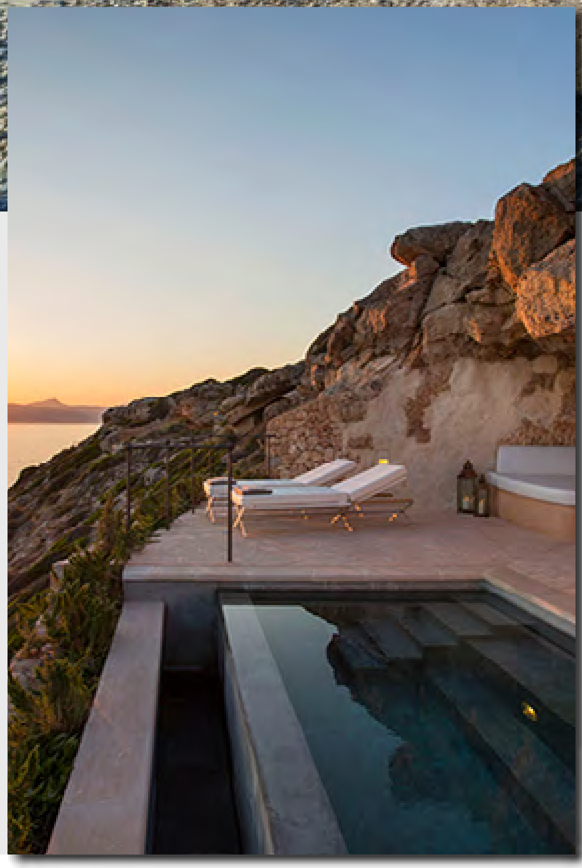
ANNUAL REPORT 2020

EVACO GROUP

www.evacogroup.com



Evaco expands its global footprint with Secret Bay in Croatia.

With several successful endeavours behind, Evaco Group is moving forward with an international project named Secret Bay, a 5* resort in Croatia. This prestigious complex will be managed as a resort, offering the luxury and the comfort of a 5* hotel.

The ultimate goal is to build a haven at this coveted location by the sea while preserving its magnificent landscape.

The Group searched far and wide to find this unique piece of paradise and knew it was the finest decision with this exceptional island and country. Both Šolta and Mauritius are beautiful small islands with the sea in core of their livelihoods. The Group is excited at the prospect of the Adriatic Sea offering something new and different. The management team have immersed themselves in Croatia's rich culture, heritage, and values in daily sessions with an in-house Croatian teacher, gearing up to bring their know-how to the upcoming real estate project in Šolta.

A FAST-GROWING GROUP

With 19 years of experience, Evaco Group has evolved from a real estate development company into a Holding and Investment entity. The Group is comprised of a workforce of more than 700 employees while being present in various sectors of the economy: engineering, construction & manufacturing, property development & real estate, consulting & corporate services, and leisure & property management. The Group is now divided into four core competency clusters: Evaco acts as a catalyst and consultant expert at both local and international levels. Evaco continues its rapid growth by expanding its global footprint and market leadership.

EVACO
GROUP

EVACO
CREATIONS

Dedicated to engineering, construction, manufacturing and design.

Sculpted living lines

FairStone Construction
FineLine Contracting
I.D.E.A

EVACO
PROPERTY

Dedicated to the property services and commercialisation of real estate projects.

Estate-of-mind

Property Development
Fine & Country
Histia Property Services*

EVACO
SOLUTIONS

Specialised in corporate, administrative and legal support services; procurement and logistics services.

Tailor-made services

Stantons
Mereo

EVACO
ESCAPES

Specialised in leisure services.

Holidays of a lifetime

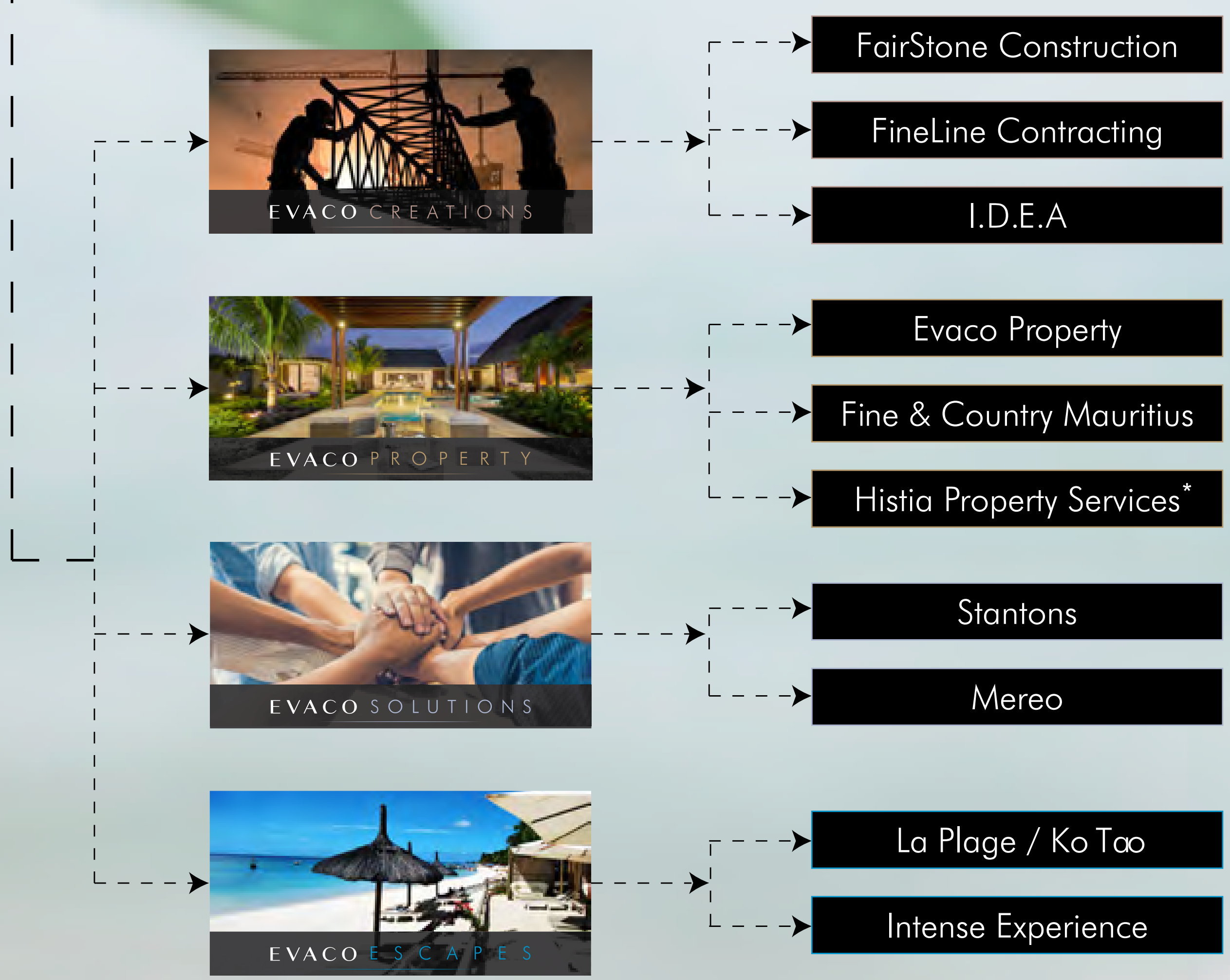
La Plage/Ko Tao
Intense Experience

*Operating since 1st July 2020

EVACO STRUCTURE

EVACO GROUP

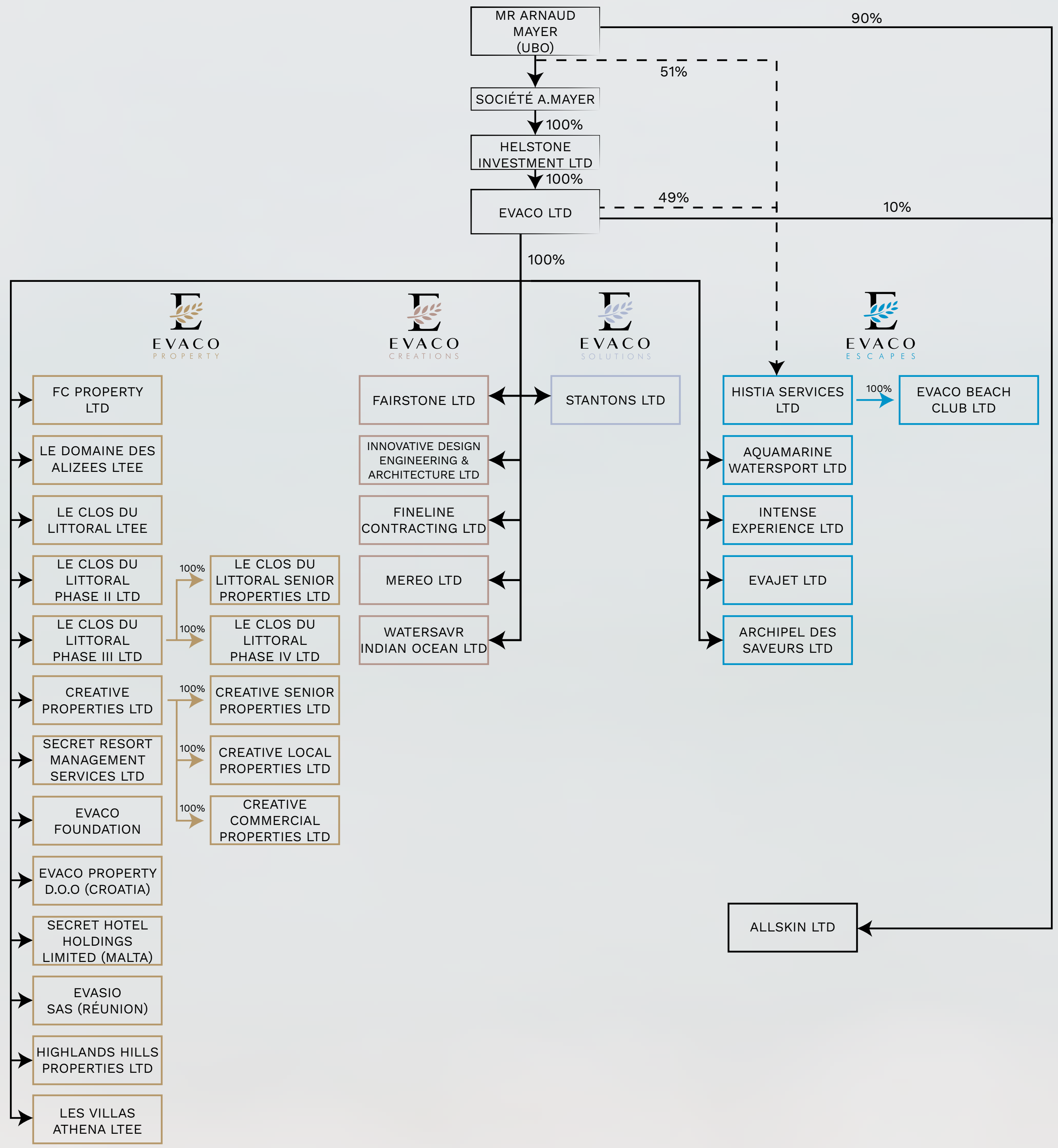
A FAST GROWING GROUP



*Operating since 1st July 2020

EVACO GROUP

SHAREHOLDING STRUCTURE



OUR CORE VALUES

OUR CORE VALUES ARE OUR MISSION

Trust in our capabilities and in the future of the economies we operate in.

Passion for a work well done.

Commitment to Excellence for delivering our promises while meeting our customers' expectations by demanding more from ourselves.

Ingenuity in our innovative solution deliveries.

Rigor in executing our services.

These Values and Principles guide how we conduct business every day. As such, we work hard to manage all our operations with care for the health, safety and prosperity of our employees, customers, communities and the environment.

Vision

"To leave a recognized and noticeable footprint in the industries we operate in, through the creation of unique pioneered concepts, products and services which will be significant gamechangers"


Commitment to Excellence


Rigor in executing our services


Ingenuity


Trust


Passion

Good Governance

Evaco Group regards good governance and long-term enhancement of corporate value as fundamental management priorities. We believe that good governance is essential as it provides the infrastructure to improve the quality of decisions that we make. In fact, good quality, ethical decision-making helps us build sustainable approaches while creating long-term value more effectively.

Transparency

There is no commonly agreed definition of transparency, but there is a general consensus that it relates to the right to know and public access to information. In a broad sense, transparency is about how much access to internally-held information citizens are entitled to; the scope, accuracy and timeliness of this information; and what citizens (as «outsiders») can do if «insiders» are not sufficiently forthcoming in providing such access.

Code of Ethics

Our Code of Ethics reflects the applicable laws and previous experience of the group, conforming its applicability to the new challenges pertaining to our growth and expansion. The Codes outline the fundamental ethical rules encompassing our actions and commitment towards our employees, our shareholders and investors, our business partners and suppliers and our customers.

Based on the values that define our identity, the Code of Ethics defines our corporate culture driven by passion, rigor, commitment to excellence, ingenuity and trust. Besides, our Code of Ethics is founded on our mission and values and guides us in our day-to-day activities through principles of conduct.

Our Commitment to Data Protection through GDPR

The General Data Protection Regulation (GDPR) which came into force in 2018 brought radical changes to data privacy laws in the European Union and abroad. As a GLOCAL company, Evaco Group complies with the industry standards for data protection. We create solutions to provide high level of transparency through our actions.

Sustainability is at the heart of everything we undertake
"

During the year 2019/2020, we encouraged practices that support long-term economic growth without negatively impacting social, environmental, and cultural aspects of the community.

We endorse social sustainability through equitable opportunities for everyone in the community while promoting diversity. We clearly understand the impacts of our actions on employees, workers in the value chain, customers, and local communities.

Our approach is to provide a net benefit to our environment by lessening our impact on biodiversity, natural resources, and climate. We have embraced sustainability in our designs and construction methods. We recycle wastewater and utilize grey water for irrigation purposes.

We spent substantial budget on landscaping to provide a cool atmosphere in all gardens and common areas. We implemented adequate ventilation in the units to reduce the use of air conditioning. In addition to these measures, we collaborated with consultants to monitor our environmental impact during the construction phase of our projects.

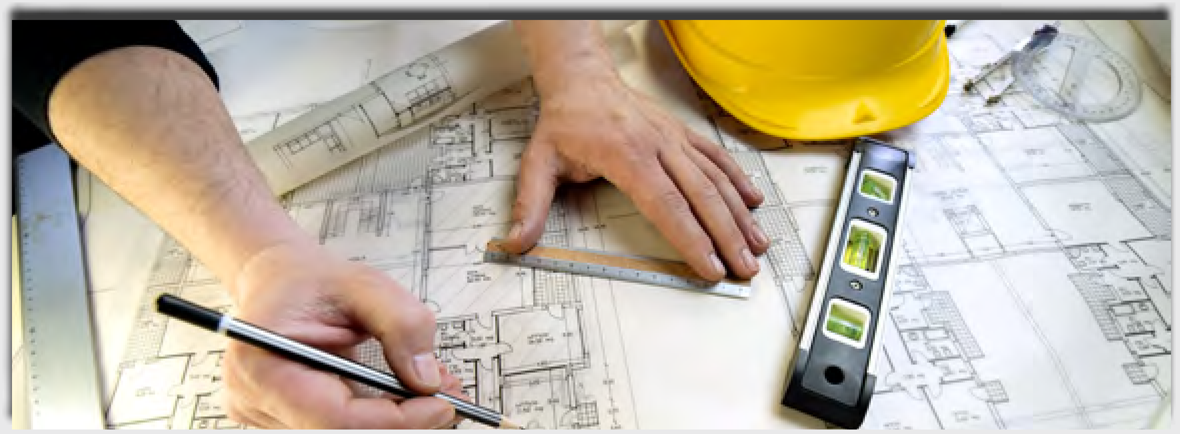
As a responsible business leader, we act in a transparent and responsible way. During the year under review, we audited all our processes with respect to global standards. In fact, the Group developed bespoke strategies that drive our sustainability programme. As a leader in our field, we promote all actions that help preserve our environment, by encouraging sustainable initiatives.

EVACO CREATIONS

ENGINEERING, CONSTRUCTION, MANUFACTURING & DESIGN

Evaco Creations covers all aspects of building design, materials supply and construction. Evaco Creations strives to meet and exceed clients' expectations by remaining on the cutting edge of engineering, construction, manufacturing and design.

Evaco Creations cluster is currently comprised of three subsidiary companies, namely FairStone Ltd, FineLine Contracting Ltd and I.D.E.A.



EVACO PROPERTY

PROJECTS

PROPERTY SERVICES & REAL ESTATE AGENCY

The Evaco Property Cluster is responsible for the development of real estate projects from from their inception to their realisation. The high-end residential complexes Athéna, Oasis, Domaine des Alizées, Clos du Littoral, Cap Marina and Secret are among its recognised developments. Driven by our unique experience, we have developed exceptional projects while advising our customers expertly. The cluster also includes Fine & Country Mauritius. Fine & Country is a full-service real estate agency showcasing a broad spectrum of high-end products.

Furthermore, Evaco Property has now extended its cluster with Histia Property Services.

CONSULTING, CORPORATE SERVICES & LOGISTICS

Evaco Solutions strives to be a key player in the fields of business consulting and advisory services in Mauritius and abroad with Stantons. Persistently working toward continuous improvement, our professional arm has succeeded in developing models and tools that serve to identify and cater to our client's specific requirements including company incorporation, corporate services, business support services and relocation assistance. Evaco Solutions provides a wide variety of services tailored to new investor and new resident needs.

Furthermore, Evaco Solutions has now extended its cluster with MEREO, where procurement and logistics are brought together under one roof, managing challenges of the international trade.

HOSPITALITY & LEISURE

Evaco Escapes provides seamless integrated services including hospitality and leisure services. Evaco Escapes also includes an exceptional beach club, 'La Plage', located on one of the most beautiful beaches of Mauritius. La Plage is a lavish leisure facility with its white sandy beach, crystal clear lagoon and calm surroundings. Post Covid-19, Evaco Holidays has been reorganized and divided into different sectors of activities within other clusters.

Evaco Escapes is now comprised of : Beach Club La Plage/ Ko Tao and Intense Experience.

Property development remains the Group's core business activity. From design to the marketing and sale of properties, the team draws on its unique experience and expertise gained over the years to ensure the delivery of exceptional projects.

2003

GRAND BAIE BUSINESS PARK

Grand Baie Business Park was launched in 2003. This innovative business centre includes a total of 73 offices, in a charming and friendly environment which also proposes a restaurant, fully equipped meeting room, and spa.

71 Offices

MUR 180 M

GRAND BAIE BUSINESS PARK

2004

OASIS I & II

Located in Grand-Baie, Oasis Villas are the first residential project implemented by the Evaco Group.

The complex is comprised of 51 spacious high-end villas which have been constructed in two phases. These villas were built with an enclosed private swimming pool and they are reputed for their innovative architectural design.

51 Villas

MUR 608 M

OASIS GRAND BAIE MAURITIUS

2010

ATHENA VILLAS

Inspired by the success of the Oasis villas, the Evaco Group came up with another innovative residential project: Athena Villas. This property was the first residential complex implemented through the RES scheme. It was finalized and successfully marketed in 2010. Athena comprises of 37 lavishly decorated villas with a swimming pool in each one of them.

37 Villas

MUR 368 M

ATHENA VILLAS

2013

DOMAINE DES ALIZÉES

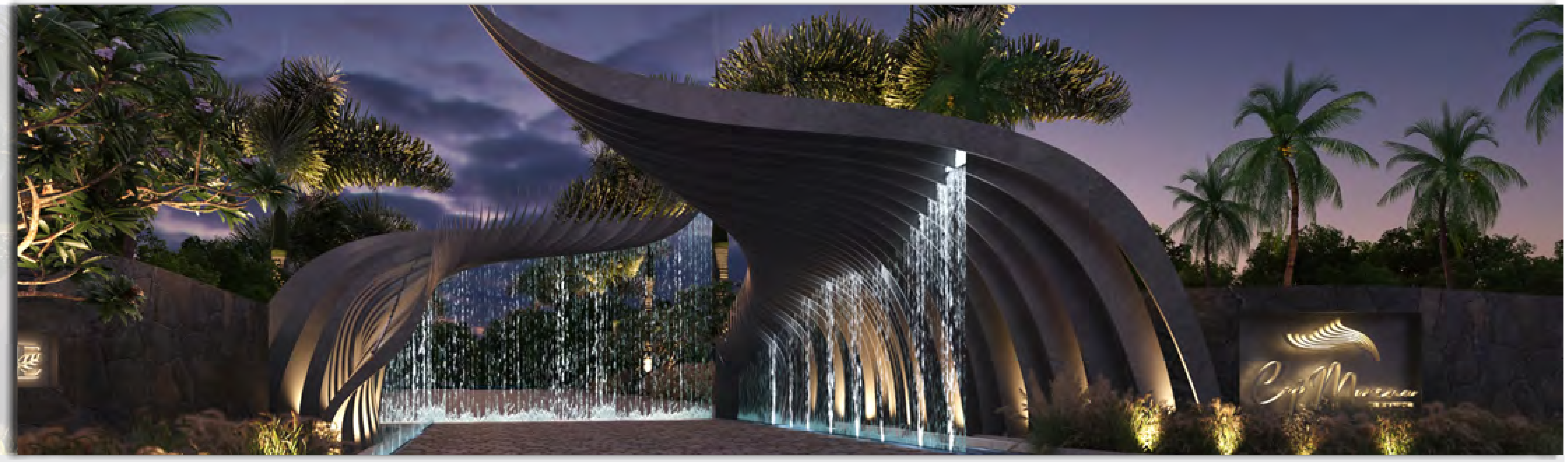
Domaine des Alizées Club & Spa was launched in July 2013. This high-end residential project and its 5-stars hotel services were honored by a **"Best Real Estate Development Award"**. The residential complex is composed of 90 RES apartments with an enchanting natural setting. They are surrounded with straw kiosks, a spa, a lounge bar and a gym.

90 Apartments

MUR 1 Billion

Domaine des Alizées

Within an area of more than twenty two hectares Cap Marina will be steeped in nature. With its exquisite, ultra-modern architecture, the project will offer a variety of properties for Mauritian and foreigners.



2015 - 2018

CLOS DU LITTORAL I & II

Clos du Littoral sets itself apart with its exclusive features and concept that ensure an unprecedented quality of life and well-being to its residents. Clos du Littoral consists of two phases. The Phase 1 comprises of 63 high-end villas divided into six categories. On the other hand, the Phase 2 features a wide selection of villas, built on plots ranging from 90 m² to 1122 m².

156 Villas

MUR 3.7 Billion

Clos Du Littoral
GRAND BAIE ILE MAURICE

2018

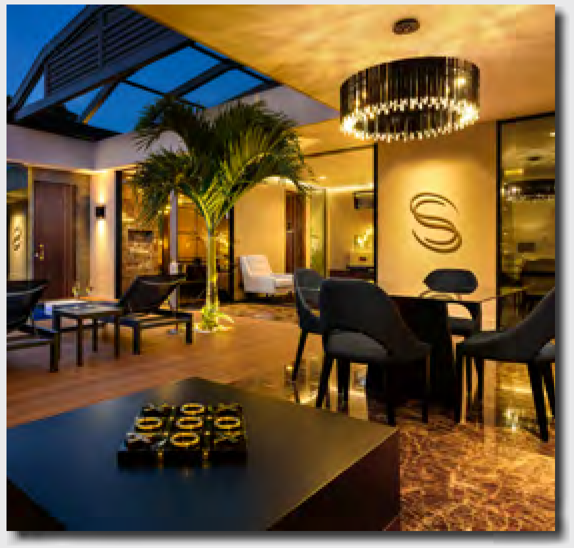
SECRET PRIVATE VILLA RESORT

Secret is based on an innovative concept combining modernity, elegance and contemporary comforts. This residential complex merges the codes of an urban hotel with high-end standard of the hotel industry. It represents a high-tech and automated accommodation with a precise choice of materials that entice areas of conviviality and sharing.

187 Villas

MUR 2.8 Billion

SECRET
PRIVATE VILLA RESORT



As from October 2019

CAP MARINA

Along the pristine seaside shores of the northern coastline of Mauritius, at Cap Malheureux, and against the backdrop of the islet of Coin de Mire, lays Cap Marina, an upscale water village.

Cap Malheureux and its tourist landmark, the church with its emblematic red roof, offer the ideal spot for a prestigious development. Within an area of more than 22 hectares, Cap Marina will be steeped in nature.

With its exquisite, ultra-modern architecture, the project will offer a variety of properties for Mauritians and foreigners.

338 properties

MUR 11.6 Billion

Cap Marina
ILE MAURICE

« Despite the difficult economic situation and thanks to an ambitious and ongoing development strategy in Mauritius and abroad, we remain confident about an auspicious future for Evaco Group. »

Who could have thought a virus would bring the economy to a standstill... Even though a profit of MUR 170 million was predicted, the Group finally incurred a loss of MUR 49 million during this financial year. The pandemic negatively impacted our results, delaying our operations and creating a six-month backlog throughout our projects. This crisis sent shock waves across our different clusters, directly and indirectly affecting all our activities. The construction cluster was brought to a standstill for a long period of time and was most adversely affected. Another outcome of the Covid-19 pandemic is the delay in the signature of the deeds of sale due to the travel constraints imposed to our foreign clients.

To pre-empt the fallout from this crisis, we promptly restructured our tourism and hospitality cluster to strengthen our position on the market. Evaco Holidays was replaced by two new companies, Histia Property Management and Intense Experience. With the closure of borders, this off-peak period was used, among other things, to renovate our beach club, La Plage.

Despite the difficult economic situation and thanks to an ambitious and ongoing development strategy in Mauritius and abroad, we remain confident about an auspicious future for Evaco Group.

Indeed, Cap Marina has broken all sales records in Mauritius and a second phase is currently under discussion.

Our 5* SECRET hotel concept proves to be suitable for a post-Covid-19 era. This comforts us in our strategy to develop this brand internationally with the first hotel opening its doors in Mauritius while the second one will be launched in Croatia.

The Group is also relying on the expansion of FairStone and FineLine over the next three years. We are confident these entities will take a leading position in the construction and interior design landscape in Mauritius. These new avenues of growth are based on innovation, research, and development. The Group prioritises the use of cutting-edge technologies with the aim to constantly improve quality and productivity.

In this fast changing world, Evaco Group keeps innovation at the core of its DNA. Day after day, we are proud to reinvent lifestyle through forward-thinking design and innovative property concepts.

Founder & Chairman

Arnaud Mayer

" Our ambition is to drive a high-performance culture, putting innovation & excellence at the heart of Evaco, while remaining true to our values and our purpose: the enhancement of people's lives through the creation of a unique lifestyle and experience."

At the outset, let me take this opportunity to thank our Chairman & Founder as well as my fellow Board members for both their continuous support and their strategic guidance during this extremely challenging year. I am honored and privileged to be introducing EVACO's 2020 Annual Report; my first as CEO.

When starting in this role in July 2019, it was clear to me that while the Property development, the Construction, the Manufacturing and the Leisure & Hospitality industries remained attractive sectors, they were entering a period of significant change bringing both challenges and opportunities. This could not have been more accurate, with the outbreak, during our second financial semester, of the COVID-19 pandemic; which in many ways, did systemically change the way the entire social & economic world functioned and operated.

We were quite fortunate to have focused, over a year ago, our entire organization on three main long-term priorities: Innovation, Performance and Trust. These priorities enabled us to focus on all the operational areas which needed improvement, thereby allowing us to respond more effectively and efficiently to this ever-changing operating environment. I do believe that both in short and long terms, these priorities/ focus areas, will be cornerstones for us on delivering improved performance and better returns for our shareholder and stakeholders while bringing along a broader societal contribution.

Turnover

In our first semester the Group had secured an impressive advance of Rs212 million (+55%), in its revenue generation, compared to the prior year semester.

Unfortunately, the combined effect of 1) the country's complete lockdown for a period of 10 weeks, with 2) the closure of the Mauritian borders, during the second half of the year, created some tremendous challenges pertaining to the signatures of the title deeds by our Property cluster. Nonetheless our sales & marketing teams were able to define new commercial and marketing strategies & tactics to both mitigate and overcome these challenges.

This sanitary and economic crisis was for us an additional catalyst to further innovate in the way we do market and sell our properties. With the rapid implementation of new digital platforms combined with the use of the latest available communication & digital technologies, we did manage to multiple by 10 the number of our sales leads in a time span of only 3 months.

On our construction side, the completion of our project "Clos du Littoral" together with the site establishment of our "Cap Marina project", were severely impacted and postponed by some additional 5 months, this despite the outstanding performance delivered by our sales teams in securing sales for more than Rs 4,93 Billion in less than 9 months.

Operating Profit

The Group has seen a severe decline of Rs115m (-110%) in its operating profits compared to the previous year. This decline is attributable to the country's' complete lockdown for a period of 10 weeks; lockdown which resulted in the postponement of our major Cap Marina project as stated previously. As a result, the Groups' 1st semester realized operating profits of Rs117 million completely vanished, resulting in a loss of Rs 10 million for our full year ending June 2020.

Cash flow

In October 2019, by way of private placement, the Group successfully raised Rs650 million through the issuance of 650,000 five-year redeemable secured floating rate notes, in line with the Group's strategy to realign its financial structure so as to cater for the Group's development and expansion.

During the year under review, the Group did inject some Rs233 million in cash into its operations as opposed to an operating cash generation of Rs69 million during the previous year 2018-2019. In the second semester only, the Group was forced to inject some Rs153 million into its activities, amount which fairly demonstrates the burden which the Group had to suffer during this pandemic situation.

2020- 2021 Outlook

The economic outlook for this forthcoming year remains challenging, nonetheless we have embarked in an ambitious expansion and development journey and we do remain confident that now with the effective construction start of our "Cap Marina" project, we shall be able to achieve our set operational & financial objectives for 2020-2021.

On behalf of the Board of Directors and in my own name, I would like to hereby express my sincere gratitude to each and every employee of our Group for their meaningful contribution during this very challenging year. Each one of you have stood by, the constantly increasing operational expectations and both your individual and collective input have been truly valued. An employee's hard work is the main fuel to a great company culture, and as such I would like to hereby thank you for adding extra miles to ours.

By keeping the same level of dedication and hard work, I do remain convinced that we shall overachieve our set targets for the forthcoming year.

"As we express our gratitude, we must never forget that the highest appreciation is not to utter words, but to live by them".

-John F. Kennedy

Group Chief Executive Officer
Alexandre de Saint Pern

Juan Pierre DE VILLIERS
General Manager, FairStone

FAIRSTONE CONSTRUCTION

FairStone Ltd has been a member of the Evaco Group since 2013 and has achieved ground-breaking work in real estate development. Equipped with up-do-date technologies and modern equipment, FairStone is engaged in the construction of the Group's property development projects. Our services include Site Management services, Project Management Services and Quantity Surveyor Services.

OVERVIEW

2019/2020 was key to FairStone's expansion with the implementation of new and improved processes and structures. The essential aspect to this strategic goal is the insightful implementation of lean management during the manufacturing process. Lean Management facilitates shared leadership and responsibility; and enables the company to endeavour continuous improvement and sharing of knowledge. Thus, ensuring that the employees are a major component of the improvement process.

This new management process enabled a superior customer value by creating a performance-focused culture within FairStone. This new management focus allowed us to set up and build high performance teams to ensure compliance throughout every step of the project. This strategic move helped us ensure our client satisfaction while managing the costs efficiently.

The focus for the year 2020/2021 for FairStone will be to build on its performance and to continue with the implementation of this new management. The pursuit of excellence through our different optimisation process will remain our main objective for the years to come. With the COVID-19 pandemic, FairStone will face new challenges head on.

The rise in the price of materials costs proved to be the crucial component in the coming months. The lean management will enable FairStone to manage the costs more effectively by eliminating waste.

KEY FIGURES

Total N° of Employees : **419**

Sales Turnover = **MUR 415.2 M**

Nicolas ESPITALIER-NOËL,
General Manager, I.D.E.A

I.D.E.A is an integrated global design subsidiary which is composed of a dynamic team of designers, engineers, and industry experts. IDEA's aim is to create efficient design solutions to tackle the greatest challenges facing our clients and society.

OVERVIEW

The year 2019-2020 was an exceptional year for I.D.E.A. The company's resources have increased tremendously in terms of workforce and projects.

I.D.E.A is now structured into 5 areas of expertise: Interior Design, Engineering, Project Management and Cost Estimation. This new structure ignited the transition towards the use of the latest innovations in the industry in respect to 3D modelling. To achieve this, I.D.E.A invested significantly into the upgrading of their IT equipment and new software licenses.

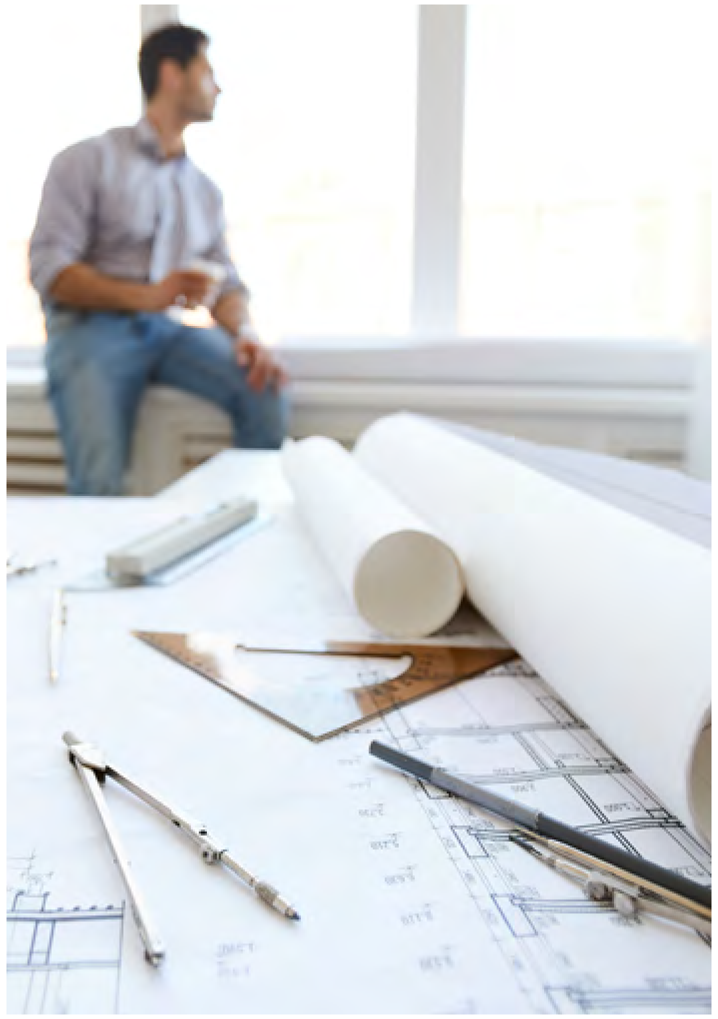
Following the growth of the Group, I.D.E.A's turnover has also increased significantly.

The next financial year is shaping up to be a challenge for I.D.E.A with the launching of Cap Marina project and other international property developments that are in the pipeline. In 2020/2021 I.D.E.A will take a step further to strengthen its position on the market. The aim is to continue growing as an integrated company that offers unique solutions for a global market.

Amidst uncertain times with the COVID-19 pandemic, I.D.E.A has the energy, the expertise, and the right tools to re-invent its work and propose innovative and efficient solutions, to turn this massive challenge into meaningful change. The key will be to focus its effort on the global approach of the project, within and outside the Group.

KEY FIGURES

Total N° of Employees : **26**



Julien de SENNEVILLE,
General Manager, FineLine Contracting

FINELINE CONTRACTING

FineLine Contracting Ltd combines cutting-edge technology with the Group's experience in manufacturing to create breathtaking interiors crafted to the highest standards of quality. Our experts in planning and production, with in-depth knowledge of materials deliver unprecedented precision, limitless creative possibilities and outstanding efficiency levels.

OVERVIEW

The financial year 2019/2020 marked a major turning point for FineLine with the implementation of a new structure and major expansion in terms of resources.

Through the continuous buoyance of the construction industry during the first quarter of 2019/2020 our main operations have experienced solid growth. With more than 100 projects completed during this past year, this milestone brings FineLine to a new level in its experience and expertise.

During the financial year 2019/2020 FineLine invested in state-of-the-art industrial equipment that allows for made-to-measure production with a seamless finish. The company also restructured its operations with the integration of a sales team & quantity surveyor team. These improvements aimed at achieving FineLine's long-term goal to deliver quality projects in a timely manner.

Major challenges and opportunities lay ahead after the COVID-19 pandemic. At FineLine, we think that resilience and innovation will be the key to overcome this crisis. The focus of 2020/2021 will be to build on the company's past performance and extend the services to external clients. Through FineLine, Evaco Group brings high quality & made-to-measure furniture to the local market. Another challenge is the start of a major real-estate development project, namely Cap Marina where FineLine's craftmanship will be needed.

KEY FIGURES

Total N° of Employees = **67**

Karen ANGUS,
Group Sales & Marketing Director, Evaco Property

EVACO PROPERTY

The Evaco Property cluster is responsible for the development of real estate projects from their inception to their realization. The high-end residential complexes Athéna, Oasis, Domaine des Alizées, Clos du Littoral, Secret & Cap Marina are among its recognized developments. The cluster also includes Fine & Country Mauritius. Fine & Country is a full-service real estate agency showcasing a broad spectrum of high-end products. With the reorganisation of EHR, Fine & Country Mauritius now takes care of the core activity of short-term rental. full-service real estate agency showcasing a broad spectrum of high-end products.

OVERVIEW

Evaco Property's core objective remains the conception and implementation of high-end projects which complement the Group's extensive portfolio. During the year under review, we continued to execute brilliantly our long-term strategies in a changing and challenging real estate market. Evaco Property has once again delivered an outstanding performance marked by the commercial success and the start of the construction of Cap Marina. Furthermore, our expansion goal has been achieved with the conceptualisation of a luxurious estate in Croatia. The official launch will be held during the next financial year.

Over the past year, we have faced unprecedented challenges. The outbreak of Covid-19 has caused significant economic consequences worldwide. Thanks to the unfailing support of our teams, backed by the clear-sightedness of our decision makers, we have managed to stay afloat. Amidst this pandemic, we have brought together clearly defined commercial and marketing strategies that put us in an excellent position.

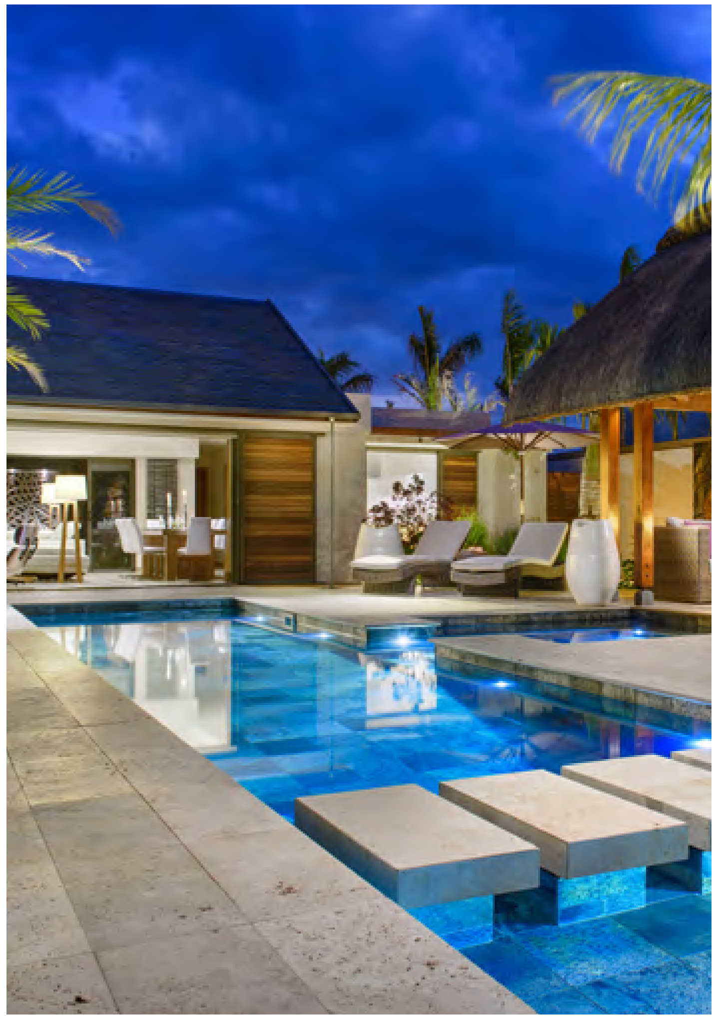
The external environment would be more complex, and we strive to keep enhancing the competitiveness of our real estate products while creating greater value. To remain relevant in the market, we have set new marketing and communication strategies which mostly include digital platforms that fit the new normal.

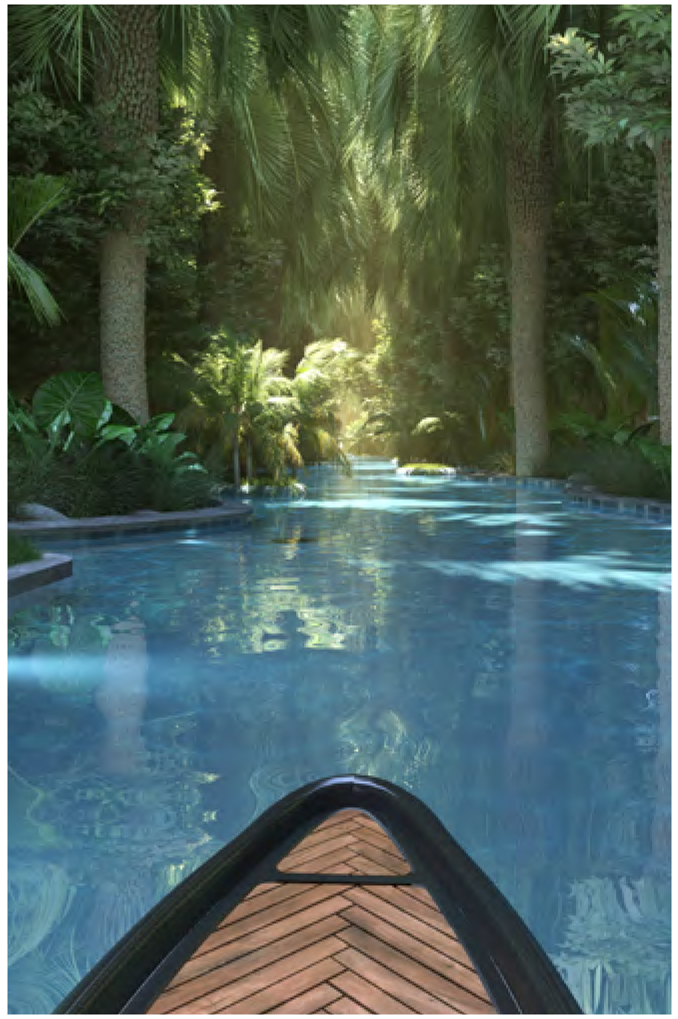
From a performance perspective, turnover increased from MUR 627M to MUR 663M. Our strategies focusing on developing personalised solutions have proved effective. We extend our thanks to our teams who repeatedly foster our common vision to further develop Evaco Group as a gamechanger.

KEY FIGURES

Total N° of Employees = **28**

Sales Turnover = **MUR 663.3M**





FINE & COUNTRY

Bénédicte DUVIVIER,
Branch Manager, Fine & Country Mauritius

OVERVIEW

The year under review has proved to be a dynamic one for Fine & Country Mauritius. Our core objective remains the delivery of modernized and advanced customer-oriented service while showcasing a broad spectrum of high-end products. We are proud to report significant achievements.

During the year 2019/2020, we strived to maximise the opportunities for our agency by strengthening our marketing approach. One positive development which arose was the expansion of our client base for the sale and rental of luxury, exclusive, unique, and top end properties all over Mauritius. We also ensured that our team acquired the right expertise. Several training sessions were organised throughout the year to reach this objective. It was gratifying to see our effort being rewarded at the Fine & Country Property Awards 2019. We won the Regional Award.

Fine & Country Mauritius works closely with the head office in London. During the year under review, we have greatly benefited from their extensive workplan. The refreshed guidelines modernise and energise the brand both locally and internationally. In the context of the pandemic of Covid-19, Fine & Country consolidated its hold with the introduction of new tools and training. We are well set to continue increasing recurring revenues. I would like to thank all those connected to Fine & Country Mauritius for their efforts and hard work. Having refuelled the business with substantial assets, we are confident of another busy year ahead.

KEY FIGURES

Total N° of Employees = **7**

EVACO Solutions is currently comprised of two subsidiaries, namely Stantons and Mereo. The services offered by Stantons include consulting, corporate services and relocation services, and a one stop shop for the procurement and logistic services with MEREO.

Fabrice LINCOLN,
Managing Director, Stantons

STANTONS
CONSULTING & CORPORATE SERVICES

Stantons started operating at the end of 2019 and organised itself by onboarding the necessary resources and documenting the key processes required to ensure a high quality of service. The company started acquiring several clients intending to purchase PDS properties through a corporate structure. Stantons is now well structured and resourced and has the necessary capacity to grow.

Changes in the business environment at the start of 2020 due to the COVID-19 pandemic, together with the implementation of new regulatory measures intended to combat money laundering & the financing of terrorism presented some challenges and caused a change in our strategy. To capitalise on the new regulatory environment, Stantons has developed a differentiated service within its compliance service offering, targeting AML/CFT consultancy and due diligence screening. Stantons is currently proposing this service to players within the real estate sector.

The budgetary measures pertaining to residence permits boosted the expectations of Stantons.

We expect to see a significant rise in demand for this service as soon as the borders re-open.

Stantons is steadily building a solid reputation as a strategic partner to its client. Our team intends to keep this momentum with our regulatory capacity, effective process and innovative approach, solutions, and service delivery.

MEREO
PROCUREMENT SOLUTION

Xavier de LA TOUR de CHALAIN,
General Manager, MEREO LTD

OVERVIEW

As the company becomes more established, it will increase the range of professional services on offer and develop a long-term relationship with key suppliers to have continuous improvement in supply & quality.

Major challenges await for 2020/2021with the costs of products, materials, and transportation fluctuating. The devil is in the details and focus will be the key. Mereo Ltd needs to be aware of the end user's needs, budget, the marketing strategy, and other steps in the product's timeline to develop a comprehensive procurement strategy that generates optimum profits.

Mereo Ltd will leverage the Group's experience to offer added value to its customers.

KEY FIGURES

Total N° of Employees = **28**

EVACO ESCAPES

OVERVIEW OF CLUSTER

Norbert COUVREUR,
Chief Operating Officer, Evaco Escapes

EVACO
ESCAPES

Evaco Escapes provides seamless integrated services including hospitality and leisure services. Evaco Escapes also includes an exceptional beach club, 'La Plage', located on one of the most beautiful beaches of Mauritius.

Post Covid-19, Evaco Holidays has been reorganized and divided into different sectors of activities within other clusters. Evaco Escapes is now comprised of : Beach Club La Plage and Intense Experience.

In 2019/2020 an analysis of the cluster's strengths and weaknesses demonstrated that a new strategic direction was needed. The urgency to reinvent the business model stemmed from the turbulence within the tourism industry and the global Covid-19 pandemic. These factors combined urged a strategic reorientation.

The management decided to split the EHR business apart through a spin-off. This reorganisation provided the possibility to reach new markets and explore new product segments. This will secure new sources of revenue as well as developing new, innovative products and services to clients. Following this reorganisation, we launched Histia Property Services and Intense Experience at the right time. The goals for both new companies are the same: to boost innovation and create new offers.

Our aim with Intense Experience is to reposition Mauritius, Rodrigues, Saint-Brandon, and Reunion Island as the major Experience destinations in the Indian Ocean. We strongly believe that there is a significant market that is still to be developed and reached through our exclusive and intense experiences. The strengths of Intense Experience reside within a broad market coverage, extensive distribution channels and tailor-made innovative experiences.

Though, major challenges lay ahead with a slow market pace and the covid-19 crisis, we remain optimistic that 2021 will bring opportunities to tap into new market segments.This year was marked with major strategic changes and the arrival of a new management team headed by Sinsamy Mootoo. Furthermore, La Plage encountered a gastronomic expansion with the integration of Ko TAO, an authentic Thai cuisine at its finest. A new Thai Chef, Duangjai Hinsirisuwan, opted to be a Thai cuisine ambassador and embarked on a new journey to Mauritius at La Plage. The restaurant is tastefully decorated, creating a feeling of intimacy and elegance only surpassed by the exceptional cuisine. The highlight of this past year was a complete renovation of the restaurant and the kitchen and the addition of the Rhum Lounge. In an era of transitory competitive advantage, we must continually adapt to market changes.

The Evaco Escapes cluster will drive innovation by acquiring complementary tools and resources of expertise. The focus for 2020/2021 will be to working together towards common goals, business networking, teamwork as well as linking and aligning the different Evaco Escapes elements.

HISTIA PROPERTY SERVICES

la plage

INTENSE Experience

KEY FIGURES

- Total N° of Employees = **119**
- Sales Turnover = **MUR 123.8 M**

André NAIRAC,
General Manager, Histia Property Services Ltd

HISTIA
PROPERTY SERVICES

At Histia, we are extremely passionate about the quality of our work and the professional and thorough service we deliver. Our team of professionals undertake all aspects of property care management, from housekeeping and maintenance to concierge facilities. We take pride in offering tailor-made solutions to homeowners, real estate investors and small and medium organisations.

Whatever your needs, we have the solution.

OVERVIEW

Histia provides customised services according to your needs: maintenance, housekeeping, check-in & check out and concierge services. The business model of Histia Property Services, focuses on rendering property services, and shall provide for higher growth opportunities. This new entity is managed by André Nairac, a seasoned professional in the hospitality industry. Histia will bring a unique and complete solution to villa and other property owners from housekeeping to concierge services. The new model will no longer rely uniquely on the Evaco property owners but will also offer services to owners outside Evaco properties.

Amid the global pandemic, it is expected that hygiene and health requirements and policies will boost Histia expansion in 2021. For the year moving forward, Histia Property Services will operate under the Cluster of Evaco Property.

EVACO GROUP ECONOMIC CONTRIBUTION

Evaco Group's global business contributes to the local economy in many ways via direct value creation, innovation, employment, investments in future value creation and contribution to public finances via taxes and other levies. Since its inception in 2001, the group has generated more than $ 250,000,000 in terms of revenue through the development of more than 200 000 m^2 of land. The group provides direct employment for around 700 people in Mauritius and abroad, from maintenance officers to engineers and customer service staff. We also spend millions of rupees a year with thousands of small, medium and large businesses across the island, helping to secure viability through supply. The tax contribution of the Evaco Group during the year 2019/2020 was more than 85.4 MUR. We firmly believe that being transparent in our payments can help communities understand the economic benefits generated by our activities and how this is distributed to governments for local, regional, and national economic and social development.

PERFORMANCE HIGHLIGHTS

MUR 85.4 M in taxes and other payments to governments

MUR 155.7 M paid to employees in wages and benefits

CORPORATE SOCIAL RESPONSIBILTY

In Mauritius, Evaco Group is committed to the development of industries we operate in whilst improving the quality of life of our employees, their families and the community by being responsible for our actions – socially, ethically and environmentally.

As a fast-leading company, Evaco Group has at heart the development of society and its communities where our amenities and projects are located. The Group thus, incorporated its foundation, the Evaco Foundation.

The Group's strategy to build on its social and relationship capital will be driven by the Group's foundation. The Group will invest time, expertise, and financial resources to provide a structure for the administration, management, and allocation of the funds available as the PDS Funds, and the CSR Social Funds.

The scope of the Foundation will be to undertake and execute projects for the benefit of individuals and communities in various priority areas such as (non-exhaustive):

- Environmental & Sustainable development
- Leisure & Sports
- Family Protection, including protection of victims of domestic violence

The Foundation will focus on partnering with the community through social contributions with an integrated neighbourhood approach.

We supported the NGO Eco Sud when our country was facing an unprecedent environmental disaster. Our financial support aimed to offer professional training to the direct victims of this disaster. Furthermore, our employees have actively participated in the preparation of buoys made from recycled materials and delivered same to protect the South-East lagoon of Mauritius. The Group has participated in various clean-up campaign in the North of the Island.

At Evaco Foundation we firmly believe that sport is a key factor to mitigate, prevent and fight the drug issue that the country is facing. We supported the Pamplemousses Sporting Football Club. We have been involved in sponsoring several sports days and tournaments, such as petanque, football, badminton, organized by the community for the community of several villages located in the North.

In addition to sport activities & the protection of the environment, we deem that personal development and empowerment are essential, especially in this COVID-19 period.

It is an area that we consider top priority. As such, Evaco Foundation is pleased to support the NGO Caritas- Lakaz Lespwar. This NGO based in Solitude has for its aim to alleviate poverty through various community focused projects, such as a certified organic vegetables community garden.

Our commitment to support the community is more than ever essential and will continue through Evaco Foundation.

Lauriane PALLANY,
Group Head of Human Resources

Challenges, resilience, rethinking… Those words have been resonating more forcibly those last months not only to businesses but to each individual.

The Evaco Group has reinvented some of its businesses to give to each of them a new boost and broader perspectives despite the gloomy previsions worldwide. We were thus pleased to announce the creation of Histia Property Services Ltd, Intense Experience Ltd & Mereo Ltd. Transforming what were once only departments of larger structures to independent companies, has allowed the latter to have new scopes for growth in structure, turnover and people. We have succeeded in reallocating employees to different entities of the group, whilst keeping and using the essence of their competencies for new objectives.

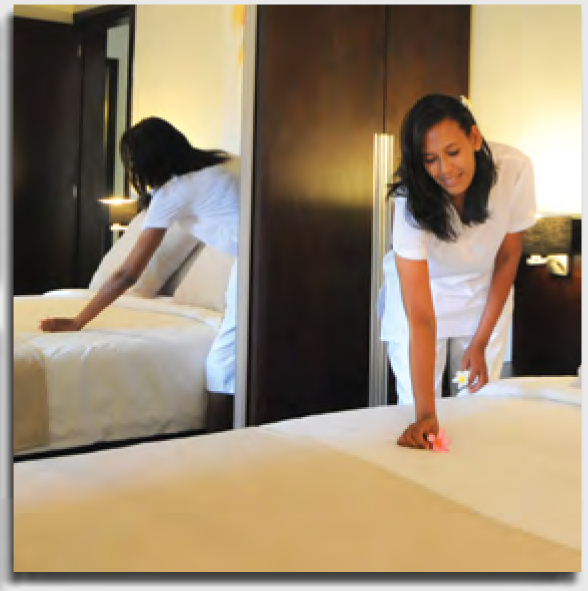
Despite the hurdles posed by Covid-19, the Group has stood its ground and been as productive as ever, with the staff efficiently working from home and producing amazing results. Since the availability of work access passes, all our construction sites as well as our Factory have been up and running, with no major delays over the agreed delivery dates to our clients.

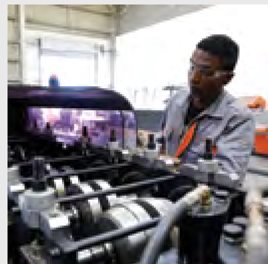
The need for motivated and talented people is ever growing. We have had over 50 new recruits since the end of the lockdown, and we are still recruiting. Is there a better sign of a healthy business? We have a particular approach to recruitment which has proved to be positively impactful over the years. Each candidature we receive is scrutinized and it often happens that the professional profile of an individual creates an opportunity; we do not systematically wait for a specific recruitment need to arise to trigger the search process. As such, we have had a variety of profiles that have joined us and have added significantly to our success over the years.

With an increase of nearly 200% of our manpower since 2016, the structure of the Human Resources team has also been reviewed more than a year ago. To cater for all the employees', each company has its own HR Representative. This proximity makes better industrial relations, enhanced HR services and prompt interventions at all levels. The aim being to promote healthy work environments, conducive to productivity, motivation, and happiness! We want people to be happy to come to work. It is not unachievable. We do have policies and procedures to cater for the basics of all operational structures. We also believe that the prevailing general culture and management style allow our employees to be innovative, creative and at ease when performing their duties.

Our upcoming HR projects include a new Performance Management System for all companies of the Evaco Group, aligning ourselves to international standards at all levels and becoming the preferred employer of the local scene.

We foresee tumultuous times ahead at both local and international level. Evaco Group has projects worldwide and we will need to embrace changes, new cultures, and constantly review the way we manage our people. Our way to do it: re-thinking, re-shaping, and re-inventing.





Mr. Philip Patrick Arnaud MAYER

Founder & Chairman

Mr. Arnaud Mayer is the Executive Chairman of the Evaco Group. After his postgraduate studies in France, he came back to Mauritius in 1996 with a Degree in Business Management. He shared his knowledge and insight with local industries, and created various companies operating in several business fields. In 2001, Mr. Mayer started working in the real estate sector and founded the Evaco Group. He was ranked among the top entrepreneurs of Mauritius in 2008. He was the president of the Real Estate Association Mauritius (R.E.A.M) from 2015 to 2018.

In 2017, Mr Mayer was honoured to receive the title of Honorary Citizenship in recognition of his contribution to the economic and social development of the northern regions of Mauritius.

Mr. René Gérard Alexandre GOUREL de St PERN

Executive Director
Chief Executive Officer

Born in 1976, Mr Alexandre GOUREL de SAINT PERN, CPN, holds a post-graduate degree in Marketing & Management.

Alexandre started his career in 1996 at Cernol Chemicals Ltd. before joining an American multinational, Ecolab Inc., in 1999, where he last held the position of Export Director for Africa, based in Morocco until 2004. In 2005 he joined the Harel Mallac Group, a diversified Mauritian conglomerate, as Group Head of Business Development and was appointed General Manager of Harel Mallac International Ltd. that same year. In 2007 Alexandre became General Manager of Harel Mallac Outsourcing Ltd., overseeing the BPO and Outsourcing activities of the Group. In 2010 he joined the Corporate Offices of the Dominique Galea Group, namely PCS Ltd., as Director of International Operations, responsible for the Group's international strategy and business development, before holding the position of Chief Strategy Officer of FORGES TARDIEU Ltd between 2015 and 2019.

Alexandre joined the EVACO Group as from the 1st of June 2019 as Group Chief Operations Officer and has been promoted to Group Chief Executive Officer on the 1st of July 2019.

Mrs. Karen Florence ANGUS

Executive Director
Group Sales and Marketing Director

Born in 1981 in France, Mrs. Karen ANGUS joined EVACO Group in 2008 as Group Sales and Marketing Director. She holds a Masters' degree from an International Business School (IGS group) in Commerce and Marketing.

With fourteen years in sales, she has a solid experience in planning all the sales activities and increasing the revenue for each project. She has a strong built-up relation with customers and succeeds to target her sales goals, coming-up with strategies to generate quality new business.

Mr. Patrick Edgar Fabrice LINCOLN

Executive Director
Group Head of Legal

Fabrice LINCOLN joined Evaco Group in September 2018.

He holds a Bachelor of Economics and a Bachelor of Laws, and practised as a lawyer in Australia for more than 12 years before joining Evaco Group. Fabrice worked as a senior lawyer in large international and Australian law firms in the fields of property and development, commercial law and corporations law, amongst others.

Fabrice adds deep expertise to the group's legal governance and risk management team.

Mr. Mathieu Serge MEUR
Independent Director

Mr. Mathieu Meur holds a Master of Engineering degree from the École Centrale de Lyon, France, one of the most prestigious engineering schools in Europe. Trained as a multi-disciplinary engineer, Mr. Meur has been acting in a management capacity in the construction industry for over 20 years. Mr. Meur has served as Managing Director within a prominent international building engineering group for several years. He currently leads one of the top 10 largest architectural firms in the world. Mr. Meur has been involved in the design and engineering of over 100 buildings on five continents. He joined the Evaco Group in 2020.

Mr. Charles Philippe de BRAGARD HARDY
Non-Executive Director

Born in 1972 in UK, Mr. Philippe HARDY is a founding member of DMH Ltd. He has a very diversified exposure to finance having held various roles spanning investment management, business development, corporate planning and transaction advisory.

He is the leading partner of DMH's corporate finance advisory services in Mauritius, having coordinated and advised on several capital structuring as well as M&A transactions across many industries in the past 15 years, with a particular expertise in dealing with family held enterprises and owner managed businesses of all sizes.

Philippe holds an Honours degree in Mathematics and Financial Management and is an Associate of the Royal College of Science of London through the Imperial College of Science, Technology & Medicine. He acts as Director on several public and private companies, chairing audit committees in various instances.

Mr. Jean-Marc Daniel LAGESSE
Independent Director (Resigned on May 1,2020)

Born in 1960, Mr. Jean-Marc Lagesse holds a Bachelor in Hospitality Management from GLION Institute of Higher Education of Switzerland. He started his career in the Tourism and Hospitality Industry and has worked for 30 years at New Mauritius Hotels Ltd as the Hotel Director of two 5 star hotels namely; Paradis Hotel & Golf Club and Dinarobin Hotel Golf & Spa.

Moreover, he has been a member of NMH Board of Directors & President of the Association of Hotels & Restaurants of Mauritius. In 2014, he was appointed General Manager of Ephélia Resorts in Seychelles.. Jean-Marc is also the founder and Director of «Lakaz Chamarel» boutique hotel and of «Pro-Resort Consulting Ltd», a firm specialised in hotel management consulting.

Over the years, he has acquired significant experience and has shown outstanding interpersonal, management and leadership skills.

TOP MANAGEMENT DETAILED PROFILES

Mr. Norbert COUVREUR
COO of Evaco Escapes

Norbert Couvreur has more than 35 years' experience in the hotel and tourism industry.

He was trained by The American Hotel & Motel Association, Cornell University, The Industrial Society and Masterclass International in London. Norbert garnered international experience and worked on the 4 continents for several large international business and leisure groups. He has a proven track record involving General Management roles as well as hotel franchising development.

He joined the Evaco Group in September 2020.

Mrs. Antoinette PERRINE
Group Head of Finance

Antoinette Perrine joined the Evaco Group in December 2016. A seasoned professional with more than 15 years of experience, she has acquired a solid knowledge on accounting, finance and business practices.

Antoinette is an ACCA member and studied for an Msc Finance at the University of Mauritius. She started her career as an external auditor and since then has evolved in the textile, gaming, hospitality and property development as financial controller and finance director.

Mrs. Lauriane PALLANY
Group Head of Human Resources

Lauriane Pallany is currently the Group Head of Human Resources and has been in the Evaco Group since April 2016. After more than 5 years in Administration as well as Marketing & Sales in various companies, Lauriane has been working for 15 years, mainly in the manufacturing and retailing industries to start with.

She now deals with the various industries related to the Evaco Group and its subsidiaries, namely Construction, Manufacturing, Contracting, Property Development, Hospitality & Catering. Holder of a degree in Human Resources, Lauriane is taking up the new challenges faced by the Group to fully support the Management team.

Mr. Nicolas ESPITALIER-NOËL
General Manager, I.D.E.A

Born in 1977 in Mauritius, Nicolas E. Noel graduated as Civil Engineer from Ecole Nationale Supérieure d'Ingénieurs de Poitiers (France).

He then worked in France during 12 years for major civil construction companies, incl. the COLAS group. Coming back to Mauritius in 2013, he has worked as Senior Engineer for General Construction Co Ltd, a major actor in the local construction business. He has recently joined the Evaco group as General Manager of IDEA.

Mr. Julien de SENNEVILLE
General Manager, Fineline Contracting

Julien de Senneville reckons more than 24 years of experience, cumulating valuable experience involved in several trade and various project like Caudan, State Bank, Le Prince Maurice Hotel and many other projects in the Manufacturing industry and site management such as ceiling and partitioning, manufacturing of built-in and loose furniture.

Julien joined the Evaco Group in April 2019 as the General Manager of Fineline Manufacturing. The company caters to produce all the Evaco Group's wood, electrical, metal and aluminium products which is now aiming at the local market.

Mr. Juan-Pierre de VILLIERS
General Manager, FairStone

Juan Pierre de Villiers is a Senior Manager with more than 15 years of experience in building projects.

He completed his National Diploma - Construction Supervision T3 in 1998 and his Baccalaureus Technologiae – Construction Management in 2000. He is registered as a Professional Construction Manager with The South African Council of the Project and Construction Managers Professional and has worked for reputable firms such as NMC Construction, North Rich Properties and Tucana Construction. Between December 2015 up to 2019, he ran his own company with work assignments on the African territory and joined the Evaco Group in 2019.

TOP MANAGEMENT DETAILED PROFILES

Mr. Xavier de LA TOUR de CHALAIN
General Manager, MEREO Ltd

Xavier de Chalain joined the Evaco Group in January 2020. Holder of a MBA with a specialisation in Management and Business Administration from the University Paris 1 Panthéon Sorbonne, he has more than 18 years of experience in Sourcing and Procurement specifically in the Fast Moving Consumer Goods sector.

Xavier gained global exposure by working for the largest Mauritian and African entities including Anheuser-Busch InBev.

Mr. André NAIRAC
General Manager, Histia Property Services Ltd

Holder of a post-graduate management certificate from Henley Business School, in South Africa, André Nairac is a seasoned professional of the service industry.

He started his career in 1991 in the Aviation sector at South African Airways, where he worked for 13 years cumulating commercial functions in Mauritius and leading the SAA office in Côte D'Ivoire.

Returning to Mauritius, he joined the Harel Mallac group in 2005 as General Manager of the Aviation and Travel cluster. In March 2020, he joined the Evaco Group as General Manager of Histia Services.

ADMINISTRATION

Registered Office
Rivière Citron
20101, Arsenal, Mauritius

Company Secretary
Stantons Ltd
Business parc,
Beau Plan

Registery & Transfer Office (Ordinary shares)
Evaco Ltd
Rivière Citron
20101, Arsenal, Mauritius

Security Agent
SBM Fund Services Ltd
SBM Tower, 1, Queen Elizabeth II Avenue,
Port-Louis

Noteholders' Representatives
SBM Fund Services Ltd
SBM Tower, 1, Queen Elizabeth II Avenue,
Port-Louis

Licensed Auditors
BDO Mauritius
10, Frère Félix de Valois,
Port-Louis

FOR NOTEHOLDERS

Registrar, Calculation, Transfer and Paying Agent
SBM Fund Services Ltd
SBM Tower, 1, Queen Elizabeth II Avenue,
Port-Louis

Sponsoring Broker

SWAN Securities Ltd
Swan Centre, 10, Intendance Street,
Port-Louis

Bankers
ABC Banking Corporation Ltd
SBM Bank (Mauritius) Ltd
The Mauritius Commercial Bank Ltd
MauBank Ltd

SENIOR MANAGEMENT DETAILED PROFILES

Mr. Warren CHUNG
Financial Controller Corporate

Warren Leung is an ACCA member.

He started his career at Deloitte in 2008. Between 2015 and 2017 he worked as Finance Manager in the retail industry and Insurance industry before joining Evaco in 2018.

Mrs. Bianka BHUGON
Group Internal Auditor

Bianka Bhugon joined Evaco Group in January 2019 as Group Internal Auditor. She holds a Bachelor Degree in Management, is a fellow member of the ACCA and a Certified Internal Auditor. She has 16 years' of experience in audit and advisory domain, having worked across global consulting majors such as PwC and EY. She began her career at PwC Mauritius in 2003 as external auditor and left 3 years later when she qualified as a Chartered Accountant. Bianka has spent 10 years within the advisory department of EY and PwC Mauritius. Bianka has also been instrumental in setting up the internal audit function in other organisations for which she worked for the past 3 years. She formed part of the selective global pool Europeaid and Global Fund auditors. Throughout her career, she has worked on four continents and has a footstep in more than 25 countries across the globe.

DETAILED PROFILES BUSINESS UNIT LEADER

Mr. Rajeshwar MANCOO
Operation Manager & Company Secretary

Rajesh Mancoo joined the Evaco Group in January 2020. He has over 30 years of experience working with international companies. He started his career in the financial services sector and worked within several Offshore Management companies, where he specialised in the field of Corporate Administration and Governance.

Rajesh is a Chartered Secretary and holds an MBA with specialisation in Marketing. He is also an ACCPA certified professional (AML-CFT). He is the vice-president of the Institute of Chartered Secretaries & Administrators (Mauritius).

Mrs. Bénédicte DUVIVIER
Branch Manager, Fine & Country Mauritius

Bénédicte holds a bachelor's in business administration since July 2011. After spending several years in Reunion Island for her studies and to gain in work experience, Bénédicte has joined the real estate sector in August 2013 as Residential Service Specialist entertaining a portfolio of 30 IRS residences for a property development company. She grown within the organisation as Sales coordinator to Sales Executive with challenges such as setting up the long-term rental and resale department in a new organisation. She joined Fine and Country in January 2019 as Real estate consultant and has been appointed Branch Manager in January 2020. Bénédicte is driven by her passion for excellent customer service and believes strongly in human capital.

Mr. Sinsamy MOOTOO
Restaurant Manager, La Plage

Sinsamy Mootoo reckons more than 40 years of experience in the Hospitality Industry, moving up the hierarchy ladders with his experience and professionalism in this field. Sinsamy has worked for prestigious groups and hotels such as Accor and Beachcomber. His last employment as Restaurant Manager, Food and Beverage manager and Entertainment Manager, for 28 years mainly at Le Mauricia, has brought this final touch of refinement in the services he provides. He is now leading La Plage by Evaco since September 2020 and is most dedicated to this new challenge.

CORPORATE GOVERNANCE REPORT

GROUP PROFILE

EVACO LTD is a public company incorporated on April 3, 2002 and domiciled in the Republic of Mauritius. EVACO LTD is also a public interest entity under the Financial Reporting Act and is required to adopt good governance practices.

On November 19, 2019, the Company listed 5-year redeemable secured floating rates notes to the value of Rs.650 million on the official market of the Stock Exchange of Mauritius Ltd.

Having evolved from a real estate development company, EVACO Ltd is now a Holding and Investment entity which acts as a Group Corporate Executive office with its global head offices located in Mauritius. The Group is present in various sectors of the economy through four main Core Competency Clusters, namely Property, Solutions, Creations and Escapes.

RESULTS

For the year under review, the turnover for the Group and the Company reached Rs.797.9m (2019 – Rs. 825.2m) and Rs.20.4m (2019 – Rs.36.7m) respectively, whilst the loss after tax for the Group and the Company stood at Rs.55.5m (2019 – Profit of Rs.255.1m) and a loss of Rs.28.0m (2019 – Loss of Rs.31.6m) was recorded.

DIVIDENDS

Total dividends declared by the Group and the Company for the year ended June 30, 2020 was Rs.50,000,000 (2019 – Rs.20,000,000).

EVACO Property

Property Development & Real Estate Agency

The Evaco Property Cluster is responsible for the development of real estate projects from its inception to its realisation. The high-end residential complexes Athena, Oasis, Domaine des Alizées & Clos du Littoral are among its recognised developments.

Cap Marina is the forthcoming property development project which is being developed at Cap Malheureux. Creative Properties Ltd and its subsidiaries Creative Senior Properties Ltd and Creative Local Properties Ltd are the special purpose entities that have been set up to develop the project. This project includes a variety of residential properties and commercial facilities, providing something for everyone, including the needs of Mauritian citizens.

Secret Resort Management Services Ltd is another new member of the cluster. This company will be responsible for the management of the villas forming part of the Secret Private Villa Resort project.

EVACO Solutions

Consulting & Corporate Services

The professional services arm provides personalised services to new investors and residents in Mauritius, including company incorporation services, corporate services, business support services, consulting services and relocation assistance.

EVACO Escapes

Leisure & Hospitality

The services and business model for this cluster has been restructured and optimised to ensure efficiency and to offer an a-la-carte targeted service offering.

Histia Services Ltd (previously known as Evaco Holiday Resorts Ltd) – the scope of Histia Services Ltd remains property management services in Mauritius.

Evaco Beach Club Limited is a subsidiary of Histia Services Ltd and trades as 'La Plage', this business unit offers an acclaimed beach-side restaurant at Trou-aux Biches, with swimming pool, kids' corner, rhum-bar, deck chairs and beach massages, all part of the exceptional services and facilities available to the guests and members..

Intense Experiences Ltd is a new member of the Escapes Cluster. The objective of the company is to provide a unique and memorable theme-based holiday experience to guests.

EVACO Creations

Engineering, Construction, Manufacturing & Design

The EVACO Creations cluster aims to optimise every aspect of building design, materials supply, and construction. This Cluster has a new member entity, namely Mereo Ltd. Mereo is a specialist operating entity responsible for procurement for the Group.

EVACO FOUNDATION – WELFARE OF THE SOCIETY

Evaco Ltd is the Founder of Evaco Foundation, a Foundation registered on 29 September 2020. The main objective of the foundation is to provide a formal platform for the Evaco Group and its employees to engage in projects for the welfare of our society and the environment. The Foundation will be funded principally from CSR funds and PDS Social Funds. The Foundation is already in discussions with relevant stakeholders for the implementing of two important social projects at Cap Malheureux, including for the construction of a sporting complex. The Foundation is also planning the provision of financial and logistical support to programmes aimed at poverty alleviation and environment & sustainable development within the region of Arsenal.

PRINCIPLE 1:
EVACO GOVERNANCE STRUCTURE

The Role of the Board

The main function of the Board is to lead and direct the affairs of the Company to achieve the long-term strategies for the benefit of the Shareholder and all stakeholders. The Board quarterly reviews the financial performance, operational measures and funding requirements of the business clusters. The Board also reviews the annual budget, investment proposals and corporate governance status.

The Board leads and controls the Company and is collectively responsible for its long-term success, reputation and governance. It is also committed to fair financial disclosure to its shareholders and all the stakeholders at large and for leading and controlling the Company and meeting all legal and regulatory requirements.

Board Charter

A Board Charter setting the terms of reference for the Board and describing how the Board operates has been adopted and can be viewed on the Company's website.

Job Descriptions

The Company has approved written job descriptions for all senior governance position (Chairman and Founder, Group Chief Executive Officer, executive Directors and Company Secretary). The role of Board Chairman and Group Chief Executive Officer are held separately. The Sole Ordinary Shareholder Mr. P. P. Arnaud MAYER is the Founder and Chairman while Mr R.G. Alexandre GOUREL de St PERN is the Group Chief Executive Officer.

Organisational Chart and Statement of Accountabilities

The Company is headed by a unitary Board composed of six Directors with a mix of executive, non-executive and independent Directors.The Group Chief Executive Officer is responsible for the Company's affairs and closely interacts with the Chief Operations and General Managers of the different business units. An organisational chart can be viewed on the company's website.

Constitution

The Company has adopted a Constitution on 16 May 2016 in conformity with the Companies Act 2001 and the Listing Rules of the SEM.

PRINCIPLE 2:
STRUCTURE OF THE BOARD AND ITS COMMITTEES

The Company is headed by a unitary Board composed of six Directors with a mix of executive, non-executive and independent Directors. To determine its current size and composition, the Board has taken into account (a) the size, complexity and diversity of its operations, (b) the various qualifications and experience of its members, and (c) the recommendations of the Code.

Presently, there is a combination of three executive directors and three non-executive directors. The directors come from diverse business backgrounds and possess the necessary knowledge, skills, objectivity, integrity, experience and commitment to make sound judgements on various key issues relevant to the business of the Company, independent of management.

Chairperson

Mr P.P. Arnaud Mayer is the Chairperson and founder. He chairs meetings of the Board and of Shareholders.

The Chairperson's primary function is to:

Preside over the meetings of directors and ensure the smooth functioning of the Board in the interests of good governance;

- Provide overall leadership and encourage active participation of all directors; and
- Ensure that all the relevant information and facts are placed before the Board to enable the directors to reach informed decisions and maintain sound relations with the Company's shareholders.

Chief Executive Officer - CEO

The CEO reports to the Board of Directors and is responsible for the day-to-day management of the Company and works in close collaboration with the management team, the Board and the Committees.

Executive Directors

There are three Executive Directors on the Board.

Independent Directors

In terms of the Companies Act 2001, an independent director is a director who is a non-executive director and who

a) Is not an employee of the company;

b) does not have material business relationship with the company either directly or as a partner, shareholder, director or senior employee of an organisation that has such a relationship with the company;

c) does not receive remuneration from the company, except remuneration or any other benefits given as a director in accordance with S159;

d) is not a nominated director representing a substantial shareholder;

e) does not have close family ties with any of the company's advisers, directors or senior employees of the Company;

f) does not have cross directorships or significant links with other directors through involvement in other companies or other organisations; and

g) has not served on the board for more than nine consecutive years from the date of their first election.

The Board has only one independent director; the intention is to appoint at least one additional independent director with a financial background and knowledge who will also be a member of the Audit and Risk Committee and Corporate Governance (Nomination and Remuneration) Committee during the next financial year. The Company therefore does not fully comply with Principle 2 (The Structure of the Board and its Committees) of the Code of Corporate Governance. The appointment of an additional independent director with the requisite expertise, experience and qualifications to also chair the Audit & Risk Committee has proved to be challenging given the sensitive and competitive business environment in Mauritius, especially within the property development sector.

Company Secretary

Stantons Ltd was appointed as the Company Secretary with effect from June 1, 2020, taking over from Mrs Antoinette Perrine who is also a Director of Stantons Ltd and the Group Financial Controller, Mr Fabrice Lincoln is the Managing Director of Stantons Ltd.

The Company Secretary has access to the Board members. Directors may separately and independently contact the Company Secretary who attends and prepares minutes for all Board meetings and Committee meetings.

The Company Secretary's role is defined, and includes the responsibility for:

- Providing the Board with guidance as to how their duties and responsibilities should be properly discharged in the best interests of the Company and in accordance with the Companies Act 2001, the Constitution of the Company and the Code of Corporate Governance;
- Drafting the agenda of Board and Board committee meetings in consultation with the Chairperson;
- Circulating agendas and any supporting papers to Directors in good time;
- Convening, attending and drafting of minutes of Board and Committee Meetings and Shareholder' meetings;
- Confirming the required quorums of meetings are present; and
- Fulfilling any other duties as may be required from a Company Secretary.

The appointment and dismissal of the Company Secretary are matters requiring the Board's approval.
The Board meets on a quarterly basis and at such ad hoc times as may be required. Its main functions include the following:

- Reviewing and evaluating present and future opportunities, threats and risks in the external environment and current and future strengths, weaknesses and risks relating to the Company;
- Determining strategic options, selecting those to be pursued, and resolving the means to implement and support them;
- Determining the business strategies and plans that underpin the corporate strategy;
- Ensuring that the Company's organisational structure and capabilities are appropriate for implementing the chosen strategies;
- Delegating such authority and power to management as may be deemed appropriate and monitoring and evaluating the implementation of policies, strategies and business plans;
- Ensuring that internal controls are effective;
- Overseeing information governance within the Group and ensuring that information assets are managed effectively;
- Communication with senior management;
- Ensuring that communications both to and from shareholders and relevant stakeholders and all strategic partners are effective; and
- Understanding and taking into account the interests of shareholders and relevant stakeholders in policy and strategy implementation.

DIRECTORS AND SECRETARY AT DATE:

Name		Gender	Board attendance	Country of residence	Status of directorship	Other information
Philip Patrick Arnaud MAYER		M	3/3	Mauritius	Founder and Chairman	Sole ordinary shareholder
René Gérard Alexandre GOUREL de St PERN*		M	3/3	Mauritius	Executive Director	Group Chief Executive Officer
Jean Marc Daniel LAGESSE	*	M	3/3	Mauritius	Non-Executive Director Chairman of the Corporate Governance Committee Member of the Audit and Risk Committee	Offering Advisory Services in relation to the Leisure and Hospitality activities
Charles Philippe de BRAGARD HARDY		M	3/3	Mauritius	Non-Executive Director Chairman of the Audit and Risk Committee Member of the Corporate Governance Committee	Offering Corporate Advisory Services to Evaco Group through DMH Ltd
Karen Florence ANGUS		F	3/3	Mauritius	Executive Director	Group Marketing and Sales Director
Patrick Edgar Fabrice LINCOLN**		M	3/3	Mauritius	Executive Director	Group Head of legal
Mathieu Serge MEUR	**	M	0/3	Singapore	Independent Non-Executive Director	Engineering Consultant

- * Jean Marc Daniel Lagesse resigned as Director on May 1, 2020
- ** Mathieu Serge Meur was appointed as Director on March 2, 2020

The dates of Board, committees and annual meetings are planned well in advance with the assistance of the Company Secretary. The Board meets at least four times a year and ad hoc meetings may also be convened to deliberate on urgent substantive matters.

Sub Committees

The Board, to assist it in its duties, has constituted two committees, the Audit and Risk Committee and the Corporate Governance (Nomination and Remuneration) Committee. The Charter for both committees have been approved by the Board.

The Corporate Governance Committee comprise of three members:

- Mr Jean Marc Lagesse – Chairperson (resigned on May 1, 2020)
- Mr Philippe Hardy – Non-Executive Director
- Mr Arnaud Mayer – Founder

The Audit and Risk Committee presently comprise of two members:

- Mr Jean Marc Lagesse – Chairperson (resigned on May 1, 2020)
- Mr Philippe Hardy – Non-Executive Director (appointed as Chairperson as from May 1, 2020)
- Mr. Arnaud Mayer – Non-Executive Director & Founder

The Committees are chaired by Independent Directors and the Chairperson of the committees reports to the Board and, on behalf of the committees, regularly recommends actions to the Board. Reports from the Chairperson of these committees are recorded in the agendas of the Board.

The objectives of the Committees are, amongst others, summarised as follows:

Corporate Governance (Nomination and Remuneration) Committee

The duties of the Corporate Governance (Nomination and Remuneration) Committee are summarised:

- To assist the Board of Directors in fulfilling its responsibilities to apply the principles of good corporate governance and to ensure that prevailing corporate governance practices are followed.
- To review the structure, size and composition of Board and to ascertain whether the combined knowledge and experience of the Board matches the strategic demands facing the Company.
- To ensure that Directors and Senior Officers are adequately remunerated.

Audit and Risk Committee

The Audit and Risk Committee met three times during the year under review.

The duties of the Audit and Risk Committee are to assist the Board, among other things, in overseeing:

- The quality and integrity of group financial statements and public announcements related thereto;
- The Company's compliance with legal and regulatory requirements;
- The scope and effectiveness of the external audit function as well as the qualifications, experience and independence of the external auditors;
- The effectiveness of the Company's systems of internal control and practices; and
- The adequacy of the insurance cover subscribed to by the Company and its subsidiaries.

Audit and Risk Committee	Attendance
Philippe HARDY	3/3
Jean Marc LAGESSE	3/3

PRINCIPLE 3:
DIRECTORS APPOINTMENT PROCEDURES

Appointment and election and reelection of Directors

The process pertaining to appointment, election and reelection of directors is outlined at clause 2.2 of the Board Charter.

The sole ordinary shareholder of the company believes in stability and continuity at Board level. The Directors of the Company were accordingly reelected at the Annual Meeting of the Company held on December 30, 2019. Directors are appointed on the Board based on their different skills, knowledge, experience, independence and expertise and are expected to allocate sufficient time and focus to the Company and the Group to ensure that their responsibilities are effectively discharged.

Professional Development

The Board and Management team fully believes in the value of continuous professional growth through training, coaching, mentoring and exposure to new challenges. The opportunity is given to each employee to embrace new professional opportunities; with the active pursuance of professional development, we want to ensure that knowledge and skills not only stay relevant and up to date, but are also enhanced. It creates an awareness to the changing trends in the industries we are in and brings tremendous value to the output of each employee. Competency enhancement needs analysis, financial provisions for training, defined training plans, identification of talents are only some of the processes we value and focus on. The objective of the Group is to secure some form of training & development identified and secured for all employees of the Evaco Group on a yearly basis, as from the next financial year.

Succession Planning

The Board takes full responsibility in ensuring that a succession plan is set up and implemented, to guarantee business continuity and corporate sustainability. The members of the Management team are already in the process of identifying the right person to secure the succession plans and many talents have already been identified as potential successors. The structure of each department is constantly under review and assessment, with new talents uncovered and recruited to reinforce the existing teams. The optimisation of the human resources is achieved by identifying and recruiting high-potential employees who will be prepared for all contingencies through defined professional development plans.

Board orientation and training for new directors

The Non-Executive Directors are encouraged to meet with the Company's Executive Directors and Senior Officers to benefit from a better insight into the operations of the Company and its subsidiaries. Management is responsible for briefing new directors on the Group's business.

New Directors receive an induction and orientation upon joining the Board.

Training of Directors

Training of Directors may comprise of externally conducted courses in matters of relevant interest to the Company.

The Board assumes the responsibilities for succession planning and for the appointment and induction of new Directors to the Board.

The Directors' profiles may be viewed from page 2(s) to 2(u).

PRINCIPLE 4:
DIRECTORS DUTIES, REMUNERATION AND PERFORMANCE

Directors' Duties

Legal Duties

Directors are aware of their legal duties as provided in the Companies Act 2001 and Listing Rules.

Conflict of interest

As provided in the Board charter, Directors are aware of their duty to immediately report to the chairperson of the Board any conflict of interest or potential conflict of interest which s/he becomes aware of, and shall provide all relevant information, and shall request that this conflict of interest be inserted in the Director's interest's register.

Notice of Outside Positions

Directors must inform the chairperson of the Board and the company secretary of their other positions which may be of importance to the company or the performance of their duties before accepting such positions.

Confidentiality

Unless required to do so by law, no Director shall, during his or her membership on the Board or afterwards, disclose any information of a confidential nature regarding the business of the company and/or any companies in which it holds a stake, that came to his or her knowledge in the capacity of his or her work for the company and which s/he knows or should know to be of a confidential nature.

Information, Information Technology and Information Security Governance

In order to ensure compliance with the Data Protection Act 2017 and the EU General Data Protection Regulations (known as 'GDPR'), Evaco Group has recently upgraded its IT infrastructure and approved a Group Privacy Policy. Internal policies and process improvements have also been implemented in order to strengthen, enforce, and monitor the group's decision to place data privacy and security at the forefront of its risk mitigation strategy. Finally, the group has appointed leading external consultants to conduct a data protection gap analysis in order to ensure that all data protection systems and processes are effective and fully compliant. Data protection and information security measures are frequently tested. The result of the tests is used for training needs analysis.

Anti-Money Laundering and countering the financing of terrorism

The Company has adopted the guidelines on the measures for the prevention of Money Laundering and countering the financing of terrorism for financial institutions issued by the Financial Services Commission. The Company is re-enforcing its control mechanisms with regards to AML CFT.

STATEMENT OF REMUNERATION POLICY

Total remuneration paid to Directors for the year under review amounted to Rs 33,444,012 (2019: Rs 23, 458,317).

The remuneration structure with regards to Directors' attendance fees is as follows:

Remuneration of Directors

Independent and Non-Executive Directors fee is Rs.65,000 per attended Board meeting and Rs.12,000 per attended committee meeting.

During the year – remuneration paid to Independent / Non-Executive Directors was as follows:

- Mr Jean Marc Daniel LAGESSE : Rs.290,600.

The remuneration of the Executive Directors is composed of a basic pay and an incentive scheme linked to Group profit after Tax.

Being a sensitive information, the Board has upon the agreement of the sole shareholder and the ultimate beneficial owner of the Company, decided not to disclose individual Directors remuneration in accordance with the provisions of S221(4) Companies Act 2001

	GROUP		COMPANY	
	Year ended June 30, 2020	Year ended June 30, 2019	Year ended June 30, 2020	Year ended June 30, 2019
	Rs.	Rs.	Rs.	Rs.
Executive Directors	33,444,012	23,138,317	33,444,012	18,220,012
Non-executive Directors	290,600	320,000	290,600	320,000

Appraisal of Directors

The Board has not yet performed the self-appraisal exercise for the year under review.

Management Agreement

The Company does not have a Management Agreement.

Related Party Transactions

Please refer to Note 34 to the Financial Statements.

PRINCIPLE 5:
RISK GOVERNANCE AND INTERNAL CONTROL

The Board is responsible for the overall management of risks and has the responsibility of implementing a structure and process to help identify, assess and manage risks. Risk reviews are regularly conducted, and mitigating measures implemented accordingly.

Risk governance

Risk is inherent in Evaco's business and the markets in which it operates. The challenge is to identify risks and then manage these so that they can be reduced, transferred, avoided or understood. This demands a proactive approach to risk management and an effective group-wide risk management framework.

The Evaco group is no exception to the global trend where an increasing emphasis is put on the board's responsibility to determine an appropriate level of risk appetite. This can be defined as the amount and type of risk exposure that an organisation is willing to accept in order to achieve its objectives.

The Group's overall risk management process is overseen by its Board as an element of solid corporate governance. Evaco recognises that risk management is the responsibility of everyone within the group. Rather than being a separate and standalone process, risk management is integrated into business processes including strategy development, business planning, capital allocation, investment decisions, internal control and day-to-day operations as depicted in the diagram below:

RISK GOVERNANCE & ACCOUNTABILITIES

Audit and Risk Committee

Review risk reports and monitor effectiveness of risk management.

Provide guidance to Internal Audit Function focusing on key areas for review.

Group Internal Audit

Carry out internal audits on a risk basis.

Provide assurance re adequacy of controls across specific risk areas (including risk management).

BOARD

Approve and maintain Risk Management Policy.

Set and review the Risk Appetite on a periodic basis.

Maintain oversight of the Risk Management Framework.

CHIEF EXECUTIVE OFFICER

Report to the Board on risks and controls.

Disscuss with the Board status of Mitigating Action Plan.

Performance against risk appetite.

DEPARTMENT HEADS (Risk Owners)

Attend periodic meetings to discuss risk management reports.

Approve appropriate action to bring organisational risks within tolerance level.

Maintain oversight of their respective risk/control owners.

ACTION & CONTROL OWNERS

Identify and assess new risks and update register.

Reassess the existing risks and send for approval.

Updating the RM system on controls performed at the predefined frequencies.

Remediate control failures.

RISK SYSTEM

System RM Tool

Risk Registers

Dashboard Reports

Exception Reports

The group's risk management objectives are as follows:

- Directs attention to the key risks of the company - so there are no surprises and resources are directed to areas of agreed importance
- Provides concise risk reporting to executives and Board for oversight
- Undertakes concentrated risk reviews - in areas of the business such as capital programs, major strategic initiatives, significant areas of transition, or areas requiring further assessment
- Becomes increasingly integrated within existing business processes including strategic planning, business planning, and performance measurement
- Drives/highlights the need for change in key areas of the business, organisational structure, and key processes and controls
- Facilitates convergence of monitoring and audit functions and annual audit plan

Risk Assessment

Our Risk Management Framework is made up of five process components derived from the Committee of Sponsoring Organisations of the Treadway Commission ERM Framework.

1. Event Identification & Risk Assessment: As part of the strategic planning process and day-to-day management of the business, functional leaders identify internal and external events that may affect the achievement of our Group's objectives. Risk management function personnel help identify and assess these risks through their expertise, formal assessments and analysis of business intelligence and trends.

2. Risk Response: A response is determined based upon the overall risk exposure, considered as a function of likelihood and impact of the occurrence. Risk responses may include avoiding or evading, accepting, reducing, and sharing or transferring risk.

3. Control Activities: Control activities are established to ensure that risk responses are carried out effectively and consistently throughout the organisation. This involves formalising risk response in our policies, ensuring clear accountability, utilising self-assessment and monitoring tools and designing controls into our systems and critical business processes.

4. Information & Communication: Information and communication channels are in place to make the organisation aware of risks that fall into their area of responsibility and expected behaviour and actions to mitigate negative outcomes.

5. Oversight & Monitoring: Management reviews, as well as assurance activities, such as testing, auditing and assessments, are in place to ensure that risks are effectively identified and assessed, and that appropriate responses, controls and preventive actions are in place.

While no risk management system can ever be absolutely complete, the goal is to make certain that identified risks are managed within acceptable levels.

The main risks that have been identified are described below:

1. Operational Risks

The risk of loss or costs resulting from human errors, inadequate or failed internal processes and systems or external events and adverse market conditions. Operational risk includes, Human Resource, Accounting and Finance, Procurement, Sales & Marketing, Compliance and Reputational IT risks among others. These losses may be caused by one or more of the following:

External supplier risk is the risk that arises due to failure of supplier services resulting in operational, financial and/or reputational impact to the business

Payment process risk is the risk from failure in operation of payments processes. This could be where payments are processed inaccurately or duplicated; payment instructions not acted upon or effected in a timely manner, non-availability of payment systems or non-compliance with clearing and settlements scheme requirements.

Cyber-security risk is the risk arising from unauthorised system access by both external (internet) and internal attackers. Attacks may be intended to steal data, manipulate systems, or make systems unavailable (denial of service attacks).

Product risk is the risk of inadequate design, assessment and testing of products/services, resulting in unintended adverse customer/client outcome.

Human Resource risk is the risk that personnel responsible for managing and controlling different business process do not possess the requisite knowledge, skills and experience needed to ensure business objectives are achieved and business risks are reduced to an acceptable level.

Transaction operations risk include the management of the end-to-end process of initiation, processing and fulfilment of an interaction between a client and the business, initiated either by the client or the business. In this context, a client is defined as an external party with an existing or a prospective relationship with the business.

Premises and security risk includes premises not being available to meet business requirements; and that our physical assets, employees and clients are inadequately protected against criminal/terrorist/adverse political activities (where instability and civil disorder is an outcome) and health and safety risks.

Information risk is where information becomes exposed such that it does not meet legal, regulatory and contractual obligations to which it must adhere.

Financial reporting risk is the risk arising from a failure or inability to comply fully with the laws, regulations or codes where we operate, resulting in a material misstatement or omission within the Group's external financial and regulatory reporting and internal management reporting.

Fraud risk is the risk of dishonest behaviour with the intent to make a gain, or cause a loss to others. Fraud occurs where a person: (i) dishonestly makes a false representation, (ii) dishonestly fails to disclose information, or (iii) dishonestly abuses a position of trust.

2. Legal and Compliance risk

Laws, guidelines and regulations may change at any point in time. The risk of not complying with laws, regulations and policies, that results in lost revenue, higher costs, unnecessary delays and fines which may impact the operations and functioning of the business. Management of the investee companies and a compliance department monitor these risk issues regularly.

3. Reputational risk

Losses and/or opportunity gain foregone resulting from damages to the reputation of the Group and/or its investee companies, by various factors such as compliance failures, underperformance, negative media coverage could result in revenue loss and destruction of shareholder value and breakdown of trust from clients and the public.

4. Strategic Risks

Strategic risks are risks that affect or are created by a company's business strategy and strategic objectives. This risk might arise from making poor business decisions, from the substandard execution of decisions, from inadequate resource allocation, or from a failure to respond well to changes in the business environment.

Internal Control

The Turnbull Report defined internal control and its scope as the policies, processes, tasks, behaviours and other aspects of an organisation that taken together:

- Facilitate effective operation by enabling it to respond in an appropriate manner to significant business, operational, financial, compliance and other risks to achieve its objectives. This includes safeguarding of assets and ensuring that liabilities are identified and managed.
- Ensure the quality of internal and external reporting, which in turn requires the maintenance of proper records and processes that generate a flow of timely, relevant and reliable information from both internal and external sources.
- Ensure compliance with applicable laws and regulations and also with internal policies.

A sound internal control system is in place within the Evaco group and ensures that organisational objectives in terms of effectiveness and efficiency are met. It provides assurance that financial statements are prepared in compliance with relevant accounting standards and that the company complies with laws, regulations and policies.

The Board is ultimately responsible for maintaining sound risk management and internal control systems. The task of establishing, operating and monitoring such systems is, as a matter of course, delegated to Management. The Board thus ensure that Management set up appropriate systems that function effectively to manage the risk and so reduce it to an acceptable level.

The internal control process is audited by internal and external auditors who report directly to the Audit & Risk Committee on any material weaknesses which come to their attention.

In addition to reviewing the company's risks, the Board has entrusted the Audit and Risk Committee with the responsibility of reporting on the effectiveness of Internal Control.

PRINCIPLE 6: REPORTING WITH INTEGRITY

Sustainability Reporting

The Company endeavours to adopt environmentally, socially and ethically sound business behaviour and understands that sustainability reporting is not an increased burden but a tool towards making better resource allocation decisions.

Environmental

The Company, because of its activity, has little impact on the environment but is conscious that each effort counts. The Company and its subsidiaries have started environmental campaigns within the organisation by promoting the 3 R's (reduction of waste, re-use of materials, and recycling).

Health and safety

The Company is committed to providing a safe and healthy working environment to all employees and creates an environment that would perform at their best. The Human Resources Department works in partnership with the management team to follow up on Health and Safety working conditions prevailing in the Company.

Social issues

Remuneration policy

The Evaco Group practices fair policies, based on merit, in the recruitment, the remuneration and the promotion of its team members; the Group aims at attracting, retaining, motivating and rewarding qualified and talented employees in a competitive environment. By setting up the relevant remuneration procedures, the company aims at recognizing and rewarding individual ability and performance. The Group also seeks to establish and maintain competitive salary ranges consistent with the economic requirements of the Group and commensurate with other companies where similar positions exist. By merging salaries paid to employees with the responsibilities associated with their positions, the Group promotes employees' self-improvement and advancement to greater responsibilities. A performance appraisal program is maintained which clearly identifies opportunities for employees' development and which provides for compensative remuneration rewards on an unbiased basis.

Employee Share Option Plan

There is no share option plan for the employees of the Company.

Corporate Social Responsibility

The Group is committed to serve the clients and community.

The Group has identified sectors of intervention in the northern region of the island for the next financial year focusing on Training and Education, Health, Welfare, Environment, Leisure and Sports.

Evaco Group's contribution to the CSR at June 30, 2020 amounted to Rs.729,695 (2019: Rs.2,167,599). The contributions have been paid to the Mauritius Revenue Authority.

The Company intends to further contribute to the society and has recently registered the Evaco Foundation which will act as the vehicle to reach the stakeholders of the group and provide its contributions to the environment and society.

Donations

The Company made political donations of Rs.1.9m and charitable donations of Rs.9.1m for the year under review (2019: charitable donation Rs'000 742).

PRINCIPLE 7 : AUDIT

INTERNAL AUDIT

Since January 2019, the Internal Audit function is headed by a fully qualified accountant and certified internal auditor, who carries out internal audits and other reviews of the Group's operations.

Purpose

It provides independent assurance to the Audit and Risk Committee as to the adequacy and effectiveness of the internal control and risk management processes. It operates in line with the Internal Audit Charter the Internal Audit Manual.

Authority and independence

The internal audit derives its authority from the Board through the Audit Committee. The Internal Auditor has a direct reporting line to the Audit and Risk Committee and maintains an open and constructive communication with the management. The Internal Auditor also has direct access to the Chairperson of the Board. This structure allows the Internal Auditor to remain independent.

It also has unrestricted access to the records, management or employees and is authorised to review all activities and transactions undertaken within the Group and to appraise and report thereon if necessary.

The Group Internal Auditor is entitled to convene a special meeting of the Audit and Risk Committee in order to deal with any matter that s/he considers to be urgent.

Coverage

The Internal Audit plan, which is approved by the Audit and Risk Committee, is based on the principles of risk management designed to ensure that their scope of work is congruent with the degree of risk attributable to the area being audited. The plan includes all companies with the four clusters of the Evaco Group.

Approach

The Internal Audit function uses a risk-based methodology for auditing compliance with policies and procedures in areas of risk

The Internal Audit team has an independent appraisal function which reviews the adequacy and effectiveness of internal controls and the systems that support them. This includes controls at both the operational and financial levels as well as offering guidance to Management in relation to the evaluation of overall business risks and actions taken to mitigate such risks.

Weaknesses identified by the Internal Auditors during their reviews are brought to the attention of Management and the Audit and Risk Committee formally by way of risk-rated structured reports.

Reporting

At each quarterly meeting of the Audit and Risk Committee, the Group Internal Audit reports on its programme of review and findings and on all internal audit issues of the Group highlighting any deficiencies and recommending corrective measures.

The audit reports are compiled by the Group Internal Auditor who attends and reports on the findings at the Audit and Risk Committee. Thereafter, the Chairman of the Audit and Risk Committee brings before the Board any material issues requiring the special attention of the Directors.

Code of Ethics

The Company has already drafted the Code of Ethics laying out the Group's corporate values and standards of behaviour within the organisation and with third parties.

The Whistle-blowing procedures of the company has been rolled out in 2020 and several informative work sessions were held with the contribution of Transparency Mauritius with a view to explain the process, obtain feedback and instil a better corporate culture to encourage adherence to the process. The process guarantees that the identity of the person reporting a matter is kept with utmost confidentiality. The Board regularly monitors and evaluates compliance with its code of ethics.

EXTERNAL AUDITOR

The External Auditor is BDO & Co since 2019. Cays Associates was the former external auditors with a tenure of five years.

The Audit and Risk Committee has the duty

• to consider and make recommendations to the Board, to be put to shareholders for approval at the Annual Meeting, in relation to the appointment, re-appointment and removal of the Company's external auditor;

•to review the findings of the audit with the external auditor.

PRINCIPLE 8:
RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS

Shareholding And Subsidiaries

At June 30, 2020, the Company's share capital amounted to Rs.100,000,000 divided into 100,000 Ordinary Shares of No Par Value. The sole Shareholder of the Company is Helstone Investment Ltd. The Ultimate beneficial owner is Mr. P. Arnaud MAYER.

EVACO's shareholding structure is therefore as follows:

Mr. P. P. Arnaud MAYER (UBO)

100%

Société A. Mayer

100%

Helstone Investment Ltd

100%

Evaco Ltd

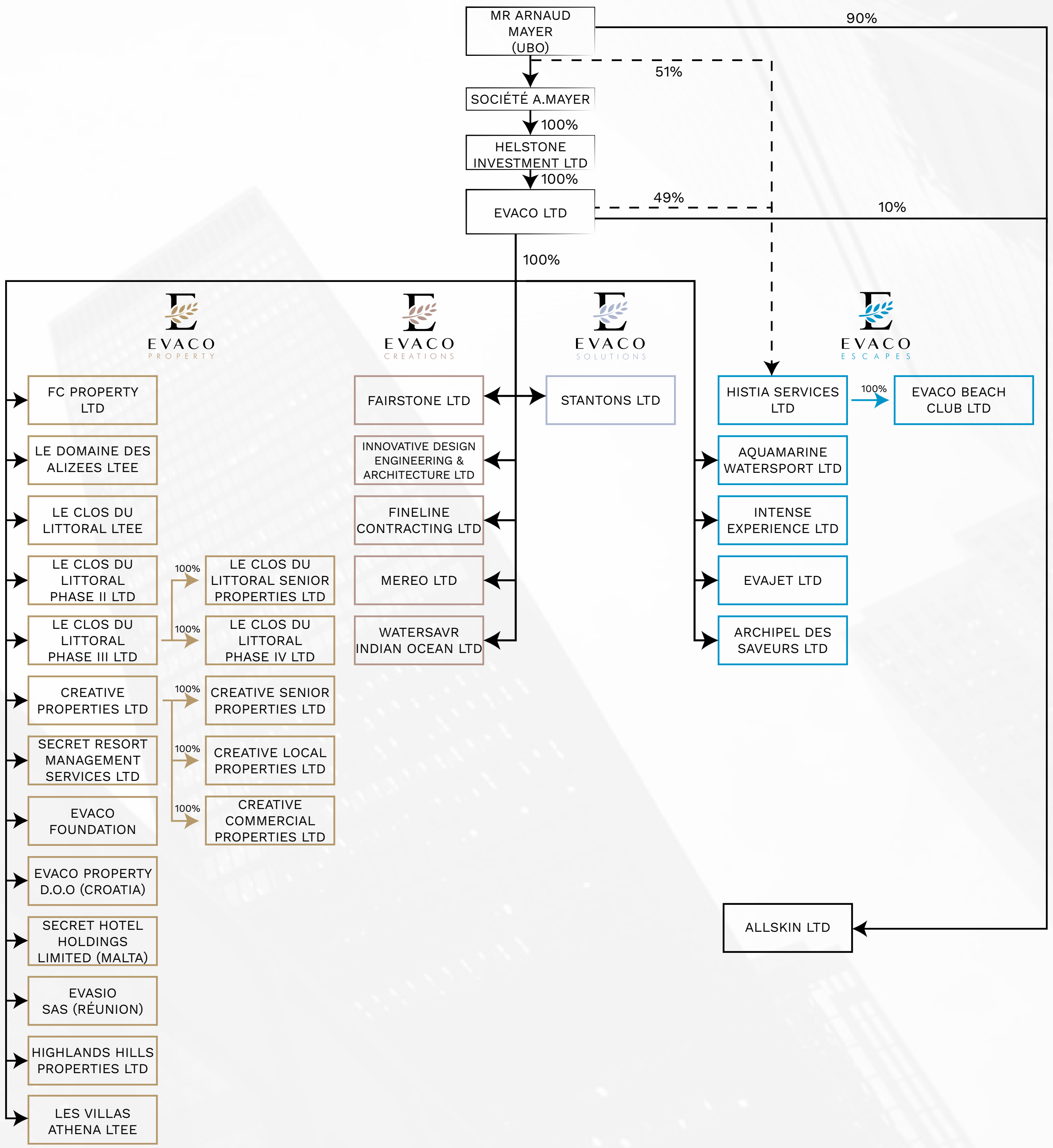
Information on major shareholders as at June 30, 2020

Major shareholders	Holding (%)
Mr. P. P. Arnaud MAYER	100

Except for the above, no other entity or individual owns 5% or more in the ordinary share capital of the Company.

The activities and percentage ownership of the different subsidiaries comprising EVACO Group and held by the Company are as follows:

SHAREHOLDING STRUCTURE



SHARE PRICE INFORMATION

The shares are not listed and there are no indications on the share price other that the issue price of Rs. 100,000,000 for 100,000 shares.

DIVIDEND POLICY

The Company has implemented a dividend policy. The dividend payable will be up to 50% of profits realised. The payment of dividends is subject to the performance of the Company, its cash flow and its capital expenditure requirements. For the year ended June 30, 2020, the Directors have declared dividend of Rs.50,000,000 (June 30, 2019: Rs.20,000,000)

SHAREHOLDERS' AGREEMENT

With only one shareholder, the Company does not have a Shareholders' Agreement.

INTEREST'S REGISTER

The Company Secretary maintains an interest's register, which is available for consultation to shareholders upon written request to the Company Secretary. No entries have been made in the interest register for the reporting period.

DEALING IN SHARES OF THE COMPANY AND INTERESTS OF DIRECTORS

The sole Director holding interests in the Ordinary Shares of the Company is Mr. P. P. Arnaud MAYER. As at June 30, 2020, Mr. P. P. Arnaud MAYER held equity interests in the Company as follows:

Directors	Indirect (%)
Mr. P. P. Arnaud MAYER	100

The Ordinary Shares are not listed. The five-year redeemable secured floating rate notes are listed on the official list of the Stock Exchange of Mauritius Ltd.

The Directors endeavour to follow the principles of the Model Code for Securities Transactions by Directors of Listed Companies as detailed in Appendix 6 of the Mauritius Stock Exchange Listing Rules 2000. Any Director purporting to deal in the shares of the Company should inform the Chairperson accordingly.

In terms of the Companies Act 2001 and the Securities Act 2005, the Company keeps an updated Interests Register and Insiders Register respectively. These registers are regularly updated with the information submitted by the Directors and/or other Insiders as applicable.

PROFILES OF SENIOR OFFICERS

Please refer to pages 2(u) to 2(w) of the report.

INTERESTS OF SENIOR OFFICERS – EXCLUDING DIRECTORS

The Senior Officers do not hold any interests in the shares of the Company whether directly or indirectly.

SHAREHOLDERS COMMUNICATION AND EVENTS

The Company ultimate beneficial owner is Mr. P. P. Arnaud MAYER, also the Chairman of the Board. Information to the investment community and other stakeholders is via press releases, publication of quarterly results and the Annual Report which is also available on the Company's website **www.evacogroup.com**

The key events and shareholder communications of the Company are set out below:

Month	Event
September	Abridged audited end of year results
December	Annual Report and Annual meeting of Shareholder
February, May, October	Publication of quarterly abridged unaudited financial reports

WEBSITE:

The website is www.evacogroup.com

The information that can be viewed on the website are the abridged results and annual report. The Code of ethics, constitution, board and committee charter will also be made available on the website.

Having taken all the matters considered by the Board and brought to the attention of the Board during the year into account and up to the approval of the present financial statements, the Board is satisfied that the annual report and financial statements are fair balance and understandable.

P.P. Arnaud MAYER
Chairman

R.G. Alexandre GOUREL de SAINT PERN
Chief Executive Officer

RESPONSIBILITIES STATEMENT OF DIRECTORS'

Directors

A list of Directors of the Company is given on page 2(d) and page 2(e).

Directors' Service Contracts

The Executive Directors are remunerated by Evaco Ltd without an expiry to their contracts.

Indemnity Insurance

The Company has contracted a Directors and Officers insurance for the Company and its subsidiaries.

Directors' Share Interest

The interests of the Directors in the securities of the Company as at June 30, 2020 are disclosed on page 2(r)

Auditors' Remuneration

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

	2020 Rs'000	2019 Rs'000
Audit fees	1,500	1,400
Fees	Nil	Nil

IN RESPECT OF THE FINANCIAL STATEMENTS

The Board of Directors of the Company is responsible for the preparation and fair presentation of the financial statements, comprising the statement of financial position at June 30, 2020, the statement of comprehensive income, the statement of changes in equity, and statement of cash flows, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act 2001.

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

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

Approved by the Board of Directors on November 20, 2020 and signed on its behalf by

P.P. Arnaud
MAYER
Chairman

R.G. Alexandre
GOUREL de SAINT PERN
Chief Executive Officer

STATEMENT OF COMPLIANCE

CERTIFICATE OF COMPANY SECRETARY

STATEMENT OF COMPLIANCE

We, the Directors of Evaco Ltd, confirm that, to the best of our knowledge that the Company throughout the year ended June 30, 2020 applied the eight principles or the New Corporate Governance Code for Mauritius (2016) save and except for:

Principle 2:

- The company does not have at least two independent Directors as per the Board Charter.

Principle 4:

- Board evaluation and development – Appraisal of Directors
- Disclosure of remuneration of executive Directors

Explanations and measures are provided in the Corporate Governance report.

P.P. Arnaud
MAYER
Chairman

R.G. Alexandre
GOUREL de SAINT PERN
Chief Executive Officer

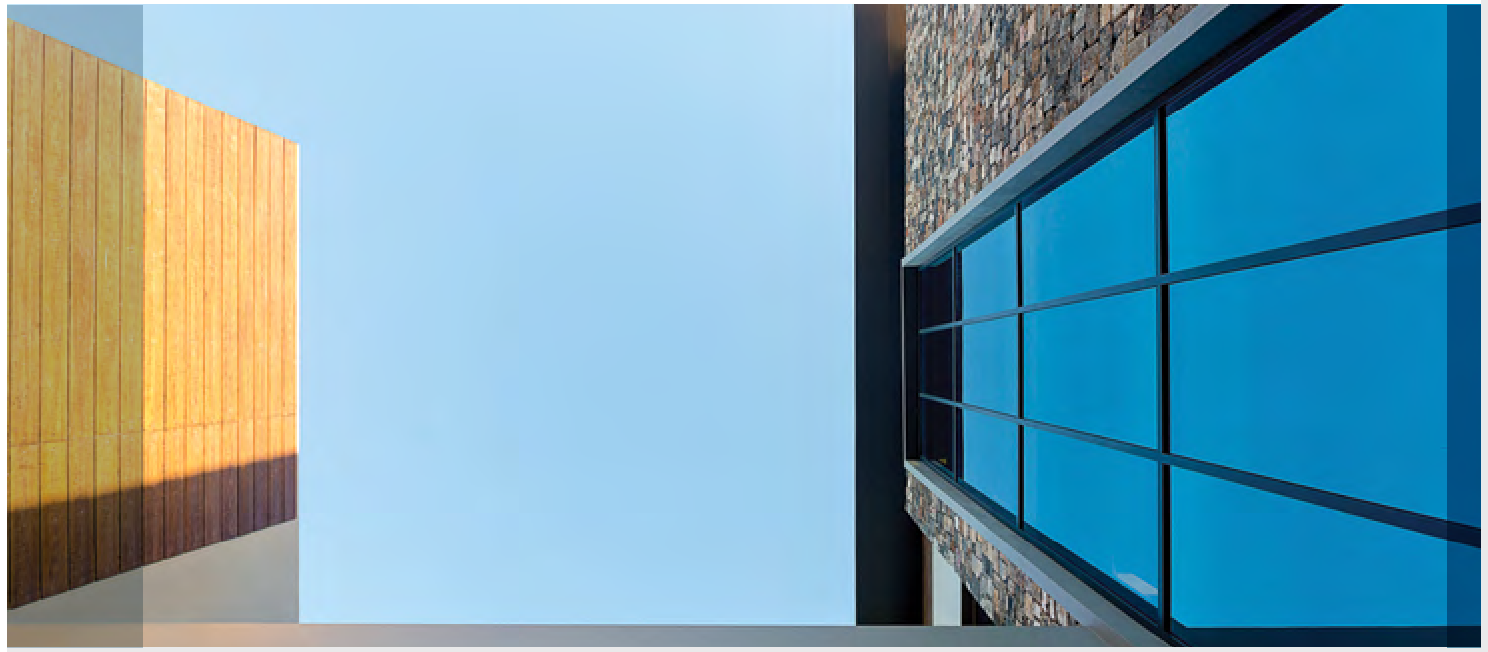
4th December 2020

EVACO LTD

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

Stantons Limited
Company Secretary
Beau Plan, Business Parc,
Pamplemousses
Mauritius

4th December 2020



REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Evaco Ltd and its subsidiaries (the Group), and the Company's separate financial statements on pages 5 to 57 which comprise the statements of financial position as at June 30, 2020, 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 5 to 57 give a true and fair view of the financial position of the Group and of the Company as at June 30, 2020, 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) together with the ethical requirements that are relevant to our audit of the financial statements in Mauritius, and 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.

Material Uncertainty relating to Going Concern

On March 11, 2020, COVID-19 was labelled as pandemic by the World Health Organisation causing extensive disruptions to business operations around the globe, impacting significantly in the hospitality and construction sector with the closure of international borders, resulting in decrease in restaurant activities and delay in construction in the Group. There exists a significant uncertainty related to the generation of cash on real estate operations due to the impossibility of foreign buyers to organise their travel to Mauritius with the closure of international frontiers worldwide. We draw attention to note 41 in the financial statements, concerning COVID-19 situation that exists and continues to develop at the date of approval of these financial statements. This situation indicates the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, 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 public interest entity has, pursuant to section 75 of the Financial Reporting Act, complied with the requirements of the Code.

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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

•Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

•Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and of 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.

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.

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 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 Evaco 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO & Co
Chartered Accountants

Shabnam Peerbocus, FCA
Licensed by FRC

Port Louis,
Mauritius

STATEMENTS OF FINANCIAL POSITION AS AT JUNE 30, 2020

	Note	THE GROUP 2020	THE GROUP 2019	THE COMPANY 2020	THE COMPANY 2019
Non-current assets		**Rs'000**	Rs'000	**Rs'000**	Rs'000
Property, plant and equipment	5	**338,927**	341,450	**36,216**	37,437
Right-of-use assets	5A	**46,694**	-	**56,452**	-
Intangible assets	6	**7,978**	10,073	**503**	86
Investment properties	7	**-**	651,170	**-**	-
Investments in subsidiary companies	8	**-**	-	**146,500**	150,180
Financial assets at amortised cost	9	**-**	935	**798,162**	740,642
		393,599	1,003,628	**1,037,833**	928,345
Current assets					
Inventories	10	**1,236,545**	245,989	**28,420**	16,196
Trade receivables	11	**5,036**	82,689	**-**	184
Other financial assets at amortised cost	9	**42,089**	70,493	**330,863**	180,408
Contract assets	12	**184,780**	257,733	**-**	-
Current tax assets	13	**686**	-	**158**	-
Cash and cash equivalents	14	**103,235**	72,975	**10,256**	6,257
		1,572,371	729,879	**369,697**	203,045
Current liabilities					
Bank overdrafts	14	**295,848**	399,109	**135,504**	266,141
Borrowings	15	**59,504**	58,583	**40,781**	5,206
Finance lease liabilities	16	**-**	4,669	**-**	554
Lease liabilities	5B	**13,217**	-	**5,704**	-
Trade and other payables	17	**65,801**	147,815	**17,500**	14,519
Contract liabilities	12	**70,753**	13,706	**-**	
Current tax liabilites	13	**-**	8,054	**-**	1,198
Dividend payable	33	**-**	12,000	**-**	12,000
		505,123	643,936	**199,489**	299,618
Non-current assets classified as held for sale	18	**-**	30,464	**-**	-
Net current assets/(liabilities)		**1,067,248**	85,943	**170,208**	(96,573)
		1,460,847	1,120,035	**1,208,041**	831,772
Capital and reserves					
Share capital	19	**100,000**	100,000	**100,000**	100,000
Capital contribution from ultimate shareholder		**30,707**	30,707	**30,707**	30,707
Retained earnings		**458,509**	557,574	**344,371**	422,388
Other reserves		**57,450**	57,883	**3,543**	263
Owner's interest		**646,666**	746,164	**478,621**	553,358
Non-controlling interests		**(17,834)**	(11,364)	**-**	-
Total equity		**628,832**	734,800	**478,621**	553,358
Non-current liabilities					
Redeemable secured notes	20	**641,001**	220,200	**641,001**	220,200
Borrowings	15	**137,399**	148,062	**29,795**	50,319
Finance lease liabilities	16	**-**	6,045	**-**	1,480
Lease liabilities	5B	**39,923**	-	**52,537**	-
Retirement benefit obligations	21	**12,462**	10,928	**6,087**	6,415
Deferred tax liabilities	22	**1,230**	-	**-**	-
		832,015	385,235	**729,420**	278,414
		1,460,847	1,120,035	**1,208,041**	831,772

STATEMENTS OF PROFIT AND LOSS AND OTHER COMPRENHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2020

	Notes	THE GROUP 2020	THE GROUP 2019	THE COMPANY 2020	THE COMPANY 2019
		Rs'000	Rs'000	**Rs'000**	Rs'000
Continuing operations					
Revenue	2.2/23	**797,903**	825,157	**20,402**	36,725
Cost of sales	24	**(645,187)**	(576,170)	**(6,301)**	(3,721)
Gross profit		**152,716**	248,987	**14,101**	33,004
Other income	26	**45,379**	11,241	**55,083**	11,926
Other (losses)/gains - net	27	**(30)**	(819)	**5**	(23)
Administrative and selling expenses	28	**(208,227)**	(154,752)	**(65,595)**	(46,881)
Operating (loss)/profit	29	**(10,162)**	104,657	**3,594**	(1,974)
Non-recurring items	30	**-**	198,766	**(4,080)**	(12,869)
Finance costs	31	**(45,249)**	(36,475)	**(28,112)**	(11,509)
(Loss)/profit before taxation		**(55,411)**	266,948	**(28,598)**	(26,352)
Income tax expense	13	**(124)**	(7,754)	**581**	(1,198)
(Loss)/profit for the year from continuing operations		**(55,535)**	259,194	**(28,017)**	(27,550)
Discontinued operations	32	**-**	(4,054)	**-**	(4,054)
(Loss)/profit for the year		**(55,535)**	255,140	**(28,017)**	(31,604)
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Gains on revaluation of land			14,795	**-**	-
Gains on revaluation of building			40,426	**-**	-
Remeasurements of retirement benefit obligations		**3,646**	3,272	**3,280**	263
Items that may be reclassified subsiquently to profit or loss					
Currency translation differences		**2,775**	95	**-**	-
Comprehensive income for the year		**6,421**	58,588	**3,280**	263
Total comprehensive income for the year		**(49,114)**	313,728	**(24,737)**	(31,341)
(Loss)/profit for the year attributable to:					
Owners of the Company		**(49,065)**	254,822	**(28,017)**	(31,604)
Non-controlling interests		**(6,470)**	318	**-**	-
		(55,535)	255,140	**(28,017)**	(31,604)
Total comprehensive income for the year attributable to:					
Owners of the Company		**(42,644)**	312,908	**(24,737)**	(31,341)
Non-controlling interests		**(6,470)**	820	**-**	-
		(49,114)	313,728	**(24,737)**	(31,341)

These financial statements have been approved for issue by the Board of Directors on June 21, 2019.

Arnaud Mayer
Chairman

Alexandre Gourel de St Pern
Director

The notes on pages 68 to 98 form an intergral part of these financial statements. Auditor's report on pages 60 and 61.

		Equity attributable to owners of the Company								
					Other reserves					
THE GROUP	Note	Share capital Rs'000	Capital contribution from ultimate shareholder Rs'000	Retained earnings Rs'000	Translation reserve	Actuarial reserve Rs'000	Revaluation reserve Rs'000	Owners' interests Rs'000	Non-controlling interests Rs'000	Total equity Rs'000
2020										
At July 1, 2019		**100,000**	**30,707**	**557,574**	**(108)**	**2,770**	**55,221**	**746,164**	**(11,364)**	**734,800**
Profit for the year		**-**	**-**	**(49,065)**	**-**	**-**	**-**	**(49,065)**	**(6,470)**	**(55,535)**
Other comprehensive income for the year		**-**	**-**	**-**	**2,775**	**3,646**	**-**	**6,421**	**-**	**(6,421)**
Total comprehensive income for the year		**-**	**-**	**(49,065)**	**2,775**	**3,646**	**-**	**(42,644)**	**(6,470)**	**(49,114)**
Dividends	**33**	**-**	**-**	**(50,000)**	**-**	**-**	**-**	**(50,000)**	**-**	**(50,000)**
Consolidation adjustments		**-**	**-**	**-**	**-**	**-**	**(6,854)**	**(6,854)**	**-**	**(6,854)**
At June 30, 2020		**100,000**	**30,707**	**458,509**	**2,667**	**6,416**	**48,367**	**646,666**	**(17,834)**	**628,832**
2019										
At July 1, 2018		100,000	30,707	322,752	(203)	-	-	453,256	(12,184)	441,072
Loss for the year		-	-	254,822	-	-	-	254,822	318	255,140
Other comprehensive income for the year		-	-	-	(95)	2,770	55,221	58,086	502	58,588
Total comprehensive income for the year		-	-	254,822	(95)	2,770	55,221	312,908	820	313,728
Dividends	**33**			(20,000)				(20,000)		(20,000)
At June 30, 2019		**100,000**	**30,707**	**557,574**	**(108)**	**2,770**	**55,221**	**746,164**	**(11,364)**	**734,800**

The notes on pages 10 to 57 form an intergral part of these financial statements.
Auditor's report on pages 4 to 4(c).

THE COMPANY

	Note	Share capital	Capital contribution from ultimate shareholder (note (a))	Retained earnings	Actuarial reserve	Total equity
			Attributable to owners of the Company			
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
2020						
At July 1, 2019		**100,000**	**30,707**	**422,388**	**263**	**553,358**
Loss for the year		**-**	**-**	**(28,017)**	**-**	**(28,017)**
Other comprehensive income		**-**	**-**	**-**	**3,280**	**3,280**
Comprehensive income for the year		**-**	**-**	**(28,017)**	**3,280**	**(24,737)**
Dividends	33	**-**	**-**	**(50,000)**	**-**	**(50,000)**
At June 30, 2020		**100,000**	**30,707**	**344,371**	**3,543**	**478,621**
2019						
At July 1, 2018		100,000	30,707	473,992	-	604,699
Loss for the year		-	-	(31,604)	-	(31,604)
Other comprehensive income		-	-	-	263	263
Comprehensive income for the year		-	-	(31,604)	263	(31,341)
Dividends	33	-	-	(20,000)	-	(20,000)
At June 30, 2019		**100,000**	**30,707**	**422,388**	**263**	**553,358**

(a) Capital contribution from ultimate shareholder is interest free and convertible into ordinary shares.

The notes on pages 10 to 57 form an intergral part of these financial statements.
Auditor's report on pages 4 to 4(c).

	Note	THE GROUP 2020	THE GROUP 2019	THE COMPANY 2020	THE COMPANY 2019
Cash generated from operations		**Rs'000**	Rs'000	**Rs'000**	Rs'000
(Loss)/profit for the year		**(55,411)**	266,948	**(28,598)**	(26,352)
Adjustments for:					
Depreciation on property, plant and equipment	5	**21,359**	18,894	**2,236**	3,119
Amortisation of intangible assets	6	**662**	286	**157**	51
Amortisation of right-of-use assets	5A	**6,779**	-	**6,904**	-
Impairment of investment in subsidiaries		**-**	-	**4,080**	12,869
Movement in provision for retirement benefit obligations	21	**4,957**	3,945	**2,952**	1,499
Profit on disposal of asset held for sale		**(16,916)**	-	**-**	-
Interest income		**(7,665)**	(885)	**(6,516)**	-
Interest expense		**45,249**	36,475	**28,112**	11,509
Fair value of investment properties	7	**-**	(200,513)	**-**	-
Changes in working capital:					
-inventories		**(339,386)**	176,583	**(12,224)**	(16,196)
-trade and other receivables		**77,653**	67,428	**184**	23,232
-trade and other payables		**(82,014)**	1,632	**2,981**	9,162
-contract assets		**72,953**	(257,733)	**-**	-
-contract liabilities		**57,047**	13,706	**-**	-
-financial assets at amortised cost		**935**	(935)	**(57,520)**	124
-other financial assets at amortised cost		**10,957**	(22,067)	**(151,036)**	(176,829)
Cash flows from operations		**(202,841)**	103,764	**(208,288)**	(157,811)
Interest received		**7,665**	885	**6,516**	-
Interest paid		**(40,173)**	(36,475)	**(25,269)**	(11,509)
Loss on retranslation of foreign loan		**9,271**	-	**9,271**	-
Tax refunded/(paid)		**(6,629)**	600	**(459)**	(310)
Net cash (used in)/from operati activities		**(232,707)**	68,774	**(218,229)**	(169,630)
Cash flows from investing activities					
Purchase of property, plant and equipment	5	**(19,994)**	(26,788)	**(3,917)**	(23,688)
Proceeds from disposal of property, plant and equipment		**-**	814	**-**	-
Purchase of intangible assets	6	**(574)**	-	**(574)**	-
Purchase of investments in subsidiaries	8	**-**	-	**400**	(80,141)
Purchase of investment properties		**-**	(450,657)	**-**	-
Proceeds from disposal of assets held for sale		**49,380**	20,373	**-**	20,373
Net cash used in investing activities		**28,812**	(456,258)	**(4,091)**	(83,456)
Cash flows from financing activities					
Repayment of redeemable secured notes		**(220,200)**	-	**(220,200)**	-
Issue of redeemable secured notes		**650,000**	-	**650,000**	-
Loan from subsidiary	15	**-**	-	**6,394**	-
Costs associated with issue of bonds		**(8,999)**		**(8,999)**	-
Dividend paid to company shareholder		**(62,000)**	(8,000)	**(62,000)**	(8,000)
Net proceeds/(repayment) on loan		**(9,742)**	122,228	**(633)**	(20,005)
Interest paid on lease liabilities (2018:interest paid on finance leases)		**-**	-	**-**	-
Principal paid on lease liabilities (2018:principal paid on finance leases)		**(11,643)**	(5,188)	**(7,606)**	(2,060)
Net cash from/(used in) financing activities		**337,416**	109,040	**356,956**	(30,065)
Net increase/(decrease) in cash and cash equivalents		**133,521**	(278,444)	**134,636**	(283,151)
Movement in cash and cash equivalents					
At July 1,		**(326,134)**	(47,785)	**(259,884)**	23,267
Increase/(decrease),		**133,521**	(278,444)	**134,636**	(283,151)
Effect of foreign exchange rate		**-**	95	**-**	-
At June 30,	14 (a)	**(192,613)**	(326,134)	**(125,248)**	(259,884)

The notes on pages 10 to 57 form an intergral part of these financial statements.
Auditor's report on pages 4 to 4(c).

1. GENERAL INFORMATION

Evaco Ltd is a public limited liability company incorporated and domiciled in Mauritius. The address of its registered office is Riviere Citron, 20101 Arsenal, Republic of Mauritius.

The main business activities of the Group are:

- Property and real estate development;
- Construction and manufacturing;
- Hospitality and leisure; and
- Operation of restaurant.

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements of Evaco Ltd comply with the Companies Act 2001 and have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements include the consolidated financial statements of the parent company and its subsidiary companies (The Group) and the separate financial statements of the parent company (The Company). The consolidated financial statements are presented in Mauritian rupees and all values are rounded to the nearest thousand (Rs'000), except where otherwise indicated.

Where necessary, comparative figures have been amended to conform with changes in presentation in the current year. The financial statements are prepared under the historical cost convention, except that:

(i) freehold land and building are carried at revalued amount;

(ii) investment properties carried at revalued amount; and

(iii) relevant financial assets and financial liabilities are carried at amortised cost;

Standards, Amendments to published Standards and Interpretations effective in the reporting period

IFRS 16 Leases results in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. The Group has adopted IFRS 16 from July 1, 2019, but has not restated comparatives for 2019, as permitted under the specific transition provisions. The reclassifications and adjustments arising from the new leasing rules are recognised in the opening balance sheet on July 1, 2019. The new accounting policies are disclosed in note 2.15.

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under IAS 17. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of July 1, 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on July 1, 2019 was 4.5%.

For leases previously classified as finance leases the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application. The measurement principles of IFRS 16 are only applied after that date.

Standards, Amendments to published Standards and Interpretations effective in the reporting period (cont'd)

IFRIC 23 Uncertainty over Income Tax Treatments explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. There are no new disclosure requirements but requirement to provide information about judgements and estimates made in preparing the financial statements. The interpretation has no impact on the Group's financial statements.

Prepayment Features with negative compensation (Amendments to IFRS 9) enable entities to measure certain prepayable financial assets with negative compensation at amortised cost. These assets, which include some loan and debt securities, would otherwise have to be measured at fair value through profit or loss. To qualify for amortised cost measurement, the negative compensation must be 'reasonable compensation for early termination of the contract' and the asset must be held within a 'held to collect' business model. The amendments have no impact on the Group's financial statements.

Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28) clarify the accounting for long-term interests in an associate or joint venture, which in substance form part of the net investment in the associate or joint venture, but to which equity accounting is not applied. Entities must account for such interests under IFRS 9 before applying the loss allocation and impairment requirements in IAS 28. The amendments have no impact on the Group's financial statements.

Annual Improvements to IFRSs 2015-2017 Cycle

IFRS 3 - clarified that obtaining control of a business that is a joint operation is a business combination achieved in stages.

IFRS 11 - clarified that party obtaining joint control of a business that is a joint operation should not remeasure its previously held interest in the joint operation.

IAS 12 - clarified that income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised.

IAS 23 - clarified that, if a specific borrowing remains

outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

The amendments have no impact on the Group's financial statements.

Plan Amendment, Curtailment or Settlement (Amendments to IAS 19) clarify that entities must:

- calculate the current service cost and net interest for the remainder of the reporting period after a plan amendment, curtailment or settlement by using the updated assumptions from the date of the change.
- recognise any reduction in a surplus immediately in profit or loss, either as part of past service cost or as a gain or loss on settlement. In other words, a reduction in a surplus must be recognised in profit or loss even if that surplus was not previously recognised because of the impact of the asset ceiling.
- separately recognise any changes in the asset ceiling through other comprehensive income.

The amendments have no impact on the Group's financial statements.

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 January 1, 2020 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
Definition of a Business (Amendments to IFRS 3)
Definition of Material (Amendments to IAS 1 and IAS 8)
Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)
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)
Covid-19-Related Rent Concessions (Amendment to IFRS 16)
Amendments to IFRS 17
Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)

Where relevant, the Group is still evaluating the effect of these Standards, Amendments to published Standards and Interpretations issued but noWt yet effective, on the presentation of its financial statements.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

Revenue recognition

(a) Revenue from contracts with customers

(i) Performance obligations and timing of revenue recognition

The majority of the revenue is derived from selling goods with revenue recognised at a point in time when control of the goods has transferred to the customer. This is generally when the goods are delivered to the customer. There is limited judgement needed in identifying the point control passes: once physical delivery of the products to the agreed location has occurred, the Group no longer has physical possession, usually will have a present right to payment and retains none of the significant risks and rewards of the goods in question.

(ii) Sale of completed property

A property is regarded as sold when the significant risks and rewards have been transferred to the buyer, which is normally on unconditional exchange of contracts. For conditional exchanges, sales are recognised only when all the significant conditions are satisified.

(iii) Sale of property under development

Where the property is under development and agreement has been reached to sell such property when construction is complete, the directors consider whether the contract comprises:

- A contract to construct a property or;
- A contract for the sale of a completed property.

Where the contract is judged to be for the construction of a property, revenue is recognised by measuring progress towards completion of performance obligation based on the output method. The output method includes milestone reached as follows:

15% on reservation;
15% on signature of contract;
5% on completion of foundation;
35% on completion of building structure;
10% on completion of plastering;
10% on completion of internal painting and tiling; 5% on completion of works;
5% on submission of key.

If, however, the legal terms of the contract are such that the construction represents the continuous transfer of work in progress to the purchaser, the percentage of completion method of revenue recognition is applied and revenue is recognised as work progresses. Continuous transfer of work in progress is applied when:
- The buyer controls the work in progress, typically when the land on which development is taking place is owned by the final customer; and all significant risks and rewards of ownership of the work in progress in its present state are transferred to the buyer as construction progresses, typically when the buyer cannot put the incomplete property back to the Group.

In such situations, the percentage of work completed is measured based on the costs incurred up until the end of the reporting period as a proportion of total costs expected to be incurred.

(iv) Rendering of services

Revenue from rendering of services are recognised in the accounting year in which the services are rendered (by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of total services to be provided).

(v) Determining the transaction price

Most of the revenue is derived from fixed price contracts and therefore the amount of revenue to be earned from each contract is determined by reference to those fixed prices.

(vi) Practical Exemptions

The Group has taken advantage of the practical exemptions:

not to account for significant financing components where the time difference between receiving consideration and transferring control of goods (or services) to its customer is one year or less; and expense the incremental costs of obtaining a contract when the amortisation period of the asset otherwise recognised would have been one year or less.

(b) Other revenues earned by the Group are recognised on the following bases:

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance). Dividend income - when the shareholder's right to receive payment is established.

Lease income arising from operating leases-on a straight-line basis over the lease term

2.3 Non-recurring items

Non-recurring items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Group. They are material items of income or expense that have been shown separately due to the significance of their nature or amount.

2.4 Investment properties

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 external valuers. Changes in fair values are included in profit or loss as part of other income.

2.5 Property, plant and equipment

Freehold land and building are stated at their fair value, based on valuations by external independent valuers. Buildings held for use in the production or supply of goods or for administrative purposes, are stated at their fair value, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset All other property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Increases in the carrying amount arising on revaluation are credited to other comprehensive income and shown as revaluation surplus in shareholders' equity. Decreases that offset previous increases of the same asset are charged against revaluation surplus directly in equity; all other decreases are charged to profit or loss.

Properties in the course of construction for production, or administrative purposes or for purposes not yet determined are carried at cost less any recognised impairment loss. Cost includes professional fees and for qualifying assets, borrowing costs capitalised. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is calculated on the straight-line method to write off the cost or revalued amounts of the assets, to their residual values over their estimated useful lives as follows:

Buildings - 50 YEARS
Plant, furniture and equipment (except for moulds for kithouse) - 3-5 YEARS
Motor vehicles - 5 YEARS

Freehold land is not depreciated.

Moulds for kithouse are depreciated on the basis of the units produced based on a total of 500 units.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively, if appropriate, at the end of each reporting period.

2.5 Property, plant and equipment (cont'd)

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposals of property, plant and equipment are determined by comparing proceeds with carrying amount and are included in profit or loss.

2.6 Intangible assets

(a) Computer software

Acquired computer software licences are capitalised on the basis of costs incurred to acquire and bring

to use the specific software and are amortised using the straight line method over their estimated useful lives (3-5 years). Costs associated with developing or maintaining computer software are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software controlled by the Group and that will generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

(b) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see note 2.7) less accumulated impairment losses, if any. Goodwill is tested annually for impairment. Goodwill is allocated to cash-generating units for the purpose of impairment testing. On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the gains and losses on disposal.

2.7 Investments in subsidiaries

Separate financial statements of the investor In the separate financial statements of the investor, investments in subsidiary companies are carried at cost. The carrying amount is reduced to recognise any impairment in the value of individual investments.

Consolidated financial statements

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any assets or liabilities resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree (if any) over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the profit or loss as a bargain purchase gain.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Transactions with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purpose of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2.8 Financial assets

The Group classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. Other than financial assets in a qualifying hedging relationship, the Group's accounting policy for each category is as follows:

Amortised cost

These assets arise principally from the provision of goods and services to customers (eg trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for trade receivables are 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 the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within cost of sales in the statement of comprehensive income. On confirmation that the trade receivable will not be collectable, 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 where the 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.

From time to time, the Group elects to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and, in consequence, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in the statement of comprehensive income (operating profit).

The Group's financial assets measured at amortised cost comprise trade receivables, other financial assets at amortised cost, and cash and cash equivalents in the statement of financial position.

Cash and cash equivalents includes cash in hand, deposits held at call with banks, and - for the purpose of the statement of cash flows - bank overdrafts.

2.9 Financial liabilities

The Group classifies its financial liabilities depending on the purpose for which the liability was acquired.

Other than financial liabilities in a qualifying hedging relationship, the Group's accounting policy for each category is as follows:

(i) Other financial liabilities

Other financial liabilities include the following items:

Bank borrowings, redeemable secured notes and other loans are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest payable while the liability is outstanding.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

2.10 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation but are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Any impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

2.11 Current and deferred income tax

The tax expense for the period comprises of current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current tax

The current income tax charge is based on taxable income for the year calculated on the basis of tax laws enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for.

Deferred income tax is determined using tax rates that have been enacted or substantively enacted at the reporting date and are expected to apply in the period when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable amounts will be available against which deductible temporary differences and losses can be utilised.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unles the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodies in the investment property over time, rather than through sale.

2.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method.

In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

When inventories are sold, the carrying amount of those inventories are recognised as cost of sales in the period in which the related revenue is recognised.

Land acquired for development are initially recognised at cost as 'Inventory Property held for development' and are subsequently measured at the lower of cost and net realisable value.

Inventory property held for sale and in progress' comprise of cost of land, construction costs and other real estated which are either completed or still in progess.

Net realisable value is the estimated selling price in the ordinary course of business, based on market prices at the reporting date less the estimated cost to sell.

Units of real estates completed are recognised at cost as 'Inventory property held for sale' and are subsequently measured at the lower of cost and net realisable value. The cost of units sold recognised as cost of sales in profit or loss is determined with reference to the specific costs of the unit of real estate sold and an allocation of non-specific costs based on the unit sold over the total saleable units.

Net realisable value is the estimated selling price in the ordinary course of business, based on market prices at the reporting date less the estimated cost to sell.

2.13 Non-current assets held for sale

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through a continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition.

Events or circumstances may extend the period to complete the sale beyond one year if the delay is caused by events or circumstances beyond the entity's control and there is sufficient evidence that the entity remains committed to its plan to sell the asset.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

2.14 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as deduction, net of tax, from proceeds.

2.15 Leases

In 2019, leases were classified as finance leases where the terms of the lease transferred substantially all the risks and rewards of ownership to the lessee. All other leases were classified as operating leases.

Finance leases were capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment was allocated between the liability and finance charges so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges were charged to profit or loss unless they were attributable to qualifying assets in which case, they were capitalised in accordance with the policy on borrowing costs (see note 2.16).

Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From July 1, 2019, all leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.\

The Group accounts for a contract, or a portion of a contract, as a lease when it conveys the right to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:

(a) There is an identified asset;

(b) The Group obtains substantially all the economic benefits from use of the asset; and

(c) The Group has the right to direct use of the asset.

The Group considers whether the supplier has substantive substitution rights. If the supplier does have those rights, the contract is not identified as giving rise to a lease.

In determining whether the Group obtains substantially all the economic benefits from use of the asset, the Group considers only the economic benefits that arise from the use of the asset, not those incidental to legal ownership or other potential benefits.

In determining whether the Group has the right to direct use of the asset, the Group considers whether it directs how and for what purpose the asset is used throughout the period of use. If there are no significant decisions to be made because they are pre-determined due to the nature of the asset, the Group considers whether it was involved in the design of the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use. If the contract or portion of a contract does not satisfy these criteria, the Group applies other applicable IFRSs rather than IFRS 16.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;

- the exercise price of any purchase option granted in favour of the Group if it is reasonably certain to assess that option;

- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

- Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

ease payments made at or before commencement of the lease;

• initial direct costs incurred; and the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations).

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

When the Group renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy.

- in all other cases where the renegotiated increases the scope of the lease (whether that is an extension to the ease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount.

- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial of full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

For contracts that both convey a right to the Group to use an identified asset and require services to be provided to the Group by the lessor, the Group has elected to account for the entire contract as a lease, i.e. it does allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

Accounting for leases - where Company is the lessor Lease income from leases where the Group is a lessor is recognised in income on a straight line basis over the lease term. Initial direct costs incurred in obtaining the lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature. The Group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting IFRS 16.

2.16 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised until such time as the assets are substantially ready for their intended use or sale.

Other borrowing costs are expensed.

2.17 Retirement benefit obligations

Defined benefit plan

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit period.

Remeasurement of the net defined benefit liability, which comprise of actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), is recognised immediately in other comprehensive income in the period in which they occur. Remeasurements recognised in other comprehensive income shall not be reclassified to profit or loss in subsequent period.

The Group determines the net interest expense/(income) on the net defined benefit liability/(asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability/(asset), taking into account any changes in the net defined liability/(asset) during the period as a result of contributions and benefit payments. Net interest expense/(income) is recognised in profit or loss.

Service costs comprising of current service cost, past service cost, as well as gains and losses on curtailments and settlements are recognised immediately in profit or loss.

2.18 Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources that can be reliably estimated will be required to settle the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

2.19 Dividend distribution

Dividend distribution to the Company's shareholder is recognised as a liability in the Group's financial statements in the year in which the dividends are declared.

2.20 Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using Mauritian rupees, except for Evasio SAS and Evaco Property d.o.o which are measured using Euro, the currency of the primary economic environment in which the entity operates 'functional currency'. The consolidated financial statements are presented in Mauritian rupees, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when deferred in equity as qualifying cash flow hedge. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit or loss within 'finance income or cost'. All other foreign exchange gains or losses are presented in profit or loss within 'other (losses)/gains - net. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date the fair value was determined.

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows: (a) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position, except for investment property in Evaco Property d.o.o which is presented at the transaction date; (b) income and expenses for each statement representing profit or loss and other comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction date, in which case income and expenses are translated at the date of the transactions) and (c) all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.21 Borrowings

Borrowings are recognised initially at fair value being their issue proceeds net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial Risk Factors

The Group's activities exposed it to a variety of financial risks: market risk (including currency risk, cash flow interest risk and fair value interest rate risk), credit risk and liquidity risk.

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Company uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by the treasury department under policies approved by the Board of Directors. Treasury identifies, evaluates and hedges financial risks in close cooperation with the operating units. The Risk Committee provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and investment of excess liquidity.

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates primarily relates to the Group's operating activities (where revenue or expense is denominated in foreign currency).

Foreign currency sensitivity
The currency profile is as follows:

	THE GROUP		THE COMPANY	
2020	**Financial assets**	**Financial liabilities**	**Financial assets**	**Financial liabilities**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
MUR	**333,056**	**711,151**	**1,396,092**	**294,963**
EUR	**14,345**	**105,102**	**159,907**	**59,590**
USD	**1,359**	**2,769**	**397**	**2,769**
	348,760	**819,022**	**1,556,396**	**357,322**
2019				
MUR	488,930	1,109,568	811,048	569,994
EUR	223	11	-	-
USD	832	172	121,603	-
ZAR	-	20	-	-
	489,985	1,109,771	932,651	569,994

The following table demonstrates the sensitivity to a reasonably possible change in EUR and USD exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of forward exchange contracts designated as cash flow hedges and net investment hedges. The Group's exposure to foreign currency changes for all other currencies is not material.

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial Risk Factors (cont'd)

(a) Market risk (cont'd)

(i) Currency risk (cont'd)

Foreign currency sensitivity (cont'd)

	THE GROUP			
	2020		2019	
	Change in rate	**Impact on post-tax loss**	Change in rate	Impact on post-tax profit
		Rs'000		Rs'000
EUR	**+5%**	**(3,857)**	+5%	9
USD	**+5%**	**(60)**	+5%	28

	THE COMPANY			
	2020		2019	
	Change in rate	**Impact on post-tax loss**	Change in rate	Impact on post-tax profit
		Rs'000		Rs'000
EUR	**+5%**	**4,263**	+5%	-
USD	**+5%**	**(101)**	+5%	5,168

(ii) Cash flow and fair value interest rate risk

The Group has no significant interest bearing assets and as such its income and operating cash flows are substantially independent of changes in market interest rate.

The Group's interest-rate risk arises from borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

The Group is mainly exposed to cash flow interest rate risk as its borrowings are mostly issued at variable rates, with the exception of finance lease at fixed rates.

At June 30, 2020, if interest rates on rupee-denominated variable rate borrowings had been 50 basis points higher/lower with all other variables held constant, results for the year would have changed as shown in the table below:

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	+/-	+/-	+/-	+/-
	Rs'000	Rs'000	**Rs'000**	Rs'000
Impact on results for the year	**5,934**	4,183	**4,527**	2,720

(b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade receivables.

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial Risk Factors (cont'd)

(b) Credit risk (cont'd)

The amounts presented in the statement of financial position are net of expected credit losses, estimated by management based on prior experience and the current economic environment. The Group has no significant concentration of credit risk with exposure spread over a large number of customers and agents. The Group has policies in place to ensure that sales of product are made to customers with appropriate credit history.

(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 marketable securities, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions. The Group aims at maintaining flexibility in funding by keeping committed credit lines available. Management monitors rolling forecasts of the Group's liquidity reserve on the basis of expected cash flow and does not foresee any major liquidity risk over the next two years. Forecasted liquidity reserve as at June 30, 2021 is:

Forecasted liquidity reserve as at June 30, 2021 is:

	THE GROUP	THE COMPANY
	Rs'000	**Rs'000**
Opening balance for the period	**(192,613)**	**(125,248)**
Cash from/(used in) operating activities	**374,305**	**174,829**
Cash used in investing activities	**(212,521)**	**179,148**
Cash from financing activities	**(36,799)**	**(115,980)**
Effect of foreign exchange rate changes	**-**	**-**
Closing balance for the period	**(67,628)**	**112,749**

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date:

THE GROUP	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
	Rs'000	Rs'000	Rs'000	Rs'000
At June 30, 2020				
Trade and other payables	**65,801**	**-**	**-**	**65,801**
Loans payable	**59,504**	**59,504**	**80,534**	**199,542**
Bank overdraft	**295,848**	**-**	**-**	**295,848**
Bonds	**-**	**-**	**641,001**	**641,001**
Lease liabilities	**13,217**	**13,217**	**26,706**	**53,140**

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial Risk Factors (cont'd)

(c) Liquidity risk (cont'd)

THE GROUP	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
	Rs'000	Rs'000	Rs'000	Rs'000
At June 30, 2019				
Trade and other payables	147,815	-	-	147,815
Loans payable	58,583	58,583	89,479	206,645
Bank overdraft	399,109	-	-	399,109
Bonds	-	-	220,200	220,200
Lease liabilities	4,669	4,669	1,376	10,714
THE COMPANY				
At June 30, 2020				
Trade and other payables	**17,500**	-	**-**	**17,500**
Loans payable	**40,781**	-	**29,795**	**70,576**
Bank overdraft	**135,504**	-	**-**	**135,504**
Bonds	**-**	-	**641,001**	**641,001**
Lease liabilities	**5,704**	**5,704**	**46,833**	**58,241**
At June 30, 2019				
Trade and other payables	14,519	-	-	14,519
Loans payable	5,206	5,206	45,113	55,525
Bank overdraft	266,141	-	-	266,141
Bonds	-	-	220,200	220,200
Lease liabilities	554	554	926	2,034

3.2 Capital risk management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistently with others in the industry, the Group monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt over adjusted capital. Net debt is calculated as total debt (as shown in the statement of financial position) less cash and cash equivalents. Adjusted capital comprises all components of equity (i.e. share capital, non-controlling interests, retained earnings, revaluation surplus and other reserves) other than amounts recognised in equity relating to cash flow hedges.

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.2 Capital risk management (cont'd)

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Bank overdrafts	**295,848**	399,109	**135,504**	266,141
Loans payable	**196,903**	206,645	**70,576**	55,525
Redeemable secured notes	**641,001**	220,200	**641,001**	220,200
Lease liabilities	**53,140**	-	**58,241**	-
Finance lease liabilities	**-**	10,714	**-**	2,034
Total debt	**1,186,892**	836,668	**905,322**	543,900
Less: cash and cash equivalents	**(103,235)**	(72,975)	**(10,256)**	(6,257)
Net debt	**1,083,657**	763,693	**895,066**	537,643
Owners' interest	**646,666**	746,164	**478,621**	553,358
Debt-to-adjusted capital ratio	**1.68**	1.02	**1.87**	0.97

The net debt to equity ratio changed from 102% in 2019 to 168% in 2020 for the Group and from 97% in 2019 to 187% in 2020 for the Company, following the adoption of IFRS 16 Leases and fresh issue of redeemable secured notes. Both net debt and gross assets increased following the recognition of right-of-use assets and lease liabilities on 1 July 2019.

3.3 Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise mainly of quoted equity investments classified as trading securities or available-for-sale.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cashflows at the current market interest rate that is available to the Group for similar financial instruments.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expetations of future events that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Depreciation policies

Property, plant and equipment are depreciated to their residual values over their estimated useful lives. The residual value of an asset is the estimated net amount that the Group would currently obtain from the disposal of the asset if the asset was already of the age and in condition expected at the end of its useful life.

The directors therefore make estimates based on historical experience and use their best judgement to assess the useful lives of assets and to forecast the expected residual values of the assets at the end of their expected useful lives.

(ii) Pension benefits

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension obligation. Other key assumptions for pension obligations are based in part on currrent market conditions. Additional information is disclosed in note 21.

(iii) Limitation of sensitivity analysis

Sensitivity analysis in respect of market risk demonstrates the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear and larger or smaller impacts should not be interpolated or extrapolated from these results.

Sensitivity analysis does not take into consideration that the Group's assets and liabilities are managed. Other limitations include the use of hypothetical market movements to demonstrate potential risk that only represent the Group's view of possible near-term market changes that cannot be predicted with any certainty.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

4.1 Critical accounting estimates and assumptions (cont'd)

(iv) Asset lives and residual values

Property, plant and equipment are depreciated over its useful life taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. Consideration is also given to the extent of current profits and losses on the disposal of similar assets.

(vi) Impairment of assets

Goodwill is considered for impairment at least annually. Property, plant and equipment, and intangible assets are considered for impairment if there is a reason to believe that impairment may be necessary. Factors taken into consideration in reaching such a decision include the economic viability of the asset itself and where it is a component of a larger economic unit, the viability of that unit itself.

Future cash flows expected to be generated by the assets or cash-generating units are projected, taking into account market conditions and the expected useful lives of the assets. The present value of these cash flows, determined using an appropriate discount rate, is compared to the current net asset value and,if lower, the assets are impaired to the present value. The impairment loss is first allocated to goodwill and then to the other assets of a cash generating unit.

5. PROPERTY, PLANT & EQUIPMENT

THE GROUP	Freehold land and buildings	Plant, furniture and equipment	Motor vehicles	Total
(a) **2020**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
COST				
At July 1, 2019	285,529	115,129	37,606	**438,264**
Adjustment for change in accounting policy (note 40)	-	-	(720)	**(720)**
At July 1, 2019 - restated	285,529	115,129	36,886	**437,544**
Additions	3,894	14,573	1,527	**19,994**
Exchange Differences	-	(905)	-	**(905)**
Disposals	-	(10)	-	**(10)**
At June 30, 2020	**289,423**	**128,787**	**38,413**	**456,623**
DEPRECIATION				
At July 1, 2019	13,325	55,625	27,864	**96,814**
Adjustment for change in accounting policy (note 40)			(467)	**(467)**
At July 1, 2019 - restated	13,325	55,625	27,397	**96,347**
Charge for the year	6,341	13,135	1,883	**21,359**
Disposals adjustment	-	(10)	-	**(10)**
At June 30, 2020	**19,666**	**68,750**	**29,280**	**117,696**
NET BOOK VALUE				
At June 30, 2020	**269,757**	**60,037**	**9,133**	**338,927**
(b) **2019**				
COST				
At July 1, 2018	220,055	102,273	36,075	358,403
Additions	10,253	15,004	1,531	26,788
Revaluation	55,221	-	-	55,221
Disposals	-	(2,148)	-	(2,148)
At June 30, 2019	285,529	115,129	37,606	438,264
DEPRECIATION				
At July 1, 2018	10,290	45,186	23,778	79,254
Charge for the year	3,035	11,773	4,086	18,894
Disposals adjustment	-	(1,334)	-	(1,334)
At June 30, 2019	13,325	55,625	27,864	96,814
NET BOOK VALUE				
At June 30, 2019	272,204	59,504	9,742	341,450

5. PROPERTY, PLANT & EQUIPMENT (CONT'D)

THE COMPANY	Freehold land buildings	Plant, furniture and equipment	Motor vehicles	Total
(a) **2020**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
COST				
At July 1, 2019	32,772	5,744	19,052	**57,568**
Adjustment for change in accounting policy (note 40)	-	-	(5,333)	**(5,333)**
At July 1, 2019 - restated	32,772	5,744	13,719	**52,235**
Additions	-	2,273	1,644	**3,917**
At June 30, 2020	**32,772**	**8,017**	**15,363**	**56,152**
DEPRECIATION				
At July 1, 2019	171	2,797	17,163	**20,131**
Adjustment for change in accounting policy (note 40)	-	-	(2,431)	**(2,431)**
At July 1, 2019 - restated	171	2,797	14,732	**17,700**
Charge for the year	398	1,773	65	**2,236**
At June 30, 2020	**569**	**4,570**	**14,797**	**19,936**
NET BOOK VALUE				
At June 30, 2020	**32,203**	**3,447**	**566**	**36,216**
(b) **2019**				
COST				
At July 1, 2018	12,883	2,220	18,777	33,880
Additions	19,889	3,524	275	23,688
At June 30, 2019	32,772	5,744	19,052	57,568
DEPRECIATION				
At July 1, 2018	21	2,013	14,978	17,012
Charge for the year	150	784	2,185	3,119
At June 30, 2019	171	2,797	17,163	20,131
NET BOOK VALUE				
At June 30, 2019	32,601	2,947	1,889	37,437

(c) Bank loans (note 15) and bank overdraft (note 14) are secured by floating charges on the asset of the Group, including property, plant and equipment.

(d) Depreciation has been included in the profit or loss as follows:

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Administrative expenses	**20,862**	17,674	**2,236**	3,119
Cost of sales	**497**	1,220	**-**	-
	21,359	18,894	**2,236**	3,119

(e) The Group's freehold land and building were last revalued by an independent valuer, P. Ramrekha, on June 30, 2019, based on open market value. The revaluation surplus was credited to revaluation reserve in owner's equity.

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

	THE GROUP Freehold land		THE GROUP Freehold building	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Cost	**13,205**	13,205	**157,507**	153,613
Accumulated depreciation	**-**	-	**3,150**	3,072
Net book value	**13,205**	13,205	**160,657**	156,685

(g) THE GROUP	**2020**	2019
	Rs'000	Rs'000
FAIR VALUE	**Level 2**	Level 2
Freehold land	**28,000**	28,000
Building	**244,204**	244,204
At June 30,	**272,204**	272,204

There were no transfers between the levels during the year.

The fair value of land and building is classified in level 2 of the fair value hierarchy as it had been valued using observable market date but there is no active market.

The fair value of the freehold land was derived using the sales comparison approach. Sales prices of comparable land in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square.

	2020	2019
Significant unobservable valuation input:	**Rs'000**	Rs'000
Price per square metre	**25**	25

Significant increases/(decreases) in estimated price per square metre in isolation would result in a significantly higher/(lower) fair value.

The fair value of the buildings was determined using the cost approach that reflects the cost to a market participant to construct assets of comparable utility and age, adjusted for obsolescence.

There has been no change to the valuation technique during the year.

5A RIGHT-OF-USE-ASSETS

	Land and buildings	Motor vehicles	Total
THE GROUP	**Rs'000**	**Rs'000**	**Rs'000**
At July 1, 2019	-	-	-
Adjustment for change in accounting policy (note 40)	50,571	2,902	53,473
At July 1, 2019 - restated	50,571	2,902	53,473
Amortisation	(5,920)	(859)	(6,779)
At June 30, 2020	**44,651**	**2,043**	**46,694**

5A RIGHT-OF-USE-ASSETS (CONT'D)

THE COMPANY	Building Rs'000	Motor vehicles Rs'000	Total Rs'000
At July 1, 2019	-	-	-
Adjustment for change in accounting policy (note 40)	60,454	2,902	63,356
At July 1, 2019 - restated	60,454	2,902	63,356
Amortisation	(6,045)	(859)	(6,904)
At June 30, 2020	**54,409**	**2,043**	**56,452**

5B LEASE LIABILITIES

THE GROUP	Land and buildings Rs'000	Motor vehicles Rs'000	Total Rs'000
At July 1, 2019	-	-	-
Adjustment for change in accounting policy (note 40)	50,571	10,493	61,064
At July 1, 2019 - restated	50,571	10,493	61,064
Addition	-	1,058	1,058
Interest expense	2,009	652	2,661
Lease payments	(6,135)	(5,508)	(11,643)
At June 30, 2020	**46,445**	**6,695**	**53,140**
Current			13,217
Non current			39,923
			53,140

THE COMPANY	Building Rs'000	Motor vehicles Rs'000	Total Rs'000
At July 1, 2019	-	-	-
Adjustment for change in accounting policy (note 40)	60,454	2,034	62,488
At July 1, 2019 - restated	60,454	2,034	62,488
Addition	-	1,058	1,058
Interest expense	2,720	123	2,843
Lease payments	(7,177)	(971)	(8,148)
At June 30, 2020	**55,997**	**2,244**	**58,241**
Current			5,704
Non current			52,537
			58,241

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

The Group leases land and builiding. It is customary for lease contracts to provide for payments to increase each year by inflation.

The Group also leases motor vehicles, which comprise only fixed payments over the lease terms.

(b) Fixed/variable lease payments

The percentages in the table below reflect the current proportions of lease payments that are either fixed or variable. The sensitivity reflects the impact on the carrying amount of lease liabilities and right-of-use assets if there was an uplift of 5% on the balance sheet date to lease payments that are variable.

At June 30, 2020	*Lease Contracts Number*	*Fixed payments %*	*Variable payments %*	*Sensitivity Rs.*
THE GROUP				
Building lease	4	100%	-	N/A
Vehicle lease	12	100%	-	N/A

5B LEASE LIABILITIES (CONT'D)

(b) Fixed/variable lease payments (cont'd)	*Lease Contracts Number*	*Fixed payments %*	*Variable payments %*	*Sensitivity Rs.*
THE COMPANY				
Building lease	1	100%	-	N/A
Vehicle lease	5	100%	-	N/A

(c) Lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

6. INTANGIBLE ASSETS

	THE GROUP			THE COMPANY
(a) 2020	Goodwill on consolidation Rs'000	Computer software Rs'000	Total Rs'000	Computer software Rs'000
COST				
At July 1, 2019	**4,898**	**7,641**	**12,539**	**266**
Consolidation adjustment	**-**	**(2,007)**	**(2,007)**	**-**
Addition	**-**	**574**	**574**	**574**
At June 30, 2020	**4,898**	**6,208**	**11,106**	**840**
AMORTISATION				
At July 1, 2019	**-**	**2,466**	**2,466**	**180**
Amortisation charge	**-**	**662**	**662**	**157**
At June 30, 2020	**-**	**3,128**	**3,128**	**337**
NET BOOK VALUE				
At June 30, 2020	**4,898**	**3,080**	**7,978**	**503**

	THE GROUP			THE COMPANY
(b) 2019	Goodwill on consolidation Rs'000	Computer software Rs'000	Total Rs'000	Computer software Rs'000
COST				
At July 1, 2018	4,898	13,340	18,238	9,005
Reclassification adjustment	-	(5,699)	(5,699)	(8,739)
At June 30, 2019	4,898	7,641	12,539	266
AMORTISATION				
At July 1, 2018	-	2,180	2,180	129
Amortisation charge	-	286	286	51
At June 30, 2019	-	2,466	2,466	180
NET BOOK VALUE				
At June 30, 2019	4,898	5,175	10,073	86

6. INTANGIBLE ASSETS (CONT'D)

(c) The amortisation for the year has been recognised under administrative and selling expenses.

(d) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business, less accumulated impairment losses, if any.

Goodwill is tested annually for impairment. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the gains and losses on disposal.

	Allocation of goodwill	
Cash-generating unit	**2020**	2019
	Rs'000	Rs'000
Histia Services Ltd (formerly known as Evaco Holiday Resorts Ltd)	**4,898**	4,898

7. INVESTMENT PROPERTIES

	Land	
	2020	2019
(a) THE GROUP	**Rs'000**	Rs'000
Level 2		
FAIR VALUE		
At July 1,	**651,170**	-
Addition during the year	**-**	450,657
Transfer to inventories (note 10)	**(651,170)**	-
Fair value movement (note 30)	**-**	200,513
At June 30,	**-**	651,170

(i) All investment properties held by the group were transferred to Inventories during the year.

8. INVESTMENTS IN SUBSIDIARY COMPANIES - COST

	THE COMPANY	
	2020	2019
(a) **Investments in equity**	**Rs'000**	Rs'000
Cost		
At July 1,	**150,180**	82,908
Additions	**400**	80,141
Impairment (note 30)	**(4,080)**	(12,869)
At June 30,	**146,500**	150,180

8. INVESTMENTS IN SUBSIDIARY COMPANIES - COST (CONT'D)

(b) The list of the subsidiaries, incorporated in the Republic of Mauritius, except for Evasio SAS and Evaco Property d.o.o, are as follows:

(b) The list of the subsidiaries, incorporated in the Republic of Mauritius, except for Evasio SAS and Evaco Property d.o.o, are as follows:

Held by the Company	Principal activity	% holding 2020	% holding 2019
Direct			
• Aquamarine Watersports Ltd	Dormant	**100**	100
• Creative Properties Ltd	Property Development	**100**	100
• Fairstone Ltd	Construction	**100**	100
• Histia Services Ltd (formerly known as Evaco Holiday Resorts Ltd)	Hospitality and Leisure	**49 ***	49 *
• Evajet Ltd	Dormant	**100**	100
• Evasio SAS (incorporated in Reunion)	Property Development and Hospitality Activity	**100**	100
• Le Clos du Littoral Ltée	Property Development - Real Estate Scheme	**100**	100
• Le Clos du Littoral Phase II Ltd	Property Development - Real Estate Scheme	**100**	100
• Le Clos du Littoral Phase III Ltd	Property Development	**100**	100
• Le Domaine des Alizées Ltée	Property Development - Real Estate Scheme	**100**	100
• Les Villas Athenas Ltée	Property Development - Real Estate Scheme	**100**	100
• WaterSavr Indian Ocean Ltd	Dormant	**100**	100
• Highlands Hills Properties Ltd	Property Development	**100**	100
• Innovative Design Engineering and Architecture Ltd	Design and architecture	**100**	100
• FC Property Ltd	Property Development	**100**	100
• Fineline Contracting Ltd	Contracting	**100**	100
• Stantons Ltd	Secretarial support services	**100**	**100**
• Evaco Property d.o.o (incorporated in Croatia)	Property Development	**100**	**100**
• Mereo Ltd	Dormant	**100**	-

Held by the Company	Principal activity	% holding 2020	% holding 2019
Indirect			
• Archipel des Saveurs Ltd	Dormant	**100**	100
• Evaco Beach Club Ltd	Operation of a restaurant	**100**	100

* The Board of Directors of Evaco Limited has effective control of Evaco Holiday Resorts Ltd.

8. INVESTMENTS IN SUBSIDIARIES-COST (CONT'D)

(c) Shares of Creative Properties Ltd have been pledged as security for redeemable secured notes (note 20).

(d) The list of the Company's significant subsidiaries is as follows:

(i) Summarised statement of financial position and statement of profit or loss and other comprehensive income:

	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenue	Profit/(loss) for the year	Total comprehensive income for the year
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
2020							
Fairstone Ltd	**448,225**	**271,726**	**578,025**	**16,412**	**439,026**	**(4,814)**	**(4,480)**
Le Clos du Littoral Phase II Ltd	**302,179**	**-**	**306,903**	**-**	**539,985**	**9,331**	**9331**
2019							
Fairstone Ltd	333,734	272,560	347,088	129,209	343,090	12,132	61365
Le Clos du Littoral Phase II Ltd	348,245	-	160,750	-	**590,056**	85,742	85,742

9. FINANCIAL ASSETS AT AMORTISED COST

	THE GROUP			
	2020		2019	
	Rs'000 Non-current	Rs'000 Current	Rs'000 Non-current	Rs'000 Current
Loans to related parties	-	-	-	-
Receivable from related parties	-	-	-	1,695
Other receivables	-	42,089	935	68,798
	-	42,089	935	70,493
Less: Loss allowance for financial assets at amortised cost (note 9(b))	-	-	-	-
	-	42,089	935	70,493

	THE COMPANY			
	2020		2019	
	Rs'000 Non-current	Rs'000 Current	Rs'000 Non-current	Rs'000 Current
Loan to related parties	803,358	155,116	740,642	121,912
Receivable from related parties	-	166,075	-	49,185
Other receivables	-	11,479	-	9,311
	803,358	332,670	740,642	180,408
Less: Loss allowance for financial assets at amortised cost (note 9(b))	(5,196)	(1,807)	-	-
	798,162	330,863	740,642	180,408

(a) Other receivables

These amounts generally arise from transactions outside the usual operating activities of the Group. Interest may be charged at commercial rates where the terms of repayment exceed six months. Collateral is not normally obtained. The non-current other receivables are due and payable over one year from the end of the reporting period.

(b) Impairment and risk exposure

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all financial assets at amortised cost.

(c) The carrying amounts of the Group's and the Company's financial assets at amortised cost are denominated in the following currencies:

	THE GROUP		THE COMPANY	
	2020 Rs'000	2019 Rs'000	2020 Rs'000	2019 Rs'000
Non-current				
MUR	-	935	798,162	740,642
EUR	-	-	-	-
	-	935	798,162	740,642
Current				
MUR	40,976	69,565	587,674	51,461
EUR	1,113	928	152,968	128,947
	42,089	70,493	740,642	180,408

(d) The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Group does not hold any collateral as security.

10. INVENTORIES

		THE GROUP		THE COMPANY	
		2020 Rs'000	2019 Rs'000	2020 Rs'000	2019 Rs'000
(a)	Property held for development	96,898	111,260	-	-
	Works in progress	385,505	61,788	26,816	16,196
	Transfer from investment properties (Note 7)	651,170	-	-	-
	Expected credit losses	-	-	(113)	-
	Goods in transit	171	2,269	-	-
	Raw materials and consumables	102,801	70,672	1,717	-
		1,236,545	245,989	28,420	16,196

(b) Borrowings are secured by floating charges on the assets of the Group, including inventories (note 15)

11. TRADE RECEIVABLES

		THE GROUP		THE COMPANY	
		2020 Rs'000	2019 Rs'000	2020 Rs'000	2019 Rs'000
	Trade receivables	5,035	82,689	-	184
	Less: provision for impairment	-	-	-	-
	Trade receivables - net	5,035	82,689	-	184
(a)	*Accumulated allowances for credit losses*				
	At July1 and June 30,	-	-	-	-
(b)	*Ageing of net trade receivables not impaired*				
	Not later than 3 months	2,712	58,938	-	184
	Later than 3 months	2,323	23,751	-	-
		5,035	82,689	-	184

(c) The trade receivables arise from credit facilities offered by the Group in the normal course of business for which the Group does not hold any collateral as securities. Taking into consideration the credit quality of the trade receivables, the Group considers that an allowance for credit losses of Rs'000 nil (2019: Rs'000 nil) is applicable on trade receivables. No additional allowance for credit losses is necessary on trade receivable of later than 3 months (not due or past due).

(d) The carrying amounts of the Group's and the Company's trade receivables are denominated in the following currencies:

	THE GROUP		THE COMPANY	
	2020 Rs'000	2019 Rs'000	2020 Rs'000	2019 Rs'000
MUR	4,065	82,689	-	184
EUR	970	-	-	-
	5,035	82,689	-	184

(e) The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Group does not hold any collateral as security.

12. **CONTRACT ASSETS AND (LIABILITIES)**

	THE GROUP		THE GROUP	
	Assets	**Liabilities**	**Assets**	**Liabilities**
	2020	**2020**	**2019**	**2019**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Assets and (liabilities) relating to contract with customers	**184,780**	**(70,753)**	257,733	(13,706)

Impairment of contract assets

To measure the expected credit losses, the contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for contract assets are a reasonable approximation of the loss rates for the contract assets.

13. **TAXATION**

(a) **Statement of financial position**

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
At July 1,	**8,054**	(300)	**1,198**	310
Current tax on adjusted profit at 15% (2019:15%)		6,418	**-**	-
Corporate social responsibility		138	**-**	-
Additional claim from MRA		1,198	**-**	1,198
Overprovision in previous year	**(581)**	-	**(581)**	-
Advance Payments Scheme	**(158)**	-	**(158)**	-
(Payments)/refunds during the year	**(6,629)**	600	**(301)**	(310)
At June 30,	**686**	8,054	**158**	1,198

(b) **Statement of profit or loss**

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Tax on the adjusted profit for the year	**-**	6,418	**-**	-
Corporate social responsibility at 2 % (2019: 2%)	**705**	138	**-**	-
Overprovision in previous year	**(581)**	-	**(581)**	-
Additional claim from MRA	**-**	1,198	**-**	1,198
	124	7,754	**(581)**	1,198

The tax on the Group's loss before taxation differs from the theoretical amount that would arise using the basic tax rate of the Group as follows:

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

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Profit/(loss) before tax	**(55,411)**	266,948	**(28,598)**	(26,352)
Tax calculated at 15 % (2019: 15%)	**(8,312)**	40,042	**(4,290)**	(3,953)
Corporate social responsibility at 2 % (2019: 2%)	**705**	5,339	**-**	(527)
Other timing differences	**-**	4,480	**-**	4,480
Expenses not deductible for income tax purposes	**8,312**	341	**4,290**	-
Overprovision in previous year	**(581)**	-	**(581)**	-
Additional claim from MRA	**-**	1,198	**-**	1,198
Utilisation of tax losses	**-**	(50,064)	**-**	-
Unused tax losses	**-**	6,418	**-**	-
Tax charge for the year	**124**	7,754	**(581)**	1,198

13. **TAXATION (CONT'D)**

(d) At the end of the reporting year, the Group had unused tax losses of Rs'000 140,390 (2019: Rs'000 95,277). No deferred tax asset has been recognised in respect of such losses for the Group due to unpredictability of future profit stream.

14. **CASH AND CASH EQUIVALENTS**

(a) Cash and cash equivalents and bank overdraft include the following for the purpose of the statement of cash flows.

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Cash in hand and at bank	**103,235**	72,975	**10,256**	6,257
Bank overdrafts	**(295,848)**	(399,109)	**(135,504)**	(266,141)
	(192,613)	(326,134)	**(125,248)**	(259,884)

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

(b) Cash and cash equivalents are denominated in the following currencies:

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
MUR	**(206,234)**	(326,555)	**(132,584)**	(261,502)
EUR	**12,262**	421	**6,939**	1,768
USD	**1,359**	-	**397**	(150)
	(192,613)	(326,134)	**(125,248)**	(259,884)

	At July 1, 2018	**Acquisition**	**Cash flows**	**At June 30, 2019**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
2019				
THE GROUP				
Bank loans	34,098	122,228	-	**156,326**
Loan payable to third party	50,319	-	-	**50,319**
Finance lease liabilities	15,902	-	(5,188)	**10,714**
Total liabilities from financing activities	100,319	122,228	(5,188)	**-** **217,359**
THE COMPANY				
Bank loans	7,290	-	(2,084)	5,206
Loan payable to third party	50,319	-	-	50,319
Loan payable to subsidiaries	17,921	-	(17,921)	-
Finance lease liabilities	4,094	-	(2,060)	2,034
Total liabilities from financing activities	79,624	-	(22,065)	**57,559**

14. CASH AND CASH EQUIVALENTS (CONT'D)

(c) Reconciliation of liabilities arising from financing activities

	At July 1, 2019	Recognised on adoption of IFRS 16	Acquisition	Cash flows	Non-cash flows: Interest expense on lease liabilities	Non-cash flows: Foreign exchange movement	At June 30, 2020
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
2020							
THE GROUP							
Bank loans	156,326	-	-	(130,729)	-	-	**25,597**
Loan payable to third party	50,319	-	111,697	-	-	9,271	**171,287**
Finance lease liabilities	10,714	(10,714)	-	-	-	-	
Lease liabilities	-	61,064	1,058	(11,643)	2,661	-	**53,140**
Total liabilities from							**-**
financing activities	217,359	50,350	112,755	(142,372)	2,661	9,271	**250,024**
THE COMPANY							
Bank loans	5,206	-	-	(633)	-		**4,573**
Loan payable to third party	50,319	-	-			9,271	**59,590**
Loan payable to subsidiaries	-	-	-	6,394	-		**6,394**
Finance lease liabilities	2,034	(2,034)	-	-	-	-	**-**
Lease liabilities	-	62,488	1,058	(8,148)	2,843	-	**58,241**
Total liabilities from financing activities	57,559	60,454	1,058	(2,387)	2,843	9,271	**128,798**

(d) Non cash transactions

(e) The principal non cash transactions are the acquisition of right-of-use assets (Note 5A) (2018 - Finance leases Note 5).

The bank overadraft is secured by floating charges on the Company's or subsidiaries' assets, including property, plant and equipment (note 5) and inventories (note 10). The average interest rate on the bank overdraft is 5.1%.

15. **BORROWINGS**

		THE GROUP		THE COMPANY	
		2020	2019	**2020**	2019
		Rs'000	Rs'000	**Rs'000**	Rs'000
Non-current					
Bank loans (note 15(a))		**6,874**	97,743	**-**	-
Loan payable to third party (note 15 (b))		**130,525**	50,319	**29,795**	50,319
		137,399	148,062	**29,795**	50,319
Current					
Bank loans (note 15(a))		**18,723**	58,583	**4,573**	5,206
Loan payable to third party (note 15 (b))		**40,762**	-	**29,795**	-
Loan payable to subsidiaries (note 15 (c))		**-**	-	**6,394**	-
Shareholder's loan (note 15 (d))		**19**		**19**	
		59,504	58,583	**40,781**	5,206
Total borrowings	Rs.	**196,903**	206,645	**70,576**	55,525

(a) **Bank loans**

The bank loans are secured by floating charges on the Company's or subsidiaries' assets, including property, plant and equipment (note 5) and inventories (note 10). The average interest rate of these loans is 3.8%.

The exposure of the Group's and the Company's borrowings to interst-rate changes and the contractual repricing dates are as follows:

	Less than 1 year	1 - 2 years	2 - 5 years	Over 5 years	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
The Group					
At June 30, 2020					
Total borrowings	**18,723**	**6,874**	**-**	**-**	**25,597**
At June 30, 2019					
Total borrowings	58,583	58,583	39,160	-	156,326
The Company					
At June 30, 2020					
Total borrowings	**4,573**	**-**	**-**	**-**	**4,573**
At June 30, 2019					
Total borrowings	5,206	-	-	-	5,206

The maturity of non-current bank loans are as follows:

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
After one year and before two years	**6,874**	58,583	**-**	-
After two years and before five years	**-**	39,160	**-**	-
After five years	**-**	-	**-**	-
	6,874	97,743	**-**	-

15. **BORROWINGS (CONT'D)**

(b) **Loan payable to third party**

The loan from third party bears an interest rate of 2.5% p.a and is unsecured.

The maturity of loans is as follows:

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Less than one year	**40,762**	-	**29,795**	-
After one year and before two years	**10,967**	25,159	**-**	25,159
After two years and before five years	**62,696**	25,160	**29,795**	25,160
After five years	**56,862**	-	**-**	-
	171,287	50,319	**59,590**	50,319

(c) **Loan from subsidiary**

The loan from subsidiary bears no interest rate. The loan is unsecured and is repayable on demand.

(d) **Shareholder's loan**

The loan from subsidiary bears no interest rate. The loan is unsecured and is repayable on demand.

(e) The carrying amounts of the Group's and the Company's borrowings are denominated in the following currencies:

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Rupee	**137,313**	156,326	**10,986**	5,206
Euro	**59,590**	50,319	**59,590**	50,319
	196,903	206,645	**70,576**	55,525

(f) The carrying amounts of borrowings are not materially different from the fair value.

16. **FINANCE LEASE LIABILITIES**

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
(a) *Minimum lease payments*				
Not later than 1 year	-	5,601	-	942
After one year and before five years	-	6,530	-	1,463
	-	12,131	-	2,405
Future charges for future periods	-	(1,417)	-	(371)
Present value of finance lease liabilities	-	10,714	-	2,034

16. **FINANCE LEASE LIABILITIES (CONT'D)**

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
(b) *Present value of finance lease liabilities*				
Current				
Not later than 1 year	**-**	4,669	**-**	554
Non-current				
After one year and before five years	**-**	6,045	**-**	1,480
	-	10,714	**-**	2,034

(c) *Lease arrangements*
The Group and the Company has the option to purchase the assets concerned for a nominal amount at the conclusion of the lease arrangements. Lease liabilities are effectively secured as the rights of the leased assets revert to the lessor in the event of default.

(d) Following adoption of IFRS 16, finance lease liabilities were classified under lease liabilities (note 5B).

17. **TRADE AND OTHER PAYABLES**

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
(a) Trade payables	**801**	21,519	**9,847**	9,116
Provision for claims	**65,000**	65,000	**-**	-
Accruals and other payables	**-**	61,296	**7,567**	5,306
Amount payable to subsidiaries	**-**	-	**86**	97
	65,801	147,815	**17,500**	14,519

(b) The Company is disputing the claims received from two suppliers in respect of the construction of Le Domaine des Alizées Ltée's (a subsidiary) real estates project for an amount of Rs'000 63,832 (2019:Rs'000 63,832) for a court ruling, being unsatisfied with the performance obligations of these suppliers. Pending the outcome and the timing of the Court ruling, the Company has recognised a provision of Rs'000 65,000 in that respect.

(c) The carrying amounts of the Group's and the Company's trade and other payables are denominated in the following currencies:

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
MUR	**17,520**	143,521	**14,731**	12,226
EURO	**45,512**	2,001	**-**	-
USD	**2,769**	2,293	**2,769**	2,293
	65,801	147,815	**17,500**	14,519

(d) The carrying amounts of trade and other payables approximate their fair value.

18. **NON-CURRENT ASSETS HELD FOR SALE**

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Property at Highlands Hills	**-**	30,464	**-**	-

In 2019, the Board of Directors had decided not to go ahead with the project for a property development at Highlands has disposed of this asset during the financial year 2019/2020.

19. **SHARE CAPITAL**

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Issued & fully paid				
100,000,000 ordinary shares of no par value	**100,000**	100,000	**100,000**	100,000

20. **REDEEMABLE SECURED NOTES**

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
At July 1,	**220,200**	220,200	**220,200**	220,200
Addition during the year (Note 20 (a))	**650,000**	-	**650,000**	-
Costs associated with issue of bonds (Note 20 (e))	**(8,999)**	-	**(8,999)**	-
Repayment	**(220,200)**	-	**(220,200)**	-
At June 30,	**641,001**	220,200	**641,001**	220,200

(a) 650,000 (2019:220,200) five-year redeemable secured notes of Rs.1,000 each.

(b) Security:

- The mortgaged land of an extent of 14,570m^2 and buildings of an extent of 7,910 m^2 situated at Riviere Citron, Solitude, and belonging to Fairstone Ltd, a wholly owned subsidiary.
- The pledged shares of Creative Properties Ltd, a wholly owned subsidiary, which owns an extent of land at Cap Malheureux included under Inventories.

(c) Interest : Repo +2.65% (2019: Repo + 3.00%)

(d) Maturity date: November 26, 2024.

(e) Relates to capitalised borrowing costs which is being amortised over the term of the redeemable secured notes.

21. **RETIREMENT BENEFIT OBLIGATIONS**

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
(a) Other retirement benefits 21((a)(i))	**12,462**	10,928	**6,087**	6,415

(i) Reconciliation of the present value of obligations:

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
At July 1,	**10,928**	10,255	**6,415**	5,179
Consolidation adjustment	**-**	(381)	**-**	-
Charged to profit or loss (note 21((a)(ii)))	**4,957**	4,326	**2,952**	1,499
Credited to other comprehensive income (note 21((a)(iii)))	**(3,423)**	(3,272)	**(3,280)**	(263)
At June 30,	**12,462**	10,928	**6,087**	6,415

(ii) Amount recognised in the statement of profit or loss:

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Current service cost	**4,139**	3,634	**1,153**	1,072
Net interest cost	**666**	692	**391**	363
Past service cost	**152**	-	**1,408**	64
	4,957	4,326	**2,952**	1,499

21. **RETIREMENT BENEFIT OBLIGATIONS (CONT'D)**

(iii) The amounts recognised in other comprehensive income are:

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Liability experience gains	**(3,549)**	(3,654)	**(3,331)**	(487)
Actuarial losses arising from changes in financial assumptions	**126**	382	**51**	224
	(3,423)	(3,272)	**(3,280)**	(263)

(iv) The principal assumption used for the purpose of computing the present value of the unfunded retirement benefit obligations :-

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
Discount rate	**3.20%**	6.10%	**3.20%**	6.10%
Future long term salary increase	**1.50%**	4.30%	**1.50%**	4.30%

(b) The retirement benefit liabilities are determined by an actuary on an annual basis and any gain or loss thereon are then recognised in the financial statements. The lastest actuarial valuation report was as at June 30, 2020.

22. **DEFERRED INCOME TAX**

Deferred income tax is calculated on all temporary differences under the liability method at x%.

(a) There is a legally enforceable right to offset current tax assets against current tax liabilities and deferred income tax assets and liabilities when the deferred income taxes relate to the same fiscal authority on the same entity. The following amounts are shown in the statement of financial position

	THE GROUP	
	2020	2019
	Rs'000	Rs'000
Deferred tax assets	**6,833**	-
Deferred tax liabilities	**(8,795)**	-
	(1,962)	-

At the end of the reporting period, the Group had unused tax losses of Rs'000 52,733 available for offset against future profits. A deferred tax asset has been recognised in respect of Rs'000 38,405 of such losses. No deferred tax asset has been recognised in respct of the remaining of Rs'000 14,268 due to unpredictability of future profit streams. The tax losses expire on a rolling basis over 5 years.

(b) The movement on the deferred income tax account is as follows:

	THE GROUP	
	2020	2019
	Rs'000	Rs'000
At July 1,	**-**	-
Consolidation adjustment	**(1,962)**	-
At June 30	**(1,962)**	-

22. **DEFERRED INCOME TAX (CONT'D)**

(c) The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same fiscal authority on the same entity, is as follows:

	At July 1, 2019	Consolidation Adjustment	At June 30, 2020
THE GROUP	Rs'000	Rs'000	Rs'000
Deferred tax liabilities			
Accelerated tax depreciation	**-**	**(1,940)**	**(1,940)**
Revaluation of assets	-	**(6,854)**	**(6,854)**
Deferred tax assets			
Retirement benefit obligations	**-**	**294**	**294**
Tax losses	**-**	**6,539**	**6,539**
Net deferred tax liability/(asset)	**-**	**(1,961)**	**(1,961)**

23. **REVENUE**

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
(a) Revenue is analysed as follows:-				
Sales of real estates	**593,460**	625,657	**-**	-
Sales of goods	**68,835**	89,591	**-**	-
Commission	**4,927**			
Provision of services	**51,154**	14,089	**20,402**	36,725
Rental of apartments	**79,527**	95,820	**-**	-
	797,903	825,157	**20,402**	36,725

(b) Disaggregation of revenue from contracts with customers

Timing of satisfaction of performance obligation and significant payment terms

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
At a point in time	**204,443**	199,500	**20,402**	36,725
Over time	**593,460**	625,657	**-**	-
	797,903	825,157	**20,402**	36,725

Real estate completed

Revenue from the sale of real estate completed is recognized when the significant risks and returns have been transferred to the buyer, which is normally on unconditional exchange of contracts in the presence of a public notary.

Real estates in construction over time

Revenue for the construction of real estate for customers over time is recognised in profit or loss when/or as a performance obligation out of the overall contract is satisfied and is the amount of the transaction price that is allocated to that performance obligation.

Sale of goods

Revenue from the sale of goods produced or purchased for resale is recognised in profit or loss when the Group sells the goods (ie on the transfer of control of the goods) based on the consideration to which the Group is entitled to receive net of value added tax on the transfer of control of the promised goods to the customer.

Provision of services at a point in time

Revenue for the provision of services at a point in time is recognised in profit or loss based on the consideration to which the Group is entitled to receive net of value added tax in the accounting period in which the services are provided.

Rental income

Rental income is recognised on an accrual basis in accordance with the substance of the relevant agreement.

24. COST OF SALES

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Cost of real estates sold	**378,369**	171,219	**-**	-
Land transfer tax	**2,318**	6,173	**-**	-
Commission payable to real estate agents	**15,160**	1,501	**-**	-
Cost of goods sold	**77,731**	155,550	**-**	-
Cost of services rendered	**47,812**	30,208	**6,301**	3,721
Employee benefit expense (note 25)	**84,397**	114,210	**-**	-
Cost of rental apartments	**30,040**	60,280	**-**	-
Cost of manufacturing	**8,863**	35,809	**-**	-
Depreciation	**497**	1,220	**-**	-
	645,187	576,170	**6,301**	3,721

25. EMPLOYEE BENEFIT EXPENSE

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Wages and salaries	**153,006**	178,716	**78,548**	52,752
Pension costs and social costs	**2,713**	10,164	**2,952**	1,499
	155,719	188,880	**81,500**	54,251

Disclosed as follows:				
Administrative and selling expenses	**71,322**	74,670	**81,500**	54,251
Cost of sales	**84,397**	114,210	**-**	-
	155,719	188,880	**81,500**	54,251

26. OTHER INCOME

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Dividend income	**-**	-	**41,000**	-
Profit on disposal of asset held for sale	**16,916**	-	**-**	-
Interest income	**7,665**	885	**6,516**	-
Others	**20,798**	10,356	**7,567**	11,926
	45,379	11,241	**55,083**	11,926

27. OTHER (LOSSES)/GAINS - NET

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Net foreign exchange (losses)/gains	**(30)**	(819)	**5**	(23)

Gain and losses on foreign exchange arises on the settlement of transactions in foreign currencies and on the transactions of monetary assets and liabilities denominated in foreign currencies.

28. ADMINISTRATIVE AND SELLING EXPENSES

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Short term employee benefits (note 25)	**71,322**	74,670	**81,500**	54,251
General administrative and selling expenses	**108,602**	62,122	**29,278**	15,693
Depreciation of property, plant and equipment	**20,862**	17,674	**2,236**	3,119
Amortisation of intangible assets	**662**	286	**157**	51
Amortisation of right-of-use assets	**6,779**	-	**6,904**	-
Refund of overheads from subsidiaries	**-**	-	**(54,480)**	(26,233)
	208,227	154,752	**65,595**	46,881

29. OPERATING (LOSS)/PROFIT

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Operating (loss)/profit before taxation is arrived at after:				
charging:				
Depreciation on property, plant and equipment (note 5)	**21,359**	18,894	**2,236**	3,119
Amortisation of intangible assets (note 6)	**662**	286	**157**	51
Amortisation of right-of-use assets (note 5A)	**6,779**	-	**6,904**	-
Employee benefit expense (note 25)	**155,719**	188,880	**81,500**	54,251
and crediting:				
Profit on disposal of asset held for sale	**16,916**	-	-	-

30. NON-RECURRING ITEMS

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Fair value of investment properties (note 7)	**-**	200,513	**-**	-
Release from inventories	**-**	(1,747)	**-**	-
Impairment of investment in subsidiaries (note 8)	**-**	-	**(4,080)**	(12,869)
	-	198,766	**(4,080)**	(12,869)

31. FINANCE COSTS

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
(a) *Interest expense*	**Rs'000**	Rs'000	**Rs'000**	Rs'000
Bank overdrafts	**12,874**	10,550	**6,972**	8,058
Leases	**5,076**	1,088	**2,843**	246
Redeemable secured notes	**26,446**	5,863	**17,976**	14,334
Bank loans	**532**	7,309	**-**	2,645
Loan payable to third party	**321**	8,020	**321**	160
Loan payable to subsidiaries	**-**	-	**-**	-
Loan from ultimate shareholder	**-**	3,645	**-**	-
Recharge of finance costs to subsidiaries	**-**	-	**-**	(13,934)
	45,249	36,475	**28,112**	11,509

32. DISCONTINUED OPERATIONS

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Operating cost of aircraft	**-**	4,054	**-**	4,054
	-	4,054	**-**	4,054

33. **DIVIDENDS PER SHARE**	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
At July 1,	**12,000**	-	**12,000**	-
Amounts recognised as distributions to equityholders in the year:				
Final dividend paid for the year ended June 30, 2020 of Rs.0.50 (2019: Rs.0.12 payable) per share	**50,000**	12,000	**50,000**	12,000
Interim dividend paid for the year ended June 30, 2020 of Rs. Nil (2019: Rs.0.80 paid) per shares	**-**	8,000	**-**	8,000
Dividend paid	**(62,000)**	(20,000)	**(62,000)**	(20,000)
At June 30,	**-**	-	-	-

34. **RELATED PARTY TRANSACTIONS**	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
(a) *Transactions with related parties*				
Sales of goods & services to				
- subsidiaries	-	-	**20,402**	36,725
Recharge of goods & services to				
- subsidiaries	-	-	**79,641**	26,233

(b) *Outstanding balances with related parties*
Outstanding balances with related parties are disclosed in the respective notes of the appropriate assets or liabilities.

Amount receivable from related parties arise in the normal course of business and are to be collected within the normal operating business cycle of the business.

There are no impaired trade receivables nor allowance for credit losses from related parties.

Amount payable to related parties arise in the normal course of business and are payable within the normal operating business cycle of the business.

(c) *Compensation of key management personnel of the Company*

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Short term employee benefits incurred by the Group and the Company	**56,562**	67,698	**42,894**	31,170

36. **CONTINGENT LIABILITIES**

(a) Evaco Ltd has corporate guarantees for all of its subsidiaries bank facilities and insurance bonds.

37. **COMMITMENTS**

(a) **Capital commitments**

38. ULTIMATE HOLDING ENTITY

The Company is controlled by Société A. Mayer, incorporated in Mauritius which owns 100% of the Company's shares.

39. EVENT AFTER THE REPORTING PERIOD

Management has made an assessment of the operations of the Group and the Company for the next 12 months and are satisfied that the financial statements are prepared on a going concern basis.

40. CHANGE IN ACCOUNTING POLICY

IFRS 16 Leases

The Group and the Company adopted IFRS 16 with a transition date of July 1, 2019. The Group and the Company have chosen not to restate comparatives on adoption of the standard, and therefore, the revised requirements are not reflected in the prior year financial statements. Rather, these changes have been processed at the date of initial application (i.e. July 1, 2019) and recognised in the opening equity balances.

Effective January 1, 2019, IFRS 16 has replaced IAS 17 Leases and IFRIC 4 Determining whether an Arrangement Contains a Lease .

IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, together with options to exclude leases where the lease term is 12 months or less, or where the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting in IAS 17, with the distinction between operating leases and finance leases being retained.

Transition Method and Practical Expedients Utilised

The Group and the Company adopted IFRS 16 using the modified retrospective approach, with recognition of transitional adjustments on the date of initial application (July 1, 2019), without restatement of comparative figures. The Group and the Company elected to apply the practical expedient to not reassess whether a contract is, or contains a lease at the date of initial application. Contracts entered into before the transition date that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. The definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after July 1, 2019.

IFRS 16 provides for certain optional practical expedients, including those related to the initial adoption of the standard. The Group and the Company applied the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

(a) Apply a single discount rate to a portfolio of leases with reasonably similar characteristics;
(b) Exclude initial direct costs from the measurement of right-of-use assets at the date of initial application for leases where the right-of-use asset was determined as if IFRS 16 had been applied since the commencement date;
(c) Reliance on previous assessments on whether leases are onerous as opposed to preparing an impairment review under IAS 36 as at the date of initial application; and
(d) Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term remaining as of the date of initial application.

As a lessee, the Group and the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Group and the Company recognises right-of-use assets and lease liabilities for most leases. However, the Group and the Company have elected not to recognise right-of-use assets and lease liabilities for some leases of low value assets based on the value of the underlying asset when new or for short-term leases with a lease term of 12 months or less.

40. **CHANGE IN ACCOUNTING POLICY (CONT'D)**

IFRS 16 Leases (cont'd)

On adoption of IFRS 16, the Group and the Company recognised right-of-use assets and lease liabilities as follows:

Classification under IAS 17	Right-of-use assets	Lease liabilities
Operating leases that do not meet the definition of investment property in IAS 40	Office space: Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. All other: the carrying value that would have resulted from IFRS 16 being applied from the commencement date of the leases, subject to the practical expendients noted above.	Measured at the present value of the remaining lease payments, discounted using the Group's and the Company's incremental borrowing rate is the rate at which a similar borrowing could be obtained from an independent creditor under comparable terms and conditions. The weighted-average rate applied was 4.50%.
Finance leases	Measured based on the carrying values for the lease assets and liabilities immediately before the date of initial application (i.e. carrying values brought forward, unadjusted).	

The following table presents the impact of adopting IFRS 16 on the statements of financial position as at July 1, 2019:

	Adjustments	30 June 2019 As originally presented	IFRS 16	1 July 2019
THE GROUP		Rs'000	Rs'000	Rs'000
Assets				
Property, plant and equipment	(a)	**341,450**	(253)	341,197
Right-of-use assets	(b)	**-**	53,473	53,473
Liabilities				
Finance lease liabilities	(c)	**10,714**	(10,714)	-
Lease liabilities	(d)	**-**	61,064	61,064
Equity				
Retained earnings	(e)	557,574	-	557,574
THE COMPANY				
Assets				
Property, plant and equipment	(a)	**37,437**	(2,902)	34,535
Right-of-use assets	(b)	**-**	63,356	63,356
Liabilities				
Finance lease liabilities	(c)	**2,034**	(2,034)	-
Lease liabilities	(d)	**-**	62,488	62,488
Equity				
Retained earnings	(e)	**422,388**	-	422,388

40. **CHANGE IN ACCOUNTING POLICY (CONT'D)**

(a) Property, plant and equipment was adjusted to reclassify leases previously classified as finance type to right-of-use assets. The adjustment reduced the cost of property, plant and equipment by Rs'000 4,089 and accumulated depreciation by Rs'000 2,431 for a net adjustment of Rs'000 1,658 for the Company. The adjustment reduced the cost of property, plant and equipment by Rs'000 720 and accumulated depreciation by Rs'000 467 for a net adjustment of Rs'000 253 for the Group.

(b) The adjustment to right-of-use assets is as follows:

	THE GROUP	THE COMPANY
	Rs'000	Rs'000
Adjustment noted in (a) - finance type leases	253	2,902
Operating type leases	53,473	63,356
Right-of-use assets	53,726	66,258

(c) Finance lease liabilities were adjusted to reclassify leases previously classified as finance type to lease

(d) The following table reconciles the minimum lease commitments disclosed in the Group's and the Company's 30 June 2019 annual financial statements to the amount of lease liabilities recognised on 1 July 2019.

	THE GROUP	THE COMPANY
	Rs'000	Rs'000
Minimum operating lease commitments at 30 June 2019	50,350	60,454
Plus: leases previously classified as finance type under IAS 17	10,714	2,034
Lease liability as at 1 July 2019	61,064	62,488
Of which are:		
Current lease liabilities	11,643	8,148
Non-current lease liabilities	49,421	54,340
	61,064	62,488

(e) Retained earnings were adjusted to record the net effect of all other adjustments noted.

41. IMPACT OF COVID-19

The impact of COVID-19 on the Group has been unprecedented. The measures taken by the Governments across the world to slow the spread of COVID-19 severely impacted airlines as travel restrictions and border closures were imposed. These travel restrictions resulted in a decrease in restaurant activities and delay in construction of villas.

In Mauritius, the airport has been reopened to some categories of passengers only and subject to various sanitary conditions, as from October 1, 2020. Despite the country having been locked down for several months, the Group has experienced very few sales reservation cancellations during that period. On the contrary, the Group has been able to increase its reservation contracts for its new project at Cap Malheureux to more than 150 units which is well above the initial forecast.

The timing of the signature of the title deeds remain uncertain depending on the opening of international borders. Nonetheless, management has been negotiating with the foreign buyers to allow the signature of their title deeds despite the current restrictions pertaining to the opening of the frontiers.

41. IMPACT OF COVID-19 (CONT'D)

In the light of the impact of the pandemic, governments worldwide announced relief packages to support affected businesses, including the hospitality industry and the construction industry to mitigate the impact of COVID-19. The Government of Mauritius has introduced Wages Assistance Scheme as from March 2020. The Group has benefited from the Wages Assistance Scheme for a limited period of time; from the 20th of March up to 31st of May 2020. In addition, the Group took immediate and decisive action to mitigate the impact of COVID-19.

Recovery Plan

Key actions of the Group's recovery plan include:

(i) Decrease in fixed overheads through shorter construction periods on the remaining projects;

(ii) For the property sector, signature of deeds are being proposed to a certain extent through proxys until the opening of the frontiers;

(iii) For the hospitality cluster, the business model has been changed to mitigate the COVID-19 impact. Evaco Holiday Resorts Ltd is now rebranded as Histia Property Care which will be engaged only in maintenance and houskeeping;

(iv) Intense Experience, a tour operator, has been incorporated to provide packages to a particular niche market (including corporates) and finally short term rentals have been shifted with the long term rental of Fine and Country;

(v) Evaco Ltd has already started negotiating to have an additional bank facility of Rs.35m by next year to cater for the cash flow requirements of the Group (Capex engaged, repayment of obligations, etc).

The Group is also relying on continuous support from its shareholders and bankers in the foreseeable future.

Following the going concern assessment and key areas of uncertainty, the Directors having considered the adequacy of the Group's funding, borrowing facilities and operating cash flows, for at least the next 12 months, are satisfied that the financial statements are prepared on a going concern basis.

In line with its operating plan, the Group has also prepared cash flow forecasts over a period of 6 years. The estimated cashflows involve known and unknown risks and uncertainties, which may cause actual performance and financial results in future periods to differ materially from forecasted cashflows.

However the recovery plan depends on many factors outside the control of management. The six years financial forecasts prepared by Management are based on assumptions regarding the recovery plan. The forecast has been based on the confirmation of sales by the sales and marketing director and the program of works (high level) provided by the head of construction. These information have enabled Management to draft the project financials of the different phases of Cap Marina and Le Clos du Littoral and then, the incomes derived by the respective contractors (Fairstone Ltd, Fine Line Contratcting Ltd, IDEA Ltd and Evaco Ltd). The Directors continue to monitor the impact of COVID-19 on the activities of the Group as the situation develops and the facts become clearer.


SECRET
★★★★★
Croatia