing shareholders with adequate, timely, and sufficient information pertaining to the Group's business.

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

COMMUNICATION WITH SHAREHOLDERS

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

Transparency and disclosure define the Company's communication with shareholders. The Company is committed to delivering thorough and updated information to the global investing community, in order to support informed investment decisions. The Company does not practice selective disclosure of material information. The Company conveys material information in its quarterly results through published announcements. Results and annual reports are announced and issued within the specified period.

DIVIDEND POLICY

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

No dividend has been paid for the financial year ending 30th June 2019. The Audit & Risk Committee and the Board shall ensure that the Company satisfies the solvency test if there is any dividend declaration.

CONDUCT OF SHAREHOLDER MEETINGS

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

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

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

RELATIONS WITH SHAREHOLDERS AND KEY STAKEHOLDERS (CONTINUED)

CONDUCT OF SHAREHOLDER MEETINGS (CONTINUED)

At the Shareholders' meeting, each issue is proposed in a separate resolution:

- The approval of the audited financial statements
- The Annual Report
- The election or re-election of Directors of the Board
- The appointment or re-appointment of Auditors under section 200 of the Companies Act 2001
- The ratification of the remuneration paid to the Auditors
- The approval of directors remuneration
- Any other matter which may require the Shareholder's approval

DIRECTORS SHAREHOLDING

INTERESTS OF DIRECTORS

The table below outlines each Director's respective direct and indirect interests and number of other directorships in listed companies as at 30th June 2019.

DIRECTORS	DIRECT INTEREST		INDIRECT INTEREST	NUMBER OF OTHER DIRECTORSHIPS IN LISTED COMPANIES
	Shares	%	%	
Marie-Laure Ah-You	612,148	0,39	-	-
Jean de Fondaumière	-	-	-	4
Julian Hagger	3,404,395	2,18	-	-
Alexis Harel	18,134	0,01	-	2
Paul Jones	7,485,010	4,79	-	-
Arnaud Lagesse	24,000	0,01		6
Karen Lai Yong	-	-	-	-
Hans Olbertz	-	-	-	-
Scott J. Woroch	-	-	-	-
Christof Zuber	-	-	-	-
ALTERNATE DIRECTORS				
Deodass Poolovadoo (Alternate to Julian Hagger)	313,320	0,20	0,01	-
Dominik Ruhl (Alternate to Marie-Laure Ah-You)	545,883	0,34	-	-

During the year under review, there was no share dealings by Directors (including Alternate Directors).

CALENDAR OF IMPORTANT EVENTS FOR THE FORTHCOMING FINANCIAL PERIOD

Publication of 1st quarter results	October 2019
Annual Meeting of Shareholders	December 2019
Declaration/payment of interim dividend (if applicable)	November/December 2019
Publication of half-yearly results	January 2020
Publication of 3rd-quarter results	April 2020
Declaration/payment of final dividend (if applicable)	June 2020
Financial year-end	June 2020
Publication of abridged end-of-year results	September 2020

GOVERNANCE STRUCTURE

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

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

CHAIRMAN OF THE BOARD

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

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

GOVERNANCE STRUCTURE

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

Paul Jones – Chief Executive Officer
Julian Hagger – Executive Vice President – Global Sales & Marketing and LUX* Resorts & Hotels Asia Pacific Operations
Dominik Ruhl- Chief Operating Officer
Nitesh Pandey – Senior Vice President (in charge of Tamassa, SALT and Ile des Deux Cocos)
Marie-Laure Ah-You – Chief Strategy Officer
Karen Lai Yong - Senior Vice President - Global Business Development
Dev Poolovadoo – Vice President – Finance
Nicolas Autrey – Chief Human Resources Officer
Guillaume Valet – Group Head of Legal, Secretarial and Corporate Affairs
Sydney Pierre – Senior Vice President - Commercial

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

CODE OF ETHICS

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

The Code of Ethics of the Group as approved by the Board addresses the following:

- Compliance with Laws, Rules and Regulations
- Conflict of interest
- Use and disclosure of Confidential Information
- Giving and receiving gifts
- Safeguard and proper use of company Assets
- Personal conduct and etiquette
- Proper accounting and document retention
- Reporting of illegal and unethical behaviour
- Recruitment and employment practices
- Responsibilities to the Community
- Relationships with suppliers and contractors
- Responsibilities towards Government officials
- Responsibilities towards Other Stakeholders

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

STRUCTURE OF THE BOARD

BOARD SIZE AND COMPOSITION

The Board is a unitary board that currently consists of 10 directors, as shown below, along with their membership on the Board Committees of the Company.

Each year the Board examines the size, composition, skills and core competencies of its members to ensure there is an appropriate balance and diversity of skills, experience and knowledge. The Board includes Directors from different industries and backgrounds, with business and management experience, who, collectively, provide the core abilities for the leadership of the company. Taking into account the scope and nature of the Group's operations, the Board considers that the current Board of 10 Directors is appropriate for enabling effective decision-making.

GRI 102-16 , GRI 102-18

CORPORATE GOVERNANCE REPORT (CONTINUED)

STRUCTURE OF THE BOARD

BOARD SIZE AND COMPOSITION

The directors of the Company and their representations in the various Committees are as follows:

NAME	GENDER	COUNTRY OF RESIDENCE	BOARD APPOINTMENT	BOARD COMMITTEE APPOINTMENT
Arnaud Lagesse - Chairman	M	Mauritius	Non-Executive Chairperson of the Board	Member of the Corporate Governance & Nomination Committee and Member of the Remuneration Committee
Jean de Fondaumière	M	Mauritius	Independent Non-Executive Director	Chairman of the Audit & Risk Committee, and member of the Remuneration Committee
Alexis Harel	M	Mauritius	Independent Non-Executive Director	Member of the Audit & Risk Committee, the Corporate Governance & Nomination Committee, and the Remuneration Committee
Hans Olbertz	M	Austria	Independent Non-Executive Director	Member of the Audit & Risk Committee
Scott J. Woroch	M	UK	Independent Non-Executive Director	
Christof Zuber	M	Switzerland	Independent Non-Executive Director	Chairman of the Corporate Governance & Nomination Committee and Chairman of the Remuneration Committee
Paul Jones (Chief Executive Officer)	M	Singapore	Executive Director	
Karen Lai Yong	F	Singapore	Executive Director	
Marie-Laure Ah-You	F	Singapore	Executive Director	
Julian Hagger	M	Singapore	Executive Director	
Deodass Poolovadoo (Alternate to Julian Hagger)	M	Mauritius	Alternate director	
Dominik Ruhl (Alternate to Marie-Laure Ah-You)	M	Mauritius	Alternate director	

The appointment as Director of Messrs Jean de Fondaumière and Scott J. Woroch will be submitted to the Shareholder's approval at the Annual Meeting scheduled on 16th December 2019.

STRUCTURE OF THE BOARD

DIRECTOR'S INDEPENDENCE REVIEW

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

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

Additionally, rigorous reviews are conducted, and particular consideration is given to directors who have served on the Board for more than nine consecutive years, from the date of their first election.

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

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

- Jean de Fondaumière
- Alexis Harel
- Hans Olbertz
- Scott J. Woroch
- Christof Zuber

DELEGATION BY THE BOARD

To assist the Board, the Board has delegated certain functions to 3 Committees, namely the Audit & Risk Committee (ARC), the Remuneration Committee (RC) and the Corporate Governance & Nomination Committee (CGNC). Each committee has its own written terms of reference.

DIRECTORS' TIME, COMMITMENT AND MULTIPLE DIRECTORSHIPS

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

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

The Board considers that setting a limit on the number of listed-company directorships a Director may hold is arbitrary, given that time requirements for each person vary. Therefore, the Board prefers not to be prescriptive. As a safeguard, the CGNC reviews each Director's ability to devote sufficient time and attention to the affairs of the Company during the CGNC's annual assessment process. The CGNC is currently satisfied with the time committed by each Director to meeting attendance.

COMPANY SECRETARY

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

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

Since the 1st of January 2019, the role of the Company Secretary is carried out by IBL Management Ltd, in replacement of The Lux Collective Ltd (previously Lux Hospitality Ltd).

STRUCTURE OF THE BOARD (CONTINUED)

AUDIT & RISK COMMITTEE (ARC)

The ARC is governed by a Charter in line with the provisions of the Code. The ARC approved its Charter during the past financial year. The Charter is reviewed on an annual basis.

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

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

(a) Reviewing significant financial reporting issues and judgments to ensure the integrity of the financial statements of the Group and any formal announcement relating to the Group's financial performance.

(b) Reviewing and reporting to the Board, at least annually, the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls.

(c) Reviewing the effectiveness of the Group's internal audit function.

(d) Reviewing the scope and results of the external audit, and the independence and objectivity of the external auditors.

(e) Making recommendations to the Board on the proposals to the shareholders on appointment, re-appointment and dismissal of external auditors, and approving the remuneration and terms of engagement of the external auditors.

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

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

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

- The launching and performance of Salt Hospitality Ltd
- The terms and conditions of the management agreements between Lux Island Resort Ltd and The Lux Collective Ltd
- The performance of the Group and the liquidity risk associated with said performance

The ARC is satisfied that these matters have been appropriately addressed. Depending upon the issue, independent expert advice is sought. The ARC recommended to the Board to approve the audited financial statements of the Group for the financial year ended 30th June 2019 ("FY 2019 Financial Statements"). The Board has approved the FY 2019 Financial Statements on 19th Oct 2019.

The ARC, met 3 times during the year and has considered the following:

- Approval of the results for Q2 and Q3
- Review of the budget for 2019/20
- Audit Plan for 2019/2020
- Internal and external audit reports issued

The members of the ARC are as follows:

• Jean de Fondaumière (Chairman)	Independent Non-Executive Director
• Hans Olbertz	Independent Non-Executive Director
• Alexis Harel	Independent Non-Executive Director

STRUCTURE OF THE BOARD (CONTINUED)

AUDIT & RISK COMMITTEE (ARC) (CONTINUED)

On 1st January 2019, Mr Jean de Fondaumière was appointed as Chairman and member of the ARC and Messrs Hans Olbertz and Alexis Harel were appointed as members of the ARC.

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

CORPORATE GOVERNANCE AND NOMINATION COMMITTEE (CGNC)

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

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

The members of the Committee are:

- Christof Zuber - Chairman
- Arnaud Lagesse
- Alexis Harel

Messrs Christof Zuber and Alexis Harel are Independent Non-Executive Directors.

REMUNERATION COMMITTEE (RC)

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

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

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

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

Since 1st of January 2019, the Remuneration Committee includes the following directors:

- Christof Zuber - Chairman
- Arnaud Lagesse
- Alexis Harel
- Jean de Fondaumière

The Board views that the current composition is adequate, with a Chairman qualified as independent director.

STRUCTURE OF THE BOARD (CONTINUED)

ATTENDANCE

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

No of Meetings attended by Directors					
NAME	BOARD MEETINGS	AUDIT & RISK COMMITTEE MEETINGS	CORPORATE GOVERNANCE & NOMINATION MEETINGS	REMUNERATION COMMITTEE MEETINGS	TOTAL ATTENDANCE AT MEETINGS
Executive Directors					
Paul Jones	5	3 (in attendance)	1 (in attendance)	1 (in attendance)	10
Julian Hagger	5	-	-	-	5
Karen Lai Yong (appointed on 22.10.18)	3	-	-	-	3
Marie-Laure Ah-You	5	-	-	-	5
Non-Executive Directors					
Arnaud Lagesse	5	-	1	1	7
Christof Zuber	5	-	1	1	7
Jean de Fondaumière (appointed on 01.01.19)	3	3	-	1	7
Alexis Harel	5	3	1	1	10
Hans Olbertz	5	3	-	-	8
Scott J. Woroch (appointed on 01.01.19)	3	-	-	-	3
Number of Meetings held	5	3	1	1	10

DIRECTOR APPOINTMENT PROCEDURES

ROLE OF THE CORPORATE GOVERNANCE & NOMINATION COMMITTEE IN THE DIRECTOR'S APPOINTMENT

The CGNC is responsible for selecting and appointing new Directors.

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

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

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

DIRECTOR APPOINTMENT PROCEDURES (CONTINUED)

ROLE OF THE CORPORATE GOVERNANCE & NOMINATION COMMITTEE IN THE DIRECTOR'S APPOINTMENT (CONTINUED)

This year, to comply with the provisions of the Code, Messrs Arnaud Lagesse, Paul Jones, Christof Zuber, Hans Olbertz, Alexis Harel, Julian Hagger, Mrs Marie-Laure Ah-You and Mrs Karen Lai Yong will submit their re-election as Board Members at the forthcoming Annual Meeting of Shareholders. Messrs Jean de Fondaumière and Scott J. Woroch, who were appointed by the Board on the 1st of January 2019, will submit, for approval, their election at the forthcoming Annual Meeting of Shareholders.

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

BOARD ORIENTATION AND TRAINING FOR NEW DIRECTORS

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

Directors will be provided with the Board Charter, which clearly outlines their duties and obligations. They will also be given the Company's relevant governing documents.

Newly appointed non-executive directors who are not familiar with the Company's business or the Hospitality Sector's activities are invited to stay in each hotel and meet the General Manager to be acquainted with each resort's operations, strengths and weaknesses.

Management is also responsible for briefing new directors on the Group's business, with the objective of maintaining a well-informed and competent Board.

DIRECTORS DEVELOPMENT

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

The training may comprise:

- Externally conducted courses on audit/ financial reporting matters and other relevant topics
- Quarterly updates on operations and industry-specific trends and development
- Quarterly ongoing training on regulatory changes and updates, including briefings to ARC members on changes to accounting standards

SUCCESSION PLANNING AND DIRECTORS SERVICE CONTRACT

Following the extension of the employment contracts of Messrs Jones and Hagger last year, the Board is confident that under the leadership of Mr Paul Jones, the Company will maintain its growth trajectory. The Board is monitoring the established succession planning process.

DIRECTORS PROFILE

Please refer to pages 12 and 15 for the Directors profile.

DUTIES, REMUNERATION AND PERFORMANCE

KEY FEATURES OF BOARD PROCESSES

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

From 1st July 2018 to 30th June 2019, the Board met 5 times for the purpose of considering and approving, amongst others, the following items:

- The audited financial statements for the year ended 30th June 2019 and relevant publications
- Updates on various renovation projects and new management contracts
- Approval of Q1 results
- Approval of Q2 results
- Approval of Q3 results
- Discussions about the reorganisation of the Group and separation of the 'property' company and the 'management' company
- Budget for the financial year ending 30th June 2020

COMPLETE, ADEQUATE, AND TIMELY INFORMATION

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

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

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

RELATED PARTY TRANSACTIONS

For the purpose of these financial statements, parties are considered to be related to the Group if they have the ability, directly or indirectly, to control the Group or exercise significant influence over the Group in making financial and operating decisions, or vice versa, or if they and the Group are subject to common control. Related party transactions are disclosed in note 29 in the financial statements.

CONFLICTS OF INTERESTS

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

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

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

There has been no case of conflict of interest noted during the financial year under review.

DUTIES, REMUNERATION AND PERFORMANCE (CONTINUED)

BOARD EVALUATION PROCESS

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

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

The Board Appraisal is conducted annually by means of a questionnaire filled by each Director. The questions are categorised as follows:

- Company's relationship and communication with its shareholders
- Board's functions, responsibilities and relationship with Executive Management
- Size, composition and independence of the Board
- Board Meetings and Chairman's appraisal
- Board's committees
- Director's self-assessment / evaluation

The results are analysed and discussed in the CGNC and improvement actions are considered for implementation. For the year under review, the evaluation process confirmed that a majority of directors consider the Board to be effective and well-balanced.

During the annual evaluation process, each Director is required to complete the respective forms for assessment of the performance of the Board, based on predetermined and approved performance criteria.

When deliberating on the performance of a particular Director who is also a member of the CGNC, that member abstains from the discussion in order to avoid any conflict of interests.

INDEPENDENT PROFESSIONAL ADVICE

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

REMUNERATION MATTERS

STATEMENT OF REMUNERATION PHILOSOPHY

All directors receive a fixed fee and an additional fee for each board meeting attended. In addition, members of the Audit & Risk Committee and Corporate Governance and Nomination Committee receive an extra fee for each committee meeting attended. No additional fees are paid to the members of the Remuneration Committee.

The level of Directors' Fees is reviewed annually by the Remuneration Committee and/or the Board, during which responsibilities and market benchmarks are taken into account.

For the year ended 30th June 2019, there was no change to the fee structure, which was as follows:

BOARD	RS
Annual director's fees	100,000
Attendance fee	10,000
AUDIT & RISK COMMITTEE	
Chairman's Attendance fee	75,000
Member's Attendance fee	50,000
CORPORATE GOVERNANCE AND NOMINATION COMMITTEE	
Attendance fee	25,000

REMUNERATION MATTERS (CONTINUED)

REMUNERATION OF EXECUTIVE DIRECTORS AND KEY MANAGEMENT PERSONNEL

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

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

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

REPLACEMENT OF EXECUTIVE SHARE SCHEME (ESS)

Following the closure of an Executive Share scheme, the remuneration committee is currently working on a new scheme.

This new scheme's objectives would aim to

- Create an additional reward mechanism that supports achieving the value creation and growth objectives of The Lux Collective Ltd;
- Encourage the Executive teams to focus on the performance of the Group and shareholder returns;
- Strengthen the sense of alignment of interests between executives and shareholders;
- Raise the profile and reputation of the Group by taking a leading position in employee value propositions for Executives in the current market.
- Strengthen the ability of the organisation to attract and retain executive talent

DIRECTORS REMUNERATION FOR THE YEAR ENDED 30 JUNE 2019 IS AS FOLLOWS:

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

	YEAR ENDED 30 JUNE 2019		YEAR ENDED 30 JUNE 2018	
	EXECUTIVE	NON-EXECUTIVE	EXECUTIVE	NON-EXECUTIVE
	RS	RS	RS	RS
The Group	83,908,538	1,540,000	80,108,000	

The Company believes that it is not in its best interest to disclose the remuneration paid to each executive director and Key Management Personnel individually, due to sensitivity and confidentiality surrounding the issue of remuneration. Moreover, varying responsibilities for similar positions may encourage inappropriate peer comparisons or discontent and may, in certain cases, impede the Group's ability to retain its talent pool in a competitive environment.

However, after having taken into account the size of the company and its scope of business, the Board is strongly convinced that the remuneration of each Executive Director and Key Management Personnel is aligned to the relevant market range.

REMUNERATION OF NON-EXECUTIVE DIRECTORS

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

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

RISK GOVERNANCE AND INTERNAL CONTROL

RESPONSIBILITIES FOR RISK MANAGEMENT AND INTERNAL CONTROLS

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

THE ROLE AND DUTIES OF THE ARC REGARDING MANAGEMENT OF RISKS

The ARC has the duty to assist Management in its role of managing risks, as part of the Group's efforts to strengthen its risks management processes and foster accountability for its adequacy and effectiveness.

ARC PROCESSES REGARDING MANAGEMENT OF RISKS

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

The company's risk management process comprises a disciplined and repeatable interaction structure that facilitates active involvement by the Board in evaluating the risk in strategic alternatives and operational decisions. These structures serve as a forum for Management to highlight both favourable and adverse factors affecting the business, its performance and associated risks. The Board and Management collectively determine the materiality of the risks and appropriate strategies to address them, following which pertinent risk governance structures are constituted. Governance policies are reviewed and approved by the ARC.

ASSURANCE FROM THE CHIEF EXECUTIVE OFFICER AND THE VICE PRESIDENT FINANCE

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

(a) The financial records of the Group for the financial year ended 30th June 2019 have been properly maintained, and the financial statements give a true and fair view of the Group's operations and finances, in accordance with the applicable financial reporting framework, that are free from material misstatement; and

(b) The system of risk management and internal controls in place within the Group is adequate and effective in addressing the material risks in the Group in its current business environment including material financial, operational, compliance and information technology risks.

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

OPINION ON ADEQUACY AND EFFECTIVENESS OF INTERNAL CONTROLS AND RISK MANAGEMENT SYSTEMS

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

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

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

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

RISK GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

OPINION ON ADEQUACY AND EFFECTIVENESS OF INTERNAL CONTROLS (CONTINUED)

The Board notes that the Company's systems of internal controls and risk management provide reasonable assurance that the Group will not be adversely affected by an event that can be reasonably foreseen. Furthermore, the Board also acknowledges that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities.

INTERNAL CONTROL AND RISK MANAGEMENT

The directors are responsible for ensuring that the system of controls that is in place is sufficient and appropriate in order to enable the Company to mitigate any risks that may impact its objectives. Such systems are designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against misstatement or loss.

RISK GOVERNANCE

Effective risk management is an integral part of the overall achievement of the Group's strategic objectives. Our focus is on managing risks to ensure the long-term sustainability of our business.

The Board is ultimately responsible for establishing, maintaining and overseeing appropriate and effective risk management and internal control systems for the Group. It has given the ARC the responsibility of overseeing these systems on an ongoing basis and assessing their adequacy and effectiveness.

RISK FACTORS

The Group's corporate risk management policy is designed to effectively protect the interests of its customers, its environment and its shareholders. The mapping of key operational risks is updated on a regular basis with risks being prioritised according to their frequency and their economic impact on the Group.

This section presents the significant risks to which the Group considers itself exposed – strategic, operational, legal and financial – as well as the mitigation measures in place to deal with them.

RISK REF	RISK NAME	RISK DESCRIPTION	RISK LEVEL	MITIGATING MEASURES
1	Air Accessibility	We are highly dependent on flights that come to the countries where we operate. Hence our growth is directly linked to air access in these countries and the policies of governments and airlines on air access.	H	• Diversification plan through management contracts
2	Reputation Risk	Negative comments made on social media, in the absence of a verification mechanism, including those by disgruntled staff and guests could damage our reputation. In addition, monitoring and management of social media could be costly and force us to divert our resources. Failure to maintain and protect our reputation from social media damage could tarnish our brands and impair our business.	H	• Implementation of a Group-wide social media policy. • Dedicated teams continually monitor the media and social networks to respond to guests and in order to activate a crisis management plan as needed. • Insurance against legal claims

RISK GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

RISK FACTORS (CONTINUED)

RISK REF	RISK NAME	RISK DESCRIPTION	RISK LEVEL	MITIGATING MEASURES
3	Health & Safety Risk	The health and safety of our guests and Team Members is of utmost importance, in order to maintain our reputation and our revenue. However we still face the risk of our infrastructure (leased and managed) not being legally compliant and up to standard, leading to casualties and spread of diseases in our resorts (e.g. legionella).	H	• Audits by reputable companies (SGS and Quantilab) and action plan by each resort, which is closely monitored. • Regular training on health and safety for all our Team Members. • Discharge letter from hotel owners, failing which we do not recommend opening of properties.
4	Destination disruption	Major natural or man-made catastrophes such as cyclones, floods, earthquakes, tsunami, oil spills, disease outbreaks and terrorist attacks in locations where we manage properties could cause a decrease in demand for our properties, which could adversely affect our revenues.	H	• Diversification plan: manage resorts in various locations to mitigate the risk of operating resorts in limited locations only.
5	Political Risk	An unstable political situation in our countries of operation could cause a decrease in demand for the destination and hence our properties. This in turn could adversely affect our revenues.	M	• Diversification of our operations to various countries
6	Talent Management Risk	Our growth depends largely on our ability to retain and recruit talented Team Members in key positions. If we are unable to recruit and retain sufficient numbers of Team Members, our ability to manage and service our properties could be impaired which could reduce guest satisfaction. A shortage of skilled labour could also require higher replacement wages, which will increase our operating expenses.	M	• Talent development and management plan in place to retain Team Members. • Be known as the Employer of choice in our countries of operation. • Lobby with governments for work permits and marketing of industry.
7	Brand Integrity Risk	Our future success and our ability to manage future growth depend largely upon our ability to protect our reputation and brands, including sub-brands, to continue to attract guests and management contracts. However, our strong focus on management contracts in various territories could lead us to engage with wrong partners who do not respect our brand standards which may affect our credibility for future expansion.	M	• Background checks on owners for management contracts. • Management contracts signed with owners with terms and conditions clearly laid out.

RISK GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

RISK FACTORS (CONTINUED)

RISK REF	RISK NAME	RISK DESCRIPTION	RISK LEVEL	MITIGATING MEASURES
8	Legal/ Regulatory	Due to the nature of its business and its international presence, the Group is subject to varied, changing and sometimes contradictory laws and regulations in numerous areas (safety, health, environment, tourism, transportation, taxation, human resources, etc.). The application of these laws and regulations including the new laws on data protection can be a source of operating difficulty and can lead to disputes with suppliers, owners, staff and even local authorities. Changes in laws and regulations applicable to the Group's entities could, in some cases, limit the Group's business activities as well as its ability to grow. These may also involve significant compliance costs, which could negatively affect the Group's results and outlook.	M	• Diversification of our operations to various countries to spread our risks. • Work with reputable local law firms to understand laws in new countries of operation. • Set up internal working groups and procedures to ensure compliance with all relevant regulations.
9	Macro-Economic Risk	Economic slowdowns in the regions where the Group trades, adversely affect demand for leisure activities, particularly vacation travel. This means that the Group is exposed to the consequences of economic crisis and declines in consumer spending, which affect our growth rates and margins.	M	• Diverse geographical operating presence. • International customer base
10	Competition Risk	The Group operates in highly competitive markets, where the differentiating factors are brand recognition, company image, and the price and quality of services offered. Although the Group aims to raise its brand recognition continuously through advertising and promotional activities and by improving the excellence of its services, it faces increasing competition in its various operating regions from new hotels and Airbnb.	M	• Diversification plan through management contracts • Continuous innovation
11	Technology Disruption Risk	We are not an IT company, but technology is important if we want to be known as an innovator in our industry. We face the risk of losing our competitive edge due to obsolescence of our technology, which results in decreased customer loyalty and a loss in market share.	M	We work with international consultants to keep us updated with the latest technology available in our industry

RISK GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

RISK FACTORS (CONTINUED)

RISK REF	RISK NAME	RISK DESCRIPTION	RISK LEVEL	MITIGATING MEASURES
12	Food Safety Risk	Food safety is a priority for the Group. However, the nature of our business exposes us to food safety risks in all our food outlets. Moreover, the increasing number of food allergens and people with allergic reactions to certain foods increases our risk of food poisoning or allergies in our resorts.	M	• HACCP certification for our resorts and hotels. • Procedures in place to identify and follow-up on allergies our guests may have.
13	3rd Party Risk	Some of the services provided at our resorts, such as the boathouse and diving services, are outsourced to third party service providers. Although we only work with trusted providers, our reputation is at risk if these providers use old obsolete equipment, if there are accidents at sea while guests are using the services offered by these providers or the third party staff are not adequately trained.	M	• Insurance cover against legal claims. • We only work with reputable service providers who are licenced. • We commission regular independent audits on 3rd parties.
14	Security Risk	Inappropriate behaviour on the part of our Team Members or suppliers, or the circulation in the media of damaging information could harm the Group's reputation, affect our guests' trust and cause an adverse impact on sales.	M	• Screening measures in place to recruit the right people. • Training of our Team Members in ethics and our values • Controls in place at operational level
15	Succession Planning Risk	Our future success depends in large part upon the efforts of our senior management. Competition for such personnel is intense. We may not be prepared to deal with unexpected needs for succession planning of key management positions.	M	HR strategy on succession planning for senior management, which is discussed at Board level.
16	Currency Risk	Our reporting currency is in MUR and our main revenue is in EUR and USD. Any major fluctuation in USD affects our revenue, EBITDA and cash flow.	L	• Diversification plan through management contracts in various locations and currencies.
17	Fraud Risk	The Group has policies and procedures in place aiming to limit the risk of fraud. However, we still face the risks of collusions between staff and suppliers to defraud the company or the intentional circumventing of controls by staff.	L	• Training of our Team Members in ethics and our values • Controls in place at operational level • Regular audits

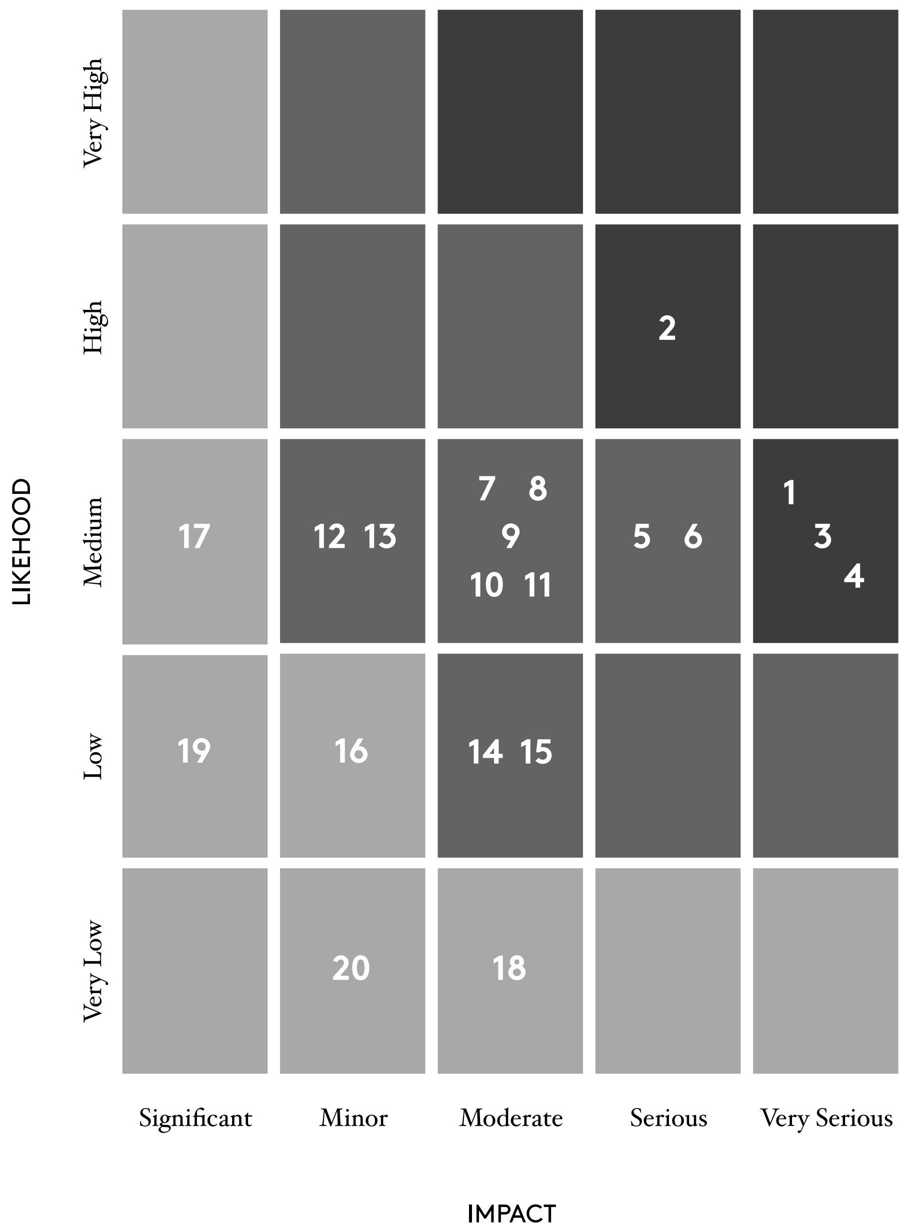
RISK GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

RISK FACTORS (CONTINUED)

RISK REF	RISK NAME	RISK DESCRIPTION	RISK LEVEL	MITIGATING MEASURES
18	Cyber Security Risk	Despite our efforts, information networks and systems may be vulnerable to threats such as system, network or internet failures, computer hacking or business disruption, cyber-terrorism, viruses, worms or other malicious software programs, employee error, negligence, fraud, or misuse of systems, or other unauthorised attempts by third parties to access, modify or delete our proprietary and personal information.	L	• Network security and internal control measures in place. • IT Security audits
19	Credit Risk	The Group's credit risk is primarily attributable to its trade receivables. We are currently highly dependent on fees receivable from Lux Island Resorts' owned properties.	L	• Diversification through management contracts
20	Sustainability Risk	Aware of the impact of the depletion of natural resources, the Group does its utmost to limit its consumption of resources and, in particular, to improve its control over operating costs and anticipate changes in sustainable development regulations. However, we remain at risk of not being able to meet changing regulations on sustainability in all countries of operation.	L	• External assurance on sustainability and certifications • Corporate sustainability management plan

RISK GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

RISK FACTORS (CONTINUED)



RISK GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

IT GOVERNANCE

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

The Group is also embracing technological change and is actively pursuing upgrades to its information systems to support its growth strategy across multiple locations and brands. This is being done with data privacy and security at the forefront to ensure that we are compliant with all relevant data protection laws and regulations.

DATA PROTECTION

Regulations on data protection, including the EU General Data Protection Regulation (GDPR) remain a focus area for the Group. The Group ensures that all its operations are compliant with the data protection regulations. Measures taken include:

- All employees of the Group have been given training on data protection and its implications
- System controls have been enhanced to limit access to data on a needs to know basis only
- Consent requests from guests for all non-contractual communication
- Policies and procedures established for data flows

In addition, the Group has applied for additional insurance covers to mitigate the risks associated to the Data Protection processes.

ACCOUNTABILITY AND AUDIT

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

ACCOUNTABILITY

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

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

INTERNAL AUDIT

INTERNAL AUDIT

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

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

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

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

INTERNAL AUDIT (CONTINUED)

EXTERNAL AUDITOR INDEPENDENCE

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

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

The ARC has recommended to the Board that the external auditors be nominated for reappointment at the forthcoming Annual General Meeting. The Company conducts a tendering exercise every 5 years to select and appoint the external auditors. The appointment of the external auditors is approved at the Annual Meeting of every year. The current external auditors will hold office up to financial year ending 30th June 2019 after which a new tendering exercise will be carried out to appoint new external auditors. The current external auditors will not be invited to participate in the tender exercise to comply with the requirements of the Code.

Remuneration paid to the auditors, Ernst & Young is as follows:

	THE GROUP		THE COMPANY	
	30 June 2019	30 June 2018	**30 June 2019**	30 June 2018
	Rs	Rs	**Rs**	Rs
(a) Ernst & Young				
Audit services	1,055,000	425,000	425,000	350,000
Other services - Taxation	65,000	30,000	25,000	20,000
	1,120,000	455,000	450,000	370,000
(b) Other Auditors				
Audit services	143,000	-	-	-
	143,000	-	-	-
TOTAL	1,263,000	455,000	450,000	370,000

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE PREPARATION OF FINANCIAL STATEMENTS, INTERNAL CONTROL AND RISK MANAGEMENT

For the year under review, the directors report that:

- the financial statements fairly present the state of affairs of the Group and the Company as at the end of the financial year and the result of operations and cash flows for that period;
- adequate accounting records and an effective system of internal controls and risk management have been maintained;
- appropriate accounting policies supported by reasonable and prudent judgements and estimates have been used consistently;
- the financial statements have been prepared in accordance with International Financial Reporting Standards and comply with the Companies Act 2001 and the Financial Reporting Act 2004;
- the financial statements have been prepared on the going concern basis;
- they are responsible for safeguarding the assets of the Group and of the Company;
- they have taken reasonable steps for the prevention and detection of fraud and other irregularities; and

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

Approved by the Board of Directors on 19th October 2019

and signed on its behalf by:

ARNAUD LAGESSE
Chairman

JEAN DE FONDAUMIÈRE
Chairman of the Audit Committee

THE LUX COLLECTIVE SUSTAINABILITY INITIATIVES REPORT

Shared Principles

The Lux Collective Corporate Policies, UN Global Compact and the 17 UN Sustainable Development Goals

THE TEN PRINCIPLES OF THE UNITED NATIONS GLOBAL COMPACT

(Refer to diagram on previous page)

HUMAN RIGHTS

1. Support and respect the protection of internationally proclaimed human rights.
2. Not be complicit in human rights abuses.

LABOUR

3. Uphold the freedom of association and the effective recognition of the right to collective bargaining.
4. Support the elimination of all forms of forced and compulsory labour.
5. Support the effective abolition of child labour.
6. Support the elimination of discrimination in respect of employment and occupation.

ENVIRONMENTAL

7. Support a precautionary approach to environmental challenges.
8. Undertake initiatives to promote greater environmental responsibility.
9. Encourage the development and diffusion of environmentally friendly technologies.

ANTI-CORRUPTION

10. Work against corruption in all its forms, including extortion and bribery.

THE LUX COLLECTIVE

Triple bottom line strategy

	PEOPLE	PLANET	PROFIT
Corporate Sustainability Management Plan	•	•	•
Corporate Governance	•	•	•
Code of Conduct & Ethics	•		•
Corporate Policies			
Sustainability Policy	•	•	•
Environmental Policy	•	•	
Human Rights Policy	•		•
Equal Opportunity Policy	•		•
Health & Safety Policy	•		•
Corporate Social Responsibility Policy	•	•	
Whistleblowing Policy	•		
Child Protection Policy	•		
Purchasing & Anti-Bribery Policy	•	•	•

SUSTAINABILITY REPORT (CONTINUED)

STAKEHOLDER ENGAGEMENT PROCESS

STAKEHOLDER GROUP

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

GRI 102-40, GRI 102-42, GRI 102-43, GRI 102-44

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

REPORTING BOUNDARY

The reporting boundary for the mentioned Key Performance Indicators (KPIs) in this section includes the following hotels managed by The Lux Collective Ltd, LUX* Belle Mare, LUX* Le Morne, LUX* Grand Gaube, Tamassa, Merville Beach, LUX* South Ari Atoll, LUX* Saint Gilles, Hôtel Le Récif, LUX* Tea Horse Road Benzilan and LUX* Tea Horse Road Lijiang. They are located in the following destinations: Mauritius, Maldives, Reunion Island and China.

It also includes our Regional HQ located in Mauritius.

MANAGEMENT APPROACH

Our sustainability strategy is devised in accordance with the relevant international frameworks for sustainability, transparency and accountability, regional guidelines such as the SAMOA Pathway for the Small Islands Developing States (SIDS) and local legislations of each destination where we operate.

We have reiterated our commitment as The Lux Collective Ltd to year-on-year improvement through concrete actions to ensure ongoing compliance with the 10 principles under Human Rights, Labour, Environment and Anti-Corruption. The UN Global Compact is the world's largest Corporate Responsibility initiative with over 9,000 business and non-business participants in 135 countries.

We also continue to align with and measure our performance towards achieving the 17 UN Sustainable Development Goals.

The Lux Collective Ltd is also part of the Global Reporting Initiative (GRI) Community. The GRI Community's agenda is a continuity of the GRI GOLD Community. It consists of leading organisations across civil society, business, mediating institutions, labour and intergovernmental agencies that support GRI's role in shaping sustainability strategies through clear integrated reporting standards. The GRI Sustainability Reporting Standards are developed with true multi-stakeholder contributions and rooted in the public interest. GRI's approach is based on multi-stakeholder engagement, representing the best combination of technical expertise and diversity of experience to address the needs of all report makers and users. This approach enables GRI to produce universally-applicable reporting guidance. All elements of the Reporting Framework are created and improved using a consensus-seeking approach, and considering the widest possible range of stakeholder interests which includes business, civil society, labor, accounting, investors, academics, governments and sustainability reporting practitioners.

For The Lux Collective, the other key strategic partnerships include local partners, such as IBL Together, Business Mauritius, AHRIM and local authorities. The key reporting standards GRI (please see Content Index on pages 149-153) and International Integrated Reporting Council (IIRC) were applied to the report.

MATERIALITY

Based on Global Reporting Initiative (GRI) methodology, an assessment was carried out to identify the key factors that are material to the group. The reporting principles used are as follows: Materiality, Completeness, Balance, Compatibility, Accuracy, Timeliness, Clarity, Reliability and Stakeholder Inclusiveness. The Lux Collective Ltd believes in Inclusion and Stakeholder Engagement, through which it can better collaborate with respective stakeholders.

THE LUX COLLECTIVE LTD MATERIALITY MATRIX

	MODERATE	HIGH	OFFICIAL
OFFICIAL	Water Corporate Governance	Waste Energy Emissions Health & Safety	Anti-Corruption Service Quality Team Members Engagement Customer Privacy Economic Performance
HIGH	Local Communities Biodiversity Public Policy	Environmental Compliance Training & Education Child Labour Freedom of Association Eliminate Forced or Compulsory labour	Human Rights Employment & Labour Non-Discrimination Market Presence
MODERATE	Effluents	Procurement Practices Socio-economic Compliance	Supplier Social Assessement

- Environment
- Guests
- Team Members and Management
- Shareholders and Investors
- Tour Operators, Travel Agents & Business Partners
- Accredited Organisations, Legislations, Policies, Authorities & Government
- Suppliers
- Local Community

GRI 102-12, GRI 102-13, GRI 103-1, GRI 103-2, GRI 103-3, GRI 102-46, GRI 102-47

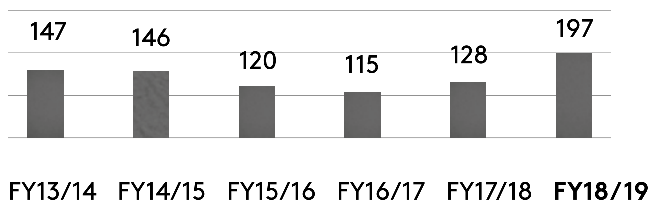
TREAD LIGHTLY

ENVIRONMENTAL KPIS

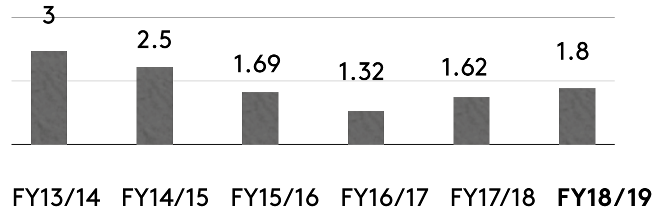
FY 18-19 statistics for Energy, Water, Waste and Wastewater all include new properties LUX* North Malé Atoll and SALT of Palmar.

The Maldives saw exceptional utilities consumption related to construction, acquisition of new equipment and refrigerants

ENERGY (KWH/RNS)

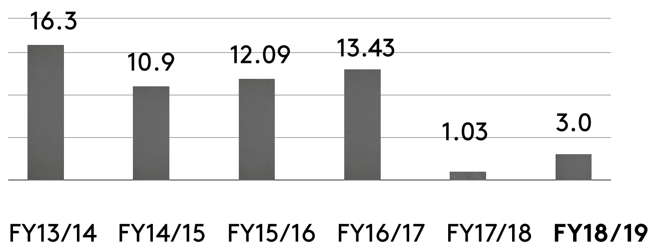


WATER (M3/RNS)



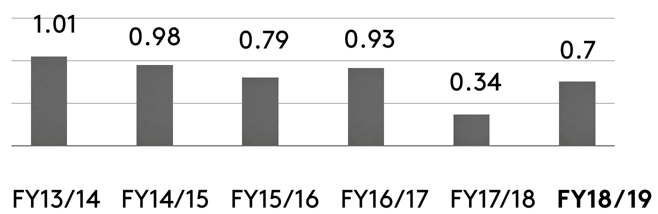
-40% from Baseline

WASTE (KG/RNS)



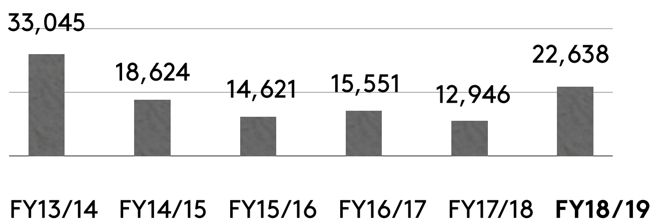
-81% from Baseline

WASTEWATER (M3/RNS)



-31% from Baseline

TREAD LIGHTLY SCOPE 1 & 2 (tCO_2e)



-31% from Baseline

GHG calculations exclude SALT of Palmar and LUX* North Malé Atoll new openings.

Scope 1&2 net = 22,638 tCO_2e
(47,733 tCO_2e - 25,095 tCO_2e)

Scope 3 = 1604 tCO_2e

GRI 102-49, GRI 302-1, GRI 302-3, GRI 303-1, GRI 303-2, GRI 305-1, GRI 305-2, GRI 305-3, GRI 305-4, GRI 305-5, GRI 306-1, GRI 306-2

COMMITMENT TO BUSINESS AMBITION FOR 1.5°C — OUR ONLY FUTURE CAMPAIGN

Image above : LUX* South Ari Atoll photovoltaic project. Source: Swimsol

Via our formal commitment to the 1.5 °C target of the Science Based Targets Initiative, we elevate our contribution to UN SDG 13 Climate Action to a global scale. This initiative of the CDP, the UN Global Compact, the World Resources Institute and WWF will supply context to our Tread Lightly GHG Reduction targets aligned since base financial year 2013 - 2014 with the HCMI Methodology of the WTTC and ITP. We continue to reduce emissions and will contribute to the global targets for emissions reduction : to cut global GHG emissions by 50% by 2030 and achieve net-zero emissions by 2050.

TOTAL ENVIRONMENT PROTECTION FEE

USD **124,038**

LUX* NORTH MALÉ ATOLL

TOTAL ENVIRONMENT PROTECTION FEE

USD **635,454**

LUX* SOUTH ARI ATOLL

FOR THE PLANET

13 CLIMATE ACTION
14 LIFE BELOW WATER
15 LIFE ON LAND
17 PARTNERSHIPS FOR THE GOALS

Earth Hour at The Lux Collective Ltd for Climate Action

Tread Lightly encompasses all environmental initiatives of the Group aligned with all the relevant UN SDGs and other international frameworks. We participate in Earth Hour every year, through workshops, sensitisation campaigns for guests and team members, cleaning campaigns and, naturally, by dimming the lights. Involving guests and younger residents of the resorts enhances the scale of the awareness.

World Clean Up Day

World Clean Up Day is a call for global action to combat the waste problem including marine debris. LUX* Le Morne took up the challenge to remove plastic and other types of waste from the public beach of Le Morne as well as the roadsides of the region. More than 100 Team Members volunteered. Cleaning Campaigns are regularly organised by properties throughout the year.

LUX* South Ari Atoll celebrates World UN Day

On 24th October 2018, LSAA contributed to the World UN Day celebrations. United Nations Day 2018 marked the 73rd anniversary of the UN Charter's entry into force, and celebrates everything that the UN represents and has achieved since 1945. Its role has grown to include protecting human rights, promoting social and economic development, and providing aid around the world in cases of famine, natural disaster and armed conflict. Each year, the global network of UN Information Centres organises a variety of events to mark UN Day such as seminars, panel discussions and art competitions.

LUX* South Ari Atoll, first to pledge single-use plastic ban

13 CLIMATE ACTION

On 1st July 2018, the management of LUX* South Ari Atoll announced publicly their commitment to be a single-use plastic free resort within 18 months. This bold move against plastic pollution is exemplary, it is also well in line with TLC's ZERO single-use plastic goal.

The property was the first to respond to the Maldives Association of Tourism Professionals (ATP) call for pledges to ban single-use plastic, on 1st December 2018.

9 months after the announcement, LUX* South Ari Atoll has implemented the following initiatives:

- Paper straws upon request only
- Distribution of 600 aluminium water flasks, 1 for each team member
- Water dispensers in office spaces
- Plastic fizzy drinks bottles eliminated from Team Members' restaurant
- Kitchen team eliminated plastic wrappings for selected items as well as disposable cutleries
- Kitchen team replaced take away containers with paper alternative, eliminating plastic bags
- No more plastic bottles in mini bars

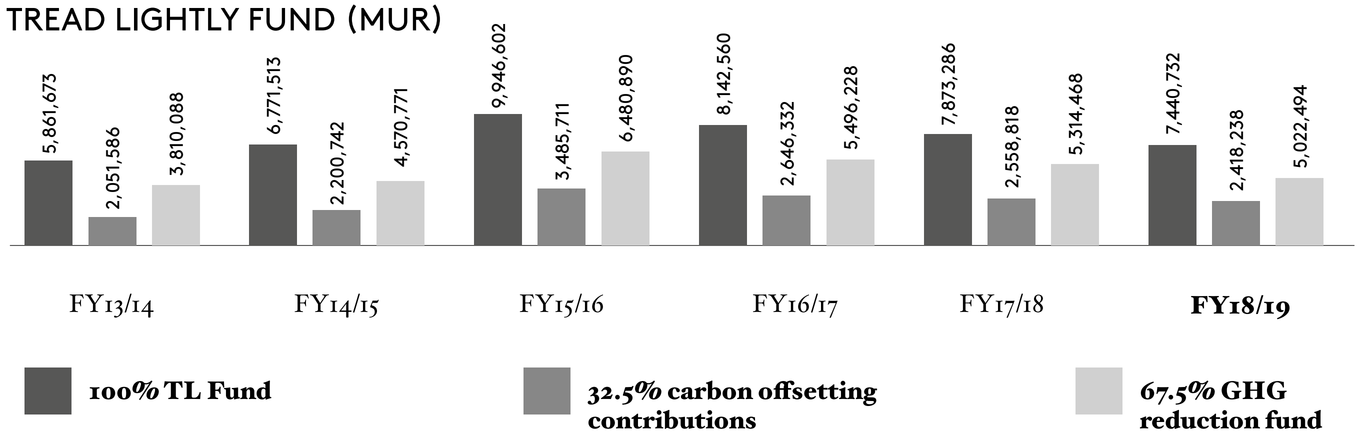
In the pipeline:

- Eliminate plastic bottles from guest areas
- No sale of plastic water bottles in Team Members' area
- No plastic bottles for Guest excursions or Team Member outings
- Kitchen will look into all plastic packaging
- Introduce reusable take away mugs at Café LUX*

ONGOING CARBON OFFSETTING WITH 9 PROJECTS

With 1-euro contributions per guest night, the 2019 Tread Lightly fund exceeded MUR 7M.

TREAD LIGHTLY FUND (MUR)



32.5% were invested in our portfolio of nine carbon-offsetting projects, located in six countries in Africa and Asia. The fund is managed by our climate finance expert consultant AERA Group (France), invested in only United Nations Framework Convention on Climate Change (UNFCCC) registered projects. Projects that meet the Clean Development Mechanism (CDM) standards of the UNFCCC are certified. This allows developing countries, which are party to the Kyoto Protocol, to trade certified emissions reduction (CER) certificates to countries or organisations.

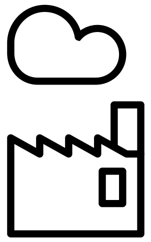
In 2018, The Tread Lightly folio of UNFCCC registered carbon offsetting projects was upgraded with:

- **10.9 MW Bundled Solar Power Project, INDIA**
  With photovoltaic panels in Tamil Nadu, Madhya Pradesh and Maharashtra, the 10.9 MW project cuts down fossil fuel use and emissions by 17,567 tCO_2e.
- **199.5 MW Wind Power Project, Hebei Guyuan County Dongxinying, CHINA**
  133 wind turbines add up to a total of 199.5 MW, altogether reducing coal power consumption with an estimated annual electricity production of 405,685MWh, reducing emissions by 427,936 tCO_2e.

A share of the 67.5% Tread Lightly fund has supported the acquisition of a solar water heater for the central kitchen at LUX* Saint Gilles. The acquisition results in a saving of 4000 to 6000 KwH per annum, i.e. 4,000 – 6,000 Euros, representing a cutback of approximately 1 Tonne of CO_2 per year by the central kitchen alone.
LUX* Le Morne invested over MUR 120,000 in 350 water saving devices, that is, 2 devices per room and 1 for all restrooms of the resort.

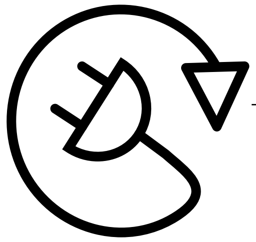
LUX* North Malé Atoll has also started receiving Tread Lightly donations. The Team Members are doing well in promoting the Tread Lightly initiative to Guests. Since its opening, the property has collected MUR 46,517 in just two months.

We invested in group-wide audits to identify areas of improvement and standardise best practices through corporate level initiatives.



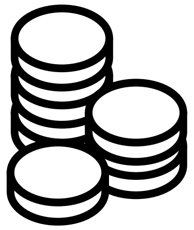
tCO_2e OFFSET SINCE 2013

121,848



PARTICIPATING GUEST NIGHTS AND COUNTING

~1.2M



INVESTED IN GHG REDUCING INITIATIVES IN FY 18-19

Rs 1,626,014

ENVIRONMENT PROTECTION FEE

Rs 32,149,742

RENEWABLE ENERGY : DECARBONISING OUR ENERGY MIX

LUX* SOUTH ARI ATOLL

The previously announced collaboration between LUX* South Ari Atoll and the Austrian firm, Swimsol, was materialised with the world's largest floating photovoltaic system at sea. The first phase was launched in December 2018.

- Phase 1 capacity of 678 kWp
- Represents 11% of consumption on an average day
- 33% of consumption on an ideal sunny day
- Saving ~1000L of diesel per day
- Phase 2 incorporates battery storage
- Capacity expected to reach ~2.5 MWp

ILE DES DEUX COCOS

- Plant capacity of 59.52 kWp
- ~ 64 tCO_2e avoided annually
- Savings of over 23,000 Litres of diesel consumption/year

CIRCULAR ECONOMY INITIATIVES

ZERO EMISSIONS RESEARCH INITIATIVES (ZERI) WITH IBL LTD AND GUNTER PAULI

The Blue Economy engages stakeholders on a revolutionary journey to rethink usual processes.

Creating value while reducing waste, the ZERI experts Gunter Pauli, Frans Otten – clean technology investor and entrepreneur, Anders Nyquist - Swedish architect, Stephan Wragle - founder of Skysails, Marc Plaisier from Belgium working in management consulting and Luigi Bistagnino - system designer and professor from the Politecnico di Torino, provided applicable solutions to the management.

Several projects were discussed and earmarked per property for realisation over a designated period of time.
The workshops led by Gunter Pauli and his team, organised by IBL Ltd, have triggered discussions among the various subsidiaries, including the materialisation of a collaboration between Café LUX* and Proxifresh for organic waste upcycling.

Café LUX* outlets supply ground coffee residue for the cultivation of mushrooms and cherry tomatoes. The production in turn supplies our resorts with locally sourced and good quality produce. 100kg of coffee residue yields up to 70 kg of tomatoes. Sawdust, bagasse, ground coffee supplemented with minerals make the best fertilisers for mushrooms.

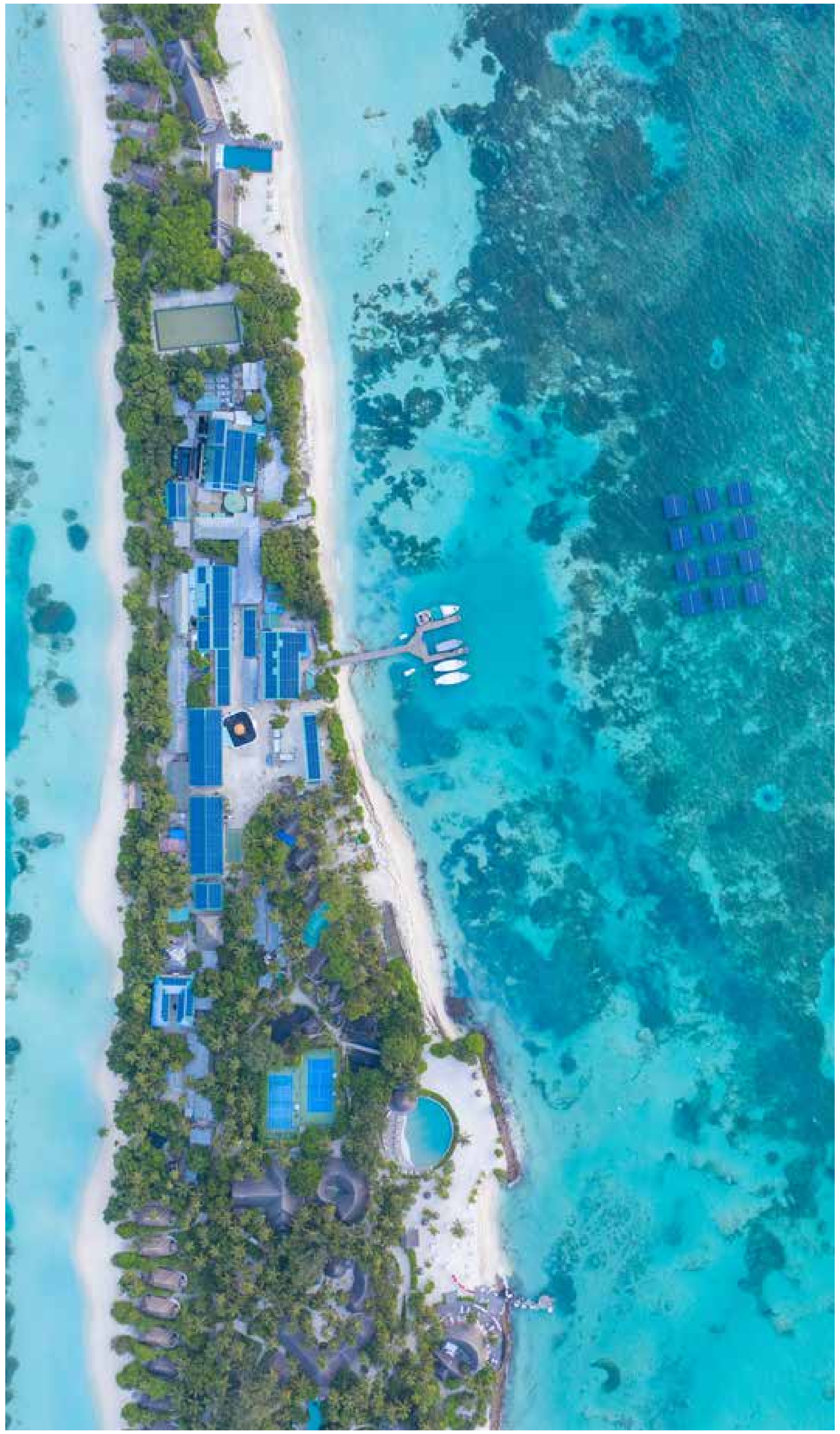


Image above : LUX* South Ari Atoll photovoltaic project. Source: Swimsol

GRI 302-4, GRI 302-5, GRI 201-2

BIODIVERSITY CONSERVATION AND REGENERATION

EBONY FOREST

All managed properties in Mauritius promote the various activities of the NGO Ebony Forest, especially its nature reserve at Chamarel. We invite our guests to discover the native forest and participate in conservation work through tree planting.

ECO SUD

We continue to support the NGO Ecosud with a dedicated **Lagon Bleu Kiosk** at Tamassa for the scientific study and preservation of the reef, the endangered Green Turtle and the critically endangered Hawksbill turtle in the lagoon. The lagoon monitoring will enable the NGO to further protect them from poaching, predators and disturbance. The project includes workshops on marine biodiversity conservation. The first workshop saw the participation of team members of several departments as well as the boathouse operators.

MAURITIUS WILDLIFE FOUNDATION

The **Learning with Nature** project sponsored by The Lux Collective Ltd will involve education on site, at Ile aux Aigrettes nature reserve, of some 150 students of our partner NGOs including the Special Education Needs schools.

ENDEMIC GARDEN AND AQUAPONIC PROJECTS FOR B. RAMLALLAH SCHOOL

The Lux Collective Ltd and LUX* Grand Gaube have supported two projects of the B.Ramlallah secondary school located in the north. 61 of our country's native species are classified as extinct, 141 of the Mascarene endemics as critically endangered, 55 as endangered and 98 as vulnerable. The school selected an endemic and medicinal plant garden project to create a repository for the preservation of our natural treasure. It is also an excellent way to share knowledge of indigenous medicine with the students. The garden is equipped with a barrel for rainwater harvesting, all at a total cost of Rs 60,000. The Aquaponics project, a combination of aquaculture (raising aquatic animals) with hydroponics (cultivating plants in water) in a symbiotic environment, will also contribute to the education of the students.

Both projects align with our company's Tread Lightly flagship initiative.

PROTECTING THE ENDANGERED SNUB-NOSED MONKEY IN YUNNAN, CHINA

LUX* Tea Horse Road Lijiang is currently supporting the protection of the endangered wild snub-nosed monkey. It is one of the most endangered of the three snub-nosed monkeys. Deforestation has decimated the population down to less than 1,700 animals in the Yunnan and neighbouring regions.

The property subsidises the costs for guests to be able to visit the Baima Snow Mountain Nature Reserve managed by the Bureau of National Nature Reserve of Mt. Baima.

GRI 304-3

SUPPORTING THE REGENERATION OF CORALS IN MALDIVES

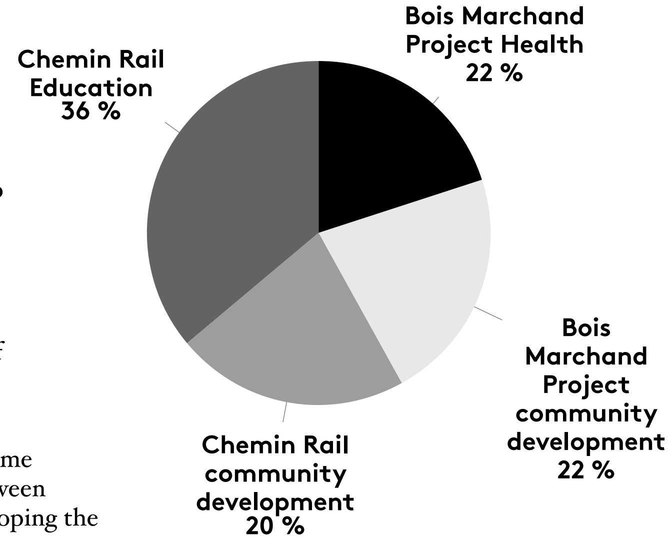
LUX* South Ari Atoll's coral farming project continues to develop under the watchful eye of the on-site Marine Biologist. The team at LUX* South Ari Atoll Marine Biology Centre collected coral fragments from the lagoon around the romantic pool villas and secured them on the specially designed frames with cable ties and marine coral glue. The artificial reef can be found next to the arrival jetty. The marine biologist will survey their development, clean and monitor the frames until the corals naturally attach themselves and begin to grow. Once established, frames are moved to the designated coral farming zone, a short distance from the island.

LUX* BOUTIQUES CARRY RANGE OF REEF-FRIENDLY AVENE SUNSCREEN LOTION

Avene Sunscreen "Skin Protect, Ocean Respect" range carried by TLC Boutiques are SILICONE-FREE and contains biodegradable ingredients which respect the oceans. The sale of this range of sunscreens also supports Avene's rehabilitation of coral reefs project, in the northern part of Bali, Indonesia.

RAY OF LIGHT

CORPORATE SOCIAL RESPONSABILITY SPONSORSHIP



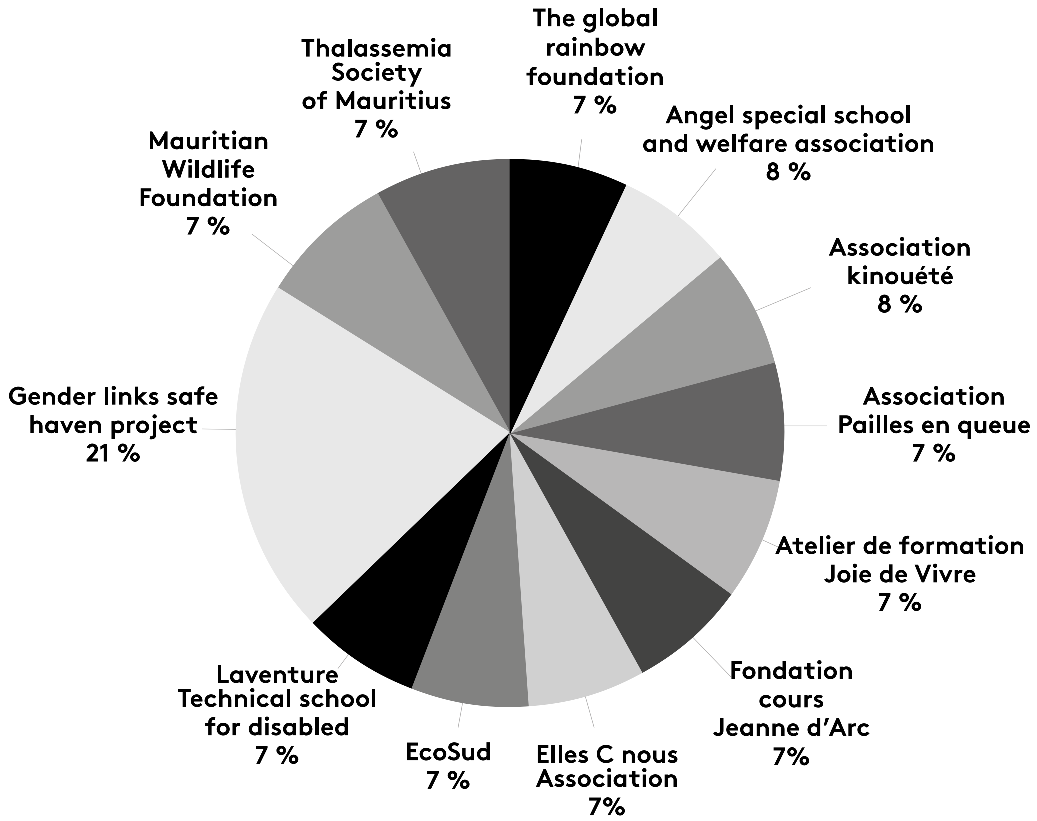
50% of MUR 3,312,621 were remitted to the MRA to be disbursed to the National CSR Foundation.

The projects and NGOs selected by The Lux Collective Ltd and sister company LUX Island Resorts Ltd deliver on several UN Sustainable Development Goals and target the Key Priority Areas of the National CSR Foundation.

Funding for Gender Links' Safe Haven Halfway Home goes to the 11 residents including four children between 6 months and 4 years. It will support them in developing the necessary skills to become independent.

We have renewed our long term support to several NGOs already affiliated to properties such as Association Pailles en Queue, partner NGO of LUX* Grand Gaube, whose new pastry course will teach students the skills required to meet job market needs, such as in the tourism industry.

Atelier de Formation Joie de Vivre affiliated with LUX* Le Morne will continue the art and music classes. Children also receive a daily meal prepared at the association. Elles C Nous Association will be able to upgrade its facilities with a laptop and projector for the benefit of the 80 children attending the school.



Fondation Cours Jeanne D'Arc provides quality education to all children, including children with disabilities. We have renewed the contribution made during the previous year (off CSR), for the school fees of a child with special needs.

Angel Special School and Welfare Association affiliated with Tamassa, received funds to continue delivering its program specifically devised to address the needs of each of the beneficiaries with different forms of handicap.

Association Kinouété will coach children of detainees, ex detainees and juveniles from rehabilitation and correctional centres, via boot camps and regular follow-ups on their educational progress.

Laventure Technical School for Disabled, affiliated with SALT of Palmar, will invest funds in the school's greenhouse project.

The Global Rainbow Foundation, affiliated with Merville Beach will deliver a year-long yoga therapy to beneficiaries of several special education needs schools.

Four projects proposed by the Fondation Joseph Lagesse have received funding, totaling MUR 686,000

TOTAL CSR FUND (MUR)

Rs3,312,621

MORE THAN

10 NGOS

PER YEAR

GRI 413-1

UPLIFTING THE LOCAL COMMUNITY – HIGHLIGHTS

- Resorts' shops support social enterprise Miroir (Madagascar). Revenue from sales enable the embroiderers to achieve economic independence.
- LUX* Grand Gaube provided a platform for sale of NGO Elles C Nous's paintings
- The Lux Collective Ltd sponsored Lions Club Port Louis Doyen's conference on substance abuse with experts, NGOs, public and private sectors
- SALT of Palmar started collaboration with NGO Laventure Technical School through sale of NGO's crafts and skills sharing activities
- Ray of Light monthly call for donations supported numerous organisations and beneficiaries including victims of floods
- Merville Beach donated 4 Beds, 7 mattresses and pillows to two households in Baie du Tombeau via Caritas
- A family from UK Packs for a Purpose, joined LUX* Le Morne on an NGO visit with donations
- The Lux Collective Ltd participated in Fondation Joseph Lagesse's Anti-drug coalition workshops
- SALT of Palmar made a contribution to help the victim of a burning accident
- LUX* Le Morne and Merville Beach donated bedsheets and pillowcases to Foyer de l'Unité of Souillac
- Tamassa organised a food donation at Notre Dame Mont Carmel in Chemin Grenier
- End of year presents from Team Members of Regional HQ and LUX* Le Morne were donated to Elles C Nous and Centre d'Eveil Cité Mangalkhan
- Tamassa sponsored the end of year celebrations at Centre d'Eveil of Souillac
- Merville Beach hosted beneficiaries and staff of NGO Amour Sans Frontières for their end of year lunch at the resort
- Cafe LUX* sponsored the International Women's Day celebrations at a primary school
- The Lux Collective Ltd sponsored Terre Rouge Government School of Rodrigues' school trip to Mauritius
- Gender Links and The Lux Collective Ltd, a second entrepreneurship training for women from low income households in July 2018
- The Lux Collective Ltd attended the entrepreneurship course certificate ceremony in December 2018

LUX* LE MORNE ANNOUNCES STRATEGIC PARTNERSHIP TO COMBAT FOOD WASTE

An initiative of LUX* Le Morne, the Zero Food Waste Forum held on 25 Jan 2019, was the first of its kind in Mauritius. Gathering the key players to expose the issues, openly discuss the problem areas and finally provide the platform to close the gaps, LUX* Le Morne along with partner NGO Foodwise have successfully delivered on their promise.
Strict legal boundaries have been set for each party involved; an agreement was signed by the food donor (the resorts), food transporter (usually a member of the supply chain who will collect and deliver the food in a cold truck) and the food receiver (mainly schools in deprived areas).

The forum saw the participation of representatives of various sectors such as hospitality groups, catering companies and social enterprises, supermarket chains, etc.

SUSTAINABILITY REPORT (CONTINUED)

LUX* ME SPA PAMPERS MILLE SOLEIL NGO'S BENEFICIARIES

LUX* Me Spa team members offered a Day of Pampering to the beneficiaries of NGO Mille Soleil. The team of professional beauticians and therapists prepared a special LUX* Me Time menu, including haircuts and manicures.

LUX* SOUTH ARI ATOLL SPONSORS EQUIPMENT FOR TELEMEDICINE PROJECT WITH ICT4SIDS

The Telemedicine project for Maamigili Island (Maldives) was launched in August 2018. The CEO of Global Reporting Initiative was the special guest and other stakeholders were also involved : the Maldivian Ministry of Health, UNDP office in Maldives and Maamigili Island Telemedicine Centre and Male MedHope. The digital kit worth USD 5000 was delivered to MedHope Medical Centre. The goal is to establish national and regional communication platforms as well as create data hubs in Small Island developing States (SIDS) to facilitate information exchange and cooperation.

SUSTAINABILITY REPORT (CONTINUED)

OUR PEOPLE

50% of our properties in Mauritius have recognised Trade Unions representing the rights of the workers.

All our properties in Reunion Island adhere to the local legislation; Team Members of both properties are represented.

There were no cases of discrimination flagged during the reporting year.

INVESTED IN LEARNING & DEVELOPMENT

Rs 13,993,651

GENDER DIVERSITY

5 GENDER EQUALITY

8 DECENT WORK AND ECONOMIC GROWTH

WOMEN EMPOWERMENT PRINCIPLES

In collaboration with IBL Ltd, the company is working on gender diversity in line with the seven principles of the UN's Women Empowerment initiative. The mission is to identify and reduce any gender gaps in all areas of operations.

Following various initiatives including awareness campaigns, IBL Ltd has set up a gender diversity focus group gathering key managers from its various subsidiaries, including The Lux Collective Ltd. The WEP Gap Analysis Tool is used to assist in data collection. Top management is committed to the survey, which is coordinated by the Sustainability and Human Resources teams.

UN'S INTERNATIONAL WOMEN'S DAY

All our brands and properties celebrate International Women's Day to mark the launch of a year-long campaign with workshops, flowers and gifts for colleagues and sensitisation aligned with the 2019 theme "Balance for Better".

The sustainability strategy of The Lux Collective Ltd is to align with all 17 UN SDGs; we remain transparent about our actions for Gender Equality. Along with the Sustainability Policies (Sustainability, Environmental, CSR, Child Protection, Purchasing) the company has also adopted a Human Rights Policy and an Equal Opportunity Policy. Going beyond legal requirements, the company also promotes a whistleblowing Policy with a dedicated mechanism (hotline for Mauritius) to ensure that Team Members are given the opportunity to speak up against any such cases, anonymously, to an external body (Transparency Mauritius).

SUSTAINABILITY RECOGNITIONS

SALT OF PALMAR FIRST MAURITIAN HOTEL TO RECEIVE POSITIVE LUXURY'S BUTTERFLY MARK

POSITIVE LUXURY • BRANDS TO TRUST •

SALT targets ethical travelers and creates positive value across the supply chain. SALT is riding the wave of ethical lifestyle trends, which is rapidly gaining momentum around the world. The hotel sources sustainably and supports the local community. SALT of Palmar is the first Mauritian hotel to receive the Positive Luxury accreditation, joining the ranks of high-end brands that care for the development of local enterprises and sustainability.

The company commits to sensitising suppliers and delivering product and services with traceable origins. Positive Luxury recognises brands that meet at least 80% of the assessment criteria in Governance, Social Framework, Innovation, Environmental Framework and Philanthropy. All information provided is further verified by the Sustainability Council of Positive Luxury to confirm veracity of statements. Customers know they can trust Positive Luxury certified brands.

GREEN GLOBE CERTIFICATION

GREEN GLOBE CERTIFIED

Besides two new openings (SALT of Palmar and LUX* North Malé Atoll), 100% of The Lux Collective Ltd properties in Mauritius, Reunion Island and Maldives have successfully achieved the Green Globe Certified status for this second round of audits. The annual audit delves deep into the strategy of the Group as well as the implementation of the said strategy at operational level.

HOURS OF HUMAN RIGHTS TRAINING

1,989

HOURS OF VOLUNTEER WORK BY TEAM MEMBERS

9,245

SECRETARY'S CERTIFICATE

FOR THE YEAR ENDED JUNE 30, 2019

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

IBL MANAGEMENT LTD
Secretary

This 19th October 2019

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF THE LUX COLLECTIVE LTD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of The Lux Collective Ltd (the "Company") and its subsidiaries (the "Group") set out on pages 82 to 145 which comprise the statement of financial position as at 30 June 2019, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including significant accounting policies.

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

Basis for Opinion

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

Other Information

The directors are responsible for the other information. The other information comprises the Chairman's statement, CEO report, Corporate governance report, sustainability report and the secretary's certificate as required by the Companies Act 2001, but does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of 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 and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intends to liquidate the Group and or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

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

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

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

Use of our report

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE LUX COLLECTIVE LTD (CONTINUED)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Companies Act 2001

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

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

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

Ernst Young

ERNST & YOUNG
Ebène, Mauritius

THIERRY LEUNG HING WAH, F.C.C.A
Licensed by FRC

Date: ....

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2019

	Notes	THE GROUP 2019 Rs.	THE GROUP 2018 Rs.	THE COMPANY 2019 Rs.	THE COMPANY 2018 Rs.
ASSETS					
Non-current assets					
Property, plant and equipment	4	**122,783,309**	31,581,873	**17,114,500**	31,581,873
Intangible assets	5	**243,506,690**	210,570,386	**10,389,836**	10,720,386
Investment in subsidiaries	6	**-**	-	**213,395,135**	213,395,089
Investment in other financial assets	7	**4,158**	-	**-**	-
Deferred tax assets	8(a)	**18,870,680**	13,473,166	**16,191,816**	13,473,166
Contract assets	9	**91,006,939**	-	**91,006,939**	-
Other non-current assets	11	**-**	-	**59,310,000**	-
		476,171,776	255,625,425	**407,408,226**	269,170,514
Current assets					
Inventories	10	**10,651,317**	293,663	**302,566**	293,663
Contract assets	9	**6,700,000**	-	**6,700,000**	-
Trade and other receivables	11	**115,763,410**	327,673,485	**129,689,916**	307,561,798
Cash in hand and at bank	28	**25,285,797**	9,897,546	**1,408,839**	7,996,742
		158,400,524	337,864,694	**138,101,321**	315,852,203
TOTAL ASSETS		**634,572,300**	593,490,119	**545,509,547**	585,022,717
EQUITY AND LIABILITIES					
Equity					
Stated capital	12	**216,664,810**	135,233,726	**216,664,810**	135,233,726
Other reserves	13	**(900,908)**	7,345,069	**(2,971,400)**	3,995,851
Accumulated losses		**(88,125,532)**	(116,668,202)	**(11,299,680)**	(100,661,722)
Total equity		**127,638,370**	25,910,593	**202,393,730**	38,567,855
Non-current liabilities					
Employee defined benefit liabilities	14	**17,056,959**	12,518,000	**13,423,000**	12,518,000
Interest-bearing loans and borrowings	15	**206,223,532**	77,375,365	**163,896,887**	77,375,365
		223,280,491	89,893,365	**177,319,887**	89,893,365
Current liabilities					
Interest-bearing loans and borrowings	15	**109,829,722**	44,630,687	**68,310,513**	44,194,795
Contract liabilities	16	**3,732,616**	-	**-**	-
Trade and other payables	16	**168,766,768**	430,772,604	**97,485,417**	412,366,702
Income tax liability	17	**1,324,333**	2,282,870	**-**	-
		283,653,439	477,686,161	**165,795,930**	456,561,497
Total liabilities		**506,933,930**	567,579,526	**343,115,817**	546,454,862
TOTAL EQUITY AND LIABILITIES		**634,572,300**	593,490,119	**545,509,547**	585,022,717

These financial statements have been approved for issue by the Board of Directors on 19th October 2019 and signed on its behalf by:

ARNAUD LAGESSE
Chairman

JEAN DE FONDAUMIERE
Chairman of the Audit Committee

The notes set out on pages 86 to 145 form an integral part of these financial statements. Independent auditor's report on pages 79 to 81.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2019

	Notes	THE GROUP 2019 Rs.	THE GROUP 2018 Rs.	THE COMPANY 2019 Rs.	THE COMPANY 2018 Rs.
Revenue from contracts with customers	20	**695,615,648**	413,019,513	**496,421,893**	290,970,217
Gain on bargain purchase of subsidiaries	18	**25,842,780**	-	**-**	-
Other operating income	22	**50,774,156**	20,441,683	**113,223,990**	99,024,666
Total operating income		**772,232,584**	433,461,196	**609,645,883**	389,994,883
Cost of inventories	21	**(21,881,740)**	-	**-**	-
Employee benefit expenses	23	**(323,547,639)**	(221,424,472)	**(200,863,152)**	(203,550,218)
Depreciation of plant and equipment	4	**(19,400,576)**	(6,871,017)	**(6,742,671)**	(6,871,017)
Amortisation of intangible assets	5	**(5,215,596)**	(2,576,739)	**(3,013,665)**	(2,576,739)
Expected credit loss allowance	11	**(3,222,527)**	-	**-**	-
Other operating expenses	24	**(448,863,695)**	(196,525,221)	**(402,171,934)**	(173,977,096)
Total operating expenses		**(822,131,773)**	(427,397,449)	**(612,791,422)**	(386,975,070)
Operating (loss)/profit	25	**(49,899,189)**	6,063,747	**(3,145,539)**	3,019,813
Interest income from effective interest rate	26	**-**	5,500,000	**-**	5,500,000
Finance costs	27	**(11,655,473)**	(3,797,698)	**(8,435,311)**	(3,797,698)
(Loss)/profit before tax		**(61,554,662)**	7,766,049	**(11,580,850)**	4,722,115
Income tax (expense)/credit	17	**(11,661,234)**	(8,495,536)	**1,208,030**	1,891,076
(Loss)/profit for the year		**(73,215,896)**	(729,487)	**(10,372,820)**	6,613,191
Other comprehensive (loss)/income:					
- Other comprehensive loss that may be reclassified to profit or loss subsequently					
Cash flow hedge movement	13	**(730,000)**	(2,850,000)	**(730,000)**	(2,850,000)
Exchange difference on translation of foreign operations	13	**(1,278,726)**	(255,917)	**-**	-
Deferred tax relating to components of other comprehensive income	8(a)	**124,100**	484,500	**124,100**	484,500
		(1,884,626)	(2,621,417)	**(605,900)**	(2,365,500)
- Other comprehensive (loss)/ income that may not be reclassified to profit or loss subsequently					
Actuarial (gain)/loss on employee defined benefit liabilities - funded	14(i)	**(5,283,000)**	9,689,000	**(5,283,000)**	9,689,000
Actuarial (gain)/loss on employee defined benefit liabilities - unfunded	14(r)	**(869,000)**	1,101,000	**(2,873,000)**	1,101,000
Deferred tax on employee defined benefit liabilities	8(a)	**1,406,224**	(1,834,300)	**1,386,520**	(1,834,300)
		(4,745,776)	8,955,700	**(6,769,480)**	8,955,700
Total other comprehensive (loss)/ income for the year, net of tax		**(6,630,402)**	6,334,283	**(7,375,380)**	6,590,200
Total comprehensive (loss)/income for the year, net of tax		**(79,846,298)**	5,604,796	**(17,748,200)**	13,203,391
Earnings per share (Basic) (Rs.)	31	**(0.47)**	(0.01)		
Earnings as per share (Diluted) (Rs.)	31	**(0.50)**	(0.01)		

The notes set out on pages 86 to 145 form an integral part of these financial statements. Independent auditor's report on pages 79 to 81.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2019

THE GROUP	Notes	Stated capital Rs.	Other reserves* Rs.	Accumulated losses Rs.	Total Rs.
At 01 July 2017		131,071,706	12,180,517	(124,894,415)	18,357,808
Loss for the year		-	-	(729,487)	(729,487)
Other comprehensive income for the year		-	(2,621,417)	8,955,700	6,334,283
Total comprehensive income for the year		-	(2,621,417)	8,226,213	5,604,796
Movement in share based payment obligation	34	-	1,947,989	-	1,947,989
Issue of shares	12	4,162,020	(4,162,020)	-	-
At 30 June 2018		**135,233,726**	**7,345,069**	**(116,668,202)**	**25,910,593**
At 01 July 2018		135,233,726	7,345,069	(116,668,202)	25,910,593
Loss for the year		-	-	(73,215,896)	(73,215,896)
Other comprehensive loss for the year		-	(1,884,626)	(4,745,776)	(6,630,402)
Total comprehensive loss for the year		-	(1,884,626)	(77,961,672)	(79,846,298)
Movement in share based payment obligation	34	-	(1,074,209)	-	(1,074,209)
Issue of shares	12	187,935,426	(5,287,142)	-	182,648,284
Capital reduction	12	(106,504,342)	-	106,504,342	-
At 30 June 2019		**216,664,810**	**(900,908)**	**(88,125,532)**	**127,638,370**

* Other reserves comprise of foreign exchange translation reserve, cash flow hedge reserve and share based payment reserve as disclosed in note 13. In prior years, these reserves were shown separately and have been aggregated this year.

THE COMPANY	Notes	Stated capital Rs.	Other reserves* Rs.	Accumulated losses Rs.	Total Rs.
At 01 July 2017		131,071,706	8,575,382	(116,230,613)	23,416,475
Profit for the year		-	-	6,613,191	6,613,191
Other comprehensive income for the year		-	(2,365,500)	8,955,700	6,590,200
Total comprehensive income for the year		-	(2,365,500)	15,568,891	13,203,391
Movement in share based payment obligation	34	-	1,947,989	-	1,947,989
Issue of shares	12	4,162,020	(4,162,020)	-	-
At 30 June 2018		**135,233,726**	**3,995,851**	**(100,661,722)**	**38,567,855**
At 01 July 2018		135,233,726	3,995,851	(100,661,722)	38,567,855
Loss for the year		-	-	(10,372,820)	(10,372,820)
Other comprehensive loss for the year		-	(605,900)	(6,769,480)	(7,375,380)
Total comprehensive loss for the year		-	(605,900)	(17,142,300)	(17,748,200)
Movement in share based payment obligation	34	-	(1,074,209)	-	(1,074,209)
Issue of shares	12	187,935,426	(5,287,142)	-	182,648,284
Capital reduction	12	(106,504,342)	-	106,504,342	-
At 30 June 2019		**216,664,810**	**(2,971,400)**	**(11,299,680)**	**202,393,730**

* Other reserves comprise of foreign exchange translation reserve, cash flow hedge reserve and share based payment reserve as disclosed in note 13. In prior years, these reserves were shown separately and have been aggregated this year.

The notes set out on pages 86 to 145 form an integral part of these financial statements. Independent auditor's report on pages 79 to 81.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2019

	Notes	THE GROUP 2019 Rs.	THE GROUP 2018 Rs.	THE COMPANY 2019 Rs.	THE COMPANY 2018 Rs.
OPERATING ACTIVITIES					
(Loss)/ profit before tax		**(61,554,662)**	7,766,049	**(11,580,850)**	4,722,115
Adjustments to reconcile (loss)/profit before tax to net cash flows from operating activities:					
Depreciation of plant and equipment	4	**19,400,576**	6,871,017	**6,742,671**	6,871,017
Amortisation of intangible asset	5	**5,215,596**	2,576,739	**3,013,665**	2,576,739
Loss on scrapped assets		**892,823**	-	**15,113**	-
Foreign exchange difference		**31,504**	-	**-**	-
Share based payment expense	13	**(1,074,209)**	1,947,989	**(1,074,209)**	1,947,989
Gain on bargain purchase of subsidiaries	18	**(25,842,780)**	-	**-**	-
Interest expense	27	**11,655,473**	3,797,698	**8,435,311**	3,797,698
Interest income	26	**-**	(5,500,000)	**-**	(5,500,000)
Payables waived by related companies	22	**32,167,655**	-	**-**	-
Employee defined benefit liabilities		**2,771,311**	1,670,000	**1,825,000**	1,670,000
Dividend income	22	**-**	-	**(103,200,000)**	(77,400,000)
		(16,336,713)	19,129,492	**(95,823,299)**	(61,314,442)
Working capital adjustments:					
(Increase) /decrease in inventories		**(4,081,138)**	4,282	**(8,903)**	4,282
Increase in contract assets		**(97,706,939)**	-	**(97,706,939)**	-
Decrease/(increase) in trade and other receivables		**96,269,115**	335,804,665	**109,485,882**	(87,071,965)
Increase in contract liabilities		**3,732,616**	-	**-**	-
(Decrease)/increase in trade and other payables		**(45,482,142)**	(403,292,231)	**(153,312,241)**	15,313,861
Cash used in operations		**(63,605,201)**	(48,353,792)	**(237,365,500)**	(133,068,264)
Interest received		**-**	5,500,000	**-**	5,500,000
Interest paid		**(11,655,473)**	(3,797,698)	**(8,435,311)**	(3,797,698)
Dividend received		**-**	-	**103,200,000**	77,400,000
Income tax paid	17(b)	**(12,587,622)**	(8,973,337)	**-**	-
Net cash flows used in operating activities		**(87,848,296)**	(55,624,827)	**(142,600,811)**	(53,965,962)
INVESTING ACTIVITIES					
Acquisition of shares in subsidiary	6, 28	**-**	-	**(46)**	(2,094,431)
Purchase of subsidiaries net of cash consideration	18	**4,381,801**	-	**-**	-
Consideration paid on business purchase	19	**(2,550,388)**	-	**-**	-
Acquisition of property, plant and equipment	4	**(96,797,866)**	(21,476,433)	**(2,212,108)**	(21,476,433)
Acquisition of intangible assets	5	**(5,850,693)**	(8,959,844)	**(2,683,115)**	(8,959,844)
Proceeds from sale of property, plant and equipment		**11,242,803**	-	**9,921,697**	-
Net cash flows (used in)/generated from investing activities		**(89,574,343)**	(30,436,277)	**5,026,428**	(32,530,708)
FINANCING ACTIVITIES					
Issue of shares	28(b)	**21,079,240**	-	**21,079,240**	-
Proceeds from long term borrowings	15 (c)	**150,550,000**	73,150,000	**100,550,000**	73,150,000
Repayment long term borrowings	15 (c)	**(5,719,000)**	-	**-**	-
Repayment of obligation under finance leases	15 (c)	**(4,538,160)**	(669,368)	**(719,198)**	(669,368)
Net cash flows generated from financing activities		**161,372,080**	72,480,632	**120,910,042**	72,480,632
Net decrease cash and cash equivalents		**(16,050,559)**	(13,580,472)	**(16,664,341)**	(14,016,038)
At July 1,		**(34,013,944)**	(20,207,833)	**(35,478,856)**	(21,462,818)
Exchange difference		**590,995**	(225,639)	**-**	-
At June 30,	28 (a)	**(49,473,508)**	(34,013,944)	**(52,143,197)**	(35,478,856)

The notes set out on pages 86 to 145 form an integral part of these financial statements. Independent auditor's report on pages 79 to 81.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

1. CORPORATE INFORMATION

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

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The consolidated and separate financial statements have been prepared on a historical cost basis as modified by the revaluation of investments in other financial assets which are stated at their fair values as disclosed in the accounting policies hereafter. The financial statements are presented in Mauritian Rupees and rounded to the nearest rupee.

Statement of Compliance

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

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of The Lux Collective Ltd and its subsidiaries as at June 30, 2019.

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

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

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

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

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

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

2. ACCOUNTING POLICIES (continued)

2.2 BASIS OF CONSOLIDATION (continued)

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

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

2.3 CHANGES IN ACOUNTING POLICIES AND DISCLOSURES

New and amended standards and interpretations

The Group applied IFRS 15 and IFRS 9 for the first time, which are effective for annual periods beginning on or after 1 January 2018. Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the financial statements of the Group. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The nature and the effect of these changes for accounting standards and interpretations relevant to the Group's operations are disclosed below.

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amendments to IFRS as from 1 July 2018:

	Effective for accounting period beginning on or after
New or revised standards	
IFRS 9 Financial Instruments	1 January 2018
IFRS 15 Revenue from Contracts with Customers	1 January 2018
Amendments	
IFRS 2 Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)	1 January 2018
IAS 40 Transfers of Investment Property (Amendments to IAS 40)	1 January 2018
IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
IFRS 1 First-time Adoption of International Financial Reporting Standards - Deletion of short-term exemptions for first-time adopters	1 January 2018
IAS 28 Investments in Associates and Joint Ventures – Clarification that measuring investees at fair value through profit or loss is an investment - by - investment choice	1 January 2018

2. ACCOUNTING POLICIES (continued)

2.3 CHANGES IN ACOUNTING POLICIES AND DISCLOSURES (continued)

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

IFRS 9 Financial Instruments - Classification and measurement of financial assets, Accounting for financial liabilities and derecognition

IFRS 9 introduces new requirements for classifying and measuring financial assets, as follows:

In July 2014, the IASB issued the final version of IFRS 9 Financial instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018.

The Group applied IFRS 9 retrospectively, with an initial application date of 1 July 2018. The Group has not restated the comparative information, which continues to be reported under IAS 39. Differences arising from the adoption of IFRS 9 have been recognised directly in retained earnings and other components of equity.

IFRS 9 introduced new requirements for:

- The classification and measurement of financial assets and financial liabilities,
- Impairment of financial assets, and
- Hedge accounting

Details of these new requirements as well as their impact on the Group's consolidated financial statements are described below. The Group has applied the new standard on the required effective date and has not restated comparative information.

(a) Classification and measurement of financial assets

Under IAS 39, these are initially recognised at fair value and are subsequently carried at amortised cost using the effective interest method less any allowance for impairments. Gains and losses are recognised through profit or loss when the receivables are derecognised or impaired, as well as through the amortisation process.

Receivables previously classified as loans and receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. The classification does not change under the new IFRS.

There are no changes in the measurement of financial assets under IFRS 9 when compared to IAS 39.

(b) Impairment of financial assets

IFRS 9 requires the Group to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets.

The Group has developed an Expected Credit Loss model to measure impairment of its financial instruments in line with the requirements of the new standard. Under the ECL model the Group has re-assessed the level of provision for doubtful debts. The Group has applied the simplified approach and record lifetime expected losses on all trade receivables and contract assets as from this current financial year, with no impact on reported balances as at 1 July 2018.

(c) Hedge accounting

The Group determined that all existing hedge relationships that are currently designated as effective hedging relationships continue to qualify for hedge accounting under IFRS 9 and has had no impact on the results, equity and financial position of the Group. The Group has opted to maintain its accounting for hedge under IAS 39.

2. ACCOUNTING POLICIES (continued)

2.3 CHANGES IN ACOUNTING POLICIES AND DISCLOSURES (continued)

IFRS 9 Financial Instruments - Classification and measurement of financial assets, Accounting for financial liabilities and derecognition (continued)

(c) Hedge accounting (continued)

There are no changes in the classification and measurement of financial liabilities under IFRS 9 when compared to IAS 39.

The following changes occurred in the statement of financial position at 1 July 2018:

THE GROUP

	Measurement Category		Carrying amount		
	Original	New	Original	New	Remeasurement
	(IAS 39)	(IFRS 9)	Rs'000	Rs'000	Rs'000
Financial assets					
Trade receivables	Loans and receivables	Financial assets at amortised cost	327,673,485	327,673,485	-
Cash in hand and at bank	Loans and receivables	Financial assets at amortised cost	9,897,546	9,897,546	-
Financial liabilities					
Trade and other payables	Amortised costs	Amortised costs	430,772,604	430,772,604	-
Interests bearing loans and borrowings	Amortised costs	Amortised costs	122,006,052	122,006,052	-

THE COMPANY

	Measurement Category		Carrying amount		
	Original	New	Original	New	Remeasurement
	(IAS 39)	(IFRS 9)	Rs'000	Rs'000	Rs'000
Financial assets					
Trade receivables	Loans and receivables	Financial assets at amortised cost	307,561,798	307,561,798	-
Cash and short-term deposits	Loans and receivables	Financial assets at amortised cost	7,996,742	7,996,742	-
Financial liabilities					
Trade and other payables	Amortised costs	Amortised costs	412,366,702	412,366,702	-
Interests bearing loans and borrowings	Amortised costs	Amortised costs	121,570,160	121,570,160	-

2. ACCOUNTING POLICIES (CONTINUED)

2.3 CHANGES IN ACOUNTING POLICIES AND DISCLOSURES (continued)

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. The new accounting policies are set out in note 2.5(x).

The amendment to IFRS 15 “Clarifications to IFRS 15 Revenue Recognition from Contracts with Customers” has been taken into account.

The Group adopted IFRS 15 using the full retrospective method of adoption.

The impact of IFRS 15 on the main stream of revenue of the Group is as follows:

Treatment as per IAS 18	Changes under IFRS 15	Impact Assessment
Room Revenue		
Recognised as revenue when performance obligation performed, i.e. once the guests check-in at the hotel premises. Revenue is recognised daily.	None	No impact. There was no such revenue in prior year.
Food & Beverage revenue		
F&B revenue is generated from packaged sales (e.g. half boards, full boards or All-inclusive) or through direct sales at the restaurants or bars. Packaged sales are recognised as revenue daily when it is probable that the future economic benefits will flow to the entity and those benefits can be measured reliably, i.e, once the guests check-in at the hotel premises. Direct sales are recognised upon consumption.	Recognised as revenue when performance obligation is performed (i.e on consumption).	The timing of F&B revenue recognition for packaged sales is recognised on the night of stay rather than on consumption. However, the impact has been assessed as not being material as the portion of F&B sale that would have to be deferred is not significant on any single day, and the impact would further be mitigated by opening cut-off adjustments.

2. ACCOUNTING POLICIES (CONTINUED)

2.3 CHANGES IN ACOUNTING POLICIES AND DISCLOSURES (continued)

IFRS 15 Revenue from Contracts with Customers (continued)

Treatment as per IAS 18	Changes under IFRS 15	Impact Assessment
Minor Other Departments		
Minor other departments include the provision of services such as laundry, spa and boutique sales. The Group acts as an agent from time to time (e.g. for diving, big game fishing, horse riding, etc.). In an agency relationship, the gross inflows of economic benefits include amounts collected on behalf of the principal and which do not result on increases in equity for the entity. The amounts collected on behalf of the principal are not revenue. Instead revenue is the amount of commission.	For the provision of services where the entity is an agent, it should recognise revenue based on the commission it receives from the sale (the gross amount of payments received from the customer less payments to the third party provider). Where the entity acts as a principal, revenue has to be recorded gross of costs.	Both under IAS 18 and IFRS 15, only commission revenue (gross revenue less payments) should be recognised. The Group acts as an agent only on few instances and income recognised is the net commission pertaining to the specific sales and no impact on the FS.
Revenue from Management and brand fees		
Recognised as revenue when the amount of revenue can be measured reliably and it is probable that the economic benefits will flow to the entity.	Recognise variable consideration as revenue when it is highly probable that a significant reversal of the cumulative amount of revenue recognised will not occur.	The Group recognises management and brand fee income only when key financial metrics, on which the management fees are computed, are met. This does not change under IFRS 15. Please refer to note 2.5(x)(ii) for further details.
Contract Assets		
Key money, representing amounts paid to Hotel owners to secure management contracts were capitalized as intangible assets and amortized over the life of the related contracts.	Under the new standard, these payments are treated as ‘consideration payable to a customer’ and therefore recorded as a contract asset and recognized as a deduction to revenue over the contract term.	This change results in a reduction to revenue and amortization for the year ended 30 June 2019 of Rs2,793,061 with no change in operating profit and the reclassification of key money on the statement of financial position from intangible assets to contract assets at 30 June 2019 of Rs97,706,909. There was no contract asset as at 30 June 2018.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

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

New or revised standards	Effective for accounting period beginning on or after
IFRS 16 Leases	1 January 2019
IFRS 17 Insurance Contracts	1 January 2021
Amendments	
IFRIC interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)	1 January 2019
Prepayment features with negative compensation – Amendments to IFRS 9	1 January 2019
Plan Amendment, Curtailment or Settlement (Amendment to IAS 19)	
Annual improvements to IFRS (2015-2017 Cycle)	
Sale or Contribution of assets between an investor and its associate or joint venture (Amendments to IFRS 10 and IAS 28)	Effective date deferred indefinitely

IFRS 16 Leases - effective 1 January 2019

IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17 Leases and the related Interpretations when it becomes effective for accounting periods beginning on or after 1 January 2019. The date of initial application of IFRS 16 for the Group will be for the financial year starting on 1st of July 2019.

The impact of the standard will not be to restate comparatives but show the impact in opening retained earnings. In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17.

Impact of the new definition of a lease

The Group will make use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to apply to those leases entered or modified before 1st of July 2019.

The change in definition of a lease mainly relates to the concept of control. IFRS 16 distinguishes between leases and service contracts on the basis of whether the use of an identified asset is controlled by the customer.

Control is considered to exist if the customer has:

– The right to obtain substantially all of the economic benefits from the use of an identified asset; and

– The right to direct the use of that asset.

Operating leases

IFRS 16 will change how the Group accounts for leases previously classified as operating leases under IAS 17, which were off-balance sheet.

On initial application of IFRS 16, for all leases (except as noted below), the Group will:

a) Recognise right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of the future lease payments;
b) Recognise depreciation of right-of-use assets and interest on lease liabilities in the statement of profit or loss;
c) Separate the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the statement of cash flow.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (continued)

Impact of the new definition of a lease (continued)

Under IFRS 16, right-of-use assets will be tested for impairment in accordance with IAS 36 Impairment of Assets. This will replace the previous requirement to recognise a provision for onerous lease contracts.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Group will opt to recognise a lease expense on a straight-line basis as permitted by IFRS 16.

As at 30 June 2019, the Group has non-cancellable operating lease commitments of Rs 487M.

A preliminary assessment indicates that Rs 485M of these arrangements relate to leases other than short-term leases and leases of low-value assets, and hence the Group will recognise a right-of-use asset of Rs 312M and a corresponding lease liability of Rs 312M in respect of all these leases.

Under IAS 17, all lease payments on operating leases are presented as part of cash flows from operating activities.

The impact of the changes under IFRS 16 on financial year 2020 would be to increase cash generated by operating activities by Rs 43m and to increase net cash used in financing activities by the same amount.

Finance leases

The main differences between IFRS 16 and IAS 17 with respect to assets formerly held under a finance lease is the measurement of the residual value guarantees provided by the lessee to the lessor. IFRS 16 requires that the Group recognises as part of its lease liability only the amount expected to be payable under a residual value guarantee, rather than the maximum amount guaranteed as required by IAS 17. On initial application the Group will present equipment previously included in property, plant and equipment within the line item for right-of-use assets and the lease liability, previously presented within borrowing, will be presented in a separate line for lease liabilities.

Based on an analysis of the Group's finance leases as at 30 June 2019 on the basis of the facts and circumstances that exist at that date, the directors of the Company have assessed that the impact of this change will not have an impact on the amounts recognised in the Group's consolidated financial statements.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

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

The Interpretation specifically addresses the following:

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

2. ACCOUNTING POLICIES (CONTINUED)

2.4 ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (continued)

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment (continued)

An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed.

The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available. The Company will apply interpretation from its effective date. Since the Company operates in a complex multinational tax environment, applying the Interpretation may affect its consolidated financial statements and the required disclosures. In addition, the Company may need to establish processes and procedures to obtain information that is necessary to apply the Interpretation on a timely basis.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Foreign currency translation

The consolidated and separate financial statements are presented in Mauritian Rupees ("Rs"), which is the parent's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded in the functional currency at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency at the rate of exchange ruling at the reporting date. All differences are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity.

These are taken to other comprehensive income until the disposal of the net investment, at which time they are recognised in profit or loss. Tax charges and credits attributable to exchange differences on those borrowings are also dealt with in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

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

(b) Property, plant and equipment

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

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

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

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

2. ACCOUNTING POLICIES (CONTINUED)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Property, plant and equipment (continued)

The annual rate of depreciation is as follows:

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

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

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

(c) Investment in subsidiaries

Financial statements of the Company

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

Consolidated financial statements

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

(d) Business combinations

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

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

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

2. ACCOUNTING POLICIES (CONTINUED)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Intangible assets

Goodwill

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

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

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

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

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

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

Other intangible assets including right to manage hotel

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is charged against profits in the year in which the expenditure is incurred. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

2. ACCOUNTING POLICIES (CONTINUED)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Other intangible assets including right to manage hotel (continued)

The estimated useful life of intangible asset with finite useful life is as follows:

Computer software - 5 years

Right to manage hotel - over the period of the management contract/lease term

(f) Financial assets

Initial recognition and measurement

Policy applicable as from 1 July 2018

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

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

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

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

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

Subsequent measurement

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

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

Financial assets at amortised cost (debt instruments)

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

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

2. ACCOUNTING POLICIES (CONTINUED)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Financial assets (continued)

Policy applicable as from 1 July 2018 (continued)

Subsequent measurement (continued)

Financial assets at amortised cost (debt instruments) (continued)

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

The Group's financial assets at amortised cost includes trade and other receivables.

Financial assets at fair value through OCI (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

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

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

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

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

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

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

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

2. ACCOUNTING POLICIES (CONTINUED)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Financial assets (continued)

Policy applicable as from 1 July 2018 (continued)

Financial assets at fair value through profit or loss (continued)

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

Other income (Under IFRS 9)

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

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

Policy applicable prior to 1 July 2018

Trade and other receivables

Trade and other receivables are initially recognised at original invoice amount and are subsequently carried at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised through profit or loss when the receivables are derecognised or impaired, as well as through the amortisation process.

(g) Other financial assets

Financial assets within the scope of IAS 39 are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

All regular way purchases and sales of financial assets are recognised on the trade date, i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

(h) Cash and cash equivalents

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

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

2. ACCOUNTING POLICIES (CONTINUED)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Financial liabilities

Initial recognition and measurement

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

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

Subsequent measurement

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

Loans and borrowings

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

(j) Derecognition of financial assets and liabilities

Financial assets

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

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

Where the Company or the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's or the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company or the Group could be required to repay.

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

2. ACCOUNTING POLICIES (CONTINUED)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Derecognition of financial assets and liabilities (continued)

Financial liabilities

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

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

(k) Impairment of financial assets

<u>Policy applicable as from 1 January 2018</u>

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

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

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

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

<u>Policy applicable prior to 1 January 2018</u>

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Trade and other receivables

For amounts due from customers carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are individually not significant. If the Group determines that no objective evidence of impairment exists for individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

2. ACCOUNTING POLICIES (CONTINUED)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Impairment of financial assets (continue)

Policy applicable prior to 1 January 2018 (continued)

Trade and other receivables

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss.

(l) Offsetting of financial instruments

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

(m) Fair value of financial instruments

Determination of fair value

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

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

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

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

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

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

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

2. ACCOUNTING POLICIES (CONTINUED)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Fair value of financial instruments (continued)

Determination of fair value (continued)

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

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

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

(n) Equity instruments

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

(o) Hedge accounting

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

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

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

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

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

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

2. ACCOUNTING POLICIES (CONTINUED)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Hedge accounting (continued)

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

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

(p) Risk management strategy

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

(q) Impairment of non-financial assets

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

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

(r) Inventories

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

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

2. ACCOUNTING POLICIES (CONTINUED)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Provisions

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

(t) Retirement benefit obligations

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

Defined benefits schemes

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

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

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

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

Defined contributions schemes

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

Other retirement benefits

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

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

Right of set off

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

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

2. ACCOUNTING POLICIES (CONTINUED)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Taxes

Current tax

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

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

Deferred tax

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

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

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

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

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

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

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

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

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

2. ACCOUNTING POLICIES (CONTINUED)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Taxes (continued)

Deferred tax (continued)

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

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

Value Added Tax

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

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

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

(v) Lease

<u>Group as lessee</u>

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

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

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. The interest balance should be recognised as a finance cost.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The difference between actual payments and the straight lining of the expense is recognised as a liability or asset in the statement of financial position.

<u>Group as a lessor</u>

Assets subject to operating leases are presented in the statement of financial position according to the nature of the asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Costs, including depreciation, incurred in earning the lease income are recognised as an expense. Lease income is recognised on a straight-line basis over the lease term even if the receipts are not on such a basis.

Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms.

2. ACCOUNTING POLICIES (CONTINUED)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) Borrowing costs

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

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

(x) Revenue recognition

Policy applicable as from 1 January 2018

(I) Revenue from contracts with customers

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

Recognition of management and brand fees

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

Recognition of packages sales to tour operators.

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

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

Room Revenue

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

Food & Beverage revenue

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

Other Operating Departments

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

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

Contract assets

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

Key money, representing amounts paid to Hotel owners to secure management contracts was capitalized as intangible assets and amortized over the life of the related contracts.

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

2. ACCOUNTING POLICIES (CONTINUED)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) Revenue recognition (continued)

Policy applicable as from 1 January 2018 (continued)

(I) Trade receivables

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

Contract liabilities

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

Policy applicable prior to 1 July 2018

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific criteria must also be met:

(II) Sale of goods and services

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and upon customer acceptance, if any, or performance of services, net of value added taxes and discounts, and after eliminating sales within the Group. The Group turnover reflects the invoiced values derived from hotel management and operations.

(III) Other revenues

Other revenues earned by the Group are recognised on the following basis:

- Interest income - as it accrues (taking into account the effective yield on the asset) unless collectability is in doubt.
- Dividend income - when the shareholder's right to receive payment is established.
- Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms

(y) Share based payment

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

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

2. ACCOUNTING POLICIES (CONTINUED)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(y) Share based payment (continued)

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

(z) Current versus non-current classification

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

An asset is current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

(a) Judgements

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

(a) Judgements (continued)

(i) Determination of functional currency

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

(ii) Going concern

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

Given the negative working capital, the Company has applied for additional banking facilities from financial institutions. Based on the improved performance after year-end and cash flow forecast, management is confident that the Company will meet its financial obligations as they fall due. Furthermore, management is not aware of any material uncertainties that may cast doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements are prepared on a going concern basis.

(b) Estimates and assumptions

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

(i) Employee benefit liabilities

The cost of defined benefit pension plans and related provision, as disclosed in Note 14 to the financial statements requires the use of actuarial valuations. The actuarial valuation involves the use of significant estimates in respect of inter-alia, discount rate, expected return on plan assets, future salary increases, mortality rate and future pension increases. Due to the long term nature of these plans, such estimates are subject to significant uncertainty. The net employee liability at 30 June 2019 is Rs. 17 Million (2018: Rs. 12.5 Million). Further details are set out in Note 14.

(ii) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised.

Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. At 30 June, the status of unused tax losses of the Group was as follows:

		2019	
	Recognised	**Unrecognised**	**Total**
	Rs'000	**Rs'000**	**Rs'000**
Tax losses	**-**	**148,587**	**148,587**

		2018	
	Recognised	Unrecognised	Total
	Rs'000	Rs'000	Rs'000
Tax losses	-	89,792	89,792

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

(b) Estimates and assumptions (continued)

(iii) Impairment of goodwill

Goodwill is tested on an annual basis for impairment loss in accordance with IAS 36. This requires an estimation of the "value in use" of the cash generating units to which goodwill is allocated. Estimating a value in use amount requires management to make estimates of the expected future cash flows from the cash generating unit and the selection of suitable discount rate in order to compute the present value of expected cash flow. The carrying amount of goodwill as at 30 June 2019 amounted to Rs. 229.6 m (2018: Rs. 199.8 Million). Further details are given in Note 5.

(iv) Provision for expected credit losses of trade receivables

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

The assessment of the correlation between historical observed default rates and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in Note 36.

4. PROPERTY, PLANT AND EQUIPMENT

THE GROUP	Improvement to leasehold building Rs.	Plant and equipment Rs.	Furniture and fittings Rs.	Motor vehicle Rs.	Computer equipment Rs.	Total Rs.
COST						
At July 1, 2017	-	7,994,474	3,450,209	3,130,000	27,117,935	41,692,618
Additions	-	1,689,687	851,773	-	18,934,973	21,476,433
At June 30, 2018	-	9,684,161	4,301,982	3,130,000	46,052,908	63,169,051
Additions	11,320,528	47,642,351	22,208,773	-	15,626,214	96,797,866
Acquisition of subsidiary (Note 18)	16,478,114	13,322,309	8,489,719	8,685,331	-	46,975,473
Business purchase (Note 19)	-	-	-	108,881	334,944	443,825
Disposal	-	(953,685)	-	(2,380,132)	(10,278,311)	(13,612,128)
Exchange difference	38,943	(3,265)	(1,342)	-	19,193	53,529
At June 30, 2019	**27,837,585**	**69,691,871**	**34,999,132**	**9,544,080**	**51,754,948**	**193,827,616**
DEPRECIATION						
At July 1, 2017	-	4,926,937	1,267,765	939,006	17,582,453	24,716,161
Charge for the year	-	1,013,901	457,853	626,004	4,773,259	6,871,017
At June 30, 2018	-	5,940,838	1,725,618	1,565,010	22,355,712	31,587,178
Acquisition of subsidiary (Note 18)	6,068,075	5,186,819	3,332,715	6,937,921	-	21,525,530
Charge for the year	3,935,526	5,303,913	2,361,387	664,393	7,135,357	19,400,576
Disposal adjustment	-	(327,679)	-	(801,311)	(347,515)	(1,476,505)
Exchange difference	7,789	(2,653)	(1,451)	-	3,843	7,528
At June 30, 2019	**10,011,390**	**16,101,238**	**7,418,269**	**8,366,013**	**29,147,397**	**71,044,307**
NET BOOK VALUES						
At June 30, 2019	**17,826,195**	**53,590,633**	**27,580,863**	**1,178,067**	**22,607,551**	**122,783,309**
At June 30, 2018	-	3,743,323	2,576,364	1,564,990	23,697,196	31,581,873

(a) Assets under finance lease are as follows:

	Plant and equipment		Motor vehicle		Computer equipment	
	2019 Rs.	2018 Rs.	**2019 Rs.**	2018 Rs.	**2019 Rs.**	2018 Rs.
Cost	**27,094,379**	-	**3,130,000**	3,130,000	**800,000**	800,000
Accumulated depreciation	**(4,891,438)**	-	**(2,191,000)**	(1,565,010)	**(333,000)**	(173,333)
Net book value	**22,202,941**	**-**	**939,000**	1,564,990	**467,000**	626,667

(b) Bank borrowings are secured on the assets of the Group. Finance lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

THE COMPANY	Plant and equipment Rs.	Furniture and fittings Rs.	Motor vehicle Rs.	Computer equipment Rs.	Total Rs.
COST					
At July 1, 2017	7,994,474	3,450,209	3,130,000	27,117,935	41,692,618
Additions	1,689,687	851,773	-	18,934,973	21,476,433
At June 30, 2018	9,684,161	4,301,982	3,130,000	46,052,908	63,169,051
Additions	842,633	688,052	-	681,423	2,212,108
Disposal	(16,050)	-	-	(10,263,824)	(10,279,874)
At June 30, 2019	**10,510,744**	**4,990,034**	**3,130,000**	**36,470,507**	**55,101,285**
DEPRECIATION					
At July 1, 2017	4,926,937	1,267,765	939,006	17,582,453	24,716,161
Charge for the year	1,013,901	457,853	626,004	4,773,259	6,871,017
At June 30, 2018	5,940,838	1,725,618	1,565,010	22,355,712	31,587,178
Charge for the year	854,458	456,664	625,992	4,805,557	6,742,671
Disposal adjustment	(936)	-	-	(342,128)	(343,064)
At June 30, 2019	**6,794,360**	**2,182,282**	**2,191,002**	**26,819,141**	**37,986,785**
NET BOOK VALUES					
At June 30, 2019	**3,716,384**	**2,807,752**	**938,998**	**9,651,366**	**17,114,500**
At June 30, 2018	3,743,323	2,576,364	1,564,990	23,697,196	31,581,873

(a) Assets under finance lease are as follows:

	Motor vehicle		Computer equipment	
	2019 Rs.	2018 Rs.	**2019 Rs.**	2018 Rs.
Cost	**3,130,000**	3,130,000	**800,000**	800,000
Accumulated depreciation	**(2,191,000)**	(1,565,010)	**(333,000)**	(173,333)
Net book value	**939,000**	1,564,990	**467,000**	626,667

(b) Bank borrowings are secured on the assets of the Company. Finance lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

(c) No borrowing costs were capitalised during the year (2018: nil).

5. INTANGIBLE ASSETS

THE GROUP	Goodwill Rs.	Right to manage hotel Rs.	Software Rs.	Total Rs.
COST				
At July 1, 2017	199,850,000	-	16,399,031	216,249,031
Additions	-	-	8,959,844	8,959,844
At June 30, 2018	199,850,000	-	25,358,875	225,208,875
Additions	-	-	5,850,693	5,850,693
Acquisition of subsidiary (Note 18)	-	-	2,591,743	2,591,743
Business purchase (Note 19)	-	31,503,146	-	31,503,146
Write off for obsolete items	-	-	(1,457,313)	(1,457,313)
At June 30, 2019	**199,850,000**	**31,503,146**	**32,343,998**	**263,697,144**
AMORTISATION				
At July 1, 2017	-	-	12,061,750	12,061,750
Charge for the year	-	-	2,576,739	2,576,739
At June 30, 2018	-	-	14,638,489	14,638,489
Charge for the year	-	1,764,142	3,451,454	5,215,596
Acquisition of subsidiary (Note 18)	-	-	1,793,682	1,793,682
Write off for obsolete items	-	-	(1,457,313)	(1,457,313)
At June 30, 2019	**-**	**1,764,142**	**18,426,312**	**20,190,454**
NET BOOK VALUES				
At June 30, 2019	**199,850,000**	**29,739,004**	**13,917,686**	**243,506,690**
At June 30, 2018	199,850,000	-	10,720,386	210,570,386

Goodwill

This goodwill arise on the acquisition of investment in Lux Island Resorts Seychelles Ltd and has an indefinite life. Impairment assessment is performed on an annual basis.

Right to manage hotel

The rights to manage hotel arose on the business purchase as disclosed in note 19. The right has a limited life of 12 years and will be amortised over the lease term of 12 years.

Impairment test on goodwill

Goodwill acquired is measured as the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount, on the acquisition date, of the identifiable assets and liabilities assumed. Goodwill has been assessed as having an indefinite life and in accordance with IAS 36, goodwill has been assessed for impairment based on each cash generating unit.

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

5. INTANGIBLE ASSETS (CONTINUED)

Impairment test on goodwill (continued)

A terminal growth rate of 3% has been assumed in the calculation.

The key assumptions used for preparing the cash flow forecasts are based on management's past experience of the industry and the ability of the CGU to at least maintain its market share.

Any reasonable possible change in key assumptions on which management has based its determination of recoverable amounts of CGU are expected to cause their carrying amount to exceed the recoverable amounts.

THE COMPANY	Computer software	
	2019 Rs.	2018 Rs.
COST		
At July 1,	**25,358,875**	16,399,031
Additions	**2,683,115**	8,959,844
At June 30,	**28,041,990**	25,358,875
AMORTISATION		
At July 1,	**14,638,489**	12,061,750
Charge for the year	**3,013,665**	2,576,739
At June 30,	**17,652,154**	14,638,489
Net book value at June 30,	**10,389,836**	10,720,386

6. INVESTMENT IN SUBSIDIARIES

THE COMPANY	**2019 Rs.**	2018 Rs.
At cost		
At July 1,	**213,395,089**	206,298,658
Additions	**46**	7,096,431
At June 30,	**213,395,135**	213,395,089

Details of the investments which are unquoted are as follows:

Name of Companies	**Country of incorporation**	**% Held 2019**	% Held 2018
Island Light Vacations Ltd	Mauritius	**100.00%**	100.00%
LIRTA Ltd	Mauritius	**100.00%**	100.00%
Lux Island Resorts Seychelles Ltd	Seychelles	**99.98%**	99.98%
Lux Hotel Management (Shanghai) Co Ltd	China	**100.00%**	100.00%
The Lux Collective Pte Ltd	Singapore	**100.00%**	100.00%
SALT Hospitality Ltd	Mauritius	**100.00%**	100.00%
Café Lux Ltd	Mauritius	**100.00%**	0.00%
The Lux Collective (UK) Ltd	UK	**100.00%**	0.00%
Palm Boutique Hotel Ltd	Mauritius	**100.00%**	100.00%

During the year under review, the Company acquired 100% shareholding in Cafe Lux Ltd and The Lux Collective (UK) Ltd for Rs. 1 and GBP 1 respectively from Lux Island Resorts Ltd.

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

For the acquisition of Café Lux Ltd and The Lux Collective (UK) Ltd, refer to note 18.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

7. INVESTMENT IN OTHER FINANCIAL ASSETS

	THE GROUP	
	2019 Rs.	2018 Rs.
Financial assets at fair value through other comprehensive income.		
- Quoted shares		
At July 1	**-**	-
On acquisition of subsidiary (Note 18)	**4,158**	-
At June 30,	**4,158**	-

The fair value of quoted ordinary shares (classified as Level 1 as detailed in Note 36 is determined by reference to published price quotations in an active market at the reporting date.

8. INCOME AND DEFERRED TAX

(a) <u>Deferred tax asset</u>

Deferred tax is calculated on all temporary differences under the liability method at the rate of 17% (2018: 17%). The movement in the deferred tax account is as follows:

	THE GROUP		THE COMPANY	
	2019 Rs.	2018 Rs.	**2019 Rs.**	2018 Rs.
At July 1,	**13,473,166**	12,931,890	**13,473,166**	12,931,890
On acquisition of subsidiary (Note 18)	**3,926,359**	-	**-**	-
Recognised in profit or loss	**(59,169)**	1,891,076	**1,208,030**	1,891,076
Recognised in other comprehensive income	**1,530,324**	(1,349,800)	**1,510,620**	(1,349,800)
At June 30,	**18,870,680**	13,473,166	**16,191,816**	13,473,166

Deferred income tax relates to the following:

THE GROUP	Balance		Movement	
	2019 Rs.	2018 Rs.	**2019 Rs.**	2018 Rs.
Deferred tax assets				
Accelerated depreciation	**15,373,106**	10,860,436	**4,512,670**	1,607,006
Employee defined benefit liabilities	**2,334,573**	2,128,230	**206,343**	(1,550,230)
Others	**1,163,001**	484,500	**678,501**	484,500
	18,870,680	13,473,166	**5,397,514**	541,276
Recognised as follows:				
- on acquisition of new subsidiaries			**3,926,359**	-
- in profit or loss			**(59,169)**	1,891,076
- in other comprehensive income			**1,530,324**	(1,349,800)
Total movement for the year			**5,397,514**	541,276

8. INCOME AND DEFERRED TAX (CONTINUED)

THE COMPANY	Balance		Movement	
	2019	2018	**2019**	2018
	Rs.	Rs.	**Rs.**	Rs.
Accelerated depreciation	**12,915,056**	10,860,436	**2,054,620**	1,607,006
Employee defined benefit liabilities	**2,281,910**	2,128,230	**153,680**	(1,550,230)
Others	**994,850**	484,500	**510,350**	484,500
	16,191,816	13,473,166	**2,718,650**	541,276
Recognised as follows:				
- in profit or loss			**1,208,030**	1,891,076
- in other comprehensive income			**1,510,620**	(1,349,800)
Total movement for the year			**2,718,650**	541,276

As at 30 June 2019, Deferred tax assets have not been recognised on the Group's estimated tax losses amounting to Rs. 149m (2018: Rs. 90m) as the directors consider that it is not probable that sufficient future taxable profits will be available against which the unused tax losses can be utilised.

9. CONTRACT ASSETS

	THE GROUP AND THE COMPANY	
	2019	2018
	Rs.	Rs.
Analysed as follows		
Current	**6,700,000**	-
Non-Current	**91,006,939**	-
At June 30,	**97,706,939**	-

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

10. INVENTORIES

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs.	Rs.	**Rs.**	Rs.
Food and Beverage	**7,990,008**	-	**-**	-
Spareparts and consumables	**2,622,230**	293,663	**302,566**	293,663
Others	**39,079**	-	**-**	-
	10,651,317	293,663	**302,566**	293,663

All inventories are stated at the lower of cost and net realisable value, net of provision for impairment. There were no write down of inventories during the year (2018: Nil). Bank borrowing is secured by floating charges on the assets of the Group including inventories.

11. TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs.	Rs.	**Rs.**	Rs.
Trade receivables	**35,016,456**	19,202,581	**20,519,806**	11,406,834
Due from subsidiaries	**-**	-	**118,054,268**	201,998,797
Due from related companies	**22,758,000**	212,233,704	**22,660,076**	-
Other receivables and prepayments	**61,211,481**	96,237,200	**27,765,766**	94,156,167
	118,985,937	327,673,485	**188,999,916**	307,561,798
Less expected credit losses	**(3,222,527)**	-	**-**	-
	115,763,410	327,673,485	**188,999,916**	307,561,798
Analysed as follows:				
Non-current trade and other receivable	**-**	-	**59,310,000**	-
Current trade and other receivable	**115,763,410**	327,673,485	**129,689,916**	307,561,798
	115,763,410	327,673,485	**188,999,916**	307,561,798

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

(ii) At June 30, 2019, the ageing analysis of un-impaired trade receivables were as follows:

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs.	Rs.	**Rs.**	Rs.
Not past due	**7,348,491**	276,000	**4,990,673**	276,000
Due less than 30 days	**1,588,838**	12,133,495	**28,356**	4,337,748
More than 30 and less than 60 days	**7,343,743**	49,400	**1,655,210**	49,400
More than 60 and less than 90 days	**7,983,168**	1,306,375	**7,627,866**	1,306,375
More than 90 days	**7,529,689**	5,437,311	**6,217,701**	5,437,311
	31,793,929	19,202,581	**20,519,806**	11,406,834

None of the above balances have been impaired.

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

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs.	Rs.	**Rs.**	Rs.
At July 1	**-**	-	**-**	-
Charge for the year	**3,222,527**	-	**-**	-
At June 30	**3,222,527**	-	-	-

Expected credit losses on trade receivables is based on Lifetime Expected Credit Losses. The whole amount of the ECL movement arose from the increase in the gross carrying amount of trade receivables since the start of operations of SALT of Palmar.

(iv) Prepayments amounting to Rs.5,923,681 (2018:Rs 14,038,417) for the Group and Rs 4,784,698 (2018: Rs 13,835,142) for the Company have been included in the total balance for trade and other receivables.

(v) For terms and conditions relating to related party receivables, refer to note 29.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

12. STATED CAPITAL

Stated capital - No par value shares	2019 Number of shares	2018 Number of shares	2019 Rs.	2018 Rs.
At July 1,	**126,804,636**	124,297,395	**135,233,726**	131,071,706
Capital reduction	**-**	-	**(106,504,342)**	-
Issue of share under share based payment scheme (Note 34)	**3,185,025**	2,507,241	**5,287,142**	4,162,020
Right iussue during the year	**26,092,612**	-	**182,648,284**	-
At June 30,	**156,082,273**	126,804,636	**216,664,810**	135,233,726

The shareholders of the Company, at its annual general meeting , approved the reduction of the stated capital of the company from Rs 138,732,412 to Rs 32,228,070, for a reduction of the stated capital of the Company through an absorption of accumulated losses up to the amount of the reduction. This was followed by a right issue fully subscribed by the shareholders for Rs182,648,284.

13. OTHER RESERVES

THE GROUP	Foreign exchange translation reserve Rs.	Cash flow hedge reserve Rs.	Share based payment reserve Rs.	Total Rs.
At 01 July 2017	3,605,135	-	8,575,382	12,180,517
Cash flow hedge on loan in foreign currency	-	(2,850,000)	-	(2,850,000)
Currency translation difference	(255,917)	-	-	(255,917)
Share base payment expense	-	-	1,947,989	1,947,989
Share base payment issued	-	-	(4,162,020)	(4,162,020)
Tax on other comprehensive income	-	484,500	-	484,500
At 30 June 2018	**3,349,218**	**(2,365,500)**	**6,361,351**	**7,345,069**
Cash flow hedge on loan in foreign currency	-	(730,000)	-	(730,000)
Currency translation difference	(1,278,726)	-	-	(1,278,726)
Share base payment expense	-	-	(1,074,209)	(1,074,209)
Share base payment issued	-	-	(5,287,142)	(5,287,142)
Tax on other comprehensive income	-	124,100	-	124,100
At 30 June 2019	**2,070,492**	**(2,971,400)**	**-**	**(900,908)**

13. OTHER RESERVES (CONTINUED)

THE COMPANY	Cash flow hedge reserve Rs.	Share based payment reserve Rs.	Total Rs.
At 01 July 2017	-	8,575,382	8,575,382
Cash flow hedge on loan in foreign currency	(2,850,000)	-	(2,850,000)
Share base payment expense	-	1,947,989	1,947,989
Share base payment issued	-	(4,162,020)	(4,162,020)
Tax on other comprehensive income	484,500	-	484,500
At 30 June 2018	**(2,365,500)**	**6,361,351**	**3,995,851**
Cash flow hedge on loan in foreign currency	(730,000)	-	(730,000)
Share base payment expense	-	(1,074,209)	(1,074,209)
Share base payment issued	-	(5,287,142)	(5,287,142)
Tax on other comprehensive income	124,100	-	124,100
At 30 June 2019	**(2,971,400)**	**-**	**(2,971,400)**

Nature and purpose of other reserves

Foreign exchange translation reserve

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

Cash flow hedge reserve

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

The portion of the foreign currency revenues being hedged by the loans is less than 25% of the total annual revenue in the respective currencies. In other words, the respective future revenues in EURO is at least 4 times the amount of the loans to be disbursed annually in EURO. Based on that and based on past trends, it is considered as highly probable. The designated budgeted cash flows in foreign currency until maturity of the loans amount Rs. 128 million (2018: Rs. 132 million). The foreign currency loans have a maturity of up to the year 2027 and therefore, the cash flows are expected to occur and affect profit or loss throughout this period. During the financial year 2019, Rs.0.7 million was recognised in other comprehensive income (2018: Rs.2.8 million).

Share based payment reserve

The share based payment reserve is used to recognise the value of equity settled share based payments provided to executives of the Company and of other subsidiaries of Lux Island Resorts Ltd as part of their remunerations. Refer to note 34 for further details.

14. EMPLOYEE DEFINED BENEFIT LIABILITIES

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

(i) A defined benefit scheme which is funded. The plan assets are held independently by a pension fund;

(ii) A defined contribution scheme; and

(iii) Retirement benefits as defined under the Employment Rights Act 2008 and which are unfunded.

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

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs.	Rs.	**Rs.**	Rs.
Funded obligation *(note (c - n))*	**1,823,000**	3,937,000	**1,823,000**	3,937,000
Unfunded obligation *(note (o - u))*	**15,233,959**	8,581,000	**11,600,000**	8,581,000
	17,056,959	12,518,000	**13,423,000**	12,518,000

FUNDED OBLIGATION

The Group and the Company

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

	2019	2018
	Rs.	Rs.
Present value of funded obligation (note (g))	**11,091,000**	51,127,000
Fair value of plan assets (note (f))	**(9,268,000)**	(47,190,000)
Liability in the statement of financial position	**1,823,000**	3,937,000

(d) Movement in the statement of financial position:

	2019	2018
	Rs.	Rs.
At July 01,	**3,937,000**	13,158,000
Total expenses (note (e))	**2,097,000**	2,167,000
Actuarial (gains)/losses recognised in other comprehensive income	**5,283,000**	(9,689,000)
Contributions paid	**(1,654,000)**	(1,699,000)
Fair value of planned assets transferred (note (f))	**39,872,000**	-
Defined benefit obligations transferred	**(47,712,000)**	-
At June 30,	**1,823,000**	3,937,000

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

	2019	2018
	Rs.	Rs.
Current service cost	**1,607,000**	1,385,000
Net interest cost	**196,000**	620,000
Scheme expenses	**124,000**	34,000
Cost of insuring risk benefits	**170,000**	128,000
Total included in staff costs	**2,097,000**	2,167,000

14. EMPLOYEE DEFINED BENEFIT LIABILITIES (CONTINUED)

FUNDED OBLIGATION (CONTINUED)

The Group and the Company

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

	2019	2018
	Rs.	Rs.
At July 01,	**47,190,000**	42,985,000
Interest on plan assets	**2,811,000**	2,137,000
Employer's contribution	**1,654,000**	1,699,000
Scheme expenses	**(124,000)**	(34,000)
Cost of insuring risk benefits	**(170,000)**	(128,000)
Actuarial (losses)/gains	**(182,000)**	2,570,000
Benefits paid	**(2,039,000)**	(2,039,000)
Transfer of assets to related company (See note below)	**(39,872,000)**	-
At June 30,	**9,268,000**	47,190,000

Prior to separation between The Lux Collective Ltd (TLC) and Lux Island Resorts Ltd (LIR), all team members at the head office were employed by TLC. Post separation, some employees have been transferred from TLC to LIR and their liabilities pertaining to the defined contribution scheme as well as to the defined benefit scheme were transferred from TLC to LIR in January 2019. Furthermore, the liability of the defined benefit scheme in respect of LIR staff has been transferred to LIR on 30 June 2019.

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

	2019	2018
	Rs.	Rs.
At July 01,	**51,127,000**	56,143,000
Current service cost	**1,607,000**	1,385,000
Interest cost	**3,007,000**	2,757,000
Actuarial gains/(losses)	**5,101,000**	(7,119,000)
Benefits paid	**(2,039,000)**	(2,039,000)
Transfer of assets to related company (note (f))	**(47,712,000)**	-
At June 30,	**11,091,000**	51,127,000

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

	2019	2018
	Rs.	Rs.
Local equities	**3,151,120**	16,365,000
Overseas equities	**2,317,000**	11,675,000
Fixed interest	**2,965,760**	18,768,000
Properties	**834,120**	382,000
Total market value of assets	**9,268,000**	47,190,000

(i) Analysis of amount recognised in other comprehensive income

	2019	2018
	Rs.	Rs.
Losses/(gains) on pension scheme assets	**182,000**	(2,570,000)
Experience losses/ (gains) on the liabilities	**1,174,000**	(546,000)
Changes in assumptions underlying the present value of the scheme	**3,927,000**	(6,573,000)
Actuarial losses/(gains) recognised in other comprehensive income	**5,283,000**	(9,689,000)

14. EMPLOYEE DEFINED BENEFIT LIABILITIES (CONTINUED)

FUNDED OBLIGATION (CONTINUED)

(j) Sensivity analysis

	2019 Rs.	2018 Rs.
Decrease in defined benefit obligation due to 1% increase in discount rate	**1,520,000**	5,513,000
Increase in defined benefit obligation due to 1% increase in future long-term salary assumption	**359,000**	1,257,000

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

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

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

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

(iii) The fixed interest portfolio includes government bonds, debentures, mortgages and cash. The expected return for this asset class has been based on yields of government bonds at June 30, 2019.

(l) Employer's contributions to be paid in the next reporting period is estimated at Rs. 1.5m (2018: Rs. 1.9m) and the weighted average duration of the defined benefit obligation is 8 years. The funding policy is to pay benefits out of the reporting entity's cashflow as and when due. The plan entitles the employees to a lump sum and pension payments at retirement age.

(m) Risk Associated with the Plans

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

Interest rate risk

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

Salary risk

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

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

	2019 %	2018 %
Discount rate	**5.40**	6.00
Expected return on plan assets	**5.40**	6.00
Future guaranteed pension increase	**0.00**	0.00
Future long term salary increase	**4.00**	4.00
Post retirement mortality tables	**PA(92)**	PA(92)

14. EMPLOYEE DEFINED BENEFIT LIABILITIES (CONTINUED)

UNFUNDED OBLIGATION

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

	THE GROUP		THE COMPANY	
	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.
Present value of unfunded obligation	**15,233,959**	8,581,000	**11,600,000**	8,581,000

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

	THE GROUP		THE COMPANY	
	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.
At July 01,	**8,581,000**	8,480,000	**8,581,000**	8,480,000
Transfer on acquisition of subsidiaries and business combination	**4,691,959**	-	**-**	-
Total expenses (note (q))	**2,328,000**	1,202,000	**1,382,000**	1,202,000
Actuarial (gains)/losses recognised in other comprehensive income	**869,000**	(1,101,000)	**2,873,000**	(1,101,000)
Transfer to related companies	**(1,236,000)**	-	**(1,236,000)**	-
At June 30,	**15,233,959**	8,581,000	**11,600,000**	8,581,000

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

	THE GROUP		THE COMPANY	
	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.
Current service cost	**1,497,000**	693,000	**824,000**	693,000
Interest cost	**831,000**	509,000	**558,000**	509,000
Total included in staff costs	**2,328,000**	1,202,000	**1,382,000**	1,202,000

(r) Amount recognised in other comprehensive income

	THE GROUP		THE COMPANY	
	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.
Actuarial (gains)/losses	**(1,484,320)**	228,000	**578,000**	228,000
Changes in assumptions	**2,353,320**	(1,329,000)	**2,295,000**	(1,329,000)
	869,000	(1,101,000)	**2,873,000**	(1,101,000)

14. EMPLOYEE DEFINED BENEFIT LIABILITIES (CONTINUED)

UNFUNDED OBLIGATION (CONTINUED)

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

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs.	Rs.	**Rs.**	Rs.
At July 01,	**8,581,000**	8,480,000	**8,581,000**	8,480,000
Transfer on acquisition of subsidiaries and business combination	**4,691,959**	-	**-**	-
Current service cost	**1,497,000**	693,000	**824,000**	693,000
Interest cost	**831,000**	509,000	**558,000**	509,000
Actuarial (gains)/losses	**869,000**	(1,101,000)	**2,873,000**	(1,101,000)
Transfer to related companies	**(1,236,000)**	-	**(1,236,000)**	-
At June 30,	**15,233,959**	8,581,000	**11,600,000**	8,581,000

(t) Sensivity analysis

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs.	Rs.	**Rs.**	Rs.
Decrease in Defined benefit obligation due to 1% increase in discount rate	**3,412,400**	2,191,000	**2,804,000**	2,191,000
Increase in Defined benefit obligation due to 1% increase in future long-term salary assumption	**4,032,300**	2,856,000	**3,412,000**	2,856,000

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

	2019	2018
	%	%
Discount rate	**5.70**	6.50
Future salary increases	**4.00**	4.00

15. INTEREST BEARING LOANS AND BORROWINGS

	Effective interest rate	Maturity Year	THE GROUP 2019 Rs.	THE GROUP 2018 Rs.	THE COMPANY 2019 Rs.	THE COMPANY 2018 Rs.
Current						
Bank overdraft (note 28)			**74,759,305**	43,911,490	**53,552,036**	43,475,598
Bank Loans (note (b))			**29,172,498**	-	**14,035,161**	-
Obligations under finance leases (note (a))	2.9%-7.75%	2022	**5,897,919**	719,197	**723,316**	719,197
			109,829,722	44,630,687	**68,310,513**	44,194,795
Non-current						
Bank loans (note (b))	4.0%	2020-2029	**189,708,565**	76,000,000	**163,244,839**	76,000,000
Obligations under finance leases (note (a))	2.9%-7.75%	2022	**16,514,967**	1,375,365	**652,048**	1,375,365
			206,223,532	77,375,365	**163,896,887**	77,375,365
Total interest bearing loans and borrowings			**316,053,254**	122,006,052	**232,207,400**	121,570,160

(a) ***Obligations under finance leases:***

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs.	Rs.	**Rs.**	Rs.
Finance lease liabilities - minimum lease payments:				
Within one year	**7,214,216**	854,448	**805,284**	854,448
Later than one year and not later than two years	**6,932,156**	854,448	**523,224**	854,448
Later than two years and not later than five years	**11,237,523**	628,019	**159,998**	628,019
	25,383,895	2,336,915	**1,488,506**	2,336,915
Future finance charges on finance leases	**(2,971,009)**	(242,353)	**(113,142)**	(242,353)
Present value of finance lease liabilities	**22,412,886**	2,094,562	**1,375,364**	2,094,562
The present value of finance lease liabilities may be analysed as follows:				
Within one year	**5,897,919**	719,197	**723,316**	719,197
Later than one year and not later than two years	**6,018,506**	776,428	**497,360**	776,428
Later than two years and not later than five years	**10,496,461**	598,937	**154,688**	598,937
	22,412,886	2,094,562	**1,375,364**	2,094,562

Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default. The rate of interest on the leases varies between 2.9% and 7.75%.

15. INTEREST BEARING LOANS AND BORROWINGS (CONTINUED)

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

	THE GROUP		THE COMPANY	
	2019 Rs.	2018 Rs.	**2019 Rs.**	2018 Rs.
Loan repayable:				
- Within one year	**29,172,498**	-	**14,035,161**	-
- After one year and before two years	**22,552,891**	9,500,000	**15,107,612**	9,500,000
- After two years and before five years	**82,289,442**	28,500,000	**63,270,994**	28,500,000
- After five years	**84,866,233**	38,000,000	**84,866,233**	38,000,000
	218,881,064	76,000,000	**177,280,000**	76,000,000

Denomination	Effective interest rate	Maturity	THE GROUP 2019 Rs.	THE GROUP 2018 Rs.	THE COMPANY 2019 Rs.	THE COMPANY 2018 Rs.
EURO	EURO LIBOR +4%	June 2027	**112,280,000**	76,000,000	**112,280,000**	76,000,000
USD	LIBOR+2.75%	June 2020	**5,544,564**	-	**-**	-
MUR	PLR	June 2020	**6,056,500**	-	**-**	-
MUR	PLR	June 2024	**30,000,000**	-	**-**	-
MUR	PLR	March 2029	**65,000,000**	-	**65,000,000**	-
Total bank loans			**218,881,064**	**76,000,000**	**177,280,000**	**76,000,000**

(c) The movement in finance leases and borrowings is as follows:

	THE GROUP		THE COMPANY	
	2019 Rs.	2018 Rs.	**2019 Rs.**	2018 Rs.
At July 01,	**78,094,562**	2,763,930	**78,094,562**	2,763,930
On acquisition of new subsidiaries	**22,145,044**	-	**-**	-
Proceeds from new loans	**150,550,000**	73,150,000	**100,550,000**	73,150,000
Repayment long term borrowings	**(5,719,000)**	-	**-**	-
Repayment of finance lease obligations	**(4,538,160)**	(669,368)	**(719,198)**	(669,368)
Exchange differences	**761,503**	2,850,000	**730,000**	2,850,000
At June 30,	**241,293,949**	78,094,562	**178,655,364**	78,094,562
Bank overdraft	**74,759,305**	43,911,490	**53,552,036**	43,475,598
Total interest bearing loans and borrowings	**316,053,254**	122,006,052	**232,207,400**	121,570,160

16. TRADE AND OTHER PAYABLES, AND CONTRACT LIABILITIES

	THE GROUP		THE COMPANY	
	2019 Rs.	2018 Rs.	**2019 Rs.**	2018 Rs.
Trade and other payables				
Trade payables	**65,446,210**	45,467,446	**45,174,825**	45,269,736
Accruals and other payables	**90,512,072**	54,958,462	**48,627,590**	40,308,623
Due to related companies (note 29)	**12,808,486**	330,346,696	**-**	305,191,515
Due to group companies (note 29)	**-**	-	**3,683,002**	21,596,828
	168,766,768	430,772,604	**97,485,417**	412,366,702
Contract liabilities	**3,732,616**	-	**-**	-

(i) Trade and other payables are non-interest bearing and are normally settled in the next financial year.
(ii) Accruals and other payables comprises mainly of provision for payroll related costs, deposits and other provisions made in the normal course of business.
(iii) For terms and conditions relating to related parties, refer to Note 29.

Contract liabilities

The contract liabilities are in respect of deposits collected from customers for future stay in our hotels.

17. TAXATION

	THE GROUP		THE COMPANY	
	2019 Rs.	2018 Rs.	**2019 Rs.**	2018 Rs.
(a) Income tax				
Charge for the year				
Income tax charge	**13,255,724**	2,244,680	**-**	-
Over provision of tax in previous year	**7,115,521**	(814,268)	**-**	-
Deferred tax movement (Note 8a)	**59,169**	(1,891,076)	**(1,208,030)**	(1,891,076)
Withholding tax	**(8,769,180)**	8,956,200	**-**	-
Income tax charged/(credit)	**11,661,234**	8,495,536	**(1,208,030)**	(1,891,076)

Reconciliation between tax expense and accounting profit is as follows:

	THE GROUP 2019	THE GROUP 2018	THE COMPANY 2019	THE COMPANY 2018
(Loss)/profit before tax	**(61,554,662)**	7,766,049	**(11,580,850)**	4,722,115
Tax calculated at the rate of 17% (2018: 17%)	**(10,464,293)**	1,320,228	**(1,968,745)**	802,760
Effect of different tax rates (note (i))	**(163,239)**	(147,400)	**-**	-
Add expenses not deductible for tax purposes (note (iii))	**1,264,815**	319,239	**701,367**	319,239
Gains not subject to taxation (note (iv))	**(4,393,273)**	-	**(4,080,000)**	-
Over/ (under) provision of tax in previous year	**7,115,521**	(814,268)	**-**	-
Deferred tax assets not recognised	**19,005,119**	2,476,000	**4,139,348**	-
Utilisation of unused tax losses (note (ii))	**(9,472,596)**	(3,614,463)	**-**	(3,013,075)
Withholding tax (note (v))	**8,769,180**	8,956,200	**-**	
Income tax charge	**11,661,234**	**8,495,536**	**(1,208,030)**	(1,891,076)

17. TAXATION (CONTINUED)

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

(i) Different tax rates arise on the taxation of foreign units located in Seychelles and UK.

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

(iii) Non deductible expenses include mainly depreciation and amortisation and other provisions.

(iv) Gains not subject to taxation comprise of exchange gains on retranslation of bank balance not taxable.

(v) Withholding tax arise on the management fee charged by LIRML in Maladives.

(b) Statement of financial position

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs.	Rs.	**Rs.**	Rs.
At 1 July	**2,282,870**	878,876	**-**	-
Charge for the year	**13,255,724**	2,244,680	**-**	-
Over provision of tax in previous year	**7,115,521**	(814,269)	**-**	-
Withholding tax	**(8,769,180)**	8,956,200	**-**	-
Paid during the year	**(12,587,622)**	(8,973,337)	**-**	-
Exchange difference	**27,020**	(9,280)	**-**	-
At 30 June	**1,324,333**	2,282,870	**-**	-

18. BUSINESS COMBINATIONS

Following the restructuring of the Lux Island Resorts Group, Café Lux Ltd and The Lux Collective (UK) Ltd were transferred from LIR Group to TLC Group with effect from 1 December 2018 at their book value. The fair values of the identified assets and liabilities transferred at date of acquisition were as follows:

	THE GROUP
	2019
Fair values of net assets acquired:	**Rs**
Property, plant and equipment	**25,449,943**
Intangible assets	**798,061**
Other financial assets	**4,158**
Deferred tax assets	**3,926,359**
Inventory	**6,024,824**
Trade debtors and other receivable	**17,496,448**
Borrowings	**(22,145,044)**
Trade creditors and other payables	**(9,950,993)**
Retirement benefit obligations	**(142,777)**
Cash and bank balances	**4,381,847**
Net assets acquired	**25,842,826**
Fair value of purchase consideration	**(46)**
Gain on bargain purchase	**25,842,780**
The cash flow impact of the acquisition is as follows:	
Consideration	**(46)**
Cash and cash equivalent acquired	**4,381,847**
Net cash received	**4,381,801**

19. BUSINESS PURCHASE

On 30 October 2018, The Lux Collective Ltd, via its subsidiary, Salt Hospitality Ltd, acquired the hotel business operation of Le Palmeraie from Southern Investment Limited for the launching of the SALT brand. Only certain assets and liabilities were acquired as part of this business purchase.
The net assets acquired and liabilities assumed were as follows:

	THE GROUP
	2019
	Rs
Assets acquired:	
Rights to manage hotel	**31,503,146**
Property, plant and equipment	**443,825**
Inventory	**252,184**
Trade debtors and other receivable	**12,918,469**
	45,117,624
Liabilities transferred:	
Trade creditors and other payables	**(38,018,054)**
Employees retirement benefit obligations	**(4,549,182)**
Consideration on business transfer	**2,550,388**

(a) Intangible assets represents the access rights acquired to manage the hotel operations of over 12 years.

20. REVENUE FROM CONTRACT WITH CUSTOMERS

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs.	Rs.	**Rs.**	Rs.
Hotel Services - Management and brand fees	**487,325,261**	401,518,483	**381,428,811**	290,970,217
Hotel Services - Marketing fee income	**113,853,082**	-	**113,853,082**	-
Hotel operation and others	**93,297,305**	10,161,062	**-**	-
Other Administration and commission income	**1,140,000**	1,339,968	**1,140,000**	-
	695,615,648	413,019,513	**496,421,893**	290,970,217
Timing of revenue recognition				
- Products and services transferred at a point in time	**212,843,241**	186,229,543	**171,510,769**	145,373,078
- Products and services transferred over time	**482,772,407**	226,789,970	**324,911,124**	145,597,139
	695,615,648	413,019,513	**496,421,893**	290,970,217
Primary geographical market				
- Mauritius	**446,611,898**	255,615,142	**356,382,731**	247,314,112
- Maldives	**171,259,520**	105,341,163	**71,736,532**	-
- Reunion	**66,018,784**	43,656,105	**66,018,784**	43,656,105
- Others	**11,725,446**	8,407,103	**2,283,846**	-
	695,615,648	413,019,513	**496,421,893**	290,970,217

21. COST OF INVENTORIES

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs.	Rs.	**Rs.**	Rs.
Food, beverages and room supplies	**21,881,740**	-	**-**	-

22. OTHER OPERATING INCOME

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs.	Rs.	**Rs.**	Rs.
Dividend income	**-**	-	**103,200,000**	77,400,000
Administrative fee	**-**	-	**-**	1,500,000
Foreign exchange gains	**3,247,344**	1,755,797	**-**	1,438,780
Technical and services fee	**-**	13,791,250	**-**	13,791,250
Payables waived by related companies	**32,167,655**	-	**-**	-
Others*	**15,359,157**	4,894,636	**10,023,990**	4,894,636
	50,774,156	20,441,683	**113,223,990**	99,024,666

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

23. EMPLOYEE BENEFIT EXPENSES

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs.	Rs.	**Rs.**	Rs.
Wages and salaries	**302,943,222**	208,773,641	**187,927,860**	190,899,387
Social security costs	**10,744,091**	2,645,876	**4,541,044**	2,645,876
Employee share scheme expenses (note 32)	**-**	1,620,524	**-**	1,620,524
Pension costs:				
- Defined contribution scheme	**5,435,326**	5,015,431	**4,915,248**	5,015,431
- Defined benefit scheme (Note 14 (e))	**2,097,000**	2,167,000	**2,097,000**	2,167,000
- Other retirement benefit (Note 14 (q))	**2,328,000**	1,202,000	**1,382,000**	1,202,000
	323,547,639	221,424,472	**200,863,152**	203,550,218

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

24. OTHER OPERATING EXPENSES

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs.	Rs.	**Rs.**	Rs.
Utilities	**10,031,846**	2,368,504	**2,421,119**	2,368,504
Motor vehicle running expenses	**8,287,645**	5,949,117	**7,110,432**	5,949,117
Repairs and maintenance	**10,568,188**	5,214,610	**4,379,718**	5,214,610
Printing, postage and stationeries	**5,305,539**	3,482,894	**4,464,097**	3,482,894
Marketing expenses	**241,325,382**	87,204,694	**231,380,321**	87,204,694
Project costs	**11,142,419**	12,351,534	**11,142,419**	12,351,534
IT and communication expenses	**32,171,614**	26,644,576	**27,569,369**	26,644,576
Professional fees	**25,280,983**	19,472,856	**4,556,082**	4,320,989
Trade mark licences	**4,031,583**	-	**4,031,583**	-
Refund regional office costs	**-**	-	**75,347,740**	-
Insurance	**1,931,415**	1,528,728	**580,066**	1,528,728
Training cost	**6,193,033**	-	**-**	-
Overseas travelling	**15,043,343**	4,096,417	**6,241,193**	4,096,417
Security expenses	**3,545,802**	3,046,251	**-**	3,046,252
Rental of properties	**39,298,565**	-	**5,460,000**	-
Land lease	**1,400,612**	7,800,000	**-**	7,800,000
Sundry expenses	**33,305,726**	17,365,040	**17,487,795**	9,968,781
	448,863,695	196,525,221	**402,171,934**	173,977,096

25. OPERATING (LOSS)/PROFIT

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs.	Rs.	**Rs.**	Rs.
The operating (loss)/profit for the year is arrived at after				
crediting:				
Dividend income	**-**	-	**103,200,000**	77,400,000
and charging:				
Loss on disposal of property, plant and equipment	**892,823**	-	**15,113**	-
Depreciation on property, plant and equipment	**19,400,576**	6,871,017	**6,742,671**	6,871,017
Amortisation of intangible assets	**5,215,596**	2,576,739	**3,013,665**	2,576,739
	25,508,995	9,447,756	**9,771,449**	9,447,756

26. INTEREST INCOME FROM EFFECTIVE INTEREST RATE

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs.	Rs.	**Rs.**	Rs.
Interest income from fellow subsidiaries (note 29)	**-**	5,500,000	**-**	5,500,000

Interest income arises from effective interest rates.

27. FINANCE COSTS

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs.	Rs.	**Rs.**	Rs.
Interest expense on:				
- Bank overdraft	**2,527,848**	1,156,580	**2,243,351**	1,156,580
- Bank loan	**4,760,745**	2,204,197	**3,995,129**	2,204,197
- Finance lease liabilities	**877,978**	188,261	**135,250**	188,261
- Foreign exchange losses	**2,411,373**	-	**-**	-
- Others	**1,077,529**	248,660	**2,061,581**	248,660
	11,655,473	3,797,698	**8,435,311**	3,797,698

28. NOTES TO THE STATEMENT OF CASH FLOWS

		THE GROUP		THE COMPANY	
		2019	2018	**2019**	2018
		Rs.	Rs.	**Rs.**	Rs.
(a)	**Cash and cash equivalents**				
	Bank overdraft (Note 15)	**(74,759,305)**	(43,911,490)	**(53,552,036)**	(43,475,598)
	Cash in hand and at bank	**25,285,797**	9,897,546	**1,408,839**	7,996,742
		(49,473,508)	(34,013,944)	**(52,143,197)**	(35,478,856)
(b)	**Non-cash transactions**				
(i)	Part of the acquisition of propriety, plant and equipment was financed by finance leases as follows:				
	Total amount acquired (Note 4)	**96,797,866**	21,476,433	**2,212,108**	21,476,433
	Financed by cash	**(96,797,866)**	(21,476,433)	**(2,212,108)**	(21,476,433)
	Amount financed by finance leases	**-**	-	**-**	-
(ii)	Consideration payable on acquisition of shares from subsidiaries				
	Additions during the year	**-**	-	**46**	7,096,431
	Financed by cash	**-**	-	**-**	(2,094,431)
	Payable at year end	**-**	-	**46**	5,002,000
(iii)	Consideration payable on issue of the Company shares				
	Shares issued during the year	**187,935,426**	4,162,020	**187,935,426**	4,120,020
	Amounts settled against amounts due to major shareholder	**(161,569,044)**	-	**(161,569,044)**	-
	Share based payments (Note 13)	**(5,287,142)**	(4,162,020)	**(5,287,142)**	(4,120,020)
	Amount received upon issue of shares	**21,079,240**	-	**21,079,240**	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

29. RELATED PARTY DISCLOSURES

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs.	Rs.	**Rs.**	Rs.
Related party transactions are as follows:				
Purchases of goods or services				
Entities over which directors have control/significant influence	**27,718,757**	2,236,130	**-**	2,236,130
Sales of goods or services				
Subsidiaries	**-**	-	**6,876,331**	1,500,000
Fellow subsidiaries	**541,220,635**	392,751,379	**407,768,968**	290,610,216
Other income				
Liabilities waived by fellow subsidiaries	**32,167,655**	-	**-**	-
Interest income				
Interest income on amount due from fellow subsidiaries	**-**	5,500,000	**-**	5,500,000
Amounts payable to related companies				
Holding and ultimate companies	**193,093**	-	**-**	300,189,514
Fellow subsidiary companies	**12,615,393**	330,346,696	**-**	5,002,001
Amounts receivable from related companies				
Subsidiaries	**-**	-	**118,054,268**	201,998,797
Fellow subsidiaries	**22,758,000**	212,233,704	**22,660,076**	-
Compensation to key management personnel	**78,143,969**	80,108,000	**78,143,969**	80,108,000

(a) Fellow subsidiaries are entities over which the ultimate holding company, IBL Ltd, exercises control.

(b) Amount receivable from fellow subsidiaries and amount due to fellow subsidiaries are interest free and repayment at call.

(c) Amount due to and receivable from subsidiaries are unsecured, interest free and settlement occurs in cash and there is no fixed repayment terms.

(d) Key management personnel includes executive directors and top level management personnel. The emoluments include short-term employee benefits of Rs 93million (2018: Rs. 79.2 million) as well as benefits under the Employee Share Scheme of Rs 0.2 million (2018: Rs. 0.92 million) and contribution to pension scheme for post retirement benefit of Rs 1.7million (2018: Rs 1.7 million).

(e) There has been no impairment of amount receivable from related parties. The amount receivable from related parties are neither past due nor impaired.

30. SEGMENTAL REPORTING

Primary segment - Business

Internal reports reviewed by the Chief Operating Decision Makers in order to allocate resources to the segments and to assess their performance, comprise the hotel management segment and the hotel operation and others segment. The hotel operation and others segment contribute more than 10% in terms of revenue and the following disclosure is made in respect of segment reporting.

<u>For the year ended 30 June 2019</u>	Hotel management Rs.	Hotel operation and others Rs.	Total Rs.
Segment revenue	599,415,952	96,199,696	695,615,648
Segment finance expenses	(8,435,311)	(3,220,162)	(11,655,473)
Segment depreciation and amortisation	(13,096,076)	(11,520,095)	(24,616,171)
Segment result before finance charges	(72,521,803)	(3,220,162)	(75,741,965)
Segment assets	393,890,744	240,681,556	634,572,300
Capital expenditure	63,961,717	82,467,555	146,429,272
Cash flows from operating activties	(49,115,276)	(38,733,021)	(87,848,297)
Cash flows from investing activities	(7,106,509)	(82,467,555)	(89,574,064)
Cash flows from financing activities	54,910,042	106,462,038	161,372,080

31. EARNINGS PER SHARE

	THE GROUP	
	2019 Rs.	2018 Rs.
Profit attributable to equity holders of the parent	(73,215,896)	(729,487)
Number of ordinary shares at reporting date	156,082,273	126,804,636
Earnings per share - Basic	(0.47)	(0.01)
Weighted average number of ordinary shares during the year	147,598,306	126,804,636
Earnings per share - Diluted	(0.50)	(0.01)

32. CONTINGENT LIABILITIES

Bank guarantees amounting to Rs 1.4m as at June 2019 given by the company to a shipping company for custom clearance of marketing materials from which it is anticipated that no material losses will arise.

REPORT (CONTINUED)

33. COMMITMENTS

<u>Operating lease commitments</u>

The properties leased by the Group are long term leases with renewal option included in the contracts. Future minimum rentals payable under these leases are as follows:

	THE GROUP		THE COMPANY	
	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.
Within one year	45,140,716	-	-	-
After one year but not more than five years	168,847,954	-	-	-
More than five years	273,373,394	-	-	-
	487,362,064	-	-	-

34. SHARE BASED PAYMENT

Executive share scheme

Until November 2018, Lux Island Resorts Ltd (LIR), through the Company (TLC), operated an executive share scheme (ESS), an''equity-settled" share-based payment. A shared understanding of the terms and conditions of the share based payment arrangements has been agreed between the Company and its senior management team. At grant date, TLC will confer to its executives the right to equity instruments in TLC subject to certain vesting conditions.

Following the spin-off and upon distribution of TLC shares to LIR's shareholders, the board of directors of LIR has decided to terminate the ESS. No provision for ESS has therefore been made with respect to the year ended 30 June 2019.

The executive team was entitled to shares in the Company after a vesting period. Such vesting period being the period between the grant date and the date the shares were allotted. This period was fixed by the Board at three years during which the senior management team members have to remain in employment with the Company or other companies forming part of LIR Group of Companies. Therefore, these equity instruments have started to vest during the financial year ended June 30, 2017.

Once the shares are issued, they will rank 'pari passu' as to dividend, capital, voting rights and in all other respects with the existing shares of the Company.

The number of shares granted, is calculated in accordance with a performance-based formula approved by the Remuneration Committee. The formula rewards executives to the extent of the LIR Group's and the individual achievement judged against both qualitative and quantitative criteria from the following measures:

(i) improvement in LIR share price;

(ii) improvement in the LIR Group EBITDA and free cash flow; and

(iii) elevating guest experience.

The Board is working for the ESS replacement with another mechanism which as at the reporting date has not yet been finalised. All options granted with respect to prior periods have been executed and for the year ended 30 June 2019 3,185,025 shares had been issued pursuant to the share scheme, representing Rs5.3M. Provison with respect to forfeited options has been reversed against employee's cost.

The Company's equity instruments are not publicly traded, the fair value of the equity instrument granted was determined using the discounted cash flow method by an independent professional valuer.

34. SHARE BASED PAYMENT (CONTINUED)

Movement during the year

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share option during the year:

	2019 Number	2019 WAEP	2018 Number	2018 WAEP
Outstanding at 01 July	**3,520,462**		6,180,653	1.66
Forfeited	**(335,437)**		(152,950)	1.66
Exercised*	**(3,185,025)**		(2,507,241)	1.66
Outstanding at 30 June	**-**		3,520,462	1.66
Exercisable at 30 June	**-**		3,520,462	1.66

*The weighted average share price at the date of exercise of these options in 2018 was Rs 3.

The weighted average remaining contractual life for the share options outstanding as at 30 June 2018 was 1 year.

The weighted average fair value of options granted during 2018 was Nil.

The exercise price for options outstanding at the end of 2018 was Rs 1.66.

35. ULTIMATE HOLDING COMPANY

The ultimate holding company is IBL Ltd, a company incorporated in Mauritius. The registered office is situated at 4th Floor, IBL House, Le Caudan Waterfront, Port Louis.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged from 2018.

Gearing ratio

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus debt. The Company includes within net debt, interest bearing loans and borrowings, less cash in hand and at bank.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Gearing ratio (continued)

The Company's policy is to keep the gearing ratio below 45% in line with Group policy.

	THE GROUP		THE COMPANY	
	2019 Rs.	2018 Rs.	**2019 Rs.**	2018 Rs.
Debt (i)	**316,053,254**	122,006,052	**232,207,400**	121,570,160
Cash in hand and at bank	**(25,285,797)**	(9,897,546)	**(1,408,839)**	(7,996,742)
Net debt	**290,767,457**	112,108,506	**230,798,561**	113,573,418
Equity (ii)	**127,638,370**	25,910,593	**202,393,730**	38,567,855
Total equity plus debt	**418,405,827**	138,019,099	**433,192,291**	152,141,273
Gearing ratio	**69%**	81%	**53%**	75%

(i) Debt is defined as long and short term borrowings, as disclosed in Note 15.

(ii) Equity includes all capital and reserves of the Group.

The company believes that following the renovation and start of operation of SALT, the latter will start being profitable and that the equity of the group will grow, thereby reducing the gearing ratio.

Categories of financial instruments

	THE GROUP		THE COMPANY	
	2019 Rs.	2018 Rs.	**2019 Rs.**	2018 Rs.
<u>**Financial assets**</u>				
Financial assets at fair value through OCI (FVOCI)	**4,158**	-	**-**	-
Financial assets at amortised cost (PY: Loans and receivables)	**103,496,975**	321,314,088	**166,994,913**	299,709,058
	103,501,133	321,314,088	**166,994,913**	299,709,058

	THE GROUP		THE COMPANY	
	2019 Rs.	2018 Rs.	**2019 Rs.**	2018 Rs.
<u>**Financial liabilities**</u>				
Financial liabilities at amortised cost (PY: Trade and other payables)	**86,688,919**	385,196,460	**52,148,931**	374,865,058
Financial liabilities at amortised cost (PY:Interest-bearing loans and borrowings)	**316,053,254**	122,006,052	**232,207,400**	121,570,160
	402,742,173	507,202,512	**284,356,331**	496,435,218

Financial liabilities at amortised cost consist of trade and other payables and interest-bearing loans and borrowings.

At the reporting date there are no significant concentrations of credit risk for financial assets at amortised cost. The carrying amount reflected above represents the Group's maximum exposure to credit risk for the trade and other receivables.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Financial risk management

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

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

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposure. Foreign currency risk is managed primarily through borrowings denominated in the relevant foreign currencies.

The currency profile of the financial assets and financial liabilities at 30 June 2019 and 2018 is as follows:

	THE GROUP		THE COMPANY	
	Financial assets Rs.	**Financial liabilities Rs.**	**Financial assets Rs.**	**Financial liabilities Rs.**
30 June 2019				
Euro	**8,385,733**	**126,887,675**	**1,379,996**	**124,834,190**
US$	**22,028,214**	**31,621,349**	**17,899,575**	**9,358,752**
GBP	**511,272**	**9,861,851**	**-**	**9,363,637**
Mauritian Rupee	**50,553,309**	**231,845,329**	**147,715,342**	**139,008,446**
Others	**22,022,605**	**2,525,969**	**-**	**1,791,306**
Total	**103,501,133**	**402,742,173**	**166,994,913**	**284,356,331**

	THE GROUP		THE COMPANY	
	Financial assets Rs.	**Financial liabilities Rs.**	**Financial assets Rs.**	**Financial liabilities Rs.**
30 June 2018				
Euro	179,253,074	80,669,749	178,598,039	80,669,749
US$	11,801,696	309,363	2,577,212	-
GBP	1,052,600	-	1,045,835	-
Mauritian Rupee	129,206,718	426,223,398	117,487,972	415,765,469
Others	-	-		
Total	321,314,088	507,202,510	299,709,058	496,435,218

Sensitivity analysis

The following table details the Company's sensitivity to a 5% increase in the Mauritian Rupee against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rates. A positive number below indicates an increase in profit and equity where the Mauritian Rupee depreciates 5% against the relevant currency.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Sensitivity analysis (continued)

There would be an equal and opposite impact on the profit and equity, if the Mauritian Rupee strengthens by 5% against the relevant currency.

	THE GROUP		THE COMPANY	
	2019 Rs.	2018 Rs.	**2019 Rs.**	2018 Rs.
EURO				
Effect on profit	**(311,116)**	8,729,161	**(558,716)**	8,696,404
Effect on equity	**(5,614,000)**	(3,800,000)	**(5,614,000)**	(3,800,000)
US$				
Effect on profit	**(479,635)**	574,603	**427,022**	128,874
Effect on equity	**-**	-	**-**	-
GBP				
Effect on profit	**(467,499)**	398,640	**(468,172)**	398,640
Effect on equity	**-**	-	**-**	-

Interest rate risk

The Group is exposed to interest rate risk, as entities in the Group borrows funds at variable interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rates borrowings.

The Group analyses its interest rate exposure on a dynamic basis. The Group considers various scenarios in assessing its interest rate exposure, including refinancing, renewal of existing facilities, alternative financing and hedging. Based on these scenarios, the Group calculates the sensitivity of the Group's profit before tax to a defined interest rate shift. The scenarios are run only for liabilities that represent the major interest-bearing positions.

Interest rate sensitivity analysis

Based on the simulation performed, the impact on pre-tax loss of an increase/decrease of 1% in the average interest rate for the year, with all other variables held constant, would be to decrease/ increase loss before tax by Rs. 2,936,404 (2018: Rs. 2,469,477).

Credit risk

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented at the reporting date are net of allowances for credit losses, estimated by the Group's management based on prior experience and the current economic environment.

The Group's main source of income represent management fees receivable from related companies for hotel management services and from Tour operators and on-line travel agents for hotel operation and others.

The Group assessed the risk of non-collectability of its main financial assets (trade receivables) in respect of management fees receivable from related companies, taking into account the country risk in which these companies operate, the contractual agreement in place and the probability of counterpart default. Based on this analysis, the Group considers that the the expected loss risk to be insignificant.

In repect of the trade receivable from other segments, an impairment analysis is performed at each reporting date using a provision matrix to measure expected credit loss. The provisions are based on days past due for groupings of the customer segment with similar loss patterns (i.e Tour Operators, Ground Handlers, Online Travel Agents, customers with special credit agreements). The calculation reflects the probability-weighted outcome that is available at the reporting date about past events, current conditions and future economic conditions. Generally trade receivables are written-off if past due for more than one year except for customers with special credit agreement.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (continued)

The Group's trade receivable exposure to credit risk is set out below:

30 June 2019	**Total Rs**	**Current Rs**	**< 30 days Rs**	**< 60 days Rs**	**< 90 days Rs**	**> 90 days Rs**
Expected credit loss rate		**2%**	**7%**	**2%**	**2%**	**26%**
Carrying amount	35,016,456	7,498,990	1,703,236	7,515,384	8,119,754	10,179,092
Expected credit loss	3,222,527	150,499	114,398	171,642	136,586	2,649,402

Cash and cash equivalent are neither past due nor impaired are placed with or entered into with reputable financial institutions, with no history of default. Counterparty credit limits are reviewed by the directors throughout the year. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty's failure.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Company aims at maintaining flexibility in funding by keeping reliable credit lines available.

The Company monitors its risk to a shortage of funds using a recurring liquidity planning tool. The tool considers the maturity of both its financial assets and projected cash flows from operation.

The Directors are aware that the Group and Company have a net current liability of Rs 125 million and Rs 28 million respectively as at 30 June 2019 and this has been the case over the last past five years. The Directors are confident and are satisfied that Company has the adequate resources to continue operating in the near future and that no material uncertainty exists based on the following:

- The Group has positive cash balances of Rs 25 million as at 30 June 2019.

- The Group is currently negotiating for refinancing of leasing and additional overdraft facilities.

- The Group has the support from its holding company as well as Lux Island Resorts Ltd.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (Continued)

Liquidity and interest risk tables

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

Liquidity and interest rate risk tables - financial liabilities - undiscounted

THE GROUP

Financial Liabilities	**Weighted average effective interest rate %**	**Less than 1 month Rs.**	**1 to 3 months Rs.**	**3 months to 1 year Rs.**	**1 to 5 years Rs.**	**More than 5 years Rs.**	**Total Rs.**
30 June 2019							
Non-interest bearing liabilities		**168,766,768**	**-**	**-**	**-**	**-**	**168,766,768**
Fixed rate instruments	**6.33%**	**-**	**1,803,554**	**5,410,662**	**18,169,679**	**-**	**25,383,895**
Variable rate instruments	**3.51%**	**74,759,305**	**7,264,581**	**21,907,915**	**104,842,333**	**84,866,233**	**293,640,367**
		243,526,073	**9,068,135**	**27,318,577**	**123,012,012**	**84,866,233**	**487,791,030**
30 June 2018							
Non-interest bearing liabilities		430,772,604	-	-	-	-	430,772,604
Fixed rate instruments	6.30%	-	213,612	640,836	1,482,467	-	2,336,915
Variable rate instruments	2.70%	43,911,490	684,000	332,398,696	46,264,880	40,792,880	464,051,946
		474,684,094	897,612	333,039,532	47,747,347	40,792,880	897,161,465

Fair value of financial instruments

Except where stated elsewhere, the carrying amounts of the Group's financial assets and financial liabilities approximate their fair values due to the short-term nature of the balances involved. The interest-bearing loans and borrowings' carrying amounts approximate their fair values. They are classified as level 2 items in the fair value hierarchy, with the significant input in determining fair value being the applicable interest rates. The technique used to determine the fair value is the discounted cash flow method."

THE COMPANY

Financial Liabilities	**Weighted average effective interest rate %**	**Less than 1 month Rs.**	**1 to 3 months Rs.**	**3 months to 1 year Rs.**	**1 to 5 years Rs.**	**More than 5 years Rs.**	**Total Rs.**
30 June 2019							
Non-interest bearing liabilities		**142,821,903**	**-**	**-**	**-**	**-**	**142,821,903**
Fixed rate instruments	**7.80%**	**-**	**180,829**	**542,487**	**652,048**	**-**	**1,375,364**
Variable rate instruments	**1.86%**	**53,552,036**	**3,508,790**	**10,526,370**	**78,378,607**	**84,866,233**	**230,832,036**
		196,373,939	**3,689,619**	**11,068,857**	**79,030,655**	**84,866,233**	**375,029,303**
30 June 2018							
Non-interest bearing liabilities		74,675,543	-	-	-	-	74,675,543
Fixed rate instruments	8.00%	-	179,799	539,398	**1,375,365**	-	2,094,562
Variable rate instruments	3.00%	43,475,598	684,000	302,241,515	**46,264,880**	40,792,880	433,458,873
		118,151,141	863,799	302,780,913	**47,640,245**	40,792,880	510,228,978

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Fair value of financial instruments (continued)

Except where stated elsewhere, the carrying amounts of the Company's financial assets and financial liabilities approximate their fair values due to the short-term nature of the balances involved. The interest-bearing loans and borrowings' carrying amounts approximate their fair values. They are classified as level 2 items in the fair value hierarchy, with the significant input in determining fair value being the applicable interest rates. The technique used to determine the fair value is the discounted cash flow method."

A summary of the carrying amounts and fair values of the financial instruments at 30 June 2019 and 30 June 2018 are as follows:

THE GROUP

		2019		2018	
	Fair value hierarchy	**Carrying value Rs.**	**Fair value Rs.**	Carrying value Rs.	Fair value Rs.
Financial assets:					
Financial assets at fair value through other comprehensive income	Level 1	**4,158**	**4,158**	-	-
Trade and other receivables	Level 2	**78,211,178**	**78,211,178**	311,416,542	311,416,542
Cash and short-term deposits	Level 2	**25,285,797**	**25,285,797**	9,897,546	9,897,546
		103,501,133	**103,501,133**	321,314,088	321,314,088
Financial liabilities:					
Interest-bearing loans and borrowings	Level 2	**316,053,254**	**316,053,254**	122,006,052	121,570,160
Trade and other payables	Level 2	**86,688,919**	**86,688,919**	385,196,460	397,273,755
		402,742,173	**402,742,173**	507,202,512	518,843,915

THE COMPANY

		2019		2018	
	Fair value hierarchy	**Carrying value Rs.**	**Fair value Rs.**	Carrying value Rs.	Fair value Rs.
Financial assets:					
Trade and other receivables	Level 2	**165,586,074**	**165,586,074**	291,712,316	291,712,316
Cash and short-term deposits	Level 2	**1,408,839**	**1,408,839**	7,996,742	7,996,742
		166,994,913	**166,994,913**	299,709,058	299,709,058
Financial liabilities:					
Interest-bearing loans and borrowings	Level 2	**232,207,400**	**232,207,400**	121,570,160	121,570,160
Trade and other payables	Level 2	**52,148,931**	**52,148,931**	374,865,058	397,273,755
		284,356,331	**284,356,331**	496,435,218	518,843,915

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Fair value of financial instruments (continued)

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

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

37. EVENTS AFTER THE REPORTING DATE

There has been no significant event occuring after the reporting date which might either have an impact on the financial statements or require any additional disclosure.

NOTICE OF MEETING TO SHAREHOLDERS

Notice is hereby given that the Annual Meeting of Shareholders of the Company will be held at its Registered Office, Pierre Simonet Street, Floreal, on 16th December 2019 at 14:00 with the following agenda:

RESOLUTIONS

1. To consider and approve the audited financial statements for the year ended 30th June 2019
2. To receive the auditors report
3. To consider the annual report
4. To re-elect Mr Arnaud Lagesse as Director of the Company **
5. To re-elect Mr Paul Jones as Director of the Company **
6. To re-elect Mrs Marie Laure Ah-You as Director of the Company **
7. To re-elect Mr Julian Hagger as Director of the Company **
8. To re-elect Mr Alexis Harel as Director of the Company **
9. To re-elect Mrs Karen Lai Yong as Director of the Company **
10. To re-elect Mr Hans Olbertz as Director of the Company **
11. To re- elect Mr Christof Zuber as Director of the Company **
12. To elect Mr Scott J. Woroch as Director of the Company **
13. To elect Mr Jean de Fondaumière as Director of the Company **
14. To ratify the remuneration paid to the auditors for the year ended 30th June 2019
15. To appoint the auditors under Section 200 of the Companies Act 2001 and to authorise the Board to fix their remuneration
16. To approve the remuneration of the Non-Executive Directors for the year ended 30th June 2019

By Order of the Board

IBL MANAGEMENT LTD
Secretary

19th October 2019

** - Biography of the directors can be found on pages 12 to 15.

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

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

A proxy form is included in this annual report and is also available at the registered office of the Company.

For the purpose of this Annual Meeting, the Directors have resolved in compliance with Section 120 (3) of the Companies Act 2001, that the shareholders who are entitled to receive notice of the meeting and attend such meeting shall be those shareholders whose names are registered in the share register of the Company as at 29.10.2019.

The Board of The Lux Collective Ltd accepts full responsibility for the accuracy of the information contained in this notice.

PROXY FORM

THE LUX COLLECTIVE LTD

I/We

of

being a shareholder of The Lux Collective Ltd hereby appoint

of

or failing him/her,

of

as my/our proxy to vote for me/us on my/our behalf at the Annual Meeting of Shareholders of the Company to be held at the Registered Office, Pierre Simonet Street, Floreal on Tuesday 16th December 2019 commencing at 14:00 and at any adjournment thereof.

I/We direct my/our proxy to vote in the following manner:

RESOLUTIONS *Vote with a tick*

		FOR	AGAINST
1.	To consider and approve the audited financial statements for the year ended 30th June 2019		
2.	To receive the auditors report		
3.	To consider the annual report		
4.	To re-elect Mr Arnaud Lagesse as Director of the Company **		
5.	To re-elect Mr Paul Jones as Director of the Company **		
6.	To re-elect Mrs Marie Laure Ah-You as Director of the Company **		
7.	To re-elect Mr Julian Hagger as Director of the Company **		
8.	To re-elect Mr Alexis Harel as Director of the Company **		
9.	To re-elect Mrs Karen Lai Yong as Director of the Company **		
10.	To re-elect Mr Hans Olbertz as Director of the Company **		
11.	To re- elect Mr Christof Zuber as Director of the Company **		
12.	To elect Mr Scott J. Woroch as Director of the Company **		
13.	To elect Mr Jean de Fondaumière as Director of the Company **		
14.	To ratify the remuneration paid to the auditors for the year ended 30th June 2019		
15.	To appoint the auditors under Section 200 of the Companies Act 2001 and to authorise the Board to fix their remuneration		
16.	To approve the remuneration of the Non-Executive Directors for the year ended 30th June 2019		

Signed this

Signature

Registered Office - Pierre Simonet Street Floreal

This will be updated by 2019 LOGO once approved by GRI; page numbers to be updated

ANNEX 1: GRI STANDARDS CONTENT INDEX

GRI Empowering Sustainable Decisions

Content Index
LUX* RESORTS & HOTELS

Oct 2017
Service

" For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report. "

Material Topics	Index Disclosure		Page References and Remarks	External Assurance	Mapping with Sustainable Development Goals (SDGs)
GRI STANDARD DISCLOSURES 'in accordance' Core option **GRI 101: Foundation 2016**					
GRI 102 General Disclosures 2016	102-1	Name of the organization	page 7		
	102-2	Primary brands, products, and services.	page 54-60		
	102-3	Location of the organization's headquarters.	page 17		
	102-4	Number of countries where the organization operates	page 9		
	102-5	Nature of ownership and legal form	page 9		
	102-6	Markets served, and types of customers and beneficiaries	page 41		
	102-7	Scale of the organisation	CEO Review page 41		
	102-8	Total number of employees by employment contract, gender and region	page 149		
	102-9	Description of supply chain	tourist arrivals by source page 41		
	102-10	Significant changes during the reporting period regarding the organisation's size, structure, ownership, or its supply chain	page 36		
	102-11	Whether and how the precautionary approach or principle is addressed by the organisation	Tread Lightly - emissions page 144		
	102-12	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or which it endorses.	page 149		
	102-13	Memberships in associations and national/international advocacy organisations	page 17		

Material Topics	Index Disclosure		Page References and Remarks	External Assurance	Mapping with Sustainable Development Goals (SDGs)
	102-14	Statement from senior decision-maker about the relevance of sustainability and organisation's strategy	at the beginning of Chairman's report page 36		
	102-15	Key impacts, risks, and opportunities	page 149		
	102-16	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	page 96		SDG4,5,16
	102-18	Governance structure of the organisation, including committees of the highest governance body and those responsible for decision-making on economic, environmental and social impacts.	Page 102		
	102-40	List of stakeholder groups engaged by the organisation	page 60		
	102-41	Percentage of total employees covered by collective bargaining agreements	page 71		
	102-42	Basis for identification and selection of stakeholders with whom to engage	page 60		
	102-43	Organisation's approach to stakeholder engagement	page 60		
	102-44	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns	page 60		
	102-45	All entities included in the organisation's consolidated financial statements or equivalent documents	page 79		
	102-46	Process for defining the report content and the Aspect Boundaries; and how the organisation has implemented the Reporting Principles for Defining Report Content	page 62		
	102-47	All the material aspects identified in the process for defining report content.	page 62		
	102-48	Effect of any restatements of information provided in previous reports, and the reasons for such restatements.	NA		

Material Topics	Index Disclosure		Page References and Remarks	External Assurance	Mapping with Sustainable Development Goals (SDGs)
	102-49	Significant changes from previous reporting periods in the Scope and Aspect Boundaries	Page 63 Two new properties (LUX* North Malé Atoll and SALT of Palmar) also included in boundary		
	102-50	Reporting period for information provided	page 36		
	102-51	Date of most recent previous report	fifth sustainability report (last one was for period 2016-2017)		
	102-52	Reporting cycle	page 17		
	102-53	Contact point for questions regarding the report or its contents	evita.fakun@theluxcollective.com		
	102-55	GRI Index with "in accordance" option chosen and references to External Assurance Reports	page 149		
	102-54	Claims of reporting in accordance with the GRI Standards	page 25		
	102-56	Organisation's policy and current practice with regard to seeking external assurance for the report	page 36		

Material Topics	Index Disclosure		Page References and Remarks	External Assurance	Mapping with Sustainable Development Goals (SDGs)
Material Topics					
GRI 103 Management Approach 2016	103-1	Explanation of Material Topic and its boundaries	Page 62 The Lux Collective follows reporting principles of Materiality, Completeness, Balance, Compatibility, Accuracy, Timeliness, Clarity, Reliability and Stakeholder Inclusiveness. The GRI topics that are material to The Lux Collective Ltd and what we reported in this index are: health & safety, water, corporate governance, emissions, energy, waste, anti-corruption, service quality, team members' engagement, customer privacy, economic performance, local communities, biodiversity, public policy, environmental compliance, training & education, child labour, freedom of association, forced or compulsory labour, human rights, employment & labour, non-discrimination, market presence, effluents, procurement practices, socio-economic compliance, supplier social assessment.		
	103-2	The Management Approach and its Components	page 36		
	103-3	Evaluation of the Management Approach	page 36		

Material Topics	Index Disclosure		Page References and Remarks	External Assurance	Mapping with Sustainable Development Goals (SDGs)
SPECIFIC STANDARD DISCLOSURES					
ENVIRONMENT					SDG7,8,12,13
GRI 302: Energy 2016	302-1	Energy consumption within the organization	page 134		
	302-2	Energy consumption outside of the organization	NA		
	302-3	Energy intensity	page 134		
	302-4	Reduction of energy consumption	page 134		
	302-5	Reductions in energy requirements of products and services	page 134		
GRI 303: Water 2016	303-1	Total water withdrawal by source	page 134		SDG3,12, 13,14,15
	303-2	Water sources significantly affected by withdrawal of water	page 134		
GRI 304: Biodiversity 2016	304-3	Biodiversity	page 145		
GRI 305: Emissions 2016	305-1	Direct greenhouse gas (GHG) emissions (Scope 1)in metric tons of CO_2 equivalent	page 134		
	305-2	Energy indirect greenhouse gas (GHG) emissions (Scope 2):	page 134		
	305-3	Other indirect greenhouse gas (GHG) emissions (Scope 3)	page 134		SDG13,14,15
	305-4	Greenhouse gas (GHG) emissions intensity intensity ratio: direct (Scope 1), energy indirect (Scope 2), other indirect (Scope 3).	page 134		
	305-5	Reduction of greenhouse gas (GHG) emissions	page 134		SDG3,12,14
GRI 306: Effluents & Waste 2016	306-1	Total water discharge by quality and destination	page 134		
	306-2	Total weight of waste by type and disposal method	page 134		SDG3,6,12
SOCIAL					
HUMAN RIGHTS					
GRI 412: Human Rights Assessment 2016	412-2	Total hours of employee training on human rights policies or procedures	page 149		SDG5,8,16
GRI 406: Non-discrimination 2016	406-1	Total number of incidents of discrimination and corrective actions taken	page 149		

Material Topics	Index Disclosure		Page References and Remarks	External Assurance	Mapping with Sustainable Development Goals (SDGs)
LABOR PRACTICES & DECENT WORK					
GRI 401: Employment 2016	401-1	Total number and rates of new employee hires and employee turnover by age group, gender and region	page 149		SDG5,8
GRI 403: Occupational Health and Safety 2016	403-2	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	page 149		SDG3,8
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee by gender, and by employee category	page 149		SDG4,5,8
	404-3	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	page 149		SDG5,8
GRI 405: Diversity and Equal Opportunity 2016	405-1	Composition of governance bodies and breakdown of employees per employee category according to gender, age group	page 149		
GRI 405: Diversity and Equal Opportunity 2016	405-2	Ratio of basic salary and remuneration of women to men by employee category	page 149		
SOCIETY					
GRI 413: Local Communities 2016	413-1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	page 150		SDG1,2,3,4, 5,14,15,16,17
ECONOMIC					
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	page 28		SDG2,5,7,8,9
	201-2	Financial implications and other risks and opportunities for the organization's activities due to climate change	page 36		

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