FINANCIAL STATEMENTS 2017

STATEMENT OF COMPLIANCE

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

Name of PIE: Lux Island Resorts Ltd

Reporting Period: 30th June 2017

We, the Directors of Lux Island Resorts Ltd, confirm that to the best of our knowledge, Lux Island Resorts Ltd has complied with the principles of the Code of Corporate Governance except Section 2.8.2 which requires the disclosure of remuneration of Directors on an individual basis in the Corporate Governance report. We consider such information to be commercially sensitive and as such we have not disclosed this information.

Arnaud Lagesse
Chairman

Jean de Fondaumière
Chairman of the Audit Committee

Date: 26th September 2017

SECRETARY'S CERTIFICATE

YEAR ENDED 30TH JUNE 2017

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

Désiré Elliah
PER LUX Hospitality Ltd
Company Secretary

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF LUX ISLAND RESORTS LTD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Lux Island Resorts Ltd (the "Company") and its subsidiaries (the "Group") set out on pages 141 to 204 which comprise the statement of financial position as at 30 June 2017 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 30th June 2017, 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 and the Financial Reporting Act 2004 .

Basis for Opinion

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

Key Audit Matters

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

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

Key Audit Matter	How the matter was addressed in the audit
Recoverability of goodwill and investment in subsidiaries As detailed in Note 5 of the financial statements, the Group's goodwill is allocated to cash generating units (CGUs). The valuation and recoverability of goodwill involves complex judgments and estimates, including projections of future income, terminal growth rate and discount rate assumptions. These assumptions and estimates can have a material impact on the valuation and impairment decisions reflected in the consolidated financial statements of the Group. In the Company's separate financial statements, investment in subsidiaries are carried at cost less impairment. Included in the carrying amount of Rs 3,524m set out in note 6 of the financial statements, the Group has an investment of Rs 1,984m in its local subsidiaries and Rs 1,540 m in its foreign subsidiaries. Goodwill recognised in the Group accounts for the local and foreign subsidiaries at 30th June 2017 amounted to Rs 508m and Rs 559m respectively. Management makes an impairment assessment on the investment in subsidiaries and goodwill when an indication of impairment is noted and at the end of each reporting date. The same discounted cash flow (DCF) models as used for testing of impairment of goodwill are used to assess impairment on the investment in subsidiaries and involve the same complex judgments and estimates.	We assessed and tested the design and operating effectiveness of selected key controls over management's process for modelling recoverability of goodwill and investment in subsidiaries. In relation to the particular matters set out above, our substantive testing procedures included the following: - Corroborated the justification of the CGUs defined by management for goodwill allocation. - Tested the design and integrity of the Group's discounted cash flow model that supports the value-in-use calculations in order to assess the appropriateness of the methodology applied in the Group's annual impairment assessment. - Tested the reasonableness of the methodology and assumptions used including projections on future income (including a comparison of forecast to actual results), terminal growth rate assumptions, discount rates and sensitivity analyses to determine the impact of those assumptions. - Engaged our internal valuation experts to assist in the testing of the discount factor and corroborate the results of the valuations based on comparable information.

Other Information

Management is responsible for the other information. The other information comprises the annual report, corporate governance report and the secretary's certificate. These reports are expected to be made available to us after the date of this auditor`s report.

Our opinion on the financial statement s 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 the Financial Reporting Act 2004, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF LUX ISLAND RESORTS LTD (CONT'D)

Report on the Audit of the Financial Statements (Cont'd)

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.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's 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 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.

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

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

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

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

Other matter

This report is made solely for 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.

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.

Financial Reporting Act 2004

The directors are responsible for preparing the Corporate Governance Report. Our responsibility is to report on the extent of compliance with the Code of Corporate Governance as disclosed in the annual report and whether the disclosure is consistent with the principles of the Code.

In our opinion, the disclosures in the Corporate Governance Report are consistent with the principles of the Code.

Ernst & Young

ERNST & YOUNG
Ebène, Mauritius

Date: 26th September 2017

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

STATEMENT OF FINANCIAL POSITION

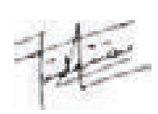
AS AT 30TH JUNE 2017

	Notes	THE GROUP		THE COMPANY	
		2017	2016	**2017**	2016
		Rs'000	Rs'000	**Rs'000**	Rs'000
ASSETS					
Non-current assets					
Property, plant and equipment	*4*	8,636,882	*8,518,723*	93,665	*91,624*
Intangible assets	*5*	1,639,799	*1,466,251*	-	-
Investment in subsidiary companies	*6*	-	-	3,523,585	*3,523,585*
Other financial assets	*7*	5	*5*	-	-
Deferred tax assets	*8*	115,064	*52,341*	1,406	-
		10,391,750	*10,037,320*	3,618,656	*3,615,209*
Current assets					
Inventories	*9*	176,804	*163,568*	-	-
Trade and other receivables	*10*	788,270	*807,976*	2,655,365	*2,119,921*
Cash and short term deposits	*31 (a)*	181,335	*177,293*	64,307	*99,434*
		1,146,409	*1,148,837*	2,719,672	*2,219,355*
Non-current assets held-for-sale	*11*	-	*1,037,045*	-	-
TOTAL ASSETS		11,538,159	*12,223,202*	6,338,328	*5,834,564*
EQUITY AND LIABILITIES					
Equity					
Issued capital	*12*	1,371,159	*1,369,094*	1,371,159	*1,369,094*
Share premium	*12*	1,320,986	*1,313,217*	1,320,986	*1,313,217*
Other reserves	*13*	1,187,268	*1,931,299*	42,619	*39,523*
Retained earnings		1,912,066	*1,393,783*	1,340,954	*936,694*
Equity attributable to the owners of the parent		5,791,479	*6,007,393*	4,075,718	*3,658,528*
Non-controlling interests	*14*	2,578	*3,459*	-	-
Total equity		5,794,057	*6,010,852*	4,075,718	*3,658,528*
Non-current liabilities					
Interest-bearing loans and borrowings	*15*	2,859,556	*2,746,583*	310,505	*204,375*
Deferred tax liabilities	*8*	560,273	*521,919*	-	*6,326*
Employee defined benefit liabilities	*16*	96,054	*60,527*	-	-
Government grants	*17*	6,649	*9,241*	-	-
		3,522,532	*3,338,270*	310,505	*210,701*
Current liabilities					
Interest-bearing loans and borrowings	*15*	1,107,452	*1,363,610*	263,352	*481,792*
Trade and other payables	*18*	1,098,551	*968,198*	1,688,753	*1,483,543*
Current tax liabilities	*19 (d)*	15,567	*16,679*	-	-
		2,221,570	*2,348,487*	1,952,105	*1,965,335*
Liabilities associated with assets held-for-sale	*11*	-	*525,593*	-	-
Total liabilities		5,744,102	*6,212,350*	2,262,610	*2,176,036*
TOTAL EQUITY AND LIABILITIES		11,538,159	*12,223,202*	6,338,328	*5,834,564*

These financial statements have been approved for issue by the Board of Directors on 26th September 2017 and signed on its behalf by:

Name of Directors

(1) Arnaud Lagesse



(2) Jean de Fondaumière

The notes set out on pages 150-204 form an integral part of these financial statements.

Independent Auditors' report on pages 140-143.

STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 30TH JUNE 2017

	Notes	THE GROUP		THE COMPANY	
		2017	2016	**2017**	2016
		Rs'000	Rs'000	**Rs'000**	Rs'000
Revenue	*20*	5,199,439	*5,075,987*	-	-
Finance income	*21*	409	*474*	15,909	*44,117*
Profit on disposal of property, plant and equipment	*22*	177,884	*99*	-	-
Other operating income	*23*	60,652	*81,696*	657,800	*70,494*
		5,438,384	*5,158,256*	673,709	*114,611*
Cost of inventories	*24*	(1,057,047)	*(1,026,256)*	-	-
Employee benefit expenses	*25*	(1,570,403)	*(1,487,916)*	-	-
Other operating expenses	*26*	(1,544,030)	*(1,520,158)*	(48,881)	*(12,088)*
		(4,171,480)	*(4,034,330)*	(48,881)	*(12,088)*
Earnings before interest, tax, depreciation and amortisation		1,266,904	*1,123,926*	624,828	*102,523*
Depreciation and amortisation	*27*	(442,214)	*(427,472)*	(1,765)	*(1,801)*
Operating profit	*28*	824,690	*696,454*	623,063	*100,722*
Finance costs	*29*	(241,831)	*(215,524)*	(53,401)	*(41,645)*
Profit before tax		582,859	*480,930*	569,662	*59,077*
Income tax (expense)/credit	*19*	(75,123)	*(62,451)*	5,979	*305*
Profit for the year		507,736	*418,479*	575,641	*59,382*
Profit for the year attributable to:					
- Owners of the parent		514,949	*418,604*	575,641	*59,382*
- Non-controlling interests		(7,213)	*(125)*	-	-
		507,736	*418,479*	575,641	*59,382*
Earnings per share attributable to equity holders of the parent:					
Basic (Rs)	*30*	3.75	*3.06*		
Diluted (Rs)	*30*	3.75	*3.06*		

The notes set out on pages 150-204 form an integral part of these financial statements.

Independent Auditors' report on pages 140-143.

STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30TH JUNE 2017

	Notes	THE GROUP 2017 Rs'000	THE GROUP 2016 Rs'000	THE COMPANY 2017 Rs'000	THE COMPANY 2016 Rs'000
Profit for the year		507,736	*418,479*	575,641	*59,382*
Other comprehensive (loss)/income that may not be reclassified to profit or loss subsequently					
Revaluation of property, plant and equipment		(476,029)	-	3,806	-
Tax thereon	*8*	17,046	-	(511)	-
Actuarial losses	*16(f)*	(21,618)	*(3,210)*	-	-
Deferred tax relating to actuarial losses	*8*	3,664	*146*	-	-
		(476,937)	*(3,064)*	3,295	-
Other comprehensive (loss)/income that may be reclassified to profit or loss subsequently					
Exchange difference on translation of foreign operations		(41,203)	*14,510*	-	-
Cash flow hedge movement	*13*	21,429	*(9,256)*	684	*(486)*
Release to profit or loss on repayment of borrowings	*13*	(52,470)	*3,353*	(615)	*75*
Deferred tax relating to components of other comprehensive income	*8*	(13,045)	-	(268)	-
		(85,289)	*8,607*	(199)	*(411)*
Total other comprehensive (loss)/income, net of tax		(562,226)	*5,543*	3,096	*(411)*
Total comprehensive (loss)/income for the year, net of tax		(54,490)	*424,022*	578,737	*58,971*
Other comprehensive (loss)/income attributable to:					
- Owners of the parent		(561,569)	*5,493*	3,096	*(411)*
- Non-controlling interests		(657)	*50*	-	-
		(562,226)	*5,543*	3,096	*(411)*
Total comprehensive (loss)/income attributable to:					
- Owners of the parent		(46,620)	*424,097*	578,737	*58,971*
- Non-controlling interests		(7,870)	*(75)*	-	-
		(54,490)	*424,022*	578,737	*58,971*

The notes set out on pages 150-204 form an integral part of these financial statements.

Independent Auditors' report on pages 140-143.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30TH JUNE 2017

THE GROUP	Notes	Attributable to the equity holders of the parent						Non-controlling interests (Note 14) Rs'000	Total equity Rs'000
		Issued capital (Note 12) Rs'000	Share premium (Note 12) Rs'000	Treasury shares Rs'000	Other reserves (Note 13) Rs'000	Retained earnings Rs'000	Total Rs'000		
At 01 July 2015		*1,367,865*	*1,308,453*	*(18,081)*	*1,919,566*	*1,134,966*	*5,712,769*	*1,767*	*5,714,536*
Other comprehensive income for the year		-	-	-	*8,607*	*(3,114)*	*5,493*	*50*	*5,543*
Profit for the year		-	-	-	-	*418,604*	*418,604*	*(125)*	*418,479*
Total comprehensive income for the year, net of tax		-	-	-	*8,607*	*415,490*	*424,097*	*(75)*	*424,022*
Net movement in share-based payments	*32*	-	-	-	*3,346*	-	*3,346*	-	*3,346*
Part disposal of a subsidiary		-	-	-	*(220)*	*717*	*497*	*1,767*	*2,264*
Distribution of treasury shares	*32*	-	-	*18,081*	-	-	*18,081*	-	*18,081*
Issue of shares	*12*	*1,229*	*4,764*	-	-	-	*5,993*	-	*5,993*
Dividend to equity holders of the parent	*40*	-	-	-	-	*(157,390)*	*(157,390)*	-	*(157,390)*
At 30 June 2016		*1,369,094*	*1,313,217*	-	*1,931,299*	*1,393,783*	*6,007,393*	*3,459*	*6,010,852*
At 01 July 2016		1,369,094	1,313,217	-	1,931,299	1,393,783	6,007,393	3,459	6,010,852
Other comprehensive loss for the year		-	-	-	(544,272)	(17,297)	(561,569)	(657)	(562,226)
Profit for the year		-	-	-	-	514,949	514,949	(7,213)	507,736
Total comprehensive loss for the year, net of tax		-	-	-	(544,272)	497,652	(46,620)	(7,870)	(54,490)
Net movement in share-based payments	*32*	-	-	-	(6,193)	-	(6,193)	-	(6,193)
Part disposal of a subsidiary		-	-	-	(920)	(634)	(1,554)	6,989	5,435
Transfer of reserves on disposal of property	*13*	-	-	-	(192,646)	192,646	-	-	-
Issue of shares	*12*	2,065	7,769	-	-	-	9,834	-	9,834
Dividend to equity holders of the parent	*40*	-	-	-	-	(171,381)	(171,381)	-	(171,381)
At 30 June 2017		1,371,159	1,320,986	-	1,187,268	1,912,066	5,791,479	2,578	5,794,057

The notes set out on pages 150-204 form an integral part of these financial statements.

Independent Auditors' report on pages 140-143.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30TH JUNE 2017

THE COMPANY	Notes	Issued capital (Note 12) Rs'000	Share premium (Note 12) Rs'000	Treasury shares Rs'000	Other reserves (Note 13) Rs'000	Retained earnings Rs'000	Total Rs'000
At 01 July 2015		1,367,865	1,308,453	(18,081)	39,934	1,034,702	3,732,873
Other comprehensive loss for the year		-	-	-	(411)	-	(411)
Profit for the year		-	-	-	-	59,382	59,382
Total comprehensive income for the year, net of tax		-	-	-	(411)	59,382	58,971
Issue of shares	12	1,229	4,764	-	-	-	5,993
Distribution of treasury shares				18,081			18,081
Dividend to equity holders of the Company	40	-	-	-	-	(157,390)	(157,390)
At 30 June 2016		1,369,094	1,313,217	-	39,523	936,694	3,658,528
At 01 July 2016		1,369,094	1,313,217	-	39,523	936,694	3,658,528
Other comprehensive income for the year		-	-	-	3,096	-	3,096
Profit for the year		-	-	-	-	575,641	575,641
Total comprehensive income for the year, net of tax		-	-	-	3,096	575,641	578,737
Issue of shares	12	2,065	7,769	-	-	-	9,834
Dividend to equity holders of the Company	40	-	-	-	-	(171,381)	(171,381)
At 30 June 2017		1,371,159	1,320,986	-	42,619	1,340,954	4,075,718

The notes set out on pages 150-204 form an integral part of these financial statements.

Independent Auditors' report on pages 140-143.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30TH JUNE 2017

	Notes	THE GROUP 30 June 2017 Rs'000	THE GROUP 30 June 2016 Rs'000	THE COMPANY 30 June 2017 Rs'000	THE COMPANY 30 June 2016 Rs'000
OPERATING ACTIVITIES					
Profit before tax from continuing operations		582,859	480,930	569,662	59,077
Adjustments for:					
- Share based payment - expense	13	3,420	7,058	-	-
- Foreign exchange differences		(52,470)	5,681	(615)	74
- Depreciation and amortisation	27	442,214	427,472	1,765	1,801
- Profit on disposal of property, plant and equipment	22	(177,884)	(99)	-	-
- Dilution effect following shares issued by a subsidiary		(4,168)	(1,447)	-	-
- Employee defined benefit obligations		13,937	8,108	-	-
- Interest income	21	(409)	(474)	(15,909)	(44,117)
- Interest expense	29	241,831	215,524	53,401	41,645
- Dividend income	31(b)	-	-	(650,000)	(35,250)
		1,049,330	1,142,753	(41,696)	23,230
Changes in working capital:					
- Increase in inventories		(14,279)	(21,543)	-	-
- Decrease/(increase) in trade and other receivables		5,975	(84,825)	245,797	(184,774)
- Increase/(decrease) in trade and other payables		141,181	19,216	73,969	(34,057)
Cash generated from/(used in) operations		1,182,207	1,055,601	278,070	(195,601)
Interest received		409	474	15,909	44,117
Income tax paid	19(d)	(92,775)	(56,436)	(2,532)	-
Interest paid		(241,831)	(215,524)	(53,401)	(41,645)
Net cash flows from/(used in) operating activities		848,010	784,115	238,046	(193,129)
INVESTING ACTIVITIES					
Acquisition of property, plant and equipment	31(b)	(1,090,593)	(811,156)	-	(231)
Purchase of intangible assets	5	(215,495)	(2,596)	-	-
Proceeds from sale of property, plant and equipment	22	1,262,982	1,974	-	-
Dividend received		-	-	-	35,250
Net cash flows (used in)/from investing activities		(43,106)	(811,778)	-	35,019
FINANCING ACTIVITIES					
Long term loans received		1,385,633	832,375	746,234	536,275
Payments of long term borrowings		(1,785,308)	(523,058)	(816,889)	(30,023)
Repayment of obligation under finance leases		(13,093)	(12,094)	-	-
Payment of other loans		-	(7,050)	-	-
Dividend paid	40	(171,381)	(294,177)	(171,381)	(294,177)
Net cash flows (used in)/from financing activities		(584,149)	(4,004)	(242,036)	212,075
Net increase/(decrease) in cash and cash equivalents		220,755	(31,667)	(3,990)	53,966
Cash and cash equivalents at 01 July		(293,881)	(262,503)	27,936	(26,030)
Net foreign exchange difference		(483)	289	-	-
Cash and cash equivalents at 30 June	31(a)	(73,609)	(293,881)	23,946	27,936

The notes set out on pages 150-204 form an integral part of these financial statements.

Independent Auditors' report on pages 140-143.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2017

1. CORPORATE INFORMATION

Lux Island Resorts Ltd is a public company incorporated in Mauritius and its shares are listed on the Stock Exchange of Mauritius. Its registered office is situated at 58, Pierre Simonet Street, Floréal. The main activity of the Group is the operation and management of hotels.

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 land and buildings and available-for-sale investments which are stated at their fair values as disclosed in the accounting policies hereafter. The consolidated and separate financial statements are presented in Mauritian rupees and all values are rounded to the nearest thousand (Rs'000) except when otherwise indicated.

Statement of Compliance

The consolidated and separate financial statements of Lux Island Resorts Ltd and its subsidiaries have been prepared in accordance with International Financial Reporting Standards (IFRSs).

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of Lux Island Resorts Ltd and its subsidiaries as at 30th June 2017.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2017

2. ACCOUNTING POLICIES (CONT'D)

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

New and amended standards and interpretations

The Group applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1st January 2016. 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. Although these new standards and amendments applied for the first time in 2016, they did not have a material impact on the financial statements of the Group. The nature and the impact of each new standard or amendment is described below:

Annual Improvements 2012-2014 Cycle

These improvements include:

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations

Assets (or disposal groups) are generally disposed of either through sale or distribution to the owners. The amendment clarifies that changing from one of these disposal methods to the other would not be considered a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in IFRS 5. This amendment is applied prospectively.

IFRS 7 Financial Instruments: Disclosures

(i) Servicing contracts

The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in IFRS 7 in order to assess whether the disclosures are required. The assessment of which servicing contracts constitute continuing involvement must be done retrospectively. However, the required disclosures need not be provided for any period beginning before the annual period in which the entity first applies the amendments.

(ii) Applicability of the amendments to IFRS 7 to condensed interim financial statements

The amendment clarifies that the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report. This amendment is applied retrospectively.

IAS 19 Employee Benefits

The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. This amendment is applied prospectively.

IAS 34 Interim Financial Reporting

The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. This amendment is applied retrospectively.

These amendments do not have any impact on the Group.

Amendments to IAS 1 Disclosure Initiatives

The amendments to IAS 1 clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

- The materiality requirements in IAS 1
- That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated
- That entities have flexibility as to the order in which they present the notes to financial statements
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2017

2. ACCOUNTING POLICIES (CONT'D)

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONT'D)

Amendments to IAS (1) Disclosure Initiatives (cont'd)

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of profit or loss and OCI. These amendments do not have any impact on the Group.

Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception

The amendments address issues that have arisen in applying the investment entities exception under IFRS 10 Consolidated Financial Statements. The amendments to IFRS 10 clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.

Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. The amendments to IAS 28 Investments in Associates and Joint Ventures allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries.

These amendments are applied retrospectively and do not have any impact on the Group.

New and amended standards and interpretations (cont'd)

The following standards are effective for annual periods beginning on or after 1 January 2016 but are not relevant to the Company's operations:

- IFRS 14 Regulatory Deferral Accounts
- Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests
- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants
- Amendments to IAS 27: Equity Method in Separate Financial Statements

2.4 ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

Standards and interpretations issued but not yet effective up to the date of issuance of the Group's financial statements are listed below. This listing is of standards and interpretations issued, which the Group reasonably expects to be applicable at a future date. The Group intends to adopt those standards when they become effective.

	Effective for accounting period beginning on or after
- IFRS 9 Financial Instruments – Classification and measurement of financial assets, Accounting for financial liabilities and derecognition	1 January 2018
- 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 15 Revenue from Contracts with Customers	1 January 2018
- IFRS 16 Leases	1 January 2019
- IFRS 17 Insurance contracts	1January 2021
- Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)	1 January 2017
- Disclosure initiative (Amendments to IAS 7)	1 January 2017
- Annual Improvements 2014 – 2016 Cycle	1 January 2017
- Clarification to IFRS 15 'Revenue from contracts with customers'	1 January 2018
- IFRIC 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
- Transfers of Investment Property (Amendments to IAS 40)	1 January 2018
- Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (Amendments to IFRS 4)	1 January 2018
- Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)	1 January 2018

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2017

2. ACCOUNTING POLICIES (CONT'D)

2.4 ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONT'D)

Where the standards and interpretations may have an impact at a future date, they have been discussed below:

IFRS 9 Financial Instruments - Classification and measurement of financial assets, Accounting for financial liabilities and derecognition - 1st January 2018

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

Classification and measurement of financial assets

All financial assets are measured at fair value on initial recognition, adjusted for transaction costs if the instrument is not accounted for at fair value through profit or loss (FVTPL). Debt instruments are subsequently measured at FVTPL, amortised cost or fair value through other comprehensive income (FVOCI), on the basis of their contractual cash flows and the business model under which the debt instruments are held. There is a fair value option (FVO) that allows financial assets on initial recognition to be designated as FVTPL if that eliminates or significantly reduces an accounting mismatch. Equity instruments are generally measured at FVTPL. However, entities have an irrevocable option on an instrument-by-instrument basis to present changes in the fair value of non-trading instruments in other comprehensive income (OCI) (without subsequent reclassification to profit or loss).

For financial liabilities designated as FVTPL using the FVO, the amount of change in the fair value of such financial liabilities that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other IAS 39 Financial Instruments: Recognition and Measurement classification and measurement requirements for financial liabilities have been carried forward into IFRS 9, including the embedded derivative separation rules and the criteria for using the FVO.

Impairment

The impairment requirements are based on an expected credit loss (ECL) model that replaces the IAS 39 incurred loss model. The ECL model applies to: debt instruments accounted for at amortised cost or at FVOCI; most loan commitments; financial guarantee contracts; contract assets under IFRS 15; and lease receivables under IAS 17 Leases. Entities are generally required to recognise either 12-months' or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition (or when the commitment or guarantee was entered into). For some trade receivables, the simplified approach may be applied whereby the lifetime expected credit losses are always recognised.

Hedge accounting

Hedge effectiveness testing is prospective, without the 80% to 125% bright line test in IAS 39, and, depending on the hedge complexity, can be qualitative. A risk component of a financial or non-financial instrument may be designated as the hedged item if the risk component is separately identifiable and reliably measureable. The time value of an option, any forward element of a forward contract and any foreign currency basis spread, can be excluded from the designation as the hedging instrument and accounted for as costs of hedging. More designations of groups of items as the hedged item are possible, including layer designations and some net positions.

The application of IFRS 9 may change the measurement and presentation of many financial instruments, depending on their contractual cash flows and business model under which they are held. The impairment requirements will generally result in earlier recognition of credit losses. The new hedging model may lead to more economic hedging strategies meeting the requirements for hedge accounting.

The Group is still assessing the impact of this new standard, but it is not expected to have a significant effect on its financial performance. There may be an impact on the level of disclosure provided.

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

This amendment to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) was made to clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture, as follows:

- it requires full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 Business Combinations); and
- it requires the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognised only to the extent of the unrelated investors' interests in that associate or joint venture.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2017

2. ACCOUNTING POLICIES (CONT'D)

2.4 ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONT'D)

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 (Cont'd)

These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occurs by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves.

The directors will assess the impact of the amendments when they become effective.

IFRS 15 Revenue from Contracts with Customers - effective 1st January 2018

IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers.

The five steps in the model are as follows:

- Identify the contract with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contracts; and
- Recognise revenue when (or as) the entity satisfies a performance obligation.

Guidance is provided on topics such as the point in which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced.

The Group is still assessing the impact of this new standard, but it is not expected to have a significant effect on its financial performance. There may be an impact on the level of disclosure provided.

IFRS 16 Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

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.

IFRS 16 is effective for annual periods beginning on or after 1st January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

In 2017, the Group plans to assess the potential effect of IFRS 16 on its consolidated financial statements.

Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12) - effective 1st January 2017

Amendments to IAS 12 Income Taxes have been made to clarify the following aspects:

- Unrealised losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use.
- The carrying amount of an asset does not limit the estimation of probable future taxable profits.
- Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2017

2. ACCOUNTING POLICIES (CONT'D)

2.4 ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONT'D)

Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12) - effective 1st January 2017 (Cont'd)

- An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilisation of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

The directors will assess the impact of the amendments when they become effective.

Disclosure Initiative (amendments to IAS 7) – effective 1st January 2017

Amendments to IAS 7 Statement of Cash Flows were made to clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

Clarifications to IFRS 15 'Revenue from Contracts with Customers' - effective 1st January 2018

IASB amended IFRS 15 'Revenue from Contracts with Customers' to clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts.

No early adoption of these standards and interpretations is intended by the Board of directors.

Annual Improvements 2014 – 2016 Cycle - 1st January 2017

The following amendments were made to these standards:

- IFRS 1 - Deletes the short-term exemptions in paragraphs E3–E7 of IFRS 1, because they have now served their intended purpose
- IFRS 12 - Clarifies the scope of the standard by specifying that the disclosure requirements in the standard, except for those in paragraphs B10–B16, apply to an entity's interests listed in paragraph 5 that are classified as held for sale, as held for distribution or as discontinued operations in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
- IAS 28 - Clarifies that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organisation, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition

Management is still assessing the impact from the adoption of these new or amended standards and interpretations on the Group's financial statements.

No early adoption is intended by the Board of directors.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2017

2. ACCOUNTING POLICIES (CONT'D)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Property, plant and equipment

All property, plant and equipment are initially recorded at cost. Land and buildings are subsequently shown at fair value, based on valuations by external independent valuers, less accumulated depreciation for property and impairment losses recognised after the date of revaluation. The policy of the Group is to revalue the Land and Buildings every three years. All other property, plant and equipment are stated at historical cost less accumulated depreciation and impairments.

Construction in progress are stated at cost and are not depreciated. When completed, construction in progress are transferred to plant and equipment.

Increases in the carrying amount arising on revaluation are credited to revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged through other comprehensive income against the revaluation reserve to the extent that the decrease does not exceed the amount held in the revaluation reserve in respect of that same asset; all other decreases are charged to the profit or loss.

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. On disposal of revalued assets, amounts in revaluation and other reserves relating to that asset are transferred to retained earnings.

Depreciation is calculated on the straight line method to write off the cost of each asset, or the revalued amounts, 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 are reviewed at each financial year end and adjusted prospectively if appropriate. The residual values and remaining useful lives of buildings have been estimated by the independent external valuers.

The annual rate of depreciation is as follows:

Buildings	-	2% - 9.45 %
Plant and equipment	-	10% - 20%
Furniture and fittings	-	10% - 33.33%
Motor vehicles	-	20%
Computer equipment	-	10% - 33.33%

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. Business combinations are accounted for using the acquisition method of accounting.

(d) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2017

2. ACCOUNTING POLICIES (CONT'D)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Intangible assets (Cont'd)

Goodwill (Cont'd)

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

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

Computer software & Licenses	-	5 years
Leasehold rights	-	over the period of the leases.

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

(e) 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.

(f) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2017

2. ACCOUNTING POLICIES (CONT'D)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Other financial assets (Cont'd)

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.

The Group has the following investments:

Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not loans and receivables, held-to-maturity investments or investments held at fair value through profit or loss.

After initial recognition available-for sale financial assets are measured at fair value with gains or losses being recognised in other comprehensive income until the investment is derecognised or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in other comprehensive income is included in profit or loss.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the reporting date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument, which is substantially the same; discounted cash flow analysis and option pricing models.

(g) 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.

(h) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 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.

(i) Derecognition of financial assets and liabilities

Financial assets

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2017

2. ACCOUNTING POLICIES (CONT'D)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Derecognition of financial assets and liabilities (Cont'd)

Financial assets (Cont'd)

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

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

Financial liabilities

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

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

(j) Impairment of financial assets

The Group 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.

Available-for-sale financial assets

If an available-for-sale asset is impaired, if there is objective evidence of a significant or prolonged decline in the fair value of the investment below its cost, an amount comprising the difference between its cost and its current fair value, less any impairment loss previously recognised in profit or loss, the cumulative loss is transferred from other comprehensive income to profit or loss. Reversals in respect of equity instruments classified as available-for-sale are not recognised in profit or loss. Reversals of impairment losses on debt instruments are reversed through profit or loss, only if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

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.

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.

(k) Offsetting of financial instruments

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2017

2. ACCOUNTING POLICIES (CONT'D)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Fair value of financial instruments

Determination of fair value

The Company measures its investments in 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).

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.

(m) Equity instruments

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

Treasury shares

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Any difference between the carrying amount and the consideration is recognised in other reserves.

(n) Hedge accounting

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2017

2. ACCOUNTING POLICIES (CONT'D)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Hedge accounting (Cont'd)

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

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

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

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

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

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

(o) Impairment of non-financial assets

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

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

(p) Inventories

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2017

2. ACCOUNTING POLICIES (CONT'D)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) 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.

(r) Retirement benefit obligations

The Group operates a defined benefit plan for some of its employees. For the remaining employees, the Group contributes to a unitised defined contribution pension scheme that was established on 1st 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

(s) Taxes

Current tax

Current 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2017

2. ACCOUNTING POLICIES (CONT'D)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Taxes (Cont'd)

Current tax (Cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2017

2. ACCOUNTING POLICIES (CONT'D)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

Non-current assets and disposal groups are classified as held for sale if the carrying amount will be recovered through a sale rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs attributable to the sale. Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

In the consolidated statement of comprehensive income of the reporting period, and of the comparable period, income and expenses from discontinued operations are reported separately from income and expenses from continuing operations, down to the level of profit after taxes. The resulting profit or loss (after taxes) is reported separately in the statement of profit or loss.

(u) Lease

Group as lessee

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.

Group as a lessor

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.

(v) 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.

(w) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, it is recognised as deferred income and released to income in equal annual amounts over the expected useful life of the related asset.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2017

2. ACCOUNTING POLICIES (CONT'D)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(x) Revenue recognition

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:

(i) 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 operations.

(ii) 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
- Management fees are recognised on an accrual basis.

(y) Share based payment

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

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

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

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2017

2. ACCOUNTING POLICIES (CONT'D)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(aa) Cash dividend

The Company recognises a liability to make cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws of Mauritius, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

(a) Judgements

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

(i) Scope of Consolidation

The Company does not legally own SNC St Paul, an entity in Réunion Island which owns the property of SA Villas du Lagon. Having regard to the fact that:

- the entity was set up in order to take advantage of a specific tax exemption scheme applicable to French territories;
- the Company has an obligation to buy and the present shareholders an obligation to sell the shares of the entity at a specified time at Euro 1 per shareholder;

The Directors of the Company believe that the entity is a structured Entity (SE) since:

- it has the decision-making powers to obtain the majority of the benefits of the activities of the SE
- it has rights to obtain the majority of the benefits of the SE and therefore may be exposed to risks incident to the activities of the SE
- it has the ability to use its power over the investee to affect the amount of the returns.

Consequently, the Directors have consolidated financial statements of the SE in accordance with IFRS 10, Consolidated Financial Statements - structured entity.

(ii) Determination of functional and reporting currency

The determination of the functional currency of the Group is critical since recording of transactions and exchange differences arising thereon are dependent on the functional currency selected.

Despite the fact that prices of the services in the tourism industry are generally denominated and settled in foreign currency, the actual underlying computation to arrive at those prices significantly depend on the country's competitive forces, which, in line with IAS21 para 9(a) gives a strong indication that the Mauritian Rupee is the functional currency. Besides, in line with IAS21 para 9(b) the currency in which labour, material and costs of providing services is materially the MUR. Furthermore, the shareholders of the Company are looking for returns in Mauritian Rupee and the Group's performance is evaluated in Mauritian Rupee.

Therefore, the directors consider Mauritian Rupee as the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2017

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

(b) Estimates and assumptions (Cont'd)

(i) 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. Main assumptions used in the determination of future taxable profits include inter-alia: occupancy rates of the hotel, room rates and margins. At 30th June, the status of unused tax losses of the Group was as follows:

	2017		
	Recognised	Unrecognised	Total
	Rs'000	Rs'000	Rs'000
Tax losses	992,519	885,724	1,878,243

	2016		
	Recognised	Unrecognised	Total
	Rs'000	Rs'000	Rs'000
Tax losses	*497,906*	*915,097*	*1,413,003*

(b) Estimates and assumptions (Cont'd)

(ii) Revaluation of land and buildings

Land and buildings are carried at valuation and it is the Group's policy to revalue land and buildings of the Group every three years unless the Directors consider that the values changed significantly before then. The land and building were revalued during the financial year by an independent professional valuer. The valuation takes into consideration recent market transactions, the income generating capacity of the assets being revalued as well as expected yield. Refer to Note 4 for further details.

(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 30th June 2017 amounted to Rs. 1,067 Million (2016: Rs. 1,075 Million). Further details are given in Note 5.

(iv) Retirement benefits obligations

The cost of defined benefit pension plans and related provision, as disclosed in Note 16 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 30th June 2017 is Rs. 96.1 Million (2016: Rs. 60.5 Million). Further details are set out in Note 16.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2017

4. PROPERTY, PLANT AND EQUIPMENT

THE GROUP

	Freehold Land and Buildings	Buildings on Leasehold Land	Plant and Equipment	Furniture and Fittings	Motor Vehicles	Computer Equipment	Construction in Progress	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
COST AND VALUATION								
At 01 July 2015	590,202	7,796,778	1,201,380	712,800	77,608	125,262	50,336	10,554,366
Transfer to assets held for sale (Note 11)	-	(1,069,872)	-	-	-	-		(1,069,872)
Additions	231	42,069	68,896	24,568	5,119	19,365	668,270	828,518
Disposal	-	-	(13,010)	(84,249)	(10,811)	(10,209)	-	(118,279)
Exchange difference	-	21,913	3,480	693	189	235	310	26,820
At 30 June 2016	590,433	6,790,888	1,260,746	653,812	72,105	134,653	718,916	10,221,553
Transfers	-	1,133,544	119,012	143,458	-	21,263	(1,417,277)	-
Transfer to assets held for sale (Note 11)	-	(4,118)	(107,098)	(111,989)	-	(7,903)	-	(231,108)
Additions	-	29,962	54,426	22,577	5,098	17,657	972,704	1,102,424
Disposal	-	-	(10,158)	(19,221)	(2,037)	(1,062)	-	(32,478)
Revaluation adjustment	10,956	(956,940)	-	-	-	-	-	(945,984)
Assets scrapped		(15,284)	(93,198)	(47,105)	-	(4,263)	-	(159,850)
Exchange difference	-	(39,598)	(6,968)	(2,479)	(392)	(644)	(5,042)	(55,123)
At 30 June 2017	601,389	6,938,454	1,216,762	639,053	74,774	159,701	269,301	9,899,434
DEPRECIATION								
At 01 July 2015	1,929	124,952	716,141	444,595	55,330	92,084	-	1,435,031
Transfer to assets held for sale (Note 11)	-	(32,827)	-	-	-	-	-	(32,827)
Charge for the year	2,390	210,650	118,926	60,218	5,810	13,497	-	411,491
Disposal adjustments	-	-	(12,402)	(84,132)	(9,856)	(10,014)	-	(116,404)
Exchange difference	-	2,390	2,362	479	116	192	-	5,539
At 30 June 2016	4,319	305,165	825,027	421,160	51,400	95,759	-	1,702,830
Transfer to assets held for sale (Note 11)	-	(1,118)	(87,261)	(96,173)	-	(7,359)	-	(191,911)
Charge for the year	2,388	220,892	111,531	58,037	6,989	15,145	-	414,982
Disposal adjustments	-	-	(8,551)	(13,333)	(2,037)	(1,018)	-	(24,939)
Revaluation adjustment	(6,707)	(463,248)	-	-	-	-	-	(469,955)
Assets scrapped	-	(14,672)	(93,180)	(46,418)	-	(4,263)	-	(158,533)
Exchange difference	-	(3,206)	(4,855)	(1,161)	(287)	(413)	-	(9,922)
At 30 June 2017	-	43,813	742,711	322,112	56,065	97,851	-	1,262,552
NET BOOK VALUE								
At 30 June 2017	601,389	6,894,641	474,051	316,941	18,709	61,850	269,301	8,636,882
At 30 June 2016	586,114	6,485,723	435,719	232,652	20,705	38,894	718,916	8,518,723

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2017

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

THE COMPANY

	Freehold Land and Buildings	Plant and Equipment	Furniture and Fittings	Total
	Rs'000	Rs'000	Rs'000	Rs'000
COST AND VALUATION				
At 01 July 2015	90,749	6,409	7,304	104,462
Additions	231	-	-	231
At 30 June 2016	90,980	6,409	7,304	104,693
Revaluation adjustment	1,269	-	-	1,269
At 30 June 2017	92,249	6,409	7,304	105,962
DEPRECIATION				
At 01 July 2015	597	4,155	6,516	11,268
Charge for the year	970	458	373	1,801
				-
At 30 June 2016	1,567	4,613	6,889	13,069
Charge for the year	970	458	337	1,765
Revaluation adjustment	(2,537)	-	-	(2,537)
At 30 June 2017	-	5,071	7,226	12,297
NET BOOK VALUE				
At 30 June 2017	92,249	1,338	78	93,665
At 30 June 2016	89,413	1,796	415	91,624

(a) The freehold land and buildings and buildings on leasehold land of the Group and the Company in Mauritius were revalued during the year at their open market value, by reference to recent market transactions on arm's length term, by Noor Dilmahomed & Associates, an independant professional valuer.

The building on leasehold land of the subsidiary, White Sand Resorts & Spa Pvt Ltd was also revalued during the year by Maldives Valuers Pvt. Ltd, independent professional surveyors at their open market value, by reference to recent market transactions on arm's length term.

The Directors have reassessed the fair value of the hotel in Reunion Island. On the basis of current economic environment, the Directors are satisfied that the carrying value of the hotel reflect the fair value at the reporting date.

The book values were adjusted to the revalued amount at 30th June 2017 and the revaluation surpluses/deficits net of deferred taxation were recorded under the asset revaluation reserve.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2017

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The following table gives information about how the fair values of land and buildings were determined and sensitivity analysis of reasonable changes in key inputs.

Sensitivity analysis

Increases/(decreases) in estimated price per square metre by 100 basis points in isolation would result in a higher/ (lower) fair value on a linear basis.

2017	Valuation technique and key input	Fair value THE GROUP Rs'000	Fair value THE COMPANY Rs'000	Fair Value Hierarchy	Significant unobservable input	Sensitivity of the input to fair value THE GROUP Rs'000	Sensitivity of the input to fair value THE COMPANY Rs'000
Land	Sales comparison approach	601,389	21,799	Level 3	Price per square meter	6,013	218
Buildings	Sales comparison approach	6,894,641	70,450	Level 3	Price per square meter	68,946	705
		7,496,030	92,249			74,959	923
2016							
Land	Sales comparison approach	*586,114*	*21,000*	Level 3	Price per square meter	*5,861*	*210*
Buildings	Sales comparison approach	*6,485,723*	*68,413*	Level 3	Price per square meter	*64,857*	*684*
		7,071,837	*89,413*			*70,718*	*894*

Transfers between levels

There were no transfers into or out of Level 1 and Level 2 of the fair value hierarchy during the year, and no movements within Level 3 of the fair value hierarchy.

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

	THE GROUP 2017 Rs'000	THE GROUP 2016 Rs'000	THE COMPANY 2017 Rs'000	THE COMPANY 2016 Rs'000
At the beginning of the year	7,071,837	*8,260,099*	89,413	*90,152*
Transfer to assets held-for-sale	(3,000)	*(1,037,045)*	-	-
Additions	29,962	*42,300*	-	*231*
Transferred from work in progress	1,133,544	-	-	-
Assets scrapped	(612)	-	-	-
Depreciation	(223,279)	*(213,040)*	(970)	*(970)*
Revaluation	(476,028)	-	3,806	-
Exchange difference	(36,394)	*19,523*	-	-
At 30 June 2017	7,496,030	*7,071,837*	92,249	*89,413*

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2017

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

If the land and buildings were stated on the historical cost basis, the amounts would be as follows:

	THE GROUP 2017 Rs'000	THE GROUP 2016 Rs'000	THE COMPANY 2017 Rs'000	THE COMPANY 2016 Rs'000
Buildings on leasehold land				
Cost	6,101,092	*5,190,996*	-	-
Accumulated depreciation	(1,306,063)	*(1,193,142)*	-	-
Net book value	4,795,029	*3,997,854*	-	-
Freehold land and buildings				
Cost	320,964	*320,964*	57,078	*57,078*
Accumulated depreciation	(36,306)	*(29,887)*	(10,768)	*(9,626)*
Net book value	284,658	*291,077*	46,310	*47,452*

(b) Property, plant and equipment of the Group include leased assets as follows:

	COMPUTER 2017 Rs'000	COMPUTER 2016 Rs'000	MOTOR VEHICLES 2017 Rs'000	MOTOR VEHICLES 2016 Rs'000	PLANT AND EQUIPMENT 2017 Rs'000	PLANT AND EQUIPMENT 2016 Rs'000
Cost	13,933	*11,718*	17,892	*19,252*	37,386	*31,810*
Accumulated depreciation	(3,486)	*(5,450)*	(9,214)	*(7,638)*	(12,423)	*(7,893)*
Net book value	10,447	*6,268*	8,678	*11,614*	24,963	*23,917*

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

(d) Borrowing costs capitalised during the year with respect to the renovation of Lux Maldives amounted to Rs 0.9 million (2016: Rs 17.3 million).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2017

5. INTANGIBLE ASSETS

THE GROUP

	Leasehold Rights Rs'000	Goodwill Rs'000	Computer Software & Licences Rs'000	Total Rs'000
COST				
At 01 July 2015	675,900	1,071,098	65,350	1,812,348
Additions	-	-	2,596	2,596
Write offs	-	-	(1,961)	(1,961)
Exchange differences	3,723	4,023	55	7,801
At 30 June 2016	679,623	1,075,121	66,040	1,820,784
Additions	209,638	-	5,857	215,495
Exchange differences	(8,944)	(8,046)	(116)	(17,106)
At 30 June 2017	880,317	1,067,075	71,781	2,019,173
AMORTISATION				
At 01 July 2015	282,176	-	55,088	337,264
Charge for the year (Note 27)	13,987	-	3,525	17,512
Write offs	-	-	(1,961)	(1,961)
Exchange differences	1,687	-	31	1,718
At 30 June 2016	297,850	-	56,683	354,533
Charge for the year (Note 27)	22,681	-	5,911	28,592
Exchange differences	(3,678)	-	(73)	(3,751)
At 30 June 2017	316,853	-	62,521	379,374
NET BOOK VALUE				
At 30 June 2017	563,464	1,067,075	9,260	1,639,799
At 30 June 2016	381,773	1,075,121	9,357	1,466,251

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2017

5. INTANGIBLE ASSETS (CONT'D)

(a) Impairment test on goodwill

Goodwill acquired is measured as the sum of the consideration transferrred, 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 of the acquisition-date amounts 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 GROUP 2017 Rs'000	THE GROUP 2016 Rs'000
Les Pavillons Resorts Ltd	70,000	70,000
Holiday & Leisure Resorts Limited	83,658	83,658
Lux Island Resorts Maldives Ltd	559,198	567,244
Oceanide Ltd	314,256	314,256
Other subsidiaries	39,963	39,963
	1,067,075	1,075,121

The recoverable amount of each cash generating unit has been determined based on their 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 each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service.

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 each cash generating unit to at least maintain its market share.

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

6. INVESTMENT IN SUBSIDIARY COMPANIES

THE COMPANY	2017 Rs'000	2016 Rs'000
At 01 July and 30 June	3,523,585	3,523,585

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2017

6. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(a) The subsidiary companies are as follows:

Name of Companies	Country of incorporation	Effective Shareholding 2017 Direct %	Effective Shareholding 2017 Indirect %	Effective Shareholding 2016 Direct %	Effective Shareholding 2016 Indirect %
Les Pavillons Resorts Ltd	Mauritius	100	-	100	-
Beau Rivage Co Ltd	Mauritius	100	-	100	-
Blue Bay Tokey Island Limited	Mauritius	100	-	100	-
Poseidon Limitée	Mauritius	100	-	100	-
Holiday & Leisure Resorts Limited	Mauritius	100	-	100	-
Lux Resorts Ltd	Mauritius	-	100	-	100
Merville Beach Hotel Limited	Mauritius	-	100	-	100
Merville Limited	Mauritius	-	100	-	100
MSF Leisure Co Ltd	Mauritius	-	100	-	100
LTK Ltd	Mauritius	-	100	-	100
FMM Ltee	Mauritius	-	100	-	100
Lux Island Resorts UK Limited	England	100	-	100	-
Lux Island Resorts Seychelles Ltd	Seychelles	-	92	-	96
LIRTA Ltd	Mauritius	-	92	-	96
Naiade Holidays (Pty) Ltd	South Africa	100	-	100	-
SAS Hôtel Prestige Réunion (Note (b))	France	100	-	100	-
SA Les Villas Du Lagon	Reunion Island	-	100	-	100
Ari Atoll Investment Ltd	Seychelles	-	92	-	96
Island Light Vacations Ltd	Mauritius	-	92	-	96
Lux Island Resort Foundation	Mauritius	100	-	100	-
Lux Island Resorts Maldives Ltd	Seychelles	100	-	100	-
White Sand Resorts & Spa Pvt Ltd	Maldives	-	100	-	100
Lux Hospitality Ltd (Note (c))	Mauritius	92	-	96	-
Oceanide Ltd	Mauritius	100	-	100	-
Nereide Ltd	Mauritius	-	100	-	100
Lux Hotel Management (Shanghai) Co Ltd	China	-	92	-	96

(b) In accordance with IFRS 10, Consolidated Financial Statements and as more fully explained in note 3, the Company has also consolidated the financial statements of SNC St Paul even if this entity does not legally belong to the Group. The structured entity is incorporated in Réunion Island.

(c) Non-Controlling interest in the subsidiary Lux Hospitality Ltd of 8.26% is not material and accordingly, summarised financial information has not been disclosed.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2017

7. OTHER FINANCIAL ASSETS

	THE GROUP 2017 Rs'000	THE GROUP 2016 Rs'000	THE COMPANY 2017 Rs'000	THE COMPANY 2016 Rs'000
Available-for-sale investments				
At 01 July	5	5	-	-
Movement in fair value	-	-	-	-
At 30 June	5	5	-	-
Available-for-sale investments consist of:				
- Quoted shares	5	5	-	-

The fair value of quoted ordinary shares (classified as Level 1 as detailed in Note 37(d)) is determined by reference to published price quotations in an active market at the reporting date.

8. DEFERRED TAX

Deferred income taxes are calculated on all temporary differences under the liability method.

Deferred tax is reflected in the statement of financial position as follows:

	THE GROUP 2017 Rs'000	THE GROUP 2016 Rs'000	THE COMPANY 2017 Rs'000	THE COMPANY 2016 Rs'000
Deferred tax assets	(115,064)	(52,341)	(1,406)	-
Deferred tax liabilities	560,273	521,919	-	6,326
	445,209	469,578	(1,406)	6,326
The movement in the deferred income tax account is as follows:				
At 01 July	469,578	435,455	6,326	6,631
Recognised in profit or loss (Note 19)	(16,663)	34,105	(8,511)	(305)
Recognised in other comprehensive income	(7,665)	(146)	779	-
Exchange differences	(41)	164	-	-
At 30 June	445,209	469,578	(1,406)	6,326

Deferred income tax at 30 June relates to the following:

THE GROUP

	Balance 2017 Rs'000	Balance 2016 Rs'000	Movement 2017 Rs'000	Movement 2016 Rs'000
Deferred tax liabilities				
Accelerated depreciation	394,875	266,314	128,561	71,213
Revaluation of property, plant and equipment	263,822	322,937	(59,115)	(4,196)
	658,697	589,251	69,446	67,017
Deferred tax assets				
Employee defined benefit liabilities	(17,966)	(9,512)	(8,454)	(2,087)
Tax losses	(190,473)	(92,822)	(97,651)	(29,347)
Provision for bad debts and others	(5,049)	(17,339)	12,290	(1,460)
	(213,488)	(119,673)	(93,815)	(32,894)
Net deferred tax liabilities	445,209	469,578		
Total movement for the year			(24,369)	34,123

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2017

8. DEFERRED TAX (CONTINUED)

THE GROUP

	2017 Rs'000	2016 Rs'000
Recognised as follows:		
In profit or loss (Note 19)	(16,663)	34,105
In other comprehensive income	(7,665)	(146)
Exchange differences	(41)	164
	(24,369)	34,123

THE COMPANY

	Balance		Movement	
	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000
Deferred tax liabilities				
Accelerated depreciation	669	259	410	(225)
Revaluation of property, plant and equipment	6,498	6,067	431	(80)
Others	268	-	268	-
	7,435	6,326	1,109	(305)
Deferred tax assets				
Tax losses	(8,841)	-	(8,841)	-
Net deferred tax liabilities	(1,406)	6,326		
Total movement for the year			(7,732)	(305)
Recognised as follows:				
In profit or loss (Note 19)			(8,511)	-
In other comprehensive income			779	-
			(7,732)	-

Deferred tax assets have not been recognised on tax losses amounting to Rs. 886 million (2016: Rs. 915 million). Refer to Note 3(b) (i) for further details.

9. INVENTORIES

	THE GROUP	
	2017 Rs'000	2016 Rs'000
Food and beverages	64,318	56,650
Spare parts and maintenance	42,771	40,652
Others*	69,715	66,266
	176,804	163,568

* Others include mainly inventory items of boutiques at the hotels.

Inventories have been pledged as securities for bank borrowings of the Group. All inventories are at cost, net of provision for impairment. Provision for write downs of inventories at 30th June 2017 amounted to Rs 22.6m (2016: Rs 21.3 m).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2017

10. TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000
Trade receivables	496,768	556,775	-	-
Receivable from subsidiaries (Note 36)	-	-	2,649,283	2,111,415
Other receivables and prepayments	310,647	271,911	6,082	8,506
	807,415	828,686	2,655,365	2,119,921
Less allowances for impairment of receivables	(19,145)	(20,710)	-	-
	788,270	807,976	2,655,365	2,119,921

(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. The Group has subscribed to a credit protection scheme for its trade receivables with a Global Service Provider, with a view to minimise its credit risk exposure.

(ii) At 30 June 2017, the ageing analysis of unimpaired trade receivables is as follows:

	THE GROUP		THE COMPANY	
	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000
Not past due	172,275	184,357	-	-
Due less than 30 days	125,513	88,960	-	-
More than 30 and less than 60 days	63,322	60,367	-	-
More than 60 and less than 90 days	25,574	112,622	-	-
More than 90 days	90,939	89,759	-	-
	477,623	536,065	-	-

None of the above balances have been impaired.

(iii) The movement in allowances for impairment of trade and other receivables were as follows:

	THE GROUP		THE COMPANY	
	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000
At 01 July	20,710	16,203	-	-
Charge for the year	3,458	5,230	-	-
Utilised	(5,207)	(820)	-	-
Exchange difference	184	97	-	-
At 30 June	19,145	20,710	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2017

11. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

	THE GROUP	
	2017	2016
	Rs'000	Rs'000
Non-current assets held for sale:		
At 01 July	1,037,045	-
Transfer from property, plant and equipment (Note 4)	39,197	1,037,045
Disposal (Note 22)	(1,076,242)	-
	-	1,037,045
Liabilities associated with assets held for sale		
Long term bank borrowings of Nereide Ltd	-	525,593

Pursuant to agreement dated 29 September 2016 with Grit Real Estate Income Group Limited (formerly Mara Delta Property Holdings Limited), the hotel building of Tamassa Resort as well as its rights, title and interests in the lease agreement with the Government of Mauritius (the "Property"), were disposed during the year for a gross consideration of USD 40M (approximately Rs 1,4 m).

12 ISSUED CAPITAL

(a) Stated capital

	THE GROUP AND THE COMPANY			
	2017	2016	2017	2016
Ordinary shares of Rs 10 each.	Number of shares	Number of shares	Rs'000	Rs'000
At 01 July	136,909,403	136,786,535	1,369,094	1,367,865
Issued during the year	206,540	122,868	2,065	1,229
At 30 June	137,115,943	136,909,403	1,371,159	1,369,094

Some bond holders of the Company, who had options to convert their bond into share capital on 31 December 2016, have exercised their option (see note 15 (c)) below. The exercise price determined through the mechanism was Rs. 47.62 (2016: Rs 48.80).

	Number of Shares	Bond converted	Cash consideration	Share Capital	Share Premium
		Rs'000	Rs'000	Rs'000	Rs'000
Conversion of Bonds	206,440	9,838	4	2,065	7,769

(b) Share premium

	THE GROUP AND THE COMPANY	
	2017	2016
	Rs'000	Rs'000
At 01 July	1,313,217	1,308,453
Arising on issue of shares	7,769	4,764
At 30 June	1,320,986	1,313,217

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2017

13. OTHER RESERVES

(a) THE GROUP

	Foreign exchange translation reserve	Asset revaluation reserve	Share based payment reserve	Total
	Rs'000	Rs'000	Rs'000	Rs'000
At 01 July 2015	141,503	1,766,830	11,233	1,919,566
Cash flow hedge on loan in foreign currency	(9,256)	-	-	(9,256)
Cash flow hedge reserve released on repayment of loan	3,353	-	-	3,353
Currency translation difference	14,510	-	-	14,510
Share based payment expense (Note 32)	-	-	7,058	7,058
Share based payment issued (Note 32)	-	-	(3,712)	(3,712)
Transfer to non-controlling interests	-	-	(220)	(220)
At 30 June 2016	150,110	1,766,830	14,359	1,931,299
Cash flow hedge on loan in foreign currency	21,429	-	-	21,429
Cash flow hedge reserve released on repayment of loan	(52,470)	-	-	(52,470)
Currency translation difference	(41,203)	-	-	(41,203)
Revaluation of property	-	(476,029)	-	(476,029)
Tax on other comprehensive income	(13,045)	17,046	-	4,001
Share based payment expense (Note 32)	-	-	3,420	3,420
Share based payment issued (Note 32)	-	-	(9,613)	(9,613)
Transfer to non-controlling interests	(258)	-	(662)	(920)
Transfer of revaluation reserve to retained earnings on disposal of property	-	(192,646)	-	(192,464)
At 30 June 2017	64,563	1,115,201	7,504	1,187,268

(b) THE COMPANY

	Asset Revaluation Reserve	Cash Flow Hedge Reserve	Total
	Rs'000	Rs'000	Rs'000
At 01 July 2015	38,015	1,919	39,934
Cash flow hedge on loan in foreign currency	-	(486)	(486)
Release on repayment of loan	-	75	75
At 30 June 2016	38,015	1,508	39,523
Cash flow hedging on loan in foreign currency	3,806	-	3,806
Revaluation of property	-	684	684
Release on repayment of loan	-	(615)	(615)
Tax effect	(511)	(268)	(779)
At 30 June 2017	41,310	1,309	42,619

Nature and purpose of other reserves

Exchange translation reserve

This reserve is in respect of hedge reserve as well as foreign translation currency reserve. The hedge reserve is used to record the exchange differences arising on the Euro and US$ loans taken by the Group. The hedging of those loans are done with the inflows of revenue by the Group in the same currency. The movement for the year is in respect of exchange difference on conversion of loan in US$ and EURO at year end rate. Upon annual repayment of long term borrowings the portion of hedge realised is released to profit or loss. The foreign currency translation reserve is used to record exchange differences arising from the translation of financial statements of foreign subsidiaries.

The hedge on the foreign currency loans are treated as a cash flow hedge and the purpose is to hedge the foreign currency risks relating to the Euro and USD denominated loans. The hedging instruments are the designated future foreign currency cash flows that will be generated from operating activities over the repayment period of the loans (the hedged items). The designated budgeted cash flows in foreign currency until maturity of the loans amount Rs.687.6 million. The foreign currency loans have a maturity of up to the year 2023 and therefore, the cash flows are expected to occur and affect profit or loss throughout this period. During the financial year 2017, Rs.21.4 million was recognised in other comprehensive income (2016: Rs.9.3 million) and Rs.52.5 million was reclassified to profit or loss (2016: Rs.3.4 million). The amount released to profit or loss on repayment of the loans has been recorded within "Foreign exchange gains" in "Other operating income".

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2017

13. OTHER RESERVES (CONT'D)

(b) THE COMPANY (CONT'D)

Nature and purpose of other reserves (Cont'd)

Asset revaluation reserve

The asset revaluation reserve is used to record increases in the fair value of land and buildings (net of deferred tax on the revalued asset) and decreases to the extent that such decreases relates to an increase on the same asset previously recognised in equity.

Share based payment reserve

The share based payment reserve is used to recognise the value of equity-settled share based payments provided to its executives as part of their remuneration. Refer to note 32.

14. NON-CONTROLLING INTERESTS

	THE GROUP	
	2017	2016
	Rs'000	Rs'000
At 01 July	3,459	*1,767*
Share of result for the year	(7,213)	*(125)*
Share of reserve for the year	(657)	*50*
Arising on part disposal of subsidiary	6,989	*1,767*
At 30 June	2,578	*3,459*

The subsidiary, Lux Hospitality Ltd, has issued shares to some executives of the Company pursuant to the executive share scheme. The effective control of Lux Island Resorts Ltd in Lux Hospitality Ltd was diluted from 96.2% to 91.7% resulting in a non-controlling-interest of 8.3% (2016: 3.8%) being recorded this year.

15. INTEREST-BEARING LOANS AND BORROWINGS

	THE GROUP		THE COMPANY	
	2017	2016	2017	2016
	Rs'000	Rs'000	Rs'000	Rs'000
Current				
Bank loans (Note (a))	772,310	*873,043*	214,254	*410,294*
Finance leases (Note (b))	12,057	*12,343*	-	-
Convertible bonds (Note (c))	8,737	-	8,737	-
Bank overdrafts (Note 31(a))	254,944	*471,174*	40,361	*71,498*
Other loans (Note (d))	59,404	*7,050*	-	-
	1,107,452	*1,363,610*	263,352	*481,792*
Non-current				
Bank loans (Note (a))	2,699,138	*2,667,749*	310,505	*185,800*
Finance leases (Note (b))	24,629	*25,009*	-	-
Convertible bonds (Note (c))	-	*18,575*	-	*18,575*
Other loans (Note (d))	135,789	*35,250*	-	-
	2,859,556	*2,746,583*	310,505	*204,375*
Total interest-bearing loans and borrowings	3,967,008	*4,110,193*	573,857	*686,167*

	THE GROUP		THE COMPANY	
	2017	2016	2017	2016
	Rs'000	Rs'000	Rs'000	Rs'000
(a) Bank loans can be analysed as follows:-				
Within one year	772,310	*873,043*	214,254	*410,294*
After one year and before two years	679,253	*540,919*	52,175	*16,003*
After two years and before five years	1,361,826	*1,376,821*	119,330	*86,079*
After five years	658,059	*750,009*	139,000	*83,718*
	3,471,448	*3,540,792*	524,759	*596,094*

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2017

15. INTEREST-BEARING LOANS AND BORROWINGS (CONT'D)

(a) Bank loans can be analysed as follows (Cont'd):

			THE GROUP		THE COMPANY	
			2017	2016	2017	2016
			Rs'000	Rs'000	Rs'000	Rs'000
Denomination		**Maturity**				
EURO	LIBOR + 4%	June 2019	25,614	*35,080*	-	-
MUR	6.75% - 7.50%	June 2023	777,158	*919,710*	-	*90,550*
EURO	EURIBOR + 3%	June 2023	102,839	*125,444*	-	-
EURO	5.76%	Dec 2017	21,369	*34,848*	-	-
EURO	5.68%	Oct 2017	3,011	*9,760*	-	-
EURO	EURIBOR + 1.30%	Dec 2019	140,875	*164,547*	-	-
US$	LIBOR + 1.25% - 1.5%	June 2023	147,004	*173,973*	-	-
US$	LIBOR + 5%	June 2016	-	*2,915*	-	*1,935*
US$	LIBOR + 2.5%	Dec 2019	126,768	*177,518*	-	-
US$	LIBOR + 2.5% - 3.25%	Dec 2019	161,900	*226,565*	-	-
US$	LIBOR + 2.5%	Dec 2019	295,521	*413,490*	-	-
US$	LIBOR+2.25%	June 2020	37,943	*44,904*	-	-
US$	LIBOR+2.75%	June 2019	12,562	*15,281*	-	-
EURO	LIBOR+4%	June 2017	28,109	*36,980*	-	-
EURO	LIBOR+4.%	June 2023	164,683	*178,748*	-	-
EURO	LIBOR+3%	June 2023	166,688	*231,942*	49,259	*67,334*
US$	LIBOR +5%	Mar 2024	695,000	*465,300*	-	*169,200*
US$	LIBOR +4%	June 2024	278,000	*133,950*	278,000	*133,950*
US$	LIBOR +3% to 4%	Dec-16	-	*133,125*	-	*133,125*
MUR	PLR	June 2019	10,904	*16,712*	-	-
EURO	EURIBOR + 1.5%	At Call	175,500	-	97,500	-
MUR	PLR less 3%	At Call	100,000	-	100,000	-
			3,471,448	*3,540,792*	524,759	*596,094*

(b) Finance lease liabilities - minimum lease payments:

	THE GROUP		THE COMPANY	
	2017	2016	2017	2016
	Rs'000	Rs'000	Rs'000	Rs'000
Within one year	14,079	*14,203*	-	-
After one year and before two years	11,422	*10,979*	-	-
After two years and before five years	15,563	*16,425*	-	-
	41,064	*41,607*	-	-
Future finance charges on finance leases	(4,378)	*(4,255)*	-	-
Present value of finance lease liabilities	36,686	*37,352*	-	-
The present value of finance lease liabilities may be analysed as follows:				
Within one year	12,057	*12,343*	-	-
After one year and before two years	10,100	*9,730*	-	-
After two years and before five years	14,529	*15,279*	-	-
	36,686	*37,352*	-	-

Finance 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 lease vary between 2% to 7.65%.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2017

15. INTEREST-BEARING LOANS AND BORROWINGS (CONT'D)

(c) Convertible bonds

In April 2011, 50 million units of unsecured Convertible Bonds have been issued for an aggregate amount of Rs. 500 million. The Convertible Bonds are listed on the Stock Exchange of Mauritius and carry interest at the rate of 9% per annum. Interests on the Convertible Bonds are payable twice yearly in March and September.

The Convertible Bonds are redeemable on 31 December 2017. However, the holders of Convertible Bonds have the option to convert the Bond into share capital on the following dates:

31 December 2014

31 December 2015

31 December 2016

On the above specified dates, the number of shares to be delivered on conversion of one (1) convertible bond was determined by applying the following formula:

P/(Ax0.80), where:

A is equal to the average price of share listed on the stock exchange for the ninety day period ending on 15 November preceding the relevant conversion period.

P is equal to the principal amount.

Exercise of options of conversion of bonds

Final conversion

The final exercise for the conversion was on 31 December 2016 and 137 bond holders owning a total amount of 983,802 bonds have exercised their options to convert their bonds into shares. The exercise share price determined through the above mechanism was Rs. 47.62.

The movement in the bond account is as follows:

	THE GROUP AND THE COMPANY	
	2017	2016
	Rs'000	Rs'000
At 01 July	18,575	*24,570*
Rights of coversion exercised during the year	(9,834)	*(5,993)*
Fraction amount paid cash	(4)	*(2)*
At 30 June	8,737	*18,575*

The balance on convertible bonds will now be refunded in cash on 31 December 2017 and has been classified as short term loan.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2017

15. INTEREST-BEARING LOANS AND BORROWINGS (CONT'D)

(d) Other loans

Other loans of the subsidiary White Sand Resorts & Spa Pvt Ltd are denominated in US$ and are unsecured and bears an interest rate of 3% annually. The loan is repayable as follows:

	THE GROUP	
	2017	2016
	Rs'000	Rs'000
Within one year	59,404	*7,050*
After one year and before two years	63,068	*8,814*
After two years and before five years	72,721	*26,436*
	195,193	*42,300*

16. EMPLOYEE DEFINED BENEFIT LIABILITIES

(a) The benefits of employees of the Group 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	
	2017	2016
	Rs'000	Rs'000
Funded obligation (Note (c - o))	13,158	*2,701*
Unfunded obligation (Note (p - u))	82,896	*57,826*
	96,054	*60,527*

FUNDED OBLIGATION

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

	THE GROUP	
	2017	2016
	Rs'000	Rs'000
Present value of funded obligation	56,143	*44,706*
Fair value of plan assets	(42,985)	*(42,005)*
Liability in the statement of financial position	13,158	*2,701*

(d) Movement in the statement of financial position:

	THE GROUP	
	2017	2016
	Rs'000	Rs'000
At 01 July	2,701	*5,493*
Total expenses (Note (e))	1,931	*2,254*
Actuarial losses/(gains) recognised in other comprehensive income	9,569	*(4,370)*
Contributions paid	(1,043)	*(676)*
At 30 June	13,158	*2,701*

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2017

16. NET EMPLOYEE DEFINED BENEFIT LIABILITIES (CONT'D)

FUNDED OBLIGATION (CONT'D)

		THE GROUP	
		2017	2016
		Rs'000	Rs'000
(e)	The amounts recognised in the statement of profit or loss are as follows:		
	Current service cost	1,562	1,783
	Interest cost	247	471
	Scheme expenses	122	-
	Total included in staff costs	1,931	2,254
(f)	The total actuarial losses/(gains) recognised in other comprehensive income are as follows:		
	Funded obligation (Note (j))	9,569	(4,370)
	Unfunded obligation (Note (s))	12,049	7,580
		21,618	3,210
(g)	Changes in the fair value of plan assets are as follows:		
	At 01 July	42,005	44,609
	Interest on plan assets	2,688	2,934
	Employer's contribution	1,043	676
	Scheme expenses	(26)	-
	Cost of insuring risk benefits	(96)	-
	Return on plan assets excluding interest income	-	(172)
	Actuarial losses	(420)	(3,497)
	Benefits paid	(2,209)	(2,545)
	At 30 June	42,985	42,005
(h)	Changes in defined benefit obligation are as follows:		
	At 01 July	44,706	50,102
	Current service cost	1,562	1,611
	Interest cost	2,935	3,405
	Actuarial losses/(gains)	9,149	(7,867)
	Benefits paid	(2,209)	(2,545)
	At 30 June	56,143	44,706
(i)	The main categories of plan assets are as follows:		
	Local equities	19,959	16,083
	Overseas equities	11,004	10,161
	Fixed interest	11,377	15,332
	Properties	645	429
	Total market value of assets	42,985	42,005
(j)	Analysis of amount recognised in other comprehensive income:		
	Losses on pension scheme assets	420	3,498
	Experience losses/(gains) on the liabilities	982	(2,861)
	Changes in assumptions underlying the present value of the scheme	8,167	(5,007)
	Actuarial losses/(gains) recognised in other comprehensive income	9,569	(4,370)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2017

16. NET EMPLOYEE DEFINED BENEFIT LIABILITIES (CONT'D)

FUNDED OBLIGATION (CONT'D)

(k) **Sensivity analysis**

	THE GROUP	
	2017	2016
	Rs'000	Rs'000
Decrease in defined benefit obligation due to 1% increase in discount rate	4,305	4,966
Increase in defined benefit obligation due to 1% increase in future long-term salary assumption	1,622	1,401

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.

(l) (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 30 June 2017.

(m) Future cash flows

- The funding policy is to pay benefits out of the reporting entity's cashflow as and when due.
- The weighted average duration of the defined benefit obligation is 8 years.
- Employer's contributions to be paid in the next reporting period is estimated at Rs. 1.9m (2016: Rs. 1.7m).

(n) Risk Associated with the Plans

The Defined Benefit Plans expose the Group 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2017

16. NET EMPLOYEE DEFINED BENEFIT LIABILITIES (CONT'D)

FUNDED OBLIGATION (CONT'D)

(o) The principal actuarial assumptions with respect to the defined benefit scheme used for accounting purposes were:

	THE GROUP	
	2017	2016
	%	%
Discount rate	5.0	*6.5*
Future NPS ceiling increase	6.0	*6.0*
Future expected pension scheme	0.0	*0.0*
Future long term salary increase	4.0	*5.0*
Post retirement mortality tables	a(92)	*a(92)*

UNFUNDED OBLIGATION

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

	THE GROUP	
	2017	2016
	Rs'000	Rs'000
Present value of unfunded obligation	82,896	*57,826*

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

	THE GROUP	
	2017	2016
	Rs'000	Rs'000
At 01 July	57,826	*43,699*
Total expenses (Note (r))	15,741	*8,668*
Actuarial losses	12,049	*7,580*
Benefits paid	(2,692)	*(2,138)*
Exchange differences	(28)	*17*
At 30 June	82,896	*57,826*

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

	THE GROUP	
	2017	2016
	Rs'000	Rs'000
Current service cost	11,961	*5,738*
Interest cost	3,780	*2,930*
Total included in staff costs	15,741	*8,668*

(s) Amount recognised in other comprehensive Income

	THE GROUP	
	2017	2016
	Rs'000	Rs'000
Actuarial losses	12,049	*7,580*

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2017

16. NET EMPLOYEE DEFINED BENEFIT LIABILITIES/(ASSETS) (CONT'D)

UNFUNDED OBLIGATION (CONT'D)

(t) Sensivity analysis

	THE GROUP	
	2017	2016
	Rs'000	Rs'000
Decrease in defined benefit obligation due to 1% increase in discount rate	11,612	*9,479*
Increase in defined benefit obligation due to 1% increase in future long-term salary assumption	14,184	*12,087*

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

	2017	2016
	%	%
Discount rate	5.50	*6.50*
Future salary increases	4.00	*4.50*

17. GOVERNMENT GRANTS

	THE GROUP	
	2017	2016
	Rs'000	Rs'000
At 01 July	9,241	*10,703*
Release against depreciation charge (Note 27)	(1,360)	*(1,531)*
Exchange differences	(59)	*69*
At 30 June	7,822	*9,241*
Analysed as follows		
To be released within one year shown within "other payables" in "trade and other payables"	1,173	-
To be released after one year classified under non-current liabilities	6,649	*9,241*
	7,822	*9,241*

The grant is in respect of Government assistance to finance the construction of a hotel in Reunion Island and has been accounted under the income approach. The grant is being released to profit or loss against depreciation charge over the useful life of the asset.

18. TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2017	2016	**2017**	2016
	Rs'000	Rs'000	**Rs'000**	Rs'000
Trade payables	403,410	*366,730*	924	*60*
Amount payable to subsidiaries (Note 36)	-	-	1,671,688	*1,466,982*
Accrued expenses	268,367	*228,215*	916	*1,266*
Other payables	273,915	*266,411*	15,225	*15,235*
Deposits from guests	152,859	*106,842*	-	-
	1,098,551	*968,198*	1,688,753	*1,483,543*

Trade and other payables are non-interest bearing and are normally settled on 60-days term.

Other payables comprises mainly of provisions for payroll related costs and other provisions made in the normal course of business.

For amount payable to fellow subsidiaries refer to Note 36.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2017

19. TAXATION

(a) Charge for the year

	THE GROUP		THE COMPANY	
	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000
Current tax on taxable profit for the year (Note (d))	20,686	25,337	-	-
Underprovision in previous year	17,984	591	2,532	-
Withholding tax	50,565	-	-	-
Deferred taxation movement (Note 8)	(16,663)	34,105	(8,511)	(305)
Corporate Social Responsibility (Note (d))	2,551	2,418	-	-
Income tax expense/(credit)	75,123	62,451	(5,979)	(305)

(b) Reconciliation between income tax expense and accounting profit is as follows:

	THE GROUP		THE COMPANY	
	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000
Profit before tax	582,859	480,930	569,662	59,077
Tax calculated at a rate of 17% (2016: 17%)	99,086	81,758	96,843	10,043
Effect of different tax rates	(7,443)	(13,469)	-	-
Expenses not deductible for tax purposes	2,180	2,498	5,146	-
Tax incentives and allowances	(41,489)	-	(110,500)	-
Underprovision of income tax in previous year	17,983	591	2,532	-
Tax losses not recognised	13,694	761	-	-
Utilisation of unused tax losses	(59,959)	(6,997)	-	-
Alternative minimum tax	-	(159)	-	-
Withholding tax	50,565	-	-	-
Foreign tax credit	-	(939)	-	(10,043)
Other adjustments	506	(1,593)	-	(305)
	75,123	62,451	(5,979)	(305)

(c) Different tax rates arise on the taxation of foreign units located in Réunion Island, Seychelles, UK and South Africa.

(d) Statement of financial position

	THE GROUP		THE COMPANY	
	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000
At 01 July	16,679	44,550	-	-
Provision for the year (Note (a))	20,686	25,337	-	-
Corporate Social Responsibility (Note (a))	2,551	2,418	-	-
Under provision in prior years	17,984	591	2,532	-
Withholding tax	50,565	-	-	-
Paid during the year	(92,775)	(56,436)	(2,532)	-
Exchange difference	(123)	219	-	-
At 30 June	15,567	16,679	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2017

20. REVENUE

	THE GROUP		THE COMPANY	
	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000
Room revenue	2,951,371	2,892,578	-	-
Food and beverages	1,749,417	1,666,644	-	-
Others	498,651	516,765	-	-
	5,199,439	5,075,987	-	-

21. FINANCE INCOME

	THE GROUP		THE COMPANY	
	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000
Interest income	409	474	15,909	44,117

22. PROFIT ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

	THE GROUP		THE COMPANY	
	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000
Disposal proceeds	1,262,982	1,974	-	-
Transfer from assets held for sale (Note 11)	(1,076,242)	-	-	-
Net book value of assets disposed/scrapped	(8,856)	(1,875)	-	-
Net gain	177,884	99	-	-

23. OTHER OPERATING INCOME

	THE GROUP		THE COMPANY	
	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000
Rental income	5,616	6,235	7,800	7,800
Management fees	6,082	6,190	-	-
Foreign exchange gains	26,682	15,123	-	21,473
Dividend income	-	-	650,000	35,250
Re-measurement of consideration on disposal of subsidiary	4,168	19,500	-	-
Commission and package revenue	4,736	11,690	-	-
Others	13,368	22,958	-	5,971
	60,652	81,696	657,800	70,494

24. COST OF INVENTORIES

	THE GROUP		THE COMPANY	
	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000
Food, beverages and room supplies	802,873	761,323	-	-
Others	254,174	264,933	-	-
	1,057,047	1,026,256	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2017

25. EMPLOYEE BENEFIT EXPENSES

	THE GROUP		THE COMPANY	
	2017	2016	**2017**	2016
	Rs'000	Rs'000	**Rs'000**	Rs'000
Wages and salaries	1,409,552	*1,322,368*	-	-
Social security costs	117,800	*105,959*	-	-
Executive Share Scheme (Note 32)	3,420	*7,058*	-	-
Compensation to key management personnel (note 32)	-	*18,081*	-	-
Pension costs				
Defined contribution scheme	21,959	*23,528*	-	-
Defined benefit scheme (Note 16(e))	1,931	*2,254*	-	-
Other retirement benefit (Note 16(r))	15,741	*8,668*	-	-
	1,570,403	*1,487,916*	-	-

26. OTHER OPERATING EXPENSES

	THE GROUP		THE COMPANY	
	2017	2016	**2017**	2016
	Rs'000	Rs'000	**Rs'000**	Rs'000
Marketing expenses	426,066	*369,958*	-	-
Heat, light and power	235,816	*252,120*	-	-
Repairs and maintenance	161,618	*151,998*	-	-
Land lease	66,112	*120,782*	-	-
Others*	654,418	*625,300*	48,881	*12,088*
	1,544,030	*1,520,158*	48,881	*12,088*

*Others include mainly bank charges and commissions, printing and stationery, communication costs, motor vehicles running expenses, rental charges for property etc.

27. DEPRECIATION AND AMORTISATION

	THE GROUP		THE COMPANY	
	2017	2016	**2017**	2016
	Rs'000	Rs'000	**Rs'000**	Rs'000
Depreciation of property plant and equipment (Note 4)	414,982	*411,491*	1,765	*1,801*
Amortisation of intangible assets (Note 5)	28,592	*17,512*	-	-
Release of grant (Note 17)	(1,360)	*(1,531)*	-	-
	442,214	*427,472*	1,765	*1,801*

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2017

28. OPERATING PROFIT

	THE GROUP		THE COMPANY	
	2017	2016	**2017**	2016
	Rs'000	Rs'000	**Rs'000**	Rs'000
The operating profit is arrived at after				
crediting:				
Profit on disposal of property, plant and equipment	177,884	*99*	-	-
Gain on exchange on sales of foreign currency and translation of financial assets and liabilities	26,682	*15,123*	(31,893)	*21,473*
and charging:				
Depreciation on property, plant and equipment	414,982	*411,491*	1,765	*1,801*
Amortisation of intangible assets	28,592	*17,512*	-	-
Operating lease payments recognised as expense	66,112	*120,782*	-	-

29. FINANCE COSTS

	THE GROUP		THE COMPANY	
	2017	2016	**2017**	2016
	Rs'000	Rs'000	**Rs'000**	Rs'000
Interest expense on:				
- Bank overdrafts	24,055	*26,803*	7,328	*3,029*
- Bank loans	204,393	*177,905*	18,390	*7,070*
- Finance leases	2,429	*1,732*	-	-
- Other loans and payables	10,954	*9,084*	27,683	*31,546*
	241,831	*215,524*	53,401	*41,645*

30 EARNINGS PER SHARE

	THE GROUP	
	2017	2016
	Rs'000	Rs'000
CONTINUING AND DISCONTINUED OPERATIONS		
Basic		
Profit attributable to equity holders of the parent	514,949	*418,604*
Weighted average number of ordinary shares	137,219,213	*136,847,969*
Earnings per share	3.75	*3.06*

Basic earnings per share is calculated by dividing net profit for the year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. The weighted average number of shares takes into account the treasury shares, if any, as at year end.

Fully Diluted

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the parent (after adjusting for interest on the convertible bonds) by the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential shares into ordinary shares based on discounted share price at start of the financial year.

Adjusted profit attributable to equity holders of the parent	514,949	*420,564*
Earnings per share	3.75	*3.06*

The last exercisable period with respect to the convertible bonds was 31st December 2016 and thus, at 30th June 2017, there is no dilutive effect on the average number of ordinary shares issued. All remaining bondholders will be repaid in cash on 31st December 2017.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2017

31. NOTES TO THE STATEMENT OF CASH FLOWS

	THE GROUP		THE COMPANY	
	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000
(a) Cash and cash equivalents				
Cash and short term deposits	181,335	*177,293*	64,307	*99,434*
Bank overdrafts (Note 15)	(254,944)	*(471,174)*	(40,361)	*(71,498)*
	(73,609)	*(293,881)*	23,946	*27,936*

(b) Non-cash transactions

(i) Part of the acquisition of property, plant and equipment was financed by finance leases as follows:

	THE GROUP		THE COMPANY	
	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000
Total amount acquired (Note 4)	1,102,424	*828,518*	-	*231*
Financed through finance leases	(11,831)	*(17,362)*	-	*-*
Financed by cash	1,090,593	*811,156*	-	*231*
(ii) Dividend income from subsidiaries	-	*-*	650,000	*-*

32. SHARE BASED PAYMENT

Lux Island Resorts Ltd, through its subsidiary, Lux Hospitality Ltd (LHL), has implemented an executive share scheme as described below:

Executive share scheme

The type of share-based payment that LHL has opted is an ''equity-settled" share-based payment. A shared understanding of the terms and conditions of the share based payment arrangements has been agreed between LHL and its senior management team. At grant date, LHL will confer to its executives the right to equity instruments in LHL subject to certain vesting conditions.

The executive team will be entitled to shares in LHL after a vesting period. Such vesting period is the period between the grant date and the date the shares are allotted. This period has been fixed by the Board at three years during which the senior management team members have to remain in employment with LHL or other companies forming part of Lux Group of Companies. Therefore, these equity instruments started to vest during the financial year June 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 LHL.

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 Group's and the individual achievement judged against both qualitative and quantitative criteria from the following measures:

(i) improvement in Lux Island Resorts Ltd share price;

(ii) improvement in the Group EBITDA and free cash flow; and

(iii) elevating guest experience.

The total number of options granted for the financial year 2017 is 1,102,314 (2016: 2,418,148) and as at 30 June 2017 total options granted amounted to 6,180,653 out of which 2,660,191 will vest if the executives are still in continuous employment after the year ended June 30, 2017. During the year ended 30 June 2017, 3,554,822 shares have been issued pursuant to the share scheme.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2017

32. SHARE BASED PAYMENT (CONT'D)

Executive share scheme (Cont'd)

In 2014, the Board also awarded 6,707,922 shares to certain key executives vested in 3 equal instalments. Vesting of each tranche is conditional on the executive being in continuous service at the end of each relevant year. The last tranche vested under this scheme is 2,235,974 shares which has been issue during the financial year ended 30th June 2017.

For the year ended 30th June 2017, a total charge of Rs.3.4 million (2016: Rs.7.1million) has been recognised as share based payment expense in profit or loss for executive still in employment at year end based on the fair value of LHL shares awarded.

LHL'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.

In 2016, the Board of directors decided to grant the treasury shares of Lux Island Resorts Ltd amounting to Rs 18.081 million to the Chief Executive Officer as remuneration in line with his employment contract.

33. 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 segment and the non-hotel segment. The non-hotel segment remains insignificant (i.e less than 10%) both in terms of revenue and trading results compared to the Group. The Directors therefore consider that there is no relevance in disclosing segmental information at this level.

Secondary segment - Geographical

The contribution of the hotel units in Réunion Island via Hotel Prestige Réunion and for the unit in Maldives via White Sand Resorts & Spa Pvt Ltd for the year to 30th June 2017 are more than 10% in terms of revenue and the following disclosures are made with respect to segmental reporting.

	Mauritius Rs'000	Reunion Rs'000	Maldives Rs'000	Total Rs'000
For the year ended 30 June 2017				
Segment revenue	3,776,398	645,573	1,016,413	5,438,384
Segment finance income	409	-	-	409
Segment finance expenses	(157,396)	(6,389)	(78,046)	(241,831)
Segment depreciation and amortisation	(227,867)	(67,158)	(147,189)	(442,214)
Segment result before finance charges	855,734	13,011	(44,055)	824,690
Segment assets	6,137,421	1,007,061	4,393,677	11,538,159
Capital expenditure	354,267	17,711	730,446	1,102,424
For the year ended 30 June 2016				
Segment revenue	*3,408,193*	*581,676*	*1,168,387*	*5,158,256*
Segment finance income	*474*	*-*	*-*	*474*
Segment finance expenses	*(175,245)*	*(7,398)*	*(32,881)*	*(215,524)*
Segment depreciation and amortisation	*(231,146)*	*(57,927)*	*(138,399)*	*(427,472)*
Segment result before finance charges	*652,543*	*(3,524)*	*47,435*	*696,454*
Segment assets	*7,190,553*	*1,048,393*	*3,984,256*	*12,223,202*
Capital expenditure	*139,217*	*17,045*	*672,256*	*828,518*

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2017

34. CONTINGENT LIABILITIES

THE GROUP

At 30th June 2017, the Group had the following contingent liabilities:

(a) Bank guarantees of Rs. 20.3 million (2016: Rs. 1.55 million) given on behalf of subsidiaries arising in the ordinary course of business from which it is anticipated that no material losses will arise.

(b) Legal claims of Rs. 56.95 million (2016: Rs. 56.9 million) have been lodged against the Group in the Intermediary Court of Mauritius arising from claims mainly in respect of termination of employment or contracts. The directors have been advised that some claims appear unfounded and that the severance allowance/damages claim in others appear grossly exaggerated. The Company has also entered into counter proceedings for an amount of Rs. 75 million against one of the plaintiffs.

THE COMPANY

Bank guarantees of Rs. 112.2 million and USD 10 millions (2016: Rs. 153.7 million) have been given on behalf of subsidiary companies with respect to long term debt contracted by the latter arising in the ordinary course of business from which it is anticipated that no material losses will arise.

35. COMMITMENTS

Capital commitments

	THE GROUP		THE COMPANY	
	2017	2016	**2017**	2016
	Rs'000	Rs'000	**Rs'000**	Rs'000
Authorised by directors but not yet contracted for	204,568	*160,000*	-	-
Contracted for but not provided for in accounts	1,027,000	*350,000*	-	-
	1,231,568	*510,000*	-	-

Operating lease commitments

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	
	2017	2016	**2017**	2016
	Rs'000	Rs'000	**Rs'000**	Rs'000
Within one year	124,803	*124,197*	-	-
After one year but not more than five years	534,033	*532,660*	-	-
More than five years	6,509,591	*6,687,059*	-	-
	7,168,427	*7,343,916*	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2017

36. RELATED PARTY DISCLOSURES

		Purchase of goods and services from related parties	Purchase of property, plant and equipment from related party	Amount due to related party	Dividend from related parties	Amount due from related parties	Interest received from related party	Net loan repayment to related party	Loan due to related party	Interest paid to related party	Net bank overdraft balance with related party	Emoluments
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
The Group												
Fellow subsidiaries (Note a)	2017	71,580	139,129	26,052	-	-	-	-	3,305	197	-	-
	2016	*75,256*	-	*10,486*	-	-	-	-	*8,785*	*1,287*	-	-
Entities over which directors have significant influence (Note b)	2017	7,374	-	2,546	-	-	-	19,629	51,722	2,791	131	-
	2016	*467*	-	*101*	-	*3,891*	-	-	*260,645*	*11,350*	-	-
Key management personnel (Note c)	2017	-	-	-	-	-	-	-	-	-	-	117,532
	2016	-	-	-	-	-	-	-	-	-	-	*122,712*
The Holding Company												
Subsidiaries (Note d)	2017	5,769	-	1,671,688	650,000	2,649,283	15,500	-	-	21,100	-	-
	2016	*6,704*	-	*1,466,982*	-	*2,111,415*	*43,624*	-	-	*24,450*	-	-

Note (a) - Fellow subsidiaries are entities over which the ultimate holding company, IBL Ltd, exercises control.

Note (b) - Entities over which directors have significant influence are associated companies of the ultimate holding, IBL Ltd. The bank loan from the associated company of the ultimate holding company is denominated in EURO and carry interest at LIBOR + 4%. The loans are repayable by monthly instalments maturing in June 2020.

Note (c) - Key management personnel includes executive directors and top level management personnel. The emoluments include short-term employee benefits of Rs 112.2 million (2016: Rs. 96.773 million) as well as benefits under the Employee Share Scheme of Rs 3.42 million (2016: Rs. 7.058 million) and contribution to pension scheme for post retirement benefit of Rs 1.9 million (2016: Rs 0.8 million). Last year, treasury shares amounting to Rs 18.081 million were granted as emoluments, as more fully explained in Note 32.

Note (d) - Amount due to and receivable from subsidiaries are unsecured and bears interest at PLR less 300 basis points. Settlement occurs in cash and there is no fixed repayment terms.

There has been no impairment of amount due to and receivable from related parties. The amount receivable from related parties are neither past due nor impaired.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2017

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balances.

The Group manages its capital structure and makes adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. No changes were made in the objectives, policies or processes during the years ended 30th June 2017 and 2016.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus debt. The Group's policy is to keep the gearing ratio below 45% (2016: 50%). The Group includes within net debt, interest bearing loans and borrowings, less cash in hand and at bank. The gearing ratios at 30th June 2017 and 2016 were as follows:

	THE GROUP		THE COMPANY	
	2017	2016	**2017**	2016
	Rs'000	Rs'000	**Rs'000**	Rs'000
Debt (i)	3,967,008	*4,635,786*	573,857	*686,147*
Cash in hand and at bank	(181,335)	*(177,293)*	(64,307)	*(99,434)*
Net debt	3,785,673	*4,458,493*	509,550	*586,733*
Equity (ii)	5,794,057	*6,010,852*	4,075,718	*3,658,528*
Total capital plus debt	9,579,730	*10,469,345*	4,585,268	*4,245,261*
Gearing ratio	40%	*43%*	11%	*14%*

(i) Debt is defined as long and short term borrowings, as detailed in Note 15, including borrowing accounted as liabilities associated with assets held of sale.

(ii) Equity includes all capital and reserves of the Group and the Company.

(b) Categories of financial instruments

	THE GROUP		THE COMPANY	
	2017	2016	**2017**	2016
	Rs'000	Rs'000	**Rs'000**	Rs'000
Financial assets				
Available-for-sale financial assets	5	*5*	-	-
Trade and other receivables including cash and cash equivalents and excluding prepayments	873,735	*948,327*	2,717,543	*2,216,564*
	873,740	*948,332*	-	-
Financial liabilities				
Trade and other payables	855,721	*951,403*	1,688,753	*1,483,543*
Interest bearing loans and borrowings	3,967,008	*4,635,786*	573,857	*686,167*
	4,822,729	*5,587,189*	2,262,610	*2,169,710*

At the reporting date there are no significant concentrations of credit risk for loans and receivables. The carrying amount reflected above represents the Group's maximum exposure to credit risk for the trade and other receivables.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2017

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Financial risk management

The Group's Corporate Treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group. These risks include market risk (currency risk, interest rate risk and price 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.

(i) Foreign currency risk management

The Group has transactional currency exposure. It is the practice in the hospitality industry to fix tariffs yearly in advance. In order to achieve stability of tariffs in the overseas markets and as a hedge against a fall in the value of the Mauritian Rupee, contracts with tour operators are denominated in the major international currencies of the markets in which the foreign tour operators belong.

A significant number of contracts are therefore denominated in Euros, Pounds Sterling and US Dollars and invoices are raised in these currencies, with above 90% of Group's sales denominated in Euro, GBP and USD. While protecting the enterprise against any fall in the parity of the Mauritian Rupee, it exposes it to a fall in revenue should the Rupee appreciate against one or more of the international currencies.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency risk. Currency exposure arising from the net assets of the Group's foreign operation is managed primarily through borrowings denominated in the relevant foreign currencies.

The currency profile of the financial assets and financial liabilities, excluding equity investments in subsidiaries and retirement benefit obligations, at 30th June 2017 and at 30th June 2016 is as follows:

	THE GROUP		THE COMPANY	
	Financial assets	**Financial liabilities**	**Financial assets**	**Financial liabilities**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
June 2017				
Euro	368,929	1,048,324	601,945	246,759
Pound sterling	113,180	4,504	5,050	886
US Dollar	228,771	2,316,243	1,471,644	676,009
Other foreign currencies	-	532	-	-
Total foreign currencies	710,880	3,369,603	2,078,639	923,654
Mauritian Rupee	162,860	1,453,126	638,904	1,338,956
Total	873,740	4,822,729	2,717,543	2,262,610
June 2016				
Euro	*455,096*	*1,609,329*	*613,234*	*165,459*
Pound sterling	*94,135*	*63*	*5,614*	-
US Dollar	*245,807*	*1,904,890*	*860,872*	*770,429*
Other foreign currencies	-	*526*	-	-
Total foreign currencies	*795,038*	*3,514,808*	*1,479,720*	*935,888*
Mauritian Rupee	*153,294*	*2,072,380*	*736,844*	*1,233,821*
Total	*948,332*	*5,587,188*	*2,216,564*	*2,169,709*

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2017

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Financial risk management (Cont'd)

(i) Foreign currency risk management (Cont'd)

The following table details the Group's sensitivity to a 5% increase and decrease in the Mauritian Rupee against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number below indicates an increase in profit and equity where the Mauritian Rupee depreciates 5% against the relevant currency. There would be an equal and opposite impact on the profit and equity, if the Mauritian Rupee strengthens by 5% against the relevant currency.

Sensitivity Analysis

EURO IMPACT

	THE GROUP		THE COMPANY	
	2017	2016	2017	2016
	Rs'000	Rs'000	Rs'000	Rs'000
Profit or loss	2,969	*13,784*	20,207	*30,661*
Equity	30,769	*71,438*	2,461	*8,272*

GBP IMPACT

	THE GROUP		THE COMPANY	
	2017	2016	2017	2016
	Rs'000	Rs'000	Rs'000	Rs'000
Profit or loss	5,351	*4,541*	203	*281*
Equity	83	*163*	-	*-*

US DOLLAR IMPACT

	THE GROUP		THE COMPANY	
	2017	2016	2017	2016
	Rs'000	Rs'000	Rs'000	Rs'000
Profit or loss	13,508	*7,976*	39,783	*18,618*
Equity	90,865	*90,942*	-	*17,004*

The equity impact of a change in rate of Euro vis-à-vis the Mauritian Rupee is attributable mainly to net investment in the subsidiary in Réunion Island and also to the hedge reserve arising on hedge accounting of Euro loans.

The equity impact of a change in rate of USD vis-à-vis the Mauritian Rupee is attributable mainly to net investment in the subsidiary, Lux Island Resorts Maldives Ltd, and also to the hedge reserve arising on hedge accounting of USD loans.

(ii) Interest rate risk management

The Group is exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2017

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Financial risk management (Cont'd)

(ii) Interest rate risk management (Cont'd)

The interest rate profile of the Group at 30th June 2017 was:

Financial assets

	2017		2016	
	Balances with banks	Trade receivables	Balances with banks	Trade receivables
	Interest rate	Interest rate	Interest rate	Interest rate
	%	%	%	%
GBP	LIBOR-1%	Nil	*LIBOR-1%*	*Nil*
EURO	EURIBOR-1%	Nil	*EURIBOR-1%*	*Nil*
USD	LIBOR-1%	Nil	*LIBOR-1%*	*Nil*
MUR	PLR - 3%	Nil	*PLR - 3%*	*Nil*

Financial liabilities

	2017			2016		
	Bank overdrafts	Loans		Bank overdrafts	Loans	
	Floating interest rate	Floating interest rate	Fixed interest rate	Floating interest rate	Floating interest rate	Fixed interest rate
	%	%	%	%	%	%
GBP	N/A	N/A	N/A	*N/A*	*N/A*	*N/A*
EURO	N/A	EURIBOR + 1.3% - 3%	5.68%	*N/A*	*EURIBOR + 1.3% - 4.5%*	*5.68%*
USD	N/A	LIBOR +1.5% - 5%	N/A	*N/A*	*LIBOR +2.25% - 5%*	*N/A*
MUR	PLR & PLR + 0.5% to 1%	-	9%	*PLR & PLR + 0.5% to 1%*	*PLR & PLR + 0.5% to 1%*	*9%*

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates on the financial instruments at the reporting date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the balance sheet date was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel. It represents management's assessment of the reasonably possible change in interest rate.

If interest rates had been 50 basis points higher for MUR borrowings (net of bank balances) and 0.25 basis points for EURO borrowings (net of bank balances) impact will be as follows:

EURO IMPACT

	THE GROUP		THE COMPANY	
	2017	2016	2017	2016
	Rs'000	Rs'000	Rs'000	Rs'000
Profit or loss	(2,266)	*(3,491)*	(123)	*(414)*
Equity	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2017

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Financial risk management (Cont'd)

(ii) Interest rate risk management (Cont'd)

Interest rate sensitivity analysis (Cont'd)

	MAURITIAN RUPEE IMPACT			
	THE GROUP		THE COMPANY	
	2017	2016	2017	2016
	Rs'000	Rs'000	Rs'000	Rs'000
Profit or loss	(4,931)	*(6,815)*	-	*2,116*
Equity	-	-	-	-

A decrease in interest rate by 50 basis points of MUR borrowings (net of bank balances) and by 25 basis points for EURO borrowings (net of bank balances) will have an equal and opposite impact of an increase in the interest rate as shown above.

(iii) Other price risks

The Group is exposed to equity price risks arising from equity investments. The investment made in equity are held for strategic rather than trading purposes. The Group does not actively trade these investments. The investments held are not material for the Group and as such no sensitivity analysis has been prepared.

(iv) Credit risk management

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the statement of financial position are net of allowances for credit losses, estimated by the Group's management based on prior experience and the current economic environment.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. The Group has subscribed to a credit protection scheme for the client portfolio across the Group with a Global Service Provider, with a view to minimise its credit risk exposure.

With respect to credit risk arising from other financial assets of the Group which are neither past due nor impaired, comprising cash and cash equivalents and other receivables, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Refer to Note (b) above for maximum exposure to credit risk of the Group's financial assets at 30th June 2017 and 2016.

(v) Liquidity risk management

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Group aims at maintaining flexibility in funding by keeping reliable credit lines available.

The Directors are aware that the Group has a net current liability of Rs 1,076M as at 30th June 2017 (2016: Rs 1,2 M), excluding assets and liabilities classified as held-for-sale and this has been the case over the last past five years. The Directors are confident and are satisfied that Group has the adequate resources to continue operating in the near future and that no material uncertainty exists based on the following:

- The Group has available overdraft facilities of MUR 610 million out of which only MUR 255 million has been used as at 30th June 2017. Furthermore, the Group has positive cash balances of MUR 181 million as at 30th June 2017;

- At 30th June 2017, the Group had borrowings amounting to Rs 275m which were repayable at call. These facilities have been renewed after year end and repayment under the new agreements have been extended to a longer period.

- The budgeted cash flows for the year ending 30th June 2018 shows improved earnings on 2017 and the Group's ability to meet all financial commitments towards the banks as well as improved dividend payout.

- The Group has continuously been generating EBITDA of above Rs 1 billion over the past 3 years;

- The Group's Debt Service Coverage Ratio over the past 3 years has been around 1, implying sufficient operating cash flows have been generated to meet all commitments towards the bank in terms of capital and interest repayment and for payments of dividend and maintenance capital expenditure;

- The Group's gearing has continuously been decreasing from 59% in 2012 to 43% in 2016 and 39.5% in 2017.

- 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2017

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Financial risk management (Cont'd)

(v) Liquidity risk management (Cont'd)

Liquidity and interest rate risk tables - financial liabilities - undiscounted

THE GROUP

	Weighted average effective interest rate	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
	%	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
June 2017							
Non-interest bearing	-	855,702	-	-	-	-	855,702
Variable interest rate instruments	5.78%	254,944	150,767	723,261	2,311,726	724,989	4,165,687
Fixed interest rate instruments	5.68% & 9%	-	8,273	100,401	175,434	-	284,108
		1,110,646	159,040	823,662	2,487,160	724,989	5,305,497
June 2016							
Non-interest bearing	-	*951,402*	-	-	-	-	*951,402*
Variable interest rate instruments	3.9%	*471,174*	*368,366*	*1,231,308*	*2,476,497*	*867,498*	*5,414,843*
Fixed interest rate instruments	5.68% & 9%	-	*5,971*	*25,408*	*87,807*	-	*119,186*
		1,422,576	374,337	1,256,716	2,564,304	867,498	6,485,431

THE COMPANY

	Weighted average effective interest rate	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
	%	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
June 2017							
Non-interest bearing	-	17,064	-	-	-	-	17,064
Variable interest rate instruments	2%	40,361	7,884	1,892,839	183,705	184,874	2,309,663
Fixed interest rate instrument	9%	-	197	9,328	-	-	9,525
		57,425	8,081	1,902,167	183,705	184,874	2,336,252
June 2016							
Non-interest bearing	-	*16,560*	-	-	-	-	*16,560*
Variable interest rate instruments	2%	*71,498*	*208,346*	*1,682,289*	*124,378*	*89,746*	*2,176,257*
Fixed interest rate instrument	9%	-	*836*	*836*	*19,829*	-	*21,501*
		88,058	209,182	1,683,125	144,207	89,746	2,214,318

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2017

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Financial risk management (Cont'd)

(v) Liquidity risk management (Cont'd)

The following table details the Group's expected maturity for its non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Group anticipates that the cash flow will occur in a different period.

Liquidity and interest rate risk tables - financial assets - undiscounted

THE GROUP

	Weighted average effective interest rate	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
	%	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
June 2017							
Non-interest bearing	-	692,329	-	-	-	-	692,329
Variable interest rate instruments	1%	181,411	-	-	-	-	181,411
		873,740	-	-	-	-	873,740
June 2016							
Non-interest bearing	-	*773,831*	-	-	-	-	*773,831*
Variable interest rate instruments	*1%*	*177,293*	-	-	*5*	-	*177,298*
		951,124	-	-	*5*	-	*951,129*

THE COMPANY

	Weighted average effective interest rate	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
	%	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
June 2017							
Non interest-bearing	-	3,953	-	-	-	-	3,953
Variable interest rate instruments	3%	64,307	-	2,649,283	-	-	2,713,590
		68,260	-	2,649,283	-	-	2,717,543
June 2016							
Non interest-bearing	-	*5,715*	-	-	-	-	*5,715*
Variable interest rate instruments	*1.80%*	*99,434*	-	*2,111,415*	-	-	*2,210,849*
		105,149	-	*2,111,415*	-	-	*2,216,564*

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2017

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) Fair value of financial instruments

The carrying amounts of the Group's and the Company's financial assets and financial liabilities approximate their fair values due to the short-term nature of the balances involved. The carrying amounts of the interest-bearing loans and borrowings approximate their fair values since they carry interest rates which are linked to market rates. They are classified under Level 2 of 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 30th June 2017 and 30th June 2016 are as follows:

THE GROUP

	2017		2016	
	Carrying value	Fair value	Carrying value	Fair value
	Rs'000	Rs'000	Rs'000	Rs'000
Financial assets:				
Available-for-sale investments	5	5	*5*	*5*
Trade and other receivables	692,400	692,400	*771,034*	*771,034*
Cash and short-term deposits	181,335	181,335	*177,293*	*177,293*
	873,740	873,740	*948,332*	*948,332*
Financial liabilities:				
Interest-bearing loans and borrowings	3,967,008	3,967,533	*4,110,193*	*4,111,754*
Trade and other payables	855,721	855,721	*951,403*	*951,403*
Liabilities associated with assets held for sale	-	-	*525,593*	*525,593*
	4,822,729	4,823,254	*5,587,189*	*5,588,750*

THE COMPANY

	2017		2016	
	Carrying value	Fair value	Carrying value	Fair value
	Rs'000	Rs'000	Rs'000	Rs'000
Financial assets:				
Trade and other receivables	2,653,236	2,653,236	*2,117,130*	*2,117,130*
Cash and short-term deposits	64,307	64,307	*99,434*	*99,434*
	2,717,543	2,717,543	*2,216,564*	*2,216,564*
Financial liabilities:				
Interest-bearing loans and borrowings	573,857	574,054	*686,167*	*686,781*
Trade and other payables	1,688,753	1,688,753	*1,483,543*	*1,483,543*
	2,262,610	2,262,807	*2,169,710*	*2,170,324*

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

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.

Refer to Note 4 for classification of Land and Buildings and Note 7 for classification of Available-for-sale investments in the fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2017

38. FINANCIAL SUMMARY

(a) THE GROUP

	2017	2016	2015	2014
	Rs'000	Rs'000	Rs'000	Rs'000
Non-current assets (including assets held-for-sale)	10,391,750	*11,074,365*	*10,642,410*	*9,253,438*
Current assets	1,146,409	*1,148,837*	*973,853*	*1,088,758*
Issued capital	1,371,159	*1,369,094*	*1,367,865*	*1,140,346*
Share premium	1,320,986	*1,313,217*	*1,308,453*	*391,819*
Treasury shares	-	-	*(18,081)*	*(18,081)*
Other reserves	1,187,268	*1,931,299*	*1,919,566*	*1,831,456*
Retained earnings	1,912,066	*1,393,783*	*1,134,966*	*919,443*
Current liabilities (including liabilities held-for-sale)	2,221,570	*2,874,080*	*2,044,669*	*1,662,417*
Non-current liabilities	3,522,532	*3,338,270*	*3,857,058*	*4,291,324*
Revenue	5,438,384	*5,158,256*	*4,655,096*	*3,970,747*
Profit before taxation	582,859	*480,930*	*451,592*	*335,068*
Profit attributable to owners of the parent	514,949	*418,604*	*365,748*	*271,262*
Dividends	171,381	*157,390*	*136,787*	*56,874*

(b) THE COMPANY

	2017	2016	2015	2014
	Rs'000	Rs'000	Rs'000	Rs'000
Non-current assets	3,618,656	*3,615,209*	*3,616,780*	*2,934,101*
Current assets	2,719,672	*2,219,355*	*1,932,629*	*1,872,994*
Issued capital	1,371,159	*1,369,094*	*1,367,865*	*1,140,346*
Share premium	1,320,986	*1,313,217*	*1,308,453*	*391,819*
Treasury shares	-	-	*(18,081)*	*(18,081)*
Other reserves	42,619	*39,523*	*39,934*	*48,271*
Retained earnings	1,340,954	*936,694*	*1,034,702*	*1,139,877*
Current liabilities	1,952,105	*1,965,335*	*1,717,762*	*1,604,844*
Non-current liabilities	310,505	*210,701*	*98,774*	*600,019*
Revenue	673,709	*114,611*	*254,699*	*185,017*
Profit before taxation	569,662	*59,077*	*131,354*	*42,051*
Profit after taxation	575,641	*59,382*	*131,612*	*44,381*
Dividends	171,381	*157,390*	*136,787*	*56,874*

39. ULTIMATE HOLDING COMPANY

The ultimate holding company is IBL Ltd, a company incorporated in Mauritius and listed on the Stock Exchange of Mauritius. The registered office is situated at 4th Floor, IBL House, Le Caudan Waterfront, Port Louis.

40. DIVIDENDS

On 20th April 2017, the Board of directors have declared a dividend of Rs.1.25 (2016: Rs. 1.15) per each ordinary share held, totalling Rs 171,381,000 (2016: Rs 157,390,000) with respect to the year ended 30th June 2017. The dividend was paid on 15th June 2017. During the financial year 2016, the Company also paid an amount of Rs 136,787,000 to the shareholders relating to dividend declared during the financial year 2015.

41. EVENTS AFTER THE REPORTING DATE

There are no significant events after the reporting date which require adjustments or additional disclosures in the financial statements.

NOTICE 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 Friday 8th December 2017 at 10:00 a.m with the following agenda:

RESOLUTIONS

1. To consider and approve the audited financial statements for the year ended 30th June 2017
2. To receive the auditors report
3. To consider the annual report
4. To ratify the dividend declared by the Board of Directors on 20th April 2017 for the financial year ended 30th June 2017
5. To elect Mrs Pascale Lagesse as Director of the Company **
6. To re-elect Mr Arnaud Lagesse as Director of the Company **
7. To re-elect Mr Paul Jones as Director of the Company **
8. To re-elect Mr Jean-Claude Béga as Director of the Company **
9. To re-elect Mr Laurent de la Hogue as Director of the Company **
10. To re-elect Mr Jean de Fondaumière as Director of the Company **
11. To re-elect Mr Désiré Elliah as Director of the Company **
12. To re-elect Mr Stéphane Lagesse as Director of the Company **
13. To re-elect Mr Thierry Lagesse as Director of the Company **
14. To re-elect Mr Maxime Rey as Director of the Company **
15. To appoint the auditors under Section 200 of the Companies Act 2001 and to authorise the Board to fix their remuneration
16. To ratify the remuneration paid to the auditors for the year ended 30th June 2017

By Order of the Board

Désiré Elliah
LUX Hospitality Ltd
Company Secretary

22th November 2017

** - Biography of the directors can be found at pages 12-14.

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

The instrument appointing a proxy, any general power of attorney or the written resolution appointing a representative should reach the Company Secretary, 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 3th November 2017.

This notice is issued pursuant to Listing Rule 11.16.

The Board of Lux Island Resorts Ltd accepts full responsibility for the accuracy of the information contained in this notice.

LUX ISLAND RESORTS LTD
PROXY FORM

I / We ____ of ____________________________________

being a shareholder of Lux Island Resorts 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 Friday 8th December 2017 commencing at 10:00 a.m and at any adjournment thereof.

I/We direct my/our proxy to vote in the following manner:

Vote with a tick

RESOLUTION	FOR	AGAINST
1 To consider and approve the audited financial statements for the year ended 30th June 2017		
2 To receive the auditors report		
3 To consider the annual report		
4 To ratify the dividend declared by the Board of Directors on 20th April 2017 for the financial year ended 30th June 2017		
5 To elect Mrs Pascale Lagesse as Director of the Company		
6 To re-elect Mr Arnaud Lagesse as Director of the Company		
7 To re-elect Mr Paul Jones as Director of the Company		
8 To re-elect Mr Jean-Claude Béga as Director of the Company		
9 To re-elect Mr Laurent de la Hogue as Director of the Company		
10 To re-elect Mr Jean de Fondaumière as Director of the Company		
11 To re-elect Mr Désiré Elliah as Director of the Company		
12 To re-elect Mr Stéphane Lagesse as Director of the Company		
13 To re-elect Mr Thierry Lagesse as Director of the Company		
14 To re-elect Mr Maxime Rey as Director of the Company		
15 To appoint the auditors under Section 200 of the Companies Act 2001 and to authorise the Board to fix their remuneration		
16 To ratify the remuneration paid to the auditors for the year ended 30th June 2017		

Signed this ______________________________ Signature ______________________________

Registered Office - Pierre Simonet Street Floreal

ANNEX 1: GRI STANDARDS CONTENT INDEX

Content Index
LUX* RESORTS & HOTELS
Oct 2017
Service

Material Aspects	GRI Indicator	Disclosure	Remarks & References	External Assurance	Mapping with Sustainable Development Goals (SDGs)
1. GENERAL STANDARD DISCLOSURES ("Core" in accordance option)					
	102-1	Name of the organization	Cover page		
	102-2	Primary brands, products, and services.	page 62		
	102-3	Location of the organization's headquarters.	page 17		
	102-4	Operates	page 9		
	102-5	Nature of ownership and legal form	page 9		
	102-6	Beneficiaries	page 43		
	102-7	Scale of the organisation	CEO Review page 43		
	102-8	Gender and region	page 130		
	102-9	Description of supply chain	tourist arrivals by source page 43		
GRI 102 General Disclosures 2016	102-10	Significant changes during the reporting period regarding the organisation's size, structure, ownership, or its supply chain	page 37		
	102-11	Whether and how the precautionary approach or principle is addressed by the organisation	Tread Lightly - emissions page 129		
	102-12	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or which it endorses.	page 124		
	102-13	Memberships in associations and national/ international advocacy organisations	page 17		
	102-14	Statement from senior decision-maker about the relevance of sustainability and organisation's strategy at the beginning of Chairman's report	page 37		
	102-15	Key impacts, risks, and opportunities	page 116		
	102-16	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	page 90		"SDG4,5,16"

Material Aspects	GRI Indicator	Disclosure	Remarks & References	External Assurance	Mapping with Sustainable Development Goals (SDGs)
	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 90 Committees incl Sustainability Committee		
	102-40	List of stakeholder groups engaged by the organisation	page 124		
	102-41	Percentage of total employees covered by collective bargaining agreements	page 132		
	102-42	Basis for identification and selection of stakeholders with whom to engage	page 124		
	102-43	Organisation's approach to stakeholder engagement	page 124		
	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 124		
	102-45	All entities included in the organisation's consolidated financial statements or equivalent documents	page 9		
	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 124		
GRI 102 General Disclosures 2016	102-47	All the material aspects identified in the process for defining report content.	page 124		
	102-48	Effect of any restatements of information provided in previous reports, and the reasons for such restatements.	page 127		
	102-49	Significant changes from previous reporting periods in the Scope and Aspect Boundaries	Page 37 (Fourth Sustainability reporting - resorts in China have been maintained in boundary this year)		
	102-50	Reporting period for information provided	page 37		
	102-51	Date of most recent previous report	fourth sustainability report (last one was for period 2015-2016)		
	102-52	Reporting cycle	page 37		
	102-53	Contact point for questions regarding the report or its contents	vishnee.payen@ luxresorts.com		
	102-55	GRI Index with "in accordance" option chosen and references to External Assurance Reports	page 213-216		
	102-54	Claims of reporting in accordance with the GRI Standards	page 0		
	102-56	Organisation's policy and current practice with regard to seeking external assurance for the report	page 213-216		

Material Aspects	GRI Indicator	Disclosure	Remarks & References	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 124		
	103-2	The Management Approach and its Components	page 124		
	103-3	Evaluation of the Management Approach	page 124		
SPECIFIC STANDARD DISCLOSURES					
Environment					SDG7,8,12,13
	302-1	Energy consumption within the organization	page 125	YES	
	302-2	Energy consumption outside of the organization	NA		
GRI 302: Energy 2016	302-3	Energy intensity	page	YES	
	302-4	Reduction of energy consumption	page 125		
	302-5	Reductions in energy requirements of products and services	page 125		
GRI 303: Water 2016	303-1	Total water withdrawal by source	page 125	YES	"SDG3,12,13, 14,15"
	303-2	Water sources significantly affected by withdrawal of water	page 125		
GRI 304: Biodiversity 2016	304-3	Biodiversity	page 129		
	305-1	Direct greenhouse gas (GHG) emissions (Scope 1) in metric tons of CO2 equivalent	page 128	YES	
	305-2	Energy indirect greenhouse gas (GHG) emissions (Scope 2):	page 128	YES	
GRI 305: Emissions 2016	305-3	Other indirect greenhouse gas (GHG) emissions (Scope 3)	page 128		"SDG13,14,15"
	305-4	Greenhouse gas (GHG) emissions intensity intensity ratio: direct (Scope 1), energy indirect (Scope 2), other indirect (Scope 3).	page 128		
	305-5	Reduction of greenhouse gas (GHG) emissions	page 128		"SDG3,12,14"
GRI 306: Effluent & Waste 2016	306-1	Total water discharge by quality and destination	page 127		
	306-2	Total weight of waste by type and disposal method	page 127	YES	"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 131	YES	"SDG5,8,16"
GRI 406: Non-discrimination 2016	406-1	Total number of incidents of discrimination and corrective actions taken	page 131	YES	

Material Aspects	GRI Indicator	Disclosure	Remarks & References	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 131	YES	"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 131		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 131		"SDG4,5,8"
	404-3	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	page 131		"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 131		
GRI 405: Diversity and Equal Opportunity 2016	405-2	Ratio of basic salary and remuneration of women to men by employee category	page 131	YES	
SOCIETY					
GRI 413: Local Communities 2016	413-1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	page 133	YES	"SDG1,2,3,4,5, 14,15,16,17"
ECONOMIC					
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	page 29		"SDG2,5,7,8,9"
	201-2	Financial implications and other risks and opportunities for the organization's activities due to climate change	page 37		

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ANNEX 2: INDEPENDENT ASSURANCE PROVIDER'S LIMITED ASSURANCE REPORT ON SELECTED KEY PERFORMANCE INDICATORS

TO THE DIRECTORS OF LUX ISLAND RESORTS LIMITED

REPORT ON SELECTED KEY PERFORMANCE INDICATORS

We have undertaken a limited assurance engagement on selected key performance indicators (KPIs), as described below, and presented in the 2017 Integrated Annual Report of LUX Island Resorts Limited (LUX) for the year ended 30th June 2017 (the Report). This engagement was conducted by a multidisciplinary team relevant experience in sustainability reporting.

SUBJECT MATTER

We are required to provide limited assurance on the following selected KPIs on the relevant pages in the Report. The selected KPIs described below have been prepared in accordance with LUX's reporting criteria that accompany the performance information on the relevant pages of the Report as described on page 207 (the accompanying LUX reporting criteria).

CATEGORY	SELECTED KPIS	SCOPE OF COVERAGE
Corporate Governance	• Ethics and Integrity (pg 90)	LUX Island Resorts Limited
Environment	• Energy Consumption (Scope 1 and 2) (pg 125) • Greenhouse Gas Emissions arising from Scope 1 and 2 (pg 127)	LUX Island Resorts Limited
Human Rights	• Total hours of employee training on human rights policies or procedures (pg 131) • Total number of incidents of discrimination and corrective actions taken (pg 131)	LUX Island Resorts Limited
Labour Practices and Decent Work	• Total number and rates of new employee hires and employee turnover by age group, gender and region (pg 130-131)	LUX Island Resorts Limited
Society	• Percentage of operations with implemented local community engagement, impact assessments, and development programs (pg 132)	LUX Island Resorts Limited
Customer Satisfaction	• Results of surveys measuring customer satisfaction (pg 129)	LUX Island Resorts Limited

DIRECTORS' RESPONSIBILITIES

The Directors are responsible for the selection, preparation and presentation of the selected KPIs in accordance with the accompanying LUX reporting criteria. This responsibility includes the identification of stakeholders and stakeholder requirements, material issues, commitments with respect to sustainability performance and design, implementation and maintenance of internal control relevant to the preparation of the Report that is free from material misstatement, whether due to fraud or error.

OUR INDEPENDENCE AND QUALITY CONTROL

We have complied with the independence and all other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

We have applied the International Standard on Quality Control 1 and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

OUR RESPONSIBILITY

Our responsibility is to express a limited assurance conclusion on the selected KPIs based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements other than the Audits or Reviews of Historical Financial Information and in respect of greenhouse gas emissions, in accordance with ISAE 3410, Assurance Engagements on Greenhouse Gas Statements issued by the International Auditing and Assurance Standards Board. That Standard requires that we plan and perform our engagement to obtain limited assurance about whether the selected KPIs are free from material misstatement.

A limited assurance engagement undertaken in accordance with ISAE 3000 (Revised) and ISAE 3410 involves assessing the suitability in the circumstances of LUX's use of its reporting criteria as the basis of preparation for the selected KPIs, assessing the risks of material misstatement of the selected KPIs whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the selected KPIs. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks. The procedures we performed were based on our professional judgement and included inquiries, observation of processes followed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above we:

> Interviewed management and senior executives to obtain an understanding of the internal control environment, risk assessment process and information systems relevant to the sustainability reporting process;

> Inspected documentation to corroborate the statements of management and senior executives in our interviews;

> Tested the processes and systems to generate, collate, aggregate, monitor and report the selected KPIs;

> Performed a controls walkthrough of identified key controls;

> Inspected supporting documentation on a sample basis and performed analytical procedures to evaluate the data generation and reporting processes against the reporting criteria;

> Evaluated the reasonableness and appropriateness of significant estimates and judgments made by the directors in the preparation of the selected KPIs; and

> Evaluated whether the selected KPIs presented in the Report is consistent with our overall knowledge and experience of sustainability management and performance at LUX.

OUR RESPONSIBILITY (CONTINUED)

The procedures performed in a limited assurance engagement vary in nature and form, and are less in extent than for a reasonable assurance engagement. As a result the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether LUX's selected KPIs have been prepared, in all material respects, in accordance with the accompanying LUX reporting criteria.

LIMITED ASSURANCE CONCLUSION

Based on the procedures we have performed and the evidence we have obtained nothing has come to our attention that causes us to believe that the selected KPIs as set out in the subject matter paragraph for the year ended 30th June 2017 are not prepared, in all material respects, in accordance with the accompanying LUX reporting criteria.

OTHER MATTERS

The maintenance and integrity of the LUX's Website is the responsibility of LUX management. Our procedures did not involve consideration of these matters and, accordingly we accept no responsibility for any changes to either the information in the Report or our independent limited assurance report that may have occurred since the initial date of its presentation on LUX website.

RESTRICTION OF LIABILITY

Our work has been undertaken to enable us to express a limited assurance conclusion on the selected KPIs to the Directors of LUX in accordance with the terms of our engagement, and for no other purpose. We do not accept or assume liability to any party other than LUX, for our work, for this report, or for the conclusion we have reached.

ERNST & YOUNG
Ebène, Mauritius

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

Date: 26th September 2017

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Building a better working world

LUX REPORTING CRITERIA

CATEGORY	SELECTED KPIS	SCOPE OF COVERAGE
Corporate Governance	• Ethics and Integrity (pg 90)	• Based on Corporate Governance & Audit Committee activities (minutes) and system in place for Ethics Policy & Management and Feedback mechanisms.
Environment	• Energy Consumption (Scope 1 and 2) (pg 125) • Greenhouse Gas Emissions arising from Scope 1 and 2 (pg 127)	• Based on energy consumption for Mobile Combustion, Stationary Combustion, Fugitive emission & Purchased electricity.
Human Rights	• Total hours of employee training on human rights policies or procedures (pg 131) • Total number of incidents of discrimination and corrective actions taken (pg 131)	• Based on number of hours of training given. • Based on number complaints received on discrimination.
Labour Practices and Decent Work	• Total number and rates of new employee hires and employee turnover by age group, gender and region (pg 130-131)	• Based on number of employees hired and number of employees who left the company.
Society	• Percentage of operations with implemented local community engagement, impact assessments, and development programs (pg 132)	• Based on activity engaged in by resorts pertaining to same.
Customer Satisfaction	• Results of surveys measuring customer satisfaction (pg 129)	• Survey is based on the level of satisfaction from different outlets of the hotel.

As part of its ongoing programme to help protect the environment, IBL Ltd subsidiaries have chosen to use Lenza Green paper for their Annual Reports.

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It encourages socially, ecologically and economically responsible forestry management initiatives.

Detailed Environmental Profile

Fibre source:	40 / 40
Fossil CO_2 emissions from manufacturing:	18 / 20
Waste to landfill:	10 / 10
Water pollution from bleaching:	10 / 10
Organic water pollution:	9 / 10
Environmental management systems:	10 / 10

This report has been prepared in accordance to the GRI Standards: Core option

GRI 102-54