LAVASTONE
PROPERTIES

Turning challenges into opportunities

Annual Report 2021

Throughout all the challenges that the past year has brought us, we have learnt the true extent of the resilience of our country, of our stakeholders, of our company and of our own selves. Despite the moments of uncertainty we have faced together, **Lavastone has remained grounded in its vision for the future.**

LMDC (Le Morne Development Corporation), Le Morne

About this report

Towards Integrated Reporting

This integrated report of Lavastone Limited ("Lavastone" or "the Company") provides information relating to its strategy, business model, operating context, material risks and opportunities, governance and operational performance, for the period 1 October 2020 to 30 September 2021. We hope it will provide all stakeholders with sufficient information to help them assess the strength of the Group.

This report covers Lavastone and its subsidiaries and associate ("Lavastone Properties" or "the Group"). More information on the Group can be found on pages 08 & 10.

Framework

The Group's financial statements are prepared under the International Financial Reporting Standards ("IFRS"). The integrated report has been prepared based on guidance and requirements contained within the Integrated Reporting Framework provided by the International Integrated Reporting Council ("IRRC"), the National Code on Corporate Governance ("NCCG") 2016, DEM Rules, the Companies Act 2001 and the Securities Act 2005.

Our approach to materiality

We provide information which we believe is material. A matter is considered material if Lavastone Properties' senior management and those charged with governance, believe it could significantly impact the value created and delivered in the short, medium and long-term.

Board responsibility statement

Lavastone Properties' Board of Directors acknowledges its responsibility to ensure the integrity of this report. The Board considers this report fairly represents the Group's integrated performance.

Our Mission

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

Our Vision

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

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 understand we are not perfect and aim to learn from others through each encounter, in order to keep improving.

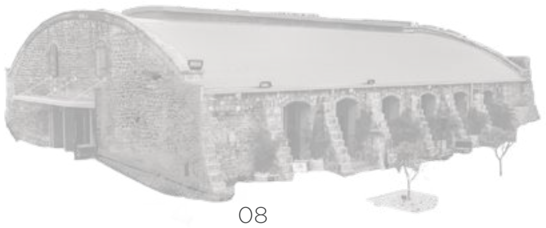
Care

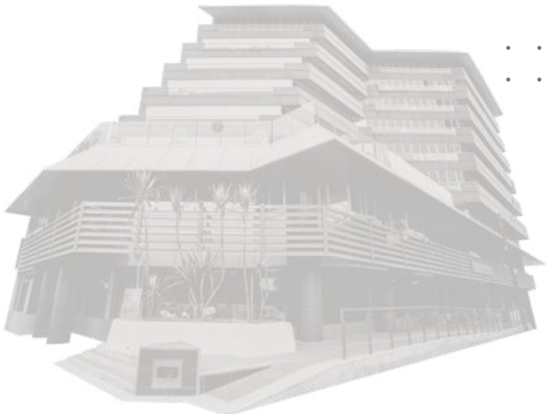
We foster a family spirit built on integrity to encourage sustainable communities.

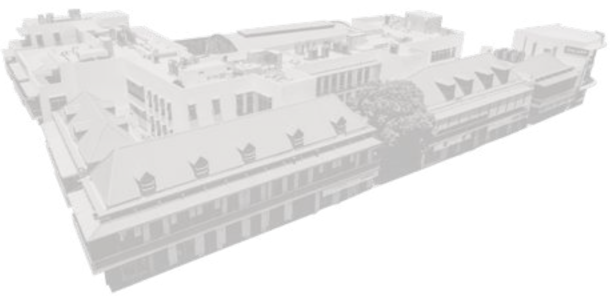
Passion

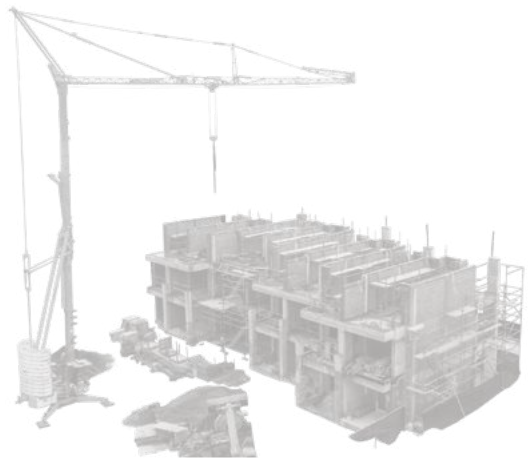
We constantly push beyond our limits, challenging the status quo with innovative solutions.

Contents









About Lavastone

Where **challenges** arose,
we saw **opportunities**.

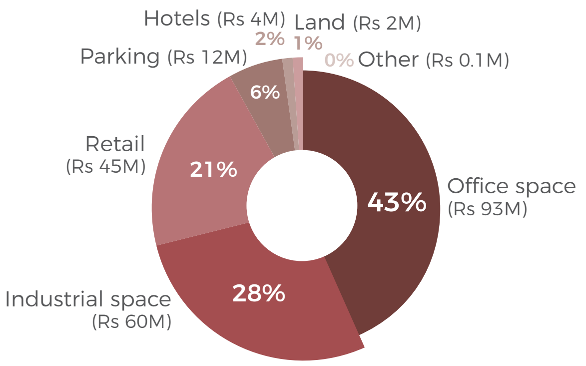
Galerie du Génie,
246 Edith Cavell Court,
Port Louis

Lavastone at a glance

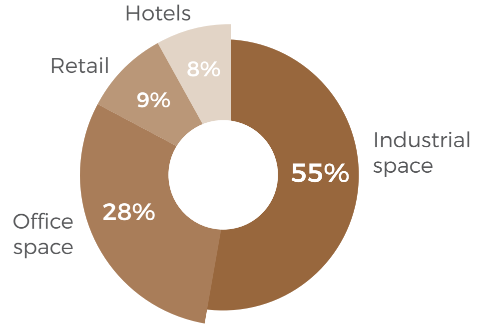
94.40% Occupancy rate

47,614 m² Floor space available for rental

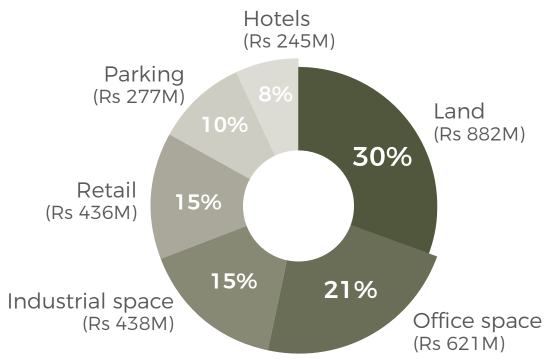
5.25 years Weighted average lease expiry (WALE)



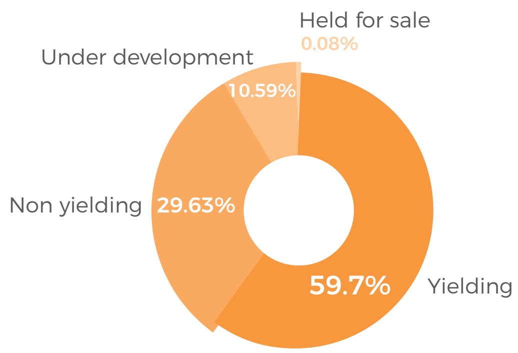
Sector split by revenue (per year)



Sector split by GLA



Sector split by value



Yielding v/s Non yielding

Highlights

Financial

Rs 107.9M Operating Profit (Rs 98.3M in 2020)

Rs 197.7M Profit Before Tax (PBT) (Rs 84.7M in 2020)

Rs 0.23 Earnings per share (Rs (0.14) in 2020)

Rs 2.88Bn Net assets (Rs 2.75Bn in 2020)

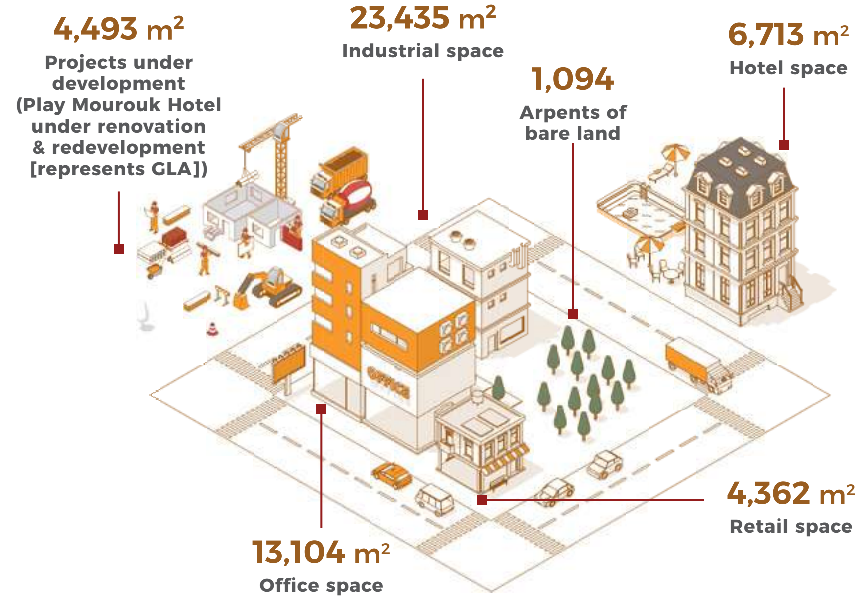
Rs 0.04 Dividend per share (Rs 0.02 in 2020)

Non-financial

40 Employees

3,498 Shareholders (as at 30 September 2021)

6 assets categories



Our milestones

Dec 2018
Listing of Lavastone Ltd on the Development & Enterprise Market (DEM)

Dec 2018
Acquisition of Compagnie Valome Ltd (CVL/ Owner of Mourouk Ebony Hotel in Rodrigues)

Apr 2019
Start of construction works for the hotel in Belle Mare to be leased to Attitude Hotels

Dec 2019
Opening of 246 Edith Cavell Court

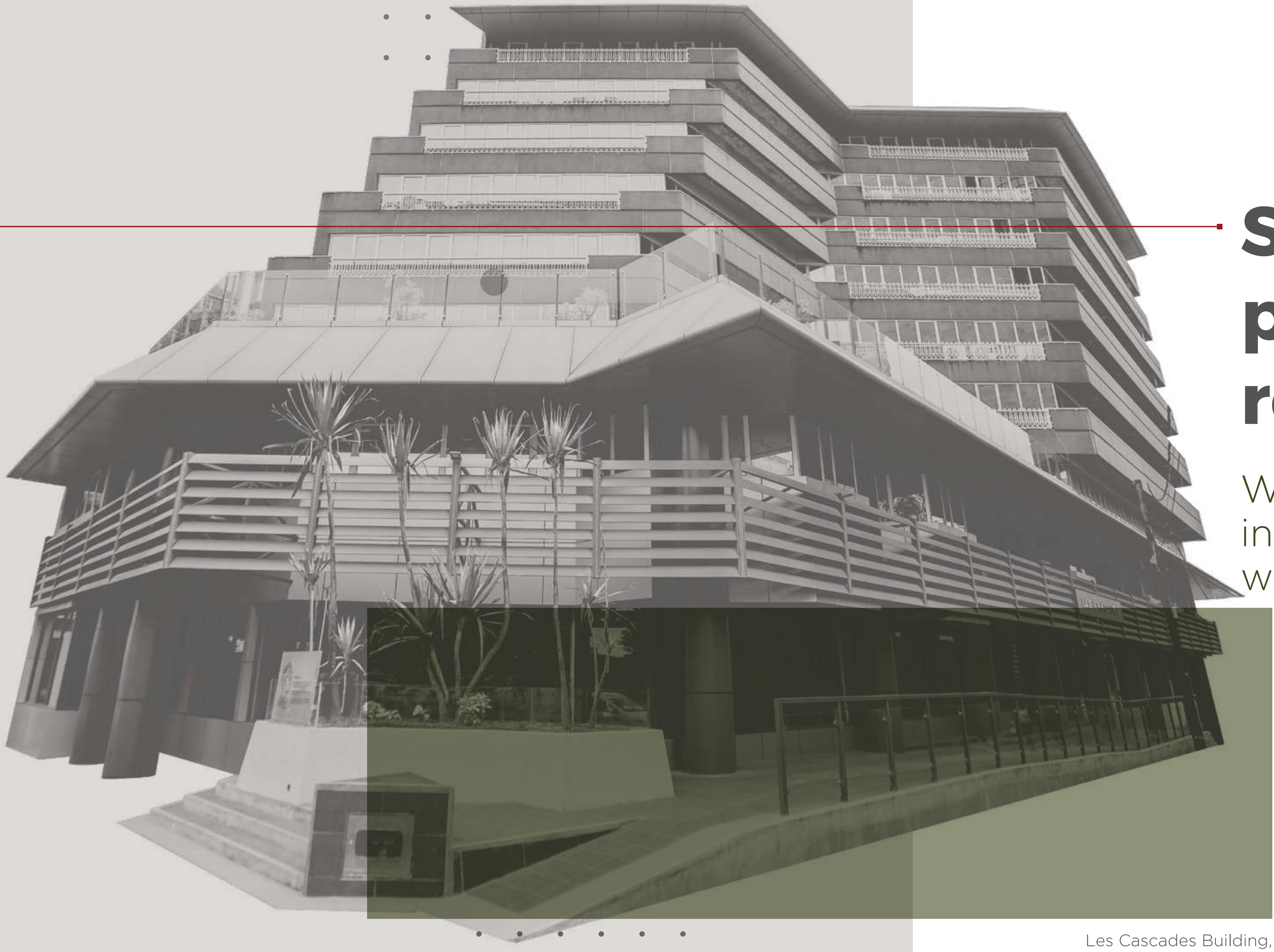
June 2020
Integration of Lochiel Property Services Ltd

April 2021
Start of renovations and extension of Play Mourouk Hotel

Oct 2021
Opening of Sunrise Attitude Hotel

Strategic & performance report

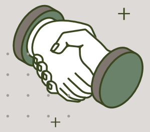
When **people** were locked inside their homes, our team was freely planning **the future**.



Les Cascades Building,
Port-louis

Our business model

With a strategic focus on customer service, the creation of value for our shareholders, sustainability, the engagement of our human capital and operational excellence of our business, we provide real estate solutions that are aligned with our tenants' business strategies, while creating value for all our stakeholders:



Shareholders

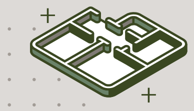
We create value by delivering steady growth and sustained long-term income.

Employees

We seek to foster a family spirit within the company and provide everyone with a supportive and inclusive culture that empowers our people to develop their full potential.

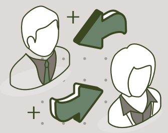
Customers

We aim to offer individuals the opportunity to thrive. To this end, we provide quality environments that contribute to their growth and well-being.



Tenants

We want our tenants to succeed, which is why we collaborate with them and offer the best opportunities to reach their objectives and/or help them attract and retain the best talents.



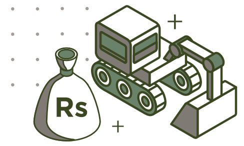
Partners

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

Communities

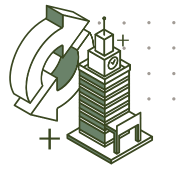
We strive to create opportunities for, and make a positive impact on the lives of, the communities within which we operate. We do so by developing and/or uplifting key sites, turning them into enriching places.

To this end, our areas of expertise cover the following 3 main segments:



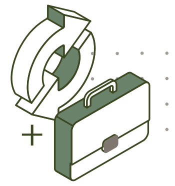
Investment and development

We source and create opportunities for our tenants. We allocate capital towards the acquisition, development/redevelopment of new or existing properties to attract new tenants or help grow existing tenants' businesses and deliver a good return for our shareholders. To this end, we develop modern, more sustainable buildings, and renovate existing properties to increase their value and create enriching places.



Property management

Through the integration of Lochiel, we better evaluate and respond to our tenants' changing needs. Consequently, we increase the use of smart technologies across all our properties, while providing the relevant property management services.



Portfolio management

We actively manage our property portfolio and also make time to investigate new acquisition opportunities. We regularly perform building surveys and asset reports to identify assets we can dispose of, using the capital to invest into sites that have better long-term yields and capital growth prospects.

Performance review

Our pillars of value

Financial capital

Solid financial assets, invested to generate future returns on investments for our shareholders.
Significant debt instruments negotiated with the banks.

Inputs

- Approx. **Rs 546M** invested in Sunrise Attitude Hotel in Belle Mare.
- **Rs 280M** earmarked for the renovation and room extensions of Play Mourouk Hotel.
- Availability of **Rs 1.15Bn** from secured notes programme to finance development projects and future acquisitions.

2021 Priorities

Operational excellence

- Maximising standing order payments.
- Reduced debtor days.
- Maximised standing orders v/s cheque payments.
- Implementing the sprinkler system in Riche Terre.

2021 Performance/Outputs

- Market capitalisation: **Rs 1,381M**.
- Revenue: **Rs 216M**.
- Profit before tax: **Rs 73.8M** (excludes revaluation gains).
- NAV per share: **Rs 3.8**.
- Gearing: **23%**.
- Dividends paid per share: **Rs 0.04**.
- Profit per share: **Rs 0.24**.
- Investment of **Rs 174M** in Victoria Station.
- Sale of medical suites at Labourdonnais Court, negotiated successfully (closing in 2022).

2022 Priorities

- Successful opening of Play Mourouk Hotel by end 2022.
- Improving our property management efficiency with a focus on rental collection.
- Launching Victoria Station within set investment parameters.
- Closing the sale of the medical suites at Labourdonnais Court.
- Transferring title deeds for Case Noyale, during the first half of 2022.

Our pillars of value

Manufactured capital

Investing in and developing a wide variety of properties for different projects, to create value for our stakeholders.

Inputs

- **13,104m²** office spaces.
- **23,435m²** industrial spaces.
- **4,362m²** retail spaces.
- **6,713m²** hotel spaces.
- **4,493m²** project under development 'Play Mourouk Hotel'.

2021 Priorities

Customer service

- Renovation of the 4th floor of Les Cascades building for IQ-EQ.
- Implementing the sprinkler system in Riche Terre.

Creation of value for shareholders

- Continued investment in major repairs and maintenance to ensure longevity of our assets.
- Supervising the post-construction fitting out of the hotel in Belle Mare for Attitude Hotels, to ensure it can open by the end of September 2021.
- Launching construction at Play Mourouk Hotel in Rodrigues, subject to permit clearances and improved visibility of tourist arrivals.
- Completing the slip lane and core infrastructure for the Riche Terre project.
- Launching the construction of the warehouse in Riche Terre, subject to minimum pre-let requirement.
- Completing the transfer of 11 and 81 lots for the morcellement in Case Noyale.
- Reviewing the masterplan and focusing on commercial developments in Case Noyale.
- Uplifting the electrical system in Riche Terre, in line with the CEB's new standards.

Operational excellence

- Completing the construction of the hotel in Belle Mare for Attitude Hotels within set budget.

2021 Performance/Outputs

- Property assets: **Rs 3.5Bn**.
- Total assets: **Rs 3.8Bn**.
- Occupancy rate: **94.4%**.
- Renovation of the 4th floor of Les Cascades Building completed in May 2021.
- **13%** decrease in overall repairs and maintenance at LPL.
- Implementation of a mixed security system.
- Sunrise Attitude in Belle Mare opened on 1st October.
- Construction works at Play Mourouk Hotel in Rodrigues started in April 2021.
- Slip lane and core infrastructure in Riche Terre completed.
- Construction of the retail warehouse in Riche Terre put on hold due to the Covid-19.
- Completed masterplan for the development of Case Noyale.
- Completed renovation of Plaine Lauzun to welcome new tenant.
- Completed revamp of Montebello to allow existing tenant to reduce leased area and accommodate a new tenant.

2022 Priorities

- Acquiring and renovating the 7th floor of Les Cascades Building.
- Monitoring and supervising the construction and development of Play Mourouk Hotel in Rodrigues, to be completed in the first quarter of FY2023.
- Relaunching the construction of the warehouse in Riche Terre, subject to meeting minimum yield within first year of completion.
- Focusing on the design and development, as well as the launch of our property development projects in Case Noyale.
- Sound isolation and heat insulation of our buildings to improve the comfort of our tenants.

Performance review (cont'd)

Our pillars of value

Intellectual capital

Expertise in the property sector.
Expertise in property development and the management of complex projects.

Inputs

- Diversified team of professionals.
- Continuous review and improvement of our processes.
- Alignment of what our Vision means to the team.
- Financial modelling and negotiating skills.
- Successful implementation of smart metering and automatic billing technologies.

2021 Priorities

Creation of value for shareholders

- Improving our property management efficiency with a focus on rental/debt collection.
- Implementing our smart utility billing system on all multiple tenant buildings.
- Maintaining our A Grade credit rating by Care Africa.

Operational excellence

- Focus on repairs & maintenance to reduce intervention times.
- Introducing target reviews for our facility team.

2021 Performance/Outputs

- Grade A rating from Care Ratings Africa maintained.
- New long-term leases for **527m²** at 246 Edith Cavell Court.
- Sunrise Attitude: see above.
- Automatic utility billing system at 246 Edith Cavell Court implemented.
- Risk management framework implemented.
- Risk appetite defined and business continuity management framework implemented.
- Data Protection, AML/CFT, Fraud and Whistleblowing policies, as well as Code of Ethics, defined and communicated.
- Preventive maintenance plan with IT support reduced emergency and corrective maintenance costs by **13%** at LPL.
- Centralisation of our CCTV system for all properties and use of AI to improve monitoring and detection, with no increase of security costs despite a **35%** increase in labour costs.

2022 Priorities

- Providing support to Lochiel Properties Services for the property and facilities management of the Victoria Station, to ensure its successful opening during the first half of 2022.
- Implementing automatic utility billing across Lavastone Properties' portfolio and at Victoria Station.
- Maintaining our A Grade credit rating as well as improving the risk management & governance frameworks.
- Close monitoring of electrical consumption to further improve savings by reducing peak loads.

Our pillars of value

Natural capital

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

Inputs

- **1,094 arpents** of bare land with great yielding potential.
- On-going recycling processes
- Adherence to the Green by Design principles.

2021 Priorities

Sustainability

Energy efficiency

- Implementing solar lights for all public lighting in Riche Terre.

Building techniques

- Carrying on our research on innovative building techniques to minimise CO^2 emissions and reduce wastage.
- Implementing smart sensors in our new offices and carrying out a test use of AI as proof of concept, to improve user experience (lighting, temperature, humidity, etc.).

Recycling

- Installing Molok Bins in Riche Terre, recycling bins at Asas parking and BIO bins at 246 Edith Cavell Court.

2021 Performance/Outputs

- New solar lights installed on the external facades of Plaine Lauzun and Manhattan buildings.
- Continued installation of VRVs at 246 Edith Cavell Court.
- **20.6 tons** of waste collected throughout our portfolio (lower collection partly attributable to Molok Bins, which can hold up to a total capacity of approximately **15 tons** and have not been emptied as at 30/09).
- Redevelopment of Play Mourouk Hotel, including an upcycling approach.
- Improvement of the electrical infrastructure in Riche Terre put on hold and currently under review.
- Reduction of **13%** of electricity consumption at Les Cascades Building, **9%** at Manhattan and **7%** at St George Building. Increase of **14%** at 246 Edith Cavell Court, with **29.42%** increase in occupancy of offices.
- Installation of Molok Bins in Riche Terre, and of BIO bins at 246 Edith Cavell Court.
- Smart sensors in our offices at 246 Edith Cavell Court implemented.
- Ongoing redevelopment of Play Mourouk Hotel in Rodrigues, to comply with LEED standards.
- Solar lights at Riche Terre not yet installed due to Covid-19 impact on procurement.
- 246 Edith Cavell Court undergoing LEED certification.

2022 Priorities

- Installing Molok Bins at Orchids Car Park.
- Working with Dynamia Ltd to determine Lavastone's current carbon footprint and establish a strategy to reduce it.
- Implementing a rainwater harvesting system at 246 Edith Cavell Court to reduce water usage in public areas.
- Supporting Scott & CIM CSR foundation in the recycling of Nespresso capsules, through the reutilisation of the used coffee in an agricultural project promoting women empowerment.
- Solar lights installation at Riche Terre.
- LEED accreditation for 246 Edith Cavell Court.

Performance review (cont'd)

Our pillars of value

Social capital

Ensuring our actions have a positive impact on all our stakeholders.

Inputs

- Integration of Lochiel. Property Services Ltd.
- **Rs 1.27M** of CSR tax paid for FY 2020.
- Adherence to the National Regeneration Programme (NRP).

2021 Priorities

Customer service

- Improving our customer satisfaction and engagement results.
- Maintaining the regularity of our events to a quarterly basis, and increasing total number of participants.
- Achieving a minimum of 75% respondent score on the annual Satisfaction Survey and improving our satisfaction index scores so it reaches **80%**.
- Carrying on improving our digital presence.

2021 Performance/Outputs

- **85%** retained clients: **89 clients**.
- **14.4%** new clients: **15 new clients**.
- **15.3%** new contracts: **16 new contracts**.
- **40.3%** renewed contracts: **42** renewed contracts.
- WALE: **5.25 years**.
- **Rs 1.52M** of CSR tax payable for the FY 2021.
- Focus now on one-to-one interactions with our tenants.
- Audit of our digital marketing and recommendations for improvement in collaboration with Beyond Communications.
- 246 Edith Cavell Court's website refreshed.
- Renovation of the 2nd and 8th floor of Les Cascades Building.
- Making land available in Trianon for a sustainable recycling project in partnership with Nespresso and CIM CSR.

2022 Priorities

- Improving the response rate of our customers to our Satisfaction Survey, as well as our team's implication in chasing responses.
- Prioritising engagement with our tenants on an individual level (adopting a broader quarterly approach).
- Implementing the recommendations for a more structured and sustained communication strategy, both at group level and for 246 Edith Cavell Court.
- Assisting IQ-EQ in renovating 3 office floors at Les Cascades building.

Our pillars of value

Human capital

Creating a homogenous work dynamic, thanks to our wide range of expertise.

Inputs

- **40 employees**.
- Offsite team building activities.
- Equal opportunity policy.
- Whistle blowing policy.
- Implementation of security policy.

2021 Priorities

Engagement of our human capital

- Organising team buildings to improve collaboration and productivity.
- Developing and sustaining employee engagement through performance scorecards.
- Establishing clear training programmes on money laundering and risk management, at appropriate levels.

2021 Performance/Outputs

- **38%** women / **62%** men employed.
- On-boarding of 6 members for the Victoria Station team.
- Suggestion box to encourage anonymous comments from team members.
- Supervisory skills training for the facility management team.
- Staff satisfaction survey: **91%** are proud to work for Lavastone Properties.
- Successful completion of risk management and anti-money laundering trainings.
- Successful completion of data protection and information security training.
- Organisation of team building and social events.
- Perpetuation of formal performance appraisals.
- **6** team members promoted within the Group.
- Improved collaboration and communication.

2022 Priorities

- Implementing a transformational culture programme to reinforce team cohesion.
- Organising team development training.
- Quarterly town hall staff meetings.

Chairman's message

"Lavastone's long term growth strategy is clearly defined and we have arranged for adequate financing for these strategic needs.

Dear shareholders,

As Chairman of Lavastone Ltd, it is an honour for me to present the Group's integrated report for the third year in a row.

Lavastone, as other companies in its industry, has again faced many challenges due to the enduring Covid-19 crisis and ensuing lockdown and border closures. As a group, we saw in these difficult times the right moment to turn these challenges into opportunities, which is the theme of this year's integrated report.

Lavastone's long-term growth strategy is clearly defined, and we have arranged for adequate financing in the form of a secured notes programme and a Euro loan to cater for these strategic needs. Together with the Group's strong cash flows, these funds are earmarked for development projects and/or acquisitive opportunities, which are regularly reviewed by management and the Board, to ensure they produce the expected returns within acceptable risks.

Another part of our growth strategy means we may delay a project to reposition it and/or simply wait until we reach the required pre-let levels with strong covenants. An example of this is maintaining our decision to put on hold the construction of the retail warehouse in Riche Terre, due to the continuing effects of the Covid-19 pandemic on the local economy as well as soaring construction prices.

"This year again, our initiatives were rewarded with the perpetuation of our Grade A credit rating from Care Ratings Africa, allowing us to continue benefiting from attractive interest rates."

Despite the challenges brought about by a second lockdown, the Group benefits from a strong balance sheet. We have produced a positive cash flow for the financial year 2021, with a healthy loan to value ratio of 19%, a Net Operating Income (NOI) of Rs 172M (Rs 151M in FY 2020), a Profit Before Tax (PBT) before revaluation of Rs 73.8M and a Net Asset Value (NAV) of Rs 2.877M. In light of this, we declared an interim dividend of 2 cents per share in May 2021 and a final dividend of 2 cents per shares in December 2021.

We are in the process of welcoming a group of prominent Notaries at 246 Edith Cavell Court. This will substantially reduce our available vacant office space, and is testament to the enduring demand for well-connected world-class facilities in a vibrant and attractive location.

On another note, I am pleased to announce that management has concluded the negotiations to acquire the 7th floor of Les Cascades building, following the departure of the British High Commission to their new offices at Westminster House in Floréal. The transfer of property is expected to occur during the first quarter of 2022.

As a continuation of the renovation programme started in 2021, we will be assisting our tenant, IQ-EQ, with the refurbishment of three more floors at Les Cascades building, allowing them to welcome a growing team of talented individuals by the end of the third quarter of 2022.

Moreover, despite suffering the delays brought about by the two lockdowns, we noted good progress on the soon to open Victoria Urban Terminal, which will make a positive contribution towards the lives of daily commuters to and from Port Louis, and add impetus to the regeneration of our capital city. Our subsidiary, Lochiel Property Services Limited (Lochiel), was awarded the contract for property and facilities management services. I commend the team at Lochiel on taking up this challenge and wish them success on this new and important venture.

As explained last year, we agreed with our partner, Attitude Hotels, to delay the opening of the Sunrise Attitude till October 2021. I am pleased to say the hotel opened on time and was inaugurated by the Prime Minister and Deputy Prime Minister on 15 October 2021. This project is a live example of partnering with our stakeholders to deliver superior value in design, quality, sustainability and services, and live up to our vision of providing real estate solutions while delivering optimum returns to shareholders. As the sun rises on the economic landscape of the tourism industry, we expect B59 Ltd to start contributing to the group profits during the financial year 2022.

Chairman's message (cont'd)

In Rodrigues, the redevelopment and extension of Play Mourouk Hotel has been delayed, as flights to Rodrigues have not yet restarted. Combined with the complexities of construction and the restrictions imposed by the authorities, the opening of the Play Mourouk Hotel is now planned for late 2022.

Risk management

During the 2021 financial year, we reviewed our operational procedures and implemented several risk management initiatives, including Business Continuity Management in line with ISO 22301. We also established the Group's Risk Appetite in line with ISO 31000, reinforced our compliance with the Data Protection Act and implemented our Anti-Money Laundering Policy. *You can read more about risk governance and management at Lavastone in our Risk Management Report, available on pages 30 to 45.*

Corporate governance

Doreen Lam resigned from her positions as CFO of Lavastone and Director on the Board, in August 2021. Lavastone's Board of Directors joins me in thanking her for her valuable contribution to Lavastone and wishing her the best in her future endeavours.

This, along with onboarding new talents to help us turn challenges into opportunities, have slightly impacted our women to men ratio, which decreased to 38% (39% in 2020) women for 62% (61% in 2020) men. Though the gap is more significant than last year, the ratio remains fair and we are still compliant with the Code in terms of diversity. *You can read more about corporate governance at Lavastone in our Corporate Governance Report, available on pages 46 to 62.*

Sustainability

At Lavastone, we recognise the real estate industry is one of the main users of energy and cause of carbon emission, which is why we have engaged Dynamia Ltd to review and accurately establish our carbon footprint across the Group, as well as to assist us in mapping out a realistic yet ambitious strategy to reduce our carbon footprint.

In this vein, we have installed our first set of Molok bins in Riche Terre and are, at the time of writing, implementing another set at our Orchids car park, to encourage our tenants and their teams at Les Cascades and Manhattan buildings, as well as all our parking users, to recycle their waste and reduce carbon emissions associated with the collection process.

In addition, we have - in collaboration with the CIM CSR Foundation - provided land to iMOVE/UDDESHY, a non-profit organisation established to empower women in the field of Agriculture. They will use recycled coffee waste from our tenant, Scott & Co Ltd, to set up a composting unit, using the resulting product as an organic fertiliser to grow vegetables.

The redevelopment of the Play Mourouk Hotel in Rodrigues is being undertaken in accordance with the LEED principles. This property will be the second project to be developed as such, 246 Edith Cavell Court is in the process of receiving its LEED accreditation.

Acknowledgement

My heartfelt thanks go to Nicolas Vaudin, our Managing Director, and his management team, for helping Lavastone overcome yet another challenging financial year.

I am also grateful for the support provided by my colleagues on the Board of Directors, as well as that of our shareholders throughout this watershed year. Without your trust and loyalty, Lavastone would certainly not be where it is today!

Colin Taylor
Chairman

Managing Director's interview

"Our focus in 2022 will be on the continuous improvement of our property and facilities management functions to add even more value to our tenants' businesses.

Tell us more about overcoming the Covid-19 pandemic. What was the impact of the 2nd wave on Lavastone?

As everyone else in our industry, we were disappointed to experience another lockdown just a year after the first. However, we were more prepared and had all the right protocols in place to face the crisis this time around. For instance, obtaining Work Access Permits (WAPs) for our teams was easier, thus allowing our staff to provide continued support to our tenants, hence ensuring a smoother transition as compared to last year.

We continued to provide support to our retail tenants on rentals during the lockdown, extending this to the end of June for our restaurants at 246 Edith Cavell Court, as they were particularly hard hit by the measures in place.

In terms of office spaces, as dealing with cases of Covid became the new normal, we observed a demand for additional space from some of our tenants, as they looked to improve social distancing within their workplace.

Another impact of the 2nd wave on Lavastone Properties has been the sharp increase in construction costs - primarily related to the rise of material costs -, coupled with delays in procurement, stemming from the global effect of the pandemic on the shipping & logistics industry.

The construction of the Sunrise Attitude in Belle Mare, initially planned for October 2020, was successfully completed and welcomed its first clients on 1 October 2021. We are particularly pleased with our partnership with the Attitude Group and firmly believe we have created an enriching place for guests to enjoy and staff to work, thereby creating value for our stakeholders and shareholders. Although Covid presented itself as a huge challenge, we seized the opportunity for a closer collaboration with our contractors and consultants to deliver a superior product at relatively little extra costs. *Turn to pages 28 to 29 to see how we turned this challenge into an opportunity.*

Finally, the delays caused by the 2nd lockdown and disruptions to the construction industry, has meant we were not able to complete the Case Noyale morcellement in time to receive our Morcellement Permit and register the profits which come with such developments. These profits will thus be shown in our 2022 results.

How would you rate Lavastone's performances for the financial year 2021?

Despite the challenges brought about by the second lockdown and the long-term effects of the Covid-19 pandemic on our industry and the country as a whole, I am satisfied of Lavastone's overall performances for the year under review.

When compared to last year, we increased our revenues by 9.9%, reaching Rs 216M, and our operating profits by 10.5%, reaching Rs 108M, with Edith Cavell Properties Ltd contributing positively to Group profits despite a very challenging year. The biggest difference in our results, when compared to the previous financial year, is a fair value gain of Rs 123.9M, which partly offsets the impairment of Rs 190.6M recorded last year.

When doors closed, we saw favourable circumstances for improvement. One of our achievements in 2021 involved reviewing our operating procedures and improving our approach to risk management, anti-money laundering and data protection, across all levels. Our focus on rental collections meant 96.2% of rentals were collected for the financial year 2021 and we have also agreed on payment plans for the balance owed. Overall, we ended the year with an occupancy of 94.4%, which does not account for the arrival of a group of prominent Notaries at 246 Edith Cavell Court during the first quarter of 2022, which will bring our occupancy at 95.4%. Our WALE as at 30 September 2021 was 5.25 years.

On another note, I am pleased that Lochiel has secured the contract to manage Victoria Station amid stiff competition - a testament of their knowledge and capabilities to handle this complex project, one that marks an important milestone in the regeneration of Port Louis.

Managing Director's interview (cont'd)

We were also pleased to note our offices at 246 Edith Cavell Court retained market attraction despite the challenging situation. Some of our office tenants increased their footprint and, as mentioned above, we will be taking on new tenants during the first quarter of 2022, meaning we are left with only 8.7% of spaces available today.

At Plaine Lauzun, we renovated the Ex CarFit space to welcome a new, more prominent and long-term tenant, FleetPro Ltd, which is part of the Rose Hill Transport Group.

Last year, you talked about rethinking your investment priorities over the short-term. What is the situation today?

Because of a lack of visibility and the uncertainties surrounding the country's economy in 2020, we had to put on hold the development of a selection of projects:

- The acquisition of the 7th floor of Les Cascades Building will now close during the first quarter of 2022, allowing renovations to start as soon as this is completed.
- The development of the retail warehouse in Riche Terre was scheduled for April 2021. Increased construction costs and the disruptions brought about by the Covid-19 pandemic meant we had to delay this project, which we will relaunch once we are satisfied that increased costs can be absorbed by the market and as soon as we have secured enough pre-let agreements. It is worthy to note that we successfully completed the construction of the slip lane since August 2021, enabling us to bring services to this plot and make it a premium site for development.
- Unfortunately, the Covid-19 pandemic, resulting in the closure of Rodrigues, meant the renovation and extension of the Play Mourouk Hotel could not start as intended in March 2021. The hotel will likely be completed in late 2022 if flights resume in January 2022.

As projects were delayed, so was the issuance of medium-term notes, meaning the Group was able to maintain a low gearing and save on finance costs.

That said, we have agreed with our financiers to extend the notes programme by a full year which gives us great flexibility and showcases our agility and ability to map new routes for growth.

What are your objectives for the financial year 2022?

When people were locked inside their homes, our team was freely planning the future. Our focus in 2022 will be the relaunched of 246 Edith Cavell Court together with several initiatives to boost trading, thereby providing our tenants and customers with an even more enriching environment to work and play. We will strengthen our property and facilities management functions through a continuous improvement programme to add more value to our tenants' businesses.

Other objectives for the next financial year include:

- The successful launch, management and completion of the Victoria Station.
- The closing of the acquisition and renovation of the 7th floor of Les Cascades Building, along with the refurbishment of 3 other floors for IQ-EQ.
- The successful renovation and extension of the Mourouk Ebony Hotel in Rodrigues, so as to open the new Play Mourouk Hotel in late 2022.
- Seeking new acquisitive opportunities to further diversify our portfolio.
- Completing the planning for the future development of Case Noyale. Following the completion of the morcellements, we wish to launch the design and feasibility study for several residential plots and commercial outlets on our property.
- Further reducing our carbon footprint. This year, we appointed Dynamia to assist us in establishing our carbon footprint and setting clear objectives to reduce it over the short- and medium-terms.
- Launching a culture & values enhancement programme to ensure our growing team successfully live and implement Lavastone's mission, vision and values.

Acknowledgements

My greatest thanks go to our team members for living Lavastone's values of agility, humility, care and passion, despite these challenging times. Their continued commitment and dedication were also key in helping us reach our goals.

I would like to thank my fellow colleagues on the Board of Directors, in particular our Chairman, Colin Taylor, for his continued help, support and guidance during this challenging year.

Finally, I wish to thank our shareholders, tenants, suppliers, contractors, consultants and customers, for their trust and loyalty in Lavastone.

Nicolas Vaudin
Managing Director

Our case study: Development of Sunrise Attitude

B59 Ltd | SUNRISE ATTITUDE HOTEL

How it all started

At the same time as the land situated in Belle Mare became available through CIM Finance, Attitude Hotels (Attitude) had the desire to add 40 rooms to the inventory of 61 rooms already existing at the then Emeraude Beach Attitude Hotel next door. We saw the opportunity to develop the hotel rooms which Attitude would rent, as well as a number of managed residences, which would be sold to local and international buyers. To this end, we assembled a team of professionals to define a brief and vision for the project and verify its feasibility.

In April 2017, we bought the land and 6 months later presented our business plan to the Economic Development Board (EDB). The project was approved in January 2018.

The thinking behind

After much thought and discussions, Lavastone and Attitude arrived at the conclusion that having a mix of rooms and apartments would not be in the best interest of both parties. We therefore decided to replace the apartments with more hotel rooms. However, it was agreed we would develop the hotel under the Invest Hotel Scheme, allowing for the sale of hotel rooms down the line if needed.

Originally, our property was developed as a separate product to the Emeraude Beach Attitude but sharing common infrastructure. Working holistically alongside Attitude Hotels' team allowed us to optimise the hotel's footprint and create a product with a DNA that distinctively reflected that of Attitude, without being too individualistic. A budget was set and agreed to, and both parties worked diligently and intelligently to meet the targets. Working with the right collaborators also helped us minimise construction costs while not sparing on quality.

Attitude, with its well-defined sustainability agenda, made an excellent partner for Lavastone. Together, we invested in VRV air conditioning to promote energy efficiency, as well as solar water heaters, LED lights and a water treatment plant to recycle the water for irrigation purposes.

Building the hotel

In order to achieve an end-result that would meet our expectations, we had to carefully select our contractors and ensure the timeline for delivery would be respected. Once that was settled, we kicked off construction works in April 2019.

Completing the project in time for the opening in October 2020 proved challenging with the arrival of the Covid-19 pandemic, which plunged Mauritius into a +2-month lockdown, thereby forcing most industry sectors, including construction, to stop their activities for several weeks.

After the first lockdown, the opening of the hotel was initially rescheduled for December 2020.

However, as the borders were still closed and likely to remain as such for a while, we decided to move the opening to October 2021, when borders were likely to reopen and the destination to be back on its feet, so to speak. During the lockdowns, as fear spread on every corner, we developed ideas and solutions by working in close collaboration with our constructor to explore every opportunity to minimise the impact of the delays and rising costs.

As the construction progressed and the hotel neared completion, Attitude decided to renovate the Emeraude Beach Attitude Hotel and reposition both properties as one single 4-star hotel, which is more aligned with the standard of the product delivered in the end.

Welcome to Sunrise Attitude

Today, the Sunrise Attitude houses 145 luxurious rooms, 8 premium villas, 6 beautiful pools, a "Poz Spa" (Attitude's own brand of spas, inspired by nature and authentic Mauritian treatments), and a selection of excellent restaurants - all grounded in true Mauritian hospitality, with a commitment to tourism with a positive impact. Guests are encouraged to tie a symbolic "commitment knot" towards protecting the environment, supporting the local economy and caring about the local community, when they arrive at the hotel.

The Sunrise Attitude project is a perfect illustration of our mission: partnering with our stakeholders to deliver superior value in design, quality, sustainability and services.

> **"Attitude, with its well-defined sustainability agenda, made an excellent partner for Lavastone.**

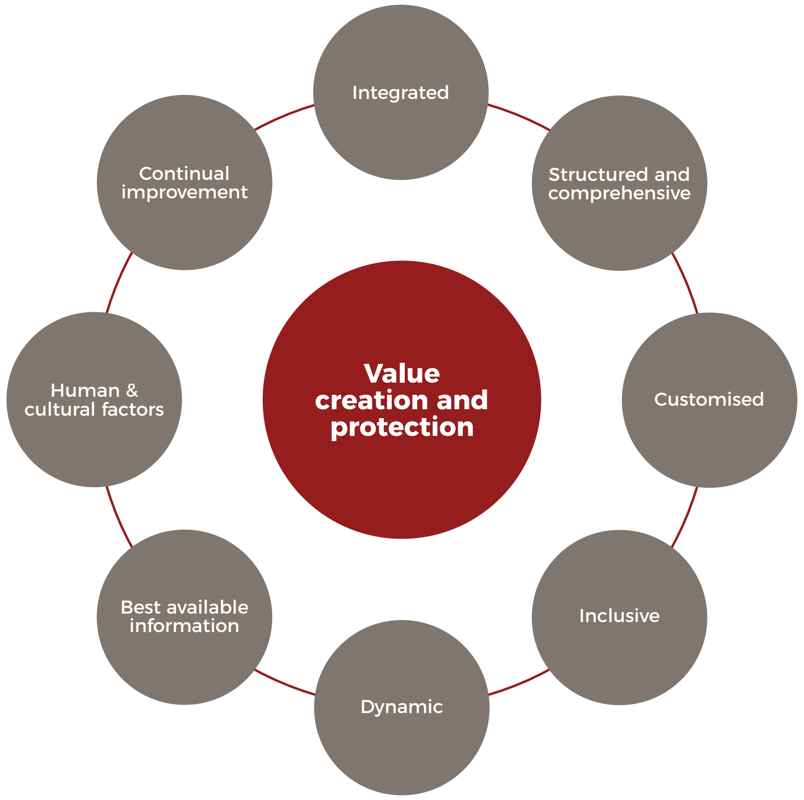
246 Edith Cavell Court,
Port-Louis

Risk management report

When doors were **closed**,
we saw favorable circumstances
for **improvement**.

Governance and framework

Risk management is an essential component of Lavastone's governance and leadership strategy. It is fundamental to how the Group is managed at all levels. Risk Management's main purpose is to create and protect organisational value, improve performance, encourage innovation and support the achievement of our strategic objectives. The Board is responsible for risk governance and ensures the Group develops and executes a comprehensive and robust system of risk management, as well as maintains a sound internal control system. For effective risk management, we believe in a top-down and bottom-up approach, comprising the following elements of the ***ISO 31000*** framework:



The Risk Management and Audit Committee (RMAC) is a sub-committee of the Board playing an important role in providing insight into our governance, risk management and internal control practices. This oversight mechanism also serves to provide confidence in the integrity of these practices. The committee is guided by a formal and approved charter and performs its role by providing independent insight to the Board and assisting the Board and management by providing advice and guidance on the adequacy of our initiatives.

Our Risk Management framework, ***ISO 31000***, is reflected in our Risk Management Guideline, which is approved by the RMAC and regularly reviewed to take into account emerging risks and practices.

Our focus and initiatives for the year

The years 2020 and 2021 have been defined by the global Covid-19 pandemic and our risk profile has been affected. The pandemic has been pervasive, simultaneously impacting employees, suppliers and customers, for a duration previously not considered a possibility. Consequently, our risk management and internal control systems have been upheaved amid operational disruption.

As a result, the following risk management initiatives were implemented:

i. Business Continuity Management (BCM)

Business interruption is one of the Group's top 5 risks. BCM forms part of our overall governance and risk management framework. We revamped the process with the ***ISO 22301***, today the programme consists of:

- Business Continuity Objectives
- BCM Champion
- Risk Assessment
- Business Impact Analysis (BIA)
- Maximum Tolerable Period of Disruption (MTPD)
- Recovery Point Objective (RPO)
- BCM Policy
- Business Continuity Strategy
- Business Continuity Plan (BCP)

The BCM policy and plan are currently under review for approval by the RMAC and Board.

BCM is a simple matter of risk management, designed to create business continuity capabilities to match likely risks, based on business value.

Lavastone's Board and Management are committed to maintaining controls and capabilities for managing the overall ability of the Group to continue operations amid disruptions.

Governance and Framework (cont'd)

ii. Setting the risk appetite

The Board, the highest level of organisational governance, is accountable for setting the risk appetite and ensuring it is communicated throughout the Group in a meaningful way. We recently reviewed and aligned our risk appetite with the ***ISO 31000***.

The risk appetite is the amount and type of risk we are willing to take in order to meet our strategic objectives. Below is our approved Risk Appetite Statement:

*We will pursue **growth**, to double the size of our asset portfolio during the 5-year period to 2022, whilst continuously improving **customer service** and **operational excellence**.*

*To improve our commitment to **sustainability**, we will strive to meet the criteria for a LEED certification on our new development projects.*

*However, we will not engage in and tolerate activities which create safety, regulatory and quality concerns. We will not make decisions which pose a **financial risk impact** of 10% or more on our revenue, or that increase our loan to value ratio above 40%. Our **exposure** is limited to:*

- *25% of Net Asset Value for any one sector (Retail, Hospitality, Office, Industrial, Residential, etc.)*
- *20% of Investment Property Value for any single building*
- *20% of Rental Revenues for a single tenant*

Risk appetite

Financial impact (Revenue)		
High	Medium	Low
10%	9% - 5%	< 5%

Our risk appetite was developed on our vision, strategic and business objectives:

Vision

Lavastone aims to be the **preferred partner** for commercial real estate solutions, while delivering **optimum value** to its shareholders.

Strategic objectives

Operational excellence	Customer service and retention	Sustainability	Maximise shareholder's value	Employee engagement

Business objectives

Explore new investment opportunities	Implement current development projects	Adopt green by design principles across all projects	Maintain 95% occupancy while achieving cost efficiency

Governance and Framework (cont’d)

iii. Data protection framework

With a more complex regulatory framework surrounding data privacy and a material increase in cyber incidents around the world these past months, we have reinforced compliance with the regulations (Data Protection Act) and our internal policies. The following initiatives were implemented:

- Policies
- Appointment of Data Protection Officer
- Record of Processing Operations
- Training
- Audits

iv. AML / CFT programme

Over the last couple of years, the Real Estate sector in Mauritius has been at the forefront of the country’s economic evolution. As per the National Risk Assessment on Money Laundering, the level of threat in this sector is rated MEDIUM. The money laundering risk associated with the Real Estate sector is **MEDIUM-HIGH.**

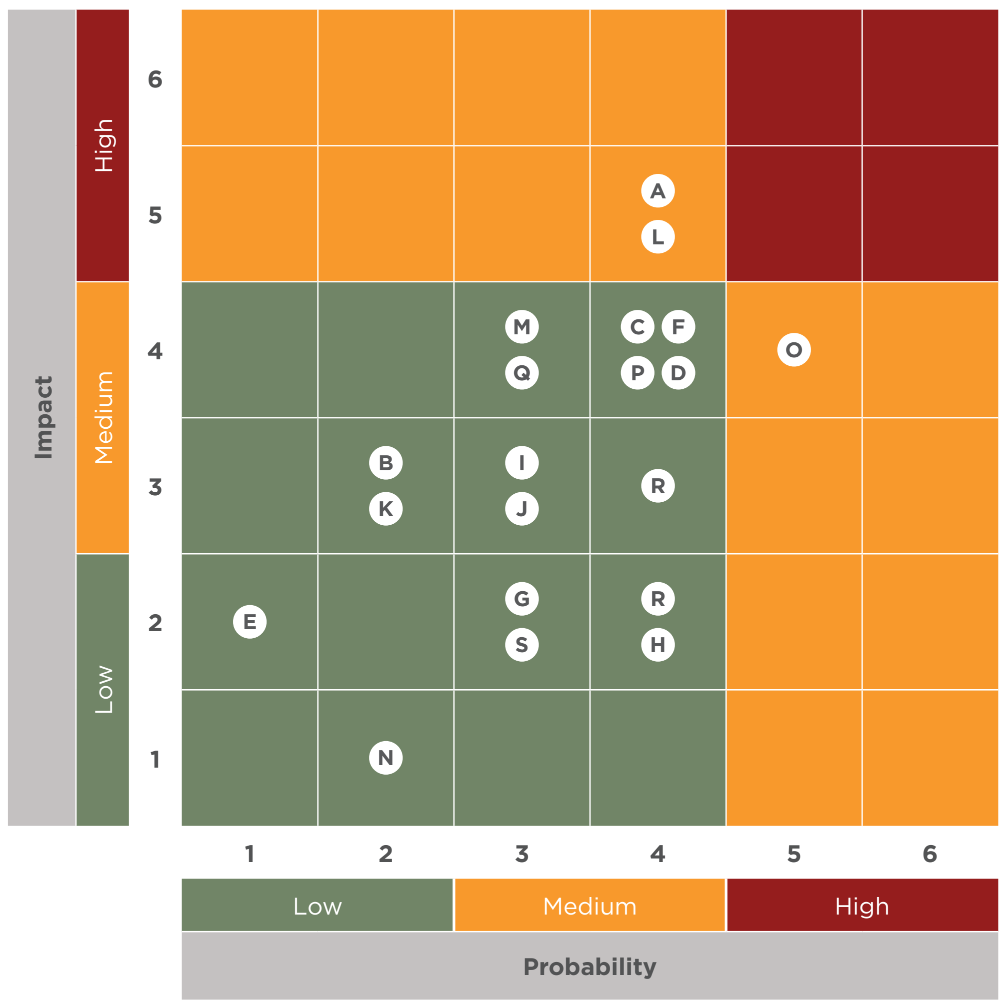
We have implemented our manual on the prevention of Money Laundering and Terrorism Financing (also known as the AML Policy). As part of this process, we established a risk assessment matrix and reviewed clients’ risk profiling.

Lavastone Board and Management are committed to playing their part in the fight against crime and the financing of terrorism, to ensure Lavastone’s position as a major player in the Real Estate sector is maintained.

Risk heat map and top 10 risks

Risk Management being a continuous and dynamic process, we are committed to ongoing risk monitoring by regularly reviewing the Business Risk Register (BRR), to cater for changes in existing and emerging risks. The process of risk identification, assessment and evaluation, is aligned with our risk management guideline.

Risk heat map



A	Macroeconomic	J	Competition
B	Liquidity	K	Processes
C	Valuation	L	Business interruption
D	Regulatory	M	Health & safety
E	Financing	N	Environmental development
F	Credit	O	Project
G	Tenant concentration	P	Pandemic
H	Geographical concentration	Q	Information security/privacy/cybersecurity
I	Third party	R	Foreign exchange
S	Human resources		

Governance and Framework (cont'd)

Emerging risk

Following the latest risk assessment exercise, a new risk has been identified:

Category	Ref	Risk event	Risk description & root cause	Probability			Impact			Mitigating controls
				High	Medium	Low	High	Medium	Low	
Operational	S	Human resources	Loss of key employees Inadequate capacity/skills Lack of succession planning		●				●	1. Notice period 2. Succession plan for key employees 3. Procedures defined 4. Performance appraisal 5. Remuneration survey in collaboration with HR 6. HR strategic plan 7. Training needs analysis

Top 10 risks

Category	Ref	Ranking	Risk event	Risk description & root cause	Probability			Impact			Mitigating controls
					High	Medium	Low	High	Medium	Low	
Operational	O	1	Project	Delays in project delivery and/or poor delivery from service provider, leading to adverse impact on the Group's profitability, reputation and growth.	●				●		1. High level service specifications embodied in agreement with contractor in project management contracts. 2. B2B communication with service providers/ contractors to assess the extent of delays. 3. Close supervision of the service provider to produce the required project deliverables -scope, time and quality.
Strategic	A	2	Macroeconomic	Changes in economic conditions, due to the lockdown policy implemented to counter the spread of Covid-19 in Mauritius, may adversely affect the property sector, including the Group, impacting on the Company's NAV as well as its ability to make distributions to shareholders.		●		●			1. Engaging with other property related companies and Business Mauritius to lobby with Government. 2. B2B communication with core customer segments, to anticipate the needs and actions falling within Lavastone's capacity. 3. Financial stress testing.
Operational	L	3	Business interruption	Unexpected events resulting in the disruption of normal business operations. This is due to a lack of forward planning in disaster management. Natural disasters like adverse climatic conditions and flooding in Port Louis, preventing the Company from providing services to clients and in turn preventing clients from operating.		●		●			1. Emergency procedures (including fire drills and bomb threats). 2. Business continuity and crisis management plans. 3. 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.

Governance and Framework (cont'd)

Top 10 risks (cont'd)

Category	Ref	Ranking	Risk event	Risk description & root cause	Probability			Impact			Mitigating controls
					High	Medium	Low	High	Medium	Low	
Strategic	C	4	Valuation	Property assets are inherently difficult to value as there is no liquid market or standard pricing mechanism. Moreover, valuations are subject to substantial uncertainty. The valuation of leases with regards to retail tenants may be questioned.		●			●		1. Carrying independent property valuations on a yearly basis and ensuring the Group's reported NAVs reflect the value it would receive if it had to sell all of its underlying assets immediately. 2. Open dialogue with key clients and agreeing on a win-win situation for both parties.
Financial	F	5	Credit	Given the business's tenant concentration, the Group may be subject to one or more tenants being unable to pay their contractual obligations leading to financial constraints and cash flow difficulties.		●			●		1. Conducting regular Service Level Agreement reviews with all tenants. 2. Close debtors monitoring. 3. Regularly reviewing and updating provisioning.
Operational	P	6	Pandemic	The propagation of Covid-19 may cause the Group to face human resources constraints, bearing in mind the skills and competencies of limited key management and staff. The pandemic threatens the ability of the company to sustain operations and creates financial risks, delays in and inability to implement projects.		●			●		1. Team segregation (3 groups) with specific guidelines to follow and roaster schedules. 2. Adopting a knowledge sharing process to raise awareness of key decision points and actions. 3. Delegating with adequate supervision and compensating control measures. 4. Strict adherence to cleaning and health protocols. 5. Vaccination campaign. 6. Covid-19 policy.
Compliance	D	7	Regulatory	Changing regulations threatens the Company's competitive position and its capacity to efficiently conduct business. Examples: - Money laundering (ML) risk in real estate sector assessed as medium high in the National Risk Assessment (NRA); - Increase in, and more strict data protection of, legal requirements; - Additional regulatory requirements - Fire code, non-compliance to regulatory requirements leading to fines and penalties.		●		●			1. Lobbying with authorities and keeping abreast of new policies and legislations. 2. Establishing the AML policy and procedures. 3. Providing training to all employees. 4. Registering with FIU. 5. Carrying out a money laundering risk assessment, to be reviewed every year. 6. Yearly internal audit reviews of the AML process. 7. Appointment of Data Protection Officer. 8. Regular data protection audits.
Financial	R	8	Foreign exchange	The group may be impacted by: 1. A shortage of foreign currency prevailing in Mauritius, leading to delays in the purchases of key products/materials. 2. A depreciation in the rupee, causing an increase in the costs of imports.		●			●		1. The Company has a loan in Euro which could be used in procurement. 2. A proportion of income is denominated in USD and this can be used in procurement as well. 3. Effective treasury management.

Governance and Framework (cont'd)

Top 10 risks (cont'd)

Category	Ref	Ranking	Risk event	Risk description & root cause	Probability			Impact			Mitigating controls
					High	Medium	Low	High	Medium	Low	
Operational	M	9	Health & safety	The Group is exposed to hazards (for instance Covid-19) that can lead to illness or death of a worker in a determined workplace. The nature of the business exposes the Group to accidents that can impact both people and property.		●			●		1. Adopting employee protection measures, like providing the necessary tools (laptops and WiFi dongles) to encourage employees to work from home. 2. Preventive maintenance on plant and equipment. 3. Insurance policies to cover public liability/ contractors all risks. 4. Training/drill as per plan with tenants. 5. Implementing adequate health & safety systems to safeguard company activities under a zero accidents vision. 6. Continuous training in occupational risk prevention, in line with tenants' plan. 7. Permanent insourced and outsourced monitoring of management systems.
Operational	Q	10	Information security/privacy/ cybersecurity	Covid-19 poses a cyber security challenge: the potential for cyberattacks or data breach, unauthorised use, disruption, modification or destruction of information that can violate privacy, disrupt business, damage assets and facilitate other crimes such as fraud.		●			●		1. Adopting employee protection measures. For instance, providing the necessary tools (laptops and WiFi dongle) to encourage employees to work from home. 2. Preventive maintenance on plant and equipment. 3. Insurance policies to cover public liability/ contractors all risks. 4. Training/ drill as per plan with tenants. 5. Implementation of adequate health & safety systems to safeguard company activities under a zero accidents vision. 6. Continuous training in occupational risk prevention and in line with plan with tenants. 7. Permanent insourced and outsourced monitoring of management systems.

System of internal controls

The Board recognises and is committed to its responsibility to keep under review the adequacy and effectiveness of the system of internal controls, at least on an annual basis. The purpose of such system is to protect the company, preventing and detecting frauds and enabling the achievement of its objectives. The Board, through the RMAC, reviews and challenges the following components:

- Financial statements
- Internal Audit
- External Audit
- Narrative reporting
- Internal control and risk management system

Key features of the internal control system are:

- Governance structure with clear reporting channels
- Strategy review and plan
- Comprehensive financial reporting and business planning systems
- Formal policies and procedures
- Risk assessment and management process
- Continuous monitoring and review by executive management
- Communication and awareness
- Internal Audit

Fraud, whistleblowing and Code of Ethics

The Group is engaged in preventing and promptly detecting frauds. In line with the National Code of Corporate Governance for Mauritius (2016), a whistleblowing policy has been established. Whistleblowing is a key defence against management override of internal controls and forms part of the fraud prevention and detection strategy.

The RMAC plays a critical role in evaluating the culture and stakeholders will contribute positively if they are confident it is transparent and ethical, and if there is evidence that culture is initiated from the top. A Code of Ethics has been implemented to this end.

Internal Audit

The Board is responsible for determining the need for an internal audit function. The mission of internal audit is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight. The Internal Audit function of the Group is outsourced to an independent firm, SmarTree Consulting Ltd (a.k.a. SCL or the Internal Auditor), since 2018.

The purpose of the internal audit activity is to provide independent, objective assurance and consulting services, designed to add value and improve our operations. The Internal Auditor is not responsible for the implementation of controls or the management and mitigation of risk, responsibilities which remain with the Board and management.

A formal internal audit charter is approved by the RMAC and describes Internal Audit's role, responsibilities, scope, authority and reporting structure, amongst others. The Internal Auditor reports to the RMAC. The responsibilities of the RMAC include, but are not limited to:

- Reviewing and approving the charter
- Reviewing and assessing the annual internal audit plan
- Reviewing and monitoring the effectiveness of the internal audit function
- Reviewing and monitoring management's responses to internal audit findings

Audit reports are circulated to senior management and RMAC members and the Internal Auditor attends all RMAC meetings where the internal audit findings are reported. The Internal Auditor has unrestricted access to, and communicate and interact directly with, the RMAC.

The internal audit function is governed by mandatory elements of the Institute of Internal Auditors' International Professional Practices Framework, including the Core Principles, the Code of Ethics and the International Standards for the Professional Practice of Internal Auditing.

Independence being a core value of Internal Audit, the Internal Auditor confirms the independence of the internal audit function to the RMAC on an annual basis.

Risks in focus in 2022

The risk landscape has shifted over the past year; change and uncertainty will define 2022 and the years that follow. To promptly identify and seize business opportunities and competitive advantage, the Group renews its engagement to continuously improve the risk management and internal control systems and pursue its journey to ultimate risk maturity, with the following initiatives:

- Continuously monitoring the risk profile, risk register and risk appetite
- Review the risk appetite statement and embed it in the Group's culture
- Engage management and employees in risk management activities and create accountability
- Review the risk management guidelines and create an environment for risk awareness
- Formalise operational policies and procedures
- Reinforce compliance to regulations and internal policies & procedures

Riche Terre Park,
Port-Louis

Corporate governance report

Where roads were **empty**,
we mapped **new routes**.

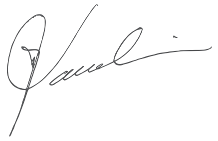
Compliance statement

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").

This corporate governance report sets out how the Code's principles have been applied by Lavastone Ltd. The Company has materially applied all the principles of the Code.

On behalf of the Board

Colin Taylor
Non-Executive Director and Chairman



Nicolas Vaudin
Executive Director and Managing Director

Governance structure

1.1 The Board

The Board of Directors (The "Board") of Lavastone Ltd is fully dedicated to applying the principles of the Code, thus ensuring the Company's commitment to upholding business sustainability and creating value for its stakeholders. The Board promotes a culture of accountability and ethics in order to ensure an efficient and ethical decision-making process.

According to the Company's constitution, the Board shall consist of a minimum of six and a maximum of twelve directors. The Company was headed by a unitary board and, throughout most of the financial year, the Board was comprised of nine members under the Chairmanship of Mr Colin Taylor. In August 2021, Mrs Doreen Lam resigned as the Group's Chief Financial Officer and as Executive Director of the Company. Following this change, the Board now comprises eight members, out of which there are four non-executive directors, including the Chairman, one executive director and three independent directors.

Although there is only one executive director on the Board, the Board is of the view that the input of the Financial Controller, who is in attendance at board meetings, provides an appropriate balance to Board deliberations.

The Board is also 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, expertise and experience to discharge their respective duties and responsibilities effectively.

With regard to gender diversity, the Board comprises one female director and shall endeavour to improve its gender balance with the appointment of additional female directors, as the need arises.

The Board assumes responsibility for leading and controlling the organisation. It is also committed to providing strategic guidance, reviewing financial plans and monitoring performance, ensuring that a robust risk management system and internal controls are in place, adhering to corporate governance practices, creating sustainable value for its stakeholders, and providing accurate information to shareholders, the public and regulators. It also ensures that the Company meets all legal and regulatory requirements.

The Board believes the Company provides for the promotion of equal opportunity and prohibits discrimination on the ground of status and 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 regularly reviews its procedures and selection criteria to ensure individuals are selected, promoted and treated, according to their individual abilities and merits.

The profiles and the full directorship list of the members of the Board are set out on pages 66 to 69. It is to be noted that all directors of the Company reside in Mauritius.

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

Business strategy & property | Commercial & investment | Accounting & finance | Risk, compliance & legal

Governance structure (cont'd)

1.2 Board charter and position statements

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

1	Board charter	The Board charter provides a concise overview of the Board's objectives, role, composition and responsibilities. It is subject to the provisions of the Companies Act 2001, the Company's constitution and any applicable law or regulatory provisions. As part of the induction process, all new directors received a copy of the Board charter upon their appointment.
2	Statement of accountabilities and organisational chart	Lavastone operates within a clearly defined governance structure and such framework provides for clear lines of responsibility and delegation of authority while enabling the Board to retain effective control.
3	Position statement of the Chairman	The function and role of the Chairman and those of the Managing Director ("MD") are separate.
4	Position statement of the Managing Director	
5	Position statement of the Company Secretary	The key senior governance positions of Lavastone have been identified and position statements have been drafted accordingly and approved by the Board. Such position statements provide clear definitions of the roles and responsibilities of the Chairman, the MD, the Company Secretary, the executive and non-executive directors, as well as the Chairman of the Board's Committees.
6	Position statement of the Chairperson of the Corporate Governance Committee	
7	Position statement of the Chairman of the Risk Management and Audit Committee	
8	Position statement of the Chairman of the Board Investment Committee	

1.3 Code of Ethics

In its commitment to conduct business matters in a sustainable and ethical manner, the Board of Lavastone has adopted a Code of Ethics on 8 August 2019. It highlights areas such as personal conduct, conflicts of interest, personal dealings in securities and related investments, and employment practices which the Company believes are essential in maintaining fair business practices. All employees and directors have received a copy of the Company's Code of Ethics, and new employees and directors are provided with a copy upon their induction. The Code of Ethics is signed by each employee to reflect their commitment towards the standards sets by the Company.

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.

1.4 Whistleblowing policy

To promote a culture of integrity, the Group has adopted a Whistleblowing policy, which provides a channel of effective communication of concerns. Employees are encouraged to report any malpractice of which they become aware. The policy outlines the reporting mechanism and the defined process on how the reported concerns will be handled and investigated.

1.5 Constitution

The constitution of Lavastone complies with the provisions of the Companies Act 2001 and the Listing Rules of the Stock Exchange of Mauritius ("SEM").

1.6 Board committees

The Board of Lavastone is assisted in its functions by three main sub-committees: (i) Risk Management and Audit Committee ("RMAC"), (ii) Corporate Governance Committee ("CGC") and (iii) Board Investment Committee ("BIC"). These three committees play a key role in supporting the Board and providing focus on particular matters, according to their terms of reference. Where appropriate, the committees make recommendations on items requiring the approval of the Board.

The minutes of proceedings of each committee are submitted to the Board for noting. The Board's Company Secretary acts as secretary to these committees. For the year under review, the Board is satisfied that all committees have effectively honoured their responsibilities and have assisted the Board in dealing with existing and new challenges.

1.6.1 Corporate Governance Committee (CGC)

As per its Terms of Reference, the CGC shall be composed, as far as possible, of a majority of non-executive directors, at least two of which shall be independent non-executive directors. The CGC oversees all governance issues relating to the Company's business activities. It also assists the Board with regards to the remuneration aspect and the nomination of directors.

The directors who served on the CGC for the financial year under review are:

Member	Appointment Date	Board Status
Vijaya Lakshmi Saha	28 December 2018	Independent non-executive director (Chairperson)
Jose Arunasalom	28 December 2018	Independent non-executive director
Sebastian Taylor	28 December 2018	Non-executive director
Nicolas Vaudin	15 February 2017	Executive director

During the year under review, the CGC met 2 times.

Focus areas of the CGC during the year

- Make recommendations to the Board for approval of the Corporate Governance Report and Statement of Compliance.
- Consider the findings following the conduct of the Board evaluation exercise and start of the implementation of some of these recommendations.

Governance structure (cont'd)

1.6.2 Risk Management and Audit Committee ("RMAC")

As per its charter, the RMAC shall comprise not less than 3 non-executive directors appointed by the Board, and the majority of the members should be independent. The RMAC oversees the risk and audit-related issues, and reviews and monitors the financial statements of the Company and its subsidiaries. It also monitors the implementation of internal audit recommendations, as well as the integrity of the annual report and financial statements. Furthermore, the RMAC makes recommendations to the Board with regards to the appointment or removal of the external auditor. It also reports to the Board on significant financial reporting issues and judgements relating to financial statements.

The directors who served on the RMAC for the financial year under review are:

Member	Appointment Date	Board Status
Shyam Mohadeb	28 December 2018	Independent non-executive director (Chairman)
Jose Arunasalom	28 December 2018	Independent non-executive director
Gaetan Ah Kang	28 December 2018	Non-executive director

During the year under review, the RMAC met 6 times.

Focus areas of the RMAC during the year

- Review and make recommendations to the Board for approval of the abridged financial statements for the first, second and third quarters.
- Receive the management letter of Lavastone Ltd for the year ended 30 September 2021.
- Review and make recommendations to the Board for approval of the risk report in view of the annual report.
- Review of the internal audit and external audit reports.
- Review of the risk management reports.
- Review of the proposed audit plan in relation to the statutory audit of the Company and its subsidiaries.

1.6.3 Board Investment Committee ("BIC")

As per its Terms of Reference, the BIC shall be composed of 4 non-executive directors and 2 executive directors, appointed by the Board. The BIC assists the Board of Lavastone in reviewing any investment decision as well as any related transaction documents, with regard to any project within the territory of the Republic of Mauritius and outside the scope of its territorial limit, and recommends worthwhile investment projects to the Board.

The terms of reference and charter of these committees are reviewed as and when necessary. Any proposed amendments are submitted to the Board for approval. For the year under review, no changes were made to the Terms of reference of the Corporate Governance Committee, to the Charter of the Risk Management and Audit Committee and to the Terms of Reference of the Board Investment Committee.

The Terms of Reference of the Corporate Governance Committee, the Risk Management and Audit Committee Charter and the Terms of Reference of the Board Investment Committee, are available for consultation on the Company's website: https://www.lavastone.mu.

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

1.6.4 Attendance and remuneration paid

Directors' attendance at Board and committee meetings, as well as their remuneration during the financial year ended 30 September 2021, are as follows:

	Attendance			Interests		Remuneration
	Board meetings	CGC	RMAC	Direct	Indirect	MUR
Colin Taylor	4/5	N/A	N/A	0.1445	10.0116	327,000
Nicolas Vaudin,	5/5	2/2	N/A	0.0955	0.009	-
Gaetan Ah Kang	5/5	N/A	6/6	0.0543	-	340,000
Jose Arunasalom	5/5	2/2	6/6	0.0015	-	367,500
Doreen Lam[1]	4/4	N/A	N/A	0.0007	-	-
Vedanand Singh Mohadeb	4/5	N/A	4/6	NIL	-	305,000
Vijaya Lakshmi Saha	5/5	2/2	N/A	NIL	-	295,000
Matthew Taylor	5/5	N/A	N/A	0.0059	0.0024	255,000
Sebastian Taylor	5/5	2/2	N/A	NIL	0.0024	290,000

[1] Doreen Lam was appointed as Executive Director on 12 December 2019 and resigned on 9 August 2021.

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

1.7 Other Board matters

1.7.1 Appointment

Lavastone has implemented a formal and transparent process for the nomination and appointment of directors. When appointing directors, the Board considers its needs in terms of size, experience, skills and diversity. The total number of directors shall not at any time exceed twelve directors, to be in line with the number fixed in accordance with the constitution. It is to be noted that any director over the age of 70 is appointed at the Annual Meeting of Shareholders ("AMS"), in accordance with section 138(6) of the Companies Act 2001.

The nomination and appointment process for directors is available for consultation on the Company's website: https://www.lavastone.mu.

All directors will stand for re-election by way of separate resolutions at the Annual Meeting of Shareholders of the Company, scheduled in February 2022.

The names of the directors of the Company, their profiles and categories, are listed on pages 66 to 69.

1.7.2 Induction and orientation

The Board, with the assistance of the Company Secretary, is responsible for the induction and orientation of new directors to the Board. Upon his or her appointment, each new director is provided with a comprehensive induction pack containing documents relating to directors' legal duties. Such induction pack allows newly appointed directors to have an in-depth understanding of the Company's activities, challenges, governance framework, business model and strategy. There has been no appointment during the financial year under review.

Governance structure (cont'd)

1.7.3 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 business from management and/or other industry experts. Training will be provided to directors based on the Company's needs and/or training needs.

1.7.4 Board access to information and advice

All directors can meet with the Company Secretary to discuss issues or 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 hold the right to request independent professional advice at the Company's expense.

1.7.5 Directors' duties, remuneration and performance

The directors are aware of their legal duties and may seek independent professional or legal advice, at the Company's expense, in respect of any aspect of their duties and responsibilities. The Code of Ethics and the Board charter of Lavastone are documents which provide guidance to the directors in fulfilling their roles.

All directors have a duty to act in the best interests of the Company and are expected to ensure that their other responsibilities do not encroach on their responsibilities as directors of Lavastone.

1.7.6 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.

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.

The Board is also responsible for instituting and applying appropriate policies on related party transactions. In this respect, it has adopted a Related Party Policy, which sets out the basic framework of risk management and ensures compliance with the law.

For the year under review, the following directors dealt in the shares of the Company:

Name of Director	Number of shares acquired (indirect)	Number of ordinary shares in issue (direct)
Colin Taylor	-	700,000
Gaetan Ah Kang	-	100,000
Nicolas Vaudin	-	1,300,000

1.7.7 Information, information technology and information security policy

The Company has reinforced the safety and security measures in place to protect the data it collects, stores and processes, in order to comply with the Data Protection Act 2017. A Data Controller has thus been appointed, and Lavastone and its subsidiaries are registered with the Data Protection Office (DPO).

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

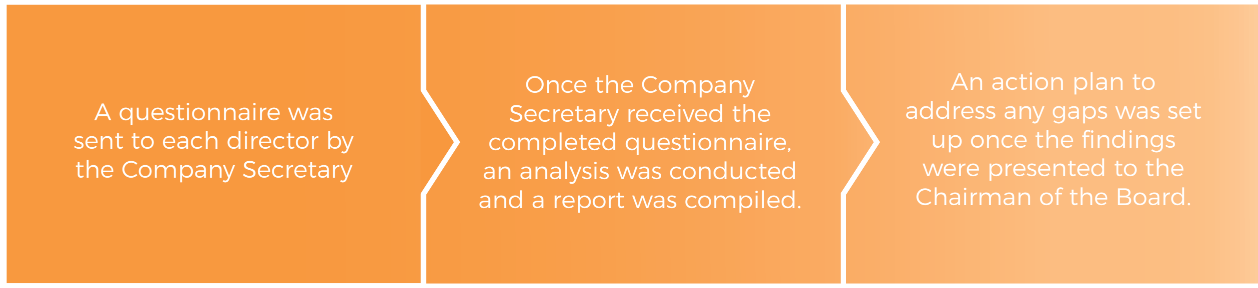
Mitigation actions were taken by management following the advent of the Covid-19 outbreak, to minimise information security risks. Management also ensured all employees were provided with the appropriate tools to ensure a smooth transition to teleworking, thus guaranteeing business continuity.

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

1.7.8 Board performance review

Lavastone has carried out a review of the performance of the Board and its committees for the year under review. A questionnaire has been circulated to all directors to obtain their views on the effectiveness of the Board, to assess their contribution to the Board's performance and to identify areas of improvement. Once the results have been analysed by the Corporate Governance Committee, they have been reported at Board level and used to improve the Board's effectiveness.

The board evaluation process was undertaken in three stages:



The board evaluation review concluded that no material concern had been identified and that all board members were fully committed to furthering the Company's objectives.

1.7.9 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 is reviewed and recommended for approval to the 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 executive and non-executive directors and/or committee members is set out in the table on page 53.

Governance structure (cont'd)

1.8 Shareholders and other key stakeholders

1.8.1 Holding structure

The Company's majority shareholders, namely Cim Holdings Ltd, proceeded to a restructuring exercise by the unbundling of the ordinary shares it holds in Lavastone Ltd and the distribution of the aforementioned shares to its two shareholders: Scott Investments Ltd ("SIL") and Kingston Asset Management Ltd ("KAM").

Following the above, effective 1 December 2020, SIL and KAM each had a 26.5% stake in Lavastone.

On 6 September 2021, KAM acquired an additional 203,120,004 shares in Lavastone from SIL, thereby increasing its shareholding in Lavastone to 59.81%. Such acquisition led KAM to make a mandatory offer to the shareholders of Lavastone, on 6 September 2021 following which KAM's shareholding increased to 60.82%. Hence, the Company's structure as at 30 November 2021 is as follows:

To the best of directors' knowledge, the share ownership analysis per holding percentage and categories of shareholders as at 30 September 2021, is as follows:

Spread	Number of shareholders	Number of shares held	% holding
1 - 50,000	3,059	22,344,826	3.2835
50,001 - 100,000	150	10,734,488	1.5774
100,001 - 250,000	130	20,614,650	3.0292
250,001 - 500,000	58	21,303,375	3.1304
500,001 - 1,000,000	64	17,115,442	2.5150
Over 1,000,000	38	588,410,529	86.4644
Total	3,461*	680,523,310	100

Category	Number of shareholders	Number of shares held	% holding
Individuals	3,122	86,498,824	12.7106
Insurance and assurance	29	67,474,079	9.9150
Investment and trust	40	420,703,777	61.8206
Pension and provident	56	75,206,617	11.0513
Other corporate bodies	214	30,640,013	4.5024
Total	3,461*	680,523,310	100

*The above number of shareholders is indicative, due to consolidation of multi portfolios for reporting purposes. The total number of active shareholders as at 30 September 2021 was 3,498.

Relations with shareholders and other stakeholders

Contract between the Company and its substantial shareholders

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

Communication with shareholders and stakeholders

Communication with shareholders and stakeholders has been mainly through the annual report, the published unaudited results, the AMS, 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 from the Company. Regular channels of communication are also maintained with the Government/regulators.

In addition, shareholders are invited annually to the AMS, to approve the financial statements and vote on the (re)appointment of directors and external auditors. The Company's next AMS is scheduled in February 2022. Shareholders will receive the notice of the AMS at least 21 days prior to the meeting, in accordance with the law. It is to be noted that the AMS was to be held on 15 March 2021 but had to be cancelled due to the lockdown imposed by Government as a result of the Covid-19 pandemic. The AMS was rescheduled and held on 9 August 2021.

The annual report, which also includes the notice of annual meeting, is published in full on the Company's website: https://www.lavastone.mu.

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 them, are detailed on pages 32 to 45.

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, internal auditors report to the Risk Management & 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. AML compliance gap assessment

ii. Utility bill management

iii. Policies and procedures review

The General Manager of SmarTree Consulting Ltd is Ms Aurelie Sevene, who is ACCA qualified.

The qualifications of Ms Aurelie Sevene and other key members of SmarTree Consulting Ltd are listed on its website.

External audit

The external auditors of the Company are BDO & Co Ltd (BDO), first appointed as external auditors at the AMS held on 10 July 2020.

The RMAC discusses critical policies and external audit issues with BDO as and when necessary, and meets them at least once a year.

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

For the year under review, the fees paid to external auditors for non-audit work are set out on page 60. To guarantee objectivity and independence, the Board ensures the team providing non-audit services is different from the one providing audit services.

Risk management

Several factors may affect Lavastone's operations, financial performance and growth prospects. 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 Company's performance may be materially and adversely affected by changes in the market and/or economic conditions, and by changes in laws and regulations (including any tax laws and regulations) relating to, or affecting, the Company 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, to identify, assess, monitor and manage potential setbacks related to the Company's activities.

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

The Company's internal control and risk management framework, and the key risks and steps taken to manage them, are detailed on pages 32 to 45.

Reporting with integrity

This report has been prepared in line with the principles set out by the International Framework established by the International Integrated Reporting Council (IIRC). It provides key information which provide for the assessment of the strategy, business model, operating context, material risks and opportunities, governance and operational performance of Lavastone for the period 1 October 2020 to 30 September 2021.

Profiles of key senior officers and executives

The Group currently has a lean organisational structure, with 12 full-time employees working at Lavastone Ltd and taking care of business development and the day-to-day management of the Group's activities, together with project appraisals. Altogether, Lavastone Ltd and its subsidiaries employ a total of 40 employees.

The profiles of the key senior officers and executives are listed on pages 70 to 71.

Other matters

Related party transactions
Please refer to pages 125 and 126 of the annual report.

Management agreements
The Company has management contracts with Cim Administrators Ltd for the provision of company secretarial services, with Cameron Ltd for payroll and HR management services, and with Raw IT Services Ltd for the management of the Group's IT infrastructure.

Dividend policy
An interim dividend is usually declared in May and paid in June, and a final dividend is declared in December and paid in January. The payment of dividends is subject to the net profits of the Company, its cash flow and its needs, with regard to the capital expenditure.

Donations
The Company 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. The total contribution of Lavastone towards CSR activities for this financial year end amounted to Rs. 757,622.

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

17 December 2021

Other statutory disclosures

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

Activity of the Company

The activities of Lavastone are disclosed on pages 08 & 09.

Group structure with activities of subsidiaries

The Group structure of Lavastone has been disclosed on pages 72 to 73.

Directors' remuneration

The remuneration of directors who have held office as at 30 September 2021 has been disclosed on page 53.

Directors' interest in shares

The interests of the directors in the shares of Lavastone as at 30 September 2021 are listed on page 54.

Audit fees as at 30 September 2021

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

	Group		Company	
	30-09-2021	**30-09-2020**	**30-09-2021**	**30-09-2020**
Payable to BDO & Co. for:				
Audit services	898,000	845,000	330,000	300,000
Non-audit services	139,600	98,000	16,800	14,000
Total	1,037,600	943,000	346,800	314,000

Donations

During the year under review, no political donations were made by Lavastone Ltd. Moreover, as at 30 September 2021, Lavastone has contributed Rs. 757,622 to CSR activities.

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 2021, all such returns as are required of the Company under the Companies Act 2001.

Tioumitra Maharahaje

For Cim Administrators Ltd
Company Secretary

17 December 2021

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 its 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 they have exercised their responsibilities as described above, and confirm they have complied with the above requirements in preparing the financial statements for the year ended 30 September 2021. They also acknowledge the responsibility of external auditors to report on these financial statements and to express an opinion as to whether they are fairly presented.

The directors confirm they have established an internal audit function and report that proper accounting records have been maintained during the year ended 30 September 2021. They also declare 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
Non-Executive Director and Chairman

Nicolas Vaudin
Executive Director and Managing Director

17 December 2021

Leadership

As fear spread on **every corner**, we **developed** ideas & solutions.

Facade Edith Cavell Street,
246 Edith Cavell Court,
Port-Louis

Directors' profiles

1. Colin Taylor
2. Nicolas Vaudin
3. Matthew Taylor
4. Sebastian Taylor
5. Gaetan Ah Kang
6. Vedanand Singh (Shyam) Mohadeb
7. Vijaya Lakshmi Anna (Ruby) Saha
8. Jose Arunasalom

Directors' profiles

1. **Colin Taylor**
Non-Executive Director and Chairman

Colin 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, a diversified group of companies involved in marine services, logistics & distribution, cement importation and distribution, manufacturing and property. Colin is the Honorary Consul of Sweden in Mauritius.

Directorship in other listed companies: Cim Financial Services Ltd

2. **Nicolas Vaudin**
Executive Director and Managing Director

Nicolas Vaudin holds a Bachelor of Applied Science in Hospitality Administration from Southern New Hampshire University, Manchester, USA, and an MBA from Surrey European Management School, University of Surrey, Guildford, UK.

He joined the Cim Group as Managing Director of the Cim Property cluster in February 2017. Following the rebranding and restructuring of the cluster, Lavastone Ltd became listed on the DEM in December 2018 and Nicolas was appointed its Managing Director.

Prior to joining the Cim Group, Nicolas spent over 6 years at Ciel Properties Ltd, where he spearheaded the development of Anahita, and another 6 years at PricewaterhouseCoopers Ltd, where he led the real estate advisory practice.

Directorship in other listed companies: None

3. **Matthew Taylor**
Non-Executive Director

Matthew 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 Company Ltd from 2007 to 2013 and is currently its CEO.

Directorship in other listed companies: Cim Financial Services Ltd

4. **Sebastian Taylor**
Non-Executive Director

Sebastian holds a Bachelor's Degree in Economics and Politics from the University of Western Australia, and a Master's in Business from Bond University, Australia. Sebastian gained international experience in the UK, working for Quilter Cheviot Investment Management, before joining Scott Investments Ltd as Investment Manager in 2017. Sebastian is also a Director on the Board of Scott and Company Limited, Scott Health Ltd, The BrandHouse Ltd and Cim Forex.

Directorship in other listed companies: None

5. **Gaetan Ah Kang**
Non-Executive Director

Gaetan 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 returning to Mauritius in 1992 to join De Chazal Du Mée in an audit role. Gaetan subsequently moved to the Risk and Audit team of the Rogers Group in 1994, before he became the Finance Manager of the Rogers Group Engineering cluster in 1999. Since 2004, Gaetan is the Group Finance Director and a member of the Audit and Risk Committee of the Taylor Smith Group.

Directorship in other listed companies: None

6. **Vedanand Singh (Shyam) Mohadeb**
Independent Director

Shyam Mohadeb, Chartered Accountant and former Senior Assurance Partner at PwC (Mauritius), is a Financial Consultant specialising in financial and realty sectors.

Directorship in other listed companies: None

7. **Vijaya Lakshmi Anna (Ruby) Saha**
Independent Director

Vijaya 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) in Geography and an MSC in Town Planning from the University of Wales.

Ruby is a qualified Barrister at law in private legal practice, with 14 years' standing at the bar. She has worked as consultant to the Decentralised Cooperation Programme of the European Union and to United Nations Development Programme Mauritius. She has performed the function of Chief Technical Officer at the Ministry of Housing and Land Use Planning of Mauritius. Vijaya was also a previous Lead Author on the Review of Impacts of Climate Change on the Intergovernmental Panel on Climate Change (IPCC), based in Geneva, and has participated in numerous talks on climate change.

Directorship in other listed companies: None

8. **Jose Arunasalom**
Independent Director

Jose is a Fellow of the Mauritius Institute of Directors. He 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 of Tourism. Jose is a Director on the Board of two Equity Funds, has advised governments in Madagascar and Africa, and been a Member of the National Assembly for 5 consecutive terms.

Directorship in other listed companies: None

Profiles of key senior officers and executives

Key senior officers

1. **Nicolas Vaudin**
   Executive Director and Managing Director

   Please refer to page 68.

2. **Alex Lan Pak Kee**
   Financial Controller

   Alex is a member of the Institute of Chartered Accountants of England & Wales (ICAEW). He holds a BA (Hons) in Accounting and Finance from the University of Manchester.

   Alex joined Lavastone Properties as Finance Manager in March 2020. Prior to joining the Group, Alex worked as an Accountant within Medine Limited's property cluster, from May 2017 to March 2020. From August 2013 to April 2017, Alex was a Senior Associate within the assurance department of PwC Mauritius, where he was in charge of external audit assignments in sectors ranging from property and hospitality to textile, life insurance and petroleum.

Executives

3. **Francois Audibert**
   General Manager, Lochiel Property Services Ltd

   Francois graduated with a Civil Engineering Degree from Université Paul Sabatier, France, in 2010. He then pursued his studies for a further 2 years, to obtain a Master's in Engineering Management from Curtin University, Australia.

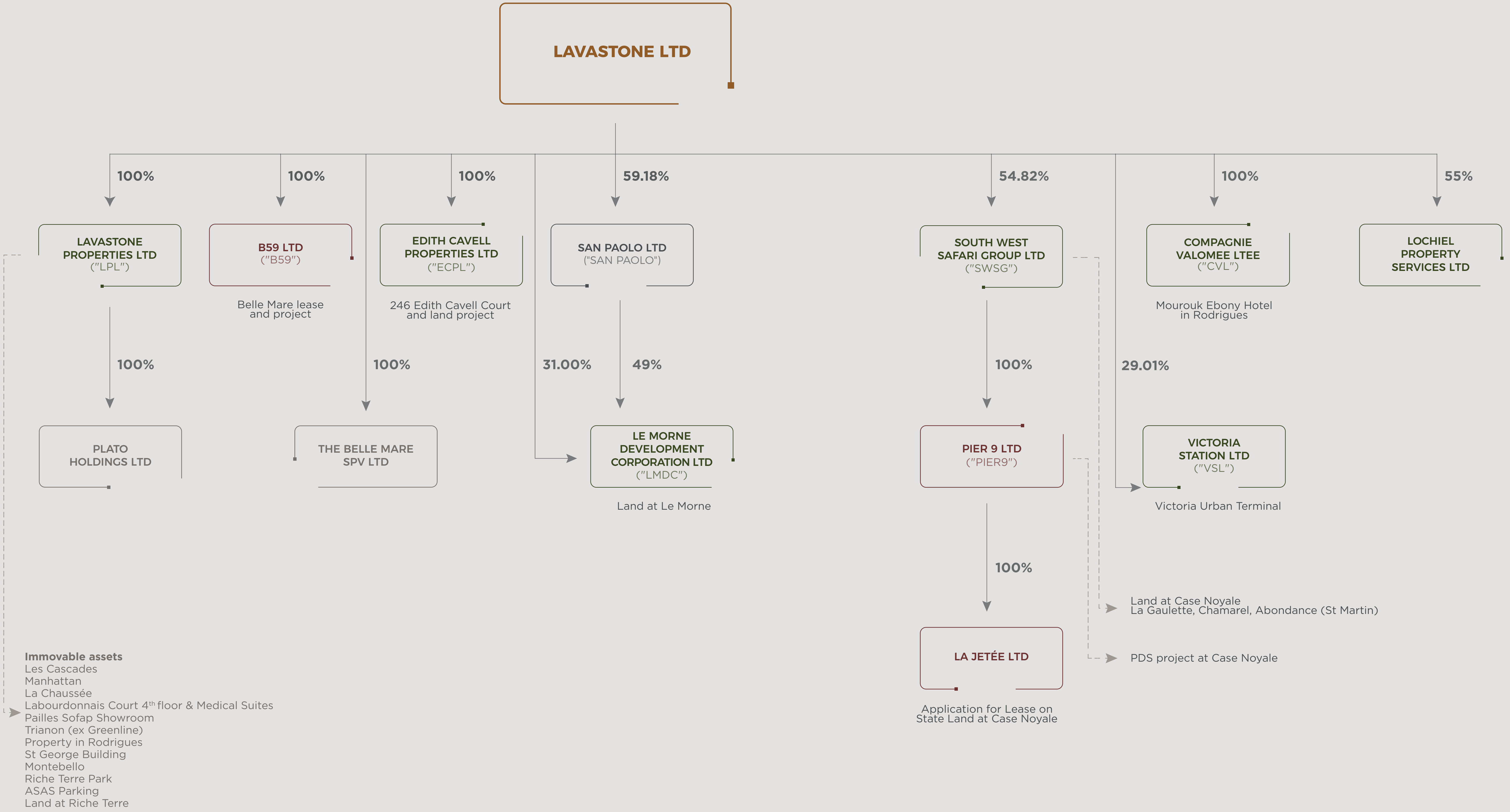
   Francois started working for the Taylor Smith Group in 2013, where he gained experience in property and facilities management. He was promoted General Manager of Lochiel in 2017, responsible for the property and facilities management of Lavastone Properties.

4. **Amaury Tennant**
   Field & Property Manager

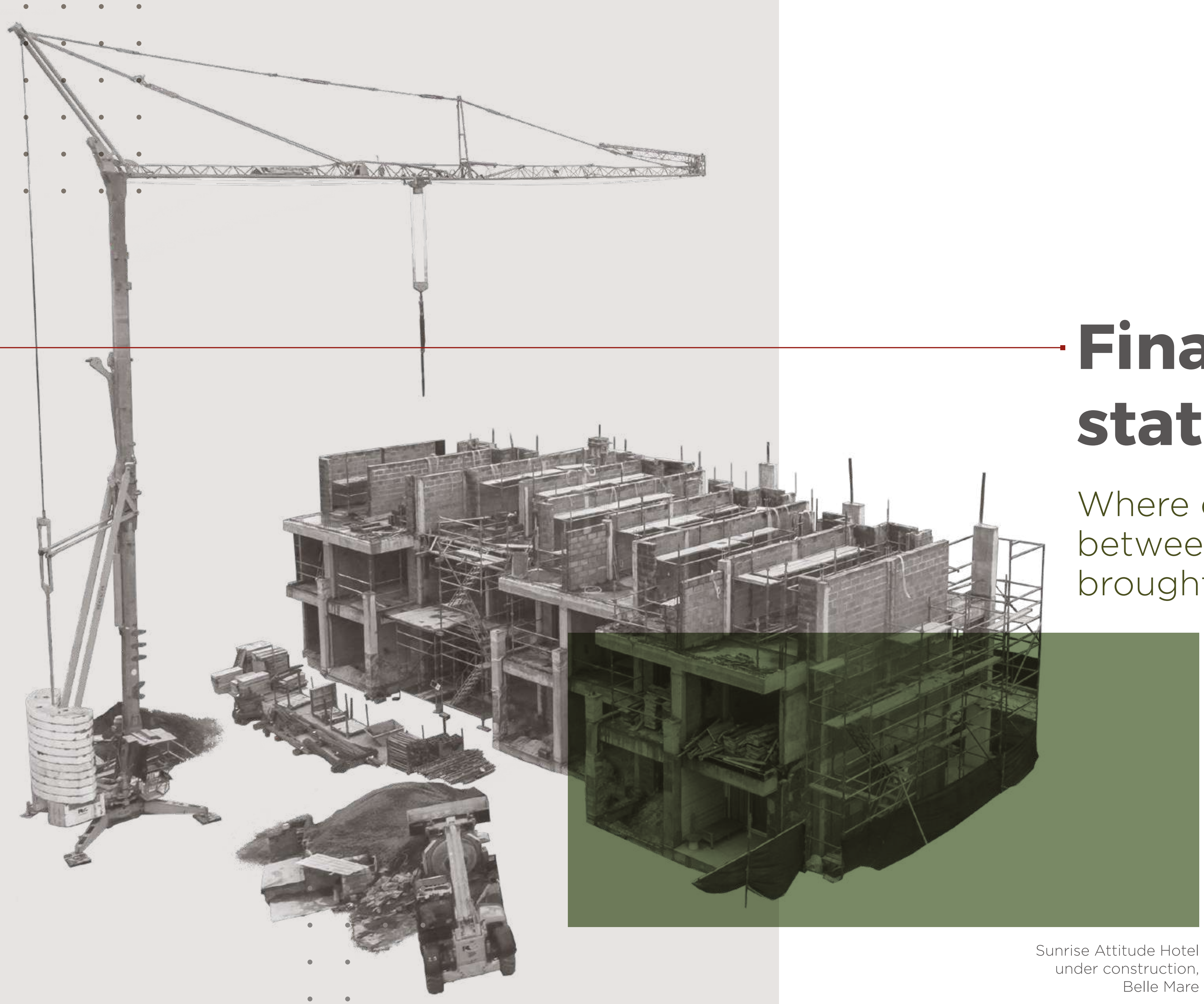
   After graduating with a Diploma in Tourism and Hospitality Management in 2009, Amaury gained experience as Assistant F&B Manager, working for several hotels, including La Pirogue and Preskil Island Resort. Amaury spent 2 years in Dubai providing yacht management services, before joining Lochiel Property Services Ltd in 2014.

   Amaury joined Lavastone Properties as Field & Property Manager in 2017, responsible for the land development and maintenance of the Group's land assets in the South and West of Mauritius.

Group structure



- Parent company
- Holding company
- Holds yielding and non-yielding assets
- Pipeline project for development
- Inactive company



Financial statements

Where distance **increased** between people, our determination brought us **closer**.

Sunrise Attitude Hotel
under construction,
Belle Mare

Independent Auditors' Report

To the Shareholders of Lavastone Ltd

Report on the audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Lavastone Ltd (the Group), and the Company's separate financial statements on pages 80 to 129 which comprise the statements of financial position as at 30 September 2021, 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 a summary of significant accounting policies.

In our opinion, the financial statements on pages 80 to 129 give a true and fair view of the financial position of the Group and of the Company as at 30 September 2021, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

Basis for Opinion

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

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.

Key audit matter for the Group

Key audit matter	Audit response
Fair value of investment properties The Group's investment properties of Rs.2.90Bn, representing 76% of its total assets, have been carried at fair value, with changes in fair value being recognised in profit or loss. When determining the valuation of investment properties, estimates have been developed by the independent valuation specialists based on the most appropriate source data and are subject to significant judgement. **Related disclosures** Refer to note 15 of the accompanying financial statements.	We reviewed the data used by the valuer in their valuation by: • We compared the current period (2021) actual results with the figures included in the prior year (2020) forecast to consider whether any forecasts included assumptions that, with hindsight, had been optimistic. • We also challenged the assumptions used by the independent valuation specialists. • Where recent transaction price have been used for valuing remaining plot of bare land, we have recomputed the value based on latest sales price

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Key audit matter for the company

Key audit matter	Audit response
Assessment of Impairment – Investment of Subsidiaries The Company's investment in subsidiaries amounted to Rs.1.23Bn net of impairment, representing 57% of total assets of the Company. We focused on this area due to the size of the investment balance and because the Company's assessment of the 'value in use' of the subsidiaries involves judgements about the future results of the business and the discount rates applied to future cash flow forecasts. **Related disclosures** Refer to note 21 of the accompanying financial statements. **Recoverability of receivables from related parties** As at September 30, 2021, the Company has group receivables amounting to Rs.555m, representing 26% of the total assets of the Company. The company exercises significant judgement using subjective assumptions over both when and how much to record as impairment and estimation of the amount of impairment loss relating to group receivables. Because group receivables form a major portion of the Company's assets and due to the significance of the judgements used in determining the related impairment loss requirements, this audit area is considered a key audit matter. **Related disclosures** Refer to note 24 of the accompanying financial statements.	Our audit procedures include the following: • Comparing some subsidiaries' book values with their net asset values. • Comparing some subsidiaries' book values with the enterprise value derived from valuation of these subsidiaries using the Discounted Cash Flow technique. • Reviewing and evaluating the data used in the subsidiaries' cashflow forecasts and the process by which they were developed, including considering the mathematical accuracy of the underlying calculations. • Challenging management with: ✓ the key assumptions for growth rates in the forecasts by comparing them to historical results; ✓ the discount rate used in the model and comparing it to market data and industry research. • We ensured that the current impairment methodology for the Group is consistent with the requirements of IFRS 9; • We checked appropriateness of the Company's determination of credit risk and expected credit loss; • We also examined management's estimate of future cash flows and assessed their reasonableness.

Other information

The Directors are responsible for the other information. The other information comprises the information in the Annual Report (but does not include the Corporate Governance Report, the financial statements and our auditor's report thereon).

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

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

Corporate governance report

Our responsibility under the Financial Reporting Act is to report on 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 Company has, pursuant to section 75 of the Financial Reporting Act, complied with the requirements of the Code.

Independent Auditors' Report

To the Shareholders of Lavastone Ltd

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

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

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

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

Auditors' 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 skepticism 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 and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by directors.
- Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and 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 to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Independent Auditors' Report

To the Shareholders of Lavastone Ltd

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

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

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

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

Report on Other Legal and Regulatory Requirements

Companies Act 2001

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

We have obtained all information and explanations we have required.

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

Other matter

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

BDO & CO
Chartered Accountants

Rookaya Ghanty, FCCA
Licensed by FRC

Port Louis,
Mauritius

17 Dec 2021

Statement of Financial Position

AS AT 30 SEPTEMBER 2021

ASSETS	Notes	GROUP 2021	GROUP Restated 2020	COMPANY 2021	COMPANY 2020
Non-current assets		**Rs 000**	Rs 000	**Rs 000**	Rs 000
Investment properties	15	**2,899,451**	2,827,753	**177,835**	175,215
Investment properties under development	16	**551,301**	336,221	**-**	-
Net investment in lease	17	**6,775**	7,409	**-**	
Plant, property and equipment	18	**17,099**	2,468	**-**	-
Intangible assets	19	**581**	72	**-**	-
Investment in subsidiaries	21	**-**	-	**1,229,233**	1,128,613
Investment in associate	20	**146,908**	148,364	**150,000**	150,000
Loan receivable	24	**24,436**	-	**24,436**	-
		3,646,551	3,322,287	**1,581,504**	1,453,828
Current assets					
Consumable biological assets	22	**3,675**	3,376	**-**	-
Asset held for sale	35	**2,445**	11,745	**-**	-
Inventory properties	23	**64,787**	55,857	**-**	-
Net investment in lease	17	**634**	384	**-**	-
Trade and other receivables	24	**46,805**	47,001	**560,360**	642,087
Cash in hand and at bank	25	**63,209**	28,881	**17,779**	-
		181,555	147,244	**578,139**	642,087
Total assets		**3,828,106**	3,469,531	**2,159,643**	2,095,915
EQUITY AND LIABILITIES					
Share capital and reserves					
Share capital	26	**1,721,081**	1,721,081	**1,721,081**	1,721,081
Capital and other reserves	26	**131,053**	131,053	**(13,974)**	-
Retained earnings		**698,873**	567,024	**67,770**	24,225
Equity attributable to equity holders of the parent		**2,551,007**	2,419,158	**1,774,877**	1,745,306
Non controlling interests		**325,787**	324,924	**-**	-
Total equity		**2,876,794**	2,744,082	**1,774,877**	1,745,306
Non-current liabilities					
Lease liabilities	31	**66,850**	67,819	**2,140**	2,690
Deferred tax liability	12	**62,261**	39,178	**-**	-
Retirement benefit obligations	28	**1,913**	1,550	**-**	-
Borrowings	27	**604,366**	91,417	**378,117**	-
		735,390	199,964	**380,257**	2,690
Current liabilities					
Trade and other payables	29	**112,791**	137,911	**2,937**	2,321
Lease liabilities	31	**2,473**	1,235	**337**	19
Contract liabilities	29	**37,176**	37,176	**-**	-
Income tax payable	12	**2,559**	4,068	**726**	484
Borrowings	27	**60,923**	345,095	**509**	345,095
		215,922	525,485	**4,509**	347,919
Total equity and liabilities		**3,828,106**	3,469,531	**2,159,643**	2,095,915

These financial statements have been approved for issue by the Board of Directors on 17 December 2021 and signed on its behalf by:

Colin Taylor
Director

Nicolas Vaudin
Director

The notes on pages 84 to 129 form an integral part of these financial statements.
Auditor's report on pages 76 to 79.

Statement of Profit or Loss and other Comprehensive Income

FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Notes	GROUP 2021	GROUP Restated 2020	COMPANY 2021	COMPANY 2020
		Rs 000	Rs 000	**Rs 000**	Rs 000
Revenue					
Rental income		**175,260**	161,059	**2,119**	1,036
Recoveries		**28,116**	29,026	**-**	-
Other operating income		**12,630**	6,497	**3**	-
Total revenue	7(a)	**216,006**	196,582	**2,122**	1,036
Direct operating expenses	8	**(43,592)**	(46,237)	**(54)**	(66)
Net operational income		**172,414**	150,345	**2,068**	970
Investment and other income	7(b)	**-**	-	**71,200**	13,613
Administrative expenses	9	**(59,960)**	(49,522)	**(7,281)**	(8,150)
Impairment losses	24(b)	**(4,516)**	(3,161)	**-**	-
Operating profit		**107,938**	97,662	**65,987**	6,433
(Loss)/Profit on disposal of investment properties		**(4,319)**	3,371	**-**	-
Other gains and losses	11	**123,902**	(190,567)	**1,622**	(21,046)
Share of results in associates	20	**(2,834)**	(4,626)	**-**	-
Profit/(loss) before interest income and finance costs		**224,687**	(94,160)	**67,609**	(14,613)
Interest income	10 (b)	**962**	5,748	**15,256**	21,498
Finance costs	10 (a)	**(27,971)**	(17,715)	**(11,041)**	(10,018)
Profit/(loss) before tax		**197,678**	(106,127)	**71,824**	(3,133)
Income tax (expense)/credit	12	**(35,455)**	2,385	**(723)**	(419)
Profit/(loss) for the year		**162,223**	(103,742)	**71,101**	(3,552)
Other comprehensive income					
Items that will not be reclassified to profit or loss:					
Remeasurement of post employment benefit obligations, net of tax		**(490)**	(275)	**-**	-
Total comprehensive income		**161,733**	(104,017)	**71,101**	(3,552)
Attributable to:					
Equity holders of the parent		**159,070**	(96,242)		
Non-controlling interests		**2,663**	(7,775)		
Basic/diluted earnings/(loss) per share (Rs)	13	**0.23**	(0.14)		

The notes on pages 84 to 129 form an integral part of these financial statements.
Auditor's report on pages 76 to 79.

Statement of Changes in Equity

FOR THE YEAR ENDED 30 SEPTEMBER 2021

GROUP	Notes	Share capital	Retained earnings	Capital and other reserves	Total	Non controlling interests	Total equity
		Rs 000	**Rs 000**	**Rs 000**	**Rs 000**	**Rs 000**	**Rs 000**
As previously stated		**1,721,081**	**567,326**	**131,053**	**2,419,460**	**324,924**	**2,744,384**
Prior year adjustment	40	-	(302)	-	(302)	-	(302)
At 1 October 2020, as restated		**1,721,081**	**567,024**	**131,053**	**2,419,158**	**324,924**	**2,744,082**
Profit for the year		-	159,354	-	159,354	2,869	162,223
Other comprehensive income for the year		-	(284)	-	(284)	(206)	(490)
Total comprehensive income for the year		-	159,070	-	159,070	2,663	161,733
Dividend	13(b)	-	(27,221)	-	(27,221)	(1,800)	(29,021)
At 30 September 2021		**1,721,081**	**698,873**	**131,053**	**2,551,007**	**325,787**	**2,876,794**
At 1 October 2019		1,721,081	664,997	131,053	2,517,131	337,071	2,854,202
Impact of IFRS 16		-	9,534	-	9,534	4,110	13,644
Loss for the year (restated)		-	(96,136)	-	(96,136)	(7,606)	(103,742)
Other comprehensive income for the year	40	-	(106)	-	(106)	(169)	(275)
Total comprehensive income		-	(96,242)	-	(96,242)	(7,775)	(104,017)
Changes in ownership interest in subsidiaries that do not result in a loss of control		-	2,345	-	2,345	(8,482)	(6,137)
Dividend	13(b)	-	(13,610)	-	(13,610)	-	(13,610)
At 30 September 2020, as restated		**1,721,081**	**567,024**	**131,053**	**2,419,158**	**324,924**	**2,744,082**

COMPANY	Notes	Share capital	Retained earnings	Capital and other reserves	Total
		Rs 000	**Rs 000**	**Rs 000**	**Rs 000**
At 1 October 2020		**1,721,081**	**24,225**	**-**	**1,745,306**
Profit for the year		**-**	**71,101**	**-**	**71,101**
Total comprehensive income		**-**	**71,101**	**-**	**71,101**
Dividend	13(b)	**-**	**(27,221)**	**-**	**(27,221)**
Amalgamation adjustment	26(b)	**-**	**(335)**	**(13,974)**	**(14,309)**
At September 2021		**1,721,081**	**67,770**	**(13,974)**	**1,774,877**
At 1 October 2019		1,721,081	41,387	-	1,762,468
Loss for the year		-	(3,552)	-	(3,552)
Total comprehensive income		-	(3,552)	-	(3,552)
Dividend	13(b)	-	(13,610)	-	(13,610)
At 30 September 2020		1,721,081	24,225	-	1,745,306

The notes on pages 84 to 129 form an integral part of these financial statements.
Auditor's report on pages 76 to 79.

Statement of Cash Flows

FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Notes	GROUP 2021	GROUP Restated 2020	COMPANY 2021	COMPANY 2020
		Rs 000	Rs 000	**Rs 000**	Rs 000
Operating activities					
Profit/(loss) before tax		**197,678**	(106,127)	**71,824**	(3,133)
Adjustments for:					
Impairment losses		**4,516**	3,161	**-**	-
Foreign exchange loss		**12,402**	6,231		
Share of results in associate	20	**2,834**	4,626	**-**	-
Changes in ownership interest in subsidiaries that do not result in a loss of control		**-**	(6,137)	**-**	-
Amortisation of intangible assets	19	**119**	43	**-**	-
Depreciation	18	**2,213**	1,498	**-**	-
Dividend income		**-**	-	**(71,200)**	(13,610)
Retirement benefit obligations		**(126)**	1,054	**-**	-
Interest income		**-**	-	**(15,256)**	(21,498)
Interest expense	10	**3,285**	2,776	**106**	28
Investment properties written off		**264**	-	**-**	-
Other (gains) and losses	11	**(123,603)**	192,225	**(1,622)**	21,046
Movement in biological assets	22	**(299)**	(265)	**-**	-
Changes in working capital:					
Trade and other receivables		**(4,321)**	86,988	**(33,202)**	(183,806)
Trade and other payables		**(25,120)**	74,132	**616**	1,933
Cash generated from operations		**69,842**	260,205	**(48,734)**	(199,040)
Income tax paid	12	**(13,881)**	(11,424)	**(481)**	576
Net cash generated from/(used in) operating activities		**55,961**	248,781	**(49,215)**	(198,464)
Investing activities					
Dividends received		**-**	-	**71,200**	13,610
Loan granted	24	**(24,436)**	-	**(24,436)**	-
Interest received		**-**	-	**15,256**	21,498
Addition to investment properties	15,16	**(216,426)**	(428,975)	**(998)**	(33,496)
Expenditure on inventory properties	23	**(8,580)**	-	**-**	-
Purchase of property, plant and equipment	18	**(15,210)**	(1,019)	**-**	-
Purchase of intangible assets	19	**(628)**	-	**-**	-
Purchase of investment in associate	20	**-**	(130,010)	**-**	(130,010)
Purchase of investment in subsidiary	21	**-**	-	**-**	(18,919)
Proceeds from disposal of investment properties	15	**51,132**	1,381	**-**	-
Proceeds from disposal of assets held for sale		**9,300**	-	**-**	-
Net cash used in investing activities		**(204,848)**	(558,623)	**61,022**	(147,317)
Financing activities					
Loan received	33	**561,499**	50,186	**378,626**	-
Lease liabilities payment	33	**(4,139)**	(3,743)	**(338)**	(84)
Dividends paid to shareholders of company	13(b)	**(29,021)**	(13,610)	**(27,221)**	(13,610)
Net cash generated from financing activities		**528,339**	32,833	**351,067**	(13,694)
Net increase/(decrease) in cash and cash equivalents		**379,452**	(277,009)	**362,874**	(359,475)
Cash and cash equivalents at 1 October		**(316,214)**	(39,205)	**(345,095)**	14,380
Effect of foreign exchange rate changes		**(29)**	-	**-**	-
Cash and cash equivalents at 30 September	25	**63,209**	(316,214)	**17,779**	(345,095)

The notes on pages 84 to 129 form an integral part of these financial statements.
Auditor's report on pages 76 to 79.

1. CORPORATE INFORMATION

Lavastone Limited 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 Limited and its subsidiaries ("the Group") as at 30 September 2021.

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 that:

(i) investment property have been measured at fair value; and

(ii) consumable biological assets 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 2021.

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 related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

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.

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.

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 retained.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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).

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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

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 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Investment properties under development

Investment properties under development are assets that are being constructed or developed for future use as investment properties. Investment properties under development are measured at fair value through profit or loss. In the event that the fair value of an investment property under construction is not reliably determinable but can be reliably determinable when construction is completed, that investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is completed. When the investment property under development is completed, there is a transfer from investment properties under development to investment properties at fair value at the date of transfer. Any difference between the fair value at the date of transfer and it previous carrying amount is recognised in profit or loss.

(h) 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.

(i) 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.

(j) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets:

Motor vehicles and other equipment3 to 5 years

Leasehold Land10 to 60 years

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Leases (Continued)

(ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. IFRS 16 requires certain adjustments to be expensed, while others are added to the cost of the related right-of-use asset.

(iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor

The Group earns revenue from acting as a lessor in operating leases which do not transfer substantially all of the risks and rewards incidental to ownership of an investment property. In addition, the Group subleases investment property acquired under head leases with lease terms exceeding 12 months at commencement. Subleases are classified as a finance lease or an operating lease by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying investment property. All the Group's subleases are classified as operating leases. Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature, 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.

(k) Rent receivables

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

(l) 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Revenue recognition (Continued)

(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 IFRS 16. These agreements include certain services offered to tenants(i.e., customers) including CAM services (such as cleaning, security and 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.

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.

(iv) Completed inventory properties

Inventory property relates to land parcels which are being developed by the Group. Revenue will be recognised when development is completed, and the land parcels are delivered to clients.

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.

(m) Property. plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses. Repair and maintenance costs are recognised in profit or loss as incurred. Depreciation is calculated on the straight-line method to write off the cost of assets to their residual values over their estimated useful lives as follows:

The annual rates used are:

Equipment2% - 5%

Motor vehicles10% - 25%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively, if appropriate, at the end of each reporting period. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal.

Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with carrying amount and are included in profit or loss. On disposal of revalued assets, amounts in revaluation surplus relating to that asset are transferred to retained earnings.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Trade and other 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.

(o) 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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Fair value measurements

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

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

- In the principal market for the asset or liability

Or

- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible 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.

(q) 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.

Financial Assets

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Financial Assets (continued)

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. As the Group's rent and other trade receivables do not contain a significant financing component or for which the Group has applied the practical expedient, they are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income (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. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

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. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

Subsequent measurement

For purposes of subsequent measurement, the Group's financial assets are classified in two categories:

- Financial assets at fair value through profit or loss (derivative financial instruments)
- Financial assets at amortised cost (rent and other trade receivables, contract assets and cash and short-term deposits)

Financial assets at fair value through profit or loss

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

Financial assets at amortised cost. 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 (rent and other trade receivables, contract assets, cash and short-term deposits) meet these conditions, they are subsequently measured at amortised cost.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Financial Assets (continued)

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 passthrough 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.

Impairment of financial assets

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

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

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

Financial Liabilities

Initial recognition and measurement

The Group's financial liabilities comprise interest-bearing loans and borrowings, lease liabilities, derivative financial instruments and trade and other payables.

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. Refer to the accounting policy on leases for the initial recognition and measurement of lease liabilities, as this is not in the scope of IFRS 9.

All financial liabilities are recognised initially at fair value and, with the exception of derivative financial instruments, net of directly attributable transaction costs.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Financial Liabilities (continued)

Subsequent measurement

For the purposes of subsequent measurement, all financial liabilities, except derivative financial instruments, are subsequently measured at amortised cost using the effective interest rate (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.

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.

Offsetting of financial instruments

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

(r) Share Capital

Ordinary Shares are classed as equity.

(s) 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.

The statement of 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 and noncontrolling interests in the subsidiaries of the associate

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) 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.

(u) 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.

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

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale. Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations

Or

- Is a subsidiary acquired exclusively with a view to resale

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.

(w) 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.

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.

Notes to the Financial Statements
FOR THE YEAR ENDED 30 SEPTEMBER 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(x) 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.

(y) 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.

(z) Intangible Asset

Computer software are capitalised based on costs incurred to acquire and bring to use the specific software and are amortised using the straight-line method at their estimated useful life of 5 years.

4. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

Amendments to published Standards effective in the reporting period

Definition of a Business (Amendments to IFRS 3) clarifies the definition of a business to help determine whether a transaction should be accounted for as a business combination or an asset acquisition and permits, in certain circumstances, a simplified assessment that an acquired set of activities and assets is not a business. The amendments have no impact on the Group's financial statements.

Definition of Material (Amendments to IAS 1 and IAS 8) clarifies the definition of material and aligns the definitions used across IFRSs and other IASB publications. The amendments have no impact on the Group's financial statements.

Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) provides relief from certain hedge accounting requirements in order to avoid unnecessary discontinuation of existing hedge relationships during the period before the replacement of an existing interest rate benchmark with an alternative interest rate. The amendments have no impact on the Group's financial statements.

Amendments to References to the Conceptual Framework in IFRS Standards relate to minor amendments to various standards to reflect the revised Conceptual Framework for Financial Reporting. The amendments have no impact on the Group's financial statements.

Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16) provides an option to apply a simplified accounting treatment to some lease modifications in the accounts of the lessee. The amendment has no impact on the Group's financial statements.

Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) extends the temporary exemption to accounting periods beginning before January 1, 2023. The amendments have no impact on the Group's financial statements.

4. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

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

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after 1 January 2021 or later periods, but which the Group has not early adopted.

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

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)
- IFRS 17 Insurance Contracts
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Annual Improvements 2018-2020
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)
- Reference to the Conceptual Framework (Amendments to IFRS 3)
- Amendments to IFRS 17
- Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)
- Definition of accounting estimates (Amendments to IAS 8)
- Disclosure of accounting policies (Amendments to IAS 1)
- Deferred tax related to assets and liabilities arising from a single transaction (IAS 12)

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

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.

Leases

The Group applied the following judgements that significantly affect the determination of the amount and timing of income from lease contracts:

Determination of the lease term

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

As a lessor, the Group enters into lease agreements that contain options to terminate or to extend the lease. These options are generally exercisable after an initial period of 4 to 6 years. At commencement date, the Group (supported by the advice of the independent valuation expert) determines whether the lessee is reasonably certain to extend the lease term or not to terminate the lease. To make this analysis, the Group takes into account any difference between the contract terms and the market terms, any significant investments made by the lessee in the property, costs relating to the termination of the lease and the importance of the underlying asset to the lessee's operations. In many cases, the Group does not identify sufficient evidence to meet the required level of certainty.

As a lessee, the Group has a lease contract for the use of office space that includes an extension and a termination option. The Group applies judgement in evaluating whether or not it is reasonably certain to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise, or not to exercise, the option to renew or to terminate (for example, construction of significant leasehold improvements or significant customisation to the leased asset). Refer to note 31 for disclosure on the lease liabilities of the Group.

Notes to the Financial Statements
FOR THE YEAR ENDED 30 SEPTEMBER 2021

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

Judgements (Continued)

Leases (continued)

Property lease classification – the Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains substantially all the risks and rewards incidental to ownership of this property and accounts for the contracts as operating leases. Refer to note 36 for disclosure on operating lease commitments of the Group as a lessor.

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.

- *Principal versus agent considerations – services to tenants*

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.

Note 7(a) and note 7(b) detail the Group's revenue and other income for the year.

Assets held for sale

As at 30 September 2021, the Group held one investment property at Labourdonnais court which meets the criteria to be classified as held for sale at that date for the following reasons:

- The buildings are available for immediate sale and can be sold to the buyer in its current condition
- The actions to complete the sale were initiated and expected to be completed within one year from the date of initial classification
- A potential buyer has been identified and negotiations as at the reporting date are at an advance stage

Refer to note 35 for details on the asset held for sale.

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

Judgements (Continued)

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 15. Investment properties under development, Note 16.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Group. As set out in Note 21, there was no impairment of non-financial assets in the financial year.

Provision for expected credit losses of trade receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

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.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The Group's ECL provision is set out in Note 24.

Estimation of net realisable value for inventory properties

At year end, the Group holds inventory property with a carrying value of Rs 64,787,000 (2020: Rs 55,857,000). Inventory property, as set out in note 23, 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.

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

Estimates and assumptions (Continued)

Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in leases where it is the lessee, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

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 risk, credit risk and liquidity risk.

The Group's overall risk management programme focuses on the unpredictability of market risk 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.

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Financial risk factors (Continued)

(a) Market Risk (Continued)

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.

	GROUP		COMPANY	
Financial Asset	**2021**	2020	**2021**	2020
IN EUR	**Rs 000**	Rs 000		
Total financial asset	**6,366**	69	**66**	-
IN EUR				
Total financial asset	**11,165**	4,551	**-**	-

Financial Liabilities	**2021**	2020	**2021**	2020
IN EUR	**Rs 000**	Rs 000		
Total financial liabilities	**283,108**	56,418	**-**	-

Sensitivity analysis on financial assets and financial liabilities at end of period:

	GROUP		COMPANY	
	2021	2020	**2021**	2020
Financial Assets	**Rs 000**	Rs 000	**Rs 000**	Rs 000
Increase of 0.5% in EUR/MUR exchange rate	**316**	4	**3**	-
Decrease of 0.5% in EUR/MUR exchange rate	**(316)**	(4)	**(3)**	-
	Rs 000	Rs 000	**Rs 000**	RS 000
Increase of 0.5% in USD/MUR exchange rate	**544**	227	**-**	-
Decrease of 0.5% in USD/MUR exchange rate	**(544)**	(227)	**-**	-
Financial Liabilities	**2021**	2020	**2021**	2020
	Rs 000	Rs 000	**Rs 000**	Rs 000
Increase of 0.5% in EUR/MUR exchange rate	**14,197**	2,808	**-**	-
Decrease of 0.5% in USD/MUR exchange rate	**(14,197)**	(2,808)	**-**	-

(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 Group's credit risk is primarily attributable to its trade and other receivables and cash and cash equivalent.

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.

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

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.

According to IFRS 9, there is a rebuttable presumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due. The Group has rebutted this presumption due to the availability of reasonable and supportable information that is available without undue cost or effort, that demonstrates that the credit risk has not increased significantly since initial recognition even though the contractual payments are more than 30 days past due. At 30 September 2021, the impairment losses on trade receivables was Rs 7,677,000 (2020: Rs 3,161,000). The impairment losses reflect the increase in credit risk on the financial assets of the Group since initial recognition. 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 63,209,000 (2020: Rs 28,881,000) for the Group and Rs 17,779,000 (2020: Nil) 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 that fall due. The Group aims at maintaining flexibility in funding by keeping committed credit lines available and monitors its cash flow though forecasting tools.

The Group's/Company'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.

The maturity of the Group's and Company's financial liabilities is:

	GROUP		COMPANY	
	Sep-21	Sep-20	**Sep-21**	Sep-20
	Rs 000	Rs 000	**Rs 000**	Rs 000
Trade and other payables				
On demand	**112,791**	137,911	**2,937**	2,321
Borrowings				
3 to 12 months	**60,923**	345,095	**31,953**	345,095
Between 1 to 5 years	**604,366**	91,417	**346,673**	-
	778,080	574,423	**381,563**	347,416

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.2 Capital management

The primary objective of the Group's capital management is to maximise shareholders' value. The Group 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 Group 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 Group's approach to capital management during the year.

	GROUP		COMPANY	
	Sep-21	Sep-20	**Sep-21**	Sep-20
	Rs 000	Rs 000	**Rs 000**	Rs 000
Borrowings	**665,289**	436,512	**378,626**	345,095
Lease liabilities	**69,323**	69,054	**2,477**	2,709
Less: cash and cash equivalents (note 25)	**(63,209)**	(28,881)	**(17,779)**	-
Total borrowings net of cash	**671,403**	476,685	**363,324**	347,804
Total Equity	**2,876,794**	2,744,082	**1,774,877**	1,745,306
Debt to equity ratio	**23.34%**	17.37%	**20.47%**	19.93%

7. REVENUE AND OTHER INCOME

	GROUP		COMPANY	
(a) Total revenue	**30-Sep-21**	Restated 30-Sep-20	**30-Sep-21**	30-Sep-20
	Rs 000	Rs 000	**Rs 000**	Rs 000
Rental income and recoveries	**203,376**	190,085	**2,119**	1,036
Other operating income	**12,630**	6,497	**3**	-
	216,006	196,582	**2,122**	1,036

	GROUP		COMPANY	
	30-Sep-21	Restated 30-Sep-20	**30-Sep-21**	30-Sep-20
	Rs 000	Rs 000	**Rs 000**	Rs 000
Rental income	**175,260**	161,059	**2,119**	1,036
Other operating income	**12,630**	6,497	**3**	-
Services to tenants	**28,116**	29,026	**-**	-
Revenue from contracts with customers	**40,746**	35,523	**3**	-
Total rental income and revenue from contracts with customers	**216,006**	196,582	**2,122**	1,036

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

Other operating income pertains to other expenses such as water and electricity recharged to tenants. These expenses form part of the lease contract with the tenants.

7. REVENUE AND OTHER INCOME (CONTINUED)

	GROUP		COMPANY	
(b) Other Income	**30-Sep-21**	30-Sep-20	**30-Sep-21**	30-Sep-20
	Rs 000	Rs 000	**Rs 000**	Rs 000
Dividend income	**-**	-	**71,200**	13,613
	-	-	**71,200**	13,613

8. DIRECT OPERATING EXPENSES

	GROUP		COMPANY	
	30-Sep-21	30-Sep-20	**30-Sep-21**	30-Sep-20
	Rs 000	Rs 000	**Rs 000**	Rs 000
Property and centre management fees	**-**	10,676	**-**	-
Syndic fees	**7,955**	7,818	**-**	-
Security fees	**8,606**	7,779	**-**	-
Utilities	**7,668**	6,129	**-**	-
Repairs and maintenance	**10,173**	4,465		
Depreciation	**2,800**	851	**-**	-
Amortisation of intangible assets	**119**	43	**-**	-
Rent	**1,569**	1,350	**-**	-
Taxes and licences	**1,635**	1,672	**54**	66
Others	**3,067**	5,454	**-**	-
	43,592	46,237	**54**	66
"Others" consist primarily of insurance and licence costs.				
Direct operating expenses segregated as:				
Direct expenses arising from investment property that generate rental income	**41,264**	41,347	**-**	-
Direct expenses arising from investment property that did not generate rental income	**2,328**	4,890	**54**	66
	43,592	46,237	**54**	66

9. ADMINISTRATIVE EXPENSES

	GROUP		COMPANY	
	30-Sep-21	30-Sep-20	**30-Sep-21**	30-Sep-20
	Rs 000	Rs 000	**Rs 000**	Rs 000
Legal and professional fees	**4,747**	4,325	**1,959**	1,132
Management fees	**-**	80	**-**	-
Marketing fees	**1,287**	2,199	**15**	-
Staff costs	**42,744**	31,757	**2,157**	1,865
IT expenses	**1,125**	1,287	**29**	38
Others	**10,057**	9,874	**3,121**	5,115
Write off of development costs	**-**	-	**-**	-
	59,960	49,522	**7,281**	8,150

Included in staff costs is an amount of Rs 1.97m (2020: Rs 1.37m) pertaining to contribution towards a defined contribution plan managed by Rogers Pension Fund.

10. (a) FINANCE COST

	GROUP		COMPANY	
	30-Sep-21	Restated 30-Sep-20	30-Sep-21	30-Sep-20
	Rs 000	Rs 000	Rs 000	Rs 000
Interest on bank loans and overdrafts	30,811	22,282	10,934	9,990
Less: amounts capitalised (see note 16)	(5,712)	(7,352)	-	-
Total interest on bank loans and overdrafts	25,099	14,930	10,934	9,990
Interest on lease liabilities	2,872	2,785	107	28
Total finance cost	27,971	17,715	11,041	10,018

(b) INTEREST INCOME

	GROUP		COMPANY	
	30-Sep-21	Restated 30-Sep-20	30-Sep-21	30-Sep-20
	Rs 000	Rs 000	Rs 000	Rs 000
Finance income	642	5,416	15,256	21,498
Interest income on net lease receivable	320	332	-	-
Total interest income	962	5,748	15,256	21,498

11. OTHER GAINS AND LOSSES

	GROUP		COMPANY	
	30-Sep-21	30-Sep-20	30-Sep-21	30-Sep-20
	Rs 000	Rs 000	Rs 000	Rs 000
Increase/(decrease) in fair value of investment properties	122,225	(195,249)	1,622	(21,046)
Increase in fair value of biological assets	299	1,658	-	-
Gain on deemed disposal of shares in associate	1,378	3,024	-	-
	123,902	(190,567)	1,622	(21,046)

12. INCOME TAX

		GROUP		COMPANY	
		30-Sep-21	30-Sep-20	30-Sep-21	30-Sep-20
		Rs 000	Rs 000	Rs 000	Rs 000
(a)	Income tax expense/(credit)				
	Income tax charge/(credit) on the adjusted profit/(loss) for the year at 15% (2020: 15%)	12,373	13,468	638	419
	Overprovision of income tax in previous years	(487)	(738)	-	-
	Deferred tax (d)	22,738	(14,657)	-	-
	Under/(Over)provision of deferred tax in previous years	345	(456)	-	-
	Corporate Social responsibility tax (2%)	486	304	85	-
	Corporate Social responsibility tax over provided in previous year	-	(306)	-	-
		35,455	(2,385)	723	419

12. 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-21	30-Sep-20	30-Sep-21	30-Sep-20
	Rs 000	Rs 000	Rs 000	Rs 000
Profit/(loss) before tax	197,678	(105,825)	71,824	(3,133)
Tax calculated at a rate of 15% (2020: 15%)	29,652	(15,874)	10,774	(470)
Corporate Social responsibility adjustment	3,954	(2,117)	1,436	(63)
Income not subject to tax*	(22,928)	(6,000)	(14,512)	(5,238)
Expenses not deductible for tax purposes**	19,974	17,815	3,025	6,190
Overprovision in previous years	(487)	(738)	-	-
Corporate Social responsibility tax over provided in previous year	-	(306)	-	-
Under/(Over)provision of deferred tax in previous years	345	(456)	-	-
Utilisation of tax losses	-	-	-	-
Deferred tax not recognised	4,946	5,290	-	-
	35,455	(2,385)	723	419

* 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/(assets)

	GROUP		COMPANY	
	30-Sep-21	30-Sep-20	30-Sep-21	30-Sep-20
	Rs 000	Rs 000	Rs 000	Rs 000
At 1 October	4,068	2,765	484	(511)
On internal restructuring	-	-	-	-
Charge during the year	12,373	13,468	638	419
Paid during the year	(7,167)	(7,188)	(26)	-
Over provision of Corporate social responsibility	-	(306)	-	-
Overprovision in previous year	(487)	(738)	-	-
Tax deducted at source	(6,714)	(6,347)	(455)	-
Refund during the year	-	2,111	-	576
Corporate social responsibility	486	304	85	-
At 30 September	2,559	4,068	726	484

12. INCOME TAX (CONTINUED)

(d) Deferred income tax

Deferred income taxes are calculated on all temporary differences under the liability method at 17% (2020: 17%).

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

Deferred tax liability/(asset)	Tax losses	Fair value gains	Accelerated tax depreciation	Total
	Rs 000	**Rs 000**	**Rs 000**	**Rs 000**
At 1 October 2019	-	24,443	27,054	51,497
On business acquisition (note 7)	-	-	-	-
Impact of IFRS 16	-	2,794	-	2,794
Charged to profit or loss	(6,950)	(18,236)	10,073	(15,113)
At 1 October 2020	(6,950)	9,001	37,127	39,178
Charged to profit or loss	1,694	20,019	4,164	25,877
Charged to other comprehensive income	-	(2,794)	-	(2,794)
At 30 September 2021	**(5,256)**	**26,226**	**41,291**	**62,261**

Unused tax losses of the Group that have not been recognised as deferred tax asset amounted to Rs 73.0m (2020: Rs 77.0m). 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
2022	15,023
2023	15,313
2024	13,664
2025	13,559
2026	15,846
	73,405

13. (a) EARNINGS/(LOSS) PER SHARE

	GROUP	
	Rs 000	Rs 000
Profit/(loss) attributable to equity shareholder (Rs 000)	**159,070**	(96,242)
Weighted average number of ordinary shares	**680,523,310**	680,523,310
	Rs	Rs
Basic/diluted earnings/(loss) per share (Rs)	**0.23**	(0.14)

(b) DIVIDEND

	GROUP AND COMPANY	
	Rs 000	Rs 000
Dividend paid	**27,221**	13,610
Interim dividend per share (Rs)	**0.02**	-
Final dividend per share (Rs)	**0.02**	0.02

Notes to the Financial Statements
FOR THE YEAR ENDED 30 SEPTEMBER 2021

14. 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.

30 September 21	**Others**	**Residential development**	**TOTAL**
	Rs 000	**Rs 000**	**Rs 000**
Revenue	**216,006**	**-**	**216,006**
Cost and others			
Property operating expenses	**(43,592)**	**-**	**(43,592)**
Other gains and losses	**123,902**	**-**	**123,902**
Share of results in associates	**(2,834)**	**-**	**(2,834)**
Profit on disposal of investment properties	**(4,319)**	**-**	**(4,319)**
Segment profit	**289,163**	**-**	**289,163**
Administrative expenses			**(59,960)**
Impairment losses			**(4,516)**
Finance costs			**(27,971)**
Finance income			**962**
Profit before tax			**197,678**
Assets			
Non-current assets	**3,646,551**	**-**	**3,646,551**
Inventory property	**-**	**64,787**	**64,787**
Other assets	**116,134**	**-**	**116,134**
Total assets	**3,762,685**	**64,787**	**3,827,472**
Segment liabilities			
Loans and borrowings	**665,289**	**-**	**665,289**
Current liabilities	**62,615**	**55,208**	**117,823**
Contract liabilities	**-**	**37,176**	**37,176**
Other non-current liabilities	**131,024**	**-**	**131,024**
Total liabilities	**858,928**	**92,384**	**951,312**

14. SEGMENTAL REPORTING (CONTINUED)

Restated 30 September 20	Others	Residential development	TOTAL
	Rs 000	Rs 000	Rs 000
Revenue	196,582	-	196,582
Cost and others			
Property operating expenses	(46,237)	-	(46,237)
Other gains and losses	(190,567)	-	(190,567)
Share of results in associates	(4,626)	-	(4,626)
Profit on disposal of investment properties	3,371	-	3,371
Segment loss	(41,477)	-	(41,477)
Administrative expenses			(49,522)
Impairment losses			(3,161)
Finance income			5,748
Finance costs			(17,715)
Loss before tax			(106,127)
Assets			
Non-current assets	3,322,287	-	3,322,287
Inventory property	-	55,857	55,857
Other assets	91,003	-	91,003
Total assets	3,413,290	55,857	3,469,147
Segment liabilities			
Loans and borrowings	436,512	-	436,512
Current liabilities	98,512	44,702	143,214
Contract liabilities	-	37,176	37,176
Other non-current liabilities	108,547	-	108,547
Total liabilities	643,571	81,878	725,449

15. INVESTMENT PROPERTIES

	GROUP		COMPANY	
	30-Sep-21	Restated 30-Sep-20	**30-Sep-21**	30-Sep-20
	Rs 000	Rs 000	**Rs 000**	Rs 000
At 1 October	**2,827,753**	2,545,512	**175,215**	160,000
Right of use assets (Note 30)	**-**	84,190	**-**	2,765
Additions	**3,462**	112,323	**998**	33,496
Disposals	**(51,132)**	(1,381)	**-**	-
Reclassification from/(to) investment property under development	**(2,116)**	294,103	**-**	-
Transfer to plant, property and equipment	**(127)**	-	**-**	-
Write off	**(264)**	-	**-**	-
Transfer to inventory properties	**(350)**	-	**-**	-
Less:Classified current assets held for sale (Note 36)	**-**	(11,745)	**-**	-
Increase/(decrease) in fair value	**122,225**	(195,249)	**1,622**	(21,046)
At 30 September	**2,899,451**	2,827,753	**177,835**	175,215

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 past, management had earmarked some plot of land on which it shall develop residential unit for sale. As at 30 September 2021, Rs 37m has been received as deposit for these plot of land. The land was not ready for sale immediately and has been classified as inventory properties as set out in Note 23.

15. INVESTMENT PROPERTIES (CONTINUED)

Valuation method

(a) The Group's investment properties are accounted for at their fair value based on a valuation done during the year by CDDS Land Surveyors and Property Valuer, 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.

Details of the Group's investment properties are as follows:

	30-Sep-21	Restated 30-Sep-20
	Rs 000	Rs 000
Land & building	**1,502,949**	1,449,409
Land	**1,336,705**	1,318,460
Right of Use Asset	**59,797**	59,884
	2,899,451	2,827,753

Valuation techniques

The different methods used are:

(i) Market comparison approach

(ii) Depreciated replacement cost approach and

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

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

Main inputs used in the valuation of the properties

	Range	Range
	2021	2020
	Rs	Rs
Land (Price per square metre)	**77-43,000**	1,000 - 45,000
Buildings (Price per square metre)	**13,000-68,000**	12,000 - 57,500

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.

15. INVESTMENT PROPERTIES (CONTINUED)

All the investment properties are classified as level 2 and 3 on the fair value hierarchy. There were no transfers made between hierarchy levels.

	GROUP		COMPANY	
	30-Sep-21	Restated 30-Sep-20	30-Sep-21	30-Sep-20
	Rs 000	Rs 000	Rs 000	Rs 000
Level 2	1,361,954	1,380,642	175,070	172,450
Level 3	1,537,497	1,447,111	2,765	2,765
	2,899,451	2,827,753	177,835	175,215

Sensitivity analysis on Investment Properties at End of Period	GROUP		COMPANY	
	30-Sep-21	Restated 30-Sep-20	30-Sep-21	30-Sep-20
Increase due to 0.5% decrease in discount rate	(33,100)	(25,182)	(800)	(872)
Decrease due to 0.5% increase in discount rate	33,100	25,182	800	872

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

Reversionary rate	8.0% - 9.5%
Discount rate	11.5% - 13.0%
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.

16. INVESTMENT PROPERTY UNDER DEVELOPMENT

	GROUP	
	30-Sep-21	30-Sep-20
	Rs 000	Rs 000
At 1 October	336,221	344,120
Capital expenditure	207,252	278,852
Capitalised interest	5,712	7,352
Transfer from/(to) investment property	2,116	(294,103)
At 30 September	551,301	336,221

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.

Notes to the Financial Statements
FOR THE YEAR ENDED 30 SEPTEMBER 2021

17. NET INVESTMENT IN LEASE

	GROUP	
	30-Sep-21	Restated 30-Sep-20
	Rs 000	Rs 000
At 1 October	7,793	-
Recognition of net investment in lease on initial application of IFRS 16	-	7,793
Repaid	(384)	-
At 30 September	7,409	7,793

In the prior year, a right of use asset was recorded within investment property as per IFRS 16. The balance should have been accounted as a net investment in lease as a separate line item under non-current asset.

	GROUP	
	30-Sep-21	Restated 30-Sep-20
	Rs 000	Rs 000
Within one year	634	384
After one year	6,775	7,409
	7,409	7,793

18. PLANT, PROPERTY AND EQUIPMENT

	Equipment	Motor vehicles		Total
		Right of use	Own	
GROUP	Rs 000	Rs 000	Rs 000	Rs 000
Cost				
At 1 October 2019	419	-	1,083	1,502
Impact of IFRS 16	-	1,651	-	1,651
Additions	1,019	-	-	1,019
At 1 October 2020	1,438	1,651	1,083	4,172
Transfers	127	-	-	127
Additions	14,860	1,507	350	16,717
At 30 September 2021	16,425	3,158	1,433	21,016
Depreciation				
At 1 October 2019	206	-	-	206
Charge for the year	1,094	275	129	1,498
At 1 October 2020	1,300	275	129	1,704
Written back	(587)	-	-	(587)
Charge for the year	1,873	632	295	2,800
At 30 September 2021	2,586	907	424	3,917
Net Book Value as at 30 September 2021	13,839	2,251	1,009	17,099
Net Book Value as at 30 September 2020	138	1,376	954	2,468

Refer to note 30, leases for additional notes regarding right of use asset under plant, property and equipment

19. INTANGIBLE ASSETS

	Computer software
GROUP	
Cost	
At 1 October 2019	1,375
Transfer to investment properties	-
At 30 September 2020	1,375
Additions	628
At 30 September 2021	**2,003**
Amortisation	
At 1 October 2019	1,260
Charge for the year	43
At 30 September 2020	1,303
Charge for the year	**119**
At 30 September 2021	**1,422**
Net Book Value as at 30 September 2021	**581**
Net Book Value as at 30 September 2020	72

20. INVESTMENT IN ASSOCIATE

	GROUP		COMPANY	
	30-Sep-21	30-Sep-20	**30-Sep-21**	30-Sep-20
	Rs 000	Rs 000	**Rs 000**	Rs 000
At 1 October	**148,364**	19,956	**150,000**	19,990
Additions	**-**	130,010	**-**	130,010
Share of results in associates	**(2,834)**	(4,626)	**-**	-
Gain on deemed disposal	**1,378**	3,024	**-**	-
At 30 September	**146,908**	148,364	**150,000**	150,000

Details of investment in associate

				30-Sep-21	30-Sep-20
Investment	**Country of incorporation**	**Activity**	**Class of shares held**	**Proportion of ownership interest**	Proportion of ownership interest
Victoria Station Ltd	**Mauritius**	**Property**	**Ordinary Shares**	**29.01%**	32.54%

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.

20. INVESTMENT IN ASSOCIATE (CONTINUED)

	GROUP	
The table below presents a summary of financial information in respect of Victoria Station Ltd.	**30-Sep-21**	30-Sep-20
Current assets	**34,846**	58,941
Non current assets	**1,278,013**	706,824
Current liabilities	**(11,463)**	(191,899)
Non current liabilities	**(794,992)**	(117,893)
Proportion of Group's ownership	**146,908**	148,364
Equity attributable to other shareholders	**359,496**	307,609
Loss for the period	**(9,769)**	(2,820)
Group's share of loss for the period of the associated company	**(2,834)**	(918)
Group's share of loss for previous period for the associated company	**-**	(3,708)
Group's total share of loss in associate	**(2,834)**	(4,626)

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

21. INVESTMENT IN SUBSIDIARIES

	COMPANY	
	30-Sep-21	30-Sep-20
	Rs 000	Rs 000
At 1 October	**1,128,613**	1,109,694
Amalgamation adjustment	**(14,109)**	-
Additions	**114,729**	18,919
At 30 September	**1,229,233**	1,128,613

Details of investment in subsidiaries

				30-Sep-21	30-Sep-20
Investment	**Activity**	**Class of shares held**	**Stated Capital Rs 000**	**Indirect proportion of ownership interest**	
Lavastone Properties Ltd	Property	Ordinary	450,000	-	-
Belle Mare SPV Ltd	Property	Ordinary	36,000	-	-
B59 Ltd	Property	Ordinary	1	-	-
Plato Holdings Ltd	Property	Ordinary	10	100%	100%
Edith Cavell Properties Ltd	Property	Ordinary	176,231	-	-
San Paolo Ltd	Property	Ordinary	28,052	-	-
Le Morne Development Corporation Ltd	Property	Ordinary	47,025	29.0%	29.0%
*SWTD Bis Ltd (Note 1)	Property	Ordinary	163,350	N/A	100.00%
South West Safari Group Ltd	Property	Ordinary	321,354	53.49%	53.49%
Pier9 Ltd	Property	Ordinary	1	54.81%	54.81%
La Jetee Ltd	Property	Ordinary	1	54.81%	54.81%
Compagnie Valome Ltee	Property	Ordinary	13,000	-	-
Lochiel Property Services Ltd	Property and Facility Management	Ordinary	275	-	-

21. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Investment	Activity	Class of shares held	Stated Capital Rs 000	Direct proportion of ownership interest 30-Sep-21	Direct proportion of ownership interest 30-Sep-20
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	-	-
Edith Cavell Properties Ltd	Property	Ordinary	176,231	100%	100%
San Paolo Ltd	Property	Ordinary	28,052	59.18%	59.18%
Le Morne Development Corporation Ltd	Property	Ordinary	47,025	31.00%	31.00%
*SWTD Bis Ltd (Note 1)	Property	Ordinary	163,350	N/A	100.00%
South West Safari Group Ltd	Property	Ordinary	321,354	54.81%	1.32%
Pier9 Ltd	Property	Ordinary	1	-	-
La Jetee Ltd	Property	Ordinary	1	-	-
Compagnie Valome Ltee	Property	Ordinary	13,000	100%	100%
Lochiel Property Services Ltd	Property and Facility Management	Ordinary	275	55%	55%

All the subsidiaries listed above are incorporated in Mauritius.

*Note 1: SWTD Bis Ltd has been amalgamated into Lavastone Ltd during the year.

The Group structure is set out on page 72 of the annual report.

MATERIAL PARTLY OWNED SUBSIDIARIES

Financial information of subsidiaries that have material non-controlling interests is provided below:

Proportion of equity interest held by non-controling interests:

Name	Country of incorporation and operation	30-Sep-21
Le Morne Development Corporation Ltd ("LMDC")	Mauritius	**71%**
South West Safari Group Ltd ("SWSG")	Mauritius	**47%**
Lochiel Property Services Ltd ("LPSL")	Mauritius	**45%**

	30-Sep-21
Accumulated balances of material non-controling interest	**Rs 000**
Le Morne Development Corporation Ltd ("LMDC")	**(121,659)**
South West Safari Group Ltd ("SWSG")	**(188,225)**
Lochiel Property Services Ltd ("LPSL")	**(2,828)**
Profit/(loss) allocated to material non-controlling interest	
Le Morne Development Corporation Ltd ("LMDC")	**1,413**
South West Safari Group Ltd ("SWSG")	**2,066**
Lochiel Property Services Ltd ("LPSL")	**(603)**

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

21. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Summarised statement of profit or loss for 2021:

	LPSL	SWSG	LMDC
	Rs 000	Rs 000	Rs 000
Revenue	24,415	610	1,456
Cost of sales	(14,933)	(607)	(117)
Administrative	(5,510)	(4,107)	(1,993)
Other gains and losses	-	17,539	(200)
Profit on disposal of investment properties	-	(4,552)	-
Finance cost	(62)	(4,441)	5
Profit/(Loss) before tax	3,910	4,442	(849)
Income tax	(770)	-	-
Profit/(Loss) for the year from continuing operations	3,140	4,442	(849)
Total comprehensive income/(loss)	3,140	4,442	(849)
Attributable to non-controlling interests	1,413	2,066	(603)

Summarised statement of financial position as at 30 September 2021:

	LPSL	SWSG	LMDC
	Rs 000	Rs 000	Rs 000
Total assets	9,667	540,723	330,959
Total liabilities	(7,912)	(124,205)	(3,307)
Total equity	1,755	416,518	327,652
Attributable to:			
Equity holders of parent	-	222,795	95,019
Non-controlling interest	790	193,723	232,633

Summarised cashflow information for the year ended 30 September 2021

	LPSL	SWSG	LMDC
	Rs 000	Rs 000	Rs 000
Operating	8,447	14,552	(82)
Financing	(4,032)	(29,915)	822
Investing	(1,833)	15,993	-
Net increase in cash	2,582	630	740

22. CONSUMABLE BIOLOGICAL ASSETS

	GROUP 30-Sep-21	GROUP 30-Sep-20
	Rs 000	Rs 000
At 1 October	**3,376**	3,112
Transfer to cost of sales	**(1,638)**	(1,393)
Profit arising from changes in fair value	**1,937**	1,657
At 30 September	**3,675**	3,376

The Group is engaged in the rearing of livestocks.The livestocks have been classified as consumable biological assets. As at 30 September 2021, the Group held an estimated number of 832 deers. During the year under review, 9,634kg 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.

22. CONSUMABLE BIOLOGICAL ASSETS (CONTINUED)

Description of significant inputs to valuation:

	Valuation technique	Significant input	Sensitivity
Livestock	Income approach	Price of deer (Rs170/kg)	5% increase in the price of deer would lead to an increase in fair value of Rs184,000
		Average weight (33kgs)	5% increase in weight would increase the fair value by Rs184,000

23. INVENTORY PROPERTIES

	GROUP	
	30-Sep-21	30-Sep-20
	Rs 000	Rs 000
At 1 October	**55,857**	33,278
Development costs	**8,580**	22,579
Transfer of land cost from investment property	**350**	-
At 30 September	**64,787**	55,857

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 37.2m (2020 - Rs 37.2m).

24. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
Trade and other receivables analysed as follows'	**30-Sep-21**	30-Sep-20	**30-Sep-21**	30-Sep-20
Current	**Rs 000**	Rs 000	**Rs 000**	Rs 000
Trade receivables	**10,439**	12,534	**-**	-
Amount owed by related parties	**1,277**	679	**555,435**	634,972
Prepayments	**1,917**	2,730	**542**	1,852
Income tax deducted at source receivable	**431**	-	**157**	-
Other receivables	**32,741**	31,058	**4,226**	5,263
	46,805	47,001	**560,360**	642,087
Non-current				
Loan receivable from related party	**24,436**	-	**24,436**	-

The amount receivable from group companies are unsecured, bearing interest rate 4.35% 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.

The loan receivable carries interest at 6.0% and is repayable in November 2023. The loan receivable from related party was assessed for impairment under the expected credit losses model and no impairment loss has been recognised at year end. The carrying amount of the loan receivable approximates its fair value.

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

	GROUP	
	30-Sep-21	30-Sep-20
	Rs 000	Rs 000
Current - Neither past due nor impaired	**7,036**	2,375
1 to 3 months - Past due but not impaired	**2,282**	4,867
Over 3 months - Past due but not impaired	**1,121**	5,292
	10,439	12,534

24. TRADE AND OTHER RECEIVABLES (CONTINUED)

(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.

Impairment losses	GROUP	
	30-Sep-21	30-Sep-20
	Rs 000	Rs 000
At 1 October	**3,161**	-
Impairment losses during the year	**4,516**	3,161
At 30 September	**7,677**	3,161

Impairment losses as at 30 September 2021 was Rs 7,677,000 and was deducted against the trade receivables balance as at 30 September 2021. The impairment losses of Rs 7,677,000 (2020: Rs 3,161,000) relates to trade receivables that were over 3 months past due both at 30 September 2021 and 30 September 2020.

25. CASH AND CASH EQUIVALENTS

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

	GROUP		COMPANY	
	30-Sep-21	30-Sep-20	**30-Sep-21**	30-Sep-20
	Rs 000	Rs 000	**Rs 000**	Rs 000
Cash in hand and at bank	**63,209**	28,881	**17,779**	-
Bank overdraft (note 27)	**-**	(345,095)	**-**	(345,095)
	63,209	(316,214)	**17,779**	(345,095)

The principal non-cash transactions during the year relate to the addition of investment in subsidiaries which were acquired through the capitalisation of current accounts with the subsidiaries.

26. (a) SHARE CAPITAL

GROUP AND COMPANY	**30-Sep-21**	**30-Sep-21**	30-Sep-20	30-Sep-20
	Number of shares	**Rs 000**	Number of shares	Rs 000
Authorised, issued and fully paid ordinary share capital of no par value				
At 1 October	**680,523,310**	**1,721,081**	680,523,310	1,721,081
At 30 September	**680,523,310**	**1,721,081**	680,523,310	1,721,081

(b) CAPITAL RESERVES

	GROUP		COMPANY	
	30-Sep-21	30-Sep-20	**30-Sep-21**	30-Sep-20
	Rs 000	Rs 000	**Rs 000**	Rs 000
At 1 October	**131,053**	131,053	**-**	-
Amalgamation	**-**	-	**(13,974)**	-
At 30 September	**131,053**	131,053	**(13,974)**	-

During the financial year, SWTD Bis Ltd, a 100% subsidiary of Lavastone Ltd, was amalgamated with Lavastone Ltd. An amalgamation reserve, arising from a difference between the carrying amount of the investment in Lavastone Ltd and the share capital of the subsidiary, was carried forward. The reserve is non-distributable.

In 2019, 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. Capital reserves arose from the restructuring and are non-distributable.

27. BORROWINGS

	GROUP		COMPANY	
	30-Sep-21	30-Sep-20	**30-Sep-21**	30-Sep-20
	Rs 000	Rs 000	**Rs 000**	Rs 000
Current				
Bank overdraft	**-**	345,095	**-**	345,095
Bank notes	**509**	-	**509**	
Bank loan	**60,414**	-	**-**	-
	60,923	345,095	**509**	345,095
Non-current				
Bank notes	**346,673**	-	**346,673**	-
Bank loan	**257,693**	91,417	**-**	-
Loan due to related party	**-**	-	**31,444**	-
	604,366	91,417	**378,117**	-
Total borrowings	**665,289**	436,512	**378,626**	345,095

During the financial year, the Company entered into a bilateral notes programme of Rs 1.5bn, out of which Rs 358m was drawn as at 30 September 2021.

The Group subscribed to a facility of EUR 8m, out of which EUR5.7m was drawn as at 30 September 2021 to finance the construction of a hotel in Belle Mare.

The fixed and floating charges covering the facilities are

1. First rank floating charge over all assets for an amount of Rs 1.5 bn in principal

2. First rank fixed charge on leased land and floating charge amounting to EUR 8m on all assets

The carrying amount of the long term notes and loans approximates their fair values. The rate of interest of the bank loan is 2.35% (2020: 2.35%) and the rate of interest of the bank note is 3.10% (2020: 4.85%). The interest on the bank note is at a floating rate. The loan due to related party is repayable on demand and carries interest at 0.25%.

28. RETIREMENT BENEFIT OBLIGATIONS

	GROUP	
Reconciliation of net defined benefit liability	**30-Sep-21**	30-Sep-20
	Rs 000	Rs 000
At 1 October	**1,550**	221
Amount recognised in the profit & loss	**197**	1,060
Amount recognised in OCI	**490**	275
Less employer contributions	**(6)**	(6)
Transfer to related party	**(318)**	-
At 30 September	**1,913**	1,550
Reconciliation of present value of defined benefit obligation		
At 1 October	**1,550**	221
Current service cost	**160**	974
Employer contributions	**(6)**	(6)
Past service cost	**-**	55
Interest expense	**37**	36
Liability experience (gain)/loss	**106**	17
Return on plan assets excluding interest income	**(13)**	-
Liability (gain)/loss due to change in financial assumptions	**397**	253
Transfer to related party	**(318)**	
At 30 September	**1,913**	1,550
Components of amount recognised in P&L		
Current service cost	**160**	974
Past service cost	**-**	55
Net Interest on net defined benefit liability	**37**	31
	197	1,060
Components of amount recognised in OCI		
Liability experience loss	**106**	17
Return on plan assets (above)/below interest income	**(13)**	5
Liability loss due to change in financial assumptions	**397**	253
Total	**490**	275
Principal Assumptions used at End of Period		
Discount rate	**4.7%-4.8%**	3.2%
Rate of salary increases	**3.3%-3.6%**	`
Rate of pension increases	**1.0%**	0.0%
Average retirement age (ARA)	**60-65**	65
Average life expectancy for:		
Male at ARA	**15.9-19.5 years**	15.9 years
Female at ARA	**20.0-24.2 years**	20.0 years

	GROUP	
Sensitivity analysis on Defined Benefit Obligation at End of Period	**30-Sep-21**	30-Sep-20
	Rs 000	Rs 000
Increase due to 1% decrease in discount rate	**478**	261
Decrease due to 1% increase in discount rate	**290**	87

28. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

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 Worker's Rights Act 2019 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 4,944,000 as at 30 September 2021. 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.

Expected employer contribution for the next year	0
Weighted average duration of the defined benefit obligation	21 years

29. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	30-Sep-21	30-Sep-20	**30-Sep-21**	30-Sep-20
	Rs 000	Rs 000	**Rs 000**	Rs 000
Trade payables	**12,082**	9,451	**957**	483
Deposits	**18,031**	7,526	**-**	-
Accruals	**65,904**	107,833	**1,818**	1,801
Amount owed to related parties	**-**	25	**45**	20
Other payables	**16,774**	13,076	**117**	17
	112,791	137,911	**2,937**	2,321

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.

CONTRACT LIABILITIES

	GROUP	
	30-Sep-21	30-Sep-20
	Rs 000	Rs 000
Contract liabilities-customer deposits	**37,176**	37,176

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.

Notes to the Financial Statements
FOR THE YEAR ENDED 30 SEPTEMBER 2021

30. RIGHT OF USE ASSETS

	Land and buildings	Plant machinery and motor vechicles	Total
GROUP	**Rs 000**	**Rs 000**	**Rs 000**
At 1 October 2019	**-**	**-**	**-**
Recognition of right-of-use asset on initial application of IFRS 16	84,190	1,651	85,841
Amortisation	-	(275)	(275)
At 1 October 2020	**84,190**	**1,376**	**85,566**
Amortisation	**-**	**(330)**	(330)
Addition	**-**	**1,505**	**1,505**
At 30 September 2021	**84,190**	**2,551**	**86,741**

	Land and buildings	Plant machinery and motor vechicles	Total
COMPANY	**Rs 000**	**Rs 000**	**Rs 000**
At 1 October 2019	-	-	**-**
Recognition of right-of-use asset on initial application of IFRS 16	2,765	-	2,765
At 1 October 2020	**2,765**	**-**	**2,765**
Amortisation	**-**	**-**	-
At 30 September	**2,765**	**-**	**2,765**

As per IFRS 16, right of use for land and buildings has been classified under Note 15 Investment Properties

31. LEASE LIABILITIES

	GROUP		
	Land and buildings	Plant machinery and motor vechicles	Total
	Rs 000	**Rs 000**	**Rs 000**
At 1 October 2019		**694**	**694**
Recognition of lease liabilities on initial application of IFRS 16	67,752	1,651	69,403
Interest expense	2,693	83	2,776
Lease payments	(3,398)	(647)	(4,045)
At 1 October 2020	**67,047**	**1,781**	**68,828**
Prior year adjustment	226	-	226
At 1 October 2020, restated	**67,273**	**1,781**	**69,054**
Addition	0	1,507	1,507
Interest expense	**2,751**	**150**	**2,900**
Lease payments	**(3,484)**	**(655)**	**(4,139)**
At 30 September 2021	**66,540**	**2,783**	**69,323**

31. LEASE LIABILITIES (CONTINUED)

	COMPANY	
	Land and buildings	Total
	Rs 000	Rs 000
At 1 October 2019	-	-
Recognition of lease liabilities on initial application of IFRS 16	2,765	2,765
Interest expense	28	28
Lease payments	(84)	(84)
At 1 October 2020	**2,709**	**2,709**
Interest expense	106	106
Lease payments	(338)	(338)
At 30 September 2021	**2,477**	**2,477**

	GROUP	
	30-Sep-21	30-Sep-20
	Rs 000	Rs 000
Current	**2,473**	1,235
Non current	**66,849**	67,819
	69,322	69,054

	COMPANY	
	30-Sep-21	30-Sep-20
	Rs 000	Rs 000
Current	**337**	19
Non current	**2,140**	2,690
	2,477	2,709

(a) Nature of leasing activities (in the capacity as lessee)

The Group has land lease agreements with the government at Plaine Lauzun, Belle Mare and Mourouk that it classifies as investment property. These leases typically have lease terms between 10 to 60 years. As at 30 September 2021, Rs 60.1m (2020: Rs 59.3m) of the lease liabilities related to right of use assets accounted for as investment property. Increase in rental occurs every 3 years as stipulated in the agreement.

(b) Lease term

The Group's lease with the government typically varies between a period of 10 to 60 years. Lease term for the motor vehicle is 5 years.

(c) Interest rate

The incremental borrowing rate for the land lease has been determined based on current prime lending rate of 4.1%

Notes to the Financial Statements
FOR THE YEAR ENDED 30 SEPTEMBER 2021

32. RELATED PARTY DISCLOSURES

The following table provides the details of transactions that have been entered 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 to related party
30-Sep-21	**Rs 000**	**Rs 000**	**Rs 000**	**Rs 000**	**Rs 000**	**Rs 000**	**Rs 000**
Associate	**938**	**-**	**-**	**-**	**94**	**-**	**24,436**
Companies with common shareholders	**21,012**	**5,990**	**(120)**	**(2,137)**	**25,713**	**-**	**-**

	Rental income	Other income	Management & Secretarial fees payable	Other services	Amount owed by related parties	Amount owed to related parties
30-Sep-20	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Companies with common shareholders	**53,944**	**69,479**	**(925)**	**11,030**	**679**	**-**

32. RELATED PARTY DISCLOSURES (CONTINUED)

KEY MANAGEMENT PERSONNEL

THE GROUP	30-Sep-21	30-Sep-20
	Rs 000	Rs 000
Short-term employee benefit	**15,299**	13,607
Post-employment benefit	**920**	787
	16,219	14,394

THE COMPANY	30-Sep-21	30-Sep-20
	Rs 000	Rs 000
Short-term employee benefit	**2,180**	1,864
Post-employment benefit	**-**	-
	2,180	1,864

THE COMPANY	Investment & Other income	Rental income	Interest income	Interest expense	Amount owed by related parties	Amount owed to related parties	Loan to related party
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
30-Sep-21							
Subsidiaries	71,200	2,119	-	(78)	550,530	(27,862)	-
30-Sep-20							
Subsidiaries	13,613	1,036	-	(1)	636,009	(20)	-

(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 2021, 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.

33. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

Group	1 October 2020	New lease	Cash inflows	Cash outflows	Other movement	At 30 September 2021
Borrowings (excluding bank overdraft)	91,417	-	561,499	-	12,373	665,289
Lease liabilities	68,134	1,507	-	(4,139)	3,820	69,322
	159,551	1,507	561,499	(4,139)	16,193	734,611

	1 October 2019	New lease	Cash inflows	Cash outflows	Other movement	At 30 September 2020
Borrowings (excluding bank overdraft)	35,694	-	50,186	-	5,537	91,417
Lease liabilities	-	69,403	-	(3,743)	2,473	68,134
	35,694	69,403	50,186	(3,743)	8,010	159,551

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

33. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES (CONTINUED)

Company	1 October 2020	New lease	Cash inflows	Cash outflows	Other movement	At 30 September 2021
Borrowings (excluding bank overdraft)	-	-	378,626	-	-	378,626
Lease liabilities	2,709	-		(338)	105	2,477
	2,709	-	378,626	(338)	105	381,103

	1 October 2019	New lease	Cash inflows	Cash outflows	Other movement	At 30 September 2020
Lease liabilities	-	2,765	-	(84)	28	2,709
	-	2,765	-	(84)	28	2,709

34. HOLDING AND ULTIMATE HOLDING COMPANY

The ultimate holding company is Kingston Asset Management Ltd as at 30 September 2021. On 06 September 2021, Kingston Asset Management Ltd acquired 203,120,004 shares in Lavastone Ltd, at a price of MUR1.76 per share from Scott Investments Ltd. Kingston Asset Management Ltd controls more than 50% of the rights attached to the voting shares of Lavastone Ltd.

35. EVENTS AFTER THE REPORTING DATE

Investment property held for sale

As at 30 September 2021, the Group held one investment property at Labourdonnais court that was under offer from a third party. The assessed fair value of these properties as at 30 September 2021 was Rs 2,445,000 (2020: Rs 11,745,000) and it is classified as 'held for sale' in the statement of financial position. Asset held for sale with a carrying amount of Rs 9,300,000 was disposed during the year.

36. 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-21	30-Sep-20
	Rs 000	Rs 000
Within one year	**214,064**	198,415
After one year but not more than five years	**813,188**	688,996
More than five years	**487,870**	538,615
	1,515,122	1,426,026

37. CAPITAL COMMITMENTS

The Group entered into contractual commitments amounting to Rs 278.5M for ongoing developments projects. During the year, Lavastone Properties Ltd acted as a guarantor following the secured Notes Programme which its parent company, Lavastone Ltd, entered into with the Mauritius Commercial Bank Ltd.

38. GOING CONCERN

The COVID-19 pandemic continues to cause significant volatility and disruption to the retail and hospitality portfolio.

Management has been working with tenants which have been most impacted by COVID-19 and has finalised payment plans which have been tailored to their specific needs. Management continues to monitor the impact of COVID-19 on its operations and its development plans, thus allowing the Board to reassess the Group's growth strategy and make decisions in order to adapt them to any change in market conditions in the best interest of the Group and its stakeholders.

Based on the above, the directors concluded that the going concern assumptions is appropriate in the preparation of the financial statements for the year ended September 30, 2021.

39. FINANCIAL REVIEW

	30-Sep-21	30-Sep-20
	Rs'M	Rs'M
GROUP		
Share capital	1,721.1	1,721.1
Reserves	829.9	698.1
Equity attributable to shareholders of the parent	2,551.0	2,419.2
Assets	3,828.1	3,469.5
Liabilities	951.3	725.4
Revenue	216.0	196.6
Profit/(loss) before taxation	197.7	(106.1)
Income tax expense	(35.5)	2.4
Profit/(loss) for the year	162.2	(103.7)
Dividend	(27.2)	(13.61)

	30-Sep-21	30-Sep-20
	Rs'M	Rs'M
Basic net assets value per share	3.75	3.56
Basic earnings/(loss) per share	0.24	(0.14)
Dividend per share	0.04	0.02

	30-Sep-21	30-Sep-20
	Rs'M	Rs'M
COMPANY		
Share capital	1,721.1	1,721.1
Reserves	53.8	24.2
Equity attributable to shareholders of the parent	1,774.9	1,745.3
Assets	2,159.6	2,095.9
Liabilities	384.8	350.6
Profit/(loss) before taxation	71.8	(3.1)
Income tax expense	(0.7)	(0.4)
Profit/(loss) for the year	71.1	(3.6)
Dividend	(27.2)	(13.6)

	30-Sep-21	30-Sep-20
	Rs	Rs
Basic net assets value per share	2.61	2.56
Basic earnings/(loss) per share	0.10	(0.01)
Dividend per share	0.04	0.02

40. PRIOR YEAR RESTATEMENT

	As previously reported	Cumulative adjustments	Restated balance
GROUP	Rs 000	Rs 000	Rs 000
30-Sep-20			
ASSETS			
Non-current assets			
Investment properties	2,835,622	(7,869)	2,827,753
Net investment in lease	-	7,409	7,409
Current assets			
Net investment in lease	-	384	384
Total assets	**3,469,607**	**(76)**	**3,469,531**
EQUITY AND LIABILITIES			
Share capital and reserves			
Retained earnings	567,326	(302)	567,024
Equity attributable to equity holders of the parent	2,419,460	(302)	2,419,158
Total equity	2,744,384	(302)	2,744,082
Non-current liabilities			
Lease liabilities	67,593	226	67,819
Current liabilities			
Lease liabilities	1,235	-	1,235
Total equity and liabilities	**3,469,607**	**(76)**	**3,469,531**
Revenue			
Other operating income	7,122	(625)	6,497
Total revenue	**197,207**	**(625)**	**196,582**
Net operational income	**150,970**	**(625)**	**150,345**
Operating profit	**98,287**	**(625)**	**97,662**
Profit/(loss) before interest income and finance costs	**(93,535)**	**(625)**	**(94,160)**
Interest income	5,416	332	5,748
Finance costs	(17,706)	(9)	(17,715)
Profit/(loss) before tax	**(105,825)**	**(302)**	**(106,127)**
Profit/(loss) for the year	**(103,440)**	**(302)**	**(103,742)**
Total comprehensive income	**(103,715)**	**(302)**	**(104,017)**

In the prior year, a right of use asset was recorded within investment property as per IFRS 16. The balance should have been accounted as a net investment in lease as a separate line item under non-current asset. The financial statements for the year ended 30 September 2020 were therefore restated. Items impacted on the statement of financial position and statement of comprehensive income are listed above. The net impact on total comprehensive income reported for the year ended 30 September 2020 is a decrease of Rs 302,000.

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	**Capdevilla El Idrissi Jangeerkhan** Heba	**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	**Vitry Audibert Louis François**
Lavastone Ltd	X	X						R	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	
Lochiel Property Services Ltd							X	R				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		R		X		C		X		X	
Compagnie Valome Ltee								R								X	

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