2019 ANNUAL REPORT

LAVASTONE

PROPERTIES

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ABOUT LAVASTONE

Industrial - Riche Terre Park

LAVASTONE AT A GLANCE

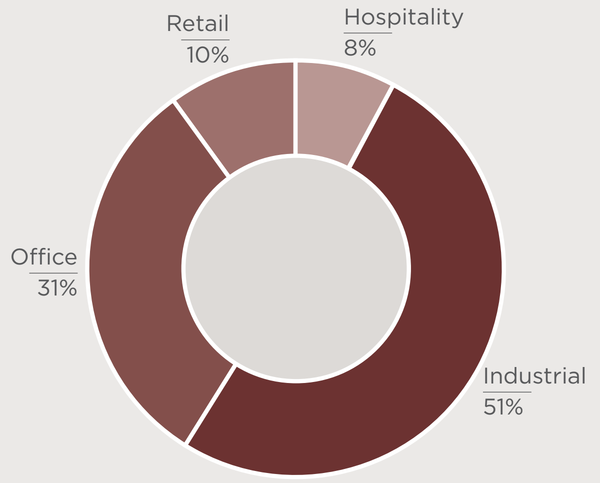
98.3%
Occupancy rate

7.39 years
Weighted Average Lease Expiry (WALE)

44,266 m²
of floor space available for rental today and growing to 52,045 m² in the future

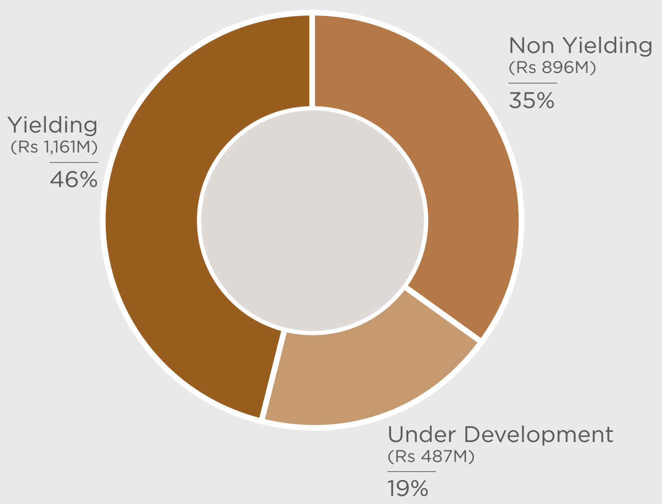
PORTFOLIO SUMMARY

Sector split by GLA*

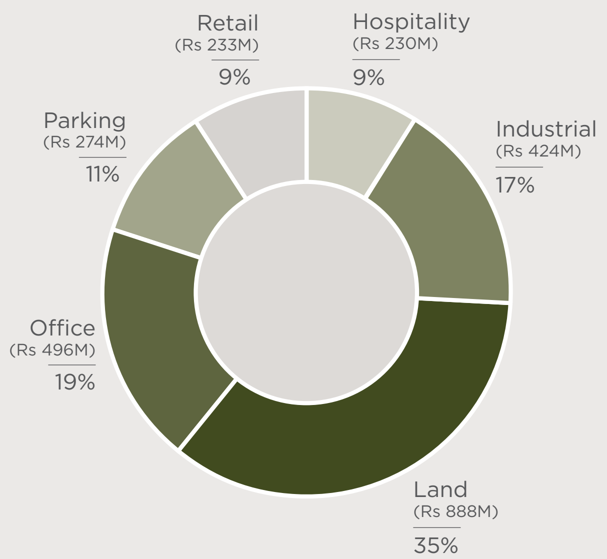


* This excludes Parking and Land

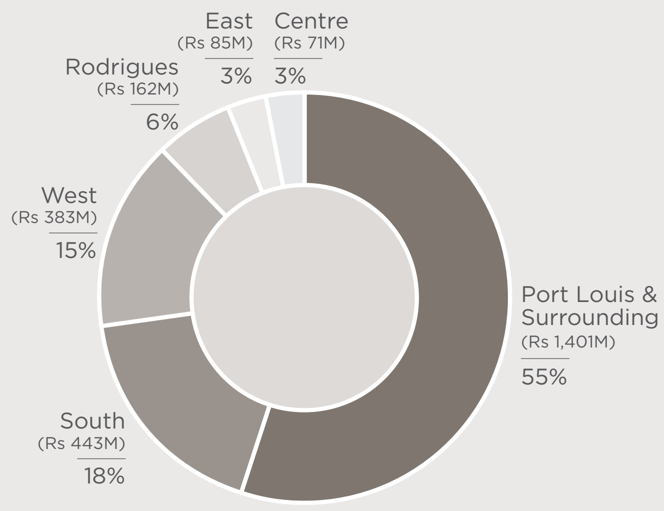
Yielding vs Non Yielding vs Under Development



Sector split by value



Geographical split



- East (Belle Mare)
- West (Case Noyale & Chamarel)
- South (Abondance, Bel Ombre, Le Morne)

OUR VISION

To be the preferred partner for commercial real estate solutions, while delivering optimum returns to our shareholders.

OUR MISSION

Partnering with our stakeholders to deliver superior value in design, quality, sustainability and services.

OUR VALUES

AGILITY
We seek to unleash our capacity to quickly and best understand opportunities and threats so we can adapt accordingly, choosing the most appropriate course of action and energetically implementing it.

HUMILITY
We aim to learn from others through each encounter, in order to keep improving.

CARE
We foster a family spirit built on integrity to encourage sustainable communities.

PASSION
We constantly push beyond our limits, challenging the status quo with innovative solutions.

HIGHLIGHTS

FINANCIAL

Rs 186.2M
Profit before tax
(2018: Rs 81.4M)

Rs 0.35
Earnings per share

Rs 2.85Bn
Net assets
(2018: Rs 1.5Bn)

Rs 0.02
Dividend per share

NON-FINANCIAL

10
Employees

3,772
Shareholders
(as at 30 September 2019)

6 assets categories

13,891 m²
Office spaces

22,673 m²
Industrial spaces

3,351 m²
Hotels

4
Projects under development

4,351 m²
Retail spaces

2,125
Arpents of bare land

OUR MILESTONES

DECEMBER 2018

Restructuring at Cim Group level

DECEMBER 2018

Listing of Lavastone Ltd on the Development and Enterprise Market (DEM)

DECEMBER 2018

Acquisition of Compagnie Valome Ltd (CVL/Owner of Mourouk Ebony Hotel in Rodrigues)

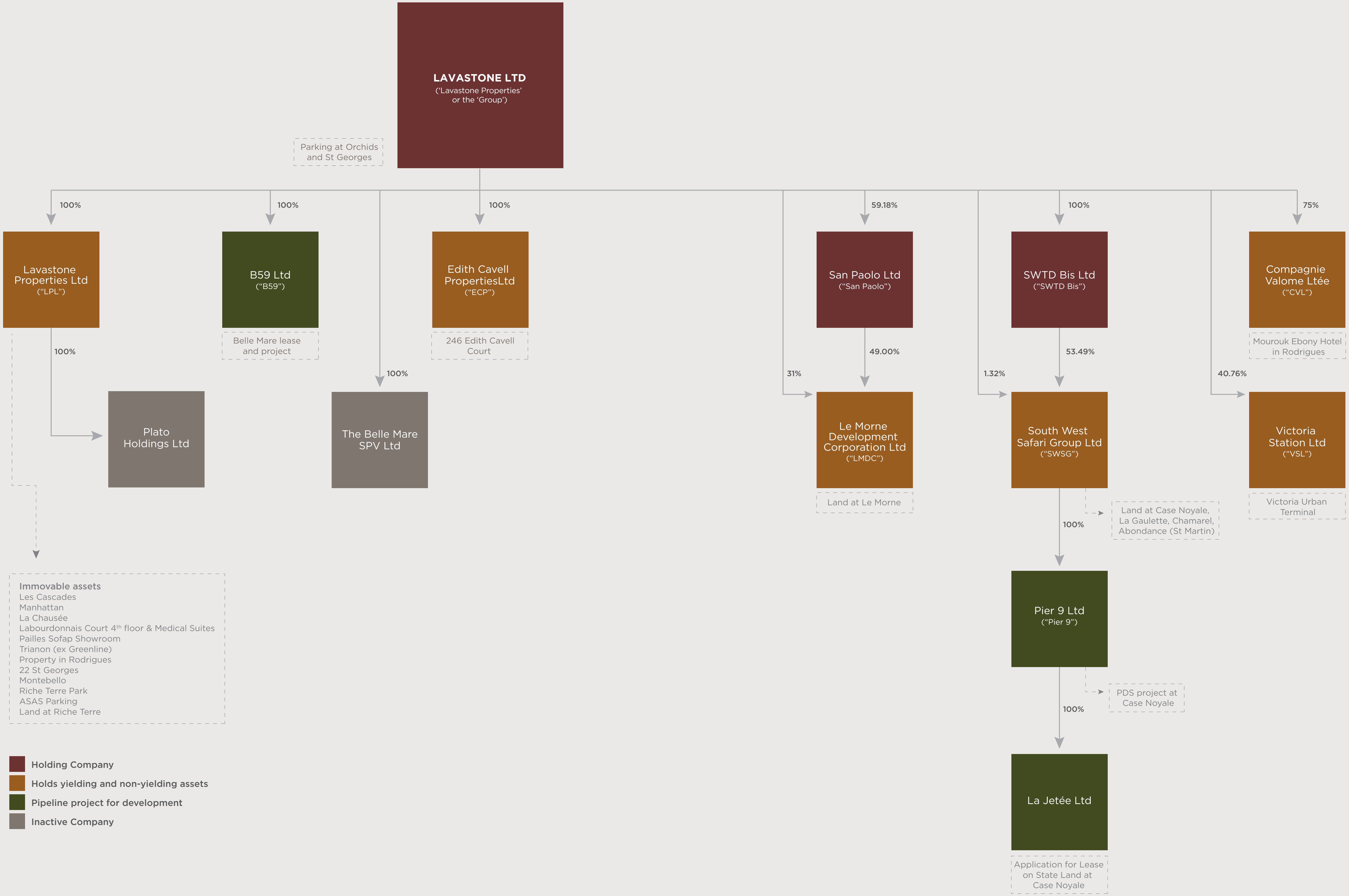
APRIL 2019

Start of construction works for the hotel in Belle Mare to be leased to Attitude Hotels

DECEMBER 2019

Opening of 246 Edith Cavell Court

GROUP STRUCTURE



LEADERSHIP

Projects – Extension of Emeraude Beach Hotel, Belle Mare

Colin Taylor
Chairman

CHAIRMAN'S MESSAGE

Dear shareholders,

It is my privilege, as Lavastone's newly appointed Chairman, to present the Group's very first integrated report, highlighting our performances for the financial year 2019.

With Lavastone listing itself on the DEM in December 2018, the past year was one of change and growth, bringing about its fair share of challenges. Nonetheless, I am pleased to report some solid performances for the Group during the period under review.

PERFORMANCE FOR THE FINANCIAL YEAR 2019

As part of Cim Financial Services Ltd's (CFSL) restructuring last year, some Rs 1.28 billion were injected as capital in Lavastone Ltd, in order to strengthen the company's balance sheet and contribute to its successful development plans and on-going and upcoming projects.

"AS PART OF CIM FINANCIAL SERVICES LTD'S (CFSL) RESTRUCTURING LAST YEAR, SOME Rs 1.28 BILLION WERE INJECTED AS CAPITAL IN LAVASTONE LTD"

In this regard, it is with great satisfaction that we have launched the 246 Edith Cavell Court project at Edith Cavell and Chaussée Streets in Port Louis, in December 2019. With this new development, we wish to contribute to the regeneration of our country's capital, giving a more attractive vibe to the neighbourhood by offering Mauritians an all-inclusive shopping, dining and entertainment experience.

In the same vein, we will be investing some Rs 150 million into the implementation of the Victoria Urban Terminal (VUT) project. This ambitious endeavour will further add to the regeneration of Port Louis, with some 100,000 commuters making use of this important infrastructure on a daily basis.

Finally, we are also pleased to announce that we reached an agreement to extend the lease contract with IQ-EQ, whom we will assist in renovating each floor of the Cascades building in Port Louis, to provide a more modern, appealing, productive and efficient workplace. This will help IQ-EQ cater for its growth, as well as attract and retain the best talents to work for their company. This lease extension represents a mark of confidence in Lavastone Properties from a stellar organisation.

OUR COMMITMENT TO CORPORATE GOVERNANCE

Adherence to the New Code of Corporate Governance is key to Lavastone Properties. Our Board of Directors is strongly committed to continuously improving its governance practices, in order to meet the established standards and frameworks.

To this end, the following efforts have been undertaken to comply with the New Code of Corporate Governance:

- Setting up a Board responsible for controlling the Company and ensuring it meets all legal and regulatory requirements;
- Regularly reviewing the Board's composition and structure;
- Setting up committees to assist the Board in the discharge of its duties;
- Adopting a formal and transparent approach to the appointment of directors;
- Promoting open and transparent communication with shareholders and other stakeholders, including regulators and the Government;
- Making a commitment to maintaining risk governance and internal control systems, in order to safeguard the Company's reputation and assets;
- Implementing an IT framework with necessary safeguards to ensure data is not compromised;
- Providing an induction programme to newly appointed directors to enable them to better understand the market in which Lavastone Properties operates;
- Reporting with integrity, providing transparent information to the Company's stakeholders.

I am also pleased to report that the Board has appointed Doreen Lam, the Group CFO, as Executive Director on 12 December 2019. This addition to the Board will enhance the Board's diversity and ensure compliance with the Code.

More information on Corporate Governance can be found on pages 54 to 65.

SUSTAINABILITY AT LAVASTONE

"AT LAVASTONE, WE LOOK TO REDUCE OUR CARBON FOOTPRINT ACROSS ALL OUR BUILDINGS AND ACTIVITIES"

At Lavastone, we look to reduce our carbon footprint across all our buildings and activities, focusing mainly on:

- Encouraging our tenants to use the latest low-energy technologies in order to reduce their energy consumption. To this end, we have encouraged the replacement of all air conditioners at Manhattan and St Georges buildings with inverters and have invested in Variable Refrigerant Volume (VRV) air conditioners at 246 Edith Cavell Court, at the new hotel in Belle Mare under construction for Attitude Hotels, and at the Victoria Urban Terminal.
- Adhering to the Green by Design principles by opting for natural ventilation, insulation, low e-glass, natural lighting, special orientation of buildings and landscape to reduce heat gain.
- Recycling and reducing waste at multiple tenancy sites, including Riche Terre.

OUTLOOK FOR FINANCIAL YEAR 2020

Considering the solid performances achieved in the financial year 2019, we have identified a list of projects to focus on in 2020, including:

- Ensuring 246 Edith Cavell Court is fully operational, with first office tenants starting to occupy the premises in March/April 2020.
- Maintaining continued progress on the construction of the hotel in Belle Mare for Attitude Hotels, for which completion is planned for the end of October 2020 and opening for November of the same year.
- Planning the renovation works and addition of 30 new rooms, at Mourouk in Rodrigues.
- Building the Victoria Urban Terminal.
- Building a slip lane and a new retail warehouse at Riche Terre.
- Completing construction works on the 84-lots Morcellement for South West Safari Group Ltd (SWSG) at Case Noyale.

In light of the above, some of our main short-term goals include:

- Improving the occupancy rate of our office spaces at 246 Edith Cavell Court.
- Implementing a client intimacy programme, including regular satisfaction surveys, across the whole of our client portfolio.
- Implementing smart metering for all new projects and rolling out a programme to other buildings once the trial at 246 Edith Cavell Court is completed.
- Providing respective tenants with real-time access to data collected from smart meters.
- Continued investment in energy efficient lighting and equipment to further reduce our utilities costs.
- Collaborating with tenants on an awareness campaign to reduce their utilities consumption.

ACKNOWLEDGEMENTS

I would like to thank my fellow directors for their support during this watershed year. I am also grateful to our Managing Director, Nicolas Vaudin, for doing an excellent job completing Lavastone Properties' restructuring.

I take this opportunity to also thank you, our shareholders, for your loyalty and trust throughout this rather challenging financial year.

Colin Taylor
Chairman

DIRECTORS' PROFILES

From left to right: Sebastian Taylor, Vedanand Singh (Shyam) Mohadeb, Gaetan Ah Kang, Nicolas Vaudin

Colin Taylor, Ruby Saha, Matthew Taylor and Jose Arunasalom

DIRECTORS' PROFILES

Colin Taylor
Chairman and Non-Executive Director

Colin Taylor holds an MSc in Management from Imperial College, London, and a BSc (Hons) in Engineering with Business Studies from Portsmouth Polytechnic. He is the Chairman and CEO of Taylor Smith Investment, a diversified group of companies involved in Marine Services, Logistics and Distribution, Manufacturing, Services, and Property. Colin is the Honorary Consul of Sweden in Mauritius.

Directorship in other listed companies: Cim Financial Services Ltd

Nicolas Vaudin
Executive Director and Managing Director

Nicolas Vaudin holds a Bachelor of Applied Sciences in Hospitality Administration from Southern New Hampshire University, Manchester, USA, and an MBA from Surrey European Management School, University of Surrey. He joined the Cim Group as Managing Director of the Cim Property cluster in February 2017, after spending over 6 years at Ciel Properties Ltd and another 6 at PricewaterhouseCoopers Ltd.

Directorship in other listed companies: None

Matthew Taylor
Non-Executive Director

Matthew Taylor holds a BSc (Hons) in Retail Management from the University of Surrey. He joined Rogers in 2000, as Project Manager in the Planning and Development Department. He was the Executive Director Retail of Scott and Co Ltd from 2007 to 2013, and is currently the company's CEO.

Directorship in other listed companies: Cim Financial Services Ltd

Sebastian Taylor
Non-Executive Director

Sebastian Taylor holds a Bachelor's Degree in Economics and Politics from the University of Western Australia and a Master's in Business from Bond University. He is currently the Investment Manager at Scott Investments Ltd. Prior to that, Sebastian had worked at Quilter Cheviot Investment Management in the UK. He is also a director on the Board of Cim Finance Ltd, Scott and Co Ltd and Scott Health Ltd.

Directorship in other listed companies: None

Gaetan Ah Kang
Non-Executive Director

Gaetan Ah Kang is a member of the Institute of Chartered Accountants in England and Wales (ICAEW). He spent the first six years of his career working in an audit firm in the UK, before coming back to Mauritius in 1992 to join De Chazal Du Mée in an Audit role. He then moved to the Rogers Group in 1994, where he assumed functions within the Risk and Audit team, before being promoted Finance Manager of the Group's Engineering Cluster in 1999. Gaetan has been the Group Finance Director and a member of the Audit and Risk Committee of the Taylor Smith Group since 2004.

Directorship in other listed companies: None

Vedanand Singh (Shyam) Mohadeb
Independent Director

Shyam Mohadeb is a Fellow of the Institute of Chartered Accountants in Ireland. Between 1988 and 2015, he was the Senior Assurance Partner at PricewaterhouseCoopers Ltd, responsible for a large portfolio of GBC1 clients in the financial and real estate sectors. Shyam is also a director on the Board of other private sector companies.

Directorship in other listed companies: None

Jose Arunasalom
Independent Director

Jose Arunasalom graduated in Economics and also holds a Master's Degree in International Relations. He has held several senior executive positions in the private sector in Mauritius, before serving 23 years in government at several senior roles, including Minister. He has advised governments in Madagascar and Africa and has also been a Member of the National Assembly for five consecutive terms.

Directorship in other listed companies: None

Vijaya Lakshmi (Ruby) Saha
Independent Director

Ruby Saha holds an LLB (Hons) from the University of London and a Diploma in Code Civil Mauricien from Université de La Réunion. She also holds a BA (Hons) Degree in Geography and an MSC in Town Planning from the University of Wales.

Ruby is a qualified Barrister at law in a private legal practice, with 11 years' standing at the bar. She has worked as consultant to the Decentralised Cooperation Programme of the European Union and to the United Nations Development Programme Mauritius, and also used to be the Chief Technical Officer and Chief Town and Country Planning Officer at the Ministry of Housing and Lands of Mauritius.

Directorship in other listed companies: None

KEY SENIOR OFFICERS' PROFILES

Nicolas Vaudin
Executive Director and Managing Director

Please refer to the Directors' Profiles on pages 18 & 19.

Doreen Lam
Chief Financial Officer

Doreen Lam holds a BSc Management Sciences from the London School of Economics and Political Science, and is also a qualified accountant of the Institute of Chartered Accountants in England and Wales (ICAEW). Prior to joining Lavastone as Chief Financial Officer in October 2018, Doreen was Financial Controller of the Property Division at Medine Limited. She also has over 10 years' international experience, with executive roles at Shell International Limited and Ernst and Young LLP in London.

Sandee Teeroovengadum
Development and Commercial Manager

Sandee Teeroovengadum holds a Bachelor of Arts (Hons) in Travel Management from the University of Brighton and a Master of Science in International Marketing Strategy from the University of Surrey. Sandee has been the Commercial and Development Manager of Lavastone since September 2017. Prior to joining the Group, he worked as Business Risk Advisory Consultant for Ernst and Young Mauritius, before moving to the Currimjee Jeewanjee Group, where he was involved in business strategic reviews, business plans and franchise negotiation in the ICT and hospitality sectors. From 2011 to 2016, Sandee cumulated work experience in the property sector, as the Operations and Business Development Manager of Davyland Properties, and thereafter as the Head of Leasing of ENL Property.

STRATEGIC REPORT

Retail - 246 Edith Cavell Court, Port-Louis

Nicolas Vaudin
Executive Director & Managing Director

MANAGING DIRECTOR'S INTERVIEW

Tell us more about Lavastone Ltd.

Lavastone Ltd was born in 2018, from the rebranding and restructuring of Cim's property cluster under the brand name "Lavastone Properties". We diversify our activities across three main poles, namely investment and development, property management and portfolio management.

In 2017, we had developed a clear strategy for yield improvement and expansion of our investment properties portfolio, which also involved the restructuring, rebranding and listing of Lavastone Properties on the DEM, in view of creating a more focused business. Following the DEM listing in December 2018 and the dividend in specie distributed by Cim Financial Services Ltd ("CFSL") in January 2019, Lavastone no longer forms part of the Cim Group. The idea was that, with a dedicated Board and management team, Lavastone Properties could access alternative sources of capital to fund its activities at targeted optimum gearing levels, and provide shareholders and other stakeholders with more comprehensive reporting and thus keep them more informed on the Group's operational and financial performances.

The restructuring of all land holding and investment properties under one roof allowed us to create sufficient scale, while the rebranding gave us more visibility and clarity on our activities and growth plans to current and potential investors.

Today, at Lavastone Properties, our central management team takes care of asset/portfolio management and oversees the Group's performances on a daily basis. The Facilities and Property Management functions are outsourced to a specialist, Lochiel Property Management Ltd (Lochiel), whereas development projects are managed by carefully selected consulting teams, who follow our rigorous approach to cost control and change management across all projects.

How would you rate your business's performances for the financial year 2019?

The communication campaign around our rebranding and listing at the end of 2018 brought about new opportunities for Lavastone Properties. We are now regularly called upon to consider development projects or acquisitions of investment properties. As for current and future shareholders, this independence is expected to provide them with an opportunity to tap into growth prospects in the local real estate sector.

Embarking on this new journey has made the year 2019 the continuance and implementation of the strategy we had laid in our listing documents. Throughout this period, we have:

- Converted non yielding assets at Edith Cavell into a yielding investment with exciting prospects;
- Started work on two morcellements at Case Noyale and La Gaulette for South West Safari Group Ltd (SWSG);
- Started several development projects, including Victoria Urban Terminal (VUT) and the hotel at Belle Mare for Attitude Hotels;
- Acquired the Mourouk Ebony Hotel in Rodrigues, which will soon be renovated.

We also obtained building permits for the development of a new retail warehouse at Riche Terre, which will be developed once road access from the new third lane is finalised by the relevant authorities.

"OVERALL, I AM SATISFIED WITH LAVASTONE PROPERTIES' PERFORMANCES DURING THE PERIOD UNDER REVIEW AND AM OPTIMISTIC ABOUT THE GROUP'S GROWTH PROSPECTS FOR THE NEXT FINANCIAL YEAR"

Overall, I am satisfied with Lavastone Properties' performances during the period under review and am optimistic about the Group's growth prospects for the next financial year. We are lucky to have a strong, dedicated team of experts, who share Lavastone Properties' vision and are ready to work together to achieve our goals.

Give us some insight into the redevelopment of the Edith Cavell site in Port Louis. Do you believe it will contribute to the regeneration of the capital, as hoped by the Mauritian government and other regional stakeholders?

We firmly believe the redevelopment of the Edith Cavell site in Port Louis will be a key ingredient to the regeneration of the capital, along with the Victoria Urban Terminal, the Metro Express, the Aquarium, the Supreme Court, the Caudan Arts Centre and the new Port Louis Waterfront.

With the exception of the Caudan, and now the new Port Louis Waterfront, Port Louis lacks what shopping malls like Bagatelle, Phoenix and Cascavelle provide to Mauritians of all walks of life: a clean, safe, well maintained and easily accessible shopping, dining and entertainment experience. Good news is, the 246 Edith Cavell Court project will be offering all of this in what was largely a neglected part of our capital. Furthermore, we are adding a key ingredient to the mix by doing everything within what is primarily an office environment. 246 Edith Cavell Court is an engaging place to work and spend time, offering a wonderful blend of retail surfaces, leisure and dining facilities, to help our tenants as well as surrounding businesses attract and retain the best talents within their company.

What were the main challenges the company experienced during this period? How did you overcome them?

One of the main challenges we faced during the year under review was the listing of the Group on the DEM and ensuring compliance with the listing rules and regulations.

- We worked in close collaboration with all stakeholders to meet the deadlines set by the Board of Cim Financial Services Limited, our parent company at the time.
- From a compliance perspective, we had a seasoned CFO working with our experienced Corporate Secretary and Risk Management and Audit Committee, to ensure adherence to the DEM's requirements.
- To improve reporting, the accounting function outsourced to Lochiel now sits within our offices. This ensures quicker completion of management and statutory accounts, which in turn helps us enhance decision-making at management level.
- We have also upgraded our IT platform to support the property management and accounting functions of each company within the Group, which also contributes to improving productivity, speed and report accuracy.

"WE HAVE ALSO UPGRADED OUR IT PLATFORM TO SUPPORT THE PROPERTY MANAGEMENT AND ACCOUNTING FUNCTIONS OF EACH COMPANY WITHIN THE GROUP, WHICH ALSO CONTRIBUTES TO IMPROVING PRODUCTIVITY, SPEED AND REPORT ACCURACY"

Another important challenge we were confronted with, was the management of human resources during a growth period.

- As we grow so must our team – both in its capacity and skill set. It is to this end that we hired new members to join our accounting and property management divisions. Our CFO, Doreen Lam, joined us in October 2018.
- Additionally, we made a strategic decision to have our Property and Facilities Managers (Lochiel) move into our offices, thereby fostering greater collaboration and improving the speed and efficacy of our decision-making and management processes.
- Since this merge, we have had three strategic sessions facilitated by third party strategy specialists, to ensure the complete alignment of both teams towards better collaboration, in view of achieving a shared vision of success.

"IN ORDER TO REDUCE THE RISKS OF DELAYS AND BUILD QUALITY ASSOCIATED WITH PROJECT DEVELOPMENT, WE HAVE A RIGOROUS PROCESS IN PLACE TO SELECT REPUTABLE BUILDING CONTRACTORS AND PROFESSIONAL CONSULTANTS WHO HAVE A PROVEN TRACK RECORD"

In order to reduce the risks of delays and build quality associated with project development, we have a rigorous process in place to select reputable building contractors and professional consultants who have a proven track record for timely and quality delivery. We adopt the same rigorous approach to tendering, cost control and change management, which we put through a process of internal audit to ensure compliance with best practices.

We must always do our best to see things from our tenants' perspectives, in order to create value for them and their business. In this view, the challenge is also to be innovative in creating/redesigning living spaces and workplaces that align with their vision and principles for modern, spacious, more eco-friendly buildings from which they conduct their activities.

Something we also must deal with involves the obtention of permits and clearances from the authorities. Navigating the complexities of getting the required permits and clearances for specific development projects is both time-consuming and energy sapping. It requires deep knowledge of the processes and requirements of the different authorities issuing the permit/clearance and, above all, consistent follow up. As the authorities impose stricter criteria, so our application process must follow rigorous verification to ensure nothing is missing.

Last but not least, funding. While very adequately capitalised, we still require debt funding for our development projects. To this end, we have met with various banks and financial institutions during the financial year 2019, in order to unlock some capital for our projects. Prior experience of project financing, understanding of the funding capacity and risk appetite of individual banks, allowed management to negotiate a mix of attractive debts with terms that are aligned with Lavastone Properties' repayment capacity to pursue our development projects, at the same time giving us the agility to tackle opportunistic acquisitions that meet our investment criteria. I am pleased to report that the Board has approved the issuance of up to Rs 1.5 billion of secured medium-term notes ("Bond Programme"). The issue and terms will be subject to the approval of shareholders.

What are your objectives for the financial year 2020?

Our main objective for the financial year 2020 involves establishing our new offices at 246 Edith Cavell Court. In parallel, we are considering and hope to conclude a few investment opportunities, although our focus remains on the development projects we are already engaged in, as well as the improvement of our profit margins. We have also at heart to launch the final design and development process for our properties in the South West of Mauritius.

From a non-financial perspective, our main objective is to improve our commitment to sustainability by adopting the Green by Design principles across all our new development projects. To this end, we shall:

- Continue to replace air conditioners with inverters and/or invest in VRV;
- Opt for natural lighting and LED lights;
- Focus on excellent user experience;
- Move towards a WELL certification, a tool for advancing health and well-being in buildings on a global scale, when and where appropriate (www.wellcertified.com).

These will all contribute to improving the quality of life of both our employees and tenants.

Acknowledgements

I would like to thank the Board, more specifically our Chairman, for their guidance, advice and support, during what was a watershed year for our Group.

I would also like to thank our team members, without whose commitment, dedication and continued efforts, we would not be where we are today.

Finally, I would like to thank our shareholders, suppliers, customers and tenants, who remained faithful throughout this year of change and transition.

Nicolas Vaudin
Executive Director &
Managing Director

OUR BUSINESS MODEL

OUR PILLARS OF VALUE

Financial capital
Strong financial assets, invested to generate good returns on investments for our shareholders.

Manufactured capital
Investing in and developing a selection of properties for different projects, including renovation of historical sites.

Intellectual capital
Expertise in the property sector, agility to tackle opportunistic acquisitions, deep knowledge of the processes & requirements of the different authorities issuing permits. Experienced property developer with expertise in managing complex projects.

Natural capital
Using our land to develop our projects, adopting the 3Rs approach in all our endeavours: Reducing, Recycling, Reusing.

Social capital
In all our endeavours, making a positive impact on, and building mutually beneficial relationships with, our stakeholders, including the communities within which we operate.

Human capital
A homogenous workforce composed of experts in the property sector.

OUR OPERATIONAL EXPERTISE

Providing real estate solutions that align with our tenants' business strategies.

1. Investment and development
We source and create opportunities for our tenants, and allocate capital to help grow existing businesses and deliver a good return on investment to our customers. To this end, we develop modern, more sustainable buildings, and renovate existing properties to increase their value.

2. Property management
We evaluate and respond to our tenants' changing needs, providing efficient property management. Consequently, we adopt Green by Design principles and increase the use of smart technology across all our developments.

3. Portfolio management
We actively manage our properties portfolio and are always on the lookout for new acquisition opportunities. To this end, we regularly review our buildings and identify the ones that can be disposed using the capital to invest into sites that have better long-term yields and capital growth prospects.

OUR STRATEGIC FOCUS AREAS

Customer service

Creation of value for shareholders

Sustainability

Engagement of our Human Capital

Operational excellence

OUR RISKS AND OPPORTUNITIES

- (A) Changes in economic conditions.
- (B) Illiquidity due to properties' location, age, quality and specification.
- (C) Accurate valuation of property assets.
- (D) Changes in accounting standards or regulations.
- (E) Fall of the rental income of the property portfolio.
- (F) Tenants being unable to pay their contractual debt obligations.
- (G) Non-renewal of key tenants' rental contracts and inability of the company to find suitable replacement.
- (H) Relocation of existing and prospective tenants outside of Port Louis.
- (I) Failure of related and third-party contractors to fulfil their contractual responsibilities and obligations.
- (J) Competition in the local real estate market.
- (K) Changes in rental rates and/or occupancy due to competition.
- (L) Less favourable terms for the renewal of rental contracts.
- (M) Increases in fees paid to third-party contractors.
- (N) Unforeseen capital expenditures.
- (O) Unexpected events resulting in damage or injury to individuals or property.
- (P) Accidents impacting both people and property.
- (Q) Impact of company activities on the environment and communities within which the company operates.
- (R) Delays in project delivery and/or poor delivery from service providers.
- (S) Slow obtention of permit approvals from local authority, leading to increases in construction costs and possible loss of tenants.

More information on our risks and opportunities can be found on pages 46 to 49.

OUR RELATIONSHIPS

We aim to create value for all our stakeholders...

Shareholders
We create value by delivering sustainable growth and responsible long-term income.

Employees
Our employees are our greatest assets, which is why we seek to foster a family spirit within the company and provide them all with a supportive and inclusive culture that empowers our people to develop their full potential.

Customers and tenants
We want to enable individuals and businesses to thrive. To this end, we provide quality environments to contribute to their success and/or to help them attract and retain the best talents.

Partners
We work and build mutually beneficial relationships with highly reputable banks, building and maintenance contractors and consultants, providing excellent service and delivering quality projects.

Communities
We strive to create opportunities for, and make a positive impact on the lives of, the communities within which we operate. We do so by developing and/or renovating key sites, turning them into inclusive places.

OUR BUSINESS MODEL

INPUTS

Financial capital
- Rs 1,27Bn invested in the Company
- Listing of the Company on the DEM
- Rs 222M undrawn facility in the bank
- Rs 323M invested in 246 Edith Cavell Court
- Approx. Rs 500M to be invested in the hotel in Belle Mare for Attitude Hotels
- Approx. Rs 315M to be invested in CVL
- Rs 150M invested in the Victoria Urban Terminal

Manufactured capital
- 13,891 m² office spaces
- 22,673 m² industrial spaces
- 4,351 m² retail spaces
- 3,351 m² hotels
- 4 projects under development

Intellectual capital
- Restructuring of Cim property cluster and rebranding into Lavastone Properties
- Elaboration of a clear strategy for the Group
- Adherence to the DEM's requirements
- Adherence to the New Code of Corporate Governance
- Implementation of smart-metering technology
- Financial modelling and negotiation skills

Natural capital
- 2125 arpents of bare land
- Adherence to the Green by Design principles
- Recycling processes put in place at 3 multi-tenancy sites

Social capital
- Strong partnership with Lochiel
- Rs 1.3M of CSR tax payable for FY18, of which 50% goes to the Cim CSR programme, as well as direct involvement through directorship of Lavastone Ltd's MD

Human capital
- 10 employees
- Average 33.6 training hours per employee
- 3 strategic sessions with third-party consultants for Lavastone and Lochiel employees
- Equal opportunity policy

VALUE CREATION

OUR OPERATIONAL EXPERTISE

OUR STRATEGIC FOCUS AREAS

ENRICHING PLACES

OUR RISKS AND OPPORTUNITIES

OUR RELATIONSHIPS

OUTPUTS

Financial capital
- Market capitalisation: Rs 1.5Bn
- Revenue: Rs 162M
- Profit before tax: Rs 186M
- NAV per share: Rs 4.20
- Gearing: 2.6%
- Dividends declared per share: Rs 0.04 (includes final dividend per share of Rs 0.02)
- Earnings per share: Rs 0.35

Manufactured capital
- Property assets: Rs 2.85Bn
- Total assets: Rs 3.1Bn
- Occupancy rate: 98.3%
- Opening of 246 Edith Cavell Court

Intellectual capital
- Set up and enhancement of Corporate Governance, Risk Management, and Internal Audit frameworks and processes
- Acquisition of Mourouk Ebony Hotel, in collaboration with Trimetys Hotels, in line with our diversification strategy
- Grade A credit rating from Care Ratings Africa
- Development of Hotel at Belle Mare leased to Attitude Hotels
- Renewal of long-term leases with IQ-EQ, Cim Financial Services and Scott & Co

Natural capital
- Replacement of incandescent lights by LED lights
- Installation of VRV within 3 of our premises
- Replacement of aircons with inverters within 2 of our premises
- Renovation of 4 buildings of historical importance
- 27.4 tonnes of waste collected at Riche Terre

Social capital
- 139 beneficiaries of our contributions at "Abri de nuit" and "Noyau Social Cité la Cure"
- 75 retained clients
- 8 new clients
- 246 Edith Cavell Court, an engaging place for Mauritians to work and spend time

Human capital
- 45% women / 55% men employed
- 4 main appointments: CFO, Risk Officer, Assistant Accountant and Property Lead

Shareholders

Employees

Customers and tenants

Partners

Communities

PERFORMANCE REVIEW

FOCUS AREA	2019 PERFORMANCE	PERFORMANCE KPIs	RISK INDICATORS	PRIORITIES FOR THE NEXT FINANCIAL YEAR
Customer service	• We have renewed and extended leases with Cim, Scott, IQ-EQ and Galaxy (The BrandHouse) across several properties. • We renovated the St Georges building to create more space for the expanding Cim team, allowing them to vacate the 8th Floor of the Cascades Building after we had substantially renovated the Manhattan building, which now provides Cim with an exciting and engaging workplace. This also allows them to retain and attract the best talents. • By understanding IQ-EQ's business needs, we assisted and worked with them to renovate each floor of the Cascades Building, thereby improving space efficiency in view of their planned growth. • We have developed a comprehensive website and make use of social media to communicate achievements and upcoming events.	• WALE improved from 5.41 (as at September 2018) to 7.39 (as at 30 September 2019) • Occupancy increased from 97.4% (as at 30 September 2018) to 98.3% (as at 30 September 2019) • 84% client retention* • 15% of new clients* • 1.8% churn* * Measured by GLA	• Fall of the rental income of the property portfolio. • Non-renewal of key tenants' rental contracts and inability of the company to find suitable replacement. • Competition in the local real estate market. • Changes in rental rates and/or occupancy due to competition. • Less favourable terms of the renewal of rental contracts. • Accidents impacting both people and property. • Delays in project delivery and/or poor delivery from service providers.	• Sending out customer satisfaction surveys. • Implementing a client intimacy programme. *These two initiatives will allow Lavastone to get closer to its customers and better understand their business needs and strategy, as well as help us provide them with strategy-aligned real estate solutions.* • Improving our digital presence and online communication.
Creation of value for shareholders	**Efficient Facilities and Property Management** • We have upgraded our IT infrastructure, and revisited and aligned all our operating procedures with those of Lochiel. • We have developed medium and long-term preventative maintenance schedules, which we update digitally, thereby allowing real-time and improved tracking of repairs, that in turn help reduce long-term maintenance and repair costs and downtime of critical infrastructures. • Purchase orders are now approved online, thereby improving efficacy. **Portfolio diversification through acquisitions/sale and development projects** • We have acquired the Mourouk Ebony Hotel in Rodrigues, leased to Trimetys, and launched the construction of a new hotel for Attitude Hotels. • We have completed the redevelopment of 246 Edith Cavell Court, our property at the corners of La Chaussée and Edith Cavell streets in Port Louis. • We have invested in and spearheaded the development and launch of the Victoria Urban Terminal in collaboration with Bloomage, RHT, Innodis and PAD, with General Construction and Transinvest as building contractors, substantially involved in the design and development of the project. • We have launched the construction of the hotel at Belle Mare and agreed a long term lease with Attitude Hotels **Financial structuring and discipline** • In listing Lavastone Properties on the DEM, we restructured the Group, its assets and finances. This has allowed us to leverage our balance sheet to raise new debt to finance our exciting development plans. • We have set clear parameters for all new development projects and acquisitions, and will maintain a healthy level of gearing (at 40% and below) so as to ensure that we can comfortably meet our financing obligations and pay dividends to our shareholders. • Immediately after Lavastone was listed on the DEM, we published our first Annual Report for the year ending 30 September 2018, allowing investors and stakeholders to better understand the Group's performances and upcoming projects. • We are presenting our first Integrated Report for the year ended 30 September 2019. • Our quarterly results are regularly published.	• Earnings per share of Rs 0.35 • NAV per share: Rs 4.20 • Split of portfolio: - Yielding 46% - Non yielding 35% - Under development properties 19% • Balanced split across portfolio between industries: - Office: 19% - Industrial: 17% - Parking: 11% - Retail: 9% - Hospitality: 9% • Land for development: 3.78% • Loan to value ratio: 4% • Cost of debt: 5.94% • Dividends per share: Rs 0.02 • 16% growth in revenues	• Changes in economic conditions. • Illiquidity due to properties' location, age, quality and specification. • Accurate valuation of property assets. • Failure of related and third-party contractors to fulfil their contractual responsibilities and obligations. • Competition in the local real estate market. • Changes in rental rates and/or occupancy due to competition. • Unexpected events resulting in damage or injury to individuals or property. • Accidents impacting both people and property. • Delays in project delivery and/or poor delivery from service providers. • Slow obtention of permit approvals from local authority, leading to increases in construction costs and possible loss of tenants.	• Investing in major repairs and maintenance to ensure longevity of our assets. • Investing into the digitalisation of security systems to reduce rising operating costs associated with guarding. • Investing in energy saving devices. • Rolling out digital metering across multiple tenant properties, to help reduce our tenants' energy consumption. • Completing the construction of the hotel in Belle Mare for Attitude Hotels, which opening is scheduled for November 2020. • Kick starting planning for renovation works at Mourouk and increasing capacity with an additional 30 rooms by March 2020. • Launching the construction of a retail/industrial building at Riche Terre, in line with the new criteria issued by local authorities regarding access to and from the highway. • Completing land parceling projects of 11 and 81 lots at Case Noyale for SWSG. • Completing bulk sale or development of 7 arpents of land at Case Noyale. • Completing debt raising through secured notes programme and reducing cost of debt to 5% at Group level. • Maximum loan to value ratios target: 45% • Maintaining growth in operating profit to at least 5%. • Improving our Integrated Report's content to give stakeholder better insight into our business and achievements. • Conducting a 6-month review and presenting our Group's half year results to shareholders, institutional investors and financial press.

PERFORMANCE REVIEW

FOCUS AREA	2019 PERFORMANCE	PERFORMANCE KPIs	RISK INDICATORS	PRIORITIES FOR THE NEXT FINANCIAL YEAR
Sustainability	**Energy efficiency** • Our buildings are traditionally let on a shell and core basis, which means elements such as lighting, air conditioning and plumbing, fall under the remit of our tenants, on whom we have little control. When we renovated the St Georges and Manhattan buildings, we worked in close collaboration with Cim to replace old (but functional) air conditioners with inverters and replaced all lights with LED panels. At Montebello, we are experimenting with solar lights outdoor and are looking to roll these out across all our properties. **Building techniques** • At 246 Edith Cavell Court, we have broken the mold of a typical shell and core letting, installing VRV air conditioners with individual smart meters, which will allow tenants to monitor their consumption. • We have used "Paradial S" waterproofing and insulated all corrugated aluminium sheeting (which were coated with "Thermatech" paint to improve solar reflectance) to reduce the heat generated from the roofs. Thermatech aluminium sheeting and insultation was also used in the 1500m² expansion of Scott and Co's warehouse at Riche Terre. • 246 Edith Cavell Court has been designed with a strong element of cross ventilation and natural lighting, two Green by Design features which will contribute to reducing energy consumption. Additionally, 18th Century stone buildings present on site, which were in a state of decrepitude, have been preserved and renovated, giving these buildings a new lease on life and preserving the architectural aspects of this area of Port Louis. All stones used on this project came from the site itself, from disused, partially demolished buildings. **Recycling** • Most of our buildings have single tenants and, as such, we have little involvement in terms of daily operations. However, where we have multiple tenants, we work with Green Ltd to provide a "collect, compact and recycle" service.	• 28 aircons replaced with inverters • 360 LED spotlights • 556 LED panels replacing neon panels • 265 VRV aircons acquired for 246 Edith Cavell Court • Recycling of a total 27.4 tonnes of waste items, including 65% of cardboard, 28% of plastic and 7% of other waste items	• Unexpected events resulting in damage or injury to individuals or property. • Accidents impacting both people and property. • Impact of Group activities on the environment and communities within which the Group operates.	**Energy Efficiency** • Reducing water consumption by 5%. • Reducing electricity across the portfolio by 5%. • Refurbishing electrical infrastructure network at Riche Terre Park. • Rolling out online billing via digital meters at 246 Edith Cavell Court, allowing for real-time monitoring of energy, water and air conditioning consumption. • Implementing similar systems across multiple tenant properties once trial is completed. **Building Techniques** • Carrying on exploring new techniques, equipment and products which reduce construction timelines, wastage on site and energy usage of buildings. **Recycling** • Through our client intimacy programme, supporting our clients in implementing recycling programmes to substantially reduce waste generated by their activities. • Increasing the amount of materials collected for recycling by 40%.
Engagement of our Human Capital	• Our people strategy focuses on creating a team that can deliver on our promise of providing real estate solutions that add value to our tenants' businesses. To this end, we have attracted a broad range of skills and expertise from members with diverse backgrounds, and have fostered a collaborative environment where people can grow.	• 3 training sessions for Lavastone and Lochiel team members, facilitated by an expert • A total of 269 training hours (average of 33.6 hours per employee)	• Changes in economic conditions. • Competition in the local real estate market. • Unexpected events resulting in damage or injury to individuals or property. • Accidents impacting both people and property. • Impact of Group activities on the environment and communities within which the Group operates.	• Reviewing job tasks for all members to ensure focus and reduce duplication between team members. • Implementing the Stretch programme, in collaboration with Taylor Smith, to improve the existing management team's and aspiring managers' managerial skills.
Operational excellence	• We have reviewed and aligned all the standard operating procedures between Lochiel and Lavastone. • We now have a shared vision of success and alignment of all team members. • We attend and participate in all site and project meetings to ensure timely and proper coordination of works on our development projects. • We ensure the construction contracts include financial penalties for late delivery. • We track and monitor the process for all permits and clearances, and regularly liaise with the relevant authorities to ensure permits and clearances are obtained in a timely fashion.	• 44 Standard Operating Procedures (SOPs) have been reviewed and agreed with Lochiel • 246 Edith Cavell Court opened as planned in December 2019 • Hotel under construction in Belle Mare is on schedule to open in November 2020 latest • The exception is the retail warehouse at Riche Terre, which is held up pending the construction of the slip lane, a critical feature for commercial success	• Failure of related and third-party contractors to fulfil their contractual responsibilities and obligations. • Competition in the local real estate market. • Unexpected events resulting in damage or injury to individuals or property. • Accidents impacting both people and property. • Delays in project delivery and/or poor delivery from service providers. • Slow obtention of permit approvals from local authority, leading to increases in construction costs and possible loss of tenants.	• Further improving Lochiel's newly implemented digitalised method of tracking repairs and maintenance, to ensure improved efficiency, reduced downtime and maintenance and repairs costs over time.

246 EDITH CAVELL COURT

Strategically located in the central business district, close to key business areas and transportation hubs, the 1.1 Arpents of land now housing 246 Edith Cavell Court, and its historical building – one of the oldest in the capital – has the hallmark of a unique development.

With 3 years to materialise, every part of the project was carefully thought through, from the choice of the design team to the concept and user experience. From the start, the whole concept revolved around safeguarding and integrating historical buildings that dated back to the late 18th century. At that time, the site housed l'Hôtel du Génie, which is where all the plans and charts of the island as well as its fortifications for the French Army Corps of Engineers were prepared and safeguarded. L'Hôtel du Génie was under the commandment of Captain Lislet Geoffroy, who was tasked to ensure the surrender and transfer of all the French military's inventory to the British under Robert Townsend Farquhar.

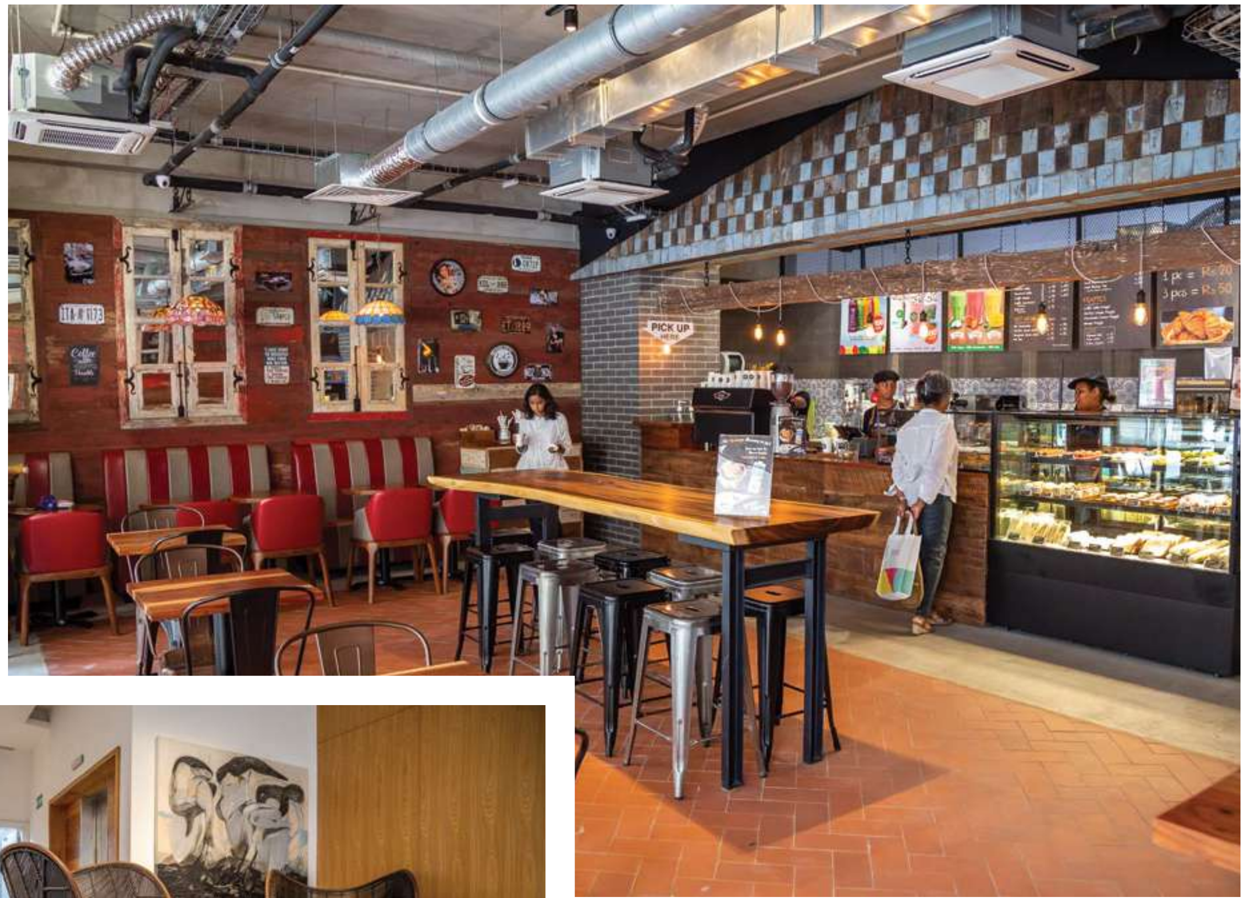
Valentin Lagesse Associes (VLA) were the architects selected to work on this project, both because of their extensive experience in retail and mixed used buildings, as well as for their passion for the Mauritian historical heritage and its preservation and incorporation into the country's more modern fabric.

The positioning of the project was clear from the very beginning: an office building marked by history, with a clever mix of retail and dining facilities set around a central courtyard. Unique to this courtyard, a 600 m² stone hangar has been renovated into a multipurpose building, capable of hosting formal dinner functions and conferences, or being used as an art gallery or place to promote local artistry.

From a branding perspective, the project was named 246 Edith Cavell Court, which was inspired from the property's physical address, i.e. number 2 and 4 of Barracks street and number 6 of Edith Cavell Street.

The architecture of 246 Edith Cavell Court reminds us of the French colonial era, with a modern touch. With its modest elevation of Ground +2 floors, the building preserves its historical aesthetic in contrast to the more modern buildings populating today's busy streets of Edith Cavell, La Chaussée and Barracks.

> "The architecture of 246 Edith Cavell Court reminds us of the French colonial era, with a modern touch."



"We believe 246 Edith Cavell Court will be a key ingredient to the regeneration of our capital"

246 Edith Cavell Court is composed of a 6,480 m^2 Gross Leasable Area (GLA), comprising primarily office spaces on the upper floor, retail outlets at the high street level and restaurants in the courtyard that frames the multipurpose hangar, now named "La Galerie du Génie" in honour of L'Hôtel du Génie. The mix of tenants has been carefully selected to cater for both office users and residents of the Port Louis region, the restaurants provide a comfortable dining experience for a wide range of budgets and the integration of 2,911 m^2 of office space to the retail and events activities provides a captive market to retail tenants.

The office spaces located on the first and second floors are designed with a good degree of flexibility, thereby meeting the market's current and future needs. We favoured this approach to be able to cater to different business sizes, from large corporations to SMEs' or individual practices.

We believe 246 Edith Cavell Court will be a key ingredient to the regeneration of our capital, along with the Victoria Urban Terminal, recent improvements to the Port Louis Waterfront, the Caudan Arts Centre, the new Supreme Court and the soon to come Aquarium. This project highlights our willingness to add value to our tenants' businesses, offering them real estate solutions that align with their core strategy.

RISK MANAGEMENT REPORT

Office - Cascades Building, Port-Louis

RISK MANAGEMENT REPORT

RISK GOVERNANCE AND MANAGEMENT

The Board believes that risk management must be a seamless part of the Group's culture, with every employee having a demonstrable commitment to risk. It thus recognises its responsibility to oversee the Group's internal control and risk management programme.

The Risk Management and Audit Committee (RMAC), as a subcommittee of the Board, has been established to assist the Board in fulfilling its oversight role. The RMAC, guided by a formally approved charter, reviews the financial statements, risk philosophy, strategy and policies recommended by management, and monitors the internal and external audit activities.

RMAC focus areas during the year under review

Audited Financial statements	Quarterly Management Accounts
Risk Management Reports	Internal Audit Reports
External Audit Reports	Updated RMAC Terms of Reference
Internal Audit charter	Corporate Governance Reports

Internal Audit

Internal auditing services have been outsourced to SmarTree Consulting Ltd (hereafter referred to as the internal auditor). The latter reports functionally to the Chairman of the RMAC.

The roles and responsibilities of the internal audit function are documented in an internal audit charter, as approved by the RMAC. The internal auditor attends all RMAC meetings where the annual audit plan is approved; the findings of the internal audit reports are regularly reviewed.

The internal audit activities are separate and distinct from those of the external auditor. They are designed in accordance with international standards on auditing. The audit scope attempts to cover the significant risk areas, as captured in the business risk register. In discussion with management, the audit scope was extended to non-financial areas like project tendering and procure to pay. The internal auditor has unrestricted access to employees and records.

Audit reports are circulated to senior management and RMAC members. High risks issues are regularly reported and reviewed during RMAC meetings, and a follow-up mechanism is available to facilitate the monitoring of progress on remedial actions. The Chairman of the RMAC is allocated a dedicated portion of time during each Board meeting to report on all aspects relating to internal audit and risk management.

Internal audit services are not limited to providing assurance and satisfying regulatory compliance requirements, although these remain the function's core expectations. During the period under review, the focus for the internal auditor was to have a more collaborative approach, thus shifting the balance between assurance and advisory to achieve greater business insights.

Going forward, the internal audit approach will evolve towards a "trusted advisory service" and actively engage with the external auditor to ensure that combined assurance is provided to address all the significant risks faced by the Group.

Internal Control

The internal control system is primarily designed to manage business risks and provide reasonable assurance against material misstatement or loss. During the year under review, management has been actively involved in reviewing and upgrading its control procedures to mitigate risks more effectively. The internal auditor provides the RMAC and management independent assurance as to the effectiveness of internal control processes.

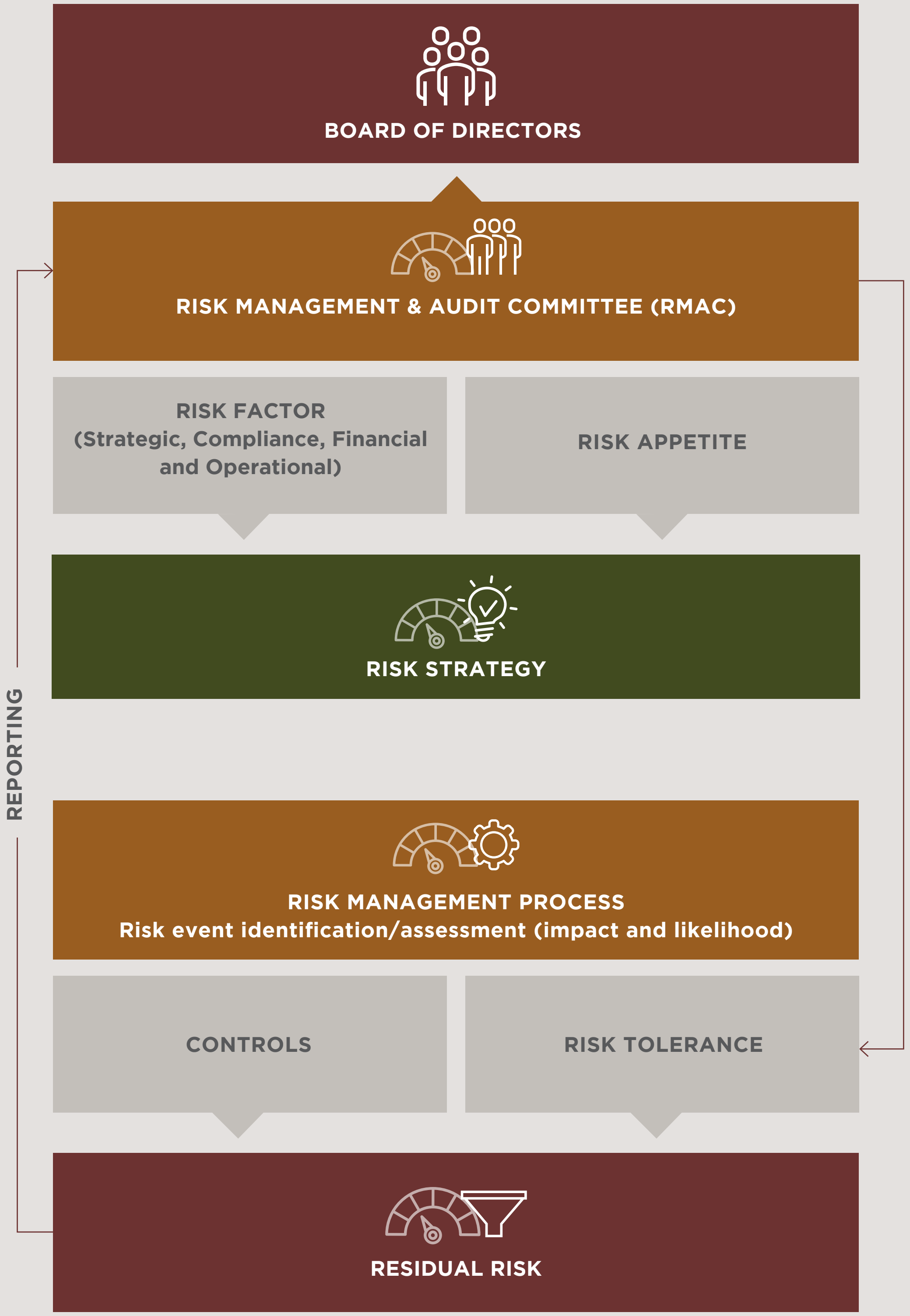
The Enterprise Risk Management Journey

Effective Risk Management is key to achieving Lavastone Properties' strategic and operational objectives.

The Group's focus on managing risks ensures the long-term sustainability of its business. Management is accountable to the Board for the design, implementation and detailed monitoring of the risk management process, and has the responsibility to maintain risk reports, mainly in the form of a risk register and risk chart, which are treated as living documents.

The Risk Governance Structure

The Risk Governance Structure is shown below:



Risk Identification

The Group has in place an identification and risk assessment process, overseen by the RMAC and created for the early detection and assessment of risk events, based on their probability of occurrence and potential impact on strategic objectives. This ensures early risk recognition and evaluation of any immediate or future impact and provides for relevant corrective action to be taken accordingly. The identified risk events are assessed using common metrics: one inherent, before the specific control measures put in place to mitigate the risk, and one residual, considering the specific control measures in place.

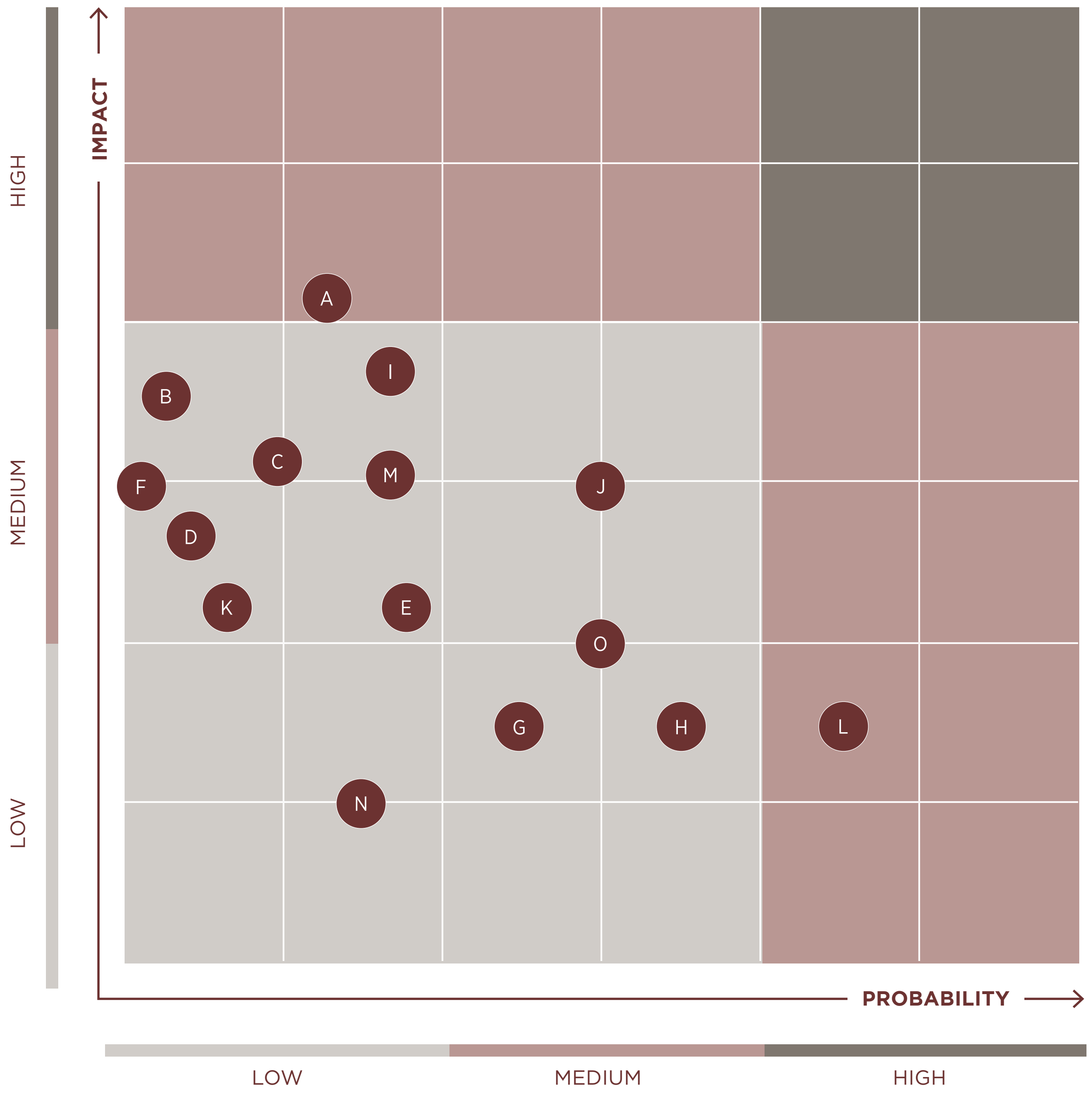
In view of Lavastone's listing on the DEM in December 2018, a risk assessment was conducted during the financial year ended September 2018. During the financial year ended September 2019, the risks mentioned below were regularly reviewed and monitored at RMAC level:

Sector specific risks	FY 17/18	FY 18/19	Trend
Macroeconomic - A	√	√	⇔
Liquidity - B	√	√	⇔
Valuation - C	√	√	⇔

Company specific risks	FY 17/18	FY 18/19	Trend
Regulatory - D	√	√	⇔
Financing - E	√	√	⇔
Credit - F	√	√	⇔
Tenant concentration - G	√	√	⇓
Geographical concentration - H	√	√	⇓
Contracting - I	√	√	⇔
Competition - J	√	√	⇔
Operational - K	√	√	⇓
Business interruption - L	-	New	⇔
Health and Safety - M	-	New	⇔
Environmental development - N	-	New	⇔
Project - O	-	New	⇔

Risk evaluation and treatment

The Risk Chart below shows the most relevant risk events, according to their residual assessment (after controls), that threaten the fulfilment of the Group's corporate strategy:



KEY RISKS AND MITIGATION

The most relevant risk events and main control measures implemented to mitigate their potential impact and/or probability of occurrence are documented in the table below.

	RISK EVENT	DESCRIPTION	MITIGATING CONTROLS
STRATEGIC	**Macroeconomic -** A	Changes in economic conditions may adversely affect the demand for premises (particularly offices and commercial buildings) and, indirectly, the rental potential of buildings and market value of properties. Though these conditions are out of the Company's control, they may adversely affect its NAV or ability to make distributions to shareholders.	Segmental diversification and quality of its existing long-term tenants.
	Liquidity - B	The Group's large land bank and other non-yielding properties may be especially illiquid due to their location, age, quality and specification. Such illiquidity may affect the Group's ability to: • vary its portfolio; • dispose, or liquidate part, of its portfolio in a timely fashion and at satisfactory prices, in response to changes in economic, real estate market or other conditions, or the exercise by tenants of their contractual rights – such as those that enable them to vacate properties occupied by themselves prior to, or at, the expiry of the originally agreed term.	Constant monitoring of its debt cover ratios, while maintaining a conservative gearing ratio. Furthermore, the Group has already put in place an action plan to actively convert its non-yielding assets to yielding status.
	Valuation - C	Property assets are inherently difficult to value as there are no liquid market or standard pricing mechanisms. As a result, valuations are subject to substantial uncertainty – there is no assurance that estimates resulting from a valuation process will reflect the actual sales price, even when such sales occur shortly after the date of the valuation.	Carrying independent property valuations on a yearly basis and ensuring that the Group's reported NAVs reflect the value the Group would receive if it had to sell all of its underlying assets immediately.
COMPLIANCE	**Regulatory -** D	The Group may be adversely affected should there be any changes in accounting standards or regulations in relation to real estate, including those governing permitted and planning usage, taxes and government charges. These can increase business operation costs, reduce the attractiveness of investment and/or change the competitive landscape.	Lobby with authorities and keep abreast of new policies and legislation.
FINANCIAL	**Financing -** E	The Group has historically been fully funded by Cim. Eventually, it shall stand on its own to negotiate its funding facilities. The Group may use its existing cash resources and incur additional borrowings to finance additions to its portfolio. In the event that rental income of the property portfolio falls, the use of borrowings will increase, which will have an adverse effect on the Group's profits.	Manage the Group's exposure to funding requirements and interest rate fluctuations, through adequate monitoring of credit metrics and debt cover ratios.
	Credit - F	Given the business's tenant concentration, the Group may be subject to one or more tenants being unable to pay their contractual debt obligations.	Conduct regular Service Level Agreement reviews with all tenants and closely monitor debtors.
OPERATIONAL	**Tenant concentration -** G	Over 50% of the rental revenue is contributed by 4 tenants. As a result, the Group's financial performance may be impacted should any of these key tenants decide not to renew their contract. This may be aggravated if the Group is unable to quickly find replacement tenants on the same rental terms.	Build and maintain long-standing relationships with key tenants and ensure they sign long-term rental contracts with the Group. New tenants have been on boarded with long-term contracts.
	Geographical concentration - H	Over 50% of the Group's rental revenue is generated by its 6 Port Louis properties. Considering the trend over the last few years, which saw businesses relocating to Ébène and other newly created business hubs outside of Port Louis, there is definitely a risk that the Group's financial performance be impacted should existing and prospective tenants decide to relocate outside of Port Louis.	Pursue the Group's expansion strategy to mitigate the risk.
	Contracting - I	The Group engages in contractual relationships with both related and third parties in the ordinary course of its business. Failure of such parties to fulfil their contractual responsibilities could place the business at risk.	Perform yearly reviews of main suppliers and identify prospective suppliers to replace current ones should these not be able to honour their contractual obligations. For tenant lease contracts, employ strict advance rental collection policies, effected via standing orders.

	RISK EVENT	DESCRIPTION	MITIGATING CONTROLS
OPERATIONAL	**Competition -** J	Competition in the local real estate market may lead prices for properties identified by the Group for acquisition to be driven up through competing bids. Accordingly, the existence and extent of such competition may have a material adverse effect on the Group's ability to acquire properties at satisfactory prices. On satisfactory terms, this may lead to loss of market shares and, possibly, key tenants.	Keep abreast of developments in the real estate market and assess any new opportunity on its merits and on the Group's ability to generate an appropriate return. Ongoing market intelligence and strategic alliances. Continuous improvement of services to clients, including prompt response to resolve issues.
	Operational - K	The Group's operational and financial performance may be impacted by a number of inherent risks, including: • Changes in rental rates and/or occupancy due to competition; • Terms for the renewal of rental contracts, which are less favourable than existing terms; • Ability to collect rent and service charges on a timely basis; • Defaults by tenants and legal costs associated with the recovery thereof; • Renovation costs that are required to preserve or enhance building value; • Repairs and maintenance costs; • Increases in fees paid to third party contractors, particularly facilities management fees; and • Unforeseen capital expenditures.	Pro-actively manage the Group's operations to address the above risks and mitigate issues, by focusing on quality tenants and quality of service delivery.
	Business Interruption - L	The Group may experience unexpected events resulting in damage or injury to individuals or property, caused by natural disasters like fire, lightning, cyclone, tsunami..., or other factors including explosion, terrorism, security breach etc.	Enhance guarding services. Implement emergency procedures including fire drills and bomb threats. Insurance policy with coverage and compensation limits for accident liability, including environmental risks, events triggered by terrorist attacks, or sabotage against company-managed facilities and infrastructure.

	RISK EVENT	DESCRIPTION	MITIGATING CONTROLS
OPERATIONAL	**Health and Safety -** M	The nature of the business exposes the Group to accidents, which can impact both people and property.	Preventive maintenance on plant and equipment. Insurance cover - Public liability/ Contractors, All Risks. Training/drill as per plan with tenants. Implement adequate health and safety systems to safeguard Group activities under a "zero accidents" vision. Continuous training in occupational risk prevention, in line with plan with tenants. Permanent internal and outsourced monitoring of management systems.
	Environmental Development - N	Group activities, including the development of certain projects, can have a significant impact on the environment and the local area within which the Group operates.	Insurance policy with sufficient cover and compensation limits to meet possible liability arising from environmental risks. Measures to ensure compliance with, and awareness of, all applicable technical legislation and regulations. For instance, environmental and social impact assessment, energy efficient building, proximity to flood prone areas, supervision of construction areas and regular inspection of drains/rivers.
	Project - O	The Group has a strong pipeline of projects, already initiated since 2018. Delays in project delivery and/or poor delivery from service providers may have an adverse impact on the Group's reputation and growth. Obtaining permit approvals from local authority may take far longer than expected, leading to increases in construction costs and possible loss of tenants.	High service level specification embodied in agreement with contractors through project management contracts. Close supervision of project with service providers, to produce required project deliverables (scope, time and quality).

Our challenges and way forward for financial year 2019/20

- The Group will continue to pay close attention to any emerging risks that might impair its ability to meet its strategic targets. This also extends to risks which, despite having a low probability of occurrence, could have negative effects on its business targets. Some of the more prominent risks here include natural disasters or risks caused by human action, thereby causing technological disruption and/or obsolescence.
- Aligning the Group's Risk Management processes to ISO 31000:2018 Risk management Guideline. This guideline aims to provide all employees with a general framework on how to control and manage the different sorts of risks they encounter when working towards the achievement of the Group's business objectives. The updated policy will establish how much risk is acceptable by risk factor and set an acceptable level of tolerance.
- Review and update the Group's risk appetite.
- Form and embed a sound risk culture, whereby all employees see themselves as risk managers and consider the risks in their everyday decision-making. This will be achieved through awareness and coaching sessions.

CORPORATE GOVERNANCE REPORT

Land – LMDC (Le Morne Development Corporation), Le Morne

CORPORATE GOVERNANCE REPORT

COMPLIANCE STATEMENT

Lavastone Ltd (hereinafter referred to as “Lavastone” or “the Company”) is classified as a public interest entity under the Financial Reporting Act 2004. As a company listed on the Development and Enterprise Market (DEM) of the Stock Exchange of Mauritius, it is required to adopt, and report on, its corporate governance practices, in accordance with the National Code of Corporate Governance (2016) (the Code). The Board of Directors of Lavastone Ltd confirms that the Company has materially applied all the principles of the Code, except for Principle 4: Directors’ Duties, Remuneration and Performance. An explanation has been provided in this regard in the Corporate Governance Report.

On behalf of the Board

Colin Taylor	**Nicolas Vaudin**
Chairman	Director

GOVERNANCE STRUCTURE

The Board

According to the Company’s Constitution, the Board shall consist of a minimum of six and a maximum of twelve directors. During the year under review, the Company was headed by a unitary board, comprised of eight members, under the chairmanship of Mr Colin Taylor. As of 30 September 2019, the Board was composed of four non-executive directors, including the Chairman, one executive director and three independent directors.

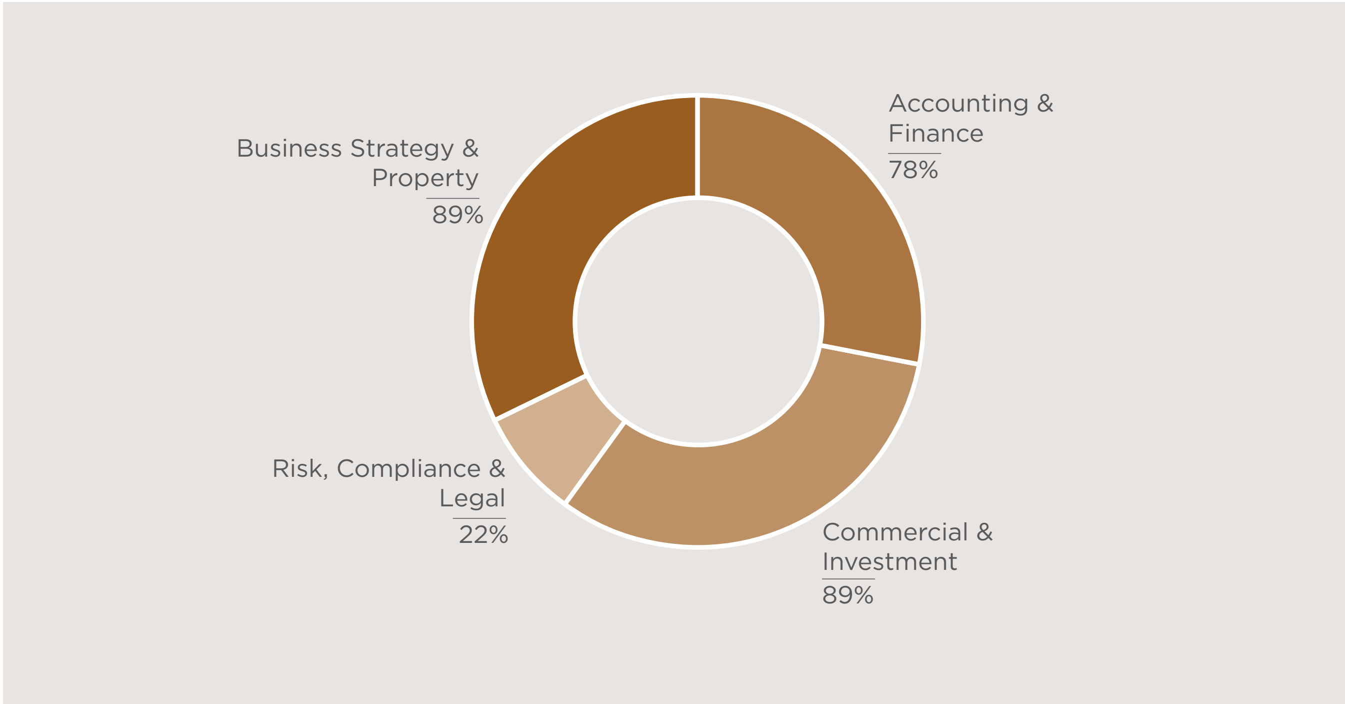
The Board is of the view that there is an adequate balance between independent and non-executive directors on the Board and that Board members have the necessary skills to discharge their respective duties and responsibilities effectively.

The Board assumes responsibility for leading and controlling the organisation, providing strategic guidance, reviewing financial plans and monitoring performance, ensuring that a robust risk management system is in place and providing accurate information to shareholders, the public and regulators. It also ensures that the Company adheres to all legal and regulatory requirements.

The profiles and the full directorship lists of the members of the Board are set out on pages 18 & 19. It is to be noted that all the directors of the Company reside in Mauritius.

The Board is of the view that the Company provides for the promotion of equal opportunity between persons and prohibits discrimination on the ground of status and by victimisation. To that effect, the Board has approved, on 8 August 2019, an Equal Opportunity Policy which is in line with the “Guidelines for Employers” issued by the Equal Opportunity Commission in April 2013. The said policy sets out the Company’s position on equal opportunity in each and every stage of the employment process, and is applicable to all Board members and employees. The Company will regularly review its procedures and selection criteria to ensure that individuals are selected, promoted and treated according to their individual abilities and merits.

The skillset of the members of the Board is set out in the chart below.



The Board of Directors' Charter, which has been approved by the Board on 8 August 2019, defines the Board's governance role and provides an outline of the responsibilities, objectives and composition of the Board.

The Board has also approved the position statements of the Chairman and the Company Secretary of the Company, which clearly define their respective duties and roles, as well as the position statements of the Chairpersons of the Corporate Governance Committee and of the Risk Management and Audit Committee.

In accordance with the requirements of the Code, the following documents, as approved by the Board, are available for consultation purposes on the website of the Company, https://www.lavastone.mu:

- Organisational chart
- Board Charter
- Position Statement of the Chairman and the Company Secretary
- Statement of accountabilities
- Code of Ethics
- Company's Constitution
- Terms of reference of the Corporate Governance Committee
- Charter of the Risk Management and Audit Committee
- Position statement of the Chairperson of the Corporate Governance Committee
- Position statement of the Chairperson of the Risk Management and Audit Committee

The processes and frequency to review, monitor and approve the Board Charter, the organisation's Code of Ethics, the position statements, the organisational chart and the statement of main accountabilities, are determined by the Board and may be delegated to sub-committees, as appropriate.

Board committees

In line with the Code, the Board has set up a Corporate Governance Committee (CGC) and a Risk Management and Audit Committee (RMAC), to assist it in the discharge of its duties as well as to provide support and focus on particular matters. The minutes of proceedings of each committee are recorded and submitted to the Board for noting.

The CGC oversees all governance issues relating to the business activities of the Company. It also assists the Board with regards to the remuneration aspect as well as the nomination of directors. The CGC is composed of two independent directors, namely Mrs Vijaya Lakshmi Saha (Chairperson) and Mr Jose Arunasalom, one non-executive director, namely Mr Sebastian Taylor, and one executive director, namely Mr Nicolas Vaudin.

The RMAC oversees the risk and audit-related issues and reviews and monitors financial statements of the Company and its subsidiaries. It also monitors the implementation of the internal audit recommendations, as well as the integrity of the annual report and the financial statements. The RMAC also makes recommendations to the Board with regards to the appointment or removal of the external auditor. Moreover, it reports to the Board on significant financial reporting issues and judgements relating to financial statements. The committee is composed of two independent directors, namely Mr Shyam Mohadeb (Chairman) and Mr Jose Arunasalom, and one non-executive director, namely Mr Gaetan Ah Kang.

The terms of reference and charter of these committees are reviewed on an annual basis by each committee. Any proposed amendments are submitted to the Board for approval.

When necessary, other committees are set up by the Board on an ad-hoc basis to consider specific matters.

Directors' attendance at Board and committee meetings, as well as their remuneration during the financial year ended 30 September 2019, were as follows:

	Attendance			Interests		Remuneration
	Board meetings	CGC	RMAC	Direct	Indirect	MUR
TAYLOR, Colin	4/4	N/A	N/A	0.0416	4.85	234,000
VAUDIN, Nicolas	4/4	3/3	3/3	NIL	NIL	-
TAYLOR, Matthew	3/4	N/A	N/A	0.0059	1.21	180,000
TAYLOR, Sebastian	3/4	3/3	N/A	NIL	1.20	210,000
AH KANG, Gaetan	3/4	N/A	3/3	0.0283	NIL	210,000
MOHADEB, Vedanand Singh	3/4	N/A	3/3	NIL	NIL	217,500
ARUNASALOM, Jose	3/4	3/3	3/3	0.0015	NIL	240,000
SAHA, Vijaya Lakshmi	3/4	3/3	N/A	NIL	NIL	217,500
VAN BEUNINGEN, Mark	1/4	N/A	N/A	NIL	NIL	NIL

Mr Mark Van Beuningen resigned as director on 28 December 2018.

Mr Gaetan Ah Kang was appointed non-executive director on 28 December 2018.

Mr Sebastian Callum Taylor was appointed non-executive director on 28 December 2018.

Mr Vedanand Singh Mohadeb was appointed independent director on 28 December 2018.

Mr Jose Arunasalom was appointed independent director on 28 December 2018.

Mrs Vijaya Lakshmi Saha was appointed independent director on 28 December 2018.

The remuneration of the executive director has not been disclosed as it is viewed as commercially sensitive information.

Appointment

The Board assumes the responsibilities for succession planning and for the appointment of new directors to the Board. It is to be noted that a succession plan is currently under development. The process for the appointment of directors is made in a transparent and formal manner.

All directors will stand for re-election by way of separate resolutions at the Annual Meeting of Shareholders of the Company, scheduled in March 2020.

The names of the directors of the Company, their profiles and categories are listed on pages 18 & 19.

Induction and Orientation

The Board is responsible for the induction and orientation of new directors to the Board. With the assistance of the Company Secretary, the Board provides the necessary documents which make directors fully aware of their legal duties, and offer an in-depth understanding of the Company's activities, governance framework and strategy.

Professional Development

The Board reviews the professional development needs of directors during the board evaluation process and directors are encouraged to develop their skills and expertise continuously. They also receive regular updates on the latest trends and legislations affecting the business from management and/or other industry experts. Training will be provided to directors based on the Company's needs and/or training needs.

Board access to information and advice

All directors have access to the Company Secretary to discuss issues or to obtain information on specific areas or items to be considered at Board meetings or any other areas they consider appropriate.

Furthermore, directors have access to the Company's records and the right to request independent professional advice at the Company's expense.

Directors' duties, remuneration and performance

The directors are aware of their legal duties and may seek independent professional or legal advice, at the expense of the Company, in respect of any aspect of their duties and responsibilities.

Interests of directors and conflicts of interest

All directors, including the Chairman, declare their direct and indirect interests in the shares of the Company as well as their interests in any transaction undertaken by the Company. They also follow the Model Code for Securities Transactions, as detailed in Appendix 6 of the Stock Exchange of Mauritius Listing Rules, whenever they deal in the shares of the Company. The interests register of the Company is maintained by the Company Secretary and is available for consultation by shareholders upon written request to the Company Secretary.

As part of the dividend in specie declared by Cim Financial Services Ltd and the listing of the Company on the Development and Enterprise Market (DEM), the following directors obtained shares in the Company for the year under review:

Name of Director	No. of shares obtained
Colin Taylor	283,300
Matthew Taylor	39,987
Gaetan Ah Kang	192,400
Jose Arunasalom	10,000

The Code of Ethics of the Company sets out instances which could lead to a conflict of interest and the procedure for dealing with such potential conflicts.

Information, information technology and information security policy

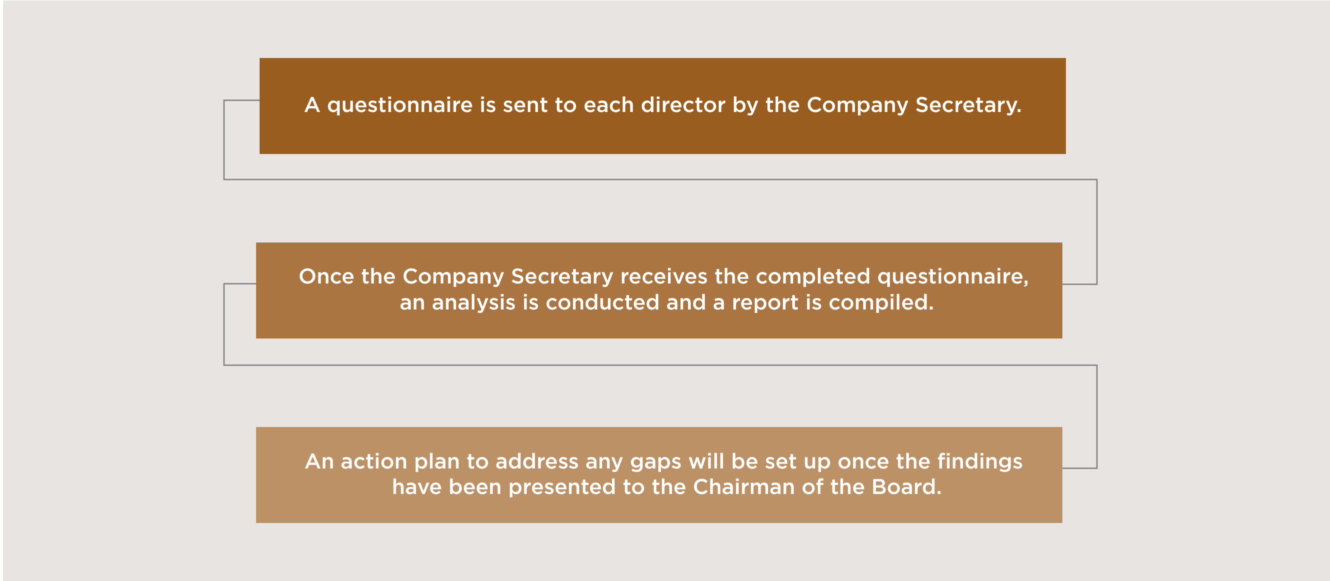
With the coming into force of the Data Protection Act 2017 on 30 May 2018, the Company has reinforced the safety and security measures in place to protect the data it collects, stores and processes. A Data Controller has been appointed and Lavastone and its subsidiaries have been registered with the Data Protection Office (DPO).

The Board oversees information governance within the organisation and ensures that the performance of information and information technology (IT) systems lead to business benefits and create value.

The Board approves material investments in information technology and security, as set out in the annual budget, according to the business needs of the Company.

Board performance review

Lavastone has carried out a peer review of its Board directors and a review of the performance of the Board and its committees for its first year of listing. A questionnaire has been circulated to each director to obtain their perspective on the effectiveness of the Board, to assess their contribution to the Board's performance and to identify areas of improvement. Once results have been analysed by the Corporate Governance Committee, they will be reported at Board level. The results of the board performance review will be published in the next annual report.



Directors' remuneration

Executive directors are not remunerated for serving on the Board of the Company or its committees. Their remuneration packages as employees of the Company, including performance bonuses, are in accordance with market rates.

The remuneration of non-executive directors consists of a mix of attendance and retainer fees.

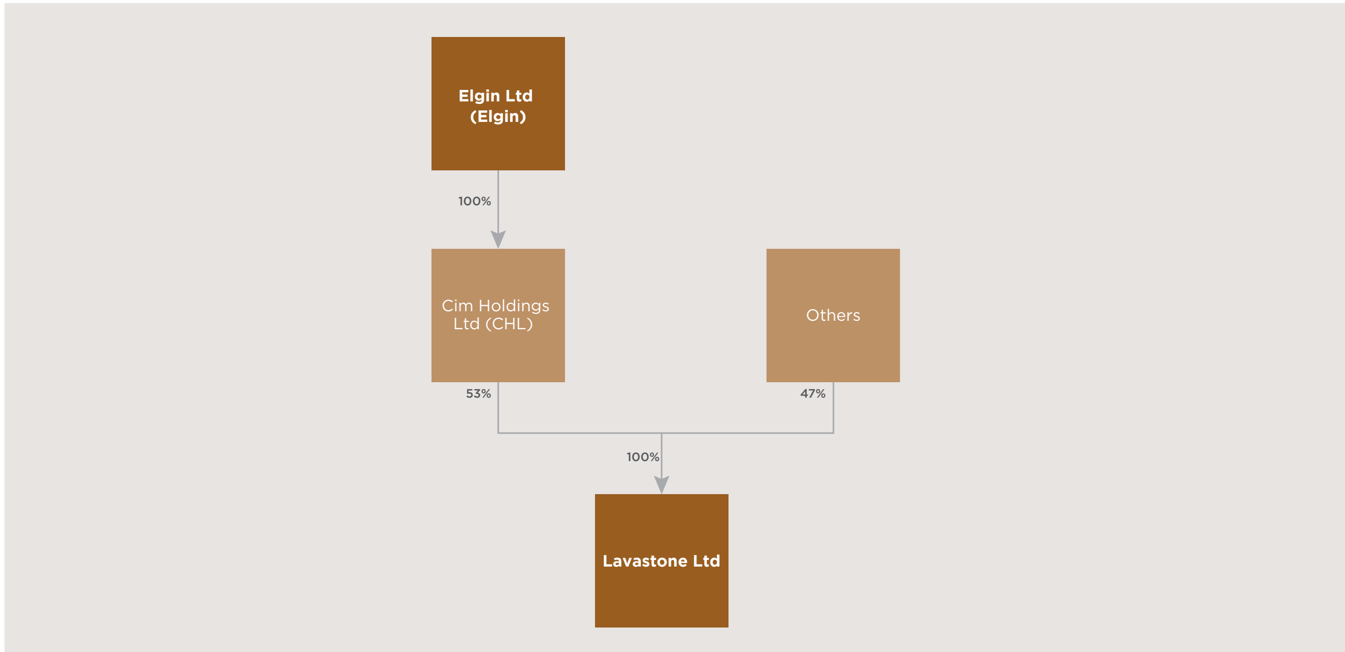
The remuneration of the executive and non-executive directors are reviewed and recommended for approval to Board on an annual basis by the Corporate Governance Committee. The non-executive directors are not paid any performance bonuses and there are no long-term incentive plans in force within the Company.

The remuneration paid to non-executive directors and/or committee members is set out in the table on page 57.

The remuneration of the executive directors has not been disclosed as it is viewed as commercially sensitive.

RELATIONS WITH SHAREHOLDERS AND OTHER STAKEHOLDERS

Lavastone Ltd is a Private Company Limited by Shares. Its shareholding structure as at 30 September 2019 is as follows:



The share ownership analysis per holding percentage and categories of shareholders as at 30 September 2019 is as follows:

Spread	No of shareholders	No of shares held	% Holding
1 - 50,000	3,280	25,378,527	3.73
50,001 - 250,000	338	35,834,053	5.27
250,001 - 500,000	63	22,134,878	3.25
Over 500,000	91	597,175,852	87.75
	3,772	680,523,310	100.00

To the best of the knowledge of the Company and its directors, there is no shareholders' agreement which affects the governance of the Company by the Board for the year under review.

Communication with shareholders and stakeholders has been mainly through the Annual Report, the published unaudited results, the Annual Meeting of Shareholders, dividends declarations, press communiqués and the website.

The external stakeholders of the Company, namely its customers, suppliers, shareholders, the Government/Regulators and the public, are reached via social media platforms like Facebook and LinkedIn, as well as through advertisements. As and when required, focus groups are held with clients to assess their expectations of the Company. Regular channels of communication are also maintained with the Government/Regulators.

In addition, shareholders are invited annually to the Annual Meeting of Shareholders (AMS), to approve the financial statements and vote on the (re)appointment of directors and external auditors. The next AMS of the Company is scheduled in March 2020. Shareholders will receive the notice of the AMS at least 21 days prior to the meeting, in accordance with law.

The Annual Report, which also includes the notice of annual meeting, is published in full on the Company's website.

INTERNAL CONTROL, INTERNAL AUDIT AND RISK MANAGEMENT

The Company's internal control and risk management framework, and the key risks and steps taken to manage these risks, are detailed on pages 41 to 50.

The internal audit function is outsourced to SmarTree Consulting Ltd, which provides independent and objective assurance on the adequacy and effectiveness of the system of internal controls, which have been put in place to manage the significant risks of the business down to an acceptable level.

In line with good governance principles, the internal auditors report to the Risk Management and Audit Committee on a quarterly basis. Moreover, key audit findings are reported to the Board and reports are shared with Board members and senior management.

All audit activities are performed in accordance with the International Standards for the Professional Practice of Internal Auditing, as provided by the Institute of Internal Auditors (IIA).

During the year under review, areas covered by SmarTree Consulting Ltd were:

i. Accounting services
ii. Procure to Pay (from selection of suppliers to payment)
iii. Project Tendering

The Managing Director of SmarTree Consulting Ltd is Mrs Sheila Ujoodha, a fellow member of the Chartered Institute of Certified Accountants and the Mauritius Institute of Directors (MIoD). Sheila's membership also extends to the Chartered Institute of Internal Auditors in the UK and the Mauritius Institute of Professional Accountants.

The Head of Audit and Advisory of SmarTree Consulting Ltd is Hansha Khoosy, a member of the Association of Chartered Certified Accountants. Her membership also extends to the Chartered Institute of Internal Auditors and the Mauritius Institute of Professional Accountants. The qualifications of Mrs Sheila Ujoodha and other key members of SmarTree Consulting Ltd are listed on the Company's website.

EXTERNAL AUDIT

The external auditors of the Company are Ernst and Young ("EY"), who were first appointed as external auditors on 29 August 2017.

The RMAC discusses critical policies and external audit issues with EY as and when necessary, and meets them at least once a year without management being present.

The RMAC assesses the effectiveness of the external audit process via feedback received from the management team. Areas of improvement are thereafter discussed with the external auditor.

For the year under review, the fees paid to external auditors for non-audit work are set out on page 63. These prices include tax and valuation or advisory fees. To guarantee objectivity and independence, the Board ensures that the team providing non-audit services is different from the one providing audit services.

RISK MANAGEMENT

A number of factors may affect the operations, financial performance and growth prospects of Lavastone. Although property is often considered a low risk asset over the long-term, significant short- and medium-term risk factors are inherent in such asset class. The Group's performance may be materially and adversely affected by changes in the market and/or economic conditions, and by changes in the laws and regulations (including any tax laws and regulations) relating to, or affecting, the Group or the interpretation of such laws and regulations.

One of the commitments of the Board of Lavastone is to establish a robust framework of risk oversight and management, in order to identify, assess, monitor and manage potential setbacks related to the Group's activities.

Risk management forms an integral part of the Group's culture as it is fully embedded into the day-to-day management and operation of the business.

Please refer to the Risk Management section of this Annual Report, which can be found on pages 41 to 50.

KEY SENIOR OFFICERS' PROFILES

The Group currently has a lean organisational structure, with 10 full-time employees dedicated to project management, business development and the day-to-day management of the Group, together with project appraisals, project management and business development.

The profiles of the senior executive team are listed on page 21.

OTHER MATTERS

Related party transactions

Please refer to pages 120 & 121 of the Annual Report.

Management agreements

The Group has management contracts with Cim Administrators Ltd for the provision of company secretarial services and with Lochiel Ltd for the management of the Group's immovable properties.

Donations

The Group did not make any political donations during the year under review.

Corporate Social Responsibility (CSR) and environmental issues

Lavastone's CSR activities are channelled through the Cim CSR Fund Ltd, a not-for-profit company limited by guarantee, which was set up on 12 April 2016 under the laws of Mauritius, pursuant to the Companies Act 2001, to administer Cim Group's CSR spend.

Cim CSR Fund Ltd focuses on the following 6 main areas:

1. Financial Literacy and Education
2. Investing in programmes to prepare children, teenagers and adults for economic self-reliance
3. Environmental sustainability
4. Investing in the protection and rehabilitation of the environment
5. Social engagement
6. Making a positive impact on the communities we serve

Tioumitra Maharahaje
For Cim Administrators Ltd
Company Secretary

27 December 2019

OTHER STATUTORY DISCLOSURES

(Pursuant to Section 221 of the Mauritius Companies Act 2001)

Activity of the Company

The activities of Lavastone Properties are disclosed on pages 4 to 8.

Group structure with activities of subsidiaries

The structure of Lavastone Properties has been disclosed on pages 8 & 9.

Directors' remuneration

The remuneration of directors who have held office as at 30 September 2019 has been disclosed on page 57.

Directors' interest in shares

The interests of the directors in the shares of Lavastone Properties as at 30 September 2019 are listed on page 57.

Audit fees

The fees paid to the auditor for audit and other services are as follows:

	GROUP		COMPANY	
	30-09-2019	30-09-2018	**30-09-2019**	30-09-2018
Payable to Ernst & Young for:				
Audit services	**726,000**	293,000	**300,000**	223,000
Other services	**475,000**	43,500	**50,000**	15,000
	1,201,000	336,500	**350,000**	238,000
Payable to BDO & Co. for:				
Audit services	**75,000**	-	**-**	-
Non audit services	**25,000**	-	**-**	-
	100,000	-	**-**	-

Donations

During the year under review, no political donations were made by the Group. Moreover, as at 30 September 2019, Lavastone has contributed Rs 1.5M to CSR activities.

Management contracts

The Group has management contracts with Cim Administrators Ltd for the provision of company secretarial services and with Lochiel Ltd for the management of the Group's immovable properties.

Directors' service contracts

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

SECRETARY'S CERTIFICATE

In my capacity as Company Secretary of Lavastone Ltd (the "Company"), I hereby confirm that, to the best of my knowledge and belief, the Company has filed with the Registrar of Companies, for the financial year ended 30 September 2019, all such returns as are required of the Company under the Companies Act 2001.

Tioumitra Maharahaje
For Cim Administrators Ltd
Company Secretary

26 December 2019

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

The Directors are responsible for the preparation of financial statements which give a true and fair view of the financial position, financial performance and cash flows of the Company. In so doing, they are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- comply with the provisions of the Companies Act 2001 and the International Financial Reporting Standards (IFRS), and explain any material departure thereto;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business in the foreseeable future.

The Directors are also responsible for the proper maintenance of accounting records, which disclose, at any time and with reasonable accuracy, the financial position and performance of the Company. They are also responsible for maintaining an effective system of internal control and risk management, for safeguarding the assets of the Company and for taking all reasonable steps to prevent and detect fraud and other irregularities.

The Directors acknowledge that they have exercised their responsibilities as described above and confirm that they have complied with the above requirements in preparing the financial statements for the year ended 30 September 2019. They also acknowledge the responsibility of the external auditors to report on these financial statements and to express an opinion as to whether they are fairly presented.

The Directors confirm that they have established an internal audit function and report that proper accounting records have been maintained during the year ended 30 September 2019 and that nothing has come to their attention which could indicate any material breakdown in the functioning of internal control systems and have a material impact on the trading and financial position of the Company.

On behalf of the Board

Colin Taylor
Chairman

Nicolas Vaudin
Director

26 December 2019

FINANCIAL STATEMENTS

Hospitality - Mourouk Ebony Hotel, Rodrigues

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Lavastone Ltd (the "Company") and its subsidiaries (the "Group") set out on pages 72 to 123 which comprise the statements of financial position as at 30 September 2019 and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements, including significant accounting policies.

In our opinion, the financial statements give a true and fair view of, the financial position of the Group and Company as at 30 September 2019, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards, and comply with the Companies Act 2001 and 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 Accountant's Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

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

Key Audit Matter	How the matter was addressed in the audit
Valuation of Investment Properties The fair value of investment properties and investment properties under development ("the properties") amounts to Rs 2.90Bn on the consolidated financial statements as at 30 September 2019 and constitute 92% of the consolidated assets of the Group. As set out in the accounting policies in Note 3(f) to the consolidated financial statements, investment properties are carried at fair value and increases and decreases in fair value are recognised in profit or loss. Fair value is determined by external independent valuation specialists using valuation techniques and assumptions. Valuation techniques for real estate can be subjective in nature and involve various assumptions regarding pricing factors. These assumptions include the market rental income, market-derived discount rate, projected net operating income. When relevant, fair value has been determined based on recent real estate transactions with similar characteristics and location of the valued properties.	Our audit procedures included, among others, the following: • Assessed independent valuers' credentials - We assessed the competence, capability, experience and independence, of the external property valuer. • Assessed the valuation method and assumptions used: - We evaluated the valuation methodology used by the external property valuer. - We discussed the valuations with the external property valuer, challenging key assumptions adopted in the valuations, including available market selling prices, market rents and by comparing them with historical rates and other available market data. We performed a sensitivity analysis using the key assumptions used. • Assessment of the reasonableness of the data used by management: - We reviewed the forecasts prepared by management and corroborated the major inputs used in the forecasts such as rental income and operating costs by comparing the actual tenancy information in the underlying contracts and by comparing operating costs.

Key Audit Matter	How the matter was addressed in the audit
Valuation of Investment Properties (Continued) We considered the valuation of the investment properties to be significant to the audit because: - the determination of fair value involves significant judgement and the use of independent external valuation experts; - the carrying amounts as well as the fair value movements are significant.	
Investment properties under development have been valued based on the value of work performed by the builders and certified by independent quantity surveyors. Because the valuation of investment property is complex and highly dependent on estimates and assumptions we consider the valuation of investment properties as a key audit matter in our audit. Disclosures in respect of properties have been made in note 16 and 17.	**Assessment of the value of investment property under development:** - We performed a retrospective review for all investment properties under development by comparing the actual construction costs incurred during the current year with those included in the prior year's forecasts to assess the ability of the management to make reliable budgets and forecasts. - We conducted site visits on certain investment properties under development and discussed with management and the quantity surveyor on the development progress and the development budgets reflected in the latest forecasts for each property development project. - We compared, on a sample basis, the quantity surveyor's reports for the construction costs incurred for property development projects with the underlying payment records and other documentation relevant to the construction cost accruals and/or payments.
Reorganisation of Property Cluster of the CIM Holding Ltd Group. In the fiscal year under review, CIM Holding Ltd, the holding Company of Lavastone Ltd performed a reorganisation of its property cluster. Prior to the reorganisation, CIM Holding Ltd held a 53% stake in Cim Financial Services Ltd ("CFSL") and in Lavastone Ltd through CFSL. On 18 October 2018, entities pertaining to the property cluster as disclosed in note 21 were transferred from CFSL to Lavastone Ltd. Subsequently, Lavastone Ltd was listed on the stock exchange of Mauritius. The transfer of the entities was made through an exchange of new shares in Lavastone Ltd to CFSL in exchange of shares in the entities to be transferred to Lavastone Ltd. The shares of Lavastone Ltd was subsequently transferred to Cim Holding Ltd by CFSL. As the group reorganisation was devoid of any commercial substance, the directors believe it is a reorganisation of entities under common control. Accordingly, the transaction has been accounted for under the "Pooling of Interest Method". The reorganisation represents a material transaction and event to the Group and has a material impact on the consolidated financial statements of Lavastone Ltd. The process resulted in significant audit effort to date, in obtaining the understanding of reorganisation of the entities disclosed in note 30 and its impact on the consolidated financial statements. Because of the complexity and significance of the transaction, we consider the transaction as a key audit matter in our audit.	**Our audit procedures included, among others, the following:** - Obtained an understanding of the reorganisation through a review of the minutes of matters discussed and approved by the Directors on the transaction steps to be undertaken to effect the reorganisation. - Inspected the share transfer forms for the transfer of entities' shareholdings to Lavastone Ltd. - Assessed whether the transaction is a reorganisation of entities under common control devoid of commercial substance and accordingly determine whether it should fall outside the scope of IFRS 3 - "Business Combination". - Reviewed the journal entries to assess whether the accounting treatment for the transaction was properly applied. Disclosures in respect of the reorganisation has been made in note 30.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Other Information

The directors are responsible for the other information. The other information comprises the Statement of Directors' responsibilities, Statement of compliance and the Company Secretary's Certificate as required by the Companies Act 2001, the Corporate Governance Report, the leadership statement and highlight of the Company, the strategic report, and the risk management report, which we obtained prior to the date of this auditor's report. Other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information identified above (other than the Corporate Governance Report) 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.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Corporate Governance Report

The Directors are responsible for preparing the Corporate Governance Report. Our responsibility under the Financial Reporting Act is to report on the compliance with the Code of Corporate Governance disclosed in the annual report and assess the explanations given for non-compliance with any requirement of the Code. From our assessment of the disclosures made on corporate governance in the annual report, the public interest entity has, pursuant to section 75 of the Financial Reporting Act 2001, complied with the requirements of the Code.

Responsibilities of the Directors for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

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

Use of our report

This report is made solely to the Company's 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 Company other than in our capacity as auditors, tax advisors and dealings in the ordinary course of business.

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

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

ERNST & YOUNG
Ebène, Mauritius

LI KUNE LAN POOKIM, F.C.A, F.C.C.A
Licensed by FRC

26 December 2019

STATEMENT OF FINANCIAL POSITION

As at 30 September 2019

		GROUP		COMPANY	
	Notes	**2019**	2018	**2019**	2018
		Rs 000	Rs 000	**Rs 000**	Rs 000
ASSETS					
Non-current assets					
Investment properties	16	**2,545,512**	1,237,029	**160,000**	160,000
Investment properties under development	17	**344,120**	-	**-**	-
Plant, property and equipment	18	**1,296**	-	**-**	-
Intangible assets	19	**115**	45,304	**-**	-
Investment in subsidiaries	21	**-**	-	**1,109,694**	495,800
Investment in associates	20	**19,956**	-	**19,990**	-
		2,910,999	1,282,333	**1,289,684**	655,800
Current assets					
Consumable biological assets	22	**3,112**	-	**-**	-
Inventory properties	23	**33,278**	-	**-**	-
Income tax receivable	13	**-**	-	**511**	
Trade and other receivables	24	**137,150**	217,149	**458,281**	327,636
Cash in hand and at bank	25	**37,885**	85,620	**14,380**	47,558
		211,425	302,769	**473,172**	375,194
Total assets		**3,122,424**	1,585,102	**1,762,856**	1,030,994
EQUITY AND LIABILITIES					
Share capital and reserves					
Share capital	26	**1,721,081**	450,000	**1,721,081**	450,000
Share application monies	26	**-**	575,000	**-**	575,000
Capital and other reserves		**131,053**	-	**-**	-
Retained earnings		**664,997**	511,568	**41,387**	370
Equity attributable to equity holders of the parent		**2,517,131**	1,536,568	**1,762,468**	1,025,370
Non controlling interests		**337,071**	-	**-**	-
Total equity		**2,854,202**	1,536,568	**1,762,468**	1,025,370
Non-current liabilities					
Deferred tax liability	13	**51,497**	28,603	**-**	-
Retirement benefit obligations	28	**221**	221	**-**	-
Borrowings	27	**35,694**	-	**-**	-
		87,412	28,824	**-**	-
Current liabilities					
Trade and other payables	29	**86,684**	17,848	**388**	3,147
Contract liabilities	29	**14,271**	-	**-**	-
Income tax payable	13	**2,765**	1,862	**-**	2,477
Borrowings	27	**77,090**	-	**-**	-
		180,810	19,710	**388**	5,624
Total equity and liabilities		**3,122,424**	1,585,102	**1,762,856**	1,030,994

These financial statements have been approved for issue by the Board of Directors on 27 December 2019 and signed on its behalf by:

Colin Taylor
Director

Nicolas Vaudin
Director

The notes on pages 76 to 123 form an integral part of these financial statements.
Auditor's report on pages 68 to 71.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 September 2019

		GROUP		COMPANY	
	Notes	**2019**	2018	**2019**	2018
		Rs 000	Rs 000	**Rs 000**	Rs 000
Revenue					
Rental income		**133,533**	115,173	**-**	-
Services to tenants		**21,795**	20,178	**-**	-
Other operating income		**7,121**	4,934	**-**	-
Total revenue	8(a)	**162,449**	140,285	**-**	-
Direct operating expenses	9	**(51,462)**	(40,651)	**(20)**	-
Net operational income/(loss)		**110,987**	99,634	**(20)**	-
Other income	8(b)	**-**	-	**43,090**	-
Administrative expenses	10	**(51,090)**	(27,670)	**(4,740)**	(329)
Operating profit/(loss)		**59,897**	71,964	**38,330**	(329)
Profit on disposal of investment properties		**104**	-	**-**	-
Other gains and losses	12	**128,158**	551	**-**	(8,965)
Share of results in associates	20	**(34)**	-	**-**	-
Profit before net finance income/(cost)		**188,125**	72,515	**38,330**	(9,294)
Interest income using effective interest method		**-**	8,951	**17,383**	14,956
Finance costs	11	**(1,877)**	(39)	**-**	-
Profit before tax		**186,248**	81,427	**55,713**	5,662
Income tax expense	13	**(29,872)**	(15,167)	**(1,086)**	(2,477)
Profit for the year		**156,376**	66,260	**54,627**	3,185
Other comprehensive income		**-**	-	**-**	-
Total comprehensive income		**156,376**	66,260	**54,627**	3,185
Attributable to:					
Equity holders of the parent		**167,039**	66,260		
Non-controlling interests		**(10,663)**	-		
Basic/diluted earnings per share (Rs)	14	**0.35**	136.51		

The notes on pages 76 to 123 form an integral part of these financial statements.
Auditor's report on pages 68 to 71.

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 September 2019

GROUP	Share capital	Share application monies	Retained earnings	Capital and other reserves	Total	Non controlling interests	Total equity
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
At 1 October 2018	450,000	575,000	511,568	-	1,536,568	-	1,536,568
Profit/(loss) for the year	-	-	167,039	-	167,039	(10,663)	156,376
Other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	167,039	-	167,039	(10,663)	156,376
Issue of share capital (Note 26,30)	1,271,081	(575,000)	-	-	696,081	-	696,081
On internal restructuring (Note 30)	-	-	-	131,053	131,053	319,747	450,800
On purchase of subsidiaries	-	-	-	-	-	27,987	27,987
Dividend	-	-	(13,610)	-	(13,610)	-	(13,610)
At 30 September 2019	1,721,081	-	664,997	131,053	2,517,131	337,071	2,854,202
At 1 October 2017	519,466	-	445,308	-	964,774	-	964,774
Profit for the year		-	66,260		66,260		66,260
Other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive income	-	-	66,260	-	66,260	-	66,260
Share application monies	-	575,000	-	-	575,000	-	575,000
Reduction of capital	(69,466)	-	-	-	(69,466)	-	(69,466)
At 30 September 2018	450,000	575,000	511,568	-	1,536,568	-	1,536,568

COMPANY	Share capital	Share application monies	Retained earnings	Total
	Rs 000	Rs 000	Rs 000	Rs 000
At 1 October 2018	450,000	575,000	370	1,025,370
Profit for the year	-	-	54,627	54,627
Other comprehensive income for the year	-	-	-	-
Total comprehensive income	-	-	54,627	54,627
Issue of shares (Note 26,30)	1,271,081	(575,000)	-	696,081
Dividends			(13,610)	(13,610)
At September 2019	1,721,081	-	41,387	1,762,468
At 1 October 2017	519,466	-	(2,815)	516,651
Profit for the year	-	-	3,185	3,185
Other comprehensive income for the year	-	-	-	-
Total comprehensive income	-	-	3,185	3,185
Share application monies	-	575,000	-	575,000
Reduction of capital	(69,466)	-	-	(69,466)
At 30 September 2018	450,000	575,000	370	1,025,370

The notes on pages 76 to 123 form an integral part of these financial statements.
Auditor's report on pages 68 to 71.

STATEMENT OF CASH FLOWS

For the year ended 30 September 2019

	Notes	GROUP 2019	GROUP 2018	COMPANY 2019	COMPANY 2018
		Rs 000	Rs 000	**Rs 000**	Rs 000
Operating activities					
Profit before tax		**186,248**	81,427	**55,713**	5,662
Share of results in associates	20	**34**	-	**-**	-
Adjustments for:					
Amortisation of intangible assets	19	**43**	814	**-**	-
Depreciation	18	**206**	-	**-**	-
Dividend income		**-**	-	**(43,090)**	-
Interest income		**-**	(8,951)	**(17,383)**	(14,955)
Interest expense	11	**1,877**	39	**-**	-
Write off of development costs	10	**11,482**	-	**-**	-
Other (gains) and losses	12	**(126,955)**	(551)	**-**	8,965
Movement in biological assets	22	**121**	-	**-**	-
(Gain)/Loss on disposal on disposal of land		**-**	-	**-**	-
Changes in working capital:					
Trade and other receivables		**(85,709)**	36,597	**(114,261)**	(57,250)
Trade and other payables		**24,346**	87,846	**(2,758)**	171,608
Cash generated from operations		**11,693**	197,221	**(121,779)**	114,030
Interest received		**-**	-	**998**	-
Income tax paid	13	**(10,118)**	(13,836)	**(4,074)**	-
Net cash generated from/(used in) operating activities		**1,575**	183,385	**(124,855)**	114,030
Investing activities					
Dividends received		**-**	-	**43,090**	-
Purchase of investment properties	16,17	**(279,462)**	(210,863)	**-**	(168,965)
Purchase of property, plant and equipment	18	**(724)**	-	**-**	-
Purchase of investment in associate	20	**(19,990)**	-	**(19,990)**	-
Purchase of investment in subsidiary	7	**(93,409)**	-	**(121,264)**	-
Proceeds from disposal of investment properties		**30,896**	-	**-**	-
Cash on internal restructuring	7,30	**14,321**	-	**-**	-
Net cash used in investing activities		**(348,368)**	(210,863)	**(98,164)**	(168,965)
Financing activities					
Loan received	27	**35,000**	-	**-**	-
Share application monies received		**-**	102,494	**-**	102,494
Issue of shares		**203,451**	-	**203,451**	-
Interest paid		**(2,873)**	(39)	**-**	-
Dividends paid to shareholders of company		**(13,610)**	-	**(13,610)**	-
Net cash generated from financing activities		**221,968**	102,455	**189,841**	102,494
Net (decrease)/increase in cash and cash equivalents		**(124,825)**	74,977	**(33,178)**	47,559
Cash and cash equivalents at 1 October		**85,620**	10,643	**47,558**	(1)
Cash and cash equivalents at 30 September	25	**(39,205)**	85,620	**14,380**	47,558

The notes on pages 76 to 123 form an integral part of these financial statements.
Auditor's report on pages 68 to 71.

1. CORPORATE INFORMATION

Lavastone Ltd is a public company and listed on the Development & Enterprise Market ("DEM") of the Stock Exchange of Mauritius Ltd incorporated in Mauritius. The main activity is to hold investment properties and its registered office is at Cnr Edith Cavell Street and Mere Barthelemy Street, Port Louis.

2. ACCOUNTING POLICIES

2.1. Basis of preparation

The consolidated financial statements comprise the financial statements of Lavastone Ltd and its subsidiaries as at 30 September 2019.

The consolidated and separate financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and complied with the Companies Act 2001 and Financial Reporting Act 2004.

The financial statements have been prepared on a historical cost basis, except for investment property and consumable biological assets that have been measured at fair value. The consolidated financial statements are presented in Mauritian Rupees and all values are rounded to the nearest thousand (Rs' 000), except where otherwise indicated.

The consolidated financial statements provide comparative information in respect of the previous period.

2.2. Basis of consolidation

The consolidated financial statements comprise the financial statements of Lavastone Ltd and its subsidiaries as at 30 September 2019.

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

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

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

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

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of financial position and statement of comprehensive income 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. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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 interest
- 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Property acquisitions and business combinations

Where property is acquired, via corporate acquisitions or otherwise, management considers the substance of the assets and activities of the acquired entity in determining whether the acquisition represents the acquisition of a business. The basis of the judgement is set out in Note 5.

Where such acquisitions are not determined to be an acquisition of a business, they are not treated as business combinations. Rather, the cost to acquire the corporate entity or assets and liabilities is allocated between the identifiable assets and liabilities of the entity based on their relative values at the acquisition date.

(b) Business combinations and goodwill

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

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

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

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, the gain is recognised in profit or loss. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. 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 (CGUs) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Business combinations and goodwill (Continued)

Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU.

(c) Current versus non-current classification

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

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period

Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

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

(d) Foreign currencies

The Group's consolidated financial statements are presented in Mauritian rupees, which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 September 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Foreign currencies (Continued)

In determining the spot exchange rate to use on initial recognition of the related asset, liability, 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 the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

(e) Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of an inventory property that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. Capitalisation commences when: (1) the Group incurs expenditures for the asset; (2) the Group incurs borrowing costs; and (3) the Group undertakes activities that are necessary to prepare the asset for its intended use or sale. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs should be capitalised for construction of any qualifying assets.

The interest capitalised is calculated using the Group's weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amount capitalised is the gross interest incurred on those borrowings less any investment income arising on their temporary investment. Interest is capitalised from the commencement of the development work until the date of practical completion, i.e., when substantially all of the development work is completed. The capitalisation of finance costs is suspended if there are prolonged periods when development activity is interrupted. Interest is also capitalised on the purchase cost of a site of property acquired specifically for redevelopment, but only where activities necessary to prepare the asset for redevelopment are in progress.

(f) Investment properties

Investment properties comprises completed properties and properties under development or re-development that are held, or to be held, to earn rentals or for capital appreciation or both. Properties held under a lease is classified as investment properties when they are held to earn rentals or for capital appreciation or both, rather than for sale in the ordinary course of business or for use in production or administrative functions.

Investment properties comprises principally offices, commercial warehouse and retail properties that are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation. These buildings are substantially rented to tenants and not intended to be sold in the ordinary course of business.

Investment properties are measured initially at cost, including transaction costs. Transaction costs include transfer taxes, professional fees for legal services and (only in case of investment properties held under a lease) initial leasing commissions to bring the properties to the condition necessary for it to be capable of operating.

Subsequent to initial recognition, investment properties are stated at fair values, which reflect market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. For the purposes of these financial statements, in order to avoid double counting, the fair values reported in the financial statements are:

- Reduced by the carrying amount of any accrued income resulting from the spreading of lease incentives and/or minimum lease payments
- In the case of investment properties held under a lease, increased by the carrying amount of any liability to the head lessor that has been recognised in the statement of financial position as a finance lease obligation

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Investment properties (Continued)

Transfers are made to (or from) investment properties only when there is evidence of a change in use (such as commencement of development or inception of an operating lease to another party). For a transfer from investment properties to inventories, the deemed cost for subsequent accounting is the fair value at the date of change in use. If an inventory properties becomes an investment properties, the difference between the fair value of the properties at the date of transfer and its previous carrying amount is recognised in profit or loss. The Group considers as evidence the commencement of development with a view to sale (for a transfer from investment property to inventories) or inception of an operating lease to another party (for a transfer from inventories to investment properties).

Investment properties is derecognised either when it has been disposed of (i.e., at the date the recipient obtains control) or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. The amount of consideration to be included in the gain or loss arising from the derecognition of investment property is determined in accordance with the requirements for determining the transaction price in IFRS 15.

(g) Inventory properties

Inventory properties is principally made up of property previously held as investment property which has been transferred on evidence of change in use, start of development in view of sale. Inventory property is measured at the lower of cost and net realisable value (NRV).

Principally, this is residential property that the Group develops and intends to sell before, or on completion of, development.

Cost incurred in bringing each property to its present location and condition includes:

- Freehold rights for land
- Amounts paid to contractors for development
- Borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, development overheads and other related cost

NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, less estimated costs of completion and the estimated costs necessary to make the sale.

When an inventory property is sold, the carrying amount of the property is recognised as an expense in the period in which the related revenue is recognised. The carrying amount of inventory property recognised in profit or loss is determined with reference to the directly attributable costs incurred on the property sold and an allocation of any other related costs based on the relative size of the property sold.

(h) Cash and cash equivalents

Cash in hand and at bank in the statement of financial position comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

(i) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if 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 (or assets), even if that asset is (or those assets are) not explicitly specified in an arrangement.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Leases (Continued)

Group as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease. Leases of investment properties are carried at fair value in line with the accounting policies of investment properties.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit or loss.

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

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

Group as a lessor

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

(j) Rent receivables

Rent receivables are recognised at fair value and subsequently measured at amortised cost.

(k) Revenue recognition

The Group's key sources of income include: rental income, services to tenants and sale of completed property and inventory property. The accounting for each of these elements is discussed below.

(i) Rental income

The Group earns revenue from acting as a lessor in operating leases. Rental income arising from operating leases on investment property is accounted for on an accrual basis, except for contingent rental income which is recognised when it arises. Initial direct costs incurred in negotiating and arranging an operating lease are recognised as an expense over the lease term on the same basis as the lease income.

(ii) Revenue from services to tenants

For investment property held primarily to earn rental income, the Group enters as a lessor into lease agreements that fall within the scope of IAS 17. These agreements include certain services offered to tenants (i.e., customers) including CAM services (such as cleaning, security, landscaping. The consideration charged to tenants for these services includes fees charged based on a percentage of the rental income and reimbursement of certain expenses incurred.

The Group has determined that these services constitute distinct non-lease components (transferred separately from the right to use the underlying asset) and are within the scope of IFRS 15. The Group allocates the consideration in the contract to the separate lease and revenue (non-lease) components on a relative stand-alone selling price basis.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Revenue recognition (continued)

(ii) Revenue from services to tenants (Continued)

In respect of the revenue component, these services represent a series of daily services that are individually satisfied over time because the tenants simultaneously receive and consume the benefits provided by the Group. The Group applies the time elapsed method to measure progress.

The consideration charged to tenants for these services is based on a percentage of the rental income.

The Group arranges for third parties to provide certain of these services to its tenants. The Group concluded that it acts as a principal in relation to these services as it controls the specified services before transferring them to the customer. Therefore, the Group records revenue on a gross basis. For more information, please refer to note 5-significant accounting judgements, estimates and assumptions.

(iii) Revenues from the sale of inventory property

The Group enters into contracts with customers to sell properties.

Completed inventory properties

The sale of completed property constitutes a single performance obligation and the Group has determined that is satisfied at the point in time when control transfers. For unconditional exchange of contracts, this generally occurs when legal title transfers to the customer.

Payments are received when legal title transfers which is usually within two months from the date when contracts are signed.

The Group assesses, at each reporting date, whether the carrying amount of inventory properties exceeds the remaining amount of consideration that the entity expects to receive in exchange for the residential development less the costs that relate directly to completing the development and that have not been recognised as expenses.

(l) Trade receivables

A trade receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Revenue earned from property development activities, but yet to be billed to customers, is initially recognised as contract assets and reclassified to trade receivables when the right to consideration becomes unconditional. Refer to the accounting policies on financial assets in this note for more information.

The trade receivables are presented in the statement of financial position under 'Trade and other trade receivables'. For more information, see Note 24.

(m) Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to 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.

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 September 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Taxes (Continued)

Deferred tax

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

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

- When 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 accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, branches and associates and interests in joint arrangements, when 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, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When 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, branches and associates and interests in joint arrangements, 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 re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

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

(n) Fair value measurements

The Group measures financial instruments such as investment properties and biological assets at fair value at each balance sheet date.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Fair value measurements (Continued)

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 by the Group at the measurement date.

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

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

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

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

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

Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarised in the following notes:

- Accounting policy disclosures
- Disclosures for valuation methods, significant estimates and assumptions
- Investment properties and biological assets
- Quantitative disclosures of fair value measurement hierarchy

(o) Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Accounting for financial assets before 1 October 2018 (under IAS 39)

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Financial instruments – initial recognition and subsequent measurement (Continued)

(i) Accounting for financial assets before 1 October 2018 (under IAS 39) (Continued)

Subsequent measurement

For purposes of subsequent measurement, the Group's financial assets are classified as Loans and receivables (Trade and other trade receivables and cash in hand and at bank).

Loans and receivables

This category is the most relevant to the Group. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. 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 income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss in finance costs for loans and in cost of sales or other operating expenses for receivables. This category generally applies to trade and other receivables. For more information on receivables, refer to Note 24.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired.

Or

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

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.

(ii) Accounting for financial assets after 1 October 2018 (under IFRS 9)

Initial recognition and measurement

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

For purposes of subsequent measurement, the Group's financial assets are classified as financial assets measured at amortised cost (Trade and other receivables, and cash in hand and at bank).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Financial instruments – initial recognition and subsequent measurement (Continued)

(ii) Accounting for financial assets after 1 October 2018 (under IFRS 9) (Continued)

Initial recognition and measurement (Continued)

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

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

Subsequent measurement

For purposes of subsequent measurement, the Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows

And

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

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

Since the Group's financial assets (Trade and other trade receivables, contract assets, cash in hand and at bank) meet these conditions, they are subsequently measured at amortised cost.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

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

Or

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Financial instruments – initial recognition and subsequent measurement (Continued)

(ii) Accounting for financial assets after 1 October 2018 (under IFRS 9) (Continued)

Impairment of financial assets

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

For rent and other trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date (i.e., a loss allowance for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default). The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. At reporting date, the ECL on financial assets was minimal.

Some other receivables are of the same nature as trade receivables but given that these are not the activities of the Group, these are not classified as trade receivables. As those other receivables have a maturity of 1 year or less, the Group has applied the practical expedient of IFRS 15. Where the balance due is repayable on demand and the borrower has enough liquid assets to settle the balance due on demand, the probability of default is minimal. Where the Borrower does not have enough liquid assets to settle the balance on demand but own other assets that can be sold to settle the balance due, the loss given default is nil as the net realisable value of the assets cover the outstanding balance. In that case, the ECL is limited to the effect of discounting the amount due of the loan over the period until the cash is realised and since those companies can realise cash within a short period of time, the effect of discounting is immaterial.

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

(iii) Accounting for financial liabilities before 1 October 2018 (under IAS 39)

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings and trade and other payables.

All financial liabilities are recognised initially at fair value and, in the case of all financial liabilities.

The Group's financial liabilities include trade and other payables, interest-bearing loans and borrowing and other liabilities.

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

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

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IAS 39 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Financial instruments – initial recognition and subsequent measurement (Continued)

(iii) Accounting for financial liabilities before 1 October 2018 (under IAS 39) (Continued)

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category applies to all financial liabilities.

Derecognition

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

(iv) Accounting for financial liabilities after 1 October 2018 (under IFRS 9)

Initial recognition and measurement

The Group's financial liabilities comprise interest-bearing loans and borrowings and trade and other payables. Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss or at amortised cost. All financial liabilities are recognised initially at fair value.

Subsequent measurement

For purposes of subsequent measurement, all financial liabilities 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 EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Derecognition

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

(p) Investment in associates

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 over those policies.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

The Group's investment in its associate is 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 neither amortised nor individually tested for impairment.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 September 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Investment in associates (Continued)

The profit or loss reflects the Group's share of the results of operations of the associate. Any change in other comprehensive income of those investees is presented as part of the Group's in other comprehensive income. 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 and other comprehensive income outside operating profit and represents profit or loss after tax.

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 associates. At each reporting date, the Group determines whether there is objective evidence that the investment in the associates is impaired.

If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognises the loss as 'impairment loss on associates' in profit or loss.

Upon loss of significant influence over the associate, 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 and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

In the Company's separate financial statements, an investment in an associate is stated at cost. The carrying amount is reduced to recognise any impairment in the value of the investment. The adjustment is subsequently recorded in profit or loss.

(q) Investment in subsidiaries

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

Separate financial statements

Investments in subsidiaries in the separate financial statements of the Company are carried at cost, net of any impairment. Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is recognised in profit or loss. Upon disposal of the investment, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

(r) Consumable Biological Asset

Consumable biological assets represent animals on hunting grounds and are stated at fair value less costs to sell. The fair value is measured as the expected net cash flows from the sale of the deer less cost to sell. The changes in fair value less cost to sell of the consumable biological assets is recognised in the statement of profit or loss.

(s) Retirement benefit obligations

Severance allowance on retirement

For employees that are not covered under any pension plan, the net present value of severance allowances payable under the Employee Rights Act 2008 is calculated independently by a qualified actuary, AON Hewitt Ltd. The expected cost of these benefits is accrued over the service lives of employees on a similar basis to that for the defined benefit plan. The present value of severance allowances has been disclosed as unfunded obligations under employee benefit liability.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Retirement benefit obligations (Continued)

Defined contribution plans

Employees in the Group are under a defined contribution scheme, the assets of which are held and administered by an independent fund administrator. All new employees of the Group from that date become members of the defined contribution plan. Payments by the Company to the defined contribution retirement plan are charged as an expense as they fall due.

(t) Segmental reporting

An operating segment is a component of an entity:

(a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);

(b) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and

(c) for which discrete financial information is available.

The Group's business segments consist of core business (which is holding properties for capital appreciation) and development of residential units for sale. Most of its activity is performed in Mauritius.

(u) Other income

Dividend income

Dividend income is recognised when the Company's right to receive the payment is established, which is generally when the Board of Directors of the investees declare the dividend.

4. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

New and amended standards and interpretations

The Group applied IFRS 15 and IFRS 9 for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Several other amendments and interpretations apply for the first time in financial year 2019, but do not have an impact on the consolidated financial statements of the Group. The amendments which were applicable on the financial statements of the Group have been described below:

New or revised standards	Effective for accounting period beginning on or after
IFRS 9 Financial instruments	1 January 2018
IFRS 15 Revenue from contracts from customers	1 January 2018
Amendments to IAS 40 Transfers of Investment Property	1 January 2018

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and measurement for annual periods beginning on or after 1 January 2018 bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting. The Group applied IFRS 9 for the first time 1 October 2018. The Group adopted a modified retrospective approach.

4. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

New and amended standards and interpretations (continued)

(a) Classification and measurement

Under IFRS 9, debt instruments are subsequently measured at fair value through profit or loss, amortised cost, or fair value through OCI.

The classification is based on two criteria: The Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Group's business model was made as of the date of initial application, 1 October 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of IFRS 9 did not have a significant impact on the Group. The following are changes in the classification of Group's financial assets.

- Trade receivables classified as trade and other receivables, are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as debt instruments at amortised cost beginning 1 October 2018.

The Group has not designated any financial liabilities as at FVTPL. There are no changes in classification and measurement for the Group's financial liabilities.

In summary, upon as at 1 October 2018, the adoption of IFRS 9, the Group and the Company had the following required or elected reclassifications:

			Measurement under IAS 39 and IFRS 9	
	Measurement Category		Group	Company
	IAS 39	IFRS 9	Rs 000	Rs 000
Current Assets				
Trade and other receivables	Loans and receivables	Amortised cost	217,149	327,636
Cash in hand and at bank	Loans and receivables	Amortised cost	85,620	47,558

(b) Impairment

The adoption of IFRS 9 has fundamentally changed the Group accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Group to recognize an allowance for ECLs for all debt instruments not held at fair value through profit or loss.

Upon the adoption of IFRS 9, the Group and the Company assessed the impact of IFRS 9 to be immaterial and hence no adjustments were made to the accounts.

IFRS 15 Revenue from Contracts with Customers

The Group has adopted IFRS15 Revenue from contracts with customers for the year ended 30 September 2019. The standard was applied using the modified retrospective approach.

IFRS 15 requires entities to exercise judgement, taking into consideration all the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

4. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

New and amended standards and interpretations (continued)

IFRS 15 Revenue from Contracts with Customers (Continued)

The Group adopted IFRS 15 using the modified retrospective method of adoption with the date of initial application of 1 October 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group elected to apply the standard to all contracts as at 1 January 2018.

The Group operates mainly as a lessor and receives rental income from its various properties. Rental income is outside the scope of IFRS 15, however the Group also indulge in activities such as property management, sale of property and rendering of service to its tenant for which it charges service charges. Below is an assessment of the various activities undertaken by the Group.

Services to tenants

For investment property held primarily to earn rental income, the Group enters as a lessor into lease agreements that fall within the scope of IAS 17 Leases. Such lease agreements include certain services offered to tenants including cleaning, security, landscaping. These services are specified in the lease agreements and separately invoiced.

Consistent with previous accounting, the Group has determined that these services constitute distinct non-lease components and are within the scope of IFRS 15. The Group continues to allocate the consideration in the contract to the separate lease and service (non-lease) components based on the relative stand-alone selling prices.

The Group concluded applying IFRS 15 to its accounting for services to tenants did not have any impact.

Amendments to IAS 40 Transfers of Investment Property

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

Since Group's previous practice is in line with the clarifications issued, these amendments do not have any effect on the Group's consolidated financial statements.

Standards, Amendments to published Standards and Interpretations Issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective up to the date of issuance of the Group's financial statements are listed below. The Group intends to adopt these new and amended standards and interpretations when they become effective, if applicable

	Effective for accounting period beginning on or after
New or revised standards	
IFRS 16 Leases	1 January 2019
IFRIC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
Prepayment Features with Negative Compensation - Amendments to IFRS 9	1 January 2019
Long-term interests in Associates and Joint Ventures - Amendments to IAS 28	1 January 2019
Plan Amendment, Curtailment or Settlement - Amendments to IAS 19	1 January 2019
IFRS 3 Business Combinations - Previously held interests in a joint operation	1 January 2019
IFRS 11 Joint Arrangements - Previously held interests in a joint operation	1 January 2019
IAS 12 Income taxes - Income tax consequences of payments on Financial instruments classified as equity	1 January 2019
IAS 23 Borrowing costs-Borrowing costs eligible for capitalization	1 January 2019
IFRS 17 Insurance Contracts	1 January 2021

4. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

Standards, Amendments to published Standards and Interpretations Issued but not yet effective (Continued)

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

IFRS16 - Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17.

The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognize 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 recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize 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.

The Group operates as a lessor and also enter into operating lease contracts as a lessee. The property held under operating lease are then subleased to various tenants. The Directors are still assessing the impact of the adoption of IFRS 16 and expects the impact to be minimal on the Group financial statements. The Group will adopt the accounting standard on 1 October 2019 and will apply a modified retrospective approach where the cumulative effect of initially applying IFRS 16 will recognised as an adjustment to equity at the date of initial application.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

Judgements

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

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Revenue from contracts with customers

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

- Determination of performance obligations

  In relation to the services provided to tenants of investment property (such as cleaning, security, landscaping, reception services, catering) as part of the lease agreements into which the Group enters as a lessor, the Group has determined that the promise is the overall property management service and that the service performed each day is distinct and substantially the same. Although the individual activities that comprise the performance obligation vary significantly throughout the day and from day to day, the nature of the overall promise to provide management service is the same from day to day. Therefore, the Group has concluded that the services to tenants represent a series of daily services that are individually satisfied over time, using a time-elapsed measure of progress, because tenants simultaneously receive and consumes the benefits provided by the Group.

  The Group arranges for certain services provided to tenants of investment property included in the contract the Group enters into as a lessor, to be provided by third parties. The Group has determined that it controls the services before they are transferred to tenants, because it has the ability to direct the use of these services and obtain the benefits from them. In making this determination, the Group has considered that it is primarily responsible for fulfilling the promise to provide these specified services because it directly deals with tenants' complaints and it is primarily responsible for the quality or suitability of the services. In addition, the Group has discretion in establishing the price that it charges to the tenants for the specified services.

  Therefore, the Group has concluded that it is the principal in these contracts. In addition, the Group has concluded that it transfers control of these services over time, as services are rendered by the third-party service providers, because this is when tenants receive and at the same time, consume the benefits from these services.

- Determining the timing of revenue recognition on the sale of property

  The Group has evaluated the timing of revenue recognition on the sale of property based on a careful analysis of the rights and obligations under the terms of the contract and legal advice from the Group's external counsel.

  The Group has generally concluded that contracts relating to the sale of completed property are recognised at a point in time when control transfers. For unconditional exchanges of contracts, control is generally expected to transfer to the customer together with the legal title. For conditional exchanges, this is expected to take place when all the significant conditions are satisfied.

  For contracts relating to the sale of property under development, the Group has generally concluded that the over time criteria are not met and, therefore, recognises revenue at a point in time. These consist mostly of parcels of land being sold once relevant permits have been obtained.

Business combinations

The Group acquired a subsidiary which operates a hotel in Rodrigues during the reporting year as disclosed in note 7. At the time of acquisition, the Group considers whether the acquisition represents the acquisition of a business or the acquisition of an asset. The Group accounts for an acquisition as a business combination where an integrated set of activities and assets, including property, is acquired.

When the acquisition of subsidiaries does not represent a business combination, it is accounted for as an acquisition of a group of assets and liabilities. The cost of the acquisition is allocated to the assets and liabilities acquired based upon their relative fair values, and no goodwill or deferred tax is recognised.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Judgements (Continued)

Business combinations (Continued)

As part of its assessment, the key factors considered by the Group to determine whether the transaction is a an acquisition of a business or an asset were; components of the business (input, processes and output derived from the business), and capacity to control the activities of the business. The Group concluded that the transaction is a business combination.

Common Control Transactions

The Group acquired subsidiaries in the real estate industry during the reporting year through an internal restructuring carried out in the Cim Group, refer to note 30. The business acquisition has been determined by management as a business combination under common control. The Group has accounted the transaction under the pooling of interest method. In assessing whether the Group can account the transaction under the pooling of interest method, the Group considered the substance of the transaction. Substance of the transaction has been determined on the following basis:

- the purpose of the transaction;
- the involvement of outside parties in the transaction, such as non-controlling interests or other third parties;
- the existing activities of the entities involved in the transaction.

Management assessed the transaction in line with the above and determined the transaction to lack commercial substance. The transaction was accounted under the pooling of interest method.

Estimates and assumptions

The key assumptions concerning 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 described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Valuation of investment properties

The fair value of investment property is determined by independent real estate valuation experts using recognised valuation techniques and the principles of IFRS 13 Fair Value Measurement.

Investment properties are measured based on estimates prepared by independent real estate valuation experts. The significant methods and assumptions used by valuers in estimating the fair value of investment properties are set out in Note 16. Investment properties under development, Note 17.

Estimation of net realisable value for inventory properties

At year end, the Group holds inventory property with a carrying value of Rs 33,278,000 (2018: Rs nil). Inventory property is stated at the lower of cost and net realisable value (NRV).

NRV for completed inventory property is assessed by reference to market conditions and prices existing at the reporting date and is determined by the Group, based on comparable transactions identified by the Group for property in the same geographical market serving the same real estate segment.

NRV in respect of inventory property under development is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete the development and the estimated costs necessary to make the sale, taking into account the time value of money, if material.

6. FINANCIAL RISK MANAGEMENT

Whilst risk is inherent in normal activities, it is managed through an integrated risk management framework, including ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability and each individual within the Group is accountable for the risk exposures relating to his or her responsibilities. The Group is exposed to credit risk, liquidity risk and market risk.

The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and control, and to monitor the risks and adherence to limits by means of reliable and up-to-date administrative and information systems.

The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice. The Board recognises the critical importance of having efficient and effective risk management policies and systems in place. To this end, there is a clear organisational structure with delegated authorities and responsibilities from the Board, executives and senior management. Individual responsibility and accountability are designed to deliver a disciplined, conservative and constructive culture of risk management and control.

6.1 Financial risk factors

A description of the significant risk factors is given below together with the risk management policies applicable.

The Group's activities expose it to a variety of financial risks, which consist of market risks, credit risk and liquidity risk.

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. Written principles have been established throughout the Group for overall risk management.

(a) Market Risk

Market risk include foreign currency risk, interest rate risk and equity price risk. The Group is not exposed to significant currency risk and equity price risk at the reporting date.

Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair value of financial instruments. The Group did not have significant floating interest rate bearing financial assets and liabilities at the reporting date.

Price risk

Equity price risk is the risk that the fair value of equity securities fluctuates as a result of the changes in the prices of those securities. The Group is not exposed to significant equity price risks as it does not have any significant equity financial assets.

Foreign Exchange risk

Foreign exchange risk is the risk that the fair value of future cash flows of financial instrument will fluctuate due to changes in foreign exchange rates. The Group is not exposed to foreign exchange risk as it does not have any significant financial instrument in foreign currencies at the reporting date.

(b) Credit risk

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its trade and other receivables and cash and cash equivalent.

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

Trade and other receivables

The Group manages and control its credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties. The Group has policies in place to ensure that credit facilities are granted to customers with appropriate credit history. Credit facilities to customers are monitored and the Group identifies defaults and recovers amounts due according to its policies.

Credit quality of a customer is assessed based on internally defined criteria including the financial position of the counterparties and the business sector they operate. Outstanding customer receivables are regularly monitored. The Group's receivables include amounts due from related entities which are disclosed in note 24. The maximum exposure to credit risk at the reporting date equals the carrying amount of the respective financial assets.

The Group adopted a simplified approach to assess the allowance for expected credit loss on its financial assets. The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e. Customer type). The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. At 30 September 2019, the ECL on trade receivables was minimal. Accordingly, management did not adjust the accounts.

The aged analysis of trade receivables is disclosed in Note 24.

With respect to cash and cash equivalents, the Group's exposure to credit risk arises from the default of the counter party with a maximum exposure equal to the carrying value of the instrument of Rs 37,885,000 (2018: Rs 85,620,000) for the Group and Rs 14,380,000 (2018: Rs 47,558,000) for the Company. Cash at banks are held with reputable financial institutions.

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivery of cash or another financial asset.

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding from an adequate amount of credit facilities to settle amounts as they fall due. The Group aims at maintaining flexibility in funding by keeping committed credit lines available and monitors its cash flow through forecasting tools.

The Group's financial liabilities are classified into relevant maturity based on the remaining year at the end of the reporting year to the contractual maturity date.

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (Continued)

The maturity of the Company's financial liabilities is:

	GROUP		COMPANY	
	Sep-19	Sep-18	**Sep-19**	Sep-18
	Rs 000	Rs 000	**Rs 000**	Rs 000
Trade and other payables*				
On demand	**85,484**	17,848	**389**	3,147
Within 3 months	**-**	-	**-**	-
Borrowings**				
3 to 12 months	**77,090**	-	**-**	-
Between 1 to 5 years	**46,631**	-	**-**	-
	209,205	17,848	**389**	3,147

* Trade and other payables for the Group exclude value added tax payable at 30 September 2019 (2018: Nil)

** Borrowings have been adjusted for future interest costs.

Capital management

The primary objective of the Company's capital management is to maximise shareholders' value. The company aim at distributing an adequate dividend whilst ensuring that sufficient resources are maintained to continue as a going concern and for expansion.

The Group and the Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The ratio of net debt to equity is used to monitor capital and the ratio is kept at a reasonable level. For the purpose of capital management, net debt consists of borrowings net of cash and cash equivalent. Equity consists of stated capital, retained earnings and other reserves. There were no changes in the Company's approach to capital management during the year.

	GROUP		COMPANY	
	Sep-19	Sep-18	**Sep-19**	Sep-18
	Rs 000	Rs 000	**Rs 000**	Rs 000
Total borrowings	**112,784**	-	**-**	-
Less: Cash and cash equivalents (note 25)	**(37,885)**	(85,620)	**(14,380)**	47,558
Borrowings Net of cash	**74,899**	(85,620)	**(14,380)**	47,558
Total Equity	**2,854,202**	1,536,568	**1,762,468**	1,025,370
Debt to Equity ratio	**2.62%**	0.00%	**0.00%**	4.64%

7. BUSINESS COMBINATIONS

On 1 February, the Group acquired 75% of Compagnie Valome Limited (CVL), a private company incorporated in Mauritius for a consideration of Rs 83M. CVL holds property in the hotel industry, the acqusition was made as part of the Group's business strategy which gave the Group access to those assets held by CVL. The Directors considered this transaction as an acquisition of a business, rather than an asset acquisition. The Group obtained control of CVL through its acquisition of majority shareholding.

Assets acquired and liabilities assumed

The fair value of the identifiable assets and liabilities of CVL as at the date of acquisition were:

	Fair value recognised on acquisition
	Rs 000
Assets	
Investment property	145,746
Trade and other receivables	10,321
	156,067
Liabilities	
Trade Payables	29,935
Deferred tax liabilities	4,042
Borrowings	10,141
	44,118
Total identifiable net assets at fair value	111,949
Non controlling interest	27,987
Goodwill arising on acquisition	-
Purchase consideration transferred	83,962

Net cash outflow from acquisition:

	Rs 000
Consideration paid	83,962
Bank overdraft on acquisition of subsidiary	9,447
	93,409

Included in borrowings is an amount of Rs 9.4M pertaining to bank overdraft.
The Group has elected to measure the non-controlling interest in CVL at the proportionate share of the acquiree's net identifiable assets.

From the date of acquisition, CVL has contributed Rs 2,887,328 to the profit after tax and Rs 5,032,993 to revenues.

8. REVENUE AND OTHER INCOME

(a) Total revenue

	GROUP	
	30-Sep-19	30-Sep-18
	Rs 000	Rs 000
Rental income and recoveries	**155,328**	135,351
Other operating income	**7,121**	4,934
	162,449	140,285

	GROUP	
	30-Sep-19	30-Sep-18
	Rs 000	Rs 000
Rental income	**133,534**	115,173
Rental income	**133,534**	115,173
Other operating income	**7,121**	4,934
Services to tenants	**21,794**	20,178
Revenue from contracts with customers	**28,915**	25,112
Total rental income and revenue from contracts with customers	**162,449**	140,285

The period of leases whereby the Group leases out its properties under operating lease is more than 1 year. Refer to note 36 for minimum lease rentals receivable under non-cancellable operating lease.

Other operating income pertains to other services recharged to tenants. These services form part of the lease contract with the tenants.

(b) Other Income

	GROUP		COMPANY	
	30-Sep-19	30-Sep-18	**30-Sep-19**	30-Sep-18
	Rs 000	Rs 000	**Rs 000**	Rs 000
Dividend income	**-**	-	**43,090**	-
	-	-	**43,090**	-

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For the year ended 30 September 2019

9. DIRECT OPERATING EXPENSES

	GROUP		COMPANY	
	30-Sep-19	30-Sep-18	**30-Sep-19**	30-Sep-18
	Rs 000	Rs 000	**Rs 000**	Rs 000
Property and centre management fees	**16,639**	12,070	**-**	-
Syndic fees	**7,740**	7,741	**-**	-
Security fees	**5,601**	6,150	**-**	-
Utilities	**3,176**	1,740	**-**	-
Repairs and maintenance	**7,995**	7,812	**20**	-
Depreciation	**206**	-	**-**	-
Amortisation of intangible assets	**43**	172	**-**	-
Rent	**3,449**	642	**-**	-
Rent, taxes and licences	**914**	3,275	**-**	-
Others	**5,699**	1,049	**-**	-
	51,462	40,651	**20**	-

"Others" consist primarily of insurance and licence costs.

Direct operating expenses seggregated as:				
Direct expenses arrising from investment property that generate rental income	**46,798**	40,651	**-**	-
Direct expenses arrising from investment property that did not generate rental income	**4,664**	-	**20**	-
	51,462	40,651	**20**	-

10. ADMINISTRATIVE EXPENSES

	GROUP		COMPANY	
	30-Sep-19	30-Sep-18	**30-Sep-19**	30-Sep-18
	Rs 000	Rs 000	**Rs 000**	Rs 000
Legal and professional fees	**5,627**	3,942	**1,674**	321
Management fees	**1,550**	6,000	**-**	4
Marketing fees	**1,683**	-	**-**	-
Staff costs	**22,132**	15,726	**1,518**	-
IT expenses	**2,183**	394	**23**	-
Others	**6,433**	1,608	**1,525**	4
Write off of development costs	**11,482**	-	**-**	-
	51,090	27,670	**4,740**	329

Included in staff costs is an amount of Rs 0.98M (2018: Rs 0.60M) pertaining to contribution towards a define contribution plan managed by Rogers Pension Fund.
In the reporting year, management assessed the recoverability of the development costs for a project in one of the subsidiary company and deemed the amount to be irrecoverable. The amount has been written off during the year.

11. FINANCE COSTS

	GROUP	
	30-Sep-19	30-Sep-18
	Rs 000	Rs 000
Interest on bank loans and overdrafts	**2,873**	-
Less: amounts capitalised (see note 17)	**(996)**	-
Total interest on bank loans and overdrafts	**1,877**	-
Interest expense on loan from holding company	**-**	39

12. OTHER GAINS AND LOSSES

	GROUP		COMPANY	
	30-Sep-19	30-Sep-18	**30-Sep-19**	30-Sep-18
	Rs 000	Rs 000	**Rs 000**	Rs 000
Increase/(Decrease) in fair value of investment properties	**126,955**	551	**-**	(8,965)
Increase in fair value of biological assets	**1,203**	-	**-**	-
	128,158	551	**-**	(8,965)

13. INCOME TAX

	GROUP		COMPANY	
	30-Sep-19	30-Sep-18	**30-Sep-19**	30-Sep-18
	Rs 000	Rs 000	**Rs 000**	Rs 000
(a) Income tax expense				
Income tax charge on the adjusted profit for the year at 15% (2018: 15%)	**10,065**	9,414	**962**	2,186
Overprovision of income tax in previous years	**(163)**	(1,238)	**(4)**	
Deferred tax (d)	**19,231**	3,750	**-**	-
(Over)/underprovision of deferred tax in previous years	**(378)**	1,847	**-**	
Corporate Social responsibility tax (2%)	**1,342**	1,394	**128**	291
Corporate Social responsibility tax over provided in previous year	**(225)**	-	**-**	-
	29,872	15,167	**1,086**	2,477

13. INCOME TAX (CONTINUED)

(b) The tax on the Group and Company's profit before tax differs from the theoretical amount that would arise using the basic tax rate of the Group as follows:

	GROUP		COMPANY	
	30-Sep-19	30-Sep-18	**30-Sep-19**	30-Sep-18
	Rs 000	Rs 000	**Rs 000**	Rs 000
Profit before tax	**186,248**	81,427	**55,713**	5,662
Tax calculated at a rate of 15% (2018: 15%)	**27,937**	12,214	**8,357**	849
Corporate Social responsibility charge	**3,725**	1,629	**1,114**	113
Fair value gain on land	**(7,214)**	(247)	**-**	1,524
Income not subject to tax*	**(646)**	-	**(9,098)**	-
Expenses not deductible for tax purposes**	**3,321**	431	**717**	24
Overprovision in previous years	**(163)**	(1,238)	**(4)**	-
Corporate Social responsibility tax over provided in previous year	**(225)**	-	**-**	-
(Over)/underprovision of deferred tax in previous years	**(378)**	1,847	**-**	
Utilisation of tax losses	**(8,189)**	(24)	**-**	
Deferred tax not recognised	**11,704**	555	**-**	(34)
	29,872	15,167	**1,086**	2,477

* Income not subject to tax purpose comprise of dividend income from companies incorporated in mauritius and interest income.

** Expenses not deductible comprise of numerous expenses incurred by the Group which are not exempt under the tax act.

(c) Current tax liabilities

	GROUP		COMPANY	
	30-Sep-19	30-Sep-18	**30-Sep-19**	30-Sep-18
	Rs 000	Rs 000	**Rs 000**	Rs 000
At 1 October	**1,862**	6,127	**2,477**	-
On internal restructuring	**2**	-	**-**	-
Charge during the year	**10,065**	9,415	**962**	2,186
Paid during the year	**(4,997)**	(3,259)	**(4,074)**	-
Over provision of Corporate social responsibility	**(225)**	-	**-**	-
Overprovision in previous year	**(163)**	(1,238)	**(4)**	-
Tax deducted at source	**(5,121)**	(10,577)	**-**	-
Refund during the year	**-**	-	**-**	-
Corporate social responsibility	**1,342**	1,394	**128**	291
At 30 September	**2,765**	1,862	**(511)**	2,477

13. INCOME TAX (CONTINUED)

(d) Deferred income tax

Deferred income taxes are calculated on all temporary differences under the liability method at 17% (2018: 17%).

The movement in deferred tax liability during the period is as follows:

	Fair value gains	Accelerated tax depreciation	Total
	Rs 000	Rs 000	Rs 000
Deferred tax liability			
At 1 October 2017	10,230	12,775	23,005
Charged to profit or loss	(154)	5,752	5,598
At 1 October 2018	10,076	18,527	28,603
On business acquisition (note 7)	-	4,042	4,042
Charged to profit or loss	14,367	4,485	18,852
At 30 September 2019	24,443	27,054	51,497

Unused tax losses of the Group that have not been recognised as deferred tax asset amounted to Rs 66.2M (2018: Rs Nil). Deferred tax asset has not been recognised in respect of these losses due to the unpredictability of future profit streams to utilise these losses. Deferrred tax liability arose on the investment properties.

	Group
	Rs 000
2020	8,621
2021	7,898
2022	14,322
2023	17,328
2024	18,014
	66,183

14. EARNINGS PER SHARE

Profit attributable to equity shareholder (Rs 000)	167,039	66,260
Weighted average number of ordinary shares	479,522,496	485,399
Basic/diluted earnings per share (Rs)	0.35	136.51

15. SEGMENTAL REPORTING

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss in the consolidated financial statements.

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15. SEGMENTAL REPORTING (CONTINUED)

30 September 19	Others	Residential development	TOTAL
	Rs'000	**Rs'000**	**Rs'000**
Revenue	**162,449**	**-**	**162,449**
Cost and others			
Property operating expenses	**(51,462)**	**-**	**(51,462)**
Other gains and losses	**128,158**	**-**	**128,158**
Share of results in associates	**(34)**	**-**	**(34)**
Profit on disposal of investment properties	**104**	**-**	**104**
Segment profit	**239,215**	**-**	**239,215**
Administrative expenses			(51,090)
Finance costs			(1,877)
Profit before tax			186,248
Assets			
Non-current assets	2,910,999	-	2,910,999
Inventory property	-	33,278	33,278
Other assets	178,147	-	178,147
Total assets	3,089,146	33,278	3,122,424
Segment liabilities			
Loans and borrowings	112,784	-	112,784
Current liabilities	69,058	20,391	89,449
Contract liabilities		14,271	14,271
Other non-current liabilities	51,718	-	51,718
Total liabilities	233,560	34,662	268,222

30 September 18	Others	Residential development	TOTAL
	Rs'000	Rs'000	Rs'000
Revenue	140,285	-	140,285
Cost and others			
Property operating expenses	(40,651)	-	(40,651)
Other gains and losses	551	-	551
Segment profit	100,185	-	100,185
Administrative expenses			(27,670)
Interest income			8,951
Finance costs			(39)
Profit before tax			81,427
Assets			
Non-current assets	1,282,333	-	1,282,333
Other assets	302,769	-	302,769
Total assets	1,585,102	-	1,585,102
Segment liabilities			
Current liabilities	19,710		19,710
Other non-current liabilities	28,824		28,824
Total liabilities	48,534	-	48,534

16. INVESTMENT PROPERTIES

	GROUP		COMPANY	
	30-Sep-19	30-Sep-18	**30-Sep-19**	30-Sep-18
	Rs 000	Rs 000	**Rs 000**	Rs 000
At 1 October	**1,237,029**	1,025,615	**160,000**	-
Acquisitions arising from group restructuring	**1,043,149**	-	**-**	-
Acquisitions arising from business combination	**145,747**			
Additions	**24,336**	210,863	**-**	151,035
Disposals	**(30,896)**	-	**-**	-
Reclassification to investment property under development	**(24,187)**	-	**-**	-
Transfer to PPE	**(115)**	-	**-**	-
Transfer from intangibles	**45,145**		**-**	
Transfer to inventory property*	**(21,650)**	-	**-**	-
Increase/(Decrease) in fair value	**126,955**	551	**-**	8,965
At 30 September	**2,545,512**	1,237,029	**160,000**	160,000

Investment properties held to earn rentals or for capital appreciation or both and not occupied by the Group are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are carried at fair value representing open-market value determined annually by the directors or independent external valuers with sufficient regularity to ensure that investment property is always stated at its fair value. Changes in fair values are included in profit or loss in the year in which they arise.

* In the reporting year, management earmarked some plot of land on which it shall develop residential unit for sale. As at 30 September 2019, Rs 14M has been received as deposit for these plot of land. The land was not ready for sale immediatley and has been classified as inventory properties.

Valuation method

(a) The Group's investment properties are accounted for at their fair value based on a valuation done during the year by JPW International Property Consultants, an independent chartered valuer which has a recognised and relevant professional qualification and numerous years of experience in locations and categories of the investment properties being valued.

Valuation techniques

The different methods used are:

(i) Market comparison approach

(ii) Depreciated replacement cost approach and

(iii) Discount cash flow method (DCF method).

In the prior year, investment properties was principally valued using the market comparison approach for land and depreciated replacement cost approach for building. The Group believes that the DCF method is most suitable for those buildings to have their highest and best use, as such valuation technique has been changed for these properties.

(b) For properties with development potential, the market comparison approach and depreciated cost approach for building is used.

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16. INVESTMENT PROPERTIES (CONTINUED)

Main inputs used in the valuation of the properties

	Range 2019 Rs	Range 2018 Rs
Land (Price per square metre)	**1,000 - 45,000**	2,000 - 55,000
Buildings (Price per square metre)	**12,000 - 57,500**	8,000 - 85,000

Any increase/decrease in the price per square metre would result in a corresponding effect on the fair value of the investment properties. The price per square metre referred to is the market price of similar properties where available.

For the market comparison approach, an insignificant discount rate has been used to value the properties.

For properties which are being rented out on full capacity, the DCF method has been used.

Under the DCF method, the fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a real property interest. To this projected cash flow series, an appropriate, market-derived discount rate is applied to establish the present value of the income stream associated with the asset. The exit yield is normally separately determined and differs from the discount rate.

All the investment properties are classified as level 3 on the fair value hierarchy. There were no transfers made between hierarchy levels.

Main assumptions used in the valuation of the properties under the DCF method are

Reversionary rate	7.0% - 8.5%
Discount rate	8% - 13%
Market rental growth	3% - 5%
Expense growth	3.50%
DCF period	5 years

Some of the investment properties are subject to fixed and floating charges in favour of lenders for borrowings taken by the Group.

17. INVESTMENT PROPERTY UNDER DEVELOPMENT

	GROUP	
	30-Sep-19	30-Sep-18
	Rs 000	Rs 000
At 1 October	**-**	-
Capital expenditure	**255,126**	-
Capitalised interest	**996**	-
Transfer from other receivables	**63,811**	-
Transfer from investment property	**24,187**	-
At 30 September	**344,120**	-

17. INVESTMENT PROPERTY UNDER DEVELOPMENT (CONTINUED)

The investment property under development are stated at cost. The cost has been determined by external quantity surveyor. At reporting date, management determined the cost to approximates fair value. The investment property under development is classified as level 3 under the fair value hierachy.

Transfer from other receivables pertains to an advance payment in respect of construction materials for which the risk and rewards were not transferred to the Group in prior year. The Group has recognised these payments in investment property under development following satisfaction of the legal title of the materials to the Group. These prepayments were accounted under other receivables as part of the subsidiaries acquired in internal restructuring (note 30).

18. PLANT, PROPERTY AND EQUIPMENT

	Equipment	Motor vehicles	Total
	Rs 000	Rs 000	Rs 000
GROUP			
Cost			
At 1 October 2018	-	-	-
Transfer to Property, plant and equipment	115	-	115
Transfer from related party	-	663	663
Additions	304	420	724
At 30 September 2019	418	1,083	1,502
Depreciation			
At 1 October 2018	-	-	-
Transfer	-	-	-
Charge for the year	206	-	206
At 30 September 2019	206	-	206
Net Book Value as at 30 September 2019	213	1,083	1,296
Net Book Value as at 30 September 2019	-	-	-

19. INTANGIBLE ASSETS

	Leasehold Rights	Computer software	Total
	Rs 000	Rs 000	Rs 000
GROUP			
Cost			
At 1 October 2017	45,800	1,375	47,175
Additions	-	-	-
At 30 September 2018	45,800	1,375	47,175
Additions		-	-
Transfer to investment properties	(45,800)	-	(45,800)
At 30 September 2018	-	1,375	1,375
Amortisation			
At 1 October 2017	-	1,058	1,058
Charge for the year	655	159	814
At 30 September 2018	655	1,217	1,872
Transfer to investment properties	(655)	-	(655)
Charge for the year	-	43	43
At 30 September 2018	-	1,260	1,260
Net Book Value as at 30 September 2019	-	115	115
Net Book Value as at 30 September 2018	45,145	158	45,304

During the year under review, Rs 45.1M was transferred to investment property following a change in use. This amount pertained to acquisition cost of a leasehold right in the prior year.

Amortisation charge has been included in operating expenses.

20. INVESTMENT IN ASSOCIATE

	GROUP		COMPANY	
	30-Sep-19	30-Sep-18	**30-Sep-19**	30-Sep-18
	Rs 000	Rs 000	**Rs 000**	Rs 000
At 1 October	**-**	-	**-**	-
Additions	**19,990**	-	**19,990**	-
Share of results in associates	**(34)**	-	**-**	-
At 30 September	**19,956**	-	**19,990**	-

20. INVESTMENT IN ASSOCIATE (CONTINUED)

During the year under review, the Company acquired 40.64% interest in Victoria Station Ltd, a newly incorporated company.

Details of investment in associate Investment	Country of incorporation	Activity	Class of shares held	30-Sep-19 Proportion of ownership interest
Victoria Station Ltd	Mauritius	Property	Ordinary Shares	**40.64%**

The directors believe that investments in Victoria Station Limited is fairly stated.

The above associated company is accounted for using the equity method in the consolidated financial statements.

Victoria Station Ltd was incorporated on 31 January 2019.

The table below presents a summary of financial information in respect of Victoria Station Ltd.

	30-Sep-19
Current assets	**13,098**
Non current assets	**47,608**
Current liabilities	**(11,602)**
Proportion of Group's ownership	**19,956**
Equity attributable to other shareholders	**29,148**
Loss for the period	**(84)**
Group's share of loss for the period of the associated company	**(34)**

Revenue of the associates for the period is Nil. Dividend income from the associates for the reporting period is Nil.

21. INVESTMENT IN SUBSIDIARIES

	COMPANY	
	30-Sep-19	30-Sep-18
	Rs 000	Rs 000
At 1 October	**495,800**	495,800
Transfer(a)	**492,630**	-
Additions(b)	**121,264**	-
At 30 September	**1,109,694**	495,800

21. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of investment in subsidiaries

Investment	Activity	Class of shares held	Stated Capital	30-Sep-19 Proportion of ownership interest	30-Sep-18
Lavastone Properties Ltd	Property	Ordinary	450,000	**100%**	100%
Belle Mare SPV Ltd	Property	Ordinary	36,000	**100%**	100%
B59 Ltd	Property	Ordinary	1	**100%**	100%
Plato Holdings Ltd	Property	Ordinary	10	**100%**	100%
Edith Cavell Properties Ltd	Property	Ordinary	176,231	**100%**	-
San Paolo Ltd	Property	Ordinary	5,022	**59.18%**	-
Le Morne Development Corporation Ltd	Property	Ordinary	25	**60.01%**	-
SWTD Bis Ltd	Property	Ordinary	163,350	**100.00%**	-
South West Safari Group Ltd	Property	Ordinary	321,354	**54.81%**	-
Pier9 Ltd	Property	Ordinary	1	**54.81%**	-
La Jetee Ltd	Property	Ordinary	1	**54.81%**	-
Compagnie Valome Ltee	Property	Ordinary	13,000	**75%**	-

All the subsidiaries listed above are incorporated in Mauritius.

(a) In May 2018, the board of directors of Cim Financial Services Limited (CFSL) resolved the spinning off of the property segment of the CFSL group with the eventual listing of Lavastone Ltd on the Development and Enterprise Market (DEM) of the Stock Exchange of Mauritius subject to the approval from the relevant authority.

On 15 October 2018, after having received the relevant approval, CFSL proceeded with the restructuring of the property segment in view of the eventual distribution and listing of the shares of Lavastone Ltd. All entities under the property segment have been regrouped under Lavastone Ltd in exchange of additional shares issued by Lavastone Ltd for Rs 492M (Notes 26 and 30). In addition, further investments of Rs 203,450,000 were made by CFSL in the Company. The main active entities which were previously held by CFSL and have been restructured under Lavastone Ltd are Edith Cavell Properties Ltd, Le Morne Development Corporation Ltd and South West Safari Group Limited. The remaining entities are dormant.

(b) The Company acquired a 75% stake in Compagnie Valome Ltee in December 2018, which holds the Mourouk Ebony Hotel. The acquisition was made at a transaction price of Rs 84M. The remaining addition amounting to Rs 37.3M pertain to additional investment made in Edith Cavell Properties Ltd.

Post transaction as described in (a), the Company contributed an amount of Rs 37.3M in Edith Cavell Properties Ltd.

21. INVESTMENT IN SUBSIDIARIES (CONTINUED)

MATERIAL PARTLY OWNED SUBSIDIARIES

Financial information of subsidiaries that have material interests is provdided below:

Proportion of equity interest held by non-controling interests:

Name	Country of incorporation and operation	30-Sep-19
Le Morne Development Corporation Ltd (''LMDC'')	Mauritius	**40%**
South West Safari Group Ltd (''SWSG'')	Mauritius	**45%**

	30-Sep-19
	Rs '000
Accumulated balances of material non-controling interest	
Le Morne Development Corporation Ltd (''LMDC'')	**115,101**
South West Safari Group Ltd (''SWSG'')	**202,333**
Loss allocated to material non-controlling interest	
Le Morne Development Corporation Ltd (''LMDC'')	**(1,614)**
South West Safari Group Ltd (''SWSG'')	**(9,336)**

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 2019:

	SWSG	LMDC
	Rs '000	Rs '000
Revenue	363	1,141
Cost of sales	(1,946)	(115)
Administrative	(5,492)	(12,906)
Other gains and losses	(6,043)	10,071
Finance cost	(7,542)	(2,225)
Loss before tax	(20,660)	(4,034)
Income tax	-	-
Loss for the year from continuing operations	(20,660)	(4,034)
Total comprehensive loss	(20,660)	(4,034)
Attributable to non-controlling interests	(9,336)	(1,613)

21. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Summarised statement of financial position as at 30 September 2019:

	SWSG	LMDC
	Rs '000	Rs '000
Total assets	548,937	326,699
Total liabilities	(129,743)	(42,983)
Total equity	419,194	283,716
Attributable to:		
Equity holders of parent	189,434	113,464
Non-controlling interest	229,760	170,252

Summarised cashflow information for the year ended 30 September 2019

	SWSG	LMDC
	Rs '000	Rs '000
Operating	(46,241)	473
Financing	4,328	-
Investing	35,000	-
Net (decrease)/increase in cash	(6,913)	473

22. CONSUMABLE BIOLOGICAL ASSETS

	GROUP	
	30-Sep-19	30-Sep-18
	Rs 000	Rs 000
At 1 October	**-**	-
Movement in biological assets	**3,233**	-
Transfer to cost of sales	**(1,203)**	-
Profit arising from changes in fair value	**1,082**	-
At 30 September	**3,112**	-

The Group is engaged in the rearing of livestocks. The livestocks have been classified as consumable biological assets. As at 30 September 2019, the Group held an estimated number of 786 deers. During the year under review, 8,660kg of meat were produced and sold. The consumable biological assets pertain to livestock and are measured in accordance with level 3 of the fair value hierarchy. Livestock are measured at their fair value less costs to sell. The fair value of livestock is based on local prices of livestock of similar age, breed, and genetic merit in the principal (or most advantageous) market for the livestock.

Description of significant inputs to valuation:

	Valuation technique	Significant input	Sensitivity
Livestock	Income approach	Price of deer (Rs 153/kg)	5% increase in the price of deer would lead to an increase in fair value of Rs 135,000
		Average weight (33kgs)	5% increase in weight would increase the fair value by Rs 135,000

23. INVENTORY PROPERTY

	GROUP		COMPANY	
	30-Sep-19	30-Sep-18	30-Sep-19	30-Sep-18
	Rs 000	Rs 000	Rs 000	Rs 000
At 1 October	-	-	-	-
Development costs	11,628	-	-	-
Transfer of land cost from investment property	21,650	-	-	-
At 30 September	33,278	-	-	-

The Group is involved in the development of residential property (land parcelling), which it plans to sell in the ordinary course of business. During the year, it entered into contracts to sell these properties at completion and obtention of the relevant permits from the authorities.

Deposits received from customers in respect of the land parcelling projects amount to Rs 14.3M (2018 - nil).

24. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	30-Sep-19	30-Sep-18	30-Sep-19	30-Sep-18
	Rs 000	Rs 000	Rs 000	Rs 000
Trade receivables	4,787	685	-	-
Amount owed by related parties	57,659	206,100	455,377	325,707
Prepayments	2,949	8,141	-	1,667
Income tax deducted at source receivable	3,338	1,933	-	-
Other receivables	68,416	290	2,904	262
	137,150	217,149	458,281	327,636

The amount receivable from group companies are unsecured, bearing interest rate 6% per annum and receivable on demand. The Group trades only with recognised, creditworthy related parties. It is the Group's policy that all related parties who wish to trade on credit terms are subject to credit verification procedures.

Other receivables consist of Rs 20.5M of VAT claimed on capital goods, which is yet to be refunded by the Mauritius Revenue Authority.

(a) The ageing analysis of these receivables is as follows:

	GROUP		COMPANY	
	30-Sep-19	30-Sep-18	30-Sep-19	30-Sep-18
	Rs 000	Rs 000	Rs 000	Rs 000
Current - Neither past due nor impaired	1,941	282	-	-
1 to 3 months - Past due but not impaired	406	158	-	-
Over 3 months - Past due but not impaired	2,440	245	-	-
	4,787	685	-	-

(b) The carrying amount of trade and other receivables approximate their fair value due to their short term nature. Trade receivables are non interest bearing and are generally on terms of 30 to 90 days.

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25. CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents included in the statement of cash flows comprise of the following:

	GROUP		COMPANY	
	30-Sep-19	30-Sep-18	30-Sep-19	30-Sep-18
	Rs 000	Rs 000	Rs 000	Rs 000
Cash in hand and at bank	37,885	85,620	14,380	47,558
Bank overdraft (note 27)	(77,090)	-	-	-
	(39,205)	85,620	14,380	47,558

Undrawn bank overdraft facilities amounted to Rs 192.9m (2018 - nil)

(b) Non-cash transactions

The following non-cash transactions occurred during the year:

	GROUP		COMPANY	
	30-Sep-19	30-Sep-18	30-Sep-19	30-Sep-18
	Rs 000	Rs 000	Rs 000	Rs 000
Transfer of companies in return for shares (i)	492,630	-	492,630	
Share application monies (iii)	-	472,506	-	472,506
Reduction of share capital against (ii) receivables	-	69,466	-	69,466

(i) This pertain to issue of shares in exchange of investments in subsidiaries across the Group. Please refer to note 30.

(ii) The Group made a capital reduction of 69,466 shares equivalent to Rs 69,466,000 through the cancellation of the shares against the amount receivable from the shareholder.

(ii) Refer to note 26(b).

26. (a) SHARE CAPITAL

	30-Sep-19		30-Sep-18	
	Number of shares	Rs 000	Number of shares	Rs 000
GROUP AND COMPANY				
Authorised and issued share capital				
At 1 October	450,000	450,000	519,466	519,466
Reduction in capital	-	-	(69,466)	(69,466)
Issue of shares	680,073,310	1,271,081	-	-
At 30 September	680,523,310	1,721,081	450,000	450,000

26. (b) SHARE APPLICATION MONIES

	GROUP		COMPANY	
	30-Sep-19	30-Sep-18	30-Sep-19	30-Sep-18
	Rs 000	Rs 000	Rs 000	Rs 000
At 1 October	575,000	-	575,000	-
Movement during the year	(575,000)	575,000	(575,000)	575,000
At 30 September	-	575,000	-	575,000

The share application monies can be analysed as follows:

	Rs 000
Cash contribution	102,494
Distribution of assets from CFSL	472,506
	575,000

The share application monies relate to contribution towards equity shares in Lavastone Ltd from Cim Financial Services Ltd (''CFSL'') which were not yet issued at the prior year's reporting date. As at 30 September 2019, these shares have been issued. The assets which were distributed were loan receivables which CFSL had with various subsidiaries across the Group.

CAPITAL RESERVES

During the year under review, the Group carried out an internal restructuring and all entities pertaining to the property cluster in the Cim Financial Services Ltd group were transferred to Lavastone Ltd. The transfer of these subsidiaries have been treated as a business combination under common control. The Group accounted for the restructuring on a book value accounting. Refer to note 30.

27. BORROWINGS

	GROUP		COMPANY	
	30-Sep-19	30-Sep-18	30-Sep-19	30-Sep-18
	Rs 000	Rs 000	Rs 000	Rs 000
Current				
Bank overdraft	77,090	-	-	-
	77,090	-	-	-
Non-current				
Bank loan	35,000	-	-	-
Finance lease	694	-	-	-
	35,694	-	-	-
Total borrowings	112,784	-	-	-

(a) The carrying amount of the long term loans approximates their fair values and the rates of interest vary between 5.6% and 6.5% (2018 - nil).

(b) Bank loan and finance lease is payable after two years and before five years; Bank overdraft is payable within 1 year.

28. RETIREMENT BENEFIT OBLIGATIONS

	GROUP	
	30-Sep-19	30-Sep-18
	Rs 000	Rs 000
Reconciliation of net defined benefit liability		
At 1 October	221	-
Amount recognised in the profit & loss	-	24
Amount recognised in OCI	-	197
Less employer contributions	-	-
At 30 September	221	221
Reconciliation of present value of defined benefit obligation		
At 1 October	221	-
Current service cost	-	24
Liability experience (gain)/loss	-	191
Liability (gain)/loss due to change in financial assumptions	-	6
At 30 September	221	221
Components of amount recognised in P&L		
Current past service cost	-	24
Components of amount recognised in OCI		
Liability experience loss	-	191
Liability loss due to change in financial assumptions	-	6
Total	-	197
Principal Assumptions used at End of Period		
Discount rate	5.6%	6.2%
Rate of salary increases	3.8%	4.7%
Rate of pension increases	0.8%	0.5%
Average retirement age (ARA)	65	60
Average life expectancy for:		
Male at ARA	15.9 years	19.5 years
Female at ARA	20.0 years	24.2 years
Sensitivity analysis on Defined Benefit Obligation at End of Period		
Increase due to 1% decrease in discount rate	172	88
Decrease due to 1% increase in discount rate	108	70

The above sensitivity analysis has been carried out by recalculating the present value of obligation at end of period after increasing or decreasing the discount rate while leaving all other assumptions unchanged. The results are particularly sensitive to a change in discount rate due to the nature of the liabilities being the difference between the pure retirement gratuities under the Employment Rights Act 2008 and the deductions allowable, being five times the annual pension provided and half the lump sum received by the member at retirement from the pension fund with reference to the Group's share of contributions. The latter amounts to Rs 1,880,000 as at 30 September 2019. Any similar variation in the other assumptions would have shown smaller variations in the defined benefit obligation. There has been no change in the Group's pension liability compared to previous reporting period.

Future cash flows

The funding policy is to pay benefits out of the entity's cash flow as and when due.
Weighted average duration of the defined benefit obligation 22 years

29. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	30-Sep-19	30-Sep-18	**30-Sep-19**	30-Sep-18
	Rs 000	Rs 000	**Rs 000**	Rs 000
Trade payables	**2,225**	4,612	**19**	1
Deposits	**6,120**	-	**-**	-
Accruals	**63,104**	-	**369**	-
Amount owed to related parties	**-**	176	**-**	2,886
Other payables	**15,235**	13,060	**-**	260
	86,684	17,848	**388**	3,147

Trade payables are non interest bearing and are generally settled on an average term of 30 to 90 days.
Deposits pertain to a deposit from the tenant which will be repaid to the tenant at the end of the lease term. The Deposit is initially recognised and measured at fair value, and then subsequently at amortised cost using the effective interest method. On initial recognition there was no difference between the carrying amount (present value) of the financial liability and the actual consideration received.

Amounts due to related parties are unsecured, repayable on demand and bear interest at the rate of 6.00% per annum.

The carrying amounts of payables approximate their fair values due to their short term nature.

Oher payables consist of accrual for management fees and VAT payable.

	GROUP	
	30-Sep-19	30-Sep-18
CONTRACT LIABILITIES		
Contract liabilities-customer deposits	**14,271**	-

Contract liabilities include non-refundable deposits received from customers on conditional exchange of contracts relating to sale of completed unit of property as part payment towards the purchase at completion date. This gives the Group protection if the customer withdraws from the conveyancing transaction. If this were to happen, the customers would forfeit their deposits. The standard conditions of sale provide for a 10% to 20% deposit to be paid on exchange of contracts, based on the purchase price and the value of the property and other items that have been agreed to be sold under the contract.

30. INTERNAL RESTRUCTURING

Following the approval of Prime Minister's Office ("PMO") on 15 October 2018, there was an internal restructuring of the property cluster within the CIM Holding Ltd Group (the holding company of Cim Financial services (''CFSL'') at that date. CFSL was the holding company of Lavastone Ltd) whereby entities engaged in real estate industry and held by CFSL were transferred to Lavastone Ltd in exchange of shares in the Company. Through the internal restructuring, Lavastone Ltd acquired the following companies: San Paolo Ltd, Edith Cavell Properties Ltd, Le Morne Development Corporation Ltd, SWTD Bis Ltd and South West Safari Group Ltd.

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30. INTERNAL RESTRUCTURING (CONTINUED)

As part of the internal restructuring of the property cluster of the Group, the following assets and liabilities were acquired at carrying value:

	Notes	Book Value recognised on acquisition
		Rs 000
Non Current Assets		
Investment Properties	16	1,043,149
		1,043,149

	Notes	Book Value recognised on acquisition
		Rs 000
Current Assets		
Consumable Biological Assets	22	3,233
Trade and other receivables		94,631
Cash and cash equivalent		14,321
		112,186
Total assets		1,155,335
Non Current Liabilities		
Long term borrowings		140,990
Deferred Tax liability		-
		140,990
Current Liabilities		
Trade and other payables		20,912
Short term borrowings		50,000
Current Tax payable		2
		70,915
Total Liabilities		211,905
Net assets		943,430
Consideration (i)	20	(492,630)
Carrying value of assets over consideration		450,800
Analysed as:		
Non controlling interest		319,747
Capital reserves arising on acquisition		131,053
		450,800

(i)

Consideration	Number of shares	Value
		Rs 000
Shares	492,630	492,630

30. INTERNAL RESTRUCTURING (CONTINUED)

In determining the accounting treatment of the transaction, the Group determined whether the acquisition meets the definition of a business in line with IFRS 3-Business combinations. The acquisition meets the definition of a business combination as the entities being transferred have an integrated set of activities and assets that are managed to provide return to the Group.

The pooling of interest method was used to account for the transaction in the Group's financial statements as the transaction was determined to have lack commercial substance. Refer to judgement section for details of management's assessment on the substance of the transaction.

The carrying amounts of the assets acquired and liabilities assumed has been based on the carrying amounts recognised in the separate accounts of the companies being transferred. The difference between the consideration transferred and the carrying amounts of the companies being transferred have been adjusted as part of equity in ''capital reserve' in the statement of changes in equity.

The financial information in the consolidated financial statements has not restated for periods prior to the business combination under common control and has accounted for the combination from beginning of the period.

The acquisition was made in exchange of shares of the Company to CFSL. In the Company's separate financial statements the cost of acquisition was accounted as part of investment in subsidiaries and have been measured at the carrying value in the previous holder's financial statements. Refer to note 21.

31. RELATED PARTY DISCLOSURES

The following table provides the details of transactions that have been entered in/or with related parties for the relevant financial year:

THE GROUP

	Rental income	Other income	Management & Secretarial fees payable	Other services	Amount owed by related parties	Amount owed to related parties	Loan from related party
	Rs 000	**Rs 000**	**Rs 000**	**Rs 000**	**Rs 000**	**Rs 000**	**Rs 000**
30-Sep-19							
Associate	**-**	**-**	**-**	**-**	**1,137**	**-**	**-**
Companies with common shareholders	**52,258**	**14,081**	**(2,678)**	**23,847**	**56,522**	**-**	**-**

	Rental income	Other income	Management & Secretarial fees payable	Finance cost	Amount owed by related parties	Amount owed to related parties	Loan from related party
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
30-Sep-18							
Holding company	-	-	-	39	-	176	-
Fellow subsidiaries	23,742	8,699	(6,051)	-	77,118	-	128,982
Companies with common shareholders	30,553	-	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 September 2019

31. RELATED PARTY DISCLOSURES (CONTINUED)

THE GROUP

Key management personnel remuneration

	30-Sep-19	30-Sep-18
	Rs000	Rs000
Short-term employee benefit	**20,822**	14,759
Post-employment benefit	**1,309**	967
	22,131	15,726

THE COMPANY

	Investment & Other income	Interest income	Amount owed by related parties	Amount owed to related parties	Loan to related party
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
30-Sep-19					
Subsidiaries	43,090	17,383	332,039	-	122,074
30-Sep-18					
Fellow Subsidiaries	-	-	81,769	2,886	243,938

(a) The terms and conditions in respect of receivables and payables have been disclosed under respective notes.

All sales and purchases made within the Group are made at commercial rates. Outstanding balances at the year-end are unsecured and settlement occurs in cash. For the year ended 30 September 2019, no provision has been recognised in relation to impairment of related party. This assessment is undertaken each financial year through examining the financial position of each related party and the market in which the related party operates.

32. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

THE GROUP

	1 October 2019	Cash inflows	Cash outflows	Other movement	**At 30 September 2019**
Borrowings (excluding bank overdraft)	**-**	35,000	-	694	**35,694**
Interest payable	**-**	-	(2,873)	2,873	**-**
	-	35,000	(2,873)	3,567	**35,694**

	1 October 2018	Cash inflows	Cash outflows	Other movement	At 30 September 2018
Interest payable	-	39	-	(39)	-
	-	39	-	(39)	-

There are no changes in liabilities arising from financiang activities for the Company (2018: Nil)

Other movement pertain to non-cash transactions such as interest accrued and not yet paid at year end accounted in borrowings.

33. HOLDING AND ULTIMATE HOLDING COMPANY

Following the restructuring of the property cluster, the holding company of Lavastone Ltd changed from Cim Financial Services Ltd to Cim Holdings Ltd. The ultimate holding company is Elgin Ltd. Both companies being incorporated in Mauritius.

34. EVENTS AFTER THE REPORTING DATE

On 5 December 2019, the Board of Directors approved the implementation of a Bond Programme as part of the Company's funding strategy.

The Company has proposed to issue up to a maximum of Rs 1.5Bn through this Bond Programme.

35. COMMITMENTS

Operating lease commitments - Group as a lessor

The Group has entered into operating lease for investment properties consisting of buildings for business rental. These leases have terms ranging from one to 10 years. The leases include escalation clause to enable upward revision of the rental charge. The escalation relates to Consumer Price Index (CPI) only. Future minimum rental receivable under non-cancellable operating leases as at the reporting date are as follows:

THE GROUP

	30-Sep-19	30-Sep-18
	Rs 000	Rs 000
Within one year	**160,391**	95,594
After one year but not more than five years	**820,358**	231,279
More than five years	**512,528**	103,436
	1,493,277	430,309

Operating lease commitments - Group as a lessee

	30-Sep-19	30-Sep-18
	Rs 000	Rs 000
Within one year	**3,506**	2,569
After one year but not more than five years	**14,026**	10,276
More than five years	**121,229**	118,173
	138,761	131,018

36. CAPITAL COMMITMENTS

The Group entered into contractual commitments amounting to Rs 433M for ongoing developments projects at 246 Edith Cavell Court and the hotel project at Belle Mare.

246 Edith Cavell Court, a mixed office and retail development opened its door to the public at the end of November 2019.

37. FINANCIAL REVIEW

	30-Sep-19	30-Sep-18
	Rs'm	Rs'm
THE GROUP		
Share capital	**1,721.08**	450.00
Reserves	**796.05**	511.57
Equity attributable to shareholders of the parent	**2,517.13**	1,536.57
Assets	**3,122.42**	1,585.10
Liabilities	**268.22**	48.53
Revenue	**162.45**	140.29
Profit before taxation	**186.25**	81.43
Income tax expense	**(29.87)**	(15.17)
Profit for the year	**156.38**	66.26
Dividend	**(13.61)**	-

	30-Sep-19	30-Sep-18
	Rs	Rs
Basic net assets value per share	**3.70**	3,165.58
Basic earnings per share	**0.35**	136.51
Dividend per share	**0.02**	-

	30-Sep-19	30-Sep-18
	Rs'm	Rs'm
THE COMPANY		
Share capital	**1,721.1**	450.0
Reserves	**41.4**	0.4
Equity attributable to shareholders of the parent	**1,762.5**	1,025.4
Assets	**1,762.9**	1,031.0
Liabilities	**0.4**	5.6
Profit before taxation	**55.7**	5.7
Income tax expense	**(1.1)**	(2.5)
Profit for the year	**54.6**	3.2
Dividend	**(13.6)**	-

	30-Sep-19	30-Sep-18
	Rs	Rs
Basic net assets value per share	**2.59**	2,279
Basic earnings per share	**0.08**	7.08
Dividend per share	**0.02**	-

DIRECTORS OF SUBSIDIARY COMPANIES

	Ah-Kang Jean France Gaetan	**Arunasalom** Jose	**Espitalier-Noël** M.M.Hector	**Espitalier-Noël** M. H. Philippe	**Harel** Jerome Guy Antoine	**Hart de Keating** Christopher	**Lioong Pheow Leung Yung** Doreen Lam Ka Li	**Mohadeb** Vedanand Singh	**Pilot** Jacques Christian Jerome	**Saha** Vijaya Lakshmi (Ruby)	**Taylor** Colin Geoffrey	**Taylor** Alexander Matthew	**Taylor** Sebastian Callum	**Taylor** Timothy	**Vaudin** Marie Joseph Nicolas
Lavastone Ltd	X	X						X		X	C	X	X		X
Lavastone Properties Ltd											C	X			X
B59 Ltd											X				X
Edith Cavell Properties Ltd											X	X			X
La Jetee Ltd											X				X
Le Morne Development Corporation Ltd			X	X							C			X	X
The Belle Mare SPV Ltd															X
Pier9 Ltd											X				X
Plato Holdings Ltd															X
San Paolo Ltd											C			X	X
South West Safari Group Limited					X	X			X		C			X	X
SWTD Bis Ltd											X			X	X
Compagnie Valome Ltee							A								X

C-Chairman **X**-In office as director **A**-Appointed as director **R**-Resigned as director **D**-Deceased

Lavastone Ltd
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Mère Barthélemy Streets,
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