

ATTITUDE HOSPITALITY LTD

AND ITS SUBSIDIARIES

ANNUAL REPORT

FOR THE YEAR ENDED

JUNE 30, 2018

ATTITUDE HOSPITALITY LTD AND ITS SUBSIDIARIES  
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The Directors have the pleasure in submitting their annual report together with the audited financial statements of Attitude Hospitality Ltd (the 'Company') and its subsidiaries (the 'Group') respectively for the year ended June 30, 2018.

#### PRINCIPAL ACTIVITY

The principal activity of the Company is investment holding.

#### RESULTS FOR THE YEAR

The results for the year ended June 30, 2018 are shown on page 6.

#### DIVIDENDS

AHL Group declared and paid dividends of Rs. 136,365,808 during the financial year ended June 30, 2018 (2017: Rs. 56,591,792).

#### BOARD OF DIRECTORS

Mr. Marie Adrien Robert Michel Pitot  
- Alternate: Mr. Jean Michel Pitot

Mr. Jean Michel Pitot  
- Alternate : Mr. Marie Adrien Robert Michel Pitot and Mr Georges Vincent Desvaux de Marigny

Mr. Jean Francois Desvaux De Marigny-Chairman

Mr. Deenesh Seedoyal

Mrs. Armelle Bourgault du Coudray  
- Alternate: Mrs. Marina Harel

Mr. Michel Guy Rivalland

Mr. Jean Didier Merven

Mr. Vincent Desvaux de Marigny  
- Alternate: Mr. Jean Michel Pitot

Mr. Vincent Grimond

#### DIRECTORS SERVICE CONTRACTS

There are no service contracts between the Company and the Directors.

#### ENTRIES IN INTERESTS REGISTER

The transactions recorded in the interests register during the financial year ended June 30, 2018 relate to the issue of shares to Executives of the Board (2017: Nil).

#### DIRECTORS REMUNERATION & BENEFITS

The Directors of the Company have received Rs 31.9M as remuneration or benefits during the year (2017: Rs 24.5M).

## INTRODUCTION

The Directors of Attitude Hospitality Ltd (the "Company" or "AHL") and its subsidiaries (the "Group") have the pleasure in presenting the annual report for the year ended 30 June 2018.

The Company is a private company incorporated on May 7, 2008 and domiciled in Mauritius.

The Company is a Public Interest Entity and is required to comply with the Code of Good Corporate Governance. The Board of Directors of AHL is fully committed to achieving and maintaining the highest standards of corporate governance with the aim of maximising long-term value creation for the shareholders.

The Board took note that a new Code of Corporate Governance has been adopted and is applicable to the Group and the Company as from its financial year started on 1<sup>st</sup> July 2017.

## PRINCIPAL ACTIVITY

Attitude Hospitality Ltd is an investment entity holding shares in various companies in the hotel and tourism industry. The main activities of its subsidiaries (the 'Group') consist of operating and managing hotels that can be viewed on the website [www.hotels-attitude.com](http://www.hotels-attitude.com)

## RESULTS

For the year under review, the turnover for the Group and the Company reached Rs 1,678m (2017 - Rs 1,366m) and Rs 93,165m (2017 - Rs 63,485m) respectively, whilst the profit after tax for the Group and the Company stood at Rs 295m (2017 - Rs 123M) and Rs 65m (2017 -Loss of Rs 1.8m respectively).

## DIVIDENDS

AHL Group declared and paid dividends of Rs. 136,365,808 during the financial year ended June 30, 2018 (2017: Rs. 56,591,792).

## PRINCIPLE 1 - GOVERNANCE STRUCTURE

### ROLE OF THE BOARD

The Board is collectively responsible for setting up the Company's strategy and policies, overseeing its activities by monitoring performance and supervising management to ensure accountability to its stakeholders.

The Board assumes the responsibilities for succession planning and for the induction of new directors. There is no developed Succession planning but there is a strong Management team assisting the Chief Executive Officer (CEO) in its duties. The organisational chart with job description, accountabilities and responsibilities is in development.

All new directors have attended and participated in an induction and orientation process.

The Board is the focal point of the Corporate Governance System and is ultimately accountable and responsible for the performance and affairs of the Company and the Group. The Board ensures that relevant laws, regulations and codes of best business practices are adhered by the Company and the Group.

For Board Meetings, the majority of appointed Directors shall attend the meeting. Directors may be represented by their alternates. The Board is composed of nine Directors and a quorum of five Directors is required.

The Company is currently finalising its Board Charter and Code of Ethics which will be approved by the Board of Directors during the financial year ending 30 June 2019.

The creation and design of a website to include items like the constitution, the code of ethics and the charters are under consideration. The company being a private company, the Board will evaluate what documents should be made available to the public at large and included on its website.

The Company's Constitution does not provide for re-election and/or re-appointment of Directors on an annual basis. Directors are appointed conformably to the Constitution and the Shareholders' Agreement.

#### **ROLE AND FUNCTION OF THE CHAIRMAN**

Mr Jean Francois DESVAUX DE MARIGNY is an Independent Chairman; he has no executive or management responsibilities. He acts as Chairman of meetings of the Board. The Chairman's primary function is:

- To provide leadership to the Board in order to ensure it functions effectively;
- To develop teamwork and a cohesive Board culture and facilitate formal and informal communication with and among Directors;
- To chair annual and special meetings of shareholders;
- To maintain a close working relationship with the Group Chief Executive; and
- To ensure that all the relevant information and facts are placed before the Board to enable the directors to reach informed decisions, and maintain sound relations with the Company's shareholders.

#### **ROLE AND FUNCTION OF THE CHIEF EXECUTIVE OFFICER**

Mr Jean Michel PITOT, the Group Chief Executive Officer ('CEO') is responsible for the day-to-day management of the Company and its subsidiaries and works in close collaboration with the management team. The CEO reports to the Board of Directors.

#### **ROLE OF EXECUTIVE DIRECTORS**

The Executive Directors are involved in the day-to-day management of the Group.

#### **ROLE OF THE NON-EXECUTIVE AND INDEPENDENT DIRECTORS**

The composition of the Board is such that there is an appropriate balance of power and authority between Executive, Non-Executive and Independent Directors.

Non-Executive and Independent Directors play a vital role in providing judgement independent from management on issues of strategy, performance, resources and evaluation of performance.

#### **PRINCIPLE 2 - THE STRUCTURE OF THE BOARD AND ITS COMMITTEES**

The Company is headed by a unitary Board consisting of nine directors, out of which two are Independent Directors, four are Non-Executive Directors and three are Executive directors. There is currently 1 female director on the Board, namely Mrs Armelle Bourgault du Coudray.

The Company's Board's composition and size is determined in the constitution and shareholders' agreement.

The Board combines representatives of shareholders, including minorities and has the necessary competencies, mix of skills and knowledge to discharge its duties. It also has a board range of expertise that covers the Company's main business, sector and geographical areas. The functions and responsibilities of the Chairperson and the Executive Directors are separate. Mr Jean Michel Pitot is the CEO and Mr Jean-Francois Desvaux de Marigny the Independent Chairman of the Company.

The Board is effective and ensures that the principles of good Corporate Governance, as applicable in Mauritius, are fully adhered to and form an integral part of the Company's business practices. The responsibilities and accountabilities are identified within the Company. The Board leads and controls the Company and is collectively responsible for its long term success, reputation and governance. It is also committed to achieving success for the Company and the Group and its primary objective is to protect and enhance shareholder value through consistent profitable growth. The board, together with senior management is responsible to shareholders and other stakeholders for the Group's total business performance.

The business is under the Management of the CEO to whom the Board has delegated powers in that respect.

Directors and Secretary at date:

Name	Gender	Country of residence	Status of directorship	Other information
Mr Jean Francois DESVAUX DE MARIGNY-	M	Mauritius	Independent	Chairman
Mr Vincent GRIMOND	M	France	Independent	Chairman of the Audit and Risk Committee and Corporate Governance Committee
Mr Marie Adrien Robert Michel PITOT	M	Mauritius	Non-Executive Director	<i>Also Alternate Director to Mr Jean Michel Pitot.</i>
Mrs Armelle BOURGAULT DU COUDRAY	F	Mauritius	Non-Executive Director	Member of the Corporate Governance Committee
Mr Michel Guy RIVALLAND	M	Mauritius	Non Executive Director	
Mr Didier MERVEN	M	Mauritius	Non-Executive Director	Member of the Audit and Risk Committee and Corporate Governance Committee
Mr Jean Michel PITOT	M	Mauritius	Executive Director	<i>Also Alternate Director to Mr Marie Adrien Robert Michel PITOT and to Mr Vincent DESVAUX DE MARIGNY</i>
Mr Vincent DESVAUX DE MARIGNY	M	Mauritius	Executive Director	
Mr Deenesh SEEDOYAL	M	Mauritius	Executive Director	
Mrs Marina HAREL	F	Mauritius	Alternate Director	To Mrs Armelle BOURGAULT DU COUDRAY
Box Office Ltd		Domestic Company incorporated in Mauritius	Company Secretary	Company with two qualified chartered Secretaries as partners- Mrs Sophie Gellé and Sylvia Maigrot, offering secretarial services to a portfolio of clients.

**Directors:**

**Mr Jean Francois DESVAUX DE MARIGNY- *Independent Chairman***

Mr Jean Francois DESVAUX DE MARIGNY is a Fellow of the Institute of Chartered Accountants in England and Wales, he joined MCB in 1986 after several years of experience as an auditor in Europe. He was involved in the launching of the Stock Exchange of Mauritius in 1989. He has participated in the development of MCB's regional network. He retired from MCB in 2015 as Deputy CEO, after nearly 30 years' service and is still currently a Director of a number of the MCB group's subsidiaries and associates. He was appointed as Chairman of the Company on 16 December 2016.

Other directorship in listed companies: Attitude Property Ltd

**Mr Marie Adrien Robert Michel PITOT- *Non-Executive Director***

Mr Marie Adrien Robert Michel PITOT studied Accounting in South Africa in 1950. He is one of the founder members of the Company. Mr Michel PITOT is a pioneer in the tourism industry and has contributed significantly in the development of the travel agency industry, inbound ground handling and local tour operating activities in Mauritius since 1956. He was also one of the founder member of New Mauritius Hotels and Veranda Resorts.

Other directorship in listed companies: None

*Directors: (Continued)*

**Mr Jean-Michel PITOT - Chief Executive Officer - Executive Director**

Mr Jean Michel PITOT graduated from the Louisiana State University, Baton Rouge - United States of America and holds a degree in Marketing. He is the other founder member of Attitude Hospitality Ltd since July 2008 and he was appointed as Group Chief Executive Officer of Attitude Hospitality Ltd in July 2010. He has more than 25 years' experience in hotel management and was previously the Managing Director of Veranda Resorts.

Other directorship in listed companies: Attitude Property Ltd

**Mr Vincent DESVAUX DE MARIGNY - Executive Director**

Mr Vincent DESVAUX DE MARIGNY holds an Executive Master in Marketing from HEC University Paris. He has several years of experience in the hospitality industry and, prior to joining the Group, he worked for Veranda Resorts, managing the French & Southern European Market. He joined the Company in April 2010 and is currently the Sales & Marketing Director of the Group.

Other directorship in listed companies: None

**Mr Deenesh SEEDOYAL - Executive Director**

Mr Deenesh SEEDOYAL is a Fellow member of the Association of Chartered Certified Accountants, an Associate Member of The Institute of Hospitality UK and also a member of the Mauritius Institute of Professional Accountants. He has several years of experience in Corporate Finance and Audit Practice. He joined the Attitude Hospitality Group in July 2008 and is currently the Group Finance Director.

Other directorship in listed companies: Attitude Property Ltd

**Mrs Armelle BOURGAULT Du COUDRAY - Non-Executive Director**

Mrs Armelle BOURGAULT DU COUDRAY graduated with a "Brevet de Technicien Supérieur". She was appointed as director of the Company on July 2008.

Other directorship in listed companies: None

**Mr Michel Guy RIVALLAND - Non-Executive Director**

Mr Michel Guy RIVALLAND is a graduate in Economics, Bsc (Hons), from UK. He joined AXYS Group in 1999, and became a shareholder and Director in 2002. Since 1st July 2010 he stepped into the role of CEO of United Investments Ltd, a listed investment company on the Stock Exchange of Mauritius.

Other directorship in listed companies: United Investments Ltd, Attitude Property Ltd and Les Gaz Industriels Ltd.

**Mr Didier MERVEN - Non-Executive Director**

Mr Didier MERVEN set up Portfolio Investment Management Ltd in 1992, a professional portfolio management company in Mauritius. Over the following 26 years AXYS Group evolved from these beginnings into a diversified financial services company. He was appointed as director of the Company on the 15<sup>th</sup> of March 2011.

Other directorship in listed companies: United Investments Ltd

**Mr Vincent GRIMOND - Independent Director**

Mr Vincent GRIMOND graduated from the ESSEC Business School in France. He is the Co-Founder, Chairman and CEO of Wild Bunch, a major European film entertainment, distribution and production company created in 2003. He also worked for the Club Med Group for 10 years from 1981 to 1991 where he held financial positions, including Group CFO from 1986 to 1991. He was appointed as Director of the Company on August 6, 2014.

Directorship in listed companies: none

#### CO-OPTED MEMBER OF THE AUDIT AND RISK COMMITTEE

**Mr William THOMAS** (Independent director on the Subsidiary Marina Village Hotel Ltd and Co-opted member of the Audit and Risk Committee)

Graduated in 'french' accounting (DECF) with an option in business finance and in advance accounting techniques, Mr William THOMAS worked in Reunion Island in various enterprises and in France as Head of Accounting and Finance at 'Groupe la Poste (Paris Sud-Ouest)'. He has been working in Mauritius since 2001. For three years he has been the Finance and Administrative Director of a group specialised in IT Services then he moved to the banking sector where he was responsible of immovable projects. Since 2007 Mr William THOMAS is a self-employed.

Other directorship in listed companies: None

#### COMPANY SECRETARY

Box Office Ltd is a domestic Company offering corporate and secretarial as well as business facilitation services to a portfolio of domestic companies. The two directors and shareholders of Box Office Ltd, Mrs Sylvia Maigrot and Mrs Sophie Gellé are both qualified chartered secretaries with more than 20 years' experience in the corporate secretarial practice. As qualified Secretaries, Mrs Sylvia Maigrot and Mrs Sophie Gelle have to and do acquire continuing professional development with a minimum of 20 CPD hours, per year.

#### SENIOR MANAGERS' PROFILE

**Mr Henry William (Rony) LAMPORT**

Mr Henry William LAMPORT is currently the Project and Operations Manager of the Group. He has several years of experience in the hospitality industry and he was previously the General Manager of Blumarine Hotel and Veranda Grand Baie. He joined the Group in September 2008 and he has a diploma in Advance Management Program S A.

**Mr Dominique LI MO LIN**

Mr Dominique LI MO LIN is a Fellow member of the Chartered Association of Certified Accountants and he is currently the Business Development Manager of the Group reckoning more than 30 years of experience in the financing, auditing and accounting field save some 25 years of experience in a senior management position. He was previously the Chief Finance Officer of Veranda Leisure and Hospitality. He joined the Group in April 2013.

**Mr Kannen PACKIRY POULLÉ**

Mr Kannen PACKIRY POULLÉ holds a Bsc in Computer Science and MBA with specialization in HR and Systems. He was previously the Director of Human Resources of the Starwood Resorts and Hotels from July 2008 to September 2014. He joined the Group in October 2014 and he is currently the Group Human Resource Manager.

**Mr Ravin UNTHIAH**

Mr Ravin UNTHIAH holds a Diploma in Hotel Management and Masters in Business Administration. He has several years of experience in the hospitality industry and has worked in reputed Mauritian hotels, as well as foreign ones. He joined the Group in May 2010. He is currently the Group Operations Manager and is in charge of all the hotels operations.



## DIRECTORS' SHARE INTEREST

The table below shows the directors' direct and indirect interests in shares of the Company as at 30 June 2018:

DIRECTOR/ ALTERNATE*	DIRECT SHAREHOLDING Number of ordinary shares of no par value	PERCENTAGE	INDIRECT SHAREHOLDING
Mr Marie Adrien Robert Michel PITOT	Nil	-	2.05%
Mr Jean Michel PITOT	10,487,659	6.58%	12.52%
Mr Vincent DESVAUX DE MARIGNY	2,099,780	1.32%	-
Mrs Armelle BOURGAULT DU COUDRAY	Nil	-	11.93%%
Mr Deenesh SEEDOYAL	455,036	0.29%	-
Mrs Marina HAREL*	Nil	-	11.93%
Mr Michel Guy RIVALLAND	-	-	3.42%
Mr Didier MERVEN	-	-	1.77%

## BOARD COMMITTEES

The Board has two standing committees to assist in the discharge of its duties; namely the Audit and Risk Committee and the Corporate Governance Committee (also Nomination and Remuneration Committee). The Committees, which are set out below, meet regularly under terms of reference set by the Board. The terms of reference of the Committees are reviewed as and when the Chairperson of each Committee deems necessary, or when the Board deems it fit to do so.

The Chairman of each Committee has the responsibility to report to the Board regarding all decisions and matters arising at each Board Meeting. The Committees may from time to time seek independent outside professional advice which is then approved by the Board.

The composition of the Committees is as follows:

### Audit and Risk Committee

Mr Vincent GRIMOND (Independent Director - Chairman)  
Mr Didier MERVEN (Non-Executive Director)  
Mr William THOMAS (Co-opted - Director on the subsidiary Marina Village Hotel Ltd)

### Corporate Governance Committee (also Nomination and Remuneration Committee)

Mr Vincent GRIMOND (Independent Director - Chairman)  
Mr Didier MERVEN (Non-Executive Director)  
Mrs Armelle BOURGAULT DU COUDRAY (Non-Executive Director)

The objectives of both Committees, among other things, are as follows:

### Audit and Risk Committee (ARC)

The Audit & Risk Committee assists the board in monitoring and overseeing the financial responsibilities and audit process as well as the procedures for the identification, assessment and reporting of risks. During the year the members of the Committee have examined and tabled their views on financial reports, the audited consolidated and separate financial statements, as well as reports from the Internal and External Auditors.

The mandate of the Audit and Risk Committee is to:

- review and recommend to the Board, for approval, the audited consolidated and financial statements and the abridged audited consolidated results as at June 30 (the end of the financial year);
- review any accounting or auditing concerns identified as a result of the internal and external audits.
- evaluate the work of the internal audit function and of the external auditors.

**Audit and Risk Committee (ARC) (Continued)**

- d) assess with management of the Company's major risk exposures and the steps management has taken to monitor and control such exposures.
- e) review the internal audit plan and ensure that it addresses key areas of risk and that there is appropriate coordination with the external auditor.
- f) discuss with the external auditor's any audit problems encountered in the normal course of audit work, including any restriction on audit scope or access to information.
- g) review the effectiveness of the system for monitoring compliance with laws and regulations.

Please refer to pages 1(h) and 1(i) for disclosures in respect of internal control and risk management.

**Corporate Governance Committee (also Nomination and Remuneration Committee):**

The Committee works on behalf of the Board; its function is limited to making recommendations to the Board and has the responsibility to:

- a) review the Constitution and structure of the Company in the light of the Code of Corporate Governance;
- b) assist the Board in the implementation of the Code of Corporate Governance;
- c) ensure that the Company's Annual Report complies with the provisions of the Code of Corporate Governance and contains the necessary disclosures and make the necessary recommendations to the Board;
- d) determine the Company's general policy on Executive and Senior Management remuneration;
- e) determine specific remuneration packages for executive directors of the Company;
- f) make recommendation on the composition of the Board and on the balance between executive and non-executive directors and make recommendation to the Board on the appointment of new directors;
- g) determine and develop the Company's general policy on Corporate Governance in accordance with the Code of Corporate Governance;
- h) ensure that health and safety procedures are in place and measures taken for a proper follow up.

**Board and Committee Meetings attendance**

During the year under review Directors met three times. The attendance at Board Meetings were as follows:

Directors:	Board of Directors held on 13/07/2017, 20/12/2017 and 27/04/2018
Mr Jean Francois DESVAUX DE MARIGNY	3/3
Mr Marie Adrien Robert Michel PITOT	3/3
Mr Jean Michel PITOT	3/3
Mr Michel Guy RIVALLAND	3/3
Mr Didier MERVEN	3/3
Mr Vincent DESVAUX DE MARIGNY	3/3
Mrs Armelle BOURGAULT DU COUDRAY	2/3
Mr Deenesh SEEDOYAL	3/3
Mr Vincent GRIMOND	1/3
Alternate Directors:	
Mrs Marina HAREL (alternate to Mrs Armelle BOURGAULT DU COUDRAY)	
Mr Marie Adrien Robert Michel PITOT (alternate to Mr Jean Michel PITOT)	
Mr Jean Michel PITOT (alternate to Mr Marie Adrien Robert Michel PITOT and to Mr Vincent DESVAUX DE MARIGNY)	

**Board and Committee Meetings attendance (Continued)**

During the year under review Audit and Risk Committee Members met three times. The attendance at that Committee was as follows:

	Audit and Risk Committee held on 13/07/2017, 19/12/2017 and 26/04/2018
<b>Directors:</b>	
Mr Didier MERVEN	3/3
Mr Vincent GRIMOND	1/3
Mr William THOMAS (co-opted)	3/3

During the year under review the Corporate Governance (Nomination and Remuneration) Committee met three times. The attendance at that Committee was as follows:

	Corporate Governance Committee held on 13/07/2017, 19/12/2017 and 26/04/2018
<b>Directors:</b>	
Mr Didier MERVEN	3/3
Mr Vincent GRIMOND	1/3
Mrs Armelle BOURGAULT DU COUDRAY	3/3

**COMPANY SECRETARY**

Box Office Ltd  
2<sup>nd</sup> Floor, Palm Square  
90906 La Mivoie  
Tamarin  
Tel: 4834 309 - Fax: 4838 952

The Company Secretary, Box Office Ltd, is available to provide assistance and information on governance and corporate administration issues to all the Board members

**PRINCIPLE 3 - DIRECTORS APPOINTMENT PROCEDURES**

**ANNUAL RE-ELECTION OF DIRECTORS**

The actual constitution does not provide for annual re-election of Directors.

The Board assumes responsibilities for the appointment of new directors appointed under its recommendation - the responsibility for the Directors appointed by shareholders or under the shareholders' agreement shall be borne by the appointee.

**DIRECTORS' INDUCTION**

The Board assumes responsibilities for the induction of new directors.

Newly appointed directors receive an induction pack and directors are encouraged to meet with the Company's Executive Directors and Senior Officers to benefit from a better insight into the operations of the Company and the Group.

**DIRECTORS' TRAINING, SELECTION AND APPRAISAL**

The Company is composed of Executive, Non-Executive and Independent Directors - the Non-Executive Directors have been appointed as representative of the shareholders of the Company. The Company does not provide in house Director Training and Development as it does not have the resources for such training. Directors are encouraged to become members of the Mauritius Institute of Directors and attend training offered by this Institution.

## BOARD EVALUATION

### *Self-Appraisal*

A self-appraisal of Directors has been carried during the financial year 2016/2017. The next appraisal will be carried during the next financial year

Board evaluation is carried by way of a Directors' self-appraisal. The last exercise was carried out during the financial year 2017/2018. The next appraisal will be carried during the current financial year and will include also a part on evaluation of sub committees. No independent Board evaluator was appointed.

The Directors are invited to fill in a questionnaire, the results are summarised by the Company Secretary and analysed and discussed in the Corporate Governance Committee where improvement actions are considered, before being submitted for recommendation to the Board.

The Board is of the opinion that the current assessment of the Board and Individual Directors is sufficient for the Company.

## PRINCIPLE 4 - DIRECTORS DUTIES, REMUNERATION AND PERFORMANCE

All the Directors on the Board are fully aware of their fiduciary and legal duties as set out in the Companies Act 2001. These duties are included in the Induction Pack.

### RELATED PARTY TRANSACTIONS

Related party transactions are set out on note 21. No related party transactions were outside the scope of the Company's policy.

### REMUNERATION OF DIRECTORS

The Executive Directors are entitled to a variable remuneration based on the performance of the hotels. The remuneration is a percentage of the Gross Operating Profit.

The Corporate Governance Committee has reviewed the adequacy of directors' fees.

For the year under review, the Directors fees paid by the Company to Independent Directors amounted to Rs 170,000, composed of only a fixed fee (2017: Rs 30,000 ). No directors' fees are paid to Executive and Non-Executive Directors.

Total remuneration of the Executive Directors who are under employment of the subsidiary Attitude Hospitality Management Ltd for the year ended 30 June 2018 amounted to Rs 31.9 M (2017: Rs 24.5 M). The remuneration of Executive Directors has not been disclosed on an individual basis as the Directors consider this information as very sensitive in their working environment.

For the year ended 30 June 2018, the Directors who are under the employment of the subsidiary of Attitude Hospitality Management Ltd received:

- Redeemable Convertible Shares for a consideration of : Rs 4,549,987
- Ordinary Shares Issues (under Executive Share Option Plan) for a consideration of Rs 40,389,035

There are no long-term incentive plans in place. However, the Redeemable Convertible Shares in issue are convertible into Ordinary shares subject to certain conditions.

### CONFLICT OF INTEREST

The Board is conscious that transactions between the Company and its Management, Directors or Shareholders may be a source of conflict of interest and ensures that transactions are disclosed in the interest register. The transactions recorded during the financial year June 30, 2018 relate to the issue of shares to Executives of the Board. The register is available to shareholders upon request to the Company Secretary.

**Information, Information Technology and Information Security Governance:**

Information management is an essential part of good IT governance, which in turn is a cornerstone in corporate governance. An integral part of the IT governance is information security, in particular pertaining to personal information.

An Information Technology (IT) Security Policy identifies the rules and procedures for all individuals accessing and using an organisation's IT assets and resources. Effective IT Security Policy is a model of the organisation's culture, in which rules and procedures are driven from its' approach to information and work. Thus, an effective IT security policy is a unique document for each company, cultivated from its perspectives on risk tolerance, how the company sees and values their information, and the resulting availability that it maintains of that information.

The security policy document combines legal requirements and current best practice for an information security management policy for the Company. It provides a policy with information security objectives, strategy and defines roles and responsibilities.

Core principles for information security management, as defined in ISO/IEC 27002, are adapted to the local situation for the following areas:

- Risk assessment
- Organising information security
- Frequent monitoring of the capital & IT expenditures in line with budgets
- Asset management
- Human resources security
- Physical security and restrictions to access in some cases
- Communications and operations Management.
- Access control
- System development and Maintenance
- Information security incident Management
- Business continuity management
- Compliance

The Board and Management involvement in information and IT governance:

- Oversee the realised total capital expenditures in line with budget at each quarterly Board meetings
- Regular evaluation of the information security systems
- Assess the need for independant evaluation from external experts on IT governance

**PRINCIPLE 5 - RISK GOVERNANCE AND INTERNAL CONTROL**

**RISK MANAGEMENT**

The Board has the overall responsibility for the Group's risk management and internal control. The management of the Company and the Audit and Risk Committee assists the Board in implementing, operating and monitoring the internal control system to achieve business objectives set for the Group.

The identification of risks is delegated to the Audit and Risk Committee. The identification of risks falls under the Internal Audit which has the responsibility to inform the Audit and Risk Committee of any risk identified. The Audit Plan is prepared by the Internal Auditor with the assistance of the Finance Director and Audit and Risk Committee, then this is reviewed and approved on a yearly basis by the Audit and Risk Committee; reports following the internal audits carried are presented at each Audit and Risk Committee. The highlighted risks are managed by the departments concerned and follow up reports are carried thereafter for most occasions by the Internal Audit team and presented and reviewed by the Audit and Risk Committee.

There is no risk at the Company level and all risks identified are at the Group level, associated with the operations of the hotels.

Principal risks identified:

Risk Category	Descriptions
Operational	Operational risks include all processes and sub processes from the time of a booking is received by the Hotel until the guest leaves the hotel.
Legal and regulatory	Legal and regulatory risks include those surrounding competition laws, Employment rights Act, Health and Safety requirements and compliance with the Code of Corporate Governance
Financial	The Financial risks include liquidity risks and risk associated with interest rates, foreign exchange rates, taxation, capital structure and profitability risks
People	People risks include all risks associated with recruitment and retirement, on-going talent management & succession planning, relations with employees and staff disciplinary matters
Customer	Customer risks include all risks associated with maintaining the reputation of Attitude's brand, quality of service and innovation in its offering to the customers.
IT and data protection	Risks associated with all IT systems and using the latest technologically prone equipment. Actions are in the implementation phase to mitigate the risks of data protection breach in line with the Data Protection Act. This mainly includes reviewing security controls, policies and procedures with the assistance of an external independent evaluator.
Health and Safety	Risks associated with all events that can cause serious injury and harm to Attitude's workforce and customers.
Environmental	Risks that are linked with environmental conditions
Strategic	Risks that can include uncertainties and opportunities embedded in Attitude's Strategic plan and how well they are executed.

Risk assessment and management procedures:

The Group approach to risk assessment and management includes the following steps and tasks:

1. <u>Risk identification</u>	<ul style="list-style-type: none"> <li>• Understanding the business environment</li> <li>• Identification of Key Business processes</li> <li>• Interviews with Managerial and Operational Staff</li> <li>• Agreeing on the risk rating scale</li> </ul>
2. <u>Risk measurement</u>	<ul style="list-style-type: none"> <li>• Risks are measured in terms of its likelihood and impact</li> <li>• Risk score is determined for each identified risk, which is validated by management.</li> </ul>
3. <u>Control Identification</u>	<ul style="list-style-type: none"> <li>• Conducting focus workshop sessions.</li> <li>• Identifying existing controls to mitigate internal and external risks</li> <li>• Having identified the risks and controls, documenting them in a user-friendly risk register that will be specific to each process owner</li> </ul>
4. <u>Assigning accountabilities</u>	<ul style="list-style-type: none"> <li>• Through discussions with relevant personnel, all risks and controls have been assigned to their risk owner and control owner respectively</li> </ul>

## PRINCIPLE 6- REPORTING WITH INTEGRITY

### CODE OF ETHICS

The Company has not yet adopted a Code of Ethics; this is under process and the approval of the Code of Ethics by the Board is scheduled prior to the end of the next financial year end. Despite having yet to approve a Code of Ethics, the Group is committed to the highest standards of integrity and ethical conduct in dealing with all its stakeholders. This commitment, which is actively endorsed by the Board, is based on the fundamental belief that business should be conducted honestly, fairly and legally.

### CORPORATE SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

With respect to the Group's obligation towards the Corporate Social Responsibility (CSR) contribution, the Green Attitude Foundation, the umbrella body of Attitude Group (the 'Group') sustainable development program, focuses on 3 major axes:

- Coastal Environment
- Social Entrepreneurship & Craftsmanship
- Arts & Culture

#### Green Attitude Foundation

Green Attitude Foundation was officially launched on the 27th March 2014. Its creation is a milestone in the AHL (Attitude Hospitality Ltd) Group's commitment towards the protection of environment, aiming at consolidating the Green Attitude program introduced in the hotels of the AHL Group since 2010 and committing itself further to support the sustainable development both of the hotels and the country.

#### Coastal environment

AHL Group is contributing actively to the protection of the marine environment, in collaboration with the NGO Reef Conservation. In November 2010, AHL Group inaugurated Nauticaz, its educational and interactive center totally dedicated to the richness of the local marine fauna and flora. Nauticaz has welcomed nearly 7000 visitors, mainly school children, teachers and members of social associations.

As part of the project "Marine Conservation Voluntary Zone", an underwater snorkel trail has been created in June 2014, in the Anse la Raie lagoon, in front of Marina Village Hotel Ltd. Mooring buoys have been placed in order to stop boats anchoring in this zone, subject to safety norms.

The underwater snorkel trail has both a recreational and an educational vocation; it not only protects the seabed but generates awareness about the fragility and importance of the marine ecosystems.

AHL Group has also contributed to the "Climate Change Adaptation Program in the Coastal Zone of Mauritius" under the aegis of the Ministry of Environment, of Sustainable Development, Natural Disaster Management and Beach Authority, namely its mangrove plantation.

#### Social Entrepreneurship & Craftsmanship

In line with its strategy to promote local craft works, the Green Attitude Foundation supports local craftsmen.

Otentik Bazar is an authentic Attitude's experience. This weekly Made in Mauritius market encourages and helps the local craftsmen enhancing their work. All the items sold are non-profit sales for the hotel and the benefits go to the craftsmen only.

**PRINCIPLE 6- REPORTING WITH INTEGRITY (CONTINUED)**

Art & Culture

- Music festivals: Attitude encourages, supports, and sponsors festivals: KAZ'OUT, BLUES DAN JAZZ, DREAMERS, KONPOZ TO LAMIZIK among others.
- Festival of contemporary culture: Attitude supports and sponsors PORLWI by light (in 2015, 2016 & 2017).
- Photo exhibition: Attitude sponsored the photo exhibition which was held at The Ravenala Attitude, organized by 'Musée de la photographie'.
- Otentik Music by local artists: creation of background music by local artists, Otentik Music evening once per week in the Group's hotels, realization of the clip "La Metisse" by Zulu.

**HEALTH AND SAFETY**

In line with its policy to provide a safe environment for its employees, guests and other stakeholders, the AHL Group has set up a Risk and Compliance Department which oversees Safety & Health, Food Safety, Fire Safety, and Security matters in compliance with local and international legislations and guidelines. In order to guarantee the standards of quality of produces, suppliers' visits are conducted on a regular basis. Safety & Health assessments are regularly conducted, fire training and fire drills are performed on a yearly basis, Asset Protection Plans are reviewed twice yearly and corporate audits are also conducted twice yearly in each hotel.

**MANAGEMENT AGREEMENT**

Attitude Hospitality Management Ltd is a subsidiary of AHL and has management contracts with other subsidiaries of the Company whose main activity is to manage hotels.

**DONATIONS**

The Group has a policy of channelling all requests for donations (excluding political donations, which are dealt with directly by the Board) and other forms of social assistance through its Corporate Social Responsibility function, duly incorporated under Green Attitude Foundation since 2013.

Donations made during the year were as follows:

	June 30,2018		June 30,2017	
	Political Rs'000	Others Rs'000	Political Rs'000	Others Rs'000
The Company	250			
<b>The Subsidiaries</b>				
Marina Village Hotel Limited				168
Attitude Hospitality Training Limited		22		9
Attitude Hospitality Management Ltd		411	100	418

**PRINCIPLE 7 - AUDIT**

**INTERNAL CONTROL**

Internal Audit

The Internal Audit function is outsourced to UHY & CO and reports to the Audit and Risk Committee.

The internal audit team has unrestricted access to the records, management and employees of the Group. The Internal Auditor has the responsibility of ensuring that recommendations on internal controls have been implemented at Group level.



**PRINCIPLE 7 - AUDIT (CONTINUED)**

During the year under review, an internal audit plan was tabled to the Board which covers the following areas of audit:

- Revenue and receivables
- Procurement to payment process
- Front office
- Stock
- Bar & Restaurant
- Payroll
- Close of books

UHY being an external service provider, only reports to the Audit and Risk Committee, thus maintaining at all times its independence and objectivity

Internal Control and Risk Management

The Board acknowledges that it has overall responsibility for the Company's systems of risk management and internal control and for ensuring their effectiveness.

Some of the most significant risks facing the Company pertain to the economic, social, environmental, technological and political factors affecting the countries from where the Company derives business. Reputational, foreign exchange and interest rates risks also have a direct impact on the Company's and the Group's business.

For the financial risk factors, refer to note 23 of the financial statements.

**AUDITORS' REMUNERATION**

Ernst & Young were originally appointed as external auditors and the tenure of office will be reviewed in due course in line with good governance.

The ARC is responsible for reviewing with the external auditors the letter of engagement, terms and nature of the audit scope and approach and ensure that no restrictions or limitations have been placed on the scope. The external auditors report directly to the ARC which is also responsible for monitoring the external auditors' independence, objectivity and compliance with ethical, professional and regulatory requirements.

During the financial year ended June 30, 2018 the ARC has met three times (ARC held on 13/07/2017, 19/12/2017 and 26/04/2018) and the external and internal auditors were present. The Executive Directors were in attendance during those meetings.

Auditors are expected to observe the highest standards of business and professional ethics and, in particular, that their independence is not impaired in any manner. They have the duty to maintain their independence and objectivity at all times, especially when providing other than audit service to the Company or the group. Any conflicts or potential conflict of any kind are expected to be reported to the Audit and Risk Committee or the Chairman of the Board without delay.

Effectiveness of the external audit process is assessed at regular intervals during:

- Planning meetings
- Final external audit at the end of each financial year
- Closing meetings organised at the end of the audit period.

The fees paid to the Auditors for audit and other services were as follows:

	June 30, 2018	June 30, 2017
	Rs'000	Rs'000
<b>Ernst &amp; Young</b>		
Audit services	2,313	2,200
Other services	667	260
<b>Total</b>	<b>2,980</b>	<b>2,460</b>

PRINCIPLE 8 - RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS

Shareholder Information

The Board of Directors places great importance on an open and transparent communication with all the stakeholders of the Company. It also endeavours to regularly inform the shareholders on matters affecting the Company at Board meetings where all directors are represented or if applicable and considered appropriate, by announcements and disclosures in the Annual Report.

Changes to capital:

During the course of the year under review:

- All of the 613,382 Redeemable Shares were written off immediately upon redemption;
- 1,756,045 Ordinary Shares of no par value were issued as fully paid otherwise than for cash at a total consideration of Rs 40,389,035 to Senior Executives for services rendered to AHL Group (being AHL and/or its subsidiaries) for the period starting November 2010 to November 2017 and;
- 739,133 Redeemable Convertible Shares of no par value were issued as fully paid otherwise than for cash for a total consideration of Rs 8,500,030 to employees of the group for services rendered to AHL Group (being AHL and/or its subsidiaries) for the period starting November 2010 to June 2018

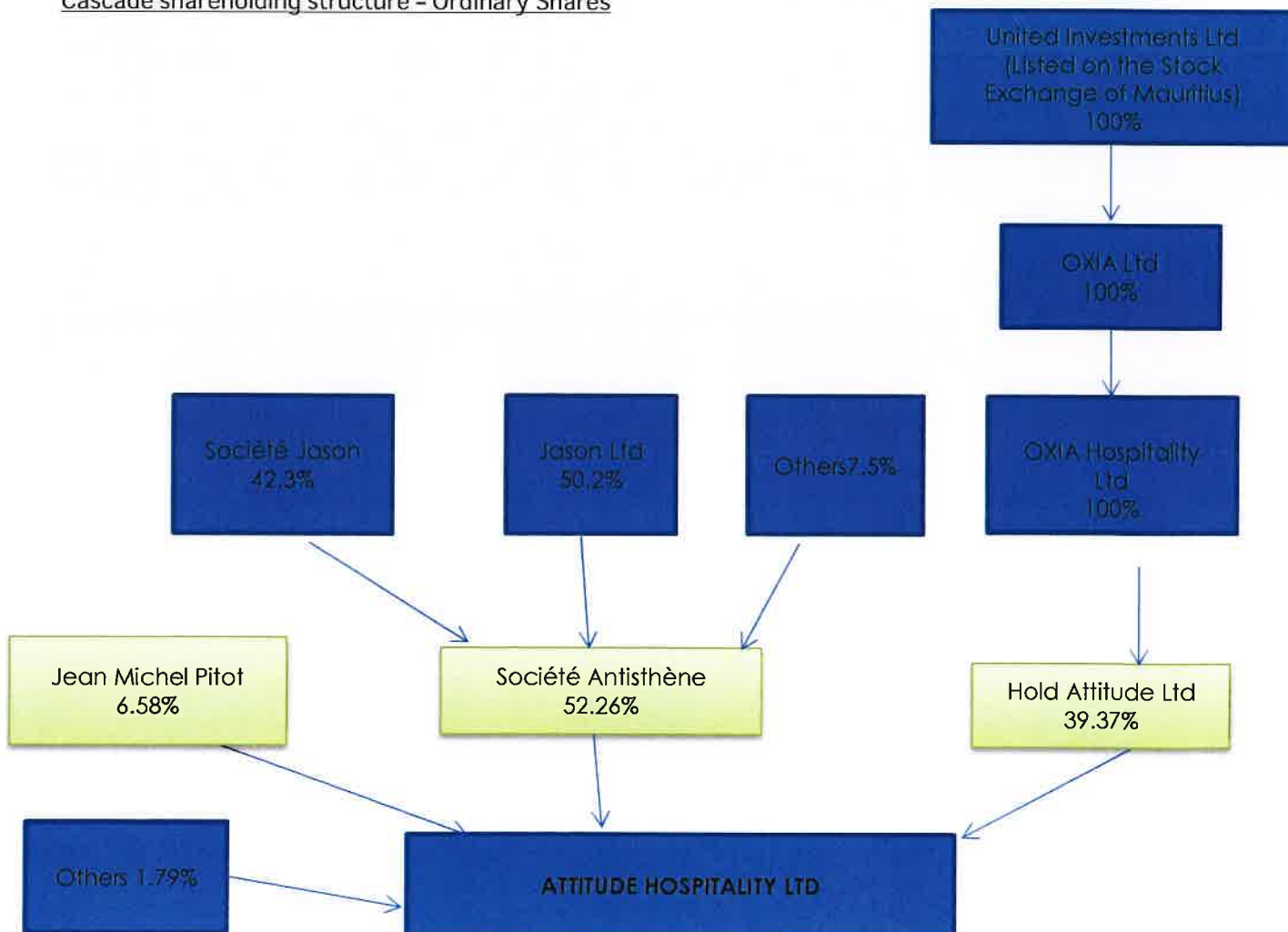
CASCADE SHAREHOLDING STRUCTURE AND SUBSTANTIAL SHAREHOLDERS AS AT 30 JUNE 2018

AHL is a private company. Its shareholding structure is as follows:

The capital structure of AHL is as follows:

- 739,133 Redeemable Convertible Shares (with no voting rights) for a total consideration of Rs 8,500,030
- 159,279,502 Ordinary Shares for a total consideration of Rs 1,296,582,800

Cascade shareholding structure - Ordinary Shares



Common Directors/ alternate\*:

	Attitude Hospitality Ltd	Société Antisthène	Jason Ltd
Mr Marie Adrien Robert Michel PITOT	✓		
Mr Jean Michel PITOT	✓	✓ (Gérant)	✓
Mrs Armelle BOURGAULT DU COUDRAY	✓		✓
Mrs Marina HAREL* ( <i>alternate to Mrs Armelle Bourgault du Coudray</i> )	✓*		✓

**DIVIDEND POLICY**

The Board has not adopted a formal dividend policy and distributes dividends subject to the Company's profitability and investment plan. Dividends are declared subject to the solvency test being satisfied, as required by the Companies Act 2001.

There is a shareholders' agreement between the main shareholders which includes a part on appointment of Directors.

**RELATIONSHIP WITH SHAREHOLDERS AND STAKEHOLDER**

The Company maintains a very close relationship with its shareholders. Shareholders are informed of material events affecting the company. All ordinary shareholders are present or represented on the Board of Directors and take part in all important decisions. Directors receive timely information on the company's activities and results and Board meetings are held regularly. The Secretary is also available to provide any information or advice upon request.

The Board acknowledge its responsibility of ensuring that an appropriate dialogue takes place among the Company, its shareholders and other key stakeholders. Ordinary shareholder, with their presence on the Board, have been involved in a dialogue on the Company's organisational performance and outlook. The Annual report is public on the website of the Registrar of Companies and can be viewed by other stakeholders.

Key Stakeholders:

Stakeholder Groups	Expectations of Stakeholders	Our engagement with our stakeholders	Their contribution to value creation	Impact on strategy and objectives
Family members (employees) and Management	-Safe working environment -Job security -Ongoing training programmes -Effective communication between management and employees -Career development opportunities -Competitive remuneration and benefits packages	-Regular internal communiques via email -Employee surveys -Training and development programs -Performance management programs	Our Family members are the most important asset to our business and are crucial to elevating the quality of service and elevating guest experiences.	Pro-active participation and engagement of our family members

Key Stakeholders: (Continued)

Stakeholder Groups	Expectations of Stakeholders	Our engagement with our stakeholders	Their contribution to value creation	Impact on strategy and objectives
Shareholders and investors	<ul style="list-style-type: none"> <li>-Sustainable investment returns via business expansion, turnover growth and dividends</li> <li>-Maintaining sound gearing and liquidity level</li> <li>-Strategic growth opportunities and foster brand promises</li> <li>-Innovation in guest experiences and quality of service</li> </ul>	<ul style="list-style-type: none"> <li>-Frequent quarterly Board meetings</li> <li>-Presentation of annual financial statements and annual reports</li> <li>-Regular external communiques via emails</li> <li>-Presentation of annual budgetary plan for the next Financial Year</li> </ul>	<ul style="list-style-type: none"> <li>Investors provide financial resources and continuous support to foster growth, development and innovation</li> </ul>	<ul style="list-style-type: none"> <li>-Growth in revenue</li> <li>-Effective cost management</li> <li>-Project development</li> </ul>
Guests	<ul style="list-style-type: none"> <li>-Quality service and experience</li> <li>-Prompt and effective interaction with Family members (employees)</li> <li>-Opportunity to live "like a local", a genuine Mauritian experience</li> </ul>	<ul style="list-style-type: none"> <li>-Personal, one-to-one interactions</li> <li>-Live chat</li> <li>-Active website and Facebook engagement</li> <li>-Online surveys (e.g. TripAdvisor)</li> <li>-Customer relationship management via calls and emails</li> </ul>	<ul style="list-style-type: none"> <li>Their feedbacks and behaviours help us understand their needs and direct our resources to strengthen our "Attitude" brand (Otentik Attitude)</li> </ul>	<ul style="list-style-type: none"> <li>Quality service and foster brand promises.</li> </ul>
Tour operators (TO's) and Travel agents	<ul style="list-style-type: none"> <li>-Favourable business deals</li> <li>-Guest satisfaction</li> </ul>	<ul style="list-style-type: none"> <li>-Regular meetings</li> <li>-Build and maintain a constructive relation</li> </ul>	<ul style="list-style-type: none"> <li>Tour Operators and agents are the most important stakeholder as they are at the forefront of attracting guests.</li> </ul>	<ul style="list-style-type: none"> <li>First point of contact with guests and help improve guest experiences</li> </ul>
Local community	<ul style="list-style-type: none"> <li>-Employment opportunities</li> <li>-Sponsorships</li> <li>-Positive impact on environment</li> <li>-Investment and empowerment programmes</li> </ul>	<ul style="list-style-type: none"> <li>-Corporate Social Responsibility programmes via the umbrella body of the Attitude Group: Green Attitude Foundation</li> <li>-Local events and sponsorships</li> <li>-Donations</li> </ul>	<ul style="list-style-type: none"> <li>Empowerment to local communities helps in long-term business viability and improve business reputation</li> </ul>	<ul style="list-style-type: none"> <li>Environmental and social inclusiveness.</li> </ul>

Key Stakeholders: (Continued)

Stakeholder Groups	Expectations of Stakeholders	Our engagement with our stakeholders	Their contribution to value creation	Impact on strategy and objectives
Suppliers	-Fair business deals -Favourable terms of engagement	-Tender and procurement processes -Meetings	Suppliers are fundamental to the success of our business as it enables us to deliver consistent guest experience	Improve relationships with other business communities and help in cost management
Banks	-Adherence to terms of agreement and covenants -Involvement in expansion opportunities	-Frequent meetings and discussion with the banks (e.g. for projects and financing facilities)	-Banks are essential to the success of our business due to provision of necessary financial resources	-Improve stakeholder relationship with banks  -Inclusiveness in project development

**TIME TABLE OF IMPORTANT EVENTS FOR SHAREHOLDERS**

December 2018	Board meeting for approval of audited financial statements
April 2019	Board meeting for review of third quarter results
June 2019	Board meeting for review of annual plan and forecasts for the financial year 30 June 2020

**SHARE OPTION PLAN**

The Company has no share option plan.

**COMPANY'S CONSTITUTION**

The Company adopted its current constitution in November 2010.

Special clauses are:

- Subject to the Company's Act 2001 or to terms of issue of any existing shares, the Board may issue shares provided the issue has been approved by ordinary resolution.
- The Company may purchase or acquire its own shares.
- The Board may refuse or delay the registration of transfer of shares to any person
- Pre-emptive provisions apply for transfer of shares – save for family transactions
- Quorum for General Meetings shall be two members present in person or by proxy and entitled to vote and holding at least 51% of the issued share capital of the company carrying the right to vote.
- At meeting of shareholders, in case of equality of votes whether on a show of hands or on a poll, the Chairman shall be entitled to a casting vote.

OTHER STATUTORY DISCLOSURES

**CONTRACT OF SIGNIFICANCE**

There was no contract of significance to which Attitude Hospitality Ltd was party to and in which a Director of the Company was materially interested either directly or indirectly.

**DIRECTORS SERVICE CONTRACT**

There are no service contracts between the Company and its Directors. The Executive Directors are employed by Attitude Hospitality Management Ltd, a subsidiary of Attitude Hospitality Ltd.

None of the Directors have a service contract that needs to be disclosed under Section 221 of the Companies Act 2001.

**INDEMNITY INSURANCE**

All directors have an indemnity insurance.

**DIRECTORS SHARE INTEREST**

The interests of the Directors are disclosed on page 1(e) of this report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors acknowledge their responsibilities for:

- a) leading and controlling the Company and meeting all legal and regulatory requirements;
- b) succession planning;
- c) approving the Charters of the two sub committees – namely the Audit and Risk Committee Charter and the Corporate Governance (Nomination and Remuneration) Committee Charter. These charters will be drafted during the current financial year end.
- d) adequate accounting records and the maintenance of effective internal control systems;
- e) approving the Code of Ethics. The Code of Ethics is in in drafting phase and shall be submitted for approval to the Directors during the course of the current financial year.
- f) the preparation of the Group's and the Company's financial statements to fairly state the affairs of the Company and the Group. The said financial statement adhere to international accounting standards. There has been no departure to these international accounting standards to report and not material uncertainties have been identified.
- g) a fair, balanced and understandable assessment of the Company's financial, environmental, social and governance position, performance and outlook
- h) the use of appropriate accounting policies supported by reasonable and prudent judgments and estimates;
- i) the Company's adherence to the New Code of Corporate Governance (2016); and
- j) the governance of risk and for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives, and for ensuring that the Company develops and executes a comprehensive and robust system of risk management;
- k) ensuring that an appropriate dialogue takes place among the Company, its shareholder and other key stakeholders.

The Directors affirm that:

- (i) the Company is a public interest entity as defined by law;
- (ii) the Company is headed by an effective Board, and responsibilities and accountabilities within the Company (including at the level of Senior Management) are known to all parties;
- (iii) appropriate Board committees, namely the Audit & Risk Committee and the Corporate Governance Committee (Nomination and Remuneration Committee) have been set up to assist the Board in the effective performance of its duties.
- (iv) adequate accounting records and an effective system of risk management have been maintained;
- (v) appropriate accounting policies supported by reasonable and prudent judgments and estimates have been used consistently;
- (vi) International Financial Reporting Standards, the Financial Reporting Act and the Mauritius Companies Act have been adhered to. Any departure has been disclosed, explained and quantified in the consolidated and separate financial statements;
- (vii) they have assessed the Company as a going concern and have a reasonable expectation that the Company will continue to operate for the foreseeable future and meet its liabilities as they fall due;
- (viii) affirm that the Board and the Audit and Risk Committee regularly monitor and evaluate the company's operational risk;
- (ix) affirm that the Board acknowledges its responsibility to monitor and evaluated the company's compliance risk

**Statement of Directors' Responsibilities in Respect of the Financial Statements at June 30, 2018**

The Company's Directors are responsible for the preparation and fair presentation of the financial statements, comprising the statements of financial position at June 30, 2018, the statements of profit or loss and other comprehensive income, the statements of changes in equity, and statement of cash flows, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and in compliance with the requirements of the Companies Act 2001 and Financial Reporting Act 2004.

The Director's responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting judgments and estimates that have been used consistently.

The Directors have made an assessment of Company's ability to continue as a going concern and have no reason to believe the business will not be a going concern in the year ahead.

The Directors report that the External Auditors are responsible for reporting on whether the financial statements are fairly presented.

The Directors confirm that

- (i) adequate accounting records and an effective system of internal controls and risk management have been maintained;
- (ii) appropriate accounting policies supported by reasonable and prudent judgements and estimates have been used consistently;
- (iii) International Financial Reporting Standards have been adhered to. Any departure in the interest in fair presentation has been disclosed, explained and quantified;

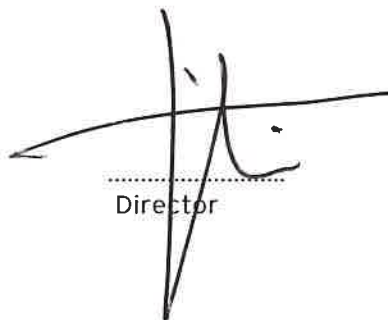
The Directors confirm that the Code of Corporate Governance has been adhered to, except to those disclosed in the Statement of Compliance on page 1(p)

17 DEC 2018

Approved by the Board of directors on ..... and signed on its behalf by:



Director



Director



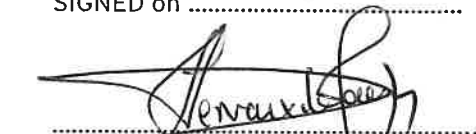
STATEMENT OF COMPLIANCE


Name of PIE: Attitude Hospitality Ltd  
Reporting Period: June 30, 2018

We, the Directors of Attitude Hospitality Ltd confirm that to the best of our knowledge Attitude Hospitality Ltd has complied with all its obligations and requirements under the Code except for the following:

Principles	Reasons for non-compliance
<p><u>Website</u> Principle 1: Company website to include the Constitution.</p> <p>Principle 3: Company website to include details of: (a) Nomination and appointment process, (b) Biographies of directors and Company secretary</p> <p>Principle 6: Company website to include: (a) Annual Meeting Questions and answers (b) Annual report &amp; accounts, (c) Board Charters, (d) Code of Ethics, (e) Board &amp; Governance Structure, (f) Dividend information, (g) Financial highlights, (h) Share price information, (i) Notice of AGM, (j) Vote details at AGM and (k) Shareholder &amp; investor information.</p>	<p>The company has a website: <a href="https://hotels-attitude.com">https://hotels-attitude.com</a></p> <p>The Directors, based on the size of the company and the fact that it is a private company with all its ordinary shareholders represented on the Board, are evaluating the items to be inserted on the website; this will be an ongoing process with as a start a Corporate Governance link on the website by the end of the next financial year to insert documents and information as recommended by the Code.</p> <p>The company being a private company and not being a listed entity:</p> <p>a) the share price is not calculated on a regular basis and this information will not be available on the website, and b) A resolution is often circulated in lieu of holding an Annual Meeting since all shareholders with the right to attend and vote at annual meeting are present or represented on the Board and are well aware of the company's business and activities; and c) Due to the number of shareholders and considering that the shares are not traded on the Stock Exchange there is no investor information provided.</p>
<p><u>Code of Ethics</u> Principle 1: Approval of Code of Ethics</p> <p>Principle 4: Review and monitor compliance with the Code of Ethics</p>	<p>In line with the recommendations of the Code, the Code of Ethics will be approved before the end of the next financial year and inserted on the company's website</p> <p>Thereafter, the Code of Ethics will be regularly reviewed and monitored by the Board.</p>
<p><u>Board Charter</u> Principle 1: Approval of Board Charter</p> <p>Principle 2: Frequent reassessment of the Board Charter by the Board</p>	<p>The Board will approve the Board Charter, Statement of accountabilities and Job descriptions of the key governance positions before the end of the next financial year and the approved versions will be published on the website.</p> <p>Once approved, the Board Charter will be reviewed on a regular basis in a timely manner by the Board.</p>
<p><u>Whistle-Blowing procedures</u> Principle 5: Documentation on internal whistle-blowing rules and procedures</p>	<p>Whistle-blowing procedures will be elaborated within the Code of Ethics and will be published on the website.</p>

SIGNED on 17 DEC 2018 by:

  
.....  
Jean-Francois Desvaux de Marigny  
Chairperson, Independent Director

  
.....  
Jean Michel Pitot  
Chief Executive Officer - Executive Director

ATTITUDE HOSPITALITY LTD AND ITS SUBSIDIARIES  
CERTIFICATE FROM THE COMPANY SECRETARY  
FOR THE YEAR ENDED JUNE 30, 2018

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2.

I certify that, to the best of my knowledge and belief, the Company has filed with the Registrar of Companies all such returns as are required under Section 166(d) of the Companies Act 2001 during the year ended June 30, 2018.



.....  
BOX OFFICE LTD  
Company Secretary

17 DEC 2018

Date: .....

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF ATTITUDE HOSPITALITY LTD AND ITS SUBSIDIARIES

#### Report on the Audit of the Financial Statements

##### *Opinion*

We have audited the consolidated and separate financial statements of Attitude Hospitality Ltd (the "Company") and its subsidiaries (the "Group") on pages 6 to 65 which comprise the consolidated and separate statement of financial position as at June 30, 2018, and the consolidated and separate statement of profit or loss and other comprehensive income, consolidated and separate statement of changes in equity and consolidated and separate statement of cash flows for the year then ended, and consolidated and separate 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 the Group and the Company as at June 30, 2018, and 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 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.

##### *Other Information*

The directors are responsible for the other information. The other information comprises the Annual Report and the Certificate from the Company Secretary as required by the Companies Act 2001, but does not include the financial statements and our auditor's report thereon.

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

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

##### *Responsibilities of the Directors for the Financial Statements*

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

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

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF ATTITUDE HOSPITALITY LTD AND ITS SUBSIDIARIES (CONTINUED)

#### Report on the Audit of the Financial Statements (Continued)

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

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

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF ATTITUDE HOSPITALITY LTD AND ITS SUBSIDIARIES (CONTINUED)

#### Report on the Audit of the Financial Statements (Continued)

##### *Use of our report*

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

#### Report on Other Legal and Regulatory Requirements

##### *Companies Act 2001*

We have no relationship with or interests in the Group and the Company other than in our 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 requirement of the Code.

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



ERNST & YOUNG  
Ebène, Mauritius

17 DEC 2010

Date: .....



DARYL CSIZMADIA, C.A. (S.A).  
Licensed by FRC

ATTITUDE HOSPITALITY LTD AND ITS SUBSIDIARIES  
 CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION AS AT JUNE 30, 2018

6.

	Notes	THE GROUP		THE COMPANY	
		2018	2017	2018	2017
		Rs.	Rs.	Rs.	Rs.
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	3	2,720,373,622	2,738,077,346	-	-
Intangible assets	4	1,202,408,886	1,215,232,987	-	-
Investment in subsidiary companies	5	-	-	1,811,353,939	1,811,353,939
Investment in associated companies	6	542,124,361	512,968,081	234,382,330	234,382,330
Long term deposits	7	9,568,800	9,084,440	-	-
Deferred tax asset	15(d)	135,484,083	22,214,332	-	-
		<u>4,609,959,752</u>	<u>4,497,577,186</u>	<u>2,045,736,269</u>	<u>2,045,736,269</u>
<b>Current assets</b>					
Inventories	8	16,877,863	14,624,888	-	-
Trade and other receivables	9	226,466,472	148,036,678	174,588,536	203,964,702
Other financial assets	10	11,334,292	1,095,112	1,095,112	1,095,112
Current tax asset	15	398,487	785,566	-	-
Cash and short-term deposits	11	66,541,649	45,506,467	716,706	107,016
		<u>321,618,763</u>	<u>210,048,711</u>	<u>176,400,354</u>	<u>205,166,830</u>
<b>TOTAL ASSETS</b>		<u>4,931,578,515</u>	<u>4,707,625,897</u>	<u>2,222,136,623</u>	<u>2,250,903,099</u>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to equity owners of the parent</b>					
Issued capital	12	1,296,582,800	1,256,193,765	1,296,582,800	1,256,193,765
Redeemable convertible preference shares	20	8,500,030	-	8,500,030	-
Cash flow hedge reserve	13	(23,380,440)	(17,122,947)	(2,228,843)	-
Translation reserve		285,394	101,959	-	-
Retained earnings/(accumulated losses)		65,261,454	(18,842,666)	124,572,631	135,622,469
<b>Equity attributable to owners of the parent</b>		<u>1,347,249,238</u>	<u>1,220,330,111</u>	<u>1,427,426,618</u>	<u>1,391,816,234</u>
<b>Non-controlling interests</b>		<u>918,228,303</u>	<u>844,213,722</u>	<u>-</u>	<u>-</u>
<b>TOTAL EQUITY</b>		<u>2,265,477,541</u>	<u>2,064,543,833</u>	<u>1,427,426,618</u>	<u>1,391,816,234</u>
<b>Non-current liabilities</b>					
Interest-bearing loans and borrowings	14	1,687,025,703	1,752,112,231	423,963,478	512,484,857
Deferred tax liabilities	15(d)	363,250,820	231,901,987	-	-
		<u>2,050,276,523</u>	<u>1,984,014,218</u>	<u>423,963,478</u>	<u>512,484,857</u>
<b>Current liabilities</b>					
Trade and other payables	16	314,534,819	257,893,660	278,122,560	172,322,220
Interest-bearing loans and borrowings	14	290,637,863	329,469,165	92,295,873	112,613,494
Other financial liabilities	10	-	63,367,037	-	61,338,200
Current tax liabilities	15(a)	10,651,769	8,337,984	328,094	328,094
		<u>615,824,451</u>	<u>659,067,846</u>	<u>370,746,527</u>	<u>346,602,008</u>
<b>TOTAL LIABILITIES</b>		<u>2,666,100,975</u>	<u>2,643,082,064</u>	<u>794,710,005</u>	<u>859,086,865</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>4,931,578,515</u>	<u>4,707,625,897</u>	<u>2,222,136,623</u>	<u>2,250,903,099</u>

17 DEC 2018

These financial statements have been approved for issue by the board of directors on .....

Name of directors

(1) **Jean Michel PITOT**

(2) **DEENESH SEEDOYAL**

The notes set out on pages 11 to 65 form an integral part of these consolidated and separate financial statements. Independent auditors' report on pages 3 to 5.

**ATTITUDE HOSPITALITY LTD AND ITS SUBSIDIARIES**  
**CONSOLIDATED AND SEPARATE STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED JUNE 30, 2018**

7.

	Notes	THE GROUP		THE COMPANY	
		2018	2017	2018	2017
		Rs.	Rs.	Rs.	Rs.
Revenue		1,678,078,335	1,365,643,503	93,164,600	63,485,000
Cost of sales	17 (a)	(932,657,832)	(791,663,762)	-	-
<b>Gross profit</b>		<b>745,420,503</b>	<b>573,979,741</b>	<b>93,164,600</b>	<b>63,485,000</b>
Other income	18	105,026,620	24,728,632	61,385,270	8,164,417
Administrative expenses	17(b)	(482,136,881)	(378,381,212)	(58,662,089)	(24,042,343)
<b>Operating profit</b>		<b>368,310,242</b>	<b>220,327,161</b>	<b>95,887,781</b>	<b>47,607,074</b>
Finance income		-	371,840	-	371,840
Finance costs	19	(122,448,763)	(148,230,088)	(30,927,131)	(49,757,999)
Share of profit from associates	6	71,236,375	61,865,687	-	-
		<b>317,097,854</b>	<b>134,334,600</b>	<b>64,960,650</b>	<b>(1,779,085)</b>
<b>Profit/(loss) before taxation</b>		<b>317,097,854</b>	<b>134,334,600</b>	<b>64,960,650</b>	<b>(1,779,085)</b>
Income tax expense	15(b)	(22,172,666)	(11,425,253)	-	-
<b>Profit/(loss) for the year</b>		<b>294,925,188</b>	<b>122,909,347</b>	<b>64,960,650</b>	<b>(1,779,085)</b>
<b>year</b>					
<i>Other comprehensive loss to be reclassified to profit or loss in subsequent periods:</i>					
- Movement in cash flow hedges		(5,846,563)	(14,471,555)	(2,228,843)	-
- Exchange differences		578,734	1,434,709	-	-
- Income tax effect on revaluation		(7,668,886)	-	-	-
- Share of reserve of associates	6	(730,095)	(1,163,968)	-	-
<b>Total other comprehensive loss for the year</b>		<b>(13,666,810)</b>	<b>(14,200,814)</b>	<b>(2,228,843)</b>	<b>-</b>
<b>year</b>		<b>281,258,378</b>	<b>108,708,533</b>	<b>62,731,807</b>	<b>(1,779,085)</b>
<b>Profit attributable to:</b>					
- Equity holders of the parent		167,842,724	97,987,257		
- Non-controlling interests		127,082,464	24,922,090		
		<b>294,925,188</b>	<b>122,909,347</b>		
<b>Total comprehensive income/ attributable to:</b>					
- Equity holders of the parent		154,099,780	83,177,297		
- Non controlling interests		127,158,598	25,531,236		
		<b>281,258,378</b>	<b>108,708,533</b>		

The notes set out on pages 11 to 65 form an integral part of these consolidated and separate financial statements.  
Independent auditors' report on pages 3 to 5.

**ATTITUDE HOSPITALITY LTD AND ITS SUBSIDIARIES  
CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2018**

8.

**THE GROUP**

*Attributable to the equity holders of the parent*

Notes	Issued capital		Redeemable convertible preference shares	Retained earnings/(accumulated losses)	Cash flow hedge reserve	Translation reserve	Total		Non-controlling interests	Total equity
	Rs.	Rs.					Rs.	Rs.		
At July 1, 2016	1,256,193,765	-	-	(116,829,923)	(1,858,243)	(352,785)	1,137,152,814	875,274,278	2,012,427,092	
Profit for the year	-	-	-	97,987,257	-	-	97,987,257	24,922,090	122,909,347	
Other comprehensive income/(loss) for the year	-	-	-	-	(15,264,704)	454,744	(14,809,960)	609,146	(14,200,814)	
Total comprehensive income/(loss) for the year	-	-	-	97,987,257	(15,264,704)	454,744	83,177,297	25,531,236	108,708,533	
Dividends	-	-	-	-	-	-	-	(56,591,792)	(56,591,792)	
At June 30, 2017	1,256,193,765	-	-	(18,842,666)	(17,122,947)	101,959	1,220,330,111	844,213,722	2,064,543,833	
At July 1, 2017	1,256,193,765	-	-	(18,842,666)	(17,122,947)	101,959	1,220,330,111	844,213,722	2,064,543,833	
Issue of shares	40,389,035	8,500,030	-	-	-	-	48,889,065	-	48,889,065	
Profit for the year	-	-	-	167,842,724	-	-	167,842,724	127,082,464	294,925,188	
Other comprehensive income/(loss) for the year	-	-	-	(7,668,886)	(6,257,493)	183,435	(13,742,944)	76,134	(13,666,810)	
Total comprehensive income/(loss) for the year	-	-	-	160,173,838	(6,257,493)	183,435	154,099,780	127,158,598	281,258,378	
Change in non-controlling interest without loss of control	-	-	-	(59,230)	-	-	(59,230)	7,211,303	7,152,073	
Dividends	-	-	-	(76,010,488)	-	-	(76,010,488)	(60,355,320)	(136,365,808)	
At June 30, 2018	1,296,582,800	8,500,030	8,500,030	65,261,454	(23,380,440)	285,394	1,347,249,238	918,228,303	2,265,477,541	

The notes set out on pages 11 to 65 form an integral part of these consolidated and separate financial statements. Independent auditors' report on pages 3 to 5.



**ATTITUDE HOSPITALITY LTD AND ITS SUBSIDIARIES  
CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2018**

9.

**THE COMPANY**

	Notes	Issued capital		Redeemable convertible preference shares		Retained earnings		Cash flow hedge reserve		Total	
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
At July 1, 2016		1,256,193,765	-	-	137,401,554	-	-	-	-	1,393,595,319	
Loss for the year		-	-	-	(1,779,085)	-	-	-	-	(1,779,085)	
Other comprehensive income for the year		-	-	-	-	-	-	-	-	-	
Total comprehensive income for the year		-	-	-	(1,779,085)	-	-	-	-	(1,779,085)	
At June 30, 2017		1,256,193,765	-	-	135,622,469	-	-	-	-	1,391,816,234	
At July 1, 2017		1,256,193,765	-	-	135,622,469	-	-	-	-	1,391,816,234	
Profit for the year		-	-	-	64,960,650	-	-	-	-	64,960,650	
Other comprehensive loss for the year		-	-	-	-	-	(2,228,843)	-	-	(2,228,843)	
Total comprehensive income for the year		-	-	-	64,960,650	-	(2,228,843)	-	-	62,731,807	
Issue of shares	12	40,389,035	-	8,500,030	-	-	-	-	-	48,889,065	
Dividends	27	-	-	-	(76,010,488)	-	-	-	-	(76,010,488)	
At June 30, 2018		1,296,582,800	-	8,500,030	124,572,631	-	(2,228,843)	-	-	1,427,426,618	

The notes set out on pages 11 to 65 form an integral part of these consolidated and separate financial statements.  
Independent auditors' report on pages 3 to 5.

ATTITUDE HOSPITALITY LTD AND ITS SUBSIDIARIES  
CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2018

10.

	Notes	THE GROUP		THE COMPANY	
		2018	2017	2018	2017
		Rs.	Rs.	Rs.	Rs.
<b>Operating activities</b>					
Profit/(loss) before taxation		317,097,855	134,334,600	64,960,650	(1,779,085)
<i>Non-cash adjustments to reconcile profit/(loss) before tax to net cash flows:</i>					
- Depreciation of property, plant and equipment	3	133,723,412	120,604,466	-	-
- Amortisation of intangible assets	4	14,863,416	15,012,038	-	-
- Loss on disposal of property, plant and equipment		67,754	-	-	-
- Interest expense	19	122,448,763	148,230,088	30,927,131	49,757,999
- Share of profit from associates	6	(71,236,375)	(61,865,687)	-	-
- Profit on conversion of preference shares to ordinary shares		(22,978,002)	-	-	-
- Exchange difference		(41,149)	(7,951,457)	(147,602)	(128,315)
- Dividends received		-	-	(93,164,600)	(63,485,000)
- Other financial assets		-	841,810	-	-
- Financial liabilities designated as at fair value through profit or loss		-	497,093	-	(1,095,112)
<i>Working capital adjustments</i>					
- Other financial assets		(10,239,180)	-	-	-
- (Increase)/decrease in trade and other receivables		(59,450,633)	1,955,962	29,376,166	33,064,771
- Increase in inventories		(2,252,975)	(1,748,506)	-	-
- (Increase)/decrease in trade and other payables		57,233,379	(12,896,103)	105,800,340	31,224,768
Tax paid	15	(9,075,095)	(9,917,798)	-	-
Interest paid	19	(122,448,763)	(148,230,088)	(30,927,131)	(49,757,999)
<b>Net cash flows generated from/(used in) operating activities</b>		<b>347,712,406</b>	<b>178,866,418</b>	<b>106,824,954</b>	<b>(2,197,973)</b>
<b>Investing activities</b>					
Purchase of property, plant and equipment	3	(116,087,442)	(230,873,815)	-	-
Purchase of intangible assets	4	(2,039,315)	(1,209,936)	-	-
Proceeds from sale of property, plant and equipment		-	163,809	-	-
Investment in long term deposits	7	(484,360)	-	-	-
Dividends received from associate	6	41,350,000	21,915,000	93,164,600	63,485,000
Disposal of investment in associate		-	4,800,000	-	4,800,000
<b>Net cash flows (used in)/from investing activities</b>		<b>(77,261,117)</b>	<b>(205,204,942)</b>	<b>93,164,600</b>	<b>68,285,000</b>
<b>Financing activities</b>					
Proceeds from borrowings	14 (f)	74,638,000	1,301,967,312	-	348,455,358
Repayments of borrowings	14 (f)	(175,003,946)	(1,215,025,997)	(111,057,589)	(415,880,060)
Repayment of obligation under finance leases	14 (f)	(466,154)	(592,613)	-	-
Issue of redeemable convertible preference shares		8,500,030	-	-	-
Issue of shares to non-controlling interest		7,152,073	-	(12,449,135)	-
Dividends paid to equity holders of the parent		(76,010,488)	-	(76,010,488)	-
Dividends paid to non controlling interest		(60,355,320)	(56,591,793)	-	-
<b>Net cash flows (used in)/from financing activities</b>		<b>(221,545,805)</b>	<b>29,756,909</b>	<b>(199,517,212)</b>	<b>(67,424,702)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>48,905,483</b>	<b>3,418,385</b>	<b>472,342</b>	<b>(1,337,675)</b>
Net foreign exchange difference		(18,938,009)	14,713,912	147,601	128,315
Cash and cash equivalents as at July 1,		(94,782,491)	(112,914,788)	96,763	1,306,123
Cash and cash equivalents as at June 30,	11	(64,815,017)	(94,782,491)	716,706	96,763
<b>Non-cash transactions:</b>					
Issue of shares	12	40,389,035	-	-	-

The notes set out on pages 11 to 65 form an integral part of these consolidated and separate financial statements.  
Independent auditors' report on pages 3 to 5.

1. CORPORATE INFORMATION

Attitude Hospitality Ltd and its subsidiaries is a private company incorporated on May 7, 2008 and domiciled in Mauritius. Its registered office is situated at The Junction Business Hub, Block C, Calebasses Branch Road, Calebasses.

The financial statements of Attitude Hospitality Ltd (the 'Company') and its subsidiaries (the 'Group') for the year ended June 30, 2018 were authorised for issue in accordance with a board meeting of the Directors on

~~17 DEC 2018~~

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The consolidated and separate financial statements of Attitude Hospitality Ltd and its subsidiaries have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

The financial statements have been prepared on a historical cost basis, except for derivative financial instruments and preference shares that have been measured at fair value. The financial statements are presented in Mauritian Rupees ("Rs").

2.2 BASIS OF CONSOLIDATION

The consolidated and separate financial statements comprise the financial statements of the Company and its subsidiaries as at June 30, 2018.

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

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

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

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

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

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

2. ACCOUNTING POLICIES (CONTINUED)

2.2 BASIS OF CONSOLIDATION (CONTINUED)

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

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

2.3 CHANGES IN 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 1 July 2017. 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 2017, 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:

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amendments to IFRS as from 1 July 2017:

	Effective for accounting period beginning on or after
<b>Amendments</b>	
IAS 7 Statement of Cash Flows: Disclosure Initiative	1 January 2017
IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Annual Improvements 2014-2016 Cycle	1 January 2017

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

**Amendments to IAS 7 Statement of Cash Flow: Disclosure Initiative - effective 1 January 2017.**

The amendments to IAS 7 Statement of Cash Flows are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. These amendments are effective for annual periods beginning on or after 1 January 2017, with early application permitted. Additional disclosures in respect of the amendments to IAS 7 have been provided under Note 15 (e).

**Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses**

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.

2. ACCOUNTING POLICIES (CONTINUED)

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses (Continued)

- 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.
- 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 Group has applied the amendments retrospectively. However, their application has no effect on the financial position and performance of the Group.

Annual Improvements 2014 - 2016 Cycle - 1 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

These amendments did not have any impact on the Group.

2.4 ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

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

New or revised standards	Effective for accounting period beginning on or after
IFRS 9 Financial Instruments	1 January 2018
IFRS 15 Revenue from Contracts with Customers	1 January 2018
IFRS 16 Leases	1 January 2019
<b>Amendments</b>	
Amendments to IFRS 10 and IAS 28: Sale or Contribution of assets between an investor and its associate or joint venture	Effective date deferred indefinitely
IFRS 2 Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)	1 January 2018
IAS 40 Transfers of Investment Property (Amendments to IAS 40)	1 January 2018
IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
IFRS 1 First-time Adoption of International Financial Reporting Standards - Deletion of short-term exemptions for first-time adopters	1 January 2018
IAS 28 Investments in Associates and Joint Ventures - Clarification that measuring investees at fair value through profit or loss is an investment - by - investment choice	1 January 2018

2. ACCOUNTING POLICIES (CONTINUED)

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

Amendments (Continued)	Effective for accounting period beginning on or after
Applying IFRS 9 Financial instruments with IFRS 4 Insurance contracts - Amendments to IFRS 4	1 January 2018
Clarification to IFRS 15 'Revenue from contracts with customers'	1 January 2018
IFRIC interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)	1 January 2019
Prepayment features with negative compensation - Amendments to IFRS	1 January 2019

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

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

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

In July 2014, the IASB issued the final version of IFRS 9 Financial instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Group plans to adopt the new standard on the required effective date and will not restate comparative information. During 2018, the Group has performed an impact assessment on all three aspects of IFRS 9. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Group in 2019 when it will adopt IFRS 9. Overall, the Group expects no significant impact on its statement of financial position and equity. The Group will implement the changes in classification of certain financial instruments, as follows:

(a) Classification and measurement

Financial Assets	Per IAS 39	Per IFRS 9	Impact
<ul style="list-style-type: none"> <li>• Trade receivables.</li> <li>• Receivable from related companies.</li> <li>• Cash &amp; cash equivalents.</li> </ul>	<p>These are initially recognised at original invoice amount and are subsequently carried at amortised cost using the effective interest method less any allowance for impairments. Gains and losses are recognised through profit or loss when the receivables are derecognised or impaired, as well as through the amortisation process.</p>	<p>Receivables previously classified as Loans and receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. The classification does not change under the new IFRS.</p>	<p>No impact</p>

2. ACCOUNTING POLICIES (CONTINUED)

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

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

(a) Classification and measurement (Continued)

Financial Assets	Per IAS 39	Per IFRS 9	Impact
Available-for-sale investment (AFS)	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.	Listed equity investments previously classified as AFS financial assets are now classified and measured as financial assets at fair value through profit or loss, if they are held for trading. Otherwise, they are classified as financial assets at fair value through OCI.	The listed equity investments the the Group possesses are not held for trading and will therefore be classified as 'financial assets at fair value through OCI' under IFRS9. Thus, there will be no change in terms of classification and measurement.

Classification and measurement of financial liabilities

There will be no impact on the Group's and the Company's accounting for financial liabilities as the new requirement only affect the accounting for financial liabilities that are designated at fair value through profit or loss.

(b) Impairment

Impairment of Financial Assets	Per IAS 39	Per IFRS 9	Impact
<ul style="list-style-type: none"> <li>Trade receivables.</li> <li>Receivable from related companies.</li> <li>Cash &amp; cash equivalents.</li> </ul>	A financial asset is impaired and impairment losses are recognised, only if there is objective evidence as a result of one or more events that occurred after the initial recognition of the asset. An entity is required to assess at each reporting date whether there is any objective evidence of impairment. If any such evidence exists, the entity is required to do a detailed impairment calculation to determine whether an impairment loss should be recognised.	IFRS 9 requires the Group to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Group will apply the simplified approach and record lifetime expected losses on all trade receivables and cash and cash equivalents.	The Group is currently developing an Expected Credit Loss model to measure impairment of its financial instruments in line with the requirements of the new standard. However, given the materiality of the debtors' portfolio, the adoption of the new standard is not expected to have a significant impact on the financial position or performance of the Group. The Group also has an insurance policy to secure itself any potential bad debts. This will further reduce the impact of any potential impairment losses. Cash and cash equivalents will have an insignificant impairment impact.

2. ACCOUNTING POLICIES (CONTINUED)

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

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

(c) Hedge Accounting

The Group determined that all existing hedge relationships that are currently designated as effective hedging relationships will continue to qualify for hedge accounting under IFRS 9. As IFRS 9 does not change the general principles of how an entity accounts for effective hedges, applying the hedging requirements of IFRS 9 will not have a significant impact on Group financial statements but additional disclosures will be required in respect of hedge accounting. The Group will continue to apply the hedging requirements of IAS 39 up to the effective date of the new standard.

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

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

The amendment to IFRS 15 "Clarifications to IFRS 15 Revenue Recognition from Contracts with Customers" has been taken into account. The Group will adopt the modified retrospective method on transition to the new standard from July 01, 2018 and the comparatives will not be restated. The following changes to revenue recognition have been identified on the adoption of IFRS 15:

The table below depicts the possible impact arising from the adoption of IFRS 15 on the Group's figures:

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



2. ACCOUNTING POLICIES (CONTINUED)

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

IFRS 15 Revenue from Contracts with Customers - effective 1 January 2018 (Continued)

Treatment as per IAS 18

Changes under IFRS 15

Impact Assessment

Minor Other Departments

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

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

For the provision of services where the entity is an agent, it should recognise revenue based on the commission it receives from the sale (the gross amount of payments received from the customer less payments to the third party provider). Where the entity acts as a principal, revenue has to be recorded gross of costs.

Both under IAS18 and IFRS 15, only commission revenue (gross revenue less payments) should be recognised. The Group acts as an agent only on few instances and this provision is not expected to have any significant impact on the Group.

Forex Commission

Where the entity acts as a principal, revenue has to be recorded gross of costs.

For the provision of services where the entity is an principal, it should recognise revenue based on the gross revenue, with a related expense for payments to third party.

Per IFRS 15, in the provision of services where the entity is a principal, gross revenue with a related expense for payments to third party should be recognised. Sale of foreign currency arises on few instances and this provision is not expected to have any significant impact on the Group.

Management Fees

Recognised as revenue when the amount of revenue can be measured reliably and it is probable that the economic benefits will flow to the entity.

Recognise variable consideration as revenue when it is highly probable that a significant reversal of the cumulative amount of revenue recognised will not occur.

No material impact is expected, as the Group currently recognises management fee income only when key financial metrics, on which the management fees are computed, are met. This will not change under IFRS15.

IFRS 16 Leases - effective 1 January 2019

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.

2. ACCOUNTING POLICIES (CONTINUED)

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

IFRS 16 Leases - effective 1 January 2019 (Continued)

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 1 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 2018, the Group will continue to assess the potential effect of IFRS 16 on its financial statements.

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.

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.

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration

The Interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the transaction date for each payment or receipt of advance consideration. Entities may apply the amendments on a fully retrospective basis.

Alternatively, an entity may apply the Interpretation prospectively to all assets, expenses and income in its scope that are initially recognised on or after:

- (i) The beginning of the reporting period in which the entity first applies the interpretation, or
- (ii) The beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the interpretation.

The Interpretation is effective for annual periods beginning on or after 1 January 2018. Early application of interpretation is permitted and must be disclosed. However, since the Group's current practice is in line with the Interpretation, the Group does not expect any effect on its financial statements.

2. ACCOUNTING POLICIES (CONTINUED)

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

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

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

The Interpretation specifically addresses the following:

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

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

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

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Foreign currency translation

The consolidated and separate financial statements are presented in Mauritian Rupees ("Rs"), which is the parent's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded in the functional currency at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency at the rate of exchange ruling at the reporting date. All differences are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken to other comprehensive income until the disposal of the net investment, at which time they are recognised in profit or loss. Tax charges and credits attributable to exchange differences on those borrowings are also dealt with in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

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

(b) Property, plant and equipment

All property, plant and equipment are 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.

2. ACCOUNTING POLICIES (CONTINUED)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Property, plant and equipment (Continued)

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.

2. ACCOUNTING POLICIES (CONTINUED)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Investment in an associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries. The Group's investments in its associate are accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately. The statement of profit or loss reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate. The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss as 'Share of profit of an associate in the statement of profit or loss. Upon loss of significant influence over the associate over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

(e) Intangible assets

*Goodwill*

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

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

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and

2. ACCOUNTING POLICIES (CONTINUED)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Intangible assets (Continued)

*Goodwill (Continued)*

- 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.

(f) 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.

2. ACCOUNTING POLICIES (CONTINUED)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Other financial assets

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

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

(h) Cash and cash equivalents

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

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

(i) 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.

(j) Derecognition of financial assets and liabilities

*Financial assets*

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

- the rights to receive cash flows from the asset have expired;

2. ACCOUNTING POLICIES (CONTINUED)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Where the Group or the Company 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 Group's or the Company'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 Group or the Company 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.

(k) 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.

*Trade and other receivables*

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



2. ACCOUNTING POLICIES (CONTINUED)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Impairment of financial assets (Continued)

*Trade and other receivables (Continued)*

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

(l) Offsetting of financial instruments

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

(m) Fair value of financial instruments

*Determination of fair value*

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

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

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

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

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 Group and 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

2. ACCOUNTING POLICIES (CONTINUED)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Fair value of financial instruments (Continued)

*Determination of fair value (Continued)*

- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

(n) Equity instruments

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

(o) Hedge accounting

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

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

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

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

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

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

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.

2. ACCOUNTING POLICIES (CONTINUED)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Hedge accounting (Continued)

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

(p) 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.

(q) 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.

(r) Provisions

Provisions are recognised when the Group and the Company 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.

2. ACCOUNTING POLICIES (CONTINUED)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Retirement benefit obligations

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

*Defined benefits schemes*

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

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

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

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

*Defined contributions schemes*

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

*Other retirement benefits*

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

*Right of set off*

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

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

2. ACCOUNTING POLICIES (CONTINUED)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Taxes

*Current tax*

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

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

*Deferred tax*

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

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

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

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

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

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

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

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

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

2. ACCOUNTING POLICIES (CONTINUED)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Taxes (Continued)

*Deferred tax (Continued)*

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

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

*Value Added Tax*

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

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

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

(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.

2. ACCOUNTING POLICIES (CONTINUED)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Lease (Continued)

*Group as a lessor (Continued)*

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 an assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time the assets are substantially ready for their intended use.

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

(w) 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.

(x) Share based payment

Employees 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 as if the original terms of the award were met, in other words, the terms had not been modified. 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.

2. ACCOUNTING POLICIES (CONTINUED)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(y) Preference convertible shares

Convertible preference shares are separated into liability and equity components based on the terms of the contract. On issuance of the convertible preference shares, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in equity. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not remeasured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the convertible preference shares, based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

During the financial year, the preference shares of the Company were fully written off.

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) *Determination of functional 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.

(ii) *Going concern*

The consolidated and separate financial statements have been prepared on a going concern basis which assumes that the Group and the Company will continue in operational existence for the foreseeable future. The validity of this assumption depends on the continued support of the shareholders. The directors are of the opinion that this support will be forthcoming over the next twelve months. They therefore believe that it is appropriate for the consolidated and separate financial statements to be prepared on a going concern basis as described in note 29.



3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

(b) Estimates and assumptions

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

(i) *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.

(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 previous 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.

(iii) *Impairment of goodwill*

Goodwill is tested on an annual basis for impairment loss in accordance with IAS 36. This requires an estimation of the "value in use" of the cash generating units to which goodwill is allocated. Estimating a value in use amount requires management to make estimates of the expected future cash flows from the cash generating unit and the selection of suitable discount rate in order to compute the present value of expected cash flow. The carrying amount of goodwill as at 30 June 2018 amounted to Rs. 531m (2017: Rs. 531m). There is no indication of impairment. Further details are given in Note 4.

(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.

(v) *Estimated useful lives and residual values of property, plant and equipment*

Determining the carrying amounts of property, plant and equipment requires the estimation of the useful lives and residual values of these assets. Certain property, plant and equipment of the Group are separated into their significant parts and estimates of the useful lives and residual values thereof are made for the purposes of calculating depreciation. The estimates of useful lives and residual values carry a degree of uncertainty. The directors have used historical information relating to the Group and the relevant industries in which the latter operates in order to best determine the useful lives and residual values of property, plant and equipment.

(vi) *Estimation of recoverable amounts on trade and other receivables*

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

ATTITUDE HOSPITALITY LTD AND ITS SUBSIDIARIES  
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 FOR THE YEAR ENDED JUNE 30, 2018

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3. PROPERTY, PLANT AND EQUIPMENT

2018

THE GROUP	Buildings or:	Furniture and	Electronic	Boat	Motor	Work	Total
	leasehold land	equipment	equipment	equipment	vehicles	in progress	
COST	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
At July 1, 2017	2,800,124,032	445,339,663	72,516,434	4,849,887	4,731,921	1,898,393	3,329,460,330
Additions	65,096,465	33,010,198	13,506,591	397,944	(407,318)	4,483,563	116,087,442
Disposal	-	(476,303)	(440,370)	-	(85,000)	-	(1,001,673)
At June 30, 2018	2,865,220,497	477,873,558	85,582,655	5,247,831	4,239,603	6,381,956	3,444,546,099
DEPRECIATION							
At July 1, 2017	296,972,197	249,047,607	38,835,158	3,836,018	2,692,004	-	591,382,984
Charge for the year	69,588,172	44,419,480	19,226,281	370,111	119,368	-	133,723,412
Disposal	-	(476,303)	(440,370)	-	(17,246)	-	(933,919)
At June 30, 2018	366,560,369	292,990,784	57,621,069	4,206,129	2,794,126	-	724,172,477
NET CARRYING AMOUNT							
At June 30, 2018	2,498,660,128	184,882,774	27,961,585	1,041,702	1,445,477	6,381,956	2,720,373,622
At June 30, 2017	2,503,151,835	196,292,056	33,681,276	1,013,869	2,039,917	1,898,393	2,738,077,346

(a) Assets held under finance lease

Motor Vehicles and furniture and equipment of the Group include leased assets as follows:

	2018		2017	
	Motor Vehicles	Furniture and equipment	Motor Vehicles	Total
	Rs.	Rs.	Rs.	Rs.
Cost	1,204,347	186,589	1,390,936	1,390,936
Accumulated depreciation	(501,812)	(142,122)	(643,934)	(332,836)
Net book value	702,535	44,467	747,002	1,058,100

(b) Included in property, plant and equipment at June 30, 2018 was work in progress of Rs. 6.4m (2017: Rs. 1.9m) relating to renovation works performed at Tropical Hotel Ltd and Marina Village Hotel Ltd, and the construction of a new restaurant at the Pointe aux Pliments Hotel Ltd.

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

(d) Borrowing costs amounting to Rs. 501,475 have been capitalised during the year (2017: Rs. 1,672,481).

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3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(e) Non-cash transactions

Acquisition of property, plant and equipment financed by finance leases:

	THE GROUP	
	2018	2017
	Rs.	Rs.
Total acquisition cost	116,087,442	230,873,816
Financed by cash	(116,087,442)	(230,873,816)
Financed by finance leases	-	-

2017

THE GROUP	Buildings on leasehold land	Furniture and equipment	Electronic equipment	Boat equipment	Motor vehicles	Construction in progress	Total
COST	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
At July 1, 2016	2,614,030,208	392,199,256	59,913,777	4,527,584	4,646,921	28,656,711	3,103,974,457
Transfer from construction in progress	22,648,190	6,107,393	175,007	-	-	(28,930,590)	-
Additions	163,445,634	52,420,957	12,427,650	322,303	85,000	2,172,272	230,873,816
Disposal	-	(5,387,943)	-	-	-	-	(5,387,943)
At June 30, 2017	2,800,124,032	445,339,663	72,516,434	4,849,887	4,731,921	1,898,393	3,329,460,330
DEPRECIATION							
At July 1, 2016	232,566,618	214,604,822	23,242,923	3,439,838	2,148,441	-	476,002,642
Charge for the year	64,405,579	39,666,909	15,592,235	396,180	543,563	-	120,604,466
Disposal	-	(5,224,124)	-	-	-	-	(5,224,124)
At June 30, 2017	296,972,197	249,047,607	38,835,158	3,836,018	2,692,004	-	591,382,984
NET CARRYING AMOUNT							
At June 30, 2017	2,503,151,835	196,292,056	33,681,276	1,013,869	2,039,917	1,898,393	2,738,077,346
At June 30, 2016	2,116,336,564	127,178,925	8,773,278	1,074,887	707,033	1,047,843	2,627,971,815

4. INTANGIBLE ASSETS

THE GROUP

	Leasehold rights	Computer software	Goodwill	Total
	Rs.	Rs.	Rs.	Rs.
<b>COST</b>				
At July 1, 2016	729,293,669	18,266,600	531,077,796	1,278,638,065
Additions	-	1,209,944	-	1,209,944
At June 30, 2017	729,293,669	19,476,544	531,077,796	1,279,848,009
At July 1, 2017	729,293,669	19,476,544	531,077,796	1,279,848,014
Additions	-	2,039,315	-	2,039,315
Disposal	-	(111,881)	-	(111,881)
At June 30, 2018	729,293,669	21,403,978	531,077,796	1,281,775,448
<b>AMORTISATION</b>				
At July 1, 2016	39,803,034	9,799,950	-	49,602,984
Charge for the year	11,703,585	3,308,453	-	15,012,038
At June 30, 2017	51,506,619	13,108,403	-	64,615,022
At July 1, 2017	51,506,619	13,108,408	-	64,615,027
Charge for the year	11,703,585	3,159,831	-	14,863,416
Disposal	-	(111,881)	-	(111,881)
At June 30, 2018	63,210,204	16,156,358	-	79,366,562
<b>NET CARRYING AMOUNT</b>				
At June 30, 2018	666,083,465	5,247,620	531,077,796	1,202,408,886
At June 30, 2017	677,787,050	6,368,136	531,077,796	1,215,232,987

(a) Carrying amount of goodwill

Subsidiary companies	THE GROUP	
	2018	2017
	Rs.	Rs.
Marina Village Hotel Limited	412,904,291	412,904,296
Pointe aux Piments Hotel Limited	42,798,760	42,798,760
Attitude Hospitality Management Ltd	75,374,745	75,374,745
	531,077,796	531,077,801

Goodwill acquired is measured as the sum of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts fair values of the identifiable assets and liabilities assumed. Goodwill has been assessed as having an indefinite life. The Group performed its annual impairment test in June 2018 and 2017. As at June 30, 2018, the market capitalisation of the Group was above the book value of its equity indicating no impairment of goodwill.

4. INTANGIBLE ASSETS (CONTINUED)

(a) Carrying amount of goodwill (Continued)

Impairment test:

The recoverable amount of each cash generating unit has been determined based on value-in-use calculation. The calculation used pre-tax cash flow projection 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. The discount rate used is 10% to 15% (2017: 12% to 15%).

A yearly growth rate of 3% to 10% (2017: 3% to 10%) has been estimated on the different cash generating units. The growth rate has been assessed as reasonable based on the fact that the Group has outperformed its budget over the past three years.

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 as well as stable local and international economic conditions.

(b) Non-cash transactions

Acquisitions of intangible asset financed by finance leases:

	2018	2017
	Rs.	Rs.
Total acquisition cost	2,039,315	1,209,944
Financed by cash	(2,039,315)	(1,209,944)
Financed by finance lease	-	-

5. INVESTMENT IN SUBSIDIARY COMPANIES

	THE COMPANY	
	2018	2017
	Rs.	Rs.
At July 1,	1,811,353,939	1,811,343,939
Additions	-	10,000
At June 30,	1,811,353,939	1,811,353,939

There were no additions in subsidiary companies during the financial year.

In 2017, the additions include the transfer of the shareholding of Belle Mare Venture Limited from Compagnie Marmites Des Iles Ltee to the Company.

The Company pledged the whole of its 88.75% shares held in Marina Village Hotel Limited with the State Bank of Mauritius in favour of Diamant de Vati Ltd and Rose et Or Ltd, which were related parties, during financial year ended June 30, 2016. Subsequently, the pledge of shares were waived during the financial year ended June 30, 2017.

5. INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)

The subsidiary companies are as follows:

Name of Companies	Country of incorporation		Effective Shareholding			
			2018		2017	
			Direct	Indirect	Direct	Indirect
			%	%	%	%
▸ Marina Village Hotel Limited	Mauritius	Note 22	88.75	-	88.75	-
▸ Pointe Aux Piments Hotel Limited	Mauritius		100	-	100	-
▸ Compagnie Marmites Des Iles Limitée	Mauritius		100	-	100	-
▸ Tropical Hotel Ltd	Mauritius		100	-	100	-
▸ East Water Ltd	Mauilius		100	-	100	-
▸ Attitude Hospitality Management Ltd	Mauritius	Note 22	80	-	80	-
▸ Longchamps Investments Ltd	Mauritius		100	-	100	-
▸ Attitude Hospitality Training Ltd	Mauritius		100	-	100	-
▸ Belle Mare Venture Ltd	Mauritius		100	-	100	-
▸ Green Attitude Foundation	Mauritius		100	-	100	-
▸ Anse La Raie Resorts Ltd	Mauritius	Note 22	-	88.75	-	88.75
▸ Attitude Property Ltd	Mauritius	Note 22	48.74	-	48.74	-
▸ Riviere Citron Ltee	Mauritius		100	-	100	-
▸ Touristic United Enterprise Ltd	Seychelles		67.51	-	67.51	-
▸ Colov United Enterprise Ltd	Mauritius		-	62.69	-	62.69
▸ SAS Voloc	Reunion		-	31.70	-	31.70

6. INVESTMENT IN ASSOCIATED COMPANIES

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs.	Rs.	Rs.	Rs.
At July 1,	512,968,081	491,231,362	234,382,330	239,182,330
Disposals	-	(4,800,000)	-	(4,800,000)
Share of result for the year	71,236,375	61,865,687	-	-
Share of reserves for the year	(730,095)	(1,163,968)	-	-
Dividends	(41,350,000)	(34,165,000)	-	-
At June 30,	542,124,361	512,968,081	234,382,330	234,382,330

(a) The shareholding in associate companies are as follows:

	Country of incorporation and place of business	% Effective Share	
		2018	2017
Zilwa Resorts Ltd (note (i))	Mauritius	24.00%	24.00%
Water Sports Village Limited	Mauritius	24.50%	24.50%
Manahe Ltd and its subsidiaries	Mauritius	33.08%	33.08%

6. INVESTMENT IN ASSOCIATED COMPANIES (CONTINUED)

(b) Summarised financial information of the Group's associates is as follows:

Share of the associates' statement of financial position

	2018			2017	
	Manahe Ltd and its subsidiaries	Zilwa Resorts Ltd	Water Sports Village Limited	Total	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
Non-current assets	93,881,764	1,007,420,561	298,064,054	1,399,366,379	1,369,916,116
Current assets	202,061,374	97,268,259	73,298,180	372,627,813	312,898,466
Non-current liabilities	(27,705,830)	(395,633,920)	(40,837,502)	(464,177,252)	(550,322,437)
Current liabilities	(65,769,038)	(104,463,208)	(42,770,313)	(213,002,559)	(202,359,469)
Equity	202,468,270	604,591,692	287,754,419	1,094,814,381	930,132,676
Shareholding	33.08%	24.00%	24.50%		
Group's share of net assets	66,976,504	145,102,006	70,499,833	282,578,343	239,246,091
Goodwill	142,324,096	-	8,930,071	151,254,167	151,254,167
Equity	209,300,600	145,102,006	79,429,904	433,832,510	390,500,258

Share of the associates' statement of profit or loss and other comprehensive income

	2018			2017	
	Manahe Ltd and its subsidiaries	Zilwa Resorts Ltd	Water Sports Village Limited	Total	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
Revenue	568,976,836	593,860,322	272,168,573	1,435,005,731	1,300,512,240
Cost of sales	(391,913,815)	(116,751,929)	(49,262,406)	(557,928,150)	(405,787,778)
Other income	35,886,544	15,831,735	5,352,657	57,070,935	15,546,983
Administrative	(132,565,799)	(313,598,789)	(157,347,768)	(603,512,356)	(635,629,424)
Finance costs	(14,211,237)	(22,081,774)	(342,582)	(36,635,592)	(34,279,707)
Profit before tax	66,172,528	157,259,565	70,568,474	294,000,568	240,362,314
Income tax expense	(13,354,025)	(27,020,715)	(11,623,930)	(51,998,670)	(47,354,267)
Profit for the year	52,818,503	130,238,850	58,944,544	242,001,897	193,008,047
Other comprehensive income					
- Movement in cash flow hedges	740,566	(5,183,098)	2,097,340	(3,085,758)	(4,893,269)
Total comprehensive income for the year	53,559,069	125,055,752	61,041,885	238,916,139	188,114,778
Group's share of profits	25,537,638	31,257,324	14,441,413	71,236,375	61,865,687
Group's share of total comprehensive profit/ (loss)	-	(1,243,944)	513,848	(730,095)	(1,163,968)
Dividend paid to AHL Group	26,950,000	14,400,000	-	41,350,000	21,915,000

7. LONG TERM DEPOSITS

	THE GROUP	
	2018	2017
	Rs.	Rs.
As at July 1,	9,084,440	9,084,440
Charge for statement of profit or loss	484,360	-
As at June 30,	9,568,800	9,084,440

The long term deposits were made by the Group as part of the lease agreements signed on August 23, 2011, under which the Group leases the property where East Water Ltd operate for a period of ten years effective as from September 01, 2011. The deposits amounted to Euro 240,000 for the hotel. During the year ended June 30, 2014, the agreements have been extended to a period of seventeen years.

8. INVENTORIES

	THE GROUP	
	2018	2017
	Rs.	Rs.
At cost		
Food and beverages	10,516,211	8,824,400
Operating supplies	4,481,244	4,039,980
Spare parts	1,325,601	999,434
Retail items	554,807	761,074
	16,877,863	14,624,888

There were no write down of inventories for the current year (2017: Nil).

Inventories have been pledged as securities for bank borrowings of the Group.

9. TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs.	Rs.	Rs.	Rs.
Trade receivables	111,365,715	82,606,403	-	-
Receivable from subsidiaries companies	-	-	164,706,980	201,805,064
Receivable from associates	46,255,075	17,184,303	-	-
Receivable from other related parties	1,630,866	14,288,576	300,000	300,000
Other receivables	67,214,816	33,957,396	9,581,556	1,859,638
	226,466,472	148,036,678	174,588,536	203,964,702

(i) - Trade receivables are unsecured, non-interest bearing and are generally on 30-60 days terms. Impairment of receivables have been assessed on a collective basis only as there were no indications of impairment on an individual basis.

- For terms and conditions relating to related party receivables, refer to Note 21.

- Other receivables consist of prepayments and VAT and are non-interest bearing.



9. TRADE AND OTHER RECEIVABLES (CONTINUED)

(ii) At June 30, 2018, trade receivables of Rs. 240,015 (2017: Rs. 1,575,817) were fully provided for. Movement in the allowance for credit losses was as follows:

	THE GROUP		
	Individually impaired	Collectively impaired	Total
	Rs.	Rs.	Rs.
As at June 30, 2017	-	1,575,817	1,575,817
Charge for the year	-	135,015	135,015
Utilised during the year	-	(1,470,817)	(1,470,817)
As at June 30, 2018	-	240,015	240,015
As at June 30, 2016	937,704	5,863,986	6,801,690
Charge for the year	(937,704)	(4,288,169)	(5,225,873)
As at June 30, 2017	-	1,575,817	1,575,817

The Group has subscribed to an insurance cover with The Mauritius Commercial Bank Ltd as from January 18, 2017 in view to minimise its credit risk exposure. Credit Guarantee Insurance Co Ltd was previously providing insurance cover on trade receivables. The above allowances for credit losses relate to those amounts receivable not covered by the insurance scheme. See note 23 on credit risk for further details.

As at June 30, 2018 and 2017, the ageing analysis of trade receivables were as follows:

THE GROUP

	Total	Neither past due nor impaired	Past due but not impaired			
			< 30 days	30 - 60 days	60 - 90 days	> 90 days
			Rs.	Rs.	Rs.	Rs.
2018	111,365,715	29,754,839	60,142,494	19,698,078	1,490,471	279,833
2017	82,606,403	24,528,701	46,153,149	8,816,715	2,111,935	995,903

10. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial assets	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
Current	Rs.	Rs.	Rs.	Rs.
Forward currency contracts/ currency swaps	11,334,292	1,095,112	1,095,112	1,095,112
Financial liabilities	THE GROUP		THE COMPANY	
Current	2018	2017	2017	2016
	Rs.	Rs.	Rs.	Rs.
Forward currency contracts/ currency swaps	-	2,028,837	-	-
Redeemable/convertible preference shares	-	61,338,200	-	61,338,200
	-	63,367,037	-	61,338,200

10. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

**Derivative contracts**

Typically, derivatives contracts serve as components of the Group's investment strategy and are utilised primarily to enhance performance and reduce risk to the Group. The derivatives contracts that the Group holds or issues include forward currency contracts and swaps.

The Group uses derivatives instruments to hedge its risks associated with foreign currency fluctuations.

Derivatives often reflect at their inception only a mutual exchange of promises with little or no transfer of tangible consideration. However, these instruments frequently involve a high degree of leverage and are very volatile. A relatively small movement in the underlying of a derivative contract may have a significant impact on the profit or loss of the Group.

At the reporting date, the Group has positions in the following types of derivatives:

**Forwards**

Forward contracts are contractual agreements to buy or sell a specified financial instrument at a specific price and date in the future. The Group has credit risk exposure to the counter parties of forward contracts. Forward contracts are settled gross and, therefore, considered to bear a high liquidity risk.

**Swaps**

Swaps are contractual agreements between two parties to exchange streams of payments over time based on specified notional amounts. In a currency swap, the Group pays a specified amount in one currency and receives a specified amount in another currency. Currency swaps are gross-settled.

**Redeemable/convertible preference shares**

In 2017, redeemable/convertible preference shares were issued at the option of the shareholders to convert part or all of the preference shares into one ordinary share which represents an embedded derivative.

During the financial year, the preference shares were fully written off at a consideration of Rs. 61,338,200.

11. CASH AND SHORT-TERM DEPOSITS

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs.	Rs.	Rs.	Rs.
Cash in hand	5,967,340	1,013,839	-	-
Cash at bank	60,574,309	44,492,628	716,706	107,016
	66,541,649	45,506,467	716,706	107,016

For the purpose of statements of cash flows, cash and cash equivalents comprise of:

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs.	Rs.	Rs.	Rs.
Cash and short-term deposits	66,541,649	45,506,467	716,706	107,016
Bank overdrafts (Note 14)	(131,356,666)	(140,288,958)	-	(10,253)
	(64,815,017)	(94,782,491)	716,706	96,763

12. ISSUED CAPITAL

	THE GROUP AND THE COMPANY		
	Number of shares	2018	2017
	Units	Rs.	Rs.
Issued and fully paid			
Ordinary shares at no par value			
At July 01,	159,405,253	1,256,193,765	1,256,193,765
Issue of shares	613,382	40,389,035	-
At June 30,	160,018,635	1,296,582,800	1,256,193,765

13. CASH FLOW HEDGE RESERVE

The Group has hedged its borrowings denominated in Euro with the inflows of revenue in the same currency. The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income (OCI) in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The ineffective portion relating to foreign currency contracts is recognised in finance costs and the ineffective portion relating to commodity contracts is recognised in other operating income or expenses.

Amounts recognised as OCI 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. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

14. INTEREST-BEARING LOANS AND BORROWINGS

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs.	Rs.	Rs.	Rs.
<b>Current</b>				
Bank loans (note (a))	158,840,380	168,694,910	92,295,873	92,603,241
Loan from others (note (d))	-	20,000,000	-	20,000,000
Obligations under finance leases (note (b))	440,817	485,297	-	-
Bank overdrafts (note (c))	131,356,666	140,288,958	-	10,253
	290,637,863	329,469,165	92,295,873	112,613,494
<b>Non-current</b>				
Bank loans (note (a))	1,686,350,792	1,751,015,646	423,963,478	512,484,857
Loan from others (note (d))	-	-	-	-
Obligations under finance leases (note (b))	674,911	1,096,585	-	-
	1,687,025,703	1,752,112,231	423,963,478	512,484,857
<b>Total borrowings</b>	1,977,663,566	2,081,581,396	516,259,351	625,098,351

(a) Bank loans can be analysed as follows:-

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs.	Rs.	Rs.	Rs.
Within one year	158,840,380	168,694,910	92,295,873	92,603,241
After one year and before five years	1,470,447,457	1,404,204,040	364,269,418	370,412,964
After five years	215,903,335	346,811,606	59,694,060	142,071,893
	1,845,191,172	1,919,710,556	516,259,351	605,088,098

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14. INTEREST-BEARING LOANS AND BORROWINGS (CONTINUED)

	Loan amount	Effective interest rate (%)	Maturity	THE GROUP		THE COMPANY	
				2018	2017	2018	2017
				Rs.	Rs.	Rs.	Rs.
GBP	7.65 million	Libor +3.5 %	June 2026	289,929,688	348,455,358	289,929,687	348,455,358
EUR	3.195 million	Euribor+5%	June 2024	78,731,190	90,533,520	78,731,190	90,533,520
EUR	2.11 million	Euribor + 5%	June 2024	51,994,620	59,788,960	-	-
EUR	2.55 million	Euribor + 5.5%	June 2027	94,255,650	103,224,000	-	-
EUR	1.85 million	Libor + 5%	June 2024	45,587,700	52,421,600	-	-
EUR	3.21 million	PLR+1.25%	June 2026	105,467,760	116,946,720	105,467,760	116,946,720
MUR	119 million	PLR+1.25%	June 2024	42,130,714	49,152,500	42,130,714	49,152,500
MUR	82.44 million	PLR + 1.25%	June 2024	49,464,000	57,708,000	-	-
MUR	71.2 million	PLR + 1.25%	June 2024	42,720,000	49,840,000	-	-
MUR	100 million	PLR + 1.75%	June 2027	90,000,000	100,000,000	-	-
MUR	30 million	PLR + 1.25%	June 2025	21,000,000	24,000,000	-	-
MUR	70 million	PLR+1.25%	June 2023	50,369,216	55,648,438	-	-
MUR	13 million	PLR+1.25%	June 2024	10,537,323	11,413,766	-	-
MUR	37.8 million	PLR+1.25%	June 2025	33,003,311	35,215,694	-	-
MUR	25 million	PLR+1%	October 2022	25,000,000	-	-	-
MUR	755 million	PLR+0.5%	April 2022	755,000,000	755,000,000	-	-
MUR	60 million	PLR+0.5%	April 2022	60,000,000	10,362,000	-	-
				1,845,191,172	1,919,710,556	516,259,351	605,088,098

(i) Bank borrowings are secured by fixed and floating charges over the assets of the Group and the Company.

(ii) The Group had no undrawn loan facility at year end (2017: Rs. 50m) .

(iv) During the year there were no new loans taken by the Company.

its subsidiary, Attitude Property Ltd, took an additional loan of Rs. 25m and has used the undrawn loan facility of Rs. 50m to finance the renovation of its tenant, Tropical Hotel Ltd.

14. INTEREST-BEARING LOANS AND BORROWINGS (CONTINUED)

(b) Finance lease liabilities - minimum lease payments:

	THE GROUP	
	2018	2017
	Rs	Rs
Within one year	513,741	597,361
After one year and before five years	727,005	1,221,821
	1,240,746	1,819,182
Future finance charges on finance leases	(125,018)	(237,300)
Present value of finance lease liabilities	1,115,728	1,581,882
The present value of finance lease liabilities may be analysed as follows:		
Within one year	440,817	485,297
After one year and before five years	674,911	1,096,585
	1,115,728	1,581,882

Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default. The rate of interest on the leases varies between 10% to 11.5%.

(c) Bank overdraft

The bank overdrafts are secured by floating charges on the assets of the Group and are used for working capital management purposes. The bank overdraft are at floating interest rates and the average interest rate as at June 30, 2018 was PLR+1.5%.

During the financial year ended June 30, 2018 the PLR was on average 6.25% (2017: 5.93%) and at year end, the PLR was 5.75% (2017: 5.85%) .

(d) Loan from others

The loan from Harel Mallac is unsecured, bears interest at MCB PLR and has been fully repaid during the financial year.

(e) The interest-bearing loans and borrowings' carrying amounts approximate fair value. They are allocated as level 2 items in the fair value hierarchy, with the significant input in determining fair value being applicable interest rates. The technique used to determine the fair value is the discounted cash flow method. For fair value hierarchy see Note 29.

(f) Reconciliation of opening and closing balance for interest-bearing loans and borrowings from financing activities

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs.	Rs.	Rs.	Rs.
Opening balance excluding bank overdraft	1,941,292,437	1,840,472,180	625,088,098	692,512,800
Additional loans	74,638,000	1,301,967,312	-	348,455,358
Repayment of loans	(175,003,946)	(1,215,025,997)	(111,057,589)	(415,880,060)
Repayment of finance lease	(466,154)	(592,613)	-	-
Difference on exchange	5,846,563	14,471,555	2,228,843	-
Closing balance excluding bank overdraft	1,846,306,900	1,941,292,437	516,259,352	625,088,098

15. TAXATION

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs.	Rs.	Rs.	Rs.
<b>(a) Income tax - Statements of financial position</b>				
At July 01,	7,552,418	9,910,374	328,094	328,094
Tax paid during the year	(8,430,934)	(9,320,922)	-	-
Over provision of income tax	(442,339)	(11,823)	-	-
Income tax expense (note (b))	11,103,041	6,724,066	-	-
Corporate Social Responsibility	1,124,783	847,599	-	-
Corporate Social Responsibility paid	(644,161)	(596,876)	-	-
Income tax recognised in statement of profit and loss and OCI	388,961	-	-	-
<b>At June 30,</b>	<b>10,651,769</b>	<b>7,552,418</b>	<b>328,094</b>	<b>328,094</b>
Disclosed as:				
Income tax asset	(398,487)	(785,566)	-	-
Current tax liabilities	10,651,769	8,337,984	328,094	328,094
	10,253,282	7,552,418	328,094	328,094

**(b) Income tax - Statements of profit or loss and other comprehensive income**

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs.	Rs.	Rs.	Rs.
Current income tax charge	11,103,041	6,724,066	-	-
Deferred tax (Note (d))	13,158,024	4,764,138	-	-
Corporate social responsibility	1,124,783	847,599	-	-
Over provision of income tax	(442,339)	-	-	-
Underprovision of deferred tax from previous year	(1,333,461)	-	-	-
Deferred tax asset not recognised	(1,437,382)	(910,550)	-	-
<b>Income tax expense reported in the statement of comprehensive income</b>	<b>22,172,666</b>	<b>11,425,253</b>	<b>-</b>	<b>-</b>

**(c) Reconciliation between tax expense and accounting profit is as follows:**

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs.	Rs.	Rs.	Rs.
Accounting profit before taxation	317,097,855	134,334,600	64,960,650	(1,779,085)
- Tax calculated at a rate of 15%	47,564,678	20,150,190	9,744,098	(266,863)
- Income not subject to tax	(30,371,500)	(9,149,400)	-	-
- Tax rate differential as a result of tax laws of a foreign subsidiary	1,916,757	-	-	-
- Share of results of associates	(12,110,226)	(10,517,167)	-	-
- Corporate social responsibility	6,341,957	2,686,692	-	-
- Non deductible expenses	13,200,518	12,097,124	(9,744,098)	266,863
- Deferred tax assets not recognised	1,639,190	-	-	-
- Over provision of income tax	(442,339)	-	-	-
- Deferred tax income not recognised	203,828	19,161,045	-	-
- Under provision of deferred tax asset from prior years	(2,510,557)	(23,003,231)	-	-
- Over provision of deferred income tax in the previous year	(205,291)	-	-	-
- Over provision of deferred tax liability	(3,054,348)	-	-	-
<b>Total taxation</b>	<b>22,172,666</b>	<b>11,425,253</b>	<b>-</b>	<b>-</b>

15. TAXATION (CONTINUED)

(d) Deferred tax

Deferred income tax liability at June 30, relates to the following:

THE GROUP	Statement of financial position			Statement of comprehensive income	
	2018	2017	2016	2018	2017
	Rs.	Rs.	Rs.	Rs.	Rs.
Deferred tax liability			(Restated)		
Accelerated depreciation for tax purposes	363,250,820	324,392,999	293,252,906	-	31,140,093
	<u>363,250,820</u>	<u>324,392,999</u>	<u>293,252,906</u>	<u>-</u>	<u>31,140,093</u>
Deferred tax assets					
Provision for bad debts	392,843	(146,564)	(632,224)	-	485,660
Tax loss	(136,727,218)	(115,597,667)	(88,736,053)	-	(26,861,614)
Unrecognised tax asset	850,292	1,038,887	1,949,437	-	(910,550)
	<u>(135,484,083)</u>	<u>(114,705,344)</u>	<u>(87,418,840)</u>	<u>-</u>	<u>(27,286,504)</u>
Deferred tax expense	3,853,589	-	-	-	3,853,589
Net deferred tax liability	<u>223,913,148</u>	<u>209,687,655</u>	<u>205,834,066</u>		

Reconciliation of deferred tax liabilities net:

	2018	2017	2016
	Rs.	Rs.	Rs.
			(Restated)
Opening balance as at July 1,	209,687,655	205,834,066	183,220,998
Effect of restatement	-	-	75,264
Tax expense recognised in statement of profit or loss and other comprehensive income (Note (b))	13,158,024	4,764,139	22,775,842
Underprovision of deferred tax from previous year	(2,510,557)	-	(2,405,046)
Deferred tax recognised in profit or loss	3,853,589	-	217,571
Unrecognised tax asset for the year	(275,563)	(910,550)	1,949,437
Closing balance as at June 30,	<u>223,913,148</u>	<u>209,687,655</u>	<u>205,834,066</u>

THE GROUP

	2018	2017	2016
	Rs.	Rs.	Rs.
			(Restated)
Disclosed as:			
Deferred tax asset	(135,484,083)	(22,214,332)	-
Deferred tax liabilities	363,250,820	231,901,987	205,834,066
Deferred tax expense	(3,853,589)	-	-
	<u>223,913,148</u>	<u>209,687,655</u>	<u>205,834,066</u>

16. TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs.	Rs.	Rs.	Rs.
Trade payables	117,286,585	120,642,925	343,423	1,256,798
Other payables	191,422,768	129,615,888	19,579,346	7,613,609
Amount due to associates (Note 21)	5,788,369	766,228	-	-
Amount due to subsidiaries (Note 21)	-	-	258,199,791	163,451,813
Amount due other related parties (Note 21)	37,097	6,868,619	-	-
	<u>314,534,819</u>	<u>257,893,660</u>	<u>278,122,560</u>	<u>172,322,220</u>

16. TRADE AND OTHER PAYABLES (CONTINUED)

- Trade and other payables are non-interest bearing and are normally settled on 30-60 days terms.
- Other payables consist of quest deposits and accruals and are non-interest bearing.
- For terms and conditions relating to related party payables, refer to note 21.

17. DEPRECIATION, AMORTISATION, COST OF INVENTORIES AND EMPLOYEE BENEFIT EXPENSES

THE GROUP

(a)	Included in cost of sales:	2018	2017
		Rs.	Rs.
	Depreciation on property, plant and equipment (Note 3)	97,585,540	99,159,026
	Amortisation of intangible assets (Note 4)	11,750,496	12,029,006
	Cost of inventories recognised as an expense	227,356,090	178,119,377
	Employee benefit expenses (Note (c))	274,882,307	240,848,913
	Operating rental lease payments	11,817,903	8,575,973
		<b>443,392,236</b>	<b>438,732,295</b>
(b)	Included in administrative expenses:	2018	2017
		Rs.	Rs.
	Depreciation on property, plant and equipment (Note 3)	35,203,953	21,445,440
	Amortisation of intangible assets (Note 4)	3,001,039	2,983,037
	Employee benefit expenses (Note (c))	186,554,111	154,591,951
	Sales and marketing	23,586,772	-
		<b>247,345,875</b>	<b>179,020,428</b>
(c)	Employee benefit expenses:	2018	2017
		Rs.	Rs.
	Wages and salaries	417,356,530	364,998,979
	Pension costs	17,590,473	16,062,003
	Social security costs	4,002,147	12,064,467
	Severance allowance	14,112,244	2,315,415
	Share-based payment (Note 20)	8,375,025	-
		<b>457,436,419</b>	<b>395,440,864</b>

18. OTHER INCOME

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs.	Rs.	Rs.	Rs.
Rental income	2,855,647	2,921,427	-	-
Gain on exchange rate translations	37,937,377	16,246,471	-	8,164,417
Miscellaneous income	2,895,396	5,560,734	47,070	-
Conversion of preference shares (Note 10)	61,338,200	-	61,338,200	-
	<b>105,026,620</b>	<b>24,728,632</b>	<b>61,385,270</b>	<b>8,164,417</b>

Miscellaneous income consist of rental income and overbooking.

19. FINANCE COSTS

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs.	Rs.	Rs.	Rs.
Interest expense on:				
- Bank overdrafts	9,020,499	10,252,584	158,294	285,934
- Bank loans	111,228,848	129,682,381	24,854,413	41,330,290
- Finance leases	112,161	153,347	-	-
- Preference shares	1,503,556	3,142,356	1,503,554	3,142,356
- Other loans	583,699	4,999,420	4,410,870	4,999,419
	<b>122,448,763</b>	<b>148,230,088</b>	<b>30,927,131</b>	<b>49,757,999</b>



ATTITUDE HOSPITALITY LTD AND ITS SUBSIDIARIES  
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20. SHARE-BASED PAYMENT

	Number of shares	
	2018	2017
	Rs.	Rs.
Redeemable convertible preference shares	738,053	8,500,030

During the financial year, the Board of Attitude Hospitality Ltd (AHL) and Attitude Hospitality Management Ltd (AHML) have approved the issue of 738,053 Redeemable Convertible Shares in AHL to the employees of AHML, for a total amount of MUR 8,500,030. The exercise price of the share options is equal to the market price of the underlying shares on the date of grant.

A board resolution was drawn out on June 29, 2018 that the Company will refund the expenses incurred by AHML on the share-based payment and therefore the impact is on the equity of the Company only.

21. RELATED PARTY TRANSACTIONS

THE GROUP

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

2018	Management fees		Training fees		CSR contribution		Dividends paid		Interest on loan		Amount owed to related parties		Amount owed by related parties	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Ultimate holding company	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Jason Ltd	-	-	-	35,119	-	-	-	-	-	-	18,465	-	-	-
Holding company	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Societe Antisthene	-	-	-	-	-	-	-	-	-	-	2,646	-	-	-
Fellow subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Holiday Bungalows Co. Ltd	7,777,435	486,375	290,646	-	-	-	-	-	-	-	255,854	1,330,266	-	-
Touristic United Enterprise Ltd	-	-	-	-	-	-	-	-	-	-	-	38,937	-	-
Societe Jean Michel Pitot	-	-	-	-	-	-	-	-	-	-	-	-	300,000	-
Associates	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Manaha Ltd	-	-	-	-	-	-	-	-	-	-	-	-	26,950,000	-
Water Sports Village Limited	16,186,090	452,375	710,504	-	-	-	-	-	-	-	5,452	2,298,412	-	-
Zilwa Resorts Ltd	42,836,394	621,375	-	14,400,000	-	-	-	-	-	-	31,645	16,968,326	-	-
Shareholder	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Harel Malliac Ltd	-	-	-	-	-	-	-	-	583,699	-	3,104,984	-	-	-
Societe Soldore	-	-	-	-	-	-	-	-	-	-	1,362,113	-	-	-
Phillipe Hitie	-	-	-	-	-	-	-	-	-	-	1,044,307	-	-	-
	66,799,919	1,560,125	1,036,269	14,400,000	-	-	-	-	583,699	-	5,825,466	47,885,941	-	-

ATTITUDE HOSPITALITY LTD AND ITS SUBSIDIARIES  
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21. RELATED PARTY TRANSACTIONS (CONTINUED)

THE GROUP

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

2017	Loan receivable	Loan payable	Management fees	Training fees	CSR contribution	Dividends paid	Interest on loan	Interest income	Amount owed to related parties	Amount owed by related parties
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Ultimate holding company										
Jason Ltd	-	-	-	-	26,127	-	-	-	144,942	-
Holding company										
Societe Antisthene	-	-	-	-	-	-	-	-	-	-
Fellow subsidiaries										
Holiday Bungalows Co. Ltd	-	-	9,428,764	221,000	407,562	-	-	-	79,830	1,738,576
Touristic United Enterprise Ltd	-	-	-	-	-	-	-	-	-	-
Societe Jean Michel Pitot	-	-	-	-	-	-	-	-	-	300,000
Associates										
Manaha Ltd	-	-	-	-	-	-	-	-	1,132,443	13,464,296
Water Sports Village Limited	-	-	14,921,415	574,500	1,260,006	3,185,000	-	-	30,273	1,688,652
Zilwa Resorts Ltd	-	-	39,031,217	627,000	-	6,480,000	-	371,840	735,956	14,281,355
Shareholder										
Harel Mallac Ltd	-	20,000,000	-	-	-	-	1,256,793	-	3,104,984	-
Societe Soldore	-	-	-	-	-	-	-	-	1,362,113	-
Phillipe Hitte	-	-	-	-	-	-	-	-	1,044,306	-
	-	20,000,000	63,381,396	1,422,500	1,693,695	9,665,000	1,256,793	371,840	7,634,847	31,472,879

ATTITUDE HOSPITALITY LTD AND ITS SUBSIDIARIES  
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21. RELATED PARTY TRANSACTIONS (CONTINUED)

THE COMPANY

Name of related parties	Relationship	Dividend income		Amount owed (to)/by related parties		Administration fees		Deposit receivable	
		2018	2017	2018	2017	2018	2017	2018	2017
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
East Water Ltd	Fellow subsidiary	-	-	3,805,639	17,166,600	-	-	-	-
Pointe aux Piments Hotel Ltd	Fellow subsidiary	-	-	52,401,873	64,657,273	-	-	-	-
Riviere Citron Ltd	Fellow subsidiary	-	-	(60,373,744)	21,198,552	-	-	-	-
Marina Village Hotel Ltd	Fellow subsidiary	-	-	(74,562,641)	(38,713,266)	-	-	-	-
Compagnie Marmites des Iles	Fellow subsidiary	-	-	(26,636,883)	(25,915,987)	-	-	-	-
Tropical Hotel Ltd	Fellow subsidiary	-	-	(26,257,536)	(27,224,776)	-	-	-	-
Belle Mare Venture Ltd	Fellow subsidiary	-	-	542,250	392,250	-	-	-	-
Longchamps Investment Ltd	Fellow subsidiary	-	-	56,031,880	55,881,880	-	-	-	-
Attitude Property Ltd	Fellow subsidiary	50,700,000	53,820,000	41,529,546	28,029,546	-	-	-	-
Tourist United Enterprise Ltd	Fellow subsidiary	-	-	393,143	-	-	-	9,580,902	9,580,902
Attitude Hospitality Management Ltd	Fellow subsidiary	28,064,600	-	(66,618,988)	(62,356,684)	-	-	-	-
Green Attitude Foundation	Fellow subsidiary	-	-	(750,000)	-	-	-	-	-
Attitude Hospitality Training Ltd	Fellow subsidiary	-	-	(3,000,000)	(1,500,000)	-	-	-	-
Zilwa Resorts Ltd	Associate	14,400,000	6,480,000	-	-	-	-	-	-
Water Sports Village Ltd	Associate	-	3,185,000	-	-	-	-	-	-
Anse La Raie Resorts Ltd	Other related company	-	-	-	-	421,747	352,060	-	-
Societe Jean Michel Pitot	Other related company	-	-	300,000	300,000	-	-	-	-
Diamant De Vati	Other related company	-	-	-	-	-	-	-	2,273,000
Rose Et Or	Other related company	-	-	-	-	-	-	-	-
		93,164,600	63,485,000	(103,195,460)	31,915,388	421,747	352,060	9,580,902	14,126,902

21. RELATED PARTY TRANSACTIONS (CONTINUED)

- Terms and conditions of transactions with related parties

Outstanding balances at the year-end are unsecured, interest-free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables and payables. For the year ended June 30, 2018, the Group has not made any provision for impairment of receivables relating to amounts owed by related parties (2017: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

THE GROUP

Compensation of key management personnel of the Group

	2018	2017
	Rs.	Rs.
Short-term employee benefits	51,314,431	24,637,540
Post-employment pension and medical benefits	3,972,600	13,130,064
Share-based payment	5,824,992	-
Total compensation paid to key management personnel	<u>61,112,023</u>	<u>37,767,604</u>

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

22. NON-CONTROLLING INTERESTS

Proportion of equity interest held by non-controlling interests:

Name	Country of incorporation and operation	2018	2017
Marina Village Hotel Limited	Mauritius	11.25%	11.25%
Attitude Hospitality Management Ltd	Mauritius	20.06%	20.00%
Anse La Raie Resorts Ltd	Mauritius	11.25%	11.25%
Attitude Property Ltd	Mauritius	51.26%	51.26%
Touristic United Enterprise Ltd and its subsidiaries (TUE Group)	Mauritius	32.49%	32.49%
		2018	2017
		Rs	Rs
Accumulated balances of material non-controlling interest:			
Marina Village Hotel Limited		52,542,409	46,536,523
Attitude Hospitality Management Ltd		23,129,435	13,828,888
Others		(51,333)	(44,011)
Attitude Property Ltd		809,437,123	761,120,937
Touristic United Enterprise Ltd and its subsidiaries		<u>33,170,669</u>	<u>22,771,385</u>
Profit allocated to material non-controlling interest:			
Marina Village Hotel Limited		10,326,417	(638,072)
Attitude Hospitality Management Ltd		9,133,460	6,494,854
Anse La Raie Resorts Ltd		(7,322)	(6,927)
Attitude Property Ltd		96,444,009	16,073,938
Touristic United Enterprise Ltd and its subsidiaries		<u>10,399,285</u>	<u>2,998,297</u>

22. NON-CONTROLLING INTERESTS (CONTINUED)

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

Summarised statement of profit or loss for 2018:

	Attitude Property Ltd	Touristic United Enterprise Ltd and its subsidiaries	Marina Village Hotel Limited	Attitude Hospitality Management Ltd	Others
	Rs	Rs	Rs	Rs	Rs
Revenue	190,683,728	152,868,338	371,286,904	175,612,682	-
Cost of sales	-	(143,135,897)	(212,329,727)	-	-
Other income	11,834,250	-	12,275,270	12,972,384	-
Administrative expenses	(14,581,793)	(2,805,136)	(80,020,737)	(133,518,507)	(65,087)
Finance costs	(53,406,523)	(6,856,455)	(21,508,308)	(482,676)	-
Revaluation gain on investment properties	162,956,253	-	-	-	-
Share of profit	-	25,537,638	-	-	-
Profit/(loss) before tax	297,485,914	25,608,488	69,703,402	54,583,883	(65,087)
Income tax	(22,856,661)	(1,928,801)	(12,518,225)	(9,062,134)	-
Profit/(loss) for the year	274,629,253	23,679,687	57,185,177	45,521,749	(65,087)
Other comprehensive income					
- Movement in cash flow hedge	-	-	(2,837,020)	-	-
- Movement in foreign exchange	-	578,734	-	-	-
- Revaluation gain on buildings	-	-	45,111,100	-	-
- Income tax effect on revaluation	-	-	(7,668,886)	-	-
Total comprehensive income /(loss)	274,629,253	24,258,421	91,790,371	45,521,749	(65,087)
Attributable to non-controlling interests	96,444,009	10,399,285	10,326,417	9,133,460	(7,322)
Dividends paid to non-controlling interests	53,311,104	-	-	-	-

22. NON-CONTROLLING INTERESTS (CONTINUED)

Summarised statement of profit or loss for 2017:

	Attitude Property Ltd	Touristic United Enterprise Ltd and its subsidiaries	Marina Village Hotel Limited	Attitude Hospitality Management Ltd	Others
	Rs	Rs	Rs	Rs	Rs
Revenue	185,955,248	107,759,294	227,852,826	149,856,394	-
Cost of sales	-	(111,910,823)	(147,920,928)	-	-
Other income	12,495,762	-	5,396,596	4,373,219	-
Administrative expenses	(15,343,300)	(1,271,934)	(69,786,990)	(114,204,657)	(61,578)
Finance costs	(55,246,439)	(8,002,822)	(20,323,856)	(445,479)	-
Share of profit	-	27,396,119	-	-	-
Profit/(loss) before tax	127,861,271	13,969,834	(4,782,352)	39,579,477	(61,578)
Income tax	(22,572,237)	-	73,102	(7,117,247)	-
Profit/(loss) for the year	105,289,034	13,969,834	(4,709,250)	32,462,230	(61,578)
Other comprehensive income					
- Movement in cash flow hedge	-	1,434,709	(3,296,160)	-	-
Total comprehensive income /(loss)	105,289,034	15,404,543	(8,005,410)	32,462,230	(61,578)
Attributable to non-controlling interests	16,073,938	2,998,297	(638,072)	6,494,854	(6,927)
Dividends paid to non- controlling interests	56,591,793	3,980,025	-	-	-

Summarised statement of financial position as at June 30, 2018

	Attitude Property Ltd	Touristic United Enterprise Ltd and its subsidiaries	Marina Village Hotel Limited	Attitude Hospitality Management Ltd	Others
	Rs	Rs	Rs	Rs	Rs
Current assets	121,212,563	94,917,210	122,431,018	135,682,683	10,250
Non Current assets	2,773,638,005	202,419,699	881,820,413	5,312,677	-
Current liabilities	(58,790,398)	(67,066,371)	(111,106,730)	(53,591,171)	(391,460)
Non Current liabilities	(998,586,925)	(82,465,910)	(367,924,626)	(644,704)	-
Total equity	1,837,473,245	147,804,629	525,220,075	86,759,485	(381,210)
Attributable to:					
Equity holders of parent	1,028,036,122	114,633,960	472,677,666	63,630,050	(329,877)
Non-controlling interest	809,437,123	33,170,669	52,542,409	23,129,435	(51,333)

22. NON-CONTROLLING INTERESTS (CONTINUED)

Summarised statement of financial position as at June 30, 2017

	Attitude Property Ltd	Touristic United Enterprise Ltd and its subsidiaries	Marina Village Hotel Limited	Attitude Hospitality Management Ltd	Others
	Rs	Rs	Rs	Rs	Rs
Current assets	81,168,835	65,353,165	66,032,783	110,248,527	10,250
Non Current assets	2,456,960,920	205,419,744	866,666,797	7,064,162	-
Current liabilities	(59,906,215)	(63,490,947)	(116,250,731)	(47,181,162)	(391,460)
Non Current liabilities	(811,368,437)	(80,902,709)	(383,019,145)	(937,084)	-
Total equity	1,666,855,103	126,379,253	433,429,704	69,194,443	(381,210)
Attributable to:					
Equity holders of parent	905,734,166	103,688,568	386,893,181	55,355,555	(337,199)
Non-controlling interest	761,120,937	22,771,385	46,536,523	13,838,889	(44,011)

Summarised cash flow information for the year ended June 30, 2018

	Attitude Property Ltd	Touristic United Enterprise Ltd and its subsidiaries	Marina Village Hotel Limited	Attitude Hospitality Management Ltd
	Rs	Rs	Rs	Rs
Cash flows generated from operating activities	157,777,451	23,239,671	83,687,070	43,442,848
Cash flows used in investing activities	(63,495,532)	(4,423,109)	(6,313,702)	(1,751,720)
Cash flows used in financing activities	(83,281,106)	(15,224,502)	(56,514,998)	(28,155,962)
Net increase in cash and cash equivalents	11,000,813	3,592,060	20,858,370	13,535,166

Summarised cash flow information for the year ended June 30, 2017

	Attitude Property Ltd	Touristic United Enterprise Ltd and its subsidiaries	Marina Village Hotel Limited	Attitude Hospitality Management Ltd
	Rs	Rs	Rs	Rs
Cash flows generated from operating activities	165,996,498	15,225,129	42,208,453	(3,443,285)
Cash flows used in investing activities	(20,602,651)	(1,891,844)	(181,467,609)	(1,216,754)
Cash flows used in financing activities	(155,296,232)	(17,304,482)	162,278,544	(348,309)
Net (decrease)/increase in cash and cash equivalents	(9,902,385)	(3,971,197)	23,019,388	(5,008,348)

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise, interest-bearing loans and borrowings, other financial liabilities and trade payables. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group also enters into derivative transactions.

The Group has various financial assets, such as trade receivables, other financial assets and cash in hand and at bank which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

(i) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's loans and borrowings with floating interest rates. Interest rate risks are not hedged.

*Interest rate risk table*

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax and equity (through the impact on floating rate borrowings).

Effect on profit before tax	Increase in basis points	THE GROUP		THE COMPANY	
		2018	2017	2018	2017
		Rs.	Rs.	Rs.	Rs.
Mauritian Rupees	+15	1,961,068	1,956,693	63,196	103,744
Euro	+15	568,832	640,953	276,298	311,220
GBP	+15	436,125	523,320	434,895	522,683
USD	+15	545	-	-	-
		<u>2,966,570</u>	<u>3,120,966</u>	<u>774,389</u>	<u>937,647</u>
Effect on profit before tax	Decrease in basis points	THE GROUP		THE COMPANY	
		2018	2017	2018	2017
		Rs.	Rs.	Rs.	Rs.
Mauritian Rupees	-15	(1,961,068)	(1,956,693)	(63,196)	(103,744)
Euro	-15	(568,832)	(640,953)	(276,298)	(311,220)
GBP	-15	(436,125)	(523,320)	(434,895)	(522,683)
USD	-15	(545)	-	-	-
		<u>(2,966,570)</u>	<u>(3,120,966)</u>	<u>(774,389)</u>	<u>(937,647)</u>



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23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The contracts with tour operators are mainly denominated in Euro, Pound Sterling (GBP) and United States Dollar (USD) and invoices are raised in these currencies, with above 90% of Group's sales denominated in Euro, GBP and USD.

The Group's and the Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense are denominated in a different currency from the Group's and the Company's functional currency).

The Group mitigates the risk of any appreciation of the Mauritian rupee against these foreign currencies partly by entering currency derivatives such as currency forwards and swaps and partly by raising borrowings in foreign currency, in particular in euros. The Group has designated specified amounts of future revenues in Euros as hedged items (i.e highly probable forecast transactions) and the loans it has contracted in Euros as the hedging instruments, such as hedges are expected to be highly effective as any foreign currency gains or losses on the repayments of the foreign currency are expected to exactly offset the foreign currency gains or losses on the future revenue streams. Accordingly, gains and losses arising on the retranslation of the foreign currency loans are recognised in other comprehensive income until such time as the forecast transactions take place. When the gains and losses are then reclassified to profit or loss. During the year, the Group recognised Rs. 5.8m of loss as movement in cash flow hedge in other comprehensive income.

The currency profile of the financial assets and liabilities at June 30, 2018 and 2017 is as follows:

THE GROUP

As at June 30, 2018

	MUR	EUR	GBP	USD	ZAR	AUD	Total
	Rs.	Rs.	Rs.	Rs.	Rs.		Rs.
Long term deposit	-	9,568,800	-	-	-	-	9,568,800
Other financial assets	-	11,334,292	-	-	-	-	11,334,292
Trade and other receivables	66,025,184	65,953,585	20,328,697	6,944,190	-	-	159,251,656
Cash in hand and at bank	24,116,318	39,611,903	1,995,867	798,633	18,928	-	66,541,649
<b>Total assets</b>	<b>90,141,502</b>	<b>126,468,580</b>	<b>22,324,564</b>	<b>7,742,823</b>	<b>18,928</b>	<b>-</b>	<b>246,696,397</b>
	MUR	EUR	GBP	USD	USD	AUD	Total
	Rs.	Rs.	Rs.	Rs.	Rs.		Rs.
Trade and other payables	102,092,734	21,019,318	-	-	-	-	123,112,052
Interest-bearing loans and borrowings	1,307,329,139	379,221,610	290,749,744	363,074	-	-	1,977,663,566
<b>Total liabilities</b>	<b>1,409,421,873</b>	<b>400,240,928</b>	<b>290,749,744</b>	<b>363,074</b>	<b>-</b>	<b>-</b>	<b>2,100,775,618</b>

Trade receivables exclude prepayments and VAT of Rs. 67,214,816 (2017: Rs. 33,957,396) and trade payables exclude guests deposits and accruals of Rs. 191,422,768 (2017: Rs. 129,615,888).



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23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(ii) Foreign currency risk (Continued)

THE COMPANY

As at June 30, 2017	MUR		EUR		GBP		Total	
	Rs.		Rs.		Rs.		Rs.	
Trade and other receivables	202,105,064				-		202,105,064	
Other financial assets	-		1,095,112		-		1,095,112	
Cash in hand and at bank	-		107,016		-		107,016	
Total assets	202,105,064		1,202,128		-		203,307,192	
Trade and other payables	164,708,611		-		-		164,708,611	
Interest-bearing loans and borrowings	69,162,753		207,480,240		348,455,358		625,098,351	
Total liabilities	233,871,364		207,480,240		348,455,358		789,806,962	

The effect of possible changes in foreign

Increase / (decrease) in exchange rate	THE GROUP		THE COMPANY	
	2018		2017	
	Effect on profit before tax	Effect on profit before tax	Effect on profit before tax	Effect on profit before tax
- EUR	7,963,633	6,896,470	9,285,319	10,434,118
	(7,963,633)	(6,896,470)	(9,285,319)	(10,434,118)
- GBP	1,157,231	18,384,537	14,508,420	17,422,768
	(1,157,231)	(18,384,537)	(14,508,420)	(17,422,768)
- USD	405,414	403,587	-	-
	(405,414)	(403,587)	-	-

The movement in the pre-tax effect is a result of a change in the fair value of other financial assets and liabilities and monetary assets and liabilities denominated in a currency other than the functional currency of the entity, which is Rs.

The movement in pre-tax equity arises from changes in EUR borrowings.

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23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(iii) *Credit risk*

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group's credit risk is primarily attributable to its trade receivables. The amounts presented at reporting date are net of allowances for credit losses, estimated by the Group's management based on prior experience and the current economic environment. Credit risk on bank balances and other financial assets are minimal since these are maintained with reputable financial institutions.

The Group has no significant concentration of credit risk with exposure spread over a large number of counter parties 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 its client portfolio with Credit Guarantee Co. Ltd and The Mauritius Commercial Bank Ltd with a view to minimise its credit risk exposure.

(iv) *Liquidity risk*

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

The table below summarises the maturity profile of the Group's financial liabilities at reporting date based on contractual undiscounted payments.

THE GROUP

At June 30, 2018

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Interest-bearing loans and borrowings	131,356,666	29,925,819	242,398,331	1,726,287,259	259,489,486	2,389,457,561
Trade payables	1,967,989	88,486,656	32,657,406	-	-	123,112,052
	133,324,655	118,412,475	275,055,737	1,726,287,259	259,489,486	2,512,569,613

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23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(iv) Liquidity risk (Continued)

THE COMPANY

At June 30, 2018	On demand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Interest-bearing loans and borrowings	-	3,910,306	111,626,627	410,889,479	64,517,782	590,944,194
Trade payables	258,199,791	343,423	-	-	-	258,543,214
	258,199,791	4,253,729	111,626,627	410,889,479	64,517,782	849,487,408

THE GROUP

At June 30, 2017	On demand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Interest-bearing loans and borrowings	140,288,958	28,033,101	273,300,906	1,706,737,877	498,502,203	2,646,863,045
Other financial liabilities	-	2,028,837	61,338,200	-	-	63,367,037
Trade payables	26,029,447	70,295,219	67,477,125	-	-	163,801,791
	166,318,405	100,357,157	402,116,231	1,706,737,877	498,502,203	2,874,031,873

THE COMPANY

At June 30, 2017	On demand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Interest-bearing loans and borrowings	10,253	6,176,148	131,131,684	412,741,332	221,080,072	771,139,489
Other financial liabilities	-	-	61,338,200	-	-	61,338,200
Trade payables	163,451,813	1,256,798	143,024	-	-	164,851,635
	163,462,066	7,432,946	192,612,908	412,741,332	221,080,072	997,329,324

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**23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**

**(v) Capital risk management**

The primary objective of the Group in respect of capital management is to maintain a strong credit rating and healthy capital ratios in order to support the business and maximise shareholders' value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain and adjust the capital structure, the Group may adjust the dividend payment to shareholders.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus debt. The Group's strategy, which was unchanged from 2016, is to maintain the gearing ratio at the lower end, in order to secure access to finance at a reasonable cost. The Group includes within net debt, interest-bearing loans and borrowings, less cash and short-term deposit. Total capital is calculated as "equity" as shown in the statements of financial position less net unrealised gains reserves. The gearing ratios at June 30, 2018 and 2017 were as follows:

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs.	Rs.	Rs.	Rs.
Trade payables	314,534,819	257,893,660	278,122,560	172,322,220
Interest-bearing loans and borrowings	1,977,663,566	2,081,581,396	516,259,351	625,098,351
Cash and short term deposits	(66,541,649)	94,782,491	(716,706)	(96,763)
Net debt	2,225,656,736	2,434,257,547	793,665,205	797,323,808
Equity	1,347,249,238	1,220,330,111	1,427,426,618	1,391,816,234
Equity and net debt	3,572,905,974	3,654,587,658	2,221,091,823	2,189,140,042
Gearing ratio	62%	67%	36%	36%

**24. ULTIMATE HOLDING COMPANY**

The directors regard Jason Ltd, incorporated in Mauritius, as the ultimate holding company. The registered office is situated at The Junction Business Hub, Block C, Calebasses Branch Road, Calebasses, Mauritius.

25. COMMITMENTS

Capital commitments

(i) Capital commitments towards investment

	THE GROUP	
	2018	2017
	Rs	Rs
Approved by directors but not yet contracted for capital expenditure:		
- Attitude Property Ltd	-	66,141,286
	-	66,141,286

(ii) Operating lease commitments

The Company has the following commitments under non-cancellable operating lease:

The future minimum lease payments under non-cancellable operating leases are as follows:

	THE GROUP	
	2018	2017
	Rs	Rs
Within one year	27,288,748	26,458,797
After one year and before two years	27,614,223	26,784,273
After two years and before five years	72,683,791	70,193,940
After five years	910,857,816	897,042,728
	1,038,444,578	1,020,479,738

East Water Ltd, Marina Village Hotel Limited and Compagnie Marmites Des Iles Limitée have all entered into a commercial lease on the land occupied by the hotels of the Group and Attitude Property Ltd.

The lease duration period for East Water Ltd is over 17 years with the option to renew.

The lease duration for the remaining hotels is 60 years. The lease rentals are subject to inflationary increase.

(iii) Pledge against ordinary shares

The shareholder, Hold Attitude Ltd, had granted a first priority pledge over its 21,502,630 ordinary shares it holds in Attitude Hospitality Ltd for bonds issued of Rs. 600m to National Savings Fund. The bonds were matured on 30 September 2018 and has been repaid from a new bond issue of Rs.700m.

26. GUARANTEES

The Group has provided the following guarantees at June 30, 2018:

Floating charge by Attitude Hospitality Ltd on all the Company's assets amounting to Rs. 2.2bn for banking facilities granted to its fellow subsidiaries by MCB Ltd.

Touristic United Enterprise Ltd entered into facility agreements with MCB Ltd comprising of a term loan facility of Rs. 70m during the year ended June 30, 2013, a short term loan of Rs 7.2m during the year ended June 30, 2014 and a long term loan of Rs 37.8m during the year ended June 30, 2015. Given that Attitude Hospitality Ltd is the holding company, it has provided, within its legitimate capacity, guarantee for banking facilities granted to Touristic United Enterprise Ltd.

During the year ended June 30, 2013, Zilwa Resorts Ltd, entered into a facility agreement with MCB Ltd comprising of a term loan facility of Rs. 730m and Rs. 100m representing the bank's commitment under a convertible debenture for the construction of a hotel situated at Calodyne Mauritius. The Company has pledged to make good for any shortfall in cashflow to meet repayment of debt of all its associates. As at year ended June 30, 2017 Zilwa Resorts Ltd had made some early loan repayments on the initial debt and the outstanding balance as at June 30 2017 stood at Rs 455m

The Company pledged the whole of its 88.75% shares held in Marina Village Hotel Limited with the State Bank of Mauritius in favour of Diamant de Vati Ltd and Rose et Or Ltd, which were related parties, during financial year ended June 30, 2016. Subsequently, the pledge of shares were waived during the prior year ended June 30, 2017.

26. GUARANTEES (CONTINUED)

The Company provided a bank guarantee to its subsidiary Colov United Enterprise Ltd for an amount of EURO 910k in favour of SOREFI in relation to lease granted to Voloc SAS (subsidiary of Colov United Enterprise Ltd).

The Company provided further an import line (stand by LC only) of EURO 750k to Colov United Enterprise Ltd in favour of Autorealease (Automobile Reunion) in relation to lease granted to Voloc SAS.

The Company stands as surety for banking facilities granted to its subsidiary Colov United Enterprise Ltd for an amount of EURO 600k with the Mauritius Commercial Bank Ltd.

The Company undertakes to repay all the balance due in capital, interest, costs and commissions and accessories on the bank loan totalling Rs. 765m taken by the subsidiary Attitude Property Ltd with the State Bank of Mauritius Ltd (SBM Mauritius).

27. DIVIDENDS

	THE GROUP	
	2018	2017
	Rs.	Rs.
Declared and paid during the year:		
Dividends on ordinary shares	136,365,808	56,591,792
Dividend per share	0.33	0.33

The dividends relate to dividends declared and paid by the subsidiary of the Company during the year.

28. FAIR VALUE HIERARCHY

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

Fair value hierarchy

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.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

As at June 30, 2018, the Group held the following financial instruments carried at fair value in the statement of financial position:

The Group

	Date of valuation	Fair value measurement using			
		Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		Rs.	Rs.	Rs.	Rs.
<b>Assets:</b>					
Derivative financial instruments	June 30, 2018	11,334,292	-	11,334,292	-
<b>Liabilities:</b>					
Interest bearing loans and borrowings	June 30, 2018	1,977,663,566	-	1,977,663,566	-

There have been no transfers between Level 1 and Level 2 during the year.



28. FAIR VALUE HIERARCHY (CONTINUED)

As at June 30, 2017, the Group held the following financial instruments carried at fair value in the statement of financial position:

The Group	Date of valuation	Fair value measurement using			
		Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		Rs.	Rs.	Rs.	Rs.
<b>Assets:</b>					
Derivative financial instruments	June 30, 2017	1,095,112	-	1,095,112	-
<b>Liabilities:</b>					
Redeemable / convertible preference shares	June 30, 2017	61,338,200	-	-	61,338,200
Interest bearing loans and borrowings	June 30, 2017	2,081,581,396	-	2,081,581,396	-
Forward currency contracts/ currency swaps	June 30, 2017	2,028,837	-	2,028,837	-

There have been no transfers between Level 1 and Level 2 during the year.

Management has assessed that cash and short-term deposits, trade receivables, trade payables, and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair value of foreign exchange forward and swap contracts are determined by using the foreign exchange spot and forward rates, interest rate curves and forward rate curves of each currency.

The financial liability represents preference shares issued that do not have a quoted market price in an active market and whose fair value are based on contractual terms between issuer and subscriber.

29. GOING CONCERN

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

At June 30, 2018, the Group had Net Current Liabilities of Rs 294m (2017: Rs 449m). Included in the Group Profit for the year ended June 30, 2018 are Finance Costs amounting to Rs122m (2017: Rs148m). On the other hand, the Group's Net Cash Position improved by Rs30m from the previous financial year.

The Directors believe there is no Going Concern issue at the Group Level. The Group will continue to be able to meet its day to day working capital requirements through available funds at the Bank and through the Cash flow generated from operations. The Group has furthermore entered into an agreement with its principal bankers to restructure its current debt financing, such that current liabilities relating to short term capital repayments to the bank shall be re-scheduled as long term as from the next financial year. Additionally, an amount of Rs 64.7m (2017: Rs37.1m ) has been provided by three operating hotels towards future Capital Expenditure in accordance with the terms of a long term lease agreement with Attitude Property Ltd. Although these provisions have been raised as Current Liabilities due to the nature of the agreement, the Directors believe that the materialisation of this Provision in the short term is remote. The Shareholders will continue to provide support to the Group for the next financial year.

The Board firmly believes that there are no material uncertainties that could cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

30. EVENTS AFTER REPORTING DATE

Hold Attitude Ltd has granted a first priority pledge over its 21,502,630 ordinary shares it holds in Attitude Hospitality Ltd for the new bonds of Rs.700m issued on 30 September 2018.