The CFO's REPORT

M Iqbal Oozeer
Chief Finance Officer

The challenging landscape

The world is constantly changing. Various factors like political events, economic trends, technological advancements, environmental impacts and global health situations continue to significantly influence the lives of people daily and how businesses operate. 2022 has brought some relief following a few stressful years dominated by Covid-19. but the uncertainty lingers on to a large extent. The crisis in Ukraine added a few layers of complications, which the world was not fully prepared to face whilst still recovering from the effects of the pandemic.

Locally, the slow improvement in consumer sentiment, following the opening of the borders and the ensuing gradual pick-up in the Tourism sector, brought about a great sigh of relief to the country and to the business community. The local economy progressively started to recover in the beginning of the year, but the lack of visibility on the international arena, mainly pertaining to the collateral damage caused by persistent supply chain issues, the fluctuating price of petrol, the lack of foreign currency and the impact of inflation worldwide, continue to hamper the local economy from reaching its pre-pandemic c cruising speed.

2022, a year to recovery for the Group

At the level of CJ Group, the steady progress over the quarters of 2022 culminated into a highly satisfactory performance for the Group during the year under review. The top line grew by nearly 12% year on year, on the back of an overall increase in Revenue across all clusters, and particularly of a turnaround in the Tourism & Hospitality cluster. The Anantara hotel lived its first ever full year of operation, and delivered a decent performance for a new entrant in the local market.

Overall, 2022 was a year of hope and a confirmation of the resilient nature of the Group's businesses. The Group recorded an Operating Profit of MUR 842M, a growth of 80% compared to MUR 467M in 2021, supported by an exceptional income of MUR 100M at the level of Emtel. The Group's finance costs increased to MUR 467M from MUR 400M in 2021. This was mainly because of high investments and the effect of the increase in interest rates at the end of the year. The Group's NPAT closed at MUR 339M in 2022 compared to a loss of MUR 91M in 2021.

The Group OCI, on the other hand, also added MUR 135M as a surplus on the revaluation of Property, Plant & Equipment and MUR 63M as a positive movement on its Retirement Benefit Obligations in 2022. However, the Group lost around MUR 100M on the fair value of its overseas investments compared to a gain of MUR 398M recorded in 2021. These movements accumulated into a Total Comprehensive Income amounting to MUR 438M in 2022 compared to MUR 723M last year.

For the year under review, the Group was successfully steered towards a higher performance despite that challenging context, achieving a return on equity of 16.3% compared to -5% in 2021.

Capital efficiency and debt

The Group's operating activities generated substantial net cash flow of MUR 1,537M in 2022, up from MUR 666M in the previous year. This positive change was contributed by an increased EBITDA and efficient management of our working capital.

In 2022, the Group's asset base improved from MUR 14.6BN to MUR 16.1BN, representing an increase of 10%. The Group invested nearly MUR 1.7BN in 2022 compared to MUR 1.1BN in 2021. Total Equity increased from MUR 1.8BN to MUR 2.1BN. These investments were mainly targeted towards the Group's strategy to build scale in the Real Estate cluster, and further reinforcing the technical assets and capabilities of the TMIT cluster.

The Group's net bank debt increased by MUR 443M to reach MUR 8.9BN at the end of 2022. The persistent inflationary pressure and the ensuing increase in interest rates, as driven by the Central Bank's monetary policy, will continue to exert more pressure on the cost of debt financing in 2023. In response, the Holding company remains committed to a reduction in its financial risks and will implement key strategies to this end in 2023 and 2024.

OVERALL, 2022 WAS A YEAR OF HOPE AND A CONFIRMATION OF THE RESILIENT NATURE OF THE GROUP'S BUSINESSES. THE GROUP RECORDED AN OPERATING PROFIT OF MUR 842M, A GROWTH OF 80%

THE CFO'S REPORT

Cluster financial review

All operating clusters contributed positively to the overall performance and grew over last year. The main contributor remains the Telecom, Media & IT cluster, bringing about 80% of the operating profit of the Group. Despite operating in a severely competitive and disruptive environment and the challenging state of MC Vision Ltd, the Media company, the TMIT cluster managed to deliver on its main strategies and record a growth of 22% year on year MC Vision has been hit by several shocks over the last couple of years, namely an increase in content costs, the depreciation of the Mauritian Rupee, the fall in consumer spending, changing viewing patterns and the inability to increase prices in the midst of a cost-of-living crisis. The evolving technological landscape, however, is presenting new opportunities to completely rethink this business and carry it into a more promising future.

CJ GROUP WILL CONTINUE PURSUING NUMEROUS DIGITALISATION PROJECTS ACROSS MANY BUSINESS UNITS, WHICH WILL GENERATE REMARKABLE RESULTS IN TERMS OF EFFICIENCIES AND FURTHER COST SAVINGS.

The Real Estate cluster benefitted from fair value gains on revaluation of investment properties, and experienced a remarkable operational performance compared to 2021. The cluster achieved an improvement in operating profit of over 45%, excluding fair value gain in investment properties. The cluster successfully implemented its 'Build' strategy to scale its operations at the end of 2022. The DEM-listed company, Compagnie Immobilière Ltée, recorded an increase in its asset base from MUR 360M to MUR 1.6B.

The Hospitality cluster, as I mentioned earlier, experienced its first full year of operations in 2022. The hotel achieved a decent occupancy level of 50% and managed to operate a profitable last quarter of 2022. Although the outlook in this industry looks promising, the lack of manpower remains a major challenge for the future, unless a solution and clear vision is proposed from the higher level. The travel company Silver Wings Travel Ltd also benefitted largely from the opening of the borders and the revenge travel phenomenon. Its inbound business segment also performed very well, bringing comfort with regard to the cluster's growth prospects.
The Commerce & Financial Services cluster also delivered a worthy performance at the level of the building materials company, Batimex. The company recorded double-digit growth in its Revenue and operating profit in 2022. ILA, the Group's Life Insurance company, managed to steer through the recent difficult Covid-19 years and has been investing in building up a stronger organisation to benefit from the recovery in the coming years.

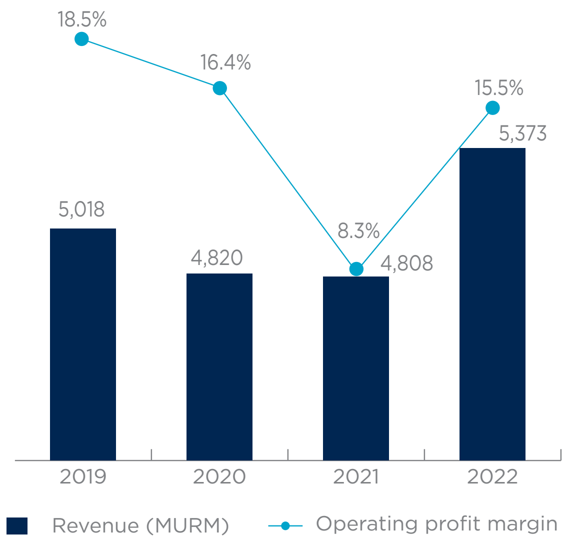
In the Energy cluster, TotalEnergies Marketing Mauritius Ltd (Total) performed exceptionally well during the year. The sales volume realised was aligned with pre-Covid levels and the company also benefitted from a better margin on existing stocks, which translated into profits amounting to MUR 358M (2021: MUR2 00M). Dividend of MUR 200M was paid for the year under review, compared to MUR179 M in 2021.

On the other hand, Ceejay Gas Ltd experienced a 9.7% growth in sales compared to 2021, but a decline in profitability, explained by an increase in raw material costs, also fuelled by adverse foreign exchange movements. A dividend of EUR 302,184 was paid in 2022, compared to EUR 576,388 in 2021.

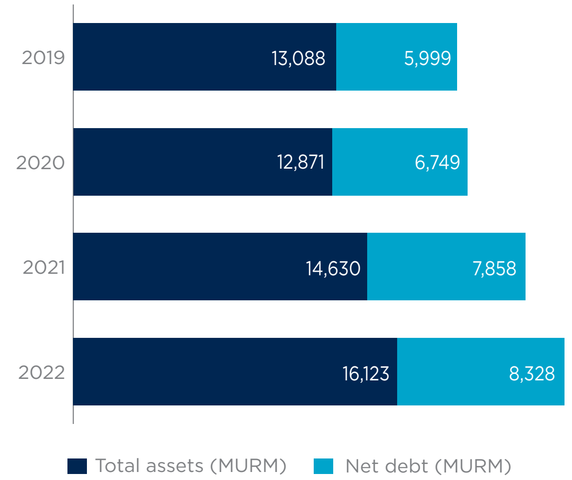
Positioned for growth

As we exit 2022, we still find ourselves facing a volatile and challenging environment despite a strong recovery in the Tourism locally. The persistent effects of increasing inflation are likely to exert pressure on our costs, and therefore, our profitability. However, we will continue to rely on CJ Group's strong fundamentals and financial discipline, which have served us well in challenging times. Notwithstanding the short-term disruptions, all businesses are expected to grow on the back of various drivers, including our strategic pillar of building organisational efficiency. The pursuit of numerous digitalisation projects across business units are expected to deliver remarkable results in terms of efficiencies and further cost savings. The centralised shared accounting services at CJ Corporate will also expand its coverage to support more businesses and to allow them to be more focused on the achievements of key operational strategic objectives. With a portfolio of profitable businesses, a robust strategy and agile teams, CJ is poised to leverage its core competencies and scale to enhance social and environmental value. Consistent engagement with our investors and other stakeholders will remain an area of focus as we head into a new year on strong financial footing and with very compelling prospects.

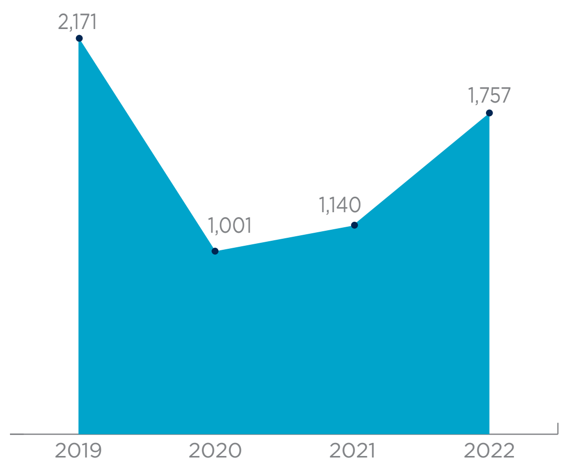
REVENUE AND OPERATING PROFIT MARGIN



TOTAL ASSETS AND NET DEBT



CAPEX (MURM)



Directors REPORT

THE GROUP

2022 was a year of challenges for most businesses as it represented a first full year of operations after the Covid-19 period, but with some changes in the business landscape. The pandemic has accelerated the use of technology and altered customer behaviour to a certain extent. Challenges were present at the macro-economic level, namely the inflationary pressures from international supply shocks, which were exacerbated by the depreciation of the rupee, the National Debt situation, the slowing investment rate and an increase in interest rates, coupled with the uncertainty prevailing in the global economy following the war in Ukraine. Nevertheless, following the re-opening of the borders in October 2021, we noted a boom in the travel industry post-covid-19, helping the recovery of the tourism and hospitality sector in 2022.

From a turnover perspective, the Group managed to achieve a better performance of 2022 as compared to 2021. We saw an improvement of 12% on Group revenue in 2022, while Group gross profit Margin increased by 15% as compared to last year, mainly attributable to a better performance in the Telecommunication & Media Cluster as well as the real estate cluster. In terms of other income, we noted a significant increase from 2021, due to the telecommunication & media, real estate and hospitality & tourism clusters. As a result of this, the Group achieved an operating profit of Rs 835m in 2022 compared to Rs 401m in 2021.

With regards to finance costs, the several increases in Prime Lending Rate (PLR) during 2022 generated a negative impact. Net finance costs for 2022 amounted to Rs 456m as compared to RS 415m for 2021.

Share of profits of associates amounted to Rs 94m in 2022 as compared to Rs 60m in 2021, due to improvement in the profit of associated companies operating within the energy sector.

Financial assets at fair value through other comprehensive income – a negative movement in exchange rate has resulted in a downside in the value of our financial assets amounting to a loss of Rs 111m in 2022 as compared to a gain of Rs 330m in 2021.

Revaluation of properties, although generating a positive impact in 2022, were lower as compared to 2021, with gains amounting to Rs 136m in 2022 as compared to Rs 273m in 2021.

The Group's liabilities on Retirement Benefit Obligations (RBO) has improved in 2022. The increase in the discount rate used for calculation of the RBO liabilities has had a positive impact on the RBO liabilities and as a result, we have registered a gain in our other comprehensive income for an amount of Rs 63m pertaining to RBO 2022, as compared to a gain of Rs 136m for 2021.

Other comprehensive income for the year were lower in 2022 as compared to 2021. There were lower gains on revaluation of properties and remeasurement of post-employment benefit respectively. Coupled with this, the negative effects on the Group's financial assets at fair value through other comprehensive income resulted in the other comprehensive income being only at Rs 98m in 2022 as compared to Rs 811m in 2021. The net financial result, total comprehensive income, was Rs 438m for 2022 as compared to Rs 720m in 2021.

THE COMPANY

On the Company's front, the dividend received from the subsidiaries in 2022 were higher than 2021, amounting to Rs 490m for this year. Administrative expenses have gone up from Rs 237m in 2021 to Rs 303m in 2022 due to an increase in staff costs and a lower positive RBO impact in 2022. However, the net profit after tax for this year is more or less in line with last year being an amount of Rs 159m as compared to Rs 153m in 2021. The remeasurement of RBO as at December 2022 brought a favourable impact to the Company's other comprehensive income, generating a gain of Rs 23m in 2022 as compared to a profit of Rs 78m in 2021. Total comprehensive income of the Company in 2022 reached Rs 183m compared to Rs 231m in 2021.

The Company paid out a dividend of Rs 129.5m in 2022 compared to Rs 112.5m in 2021.

DIRECTORS

The following directors held office during the year ended 31 December 2022 and as at the date of this report:

Mr. Bashirali A Currimjee
Mr. Anil C Currimjee
Mr. M. Iqbal Oozeer
Mr. Ashraf M Currimjee
Mr. Azim F Currimjee
Mr. Riaz A Currimjee
Mr. Christophe de Backer
Mr. Shahrukh D Marfatia
Mrs. Aisha C Timol
Mr. Karim Barday
Mr. Manoj K Kohli
Mr. Uday K Gujadhur

Directors REPORT

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial year which present fairly the financial position, financial performance and cash flows of the Group and of the Company. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors have confirmed that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Mauritian Companies Act 2001. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DONATIONS

During the year ended 31 December 2022, donations amounting to Rs 8,232,000 and Rs 8,177,000 (2021 – Rs 415,000 and Rs 415,000) were made by the Group and the Company, respectively.

AUDITOR

The Auditor, PricewaterhouseCoopers, has indicated its willingness to continue in office. The directors shall propose their re-appointment at the Annual Meeting.

ACKNOWLEDGEMENT

On behalf of the Board, we wish to express our sincere appreciation and gratitude to Management and staff for their hard work, dedication, commitment and loyalty to the Company.

Mr Bashirali A Currimjee, G.O.S.K
Chairman
Date : 19 May 2023

Mr Anil C Currimjee
Managing Director

INDEPENDENT AUDITOR'S **Report**

To the Shareholders of Currimjee Jeewanjee and Company Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Our Qualified Opinion on the Consolidated Financial Statements

In our opinion, except for the effects of the matter described in the Basis for qualified opinion section of our report, the consolidated financial statements give a true and fair view of the financial position of Currimjee Jeewanjee and Company Limited and its subsidiaries (together the "Group") as at 31 December 2022 and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and in compliance with the Mauritian Companies Act 2001.

Our Opinion on the Separate Financial Statements

In our opinion, the separate financial statements give a true and fair view of the financial position of Currimjee Jeewanjee and Company Limited (the "Company") standing alone as at 31 December 2022 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and in compliance with the Mauritian Companies Act 2001.

What we have audited

Currimjee Jeewanjee and Company Limited's consolidated and separate financial statements set out on pages 211-299 comprise:

- the consolidated and separate statements of financial position as at 31 December 2022;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for Qualified Opinion on the Consolidated Financial Statements and Basis for Opinion on the Separate Financial Statements

The financial statements of the Group are prepared using IFRS 9 except for one of its subsidiaries

Island Life Assurance Co. Ltd (ILA) which meets the criteria for eligibility of a temporary exemption

from the application of IFRS 9 until 01 January 2023. The exemption is only eligible at ILA and the financial statements of the Group should have been prepared in applying IFRS 9 to all entities within the Group. However, the misstatements on the Group financial statements have not been quantified for the years ended 31 December 2022 and 2021. Our audit opinion on the financial statements for the year ended 31 December 2021 was also modified accordingly.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion on the consolidated financial statements and for our opinion on the separate financial statements.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (the "IESBA Code"). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Other Information

The directors are responsible for the other information. The other information comprises directors; report, th e corporate governance report, the statement of compliance and the secretary's report but does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate 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 consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Qualified Opinion, the financial statements of the Group should have been prepared in applying IFRS 9 to all entities within the Group. We have concluded that the other information is materially misstated for the same reason as mentioned in the Basis for Qualified Opinion section above.

In addition to responsibilities described above and our work undertaken in the course of the audit, the Financial Reporting Act 2004 requires us to report certain matters as described below.

INDEPENDENT AUDITOR'S Report

To the Shareholders of Currimjee Jeewanjee and Company Limited

Corporate Governance Report

Our responsibility under the Mauritian Financial Reporting Act 2004 is to report on the compliance with the Code of Corporate Governance Code") disclosed in the annual report and assess the explanations given for non-compliance with any requirement of the Code. From our assessment of the disclosures made on corporate governance in the annual report, the Company has. pursuant to section 75 of the Mauritian Financial Reporting Act 2004, complied with the requirements of the Code.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

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

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's 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/or the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Group's and Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate 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 consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate 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/or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate 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 financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

INDEPENDENT AUDITOR'S **Report**

To the Shareholders of Currimjee Jeewanjee and Company Limited

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Mauritian Companies Act 2001

The Mauritian Companies Act 2001 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

(a) we have no relationship with or interests in the Company or any of its subsidiaries other than in our capacity as auditor and tax advisor of the Company and auditor, tax advisor, business advisors and dealings in the ordinary course of business of some of its subsidiaries;

(b) we have obtained all the information and explanations we have required; and

(c) in our opinion, proper accounting records have been kept by the Company as far as appears from our examination of those records.

Other Matter

This report, including the opinion, has been prepared for and only for the Company's shareholders, as a body, in accordance with Section 205 of the Mauritian Companies Act 2001 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers **Olivier Rey, licensed by FRC**

19 May 2023

CONSOLIDATED AND SEPARATE

INCOME STATEMENTS

For the year ended 31 December 2022

	GROUP		COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
Revenue from contracts with customers (Note 4)	**5,373,026**	4,807,504	**2,727**	931
Rental income	**107,679**	78,952	**11,162**	10,968
Cost of sales	**(3,123,291)**	(2,842,815)	**(2,514)**	(874)
Gross profit	**2,357,414**	2,043,641	**11,375**	11,025
Other operating income – net (Note 5 (i))	**56,470**	42,086	**546,027**	492,329
Other gains (Note 5 (ii))	**114,945**	8,040	**51,755**	637
Net fair value gains on investment properties (Note 11)	**163,997**	14,397	**3,054**	417
Selling and distribution costs	**(485,886)**	(415,001)	**-**	-
Impairment losses on financial and contract assets	**(1,267)**	(16,088)	**-**	-
Administrative expenses	**(1,370,983)**	(1,276,227)	**(302,740)**	(237,219)
Operating profit (Note 6)	**834,690**	400,848	**309,471**	267,189
Finance costs (Note 8)	**(498,830)**	(436,657)	**(173,517)**	(152,065)
Finance income (Note 8)	**43,251**	21,792	**23,303**	38,011
Finance costs – net (Note 8)	**(455,579)**	(414,865)	**(150,214)**	(114,054)
Share of profit of associates (Note 15)	**93,959**	59,787	**-**	-
Profit before taxation	**473,070**	45,770	**159,257**	153,135
Income tax expense (Note 9)	**(133,494)**	(136,805)	**-**	-
Profit/(Loss) for the year	**339,576**	(91,035)	**159,257**	153,135
Profit attributable to :				
Owners of the parent	**201,709**	(192,733)		
Non-controlling interest	**137,867**	101,698		
	339,576	(91,035)		

The notes on pages 218 to 299 form an integral part of the financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	GROUP		COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
Profit/(Loss) for the year	**339,576**	(91,035)	**159,257**	153,135
Other comprehensive income:				
Items that will not be reclassified to profit or loss				
Revaluation of property, plant and equipment	**135,786**	272,738	**286**	88
Group share of other comprehensive income in associates- net of tax	**(2,825)**	2,279	**-**	-
Fair value gain/(loss) on financial assets at fair value through other comprehensive income- net of tax (Note 9(c))	**(111,097)**	330,397	**-**	-
Remeasurement of post employment benefit obligations- net of tax (Notes 25 and 9(c))	**63,436**	136,147	**23,283**	78,052
Items that may be subsequently reclassified to profit or loss				
Currency translation difference- net of tax (Note 9(c))	**13,124**	68,999	**-**	-
Other comprehensive income for the year, net of tax	**98,424**	810,560	**23,569**	78,140
Total comprehensive income for the year	**438,000**	719,525	**182,826**	231,275
Total comprehensive income for the year				
Attributable to:				
Owners of the parent	**291,827**	598,583		
Non-controlling interest	**146,173**	120,942		
	438,000	719,525		

Items in the statement above are disclosed net of tax. The income tax relating to each component of other comprehensive income is disclosed in note 9.

The notes on pages 218 to 299 form an integral part of the financial statements.

CONSOLIDATED AND SEPARATE
STATEMENTS OF FINANCIAL POSITION

31 December 2022

	GROUP		COMPANY	
	2022 Rs'000	2021 Rs'000 Restated	2022 Rs'000	2021 Rs'000
ASSETS				
Non-current assets				
Freehold land and buildings (Note 10)	2,405,694	2,344,980	8,690	8,404
Property, plant and equipment (Note 10)	4,205,287	3,403,814	55,590	64,902
Investment properties (Note 11)	3,264,207	2,810,597	242,228	242,974
Intangible assets (Note 12)	292,212	327,304	2,228	3,747
Right of use assets (Note 13(i))	1,084,108	1,154,803	26,204	31,892
Investments in subsidiaries (Note 14)	-	-	5,553,100	5,307,325
Investments in associates (Note 15)	465,270	428,586	41,967	41,967
Financial assets at fair value through OCI (Note 16)	1,166,870	1,324,316	32,140	17,978
Financial assets at fair value through profit or loss (Note 17)	481,313	527,246	-	-
Financial assets held at amortised cost (Note 18)	408,422	397,764	292,869	272,069
	13,773,383	12,719,410	6,255,016	5,991,258
Current assets				
Inventories (Notes 20 and 35)	486,403	479,534	-	-
Financial assets held at amortised cost (Note 18)	707,904	906,998	300,860	567,201
Current tax asset (Note 9(a)(ii))	82,652	81,117	-	-
Cash and cash equivalents (Note 29)	1,072,865	443,207	5,116	59,582
	2,349,824	1,910,856	305,976	626,783
Total assets	16,123,207	14,630,266	6,560,992	6,618,041

CONSOLIDATED AND SEPARATE
STATEMENTS OF FINANCIAL POSITION

31 December 2022 (Continued)

	GROUP		COMPANY	
	2022 Rs'000	2021 Rs'000 Restated	2022 Rs'000	2021 Rs'000
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Share capital (Note 22)	29,700	29,700	29,700	29,700
Revaluation reserve	515,659	564,245	8,554	8,268
Fair value reserve	310,016	421,127	-	-
Foreign currency translation reserve	265,888	255,589	-	-
Other reserves	13,011	13,011	-	-
Retained earnings	425,890	113,367	2,200,392	2,147,352
	1,560,164	1,397,039	2,238,646	2,185,320
Convertible bonds (Note 34)	309,940	205,940	-	-
Non-controlling interests	218,180	209,289	-	-
Total equity	2,088,284	1,812,268	2,238,646	2,185,320
LIABILITIES				
Non-current liabilities				
Life assurance funds (Note 23)	640,474	834,580	-	-
Borrowings (Note 24)	7,547,398	7,433,230	3,355,213	3,354,030
Deferred income tax liabilities (Note 19)	278,354	276,347	-	-
Post -employment benefits (Note 25)	439,606	653,800	406,607	519,889
Provision for asset retirement obligations (Note 26)	64,492	69,237	-	-
Trade and other payables (Note 27(i))	23,742	6,438	-	-
Lease liabilities (Note 13(iii))	865,068	925,804	26,461	34,758
	9,859,134	10,199,436	3,788,281	3,908,677
Current liabilities				
Life assurance funds (Note 23)	181,040	95,982	-	-
Trade and other payables (Note 27(i))	1,532,306	1,069,444	55,866	51,690
Deferred revenue (Note 27(iii))	313,947	328,871	-	-
Current income tax liability (Note 9 (a)(i))	80,171	43,999	-	-
Borrowings (Note 24)	1,853,240	867,512	469,909	463,192
Lease liabilities (Note 13(iii))	164,741	165,430	8,290	9,162
Provisions for other liabilities and charges (Note 27(ii))	50,344	47,324	-	-
	4,175,789	2,618,562	534,065	524,044
Total liabilities	14,034,923	12,817,998	4,322,346	4,432,721
Total equity and liabilities	16,123,207	14,630,266	6,560,992	6,618,041

Authorised for issue by the Board of directors on and signed on its behalf by:

Mr Bashirali A Currimjee, G.O.S.K
Director

Mr Anil C Currimjee
Director

The notes on pages 218 to 299 form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Attributable to owners of the parent									
	Share capital	Revaluation reserve	Fair value reserve	Foreign currency translation reserve	Other reserves	Retained earnings	Subtotal	Convertible Bonds	Non-controlling interests	Total Equity
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Balance at 01 January 2021	29,700	301,263	88,534	184,311	13,011	287,227	904,046	-	271,139	1,175,185
Comprehensive income										
Profit/(Loss) for the year	-	-	-	-	-	(192,733)	(192,733)	-	101,698	(91,035)
Other comprehensive income (net of tax)										
Revaluation of property (Note 10)	-	269,699	-	-	-	-	269,699	-	11,995	281,694
Deferred tax on revaluation (Note 9(c))	-	(6,717)	-	-	-	-	(6,717)	-	(2,239)	(8,956)
Group share of other comprehensive income in associates (Note 15)	-	-	-	2,279	-	-	2,279	-	-	2,279
Remeasurement of post employment benefits (Note 25)	-	-	-	-	-	129,289	129,289	-	11,378	140,667
Deferred tax on remeasurement of post employment benefits (Note 9(c))	-	-	-	-	-	(2,630)	(2,630)	-	(1,890)	(4,520)
Fair value gain on financial assets at fair value through OCI (Note 16)	-	-	330,397	-	-	-	330,397	-	-	330,397
Currency translation difference recognised directly in reserves	-	-	-	68,999	-	-	68,999	-	-	68,999
Total comprehensive income	-	262,982	330,397	71,278	-	(66,074)	598,583	-	120,942	719,525
Transactions with owners										
Other transactions	-	-	2,196	-	-	4,714	6,910	-	-	6,910
Issue of convertible bonds (Note 34)	-	-	-	-	-	-	-	205,940	-	205,940
Dividends paid (Note 30)	-	-	-	-	-	(112,500)	(112,500)	-	(182,792)	(295,292)
Balance at 31 December 2021	29,700	564,245	421,127	255,589	13,011	113,367	1,397,039	205,940	209,289	1,812,268
Comprehensive income										
Profit for the year	**-**	**-**	**-**	**-**	**-**	**201,709**	**201,709**	**-**	**137,867**	**339,576**
Other comprehensive income (net of tax)										
Revaluation of property (Note 10)	**-**	**135,786**	**-**	**-**	**-**	**-**	**135,786**	**-**	**-**	**135,786**
Group share of other comprehensive income in associates (Note 15)	**-**	**-**	**-**	**(2,825)**	**-**	**-**	**(2,825)**	**-**	**-**	**(2,825)**
Remeasurement of post employment benefits (Note 25)	**-**	**-**	**-**	**-**	**-**	**57,349**	**57,349**	**-**	**8,624**	**65,973**
Deferred tax on remeasurement of post employment benefits (Note 9((c))	**-**	**-**	**-**	**-**	**-**	**(2,205)**	**(2,205)**	**-**	**(332)**	**(2,537)**
Fair value loss on financial assets at fair value through OCI (Note 16)	**-**	**-**	**(111,111)**	**-**	**-**	**-**	**(111,111)**	**-**	**14**	**(111,097)**
Currency translation difference recognised directly in reserves	**-**	**-**	**-**	**13,124**	**-**	**-**	**13,124**	**-**	**-**	**13,124**
Total comprehensive income	**-**	**135,786**	**(111,111)**	**10,299**	**-**	**256,853**	**291,827**	**-**	**146,173**	**438,000**
Transactions with owners										
Other transfers	**-**	**(262)**	**-**	**-**	**-**	**1,060**	**798**	**-**	**-**	**798**
Transfer from revaluation reserve	**-**	**(184,110)**	**-**	**-**	**-**	**184,110**	**-**	**-**	**-**	**-**
Issue of convertible bonds (Note 34)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**104,000**	**-**	**104,000**
Dividends paid (Note 30)	**-**	**-**	**-**	**-**	**-**	**(129,500)**	**(129,500)**	**-**	**(137,282)**	**(266,782)**
At 31 December 2022	**29,700**	**515,659**	**310,016**	**265,888**	**13,011**	**425,890**	**1,560,164**	**309,940**	**218,180**	**2,088,284**

The notes on pages 218 to 299 form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 December 2022 (Continued)

	Share capital	Revaluation Reserve	Retained earnings	Total Equity
Company	Rs'000	Rs'000	Rs'000	Rs'000
At 01 January 2021	29,700	8,180	2,028,665	2,066,545
Comprehensive income				
Profit for the year	-	-	153,135	153,135
Revaluation of property (Note 10)	-	88	-	88
Remeasurement of post employment benefits (Note 25)			78,052	78,052
Total comprehensive income	-	88	231,187	231,275
Transactions with owners				
Dividends paid (Note 30)	-	-	(112,500)	(112,500)
At 31 December 2021	29,700	8,268	2,147,352	2,185,320
Comprehensive income				
Profit for the year	**-**	**-**	**159,257**	**159,257**
Revaluation of property (Note 10)	**-**	**286**	**-**	**286**
Remeasurement of post employment benefits (Note 25)	**-**	**-**	**23,283**	**23,283**
Total comprehensive income	**-**	**286**	**182,540**	**182,826**
Transactions with owners				
Dividends paid (Note 30)	**-**	**-**	**(129,500)**	**(129,500)**
At 31 December 2022	**29,700**	**8,554**	**2,200,392**	**2,238,646**

The revaluation reserve represents the revaluation surplus on freehold land and buildings.

The fair value reserve relates to revaluation surplus on financial assets at fair value through OCI.

The other reserves relate to the the loss/profit arising following acquisition and disposal of subsidiaries by the Group.

The foreign currency translation reserve movement consists mostly of the exchange differences arising on the consolidation of subsidiaries whose functional currencies are denominated in foreign currencies, namely Seejay Cellular whose functional currency is USD and has investments denominated in INR and GBP.

The convertible debentures represents redeemable convertible bonds issued to a subsidiary of the Group, IKO (Mauritius) Hotel Ltd, by the Mauritius Investment Corporation Ltd, a wholly owned subsidiary of the Bank of Mauritius (Note 34).

The notes on pages 218 to 299 form an integral part of the financial statements.

CONSOLIDATED AND SEPARATE STATEMENTS

OF CASH FLOWS

For the year ended 31 December 2022

	GROUP		COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
Cash flows from operating activities				
Cash generated from/(used in) operating activities (Note 28)	**2,077,285**	1,041,447	**(338,145)**	172,249
Interest received	**16,122**	16,466	**27,672**	31,130
Interest paid	**(457,252)**	(252,246)	**(177,622)**	(127,974)
Tax paid (Note 9)	**(98,530)**	(148,915)	**-**	-
Tax refund (Note 9)	**72**	9,415	**-**	-
Net cash generated from/(used in) operating activities	**1,537,697**	666,167	**(488,095)**	75,405
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	**326,007**	10,742	**-**	891
Proceeds from disposal of financial assets at fair value through OCI	**18,324**	65,678	**-**	-
Proceeds from disposal of financial assets at fair value through profit or loss	**11,280**	142,937	**-**	-
Payments for purchase of property, plant and equipment (Note 10)	**(1,749,173)**	(1,101,265)	**(3,079)**	(6,934)
Payments for purchase of intangible assets (Note 12)	**(15,473)**	(38,868)	**(174)**	(1,643)
Payments for purchase of financial assets at fair value through OCI (Note 16)	**(14,233)**	(45,531)	**(14,165)**	(3,000)
Acquisition through entities under common control	**(2,179)**	-	**-**	-
Payments for additional investments in subsidiaries	**-**	-	**(197,663)**	(197,051)
Payments for purchase of investment properties	**(280,716)**	(41,117)	**-**	-
Payments for purchase of financial assets at fair value through profit or loss (Note 17)	**(33,240)**	(254,177)	**-**	-
Payments for purchase of investment in associates (Note 15)	**-**	(95)	**-**	(95)
Loans granted to subsidiaries	**-**	-	**(16,200)**	(105,398)
Loans repayments received	**30,000**	14,420	**85,000**	28,751
Loans granted to parent	**(20,800)**	(282,543)	**(20,800)**	(282,543)
Loans repayment received from parent	**-**	-	**260,000**	-
Loans granted to other related parties	**(14,285)**	(50,040)	**(14,285)**	(30,000)
Deposits placed with financial institutions	**3,320**	4,482	**-**	-
Dividends received from subsidiaries	**-**	-	**435,059**	390,879
Dividends received from associates	**58,843**	54,295	**58,843**	49,890
Dividends received from other investments	**17,328**	12,872	**438**	231
Net cash (used in)/generated from investing activities	**(1,664,997)**	(1,508,210)	**572,974**	(156,022)

The notes on pages 218 to 299 form an integral part of the financial statements.

CONSOLIDATED AND SEPARATE STATEMENTS

OF CASH FLOWS

For the year ended 31 December 2022

	GROUP		COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
Cash flows from financing activities				
Bank loans received	**3,378,362**	5,742,700	**-**	150,000
Bank loans repaid	**(2,393,824)**	(7,249,153)	**-**	(2,051,197)
Bonds raised	**-**	2,650,000	**-**	2,200,000
Bond issue transaction cost	**-**	(12,173)	**-**	(11,000)
Net proceeds from issue of convertible debentures	**104,000**	205,940	**-**	-
Import loans raised	**49,469**	34,810	**40,841**	34,810
Import loans repaid	**(42,075)**	(37,609)	**(42,075)**	(33,695)
Lease payments	**(162,338)**	(149,560)	**(10,400)**	(12,062)
Loans raised from subsidiaries	**-**	-	**-**	85,000
Loans repaid to subsidiaries	**-**	-	**-**	(500)
Loans raised from directors (Note 33)	**-**	17,000	**-**	17,000
Loans repaid to directors (Note 33)	**(17,000)**	-	**(17,000)**	-
Loans repaid to shareholders	**-**	(999)	**-**	-
Loans raised from other related parties	**58,616**	93,521	**58,616**	93,521
Loans repaid to other related parties	**(42,272)**	(55,760)	**(42,272)**	(55,760)
Dividends paid to group shareholders	**(129,500)**	(112,500)	**(129,500)**	(112,500)
Dividends paid to non-controlling interests	**(137,282)**	(182,792)	**-**	-
Net cash generated from/(used in) financing activities	**666,156**	943,425	**(141,790)**	303,617
Increase/(Decrease) in cash and cash equivalents	**538,856**	101,382	**(56,911)**	223,000
Net foreign exchange difference	**2,837**	3,822	**1,064**	(107)
Cash and cash equivalents at beginning of year	**395,598**	290,394	**54,468**	(168,425)
Cash and cash equivalents at end of year (Note 29)	**937,291**	395,598	**(1,379)**	54,468

The notes on pages 218 to 299 form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

1 SIGNIFICANT ACCOUNTING POLICIES

General information

The principal activity of the Company is investment holding. The Group has different clusters, namely real estate, hospitality and tourism, retail, energy, telecommunications, financial and commerce.

The telecommunications and media cluster offers telecommunications, connectivity solutions and network infrastructure (including mobile telephony, fixed telephone and high-speed Broadband) as well as premium entertainment.

The entities in the real estate cluster are involved with the management, development of Group's portfolio of properties, including developed properties, partially developed properties and land assets and the optimisation of yields through the creation of specialised and mixed-use spaces.

The hospitality and tourism cluster includes IKO Hotel Ltd and IKO Resort Village Ltd which comprise of integrated Coastal Resort Village, placing sustainability, wellness and the modern traveller at the heart of its philosophy and it currently includes a 5* hotel located on Le Chaland beach.

The Group's retail, financial and commerce cluster consists primarily of Batimex and ILA. Batimex provides contracting solutions, wholesaling and retailing of building materials and finishes. ILA consists of long-term life insurance and individual Personal Pension Plan delivered to the domestic market.

TotalEnergies Marketing Mauritius Ltd and Ceejay Gas Ltd form part of the energy cluster of the Group. The entities are involved in the distribution and retail of petroleum products (automotive fuels, biofuels, lubricants, Liquid Petroleum Gas and jet fuels) to retail customers, as well as to key industries of the Mauritian economy such as agriculture, hospitality, textile, construction, transport and manufacturing.

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

Basis of preparation

In the separate financial statements, Currimjee Jeewanjee and Company Limited is referred to as the "Company" whereas the consolidated financial statements comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in associates.

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretations issued by the IFRS Interpretations Committee applicable to companies reporting under IFRS except for IFRS 9 for one of its subsidiaries, Island Life Assurance Co. Ltd (ILA) which meets the criteria for eligibility of a temporary exemption from the application of IFRS 9 until 2023. The exemption is only eligible at ILA level and the financial statements of the Group should have been prepared applying IFRS 9 to all entities in the Group. The financial statements also comply with the Mauritian Companies Act 2001. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of freehold land and buildings, investment properties, financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income.

During the year, the Group and the Company made a profit of **Rs 339,576,000** (2021 – loss of Rs 91,035,000) and a profit of **Rs 159,257,000** (2021- Rs 153,135,000) respectively. At the statement of financial position date, the Group current liabilities exceeded its current assets by **Rs 1,825,965,000** (2021 – Rs 707,706,000). In 2022, The Company's current liabilities exceeded its current assets by **Rs 228,089,000**, while in 2021, current assets exceeded its current liabilities by Rs 102,739,000.

The financial statements have been prepared on the going concern basis, which assumes that the Group will continue in operational existence for the foreseeable future. The Board is responsible for the evaluation of the Group's and the Company's ability to continue as a going concern. In this light, important projects were completed during the year 2022 across the clusters to increase the cash flow generating capability of the Group as well as its profitability. These projects include the restructure and upscaling of the real estate cluster and launching of the 5G and Fintech App for the telecommunications cluster. The Group has also embarked on key strategies which will allow it to meet its financial obligations both in the short term and the long term. This includes quarterly review of the Group Cash Flow for each period. The Group has restructured its bonds and loans to align to the market and manage its liquidity risk. The bank overdrafts limits are monitored by the subsidiaries at regular intervals to ensure that there are no breach of covenants and to maintain the proper liquidity position of the entities. These strategies will not only help the Group optimise its return on its investments but also address our future cash flow requirements in a sustainable manner. An exercise was also conducted by stress testing the Group Cash Flow Forecast for the next three years and results were positive. The Board does not intend to liquidate any subsidiaries within the Group and are not aware of any material uncertainties that may cast doubt on upon the Group's and the Company's ability to continue as a going concern. Despite the aftermath of Covid-19 and the current warfare in Russia and Ukraine, the Group and the Company shows a profitable position. In the year ended 31 December 2021, the Group showed a loss for the year amounting to Rs 91,035,000 compared to a profit of Rs 339,576,000 for the year ended 31 December 2022.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022 (Continued)

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of preparation (continued)

(a) *Critical accounting estimates and assumptions*

The Group and Company make 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 are discussed below:

• Post-employment 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. Critical assumptions are made by the actuary in determining the present value of retirement benefit obligations. These assumptions are set out in Note 25.

• Estimate of recoverable amount of investments in subsidiaries

The recoverable amount of investments in some subsidiaries has been determined based on value in use calculations and fair value less costs to sell. These calculations require the use of estimates, including discounted cash flows based on management's expectations of future revenue growth, operating costs and profit margins for each subsidiary. The bases of these calculations are set out in note 14.

• Life assurance fund (Note 23) – estimates of future benefit payments under the long-term insurance contracts

The determination of the liabilities under long-term insurance contracts is dependent on estimates made by the actuary. Estimates are made as to the expected number of deaths for each of the years in which the Group is exposed to risk. The actuary bases these estimates on standard industry mortality tables that reflect recent historical mortality experience, adjusted where appropriate to reflect the actuary's own experience. The estimated number of deaths determines the value of the benefit payments and the value of the valuation premiums. The main source of uncertainty is that epidemics such as AIDS and wide-ranging lifestyle changes, such as in eating, smoking and exercise habits, could result in future mortality being significantly worse than in the past for the age groups in which the Group has significant exposure to mortality risk. For contracts that insure the risk of longevity, appropriate but not excessively prudent allowance is made for expected mortality improvements. However, continuing improvements in medical care and social conditions could result in improvements in longevity in excess of those allowed for in the estimates used to determine the liability for contracts where the Group is exposed to longevity risk.

Long-term business technical provisions are computed using statistical or mathematical methods. The computations are made by the Group's actuaries on the basis of recognised actuarial methods, with due regard to the actuarial principles laid down by the law and by actuarial best practices. The methodology takes into account the risks and uncertainties of the particular classes of long-term business written and the results are certified by the actuaries undertaking the valuations.

For long-term insurance contracts with fixed and guaranteed terms, estimates are made in two stages. Estimates of future deaths, voluntary terminations, investment returns and administration expenses are made at the inception of the contract and form the assumptions used for calculating the liabilities during the life of the contract. A margin for risk and uncertainty is added to these assumptions. These assumptions are 'locked in' for the duration of the contract. New estimates are made each subsequent year in order to determine whether the previous liabilities are adequate in the light of these latest estimates. If the liabilities are considered adequate, the assumptions are not altered. If they are not adequate, the assumptions are altered ('unlocked') to reflect the best estimate assumptions.

The reasonableness of the estimation process of future benefit payments is tested by an analysis of sensitivity under several different scenarios. The analysis enables the Group to assess the most significant assumptions and monitor the emerging variations accordingly.

Liabilities in relation to death and disability benefits are amortised by reinsuring the yearly sums at risk above the retention limit against payment of respective reassurance premiums. The sensitivity analysis has been disclosed in Note 3(d).

• Provision for asset retirement obligation

In one of the Group's subsidiaries the directors have estimated the costs of dismantling, removing antennas and restoring the leased sites to their original conditions which have been provided in full in the financial statements. This assumes that the effect of the inflationary increase on the costs will be minimised on discounting such costs to their present values. These assumptions and the sensitivity analysis are set out in Note 26.

• Fair value estimates of property, plant and equipment

The fair value at 31 December 2022 comprises the best estimate of market value by independent valuations performed by external property valuers. The best evidence of fair value is the current price in an active market for similar properties as set out in Note 10.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022 (Continued)

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Critical accounting estimates and assumptions (Continued)

• Fair value estimates of investment properties

The fair value at 31 December 2022 comprises the best estimate of market value by independent valuations performed by external property valuers. The best evidence of fair value is the current price in an active market for similar properties, as set out in Note 11.

• Income taxes

The Group is subject to income taxes at an average tax rate **17%** (2021 – 17%). Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made. The Group has a current tax receivable of **Rs 82.7 million** (2021 – Rs 81.1 million), refer to Note 9(a)(ii).

• Fair value of financial instruments

For financial instruments traded in active markets, the determination of fair values of financial assets is based on quoted market prices. This includes listed equity securities and quoted debt instruments on major stock exchanges. The quoted market price used for financial assets held by the Company is the current bid prices.

If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs. The sensitivity analysis is set out in Note 2.

The carrying value of trade receivables and trade payables are assumed to approximate their fair values.

(b) Critical judgements in applying the entity's accounting policies

In preparing the financial statements, the directors, in the process of applying the Group's accounting policies, did not make any judgement other than those involving estimates that could have a significant effect on the amounts recognised in the financial statements.

Changes in accounting policy and disclosures

(i) New standards, amendments to existing standards and interpretation issued and effective for the first for the financial year beginning on 01 January 2022.

In the current year, the Group and Company have assessed all of the new standards other than IFRS 17, interpretations by the International Accounting Standards Board ("IASB") that are relevant to their operations and effective for accounting periods beginning 01 January 2022. There are no new standards and amendments to standards and interpretations other than IFRS 17 that are effective for annual period beginning on 01 January 2022 that would be relevant or have a material impact on the financial statements.

(ii) New standards, amendments and interpretations issued but not effective for the financial year beginning after 1 January 2022 and not adopted early

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2022, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company, except as set out below.

IFRS 17, 'Insurance Contracts'

The IASB issued IFRS 17 insurance contracts in May 2017. On 25 June 2020, the IASB issued Amendments to IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 Insurance Contracts was first published in May 2017. These amendments are effective for annual reporting periods beginning on or after 1 January 2023. The standard needs to be applied retrospectively.

The Group's Insurance Company – Island Life Assurance Co. Ltd (ILA), did not do an early adoption of IFRS 17 standard. The Management of ILA expects IFRS 17 to have a future impact on the company but this impact has not yet been quantified as at April 2023.

The IASB issued IFRS 17, 'Insurance contracts', and thereby started a new epoch of accounting for insurers. Whereas the current standard, IFRS 4, allows insurers to use their local GAAP, IFRS 17 defines clear and consistent rules that will significantly increase the comparability of financial statements. For insurers, the transition to IFRS 17 will have an impact on financial statements and on key performance indicators.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022 (Continued)

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Critical judgements in applying the entity's accounting policies (Continued)

(ii) New standards, amendments and interpretations issued but not effective for the financial year beginning after 1 January 2022 and not adopted early (continued)

IFRS 17 'Insurance Contracts' (Continued)

Under IFRS 17, the general model requires entities to measure an insurance contract at initial recognition at the total of the fulfilment cash flows (comprising the estimated future cash flows, an adjustment to reflect the time value of money and an explicit risk adjustment for non-financial risk) and the contractual service margin. The fulfilment cash flows are measured on a current basis each reporting period. The unearned profit (contractual service margin) is recognised over the coverage period. Aside from this general model, the standard provides, as a simplification, the premium allocation approach. This simplified approach is applicable for certain types of contract, including those with a coverage period of one year or less.

For insurance contracts with direct participation features, the variable fee approach applies. The variable fee approach is a variation on the general model. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the contractual service margin. As a consequence, the fair value changes are not recognised in profit or loss in the period in which they occur but over the remaining life of the contract.

The Company did not early adopt IFRS 17 standard. Management expects IFRS 17 to have a future impact on the company.

Compared to IFRS 4, IFRS 17 introduces measurement models for insurance contracts consisting of the general measurement model (GMM), variable fee approach (VFA) for contracts with direct participation features and the premium allocation approach (PAA) applicable for short-duration insurance contracts.

The main features of the general model for insurance contracts are that the groups of contracts identified:

- be measured at the present value of future cash flows incorporating an explicit risk adjustment and remeasured every reporting period (the fulfilment cash flows);

- have a contractual service margin that is equal and opposite to any day one gain in the fulfilment cash flows of a group of contracts, representing the unearned profit of the insurance contracts, is recognised in profit or loss over the service period (coverage period). This applies for profitable groups, where groups are expected to be onerous, a loss component is set up and the loss is recognised immediately.

The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage (fulfilment cash flows related to future service and the contractual service margin) and the liability for incurred claims (fulfilment cash flows related to past service).

Based on Island Life Assurance's analysis of insurance policies issued, the company predominantly writes long-term contracts, therefore the general measurement method will be applied to most of the insurance book with only the Group Life business falling into the premium allocation approach.

Insurance revenue and insurance service expenses are recognised in the statement of comprehensive income based on the services provided during the period. The standard also recognises losses earlier on contracts expected to be onerous.

The standard introduces a new, more granular system of reporting for both insurance revenue and insurance contract liabilities and does not only impact accounting and actuarial reporting but has a significant impact across the company's operating model. Due to the fundamental changes required, and to ensure successful implementation, an IFRS 17 implementation project team was established – with Island Life using QED Actuaries and Consultants as their implementation partners.

The transition to IFRS 17 and the financial impact assessment will remain a key focus during 2023. For most of the insurance book, it is expected that a mix between a fully retrospective approach and a fair value approach will be applied for the transition calculations.

The IFRS 17 implementation project team will focus on the following key areas during 2023:

- Produce and request business sign-off and external audit sign-off of transition balances.
- Commence with an IFRS 4 and IFRS 17 dual reporting run.
- Finalise the layout and disclosure of the IFRS 17 compliant annual financial statements.
- Finalise the management reporting and key performance measures.
- Continue engaging with the business through various training initiatives.
- Finalise and implement future financial and data governance processes and accountabilities.
- Complete the system development and key controls required to implement IFRS 17.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022 (Continued)

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ii) New standards, amendments and interpretations issued but not effective for the financial year beginning after 1 January 2022 and not adopted early (continued)

IFRS 17 'Insurance Contracts' (Continued)

The full financial impact of IFRS 17 has not yet been fully assessed. For the vast majority of the book of Island Life Assurance which will be measured using the GMM, the impact would be expected to be as follows:

- The best estimate liability would be expected to remain similar to IFRS 4 with differences arising due to assumption changes – predominately from the discount rate (via the introduction of yield curves) and expense assumptions.
- The risk margin is expected to be similar to the current margins held under IFRS 4 with slight adjustments (and potential releases) due to margins not being held on financial risks (as is the case under IFRS 4).
- The largest impact is expected to be that a Contractual Service Margin (CSM) will be introduced which should result in an increase to the overall liabilities of the Company, especially given the fact that negative policyholder liabilities are allowed under IFRS 4.

For the minor portion of the book that will be measured using the PAA, no significant change from IFRS 4 position is expected.

IAS 16 'Property, Plant and Equipment (Amended)'

The amendment is effective for annual reporting periods beginning on or after 1 January 2022. It requires the proceeds received from selling output produced before the asset is ready for its intended use to be recognised as income in profit or loss. The related cost of producing the output is measured using the guidance in IAS 2, 'Inventories', and it is recognised as an expense in profit or loss when sold. If the items sold are the output of an entity's ordinary activities, the income and cost are disclosed in accordance with the requirements of IFRS 15, 'Revenue from Contracts with Customers', and IAS 2. If the items sold are not part of an entity's ordinary activities, the amendment to IAS 16 requires the disclosure of the amount and line item(s) in the statement of comprehensive income in which such proceeds and cost have been included. The amendment to IAS 16 also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. An asset might therefore be capable of operating as intended by management and subject to depreciation before it has achieved the level of operating performance expected by management. The entity should recognise the cumulative effect of initially applying the amendment as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented. Earlier application is permitted. If an entity applies the amendment for an earlier period, it should disclose that fact.

'Onerous contracts (Amended)'

Issued in May 2020, an entity shall apply those amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). The entity shall not restate comparative information. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application. The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively. The recognition principle in IFRS 3 specifies that the assets and liabilities recognised in a business combination must meet the respective definitions of assets and liabilities in the Framework, although, after the acquisition date, an acquirer accounts for most types of assets and liabilities recognised in a business combination in accordance with other IFRS standards applicable to those items.

IFRS 3 Business combinations- Asset or liability in a business combination clarity (Amended)'

IFRS 3 (amended), effective as from 1 January 2022, sets out how a company should account for the assets and liabilities it acquires when it obtains control of a business. Reference is made to the Conceptual Framework to determine what constitutes an asset or a liability. It includes a broader definition for liabilities when acquiring a business, hereby including provisions and contingent liabilities as per IAS 37 Provisions, Contingent Liabilities and Contingent Assets instead of the Conceptual Framework to determine what constitutes a liability.

"Financial Instruments – Amendments resulting from Annual Improvements to IFRS Standards 2018 – 2020"

The amendment is effective as from 1 January 2022. It elucidates which fees an entity includes when it applies the '10 per cent' test as per IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022 (Continued)

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Consolidation

- Subsidiaries

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 has 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 deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

All acquisition costs, even those directly related to the acquisition such as professional fees (legal, accounting, valuation, etc), must be expensed. The costs of issuing debt or equity are to be accounted for under the rules of IFRS 9, Financial Instruments and IAS 32 Financial Instruments: Presentation.

The Group consolidates its life assurance business, ILA, through other income in the income statement, refer to the Other income (Note 5).

- Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions, that is, as transactions with the owners in their capacity as owners. The difference between fair value of 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 re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes 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.

- Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/ (loss) of an associate' in profit or loss.

Profits and losses resulting from upstream and downstream transactions between the Group and its associates are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022 (Continued)

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Consolidation (continued)

Investment in subsidiaries and associates in the Company's separate financial statements

Investments in subsidiaries and associates are recognised at cost (which includes transaction costs) in the separate financial statements of the Company.

The impairment testing of investments in subsidiaries, associates and joint ventures depends on the accounting policy choices made for the measurement of such investments. Investments in subsidiaries, associates and joint ventures that are accounted for at cost in separate financial statements are within the scope of IAS 36 Impairment of assets. The accounting for investments that are accounted for in accordance with the relevant IAS is addressed in that standard. IAS 36 requires an impairment test when indicators of potential impairment exist. Indicators of potential impairment are set out in paragraph 12 of IAS 36.

In particular, the receipt of a dividend from a subsidiary, joint venture or associate that meets the following conditions might be an internal indicator that the related investment could be impaired. The investor is, therefore, required to test the related investment for impairment where a dividend is received and there is evidence available that the carrying amount of the investment in the separate financial statements exceeds the carrying amount of the investee's net assets, including associated goodwill in the consolidated financial statements; or the dividend exceeds the total comprehensive income of the subsidiary, joint venture or associate in the period that the dividend is declared. When impairment indicators exist, a test for impairment should be performed. An impairment loss occurs when the carrying amount of the investment exceeds its recoverable amount. The carrying amount of an investment carried at cost would be its original cost less any previous impairment losses recognised. The recoverable amount of the investment is the higher of its fair value less costs of disposal and its value in use. A goodwill impairment on consolidation indicates a decrease in value since acquisition.

This will also trigger an impairment review of the parent entity's investment in the relevant subsidiary in the parent's separate financial statements. The goodwill and other net assets in the consolidated financial statements that are attributable to an impaired subsidiary will usually differ from the subsidiary's carrying value in the parent's separate financial statements. The subsidiary's net assets in consolidated financial statements (including goodwill) might be lower than the amount of the parent's investment recorded at cost. This does not necessarily mean that there is an impairment loss of the investment. The carrying amount of the investment in separate financial statements should be compared with its recoverable amount (i.e. the higher of fair value less costs of disposal and value in use), rather than the carrying amount of the subsidiary's net assets. If the recoverable amount of an investment in a subsidiary is determined by value in use, the investor's share of the present value of the subsidiary's estimated cash flows may be a proxy for value in use in separate financial statements where the parent is able to control the extraction of dividends from the subsidiary. The above is true if the subsidiary has no debt. Otherwise, the present value of expected cash flows from the subsidiaries' underlying assets should be reduced by the fair value of outstanding debt in order to determine the net amount available to equity holders. The investor's share of this net amount is the amount to use in the impairment test. When performing an impairment review of an investment in a subsidiary, it is necessary to consider non-interest-bearing inter-company balances, such as trade receivables and payables, between the parent and subsidiary. Any cash outflows payable to the parent for settlement of intercompany trading balances are included in determining the subsidiary's cash flows for use in the impairment calculation. This is because, from an entity perspective, it is expected that there will be a cash outflow from the subsidiary. Similarly, any cash inflows from the parent to the subsidiary are also taken into account. Any inter-company receivable in the parent's separate financial statements is separately evaluated based on the guidance in IFRS 9. If the recoverable amount of an investment in an associate or a joint venture is determined by value in use, the investor's share of the present value of the investment's estimated cash flows may be a proxy for the present value of dividend receipts. IAS 28 indicates that, when appropriate assumptions are used, both methods give the same result. The appropriate assumptions to align the investment's cash flows to those of the investee will principally include reflecting the fact that the investment is a minority holding. This is typically addressed through the application of a higher discount rate to the total company cash flows, reflecting the fact that the investor does not control them or the amount which may be paid as a dividend. There might be other issues which need to be addressed, such as the impact of any restrictions on dividends and the rights of other equity holders.

The Company evaluates its investments in subsidiaries for impairment annually and records an impairment loss when the carrying amount of such assets exceeds the recoverable amount. The assessment of the existence of any indicators of impairment of the carrying amount of investments in subsidiaries is subjective. In the event that indicators of impairment are identified, the assessment of the recoverable amounts is also judgmental and requires estimation and the use of subjective assumptions. The Company measures the recoverable amount of its investments in subsidiaries by using projected discounted cash flows valuation methods and net assets valuation methods.

Where an indication of impairment exists, the recoverable amount of the investment is assessed. Where the recoverable amount of an investment is less than its carrying amount, the investment is written down immediately to its recoverable amount and the impairment loss is recognised as an expense in profit or loss.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022 (Continued)

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Consolidation (Continued)

Foreign currency translation

• Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in thousands of Mauritian rupee.

In the separate financial statements of the Company, items are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The separate financial statements are presented in thousands of Mauritian rupee, which is the Company's functional currency.

• Transactions and balances

Transactions denominated in foreign currencies are translated into the functional currency using the exchange rates prevailing at the dates 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.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'finance income or cost'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income – net'.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as financial assets at fair value through other comprehensive income are included in other comprehensive income.

• Group companies

The results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of the statement of financial position;

- income and expenses for each income statement are translated at average exchange rate, unless the average exchange rate 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 dates of the transactions; and

- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in profit or loss as part of the gain or loss on sale.

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. Exchange differences arising are recognised in other comprehensive income.

Financial assets

The Group classifies its financial assets in the following categories: at fair value through profit or loss, financial assets held at amortised cost and financial assets at fair value through other comprehensive income. The classification depends on the purpose for which the financial assets were acquired. The directors determine the classification of its financial assets at initial recognition.

• Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

• Financial assets held at amortised cost

Financial assets held at amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the end of the reporting period. These are classified as non-current assets.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022 (Continued)

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (Continued)

• Financial assets at fair value through other comprehensive income (FVOCI)

The Group's financial assets held at amortised cost comprise 'financial assets held at amortised cost' and 'cash and cash equivalents' in the statements of financial position .Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at fair value through other comprehensive income (FVOCI). When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

The Group classifies its financial assets in the following categories: at amortised cost, at fair value through profit or loss and at fair value through other comprehensive income. The classification depends on the business model and whether the Group's business model is to hold these for collection of contractual cash flows, and the cash flows represent solely payments of principal and interest on the principal amount, or for sale or both. The Group determines the classification of its financial assets on initial recognition.

Subsequent measurement

Financial assets held at amortised cost

Financial assets held at amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's financial assets held at amortised cost comprise 'trade receivables' in the statement of financial position. Subsequent measurement of financial assets held at amortised cost is at amortised cost given that these are assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the statement of comprehensive income and presented in other gains/ (losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of comprehensive income.

Equity instruments

The Group subsequently measures all equity investments at fair value. The Directors have elected to present fair value gains and losses on equity investments in statement of other comprehensive income and there is no subsequent reclassification of fair value gains and losses to the statement of comprehensive income following the derecognition of the investment. Dividends from such investments are to be recognised in the statement of comprehensive income as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/losses in the statement of comprehensive income as applicable.

Impairment of financial assets

The Group applies the IFRS 9 simplified approach to measuring ECL which uses a lifetime expected loss allowance for trade receivables except for ILA which meets the criteria for eligibility of a temporary exemption from the application of IFRS 9 until 2023.

Trade receivables have been grouped based on shared credit characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over the last 3 years and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macro-economic factors affecting the ability of the customers to settle the receivables. The Group has identified Gross Domestic Product (GDP) to be the most relevant factor, and accordingly adjusts the historical loss rates.

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit impaired include observable data about the following events:

a. significant financial difficulty of the issuer or the borrower;

b. a breach of contract, such as a default or past due event;

c. the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

d. it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;

e. the disappearance of an active market for that financial asset because of financial difficulties; or

f. the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022 (Continued)

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment

Freehold land and buildings and buildings on leasehold land are shown at fair value, based on a periodic but at least triennial valuation by external independent valuers, less subsequent depreciation for buildings. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the assets, and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment is 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 asset's 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. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

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

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Buildings and buildings on long leasehold land	2.0% to 5.0%
Plant, equipment and other assets	10.0% to 50.0%
Motor vehicles	20.0% to 33.0%
Furniture and fittings	5.0% to 22.0%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. At the date of revaluation, the carrying amount must equal the fair value. This is done by by adjusting the gross book value of the asset and accumulated depreciation; or by eliminating accumulated depreciation and adjusting the gross book value of the asset to equal revalued amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other operating income/(expenses)-net' in profit or loss. On disposal of revalued assets, the surplus on revaluation remaining in revaluation reserve for these assets is transferred to retained earnings.

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed.

Investment property

Properties that are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the Group or the Company, are classified as investment properties. Investment properties comprise office buildings and retail outlets leased out under operating lease agreements.

Some properties may be partially occupied by the Group, with the remainder being held for rental income or capital appreciation. If that part of the property occupied by the Group can be sold separately, the Group accounts for the portions separately. The portion that is owner-occupied is accounted for under IAS 16, and the portion that is held for rental income or capital appreciation or both is treated as investment property under IAS 40. When the portions cannot be sold separately, the whole property is treated as investment property only if an insignificant portion is owner-occupied. The Group considers the owner-occupied portion as insignificant when the property is more than 95% held to earn rental income or capital appreciation. In order to determine the percentage of the portions, the Group uses the size of the property measured in square metre.

Recognition of investment properties takes place only when it is probable that the future economic benefits that are associated with the investment property will flow to the entity and the cost can be measured reliably. This is usually when all risks are transferred.

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing parts of an existing investment property at the time the cost has incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss in the year in which they arise.

Subsequent expenditure is included in the asset's carrying amount 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. All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022 (Continued)

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment property (continued)

The fair value of investment properties is based on the nature, location and condition of the specific asset. The fair value is calculated on the basis of recent transactions in similar properties adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure. These valuations are performed annually by external appraisers.

The Group only enters as lessor into lease agreements that are classified as operating leases (IAS 17). A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership. The properties leased out under operating leases are included in 'Investment properties'. Lease incentives are recognised as a reduction of rental income on a straight-line basis over the lease term. The Group makes payments to agents for services in connection with negotiating lease contracts with the Group's lessees. The letting fees are capitalised within the carrying amount of the related investment property and depreciated over the lease term.

Right of use assets

Following the adoption of IFRS 16, the Group has presented the right of use assets separately in the statement of financial position. Alternatively, the Group may choose to resent right of use assets that do not meet the definition of investment property within property, plant and equipment.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the group.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise of IT equipment and small items of office furniture.

Insurance contracts

(a) Classification

One of the Group's subsidiary issues contracts that transfer insurance risk. Insurance contracts are those contracts that transfer significant insurance risk. Such contracts may also transfer financial risk. As a general guideline, the Group defines as significant insurance risk the possibility of having to pay benefits on the occurrence of an insured event that are at least 10% more than the benefits payable if the insured event did not occur.

(b) Recognition and measurement

The Group issues long-term insurance contracts with fixed and guaranteed terms. These contracts insure events associated with human life (for example death, or survival) over a long duration. Premiums are recognised as revenue when they become payable by the contract holder. Premiums are shown before deduction of commission.

Benefits are recorded as an expense when they are incurred.

A liability for contractual benefits that are expected to be incurred in the future is recorded when the premiums are recognised. The liability is determined as the sum of the expected discounted value of the benefit payments and the future administration expenses that are directly related to the contract, less the expected discounted value of the theoretical premiums that would be required to meet the benefits and administration expenses based on the valuation assumptions used (the valuation premiums).

The liability is based on assumptions as to mortality, persistency, maintenance expenses and investment income that are established at the time the contract is issued. A margin for adverse deviations is included in the assumptions.

The liabilities are recalculated at each reporting date using the assumptions established at valuation date.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022 (Continued)

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Insurance contracts (Continued)

(c) Minimum capital requirement test

As required by the Long Term Insurance Solvency Rules, an insurer shall at all times maintain a solvency margin that is at least equal to the Minimum Capital Requirement. The Minimum Capital Requirement for an insurer shall be determined by its actuary as the higher of a stress test requirement determined in accordance with guidelines issued by the Financial Services Commission to ensure that the long-term insurer remains solvent or the higher of an amount of Rs 25 million or an amount representing 13 weeks' operating expenses. The purpose of the set stress requirement is to quantify the minimum level of assets in excess of liabilities so as to enable the insurer to meet all the obligations as and when they are due and to provide sufficient cushion against adverse deviations in experience in any of the variables used in the valuation of liabilities. Stress Test Requirements equals the higher of the "Termination Capital Adequacy Requirements" (TCAR) and the "Ordinary Capital Adequacy Requirements" (OCAR).

As set out in (b) above, long-term insurance contracts with fixed terms are measured based on assumptions set out at the valuation date.

(d) Reinsurance contracts held

Contracts entered into by one of the Group's subsidiaries with reinsurers under which the subsidiary is compensated for losses on one or more contracts issued by the subsidiary and that meet the classification requirements for insurance contracts in (a) above are classified as reinsurance contracts held. Contracts that do not meet these classification requirements are classified as financial assets. Insurance contracts entered into by the subsidiary under which the contract holder is another insurer (inwards reinsurance) are included with insurance contracts.

The benefits to which the subsidiary is entitled under its reinsurance contracts held are recognised as reinsurance assets. These assets consist of short-term balances due from reinsurers (classified within financial assets held at amortised cost), as well as longer term receivables (classified as reinsurance assets) that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract.

Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due. In certain cases a reinsurance contract is entered into retrospectively to reinsure a notified claim under the subsidiary's property or casualty insurance contracts. Where the premium due to the reinsurers differs from the liability established by the subsidiary for the related claim, the difference is amortised over the estimated remaining settlement period.

The subsidiary assesses its reinsurance assets for impairment on a quarterly basis. If there is objective evidence that the reinsurance asset is impaired, the subsidiary reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in profit or loss. The subsidiary gathers the objective evidence that a reinsurance asset is impaired using the same process adopted for financial assets held at amortised cost. The impairment loss is also calculated following the same method used for these financial assets.

(e) Receivables and payables related to insurance contracts

Receivables and payables are recognised when due. These include amounts due to and from agents, brokers and insurance contract holders. If there is objective evidence that the insurance receivable is impaired, the Company reduces the carrying amount of the insurance receivable accordingly and recognises that impairment loss in profit or loss. The Company gathers the objective evidence that an insurance receivable is impaired using the same process adopted for financial assets held at amortised cost. The impairment loss is also calculated under the same method used for these financial assets.

Intangible assets

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and joint ventures and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022 (Continued)

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible assets (Continued)

(b) Computer software costs

Acquired computer software licenses are capitalised on the basis of costs incurred to acquire and bring to use the specific software.

These costs are amortised over their estimated useful life (5 years).

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred.

(c) Patent rights and licences

Separately acquired patents and licences are initially recognised at cost. Subsequently, they are carried at cost less amortisation. Amortisation is calculated using the straight-line method to allocate the cost of patent and licences over their useful lives of 5 – 15 years.

(d) Indefeasible Rights of Use ("IRU")

Capacity purchased on an Indefeasible rights of use ("IRU") basis is shown under non-current assets. The IRU is amortised on a straight-line basis over the contract period of 15 years from the effective date of the IRU's purchase. Remaining useful life is approximately is 7 years.

Impairment of non-financial assets

Intangible assets are not subject to amortisation and an assessment is made at each reporting date whether there is any impairment indication. An impairment loss is recognised for the amount by which the asset's carrying amount 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 purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Prior impairment of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date. There were no indicators of impairment during the year hence an impairment assessment was not deemed necessary as the ongoing factors which might have triggered an indication such as the Russian invasion of Ukraine did not have a direct impact on the Group.

Trade receivables

Trade receivables are amounts due from customers for goods and services sold in the ordinary course of the business. They are generally due for settlement within 30 and 90 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. The Group and Company apply the IFRS 9 simplified approach to measuring ECL which uses a lifetime expected loss allowance for trade receivables.

Trade receivables have been grouped based on shared credit characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over the last 3 years and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macro-economic factors affecting the ability of the customers to settle the receivables. The Group has identified Gross Domestic Product (GDP) to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the average cost ("AVCO") method and includes all costs incurred in bringing the inventories to their present location and condition. The cost of finished goods and work-in progress comprises purchase price, materials and all applicable expenses. It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Property held for resale

Non-current assets are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction and sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

Common Control transactions

Common control transactions occur frequently, particularly in the context of reorganizations. Combinations between entities that are under common control are excluded from the scope of the business combinations. Common control transactions are generally accounted for by the receiving entity based on the nature of the transactions. The accounting for common control transactions is based on the nature of what is transferred or exchanged as part of the transaction.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022 (Continued)

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

Contingent assets

Contingent assets are possible assets whose existence will be confirmed by the occurrence or non-occurrence of uncertain future events that are not wholly within the control of the entity. These are treated as off-balance sheet items but have been disclosed in Note 32(ii) since it is more likely than not that an inflow of benefits will occur.

Share capital

Ordinary shares are classified as equity.

Trade payables

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is done within one year or less. If not they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings

Borrowings are recognised initially at fair value, 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.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs.

To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Current and deferred income tax

The tax expense for the period comprises current and deferred income 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. In this case, the tax is also recognised in other comprehensive income or directly in equity. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. The directors periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulations is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, deferred income tax is not accounted for if it 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. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022 (Continued)

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Provision for asset retirement obligations

This provision relates to the estimated cost of dismantling and removing an item of property, plant and equipment and restoring the site on which the item is located to its original condition. The Group provides for the anticipated costs associated with the restoration of leasehold property to its original condition at inception of the lease, including the removal of items included in plant and equipment that is erected on leased land.

The Group only recognises these decommissioning costs for the proportion of its overall number of sites for which it expects decommissioning to take place. The expected percentage has been based on actual experience in the respective operations.

A provision is made for the present value of the estimated future decommissioning costs at the end of the life of the site/ expected lease term. When this provision gives rise to future economic benefits, an asset is recognised, otherwise the costs are charged to profit or loss. The estimated cost is discounted at a pre-tax rate that reflects current market assessments of the time value of money. The increase in the decommissioning provision due to the passage of time is recognised as a finance cost.

Employee benefits

(a) Pension obligations

The Group has both defined benefit and defined contribution plans. 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. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

• Defined benefit pension

Group companies operate various pension schemes for employees eligible for a defined benefit schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations.

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 method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using 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 to the terms of the related pension liability. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in profit or loss.

Where employees are not covered under defined pension scheme, the present value of severance allowances calculated on the basis the enacted laws in the countries where the respective entity operates has been provided for. The present value of severance allowances has been disclosed within unfunded obligations under retirement benefit obligations.

• Defined contribution plan

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022 (Continued)

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Employee benefits (continued)

(b) Other post-employment obligations

Some group companies provide post-retirement healthcare and other benefits apart from pensions to their retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise. These obligations are valued annually by independent qualified actuaries.

(c) Termination benefits

Termination benefits are payable when employment is terminated by a group entity before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(d) Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Leases

Until the 2018 financial year, leases of property, plant and equipment were classified as either finance leases or operating leases. From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group.

Until 31 December 2018, leases of property, plant and equipment where the group, as lessee, had substantially all the risks and rewards of ownership were classified as finance leases. Finance leases were capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, were included in other short-term and long-term payables. Each lease payment was allocated between the liability and finance cost. The finance cost was charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases was depreciated over the asset's useful life, or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Lease income from operating 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 an operating 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 the new leasing standard.

Revenue from contracts with customers and rental income recognition

Performance Obligations

Revenue from contracts with customers is recognised to the extent that it is probable that the economic benefits will flow to the group and revenue can be reliably measured. In short, revenue is recognised by reference to each distinct performance obligation in the contract with the customer. The Group serves across diverse industries including telecommunications, media, information and technology, real estate, tourism, hospitality, retail, financial services and energy and its main sources of revenue are across the following clusters.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022 (Continued)

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue from contracts with customers and rental income recognition (Continued)

The Telecommunications, Media and IT cluster entails the provision of services which includes: mobile revenue, roaming and interconnect, enterprise revenue, tower rental deferred revenue, business intelligence, IT consulting and project management services, subscription television direct to home satellite broadcasting and re- broadcasting services and from sale of telephone and equipment.

The Real estate cluster includes rental income from the leasing out of property. Rental income which is generated from operating leases on investment properties is included in the Statement of Profit or Loss owing to its operating nature. For the tourism and hospitality cluster, revenue is generated from provision of hotel and travel services which includes the invoiced value for room, food and beverages, air tickets and other hotel and travel services, net of value added tax and discounts.

The Retail cluster derives revenue from the transfer of goods at a point in time and is measured at the fair value of the consideration received or receivable, stated net of discounts, returns, allowances and value added taxes.

Timing of Revenue Recognition

The group derives most of its revenue from the sale of goods and services. Revenue is recognised at a point in time when control of the goods or services rendered are actually transferred to the customer. Generally, this is when the goods are delivered to the customer or services provided and when the performance obligation is satisfied, that is, when control of the goods or services rendered is actually transferred to the customer. Revenue is recognised from services provided over time as customers simultaneously receive and consume the benefits provided to them. Each service is deemed as distinct and signifies a performance obligation.

Life assurance fund

At the end of every year the amount of the liabilities of the life assurance fund is established. Effective from the year 2004, the adequacy of the fund is determined annually by actuarial valuation. Under current legislation, an annual actuarial reporting is required by Financial Services Commission. Based on the annual actuarial valuation, the actuary recommends the bonus declaration and the amount of actuarial surplus that can be transferred from profit or loss.

Dividend distribution

Dividend distribution to the Group's shareholders is recognised as a liability in the Group's financial statements in the period in which dividends are approved by the Group's shareholders.

2 FINANCIAL RISK MANAGEMENT

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

Market risk is the risk of loss due to the factors that affect an entire market or asset class. Market risk is also known as undiversifiable risk because it affects all asset classes and is unpredictable. Three primary sources of risk affect the overall market: foreign exchange risk, equity price risk and interest rate risk.

The Group's overall financial risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. Gearing has been calculated on the financial position of the Group.

Risk management is carried out under policies approved by the Board of directors.

(a) Market risk

• Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States dollar ("USD"), Euro ("EUR"), Great Britain Pound ("GBP") and Indian rupee ("INR"). Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

Group companies individually manage foreign exchange risk against their functional currency by forecasting their requirements for foreign currencies and retaining, wherever possible, such amounts necessary to settle amounts denominated in foreign currencies. The Group companies also use leading and lagging to behove from currency fluctuations.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022 (Continued)

2 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (Continued)

• Foreign exchange risk (Continued)

Sensitivity analysis

The profitability of the Group and Company is sensitive to foreign exchange gains/losses on translation of fair value through OCI, loans and receivables, cash and cash equivalents, net of borrowings and trade and other payables. The tables below depicts the sensitivity of the Group's and Company's post tax profit to changes in the exchange rates of the major currencies to which the Group and Company is exposed.

	USD	EUR	GBP	INR
Group – 2022	**%**	**%**	**%**	**%**
Hypothetical rate of appreciation/(depreciation) of the Mauritian rupee against the foreign currency	**(1)**	**5**	**10**	**8.9**
	USD	**EUR**	**GBP**	**INR**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Hypothetical effect on group post-tax profit and retained earnings:				
Increase/(Decrease) in post-tax profit and retained earnings for the year ended 31 December 2022	**871**	**1,378**	**49,766**	**36,292**
	USD	EUR	GBP	INR
Group – 2021	%	%	%	%
Hypothetical rate of appreciation of the Mauritian rupee against the foreign currency	(10)	(1)	(9)	(8)
Hypothetical effect on group post-tax profit and retained earnings:				
Increase/ (Decrease) in post-tax profit and retained earnings for the year ended 31 December 2021	(20,633)	81,619	(34,989)	(16,731)

	2022		2021	
	USD	**EUR**	USD	EUR
	%	**%**	%	%
Company				
Hypothetical rate of appreciation/(depreciation) of the Mauritian rupee against the foreign currency	**(1)**	**5**	(10)	(1)
	USD	**EUR**	USD	EUR
	Rs'000	**Rs'000**	Rs'000	Rs'000
Increase/(Decrease) in post-tax profit and retained earnings for the year ended 31 December	**(14)**	**125**	(71)	(6)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022 (Continued)

2 FINANCIAL RISK MANAGEMENT (CONTINUED)

• Equity Price risk

Equity price risk is the risk that arises from security price volatility – the risk of a decline in the value of a security or a portfolio.

Due to the fact that the Group holds shares in Bharti Airtel and Airtel Africa which are listed on the Bombay Stock Exchange and National Stock Exchange respectively, the Group is exposed to equity securities price risk in respect of the financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss. The Group's strategy for its financial assets at fair value through OCI is to hold them for long term capital appreciation and is not influenced by short term market fluctuations and not held for trading purposes. However, the Directors monitor the equity markets on a daily basis and the Board of Directors meet on a regular basis to review the performance of these investments as these investments are listed on overseas stock exchanges and are subject to volatility in terms of price and foreign exchange as well.

The financial assets at fair value through other comprehensive income consists primarily of investment in a company incorporated in India and listed on the Bombay Stock Exchange and the National Stock Exchange. During the year ended 31 December 2022, the market price of this investment has gained **18%** (2021 – 34%) of its value compared to the market price in 2021. At 31 December 2022, if the price of the investment had increased / decreased by a further **18%** (2021 – 34%), with all variables held constant, equity would have been **Rs 90 million** (2021 – Rs 158 million) higher/ lower.

The value of quoted shares held at fair value through profit or loss would have increased/decreased by **Rs 38 million** (2021 – Rs 41 million) if a change of 10% occurred in the share price. The value of unquoted shares held at fair value through profit or loss would have increased/decreased by **Rs 10 million** (2021 – Rs 11 million) if a change of 10% occurred in the share price.

The Group is not exposed to any other significant price risk at 31 December 2022.

• Interest rate risk

The Group analyses its interest rate exposure on a dynamic basis as borrowings are both at fixed and floating interest rates. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the Group calculates the impact on profit or loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run only for liabilities that represent the major interest-bearing positions.

The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on with respect to its interest bearing assets and liabilities.

The significant interest-bearing assets include loans, hire purchase debtors and cash at bank. The loans arising on the life assurance business are on a fixed interest rate basis and are not subject to interest rate fluctuations. Interest on hire purchase debtors is fixed by law and is also not subject to interest rate fluctuations. The effective interest rate on cash and cash equivalents was **0.03%** (2021 – 0.02%); the impact of a 0.75% shift would cause a maximum shift in the post tax profit of **Rs 6,679,000** (2021 – Rs 2,756,000).

With respect to interest-bearing liabilities, significant interest rate risk arises on the Group bank loans which are at variable rates. The effective interest charge on bank loans was **3.1%** (2021 – 2.7%); the impact of a 0.75% shift would cause a maximum shift in post tax profit of **Rs 55,402,000** (2021 – Rs 49,274,000).

The Company's effective interest charge on bank loans was **4.4%** (2021 – 3.6%); the impact of a 0.75 % shift would cause a maximum shift in post tax profit of **Rs 20,938,000** (2021 – Rs 20,940,000).

(b) Credit risk

Credit risk relate to the risk of a counterparty defaulting on its contractual obligations emanating into financial loss to the Group and the Company. Credit risk arises from cash and cash equivalents, financial assets held at amortised cost and financial assets at fair value through OCI.

To manage credit risk with respect to cash and cash equivalents, the Group and Company transacts with only highly reputable financial institutions, with high quality S&P and Moody's ratings. The Directors have assessed that the credit risk associated with cash and cash equivalents is insignificant based on the historical information of the financial strengths of the financial institutions.

Due to the diversity of the Group's activities, the credit risks associated with each type of receivables are managed according to their nature and are described below. The credit quality of these receivables is provided in Note 18. Credit risk is managed through regular discussions of directors with the CFO on the exposure of the Group and Company to credit risk and critical assessment of the Group's and Company's provision matrix which is detailed in Note 18.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022 (Continued)

2 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (Continued)

The credit quality of financial assets at fair value through OCI is disclosed in Note 16. Credit risk is managed by the Board of each subsidiary.

Trade receivables

The Group has policies in place to control the level of debts to ensure that sale of products and services are made to customers with an appropriate credit history. Such policies include credit vetting before sale, setting up credit limits, disconnection (cellular phone and pay TV subscribers) and subscription payments through direct debits amongst others.

Loans and other loans receivable

Exposure to credit risk for loans receivable is managed through analysis of the ability of borrowers to meet interest and capital repayment obligations and by changing the lending limits where appropriate.

Hire purchase debtors

Hire purchase debtors comprise of a wide variety of customers buying on hire purchase facilities and are from different sectors of the economy. The Group has no significant concentrations of credit risk and has policies in place to ensure that the vetting criteria are assessed and reviewed in order to take into consideration economic realities. All credit applications go through a rigorous vetting process and material contracts are subject to management approval. At the level of operations, outstanding debts are continuously monitored and relevant provisions/diminution in value is recognised as and when they become apparent.

The maximum exposure to credit risk is represented by the book values of the receivables carried in the statement of financial position without taking into account the value of any collateral obtained. Hire purchase debtors are secured over the hire purchase assets and the latter's fair values approximate the carrying amounts of hire purchase debtors at the reporting date.

Rating of assets bearing credit risks

Credit Ratings	2022 Rs'000	2021 Rs'000
A+	-	-
A	3,934	4,525
A-*	-	-
AAA	-	-
Aa3	-	-
BBB+	-	-
BBB+*	-	-
BBB-*	-	-
Baa1**	-	-
Baa2**	-	-
Baa3**	500,465	697,565
CARE MAU AA	9,219	-
CARE MAU A+	-	2,000
CARE MAU A+*	-	16,829
CARE MAU AA	-	34,212
CARE MAU A*	25,939	25,547
CARE MAU AA-	-	-
CARE MAU AA*	-	8,253
CARE MAU AA_*	-	10,946
CARE MAU AAA	-	-
CARE MAU BBB+	-	1,000

The remaining assets bearing credit risks are unrated. *The ratings for foreign investments were taken from ratings provided by Standard & Poor's. ** The ratings for local equity (MCB and SBM) and for government treasury bills and notes were taken from ratings provided by Moody's. *** The ratings for local equity were taken from ratings provided by Care Ratings. The unrated assets consist of equity investments, secured housing and policy loans, unsecured and secured loans receivable from related parties, other receivables, fixed deposits from financial institutions and cash balances.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022 (Continued)

2 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk

Liquidity risk arises in a situation where the Group and Company are unable to meet their short-term financial obligations without incurring losses. The Group and Company faces liquidity risk as their financial liabilities are subject to contractual payments. Prudent liquidity risk management policies implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the finance department aims at maintaining flexibility in funding by keeping committed credit lines available. Bank overdraft limits are regularly monitored and management conducts quarterly review of the subsdiaries' statement of cash flows.

The tables below analyses the Group's and Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Trade and other payables are due within 12 months and therefore approximate their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Later than 5 years	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Group					
At 31 December 2022					
Borrowings	**2,589,369**	**1,959,723**	**3,451,344**	**3,252,093**	**11,252,529**
Lease liabilities	**328,059**	**253,341**	**210,328**	**390,515**	**1,182,243**
Trade and other payables	**1,532,306**	**12,582**	**11,160**	**-**	**1,556,048**
Life assurance funds	**181,040**	**93,880**	**110,075**	**436,519**	**821,514**
	4,630,774	**2,319,526**	**3,782,907**	**4,079,127**	**14,812,334**
At 31 December 2021					
Borrowings	1,186,686	1,118,013	4,561,179	2,973,365	9,839,243
Lease liabilities	219,428	204,527	451,715	912,168	1,787,838
Trade and other payables	1,069,444	3,312	3,126	-	1,075,882
Life assurance funds	95,982	136,401	162,646	535,533	930,562
	2,571,540	1,462,253	5,178,666	4,421,066	13,633,525

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Later than 5 years	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Company					
At 31 December 2022					
Borrowings	**642,641**	**785,471**	**1,746,748**	**1,508,677**	**4,683,537**
Lease liabilities	**22,268**	**10,206**	**7,198**	**-**	**39,672**
Trade and other payables	**55,866**	-	-	-	**55,866**
Guarantees	**236,818**	-	-	-	**236,818**
	957,593	**795,677**	**1,753,946**	**1,508,677**	**5,015,893**
At 31 December 2021					
Borrowings	557,299	122,443	2,221,999	1,558,485	4,460,226
Lease liabilities	25,933	11,525	8,542	5,478	51,478
Trade and other payables	51,690	-	-	-	51,690
Guarantees	297,773	-	-	-	297,773
	932,695	133,968	2,230,541	1,563,963	4,861,167

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022 (Continued)

2 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Concentration Risk

Concentration risk describes the level of risk in an organisation's portfolio arising from concentration to a single counterparty. Concentration risk can arise from uneven distribution of exposures (or loan) to its borrowers. Within the Group, there is a risk that the loans granted to related parties are impaired due to unfavourable circumstances. Concentration risk measurement is based on the percentage of the related party loans to the total debt of the Group can be used a measure. As at 31 December 2022, the concentration risk of the Group was deemed to be negligible.

(e) Fair value estimation

The fair value of financial assets at fair value through OCI that are traded in active markets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group and Company is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, unquoted shares) is determined using valuation techniques. The Group and Company use a variety of methods and make assumptions that are based on market conditions existing at each reporting date. Quoted market prices or dealer quotes for similar instruments are used for long term debt. Other techniques, such as discounted cash flows, are used to determine the fair value of the remaining instruments.

The carrying amounts of financial assets held at amortised cost less impairment provision are assumed to approximate their fair values. The carrying values of financial liabilities also approximate their fair values.

• Fair values hierarchy

In accordance with the amendment to IFRS 13, the Group and Company classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

• Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

• Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

• Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

	Level 1	Level 2	Level 3	Total
Group – 2022	Rs'000	Rs'000	Rs'000	Rs'000
Assets				
Financial assets at fair value through profit or loss				
– Trading securities	**376,745**	**-**	**104,568**	**481,313**
Land and buildings (Property, Plant and Equipment-Note 10)	**-**	**1,940,083**	**465,611**	**2,405,694**
Land and buildings (Investment Properties- Note 11)	**-**	**2,302,960**	**961,247**	**3,264,207**
Financial assets at fair value through OCI				
– Equity securities	**906,494**	**-**	**32,140**	**938,634**
– Debt securities	-	**228,236**	-	**228,236**
Total assets	**1,283,239**	**4,471,279**	**1,563,566**	**7,318,084**

Group – 2021	Level 1	Level 2	Level 3	Total
Assets	Rs'000	Rs'000	Rs'000	Rs'000
Financial assets at fair value through profit or loss				
– Trading securities	412,385	-	114,861	527,246
Land and buildings (Property, Plant and Equipment-Note 10)	-	2,344,980	-	2,344,980
Land and buildings (Investment Properties- Note 11)	-	2,810,597	-	2,810,597
Financial assets at fair value through OCI				
– Equity securities	1,004,100	-	17,975	1,022,075
– Debt securities	-	302,241	-	302,241
Total assets	1,416,485	5,457,818	132,836	7,007,139

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022 (Continued)

2 FINANCIAL RISK MANAGEMENT (CONTINUED)

• Fair values hierarchy (continued)

Company - 2022	Level 1 Rs'000	Level 2 Rs'000	Level 3 Rs'000	Total Rs'000
Assets				
Financial assets at fair value through OCI				
- Equity securities	**-**	**-**	**32,140**	**32,140**
Land and buildings (Note 10)	**-**	**8,690**	**-**	**8,690**
Total assets	**-**	**8,690**	**32,140**	**40,830**

Company - 2021	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through OCI				
- Equity securities	3	-	17,975	17,978
Land and buildings (Note 10)	-	8,404	-	8,404
Total assets	3	8,404	17,975	26,382

The fair values of the loans approximate their carrying amounts.

The Group is exposed to equity securities and debt securities price risks. If the fair value of the investments increases/decreases by 5%, other factors remaining unchanged, the Group's profit for the year and financial assets (at fair value through profit or loss and financial assets at fair value through OCI) would increase/decrease by **Rs 82,409,150** (2021 - Rs 92,662,000).

The Group's financial assets valued at fair value through profit or loss are directly related to the fair valuation of the investee entity. The investee entity uses various valuations methods to value its underlying investment assets. Level 3 includes all investments classified as financial assets at fair value through profit or loss. The investments have been valued using the share of net asset value ("NAV") of the respective investee companies. At 31 December 2022, had the fair value increased/decreased by **1%** (2021- 1%), the carrying amount would have increased/decreased by **Rs 1,045,080** (2021 - Rs 1,148,610).

The Group is exposed to equity securities and debt securities price risks as described in Note 2(a).

Following valuation of land and buildings during the year ended 31 December 2022, some assets have been classified under Level 3 (priorly in Level 2 during year ended 31 December 2021).

The following table presents the movements in Level 3 instruments for the years ended 31 December 2022 and 2021:

	Financial asset at fair value through profit or loss Rs'000	Financial asset at fair value through OCI Rs'000	Total Rs'000
Group - 2022			
Balance at 01 January 2022	**114,861**	**17,975**	**132,836**
Total gains recognised in profit or loss	**(6,915)**	**-**	**(6,915)**
Purchases	**-**	**14,165**	**14,165**
Sales/Transfers	**(3,378)**	**-**	**(3,378)**
Balance at 31 December 2022	**104,568**	**32,140**	**136,708**
Change in unrealised gains for the period included in profit or loss for assets held at the end of the reporting period	**(3,698)**	-	**(3,698)**
Group - 2021			
Balance at 01 January 2021	89,087	14,975	104,062
Total gains recognised in profit or loss	(1,579)	-	(1,579)
Purchases	45,280	3,000	48,280
Sales/Transfers	(17,927)	-	(17,927)
Balance at 31 December 2021	114,861	17,975	132,836
Change in unrealised gains for the period included in profit or loss for assets held at the end of the reporting period	(1,579)	-	(1,579)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022 (Continued)

2 FINANCIAL RISK MANAGEMENT (CONTINUED)

• Fair values hierarchy (continued)

	2022 Rs'000	2021 Rs'000
Company		
Financial assets at fair value through OCI		
Balance at 01 January	**17,975**	14,975
Purchases	**14,165**	3,000
Balance at 31 December	**32,140**	17,975

• Financial instruments by category

Group – 2022	Financial assets held at amortised cost Rs'000	Financial assets at fair value through profit or loss Rs'000	Financial assets at fair value through OCI Rs'000	Total Rs'000
Financial assets per statement of financial position:				
Financial assets held at amortised cost excluding non-financial assets	**988,633**	-	-	**988,633**
Financial assets at fair value through OCI	-	-	**1,166,870**	**1,166,870**
Financial assets at fair value through profit or loss	-	**481,313**	-	**481,313**
Cash and cash equivalents	**1,072,865**	-	-	**1,072,865**
	2,061,498	**481,313**	**1,166,870**	**3,709,681**
Total				
Group - 2021				
Financial assets per statement of financial position:				
Financial assets held at amortised cost excluding non-financial assets	1,115,736	-	-	1,115,736
Financial assets at fair value through OCI	-	-	1,324,316	1,324,316
Financial assets at fair value through profit or loss	-	527,246	-	527,246
Cash and cash equivalents	443,207	-	-	443,207
Total	1,558,943	527,246	1,324,316	3,410,505

All financial assets at fair value through profit or loss are designated in this category upon initial recognition.

Financial liabilities for the Group are all carried at amortised cost and are as follows:

	2022 Rs'000	2021 Rs'000
Group		
Financial liabilities per statement of financial position:		
Borrowings	**9,400,638**	8,300,742
Lease liabilities	**1,029,809**	1,091,234
Trade and other payables (excluding non- financial liabilities)	**1,556,048**	1,075,882
Life assurance fund	**821,514**	930,562
	12,808,009	11,398,420

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022 (Continued)

2 FINANCIAL RISK MANAGEMENT (CONTINUED)

• Financial instruments by category (Continued)

	Financial assets held at amortised cost	Financial assets at fair value through OCI	Total
	Rs'000	Rs'000	Rs'000
Company – 2022			
Financial assets per statement of financial position:			
Financial assets at fair value through OCI	-	**32,140**	**32,140**
Financial assets held at amortised cost -excluding non financial assets	**589,389**	-	**589,389**
Cash and cash equivalents	**5,116**	-	**5,116**
Total	**594,505**	**32,140**	**626,645**
Company – 2021			
Financial assets per statement of financial position:			
Financial assets at fair value through OCI	-	17,978	17,978
Financial assets held at amortised cost -excluding non financial assets	835,648	-	835,648
Cash and cash equivalents	59,582	-	59,582
Total	895,230	17,978	913,208

Financial liabilities for the Company are all carried at amortised cost and are as follows:

	2022	2021
	Rs'000	Rs'000
Company		
Financial liabilities per statement of financial position:		
Borrowings	**3,825,122**	3,817,222
Lease liabilities	**34,751**	43,920
Trade and other payables (excluding non- financial liabilities)	**55,866**	51,690
	3,915,739	3,912,832

(e) Capital risk management

The subsidiary's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. 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.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings') as shown in the statement of financial position less cash and cash equivalents. The Group regards 'equity' as shown in the statement of financial position as being capital. Total capital is calculated as capital plus net debt.

The Board of Directors assesses the impact of each significant new investment on the gearing of the Group and Company as part of the investment appraisal process on a quarterly basis. The Group and Company have met all their debt covenants with their respective financial institutions. The gearing ratios at 31 December 2022 and 2021 were as follows and are within the target set by the Board of 60%-85%:

	GROUP		COMPANY	
	2022	2021	2022	2021
	Rs'000	Rs'000	Rs'000	Rs'000
Net debt	**8,327,773**	7,857,535	**3,820,006**	3,757,640
Capital	**2,088,284**	1,812,268	**2,238,646**	2,185,320
Total capital	**10,416,057**	9,669,803	**6,058,652**	5,942,960
Gearing ratio	**79.95%**	81.26%	**63.05%**	63.23%

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022 (Continued)

2 FINANCIAL RISK MANAGEMENT (CONTINUED)

(f) Financial risk arising in the Life Assurance Business subsidiary (the "LABS")

The following relate to the LABS which is the subsidiary that operates a life assurance business.

The LABS exposes the Group to a range of financial risks through its financial assets, financial liabilities, reinsurance assets and insurance liabilities. In particular, the key financial risk is that in the long-term its investment proceeds are not sufficient to fund the obligations arising from its insurance contracts. The most important components of this financial risk are interest rate risk, equity price risk, foreign currency risk and credit risk. These risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The risks that the LABS and the Group face are primarily interest rate risk and equity price risk.

The LABS manages financial risks via its Investment Committee which is mandated to achieve long-term investment returns in excess of its obligations under insurance and investment contracts. The principal technique of the Investment Committee is to match assets to the liabilities arising from insurance and investment contracts by reference to the type of benefits payable to contract holders. For each distinct class of liabilities, a separate portfolio of assets is maintained. The LABS has not changed the processes used to manage its risks from previous periods.

Fixed and guaranteed insurance contracts

Insurance contracts with guaranteed and fixed terms have benefit payments that are fixed and guaranteed at the inception of the contract. The financial component of these benefits is usually a guaranteed fixed interest rate (for the insurance contracts, this rate may apply to maturity and/or death benefits) and hence the LABS's primary financial risk on these contracts is the risk that interest income and capital redemptions from the financial assets backing the liabilities is insufficient to fund the guaranteed benefits payable.

Liquidity risk

Liquidity risk is the risk that the LABS is unable to meet its obligations when they fall due as a result of policyholder benefit payments, cash requirements from contractual commitments, or other cash outflows, such as debt maturities. Such outflows would deplete available cash resources for operational, trading and investments activities. In extreme circumstances, lack of liquidity could result in reductions in the statement of financial position and sales of assets, or potentially an inability to fulfil policyholder commitments. The risk that the LABS will be unable to do so is inherent in all insurance operations and can be affected by a range of institution-specific and marketwise events including, but not limited to, credit events, systemic shocks and natural disasters.

The LABS is exposed to daily calls on its available cash resources with regard to claims and maintains a certain level of cash resources in the bank to service the daily claims. Investments are also made in certain liquid investments such as Government Treasury bills and investments in equity shares that are traded in active markets and can be readily disposed of. The Company has also made arrangements in its reinsurance programme to cater for large claims whereby its reinsurers will pay their share of these losses within a short period of time through cash calls.

Mismatch risk

All insurance liabilities are asset backed. Mismatch risk arises when the nature, term and currency of backing assets are different from the nature, term and currency of liabilities. Nature of liabilities refers to whether they are fixed, indexed or variable (DPF) at the LABS's discretion.

The following tables indicate the contractual amount and timing of cash flows arising from the insurance liabilities and the extent of duration-matching for these contracts. They summarise the Company's exposure to interest rate risks for these assets and liabilities. When debt securities mature, the proceeds not needed to meet the liability cash flows will be re-invested in floating rate securities, and the interest rate swaps are used to secure fixed interest rate cash flows. The reinvestment of these net positive proceeds in the earlier years will fund the negative cash flows displayed in the table below for the later years.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022 (Continued)

2 FINANCIAL RISK MANAGEMENT (CONTINUED)

(f) Financial risk arising in the Life Assurance Business subsidiary (the "LABS") (Continued)

Mismatch risk (Continued)

At 31 December 2022	Estimated cash flows (undiscounted)				
	Carrying amount	**0 – 5 yrs**	**5 – 10 yrs**	**10 – 15yrs**	**>15 years**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
Liabilities					
Life insurance – life	**814,666**	**191,251**	**160,037**	**124,324**	**176,978**
Outstanding claims	**10,800**	**10,800**	-	-	-
Trade and other payables	**75,827**	**72,827**	-	-	-
Total	**901,293**	**274,878**	**160,037**	**124,324**	**176,978**

At 31 December 2021	Estimated cash flows (undiscounted)				
	Carrying amount	0 – 5 yrs	5 – 10 yrs	10 – 15yrs	>15 years
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Liabilities					
Life insurance – life	923,714	236,609	196,884	157,968	195,639
Outstanding claims	24,224	24,224	-	-	-
Trade and other payables	72,454	72,454	-	-	-
Total	1,020,392	333,287	196,884	157,968	195,639

The liability period analysis does not agree with the total carrying amount due to the fact that the period analysis is undiscounted whilst the total carrying amount is discounted.

Rs 9,827,029 (2021: Rs 14,177,908) for deposit from policyholders has been excluded from Trade and other payables.

The Company intends to manage the net cash outflows position arising from Year 5 onwards as follows:

• Mismatch risk

• Available-for-sale investments would be reinvested in similar instruments at maturity;

• The value of investment portfolio classified as "financial assets at fair value through profit or loss" is expected to increase in the future as the Company realises the fair value gain upon sale of investments and proceeds are reinvested in similar instruments;

• Amount of loans disbursed, other than mortgaged loans, is expected to increase and hence, the interest income generated from these loans would increase.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022 (Continued)

3 MANAGEMENT OF INSURANCE RISK

The LABS issues contracts with the following risk characteristics:

• Transfer of mortality/morbidity risks, with partial transfer of investment risks (participating policies);

• Transfer of mortality/morbidity risks only (pure protection policies);

• Transfer of mortality/morbidity and investment risks (guaranteed savings type policies) and

• Transfer of longevity risks (pension policies).

Mortality/Morbidity Risks

These are risks that higher than expected deaths/disability claims are paid out by the LABS. Management of these risks is by way of:

(i) Growing the portfolio

Law of large numbers implies that predictability of claims (in aggregate) increases as the portfolio grows. This reduces the LABS's exposure to extreme variability in claims pay-out.

(ii) Underwriting

This refers to the identification of risk at various landmark of the policy lifetime. In particular, the following main types of underwriting are used:

- At inception, medical underwriting (as per Grid) is carried out to ensure that the prospect adheres to the minimum health requirements set by the LABS and its reinsurer;
- At inception, financial underwriting is carried out to identify the paying capacity of prospects as well as the justification for insurance;
- At inception, pastime underwriting and/or occupation underwriting identifies risky activities and ensures that the premiums charged is commensurate with the risk at hand; or
- Claims underwriting, as the name suggests, examines the conditions of the death/disability claims and whether any breach of policy conditions may exist.

(iii) Actuarial assumptions

These are set based on the LABS's actual mortality/morbidity experience and are reviewed on an annual basis.

(iv) Reinsurance

Variability in claims pay-out is mopped up by reinsurers who participate in claims above the LABS's retention limit. The LABS uses individual surplus reinsurance and all amounts in excess of Rs 500,000 are reinsured. The split between gross and net of reinsurance sums assured is given below:

	2022	2021
	Rs'million	Rs'million
Individual Business Sum Assured		
Gross of Reinsurance	**9,205**	7,709
Net of Reinsurance	**2,955**	2,941
Group Business Sum Assured		
Gross of Reinsurance	**1,544**	1,581
Net of Reinsurance	**594**	618

Longevity Risks

This is the risk of the insured living longer than expected. The LABS manages such risks by using conservative actuarial assumptions where it is typically assumed that the insured lives live longer than the life expectancy as per the South African mortality tables (SA 85/90). Annual checks are also carried out to ensure that pension is being paid to pensioners who are still alive.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022 (Continued)

3 MANAGEMENT OF INSURANCE RISK (CONTINUED)

Investment Risks

This is the risk that investment returns are lower than expected. The LABS manages this risk by:

- Holding a diversified investment portfolio;
- Adopting a long term investment strategy approved by the actuary;
- Keeping a matched investment position (e.g. guaranteed products are backed by fixed income and bond type investments);
- Setting the investment return target in accordance with the pricing and reserving assumptions;
- Smoothing of bonuses by using a 3-year declaration period and – Adjusting bonuses to reflect actual market performance.
- Adjusting bonuses to reflect actual market performance.

Long term insurance contracts

For long term insurance contracts, where the insured event is death, the most significant factors that could negatively impact the insurance claims submitted to the LABS are diseases like heart problems, diabetes, high blood pressure or changes in lifestyle, such as eating habits, smoking and lack of exercise, resulting in higher claims being submitted to the LABS.

For contracts where survival is the insured risk, the most significant factor is continued improvement in medical science and social conditions that would increase longevity. The liabilities in terms of insurance contracts are based on recommendations of the LABS's Actuary.

The table below presents the concentration of insured benefits across five bands of insured benefits per individual life assured.

Benefits assured per life assured at the end of 2022	Total benefits insured			
	Before reinsurance		After reinsurance	
Rs	Rs		Rs	
0 – 200,000	**1,319,291,283**	**6%**	**1,319,291,283**	**6%**
200,000 – 400,000	**1,875,711,010**	**9%**	**1,875,711,010**	**9%**
400,000 – 800,000	**2,071,210,040**	**10%**	**2,071,210,040**	**10%**
800,000 – 1,000,000	**501,998,241**	**2%**	**501,998,241**	**2%**
More than 1,000,000	**15,401,289,450**	**73%**	**15,401,289,450**	**73%**

Benefits assured per life assured at the end of 2021	Total benefits insured			
	Before reinsurance		After reinsurance	
Rs	Rs		Rs	
0 – 200,000	1,370,566,427	8%	1,370,566,427	18%
200,000 – 400,000	1,924,770,805	11%	1,924,770,805	26%
400,000 – 800,000	2,012,743,578	12%	1,862,278,147	25%
800,000 – 1,000,000	466,078,905	3%	269,000,000	4%
More than 1,000,000	11,508,469,920	67%	2,020,000,000	27%

The following table for annuity insurance contracts illustrates the concentration of risk based on bands that group these contracts in relation to the amount payable per annum as if the annuity were in payment at the year end. The LABS does not hold any reinsurance contracts against the liabilities carried for these contracts.

Annuity payable per annum per life insured	Total annuities payable per annum			
	2022		2021	
Rs	Rs	%	Rs	%
0 – 20,000	**3,167,784**	**7%**	3,148,305	7%
20,000 – 40,000	**4,381,400**	**9%**	4,374,130	9%
40,000 – 80,000	**9,998,759**	**22%**	10,476,925	22%
80,000 – 100,000	**1,757,636**	**4%**	1,766,396	3%
More than 100,000	**28,048,135**	**59%**	28,094,493	59%

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022 (Continued)

3 MANAGEMENT OF INSURANCE RISK (CONTINUED)

Long term insurance contracts (continued)

Insurance risk for contracts disclosed in this note is also affected by the policyholders' right to pay reduced or no future premiums, to terminate the contract completely, or to exercise a guaranteed annuity option. As a result, the amount of insurance risk is also subject to policyholders' behaviour. On the assumption that policyholders will make decisions rationally, overall risk can be assumed to be aggravated by such behaviour.

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the LABS faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random, and the actual number and amount of claims and benefits will vary from year to year from the level established using statistical techniques.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected by a change in any subset of the portfolio. The LABS has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

(a) Frequency and severity of claims

Insurance risk for contracts disclosed in this note is also affected by the contract holders' right to pay reduced or no future premiums, to terminate the contract completely, or to exercise a guaranteed annuity option. As a result, the amount of insurance risk is also subject to contract holder behaviour. On the assumption that contract holders will make decisions rationally, overall insurance risk can be assumed to be aggravated by such behaviour. For example, it is likely that contract holders whose health has deteriorated significantly will be less inclined to terminate contracts insuring death benefits than those contract holders remaining in good health. This results in an increasing trend of expected mortality, as the portfolio of insurance contracts reduces due to voluntary terminations.

The actual mortality claim experience versus expected are shown below:

Year	Actual no of death Claims	Actual Death Claim (Rs)	Expected Death Claim (Rs)	Actual Claim/ Expected Claim (%)
2011	41	3,575,562	8,191,451	44
2012	31	3,848,552	10,868,957	35
2013	39	4,709,953	12,334,995	38
2014	29	4,784,529	15,479,908	31
2015	34	10,795,677	19,588,505	55
2016	38	4,625,979	23,432,984	20
2017	41	12,770,307	10,308,235	124
2018	40	6,600,452	10,060,485	66
2019	30	5,965,709	7,525,000	79
2020	42	8,307,955	6,500,000	128
2021	53	12,995,233	7,300,000	178
2022	47	5,077,281	6,000,000	85
Overall	465	84,057,189	137,590,520	61

The LABS has factored the impact of contract holders behaviour into the assumptions used to measure these liabilities associated with long term insurance contracts.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022 (Continued)

3 MANAGEMENT OF INSURANCE RISK (CONTINUED)

Long term insurance contracts (continued)

(a) Frequency and severity of claims (continued)

Claim Frequency & Reinsurance Recoveries

The table below shows the number of death/morbidity claims and reinsurance recoveries.

	2022	2021
No of death/morbidity claims		
Individual Life	40	49
Group	7	4

	2022	2021
Reinsurance recoveries	Rs'000	Rs'000
Individual Life	15,573	5,750

In relation to the portfolio at risk, the incidence of death/morbidity claims has been stable, as evidenced by the actuarial assumptions used for the year end valuation.

(b) Sources of uncertainty in the estimation of future benefit payments and premium receipts

Uncertainty in the estimation of future benefit payments and premium receipts for long-term insurance contracts arises from the unpredictability of long-term changes in overall levels of mortality and the variability in contract holder behaviour.

The LABS uses appropriate base tables of South African mortality tables (SA 85/90). An investigation into the actual experience of the LABS over the last three years is carried out, and statistical methods are used to adjust the crude mortality rates to produce a best estimate of expected mortality for the future.

Where data is sufficient to be statistically credible, the statistics generated by the data are used without reference to an industry table. Where this is not the case, the best estimate of future mortality is based on standard industry tables adjusted for the LABS's overall experience.

For contracts that insure survival, an adjustment is made for future mortality improvements based on trends identified in the data and in the continuous mortality investigations performed by independent actuarial bodies. The impact of any historical evidence of selective termination behaviour will be reflected in this experience. The LABS maintains voluntary termination statistics to investigate the deviation of actual termination experience against assumptions. The LABS Actuaries use statistical methods to determine appropriate termination rates. An allowance is then made for any trends in the data to arrive at a best estimate of future termination rates.

The LABS currently monitors default premiums by sending default reminder notices to clients requesting for payment of unpaid premium. Besides policyholders are also given the option to revive their policies for which certain conditions have to be met according to the revival policies and guidelines. Pricing of all new products is determined by the actuary after thorough consideration of the mortality tables as per actuarial guides. Process used to decide on assumptions.

(c) Process used to decide on assumptions

Assumptions used to work out future liabilities under long-term insurance contracts are estimated by the LABS and its actuaries. Firstly, best estimate assumptions are worked out based on past experience and expectations of future developments. These are then adjusted with prescribed margins, as per the FSC solvency rules and actuarial guidance notes.

• Mortality

Estimates are made as to the expected number of deaths for each of the years in which the LABS is exposed to risk. These estimates are based on South African mortality tables (SA 85/90) (in the absence of local ones), adjusted where appropriate (e.g. for AIDS) to reflect the local experience. For contracts that insure the risk of longevity, prudent allowance is made for expected mortality improvements. Prescribed and additional margins are built into these estimates to allow for future uncertainty.

• Morbidity

Given the low financial significance of morbidity on the LABS and its predictability, morbidity tables are not used to model morbidity claims. A simpler approach used by the actuaries is to compare morbidity premiums against morbidity claims and work out any inadequacy in the premiums charged. For the last three years, this exercise has shown that the premiums are enough to cover expected claims. Any major change to morbidity experience in the industry will however be modelled differently.

Morbidity risk is managed by ensuring proper underwriting and ensuring that proper reinsurance treaties are in place that limit risk to what is acceptable according to the LABS's Risk Appetite Statement.

• Expenses

Expenses are estimated on a going concern basis. Per policy, expenses are split between acquisition and renewal expenses. Expenses incurred for the benefit of policies to be sold in the future are amortised over the relevant future period. Provision is made for the impact of future business volumes and inflation on expenses. The risk of expense overruns is managed by proper budgeting process, constant monitoring of expenses against budget throughout the year and by ensuring sufficient volumes are sold and/or acquired to support the expense base.

3 MANAGEMENT OF INSURANCE RISK (CONTINUED)

Long term insurance contracts (continued)

(c) Process used to decide on assumptions (continued)

• Investment Income

Future investment return is estimated for each asset class and split between income return and capital gains. The starting point for this estimate is the risk free rate of return (government bonds) reflecting expectations of future economic and financial developments. The risk premium corresponding to the different asset types is then added based on the various risk profiles, asset term, capital growth and comparable yielding investments.

• Inflation

Investment income and inflation assumption are inter-twined. The gap between risk free returns and inflation over the last 20 years is worked out and projected into the future.

• Persistency

Policy lapses/surrenders are estimated from historical LABS and industry available data. These are adjusted to reflect changes in the legal, tax and business environment (e.g. removal of tax incentives or inability to surrender pension plans). Uncertainty in the estimation of future benefit payments and premium receipts for long-term insurance contracts arises from the unpredictability of long-term changes in overall levels of mortality and the variability in contract holder behaviour. The LABS uses South African mortality base tables (SA85/90) according to the type of contract being written. An investigation into the actual experience of the LABS is carried out, and the LABS's actuary use statistical methods to compare the fit of the mortality tables with the actual claims experience. Adjustments to the selected standard mortality table are then worked out to optimise the fit of the mortality model.

• Uncertainty in premium income

The LABS's actuary builds in provision for non-receipts of future premiums (arising from deaths, withdrawals, surrenders, defaults, etc.) due in his valuation basis. Future premiums on business in force as at the valuation date are modelled by projecting the probability adjusted cashflows to the valuation date. This basis is used to determine the position of the life fund every year. Further, cost of all new products is determined by the actuary after thorough consideration of the key assumptions.

• Uncertainty in payment of benefits

Uncertainty in benefit paym-nts arises from changes in underlying mortality trends (eg mortality improvement, increasing life expectancies) and the economic environment. The actuary builds in margins in his valuation assumptions that reflect mortality improvements/deterioration, as warranted by the particular policy being valued. For example, for endowment plans, higher deaths than expected will be a source of uncertainty in benefit payouts while for annuities; uncertainty arises from higher life expectancy. Bonus rates are used to reduce uncertainty in payouts due to changes in the economic environment. Bonus rates are not guaranteed and are reviewed in line with current and future market prospects.

(d) Sensitivity analysis

At 31 December 2022, the actuarial liability in respect of the life business issued by the LABS amounted to **Rs 1,051,183,000** (2021 – 1,140,336,000) as assessed by the LABS's actuary. The following table presents the sensitivity of the value of insurance liabilities to movements in the assumptions used in the estimation of insurance liabilities.

Assumptions	Change in Variable	**Change in liability**	Change in liability
		2022	2021
		Rs'000	Rs'000
Worsening of mortality	+ 5% p.a.	(1,060)	1,322
Drop on Return on investment	- 2% p.a.	135,311	169,658
Worsening of renewal expense rate	+ 10% p.a.	9,012	12,480
Worsening of lapse rate	+ 10% p.a.	(10,982)	(15,400)

The LABS's activities expose it to a variety of financial risks, including the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. The LABS's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the LABS.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022 (Continued)

4 REVENUE FROM CONTRACTS WITH CUSTOMERS

	GROUP		COMPANY	
	2022 Rs'000	2021 Rs'000	2022 Rs'000	2021 Rs'000
Sale of services	4,636,209	4,298,988	2,727	931
Sale of goods	736,817	508,516	-	-
	5,373,026	4,807,504	2,727	931
Timing of revenue recognition				
At a point in time	855,157	713,617	-	-
Over time	4,517,869	4,093,887	2,727	931
	5,373,026	4,807,504	2,727	931

5 OTHER OPERATING INCOME – NET

	GROUP		COMPANY	
	2022 Rs'000	2021 Rs'000	2022 Rs'000	2021 Rs'000
(i) Other operating income and expenses:				
Other operating income				
Dividend income	17,328	12,872	489,936	445,405
Management fee income	3,018	1,515	44,357	40,115
Other fee income	5,227	5,881	21,090	17,880
Green loan investment grant	12,639	-	-	-
Net foreign exchange gain – non-financing activities	2,243	219	-	-
Others	23,158	35,926	351	148
	63,613	56,413	555,734	503,548
Other operating expenses:				
Management fee expense	(2,539)	(6,630)	(3,913)	(9,351)
Other fee expenses	(4,604)	(7,697)	(5,794)	(1,868)
	(7,143)	(14,327)	(9,707)	(11,219)
Other operating income/(expenses)- net	56,470	42,086	546,027	492,329
(ii) Other gains:				
Profit on disposal of property, plant and equipment	106,941	8,040	-	637
Profit on disposal of subsidiaries	-	-	43,751	-
Profit on disposal of financial assets through OCI*	8,004	-	8,004	-
	114,945	8,040	51,755	637
(iii) Life assurance business:				
Income	140,713	260,803	-	-
Expenses	(249,761)	(270,162)	-	-
Transfer from life assurance fund (Note 23)	109,048	9,359	-	-
	-	-	-	-

*This profit relate to a debt instrument.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022 (Continued)

5 OTHER OPERATING INCOME – NET (CONTINUED)

Profit on disposal of property, plant and equipment relate mostly to the disposal of technical equipment of Emtel Ltd. Following the launch of 5G technology in July 2022, Emtel Ltd has modernised its equipment by disposing of its obsolete assets to a third party.

'Others' relate mostly to deposits forfeited.

The net income and expenses of the life assurance business is accounted under other income above and the surplus or deficit is recognised under Life Assurance Funds (Note 23).

6 OPERATING PROFIT

	GROUP		COMPANY	
	2022 Rs'000	2021 Rs'000	2022 Rs'000	2021 Rs'000
The following items have been charged/(credited) in arriving at operating profit:				
Profit on disposal of property, plant and equipment (Note 5)	(106,941)	(8,040)	-	(637)
Depreciation on property, plant and equipment (Note 10)	767,596	776,780	12,391	17,449
Depreciation on right of use assets (Note 13(i))	171,867	185,829	5,688	5,855
Cost of inventories expensed	593,616	483,482	-	-
Staff costs (Note 7)	957,477	872,396	165,173	133,731
Fees paid to auditors:				
- audit services	8,747	7,789	1,313	1,340
- tax and advisory services	1,925	3,382	1,305	1,286
Amortisation of intangible assets (Note 12)	57,243	55,604	1,693	3,882
Impairment charge of receivables (Note 18)	1,267	16,088	-	-
Repairs and maintenance costs	125,419	116,039	8,233	7,296
Network operational expenses	597,226	622,915	-	-
Channels and broadcasting costs	937,466	941,222	-	-
Advertising and promotion	91,855	63,996	-	-
Commission to dealers	69,221	68,593	-	-
Inbound direct costs	57,666	5,204	-	-
Business support services	77,768	75,088	-	-
Outsourced calls	16,789	21,008	-	-
Solidarity tax levy on turnover (Note 9)	32,184	26,975	-	-
Write offs of property, plant and equipment (Note 10)	6,500	13,346	-	-
Donations	8,232	415	8,177	415
Direct expenses arising from rental properties	28,222	21,397	4,062	3,650
Write off of project costs	7,992	9,596	-	-

7 STAFF COSTS

	GROUP		COMPANY	
	2022 Rs'000	2021 Rs'000	2022 Rs'000	2021 Rs'000
Wages and salaries	642,900	564,439	77,387	74,904
Social security costs	33,283	33,969	5,594	5,269
Pensions cost – defined benefit plans (Note 25)	57,320	57,531	26,885	24,173
Other short term benefits	223,974	216,457	55,307	29,385
	957,477	872,396	165,173	133,731
	Number	Number	Number	Number
Number of full time employees at year end	1,114	983	77	71

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022 (Continued)

8 FINANCE COSTS – NET

	GROUP		COMPANY	
	2022 Rs'000	2021 Rs'000	**2022 Rs'000**	2021 Rs'000
Finance costs:				
Interest expense on:				
Bank overdrafts	**4,058**	12,826	**621**	6,358
Bank borrowings	**184,501**	186,809	**54,922**	98,674
Bonds	**191,999**	122,259	**92,849**	23,839
Loans from subsidiaries (Note 33)	**-**	-	**3,542**	4,187
Loans from related parties (Note 33)	**16,310**	15,710	**16,424**	14,046
Shareholder's loan (Note 33)	**-**	32	**-**	-
Loan from directors (Note 33)	**2,901**	805	**217**	805
Import loans	**4,806**	4,229	**-**	-
Amortisation of bond issue transaction costs	**3,224**	3,822	**1,183**	347
Interest on lease liabilities from:				
Subsidiaries (Note 33)	**-**	-	**550**	633
Related parties (Note 33)	**2,170**	2,655	**1,504**	1,731
Third parties	**57,586**	56,018	**406**	771
Unwinding of asset retirement obiligations (Note 26)	**1,207**	4,901	**-**	-
Foreign exchange loss arising on financing activities	**13,883**	20,396	**224**	-
Others	**16,185**	6,195	**1,075**	674
	498,830	436,657	**173,517**	152,065
Finance income:				
Interest income on:				
Short term bank deposits	**(372)**	(67)	**-**	-
Loans to shareholders (Note 33)	**(15,750)**	(16,095)	**(15,750)**	(16,095)
Loans to subsidiaries (Note 33)	**-**	-	**(6,217)**	(20,874)
Loans to related parties (Note 33)	**(1,365)**	(304)	**(1,325)**	(264)
Others	**(500)**	(680)	**-**	-
Foreign exchange gain arising on financing activities	**(25,264)**	(4,646)	**(11)**	(778)
	(43,251)	(21,792)	**(23,303)**	(38,011)
Finance costs – net	**455,579**	414,865	**150,214**	114,054

9 INCOME TAX EXPENSE

The Group is liable to income tax on its profits, as adjusted for income tax purposes at the average tax rate of **17%** (2021 – 17%), of which 2% relates to Corporate Social Responsibility Fund. At 31 December 2022, the Group and Company had accumulated tax losses of **Rs 703,158,000** (2021 – Rs 818,934,000) and **Rs 527,401,000** (2021 – Rs 605,817,000) respectively.

Solidarity levy is calculated at the rate of 5 per cent of the "book profit" of Emtel Ltd and 1.5 per cent of its turnover and is payable in the following year.

	GROUP		COMPANY	
	2022 Rs'000	2021 Rs'000	**2022 Rs'000**	2021 Rs'000
Charge for the year				
Based on the profit for the year, as adjusted for tax purposes	**86,405**	83,750	**-**	-
Under/(over) provision in previous year	**293**	4,950	**-**	-
Solidarity levy	**32,184**	25,482	**-**	-
Corporate Social Responsibility	**16,945**	-	**-**	-
Deferred income tax charge (Note 19)	**(2,333)**	22,623	**-**	-
	133,494	136,805	**-**	-

9 INCOME TAX EXPENSE (CONTINUED)

A reconciliation between the actual income tax charge and the theoretical amount that would arise using the applicable income tax rate for the Group and Company follows:

	GROUP		COMPANY	
	2022 Rs'000	2021 Rs'000	**2022 Rs'000**	2021 Rs'000
Profit before taxation	**473,070**	45,770	**159,257**	153,135
Tax calculated at 17% including CSR	**80,421**	62,912	**27,074**	26,033
Impact of:				
Dividend income	**-**	-	**(83,289)**	(75,719)
Other exempt income	**(13,833)**	(27,697)	**(13,833)**	(11,484)
Non-allowable expenses	**13,814**	66,050	**48,420**	42,067
Share of profits of associates	**(15,973)**	(10,164)	**-**	-
Unrecognised deferred tax written off during the year	**13,764**	15,717	**13,764**	15,717
Deferred income tax not provided in current year	**18,170**	3,849	**7,864**	3,386
Deemed foreign tax credit applicable to certain subsidiaries	**(2,443)**	(1,435)	**-**	-
Solidarity levy	**32,184**	26,975	**-**	-
Other permanent differences	**7,390**	598	**-**	-
Actual income tax charge	**133,494**	136,805	**-**	-

(a) i) Current income tax liability

	2022 Rs'000	2021 Rs'000
At 01 January	**43,999**	77,948
Transfer to current tax asset	**-**	735
Charge for the year	**134,067**	109,232
Adjustment prior year	**275**	4,987
Paid during the year	**(98,167)**	(148,915)
Exchange difference	**(3)**	12
At 31 December	**80,171**	43,999

ii) Current income tax asset

	2022 Rs'000	2021 Rs'000
At 01 January	**(81,117)**	(89,797)
Transfer from current tax liability	**-**	(735)
Underprovision/Overprovision	**16**	-
Acquisition through entities under common control	**(2,179)**	-
Charge for the year	**919**	-
Paid during the year	**(363)**	-
Refund received during the year	**72**	9,415
At 31 December	**(82,652)**	(81,117)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022 (Continued)

9 INCOME TAX EXPENSE (CONTINUED)

(b) Expiry dates of tax losses

The tax losses are available for set off against future taxable profits as follows:

	GROUP		COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
Up to financial year ending				
31 December 2022	**-**	253,307	**-**	201,816
31 December 2023	**144,322**	144,322	**100,972**	100,972
31 December 2024	**142,531**	142,531	**123,355**	123,355
31 December 2025	**61,690**	61,690	**(5,711)**	(5,711)
31 December 2026	**174,593**	208,824	**151,154**	185,385
31 December 2027	**48,920**	8,260	**40,660**	-
31 December 2028	**131,102**	-	**116,971**	-
	703,158	818,934	**527,401**	605,817

(c) Tax on other comprehensive income

	Before tax	Tax credit	After tax
Group – 2022	**Rs'000**	**Rs'000**	**Rs'000**
Fair value loss on financial assets at fair value through other comprehensive income	**(111,097)**		**(111,097)**
Revaluation of property, plant and equipment	**135,786**	**-**	**135,786**
Remeasurement of post employment benefits	**67,776**	**(4,340)**	**63,436**
Currency translation differences	**13,124**	-	**13,124**
Group share on revaluation of property, plant and equipment in associates	**(2,825)**	-	**(2,825)**
Other comprehensive income	**102,764**	**(4,340)**	**98,424**
Current tax		**-**	
Deferred tax (Note 19(ii))		**(4,340)**	
		(4,340)	
Group – 2021			
Fair value gain on financial assets at fair value through other comprehensive income	330,397	-	330,397
Revaluation of property, plant and equipment	281,694	(8,956)	272,738
Remeasurement of post employment benefits	140,667	(4,520)	136,147
Currency translation differences	68,999	-	68,999
Group share on revaluation of property, plant and equipment in associates	2,279	-	2,279
Other comprehensive income	824,036	(13,476)	810,560
Current tax		-	
Deferred tax (Note 19(ii))		(13,476)	
		(13,476)	

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022 (Continued)

9 INCOME TAX EXPENSE (CONTINUED)

The Company had a disagreement with the Mauritius Revenue Authority (MRA) as regards whether the concessionary tax rate of 15% continued to apply to the Company in the years 2005 and 2006 (instead of 25% and 22.5% respectively as was then applicable), the Company paid the total amount claimed by the MRA of Rs 80.4 million (tax assessment of Rs 47.8 million plus penalties and interest of Rs 32.6 million). After objecting to the MRA's assessments, the Company then lodged representations before the ARC. In November 2013, the ARC dismissed Emtel's representations. The Company appealed to the Supreme Court against the ARC's determination. On 20th January 2023, the Supreme Court delivered a judgement dismissing Emtel's application for judicial review. On 7th and 8th February 2023, the Company lodged an application for permission to appeal that judgement to the Judicial Committee of the Privy Council. This amount was disclosed under Financial Assets Held at Amortised Cost during year ended 31 December 2021. Following the Supreme Court judgement on 20th January 2023, which subsequently have an impact on the state of matters during year ended 31 December 2022, the amount has been classified under under Note 9(a)(ii).

10 PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land and buildings	Plant, equipment, and other assets	Motor vehicles	Furniture and fittings	Asset in progress	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At 01 January 2022						
At Cost	-	8,887,122	104,493	434,059	496,475	9,922,149
At valuation	2,559,218	-	-	-	-	2,559,218
	2,559,218	8,887,122	104,493	434,059	496,475	12,481,367
Accumulated depreciation	(214,238)	(6,159,666)	(90,984)	(267,685)	-	(6,732,573)
Net book amount	2,344,980	2,727,456	13,509	166,374	496,475	5,748,794
Year ended 31 December 2022						
Additions	7,761	1,322,535	8	34,672	384,197	1,749,173
Disposals	(17,422)	(201,617)	(21)	(7)	-	(219,067)
Revaluation	135,786	-	-	-	-	135,786
Revaluation recognised in life fund	(16,550)	-	-	-	-	(16,550)
Transfer to inventories	-	-	-	-	(147)	(147)
Transfer to intangible assets (Note 12)	-	-	-	-	(6,678)	(6,678)
Transfer to right of use assets (Note 13)	-	-	258	-	-	258
Reclassification	-	114,674	-	13,381	(128,055)	-
ARO Adjustment	-	(6,492)	-	-	-	(6,492)
Write offs	(2,623)	(1,872)	-	(398)	(1,607)	(6,500)
Charge for the year	(46,238)	(692,361)	(5,991)	(23,006)	-	(767,596)
Closing net book amount	2,405,694	3,262,323	7,763	191,016	744,185	6,610,981
At 31 December 2022						
At cost	-	9,190,805	52,207	424,741	744,185	10,411,938
At valuation	2,524,401	-	-	-	-	2,524,401
	2,524,401	9,190,805	52,207	424,741	744,185	12,936,339
Accumulated depreciation	(118,707)	(5,928,482)	(44,444)	(233,725)	-	(6,325,358)
Net book amount	2,405,694	3,262,323	7,763	191,016	744,185	6,610,981

The revaluation surplus was credited to revaluation reserves.

No property, plant and equipment is pledged as security for borrowings. For security on borrowings, see note 24.

The write offs relate to assets which will not be available for use in the future due to obsolescence and wear and tear.

Asset in progress consists of project cost capitalised relating to technical equipment acquired by Emtel Limited and Emtel Technopolis Ltd, which were not available for use at 31 December 2022.

NOTES TO THE FINANCIAL
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31 December 2022 (Continued)

10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Freehold land and buildings	Plant, equipment, and other assets	Motor vehicles	Furniture and fittings	Asset in progress	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At 01 January 2021						
At Cost	-	7,892,208	102,520	408,896	715,273	9,118,897
At valuation	2,328,665	-	-	-	-	2,328,665
	2,328,665	7,892,208	102,520	408,896	715,273	11,447,562
Accumulated depreciation	(174,893)	(5,463,244)	(84,033)	(233,623)	-	(5,955,793)
Net book amount	2,153,772	2,428,964	18,487	175,273	715,273	5,491,769
Year ended 31 December 2021						
Additions	11,320	569,931	2,927	11,778	505,309	1,101,265
Disposals	-	(1,664)	(254)	(784)	-	(2,702)
Revaluation	281,694	-	-	-	-	281,694
Transfer to inventories	-	-	-	-	(2,171)	(2,171)
Transfer to intangible assets (Note 12)	-	-	-	-	(749)	(749)
Transfer to right of use assets (Note 13)	-	-	(700)	-	-	(700)
Transfers to Asset held for sale (Note 21)	-	-	-	-	(317,460)	(317,460)
Reclassification	(58,369)	446,556	-	13,918	(402,105)	-
ARO Adjustment	-	(12,026)	-	-	-	(12,026)
Write offs	(4,092)	(7,883)	-	251	(1,622)	(13,346)
Charge for the year	(39,345)	(696,422)	(6,951)	(34,062)	-	(776,780)
Closing net book amount	2,344,980	2,727,456	13,509	166,374	496,475	5,748,794
At 31 December 2021						
At cost	-	8,887,122	104,493	434,059	496,475	9,922,149
At valuation	2,559,218	-	-	-	-	2,559,218
	2,559,218	8,887,122	104,493	434,059	496,475	12,481,367
Accumulated depreciation	(214,238)	(6,159,666)	(90,984)	(267,685)	-	(6,732,573)
Net book amount	2,344,980	2,727,456	13,509	166,374	496,475	5,748,794

The revaluation surplus was credited to revaluation reserves.

No property, plant and equipment is pledged as security for borrowings. For security on borrowings, see note 24.

The write offs relate to assets which will not be available for use in the future due to obsolescence and wear and tear.

Asset in progress consists of project cost capitalised relating to technical equipment acquired by Emtel Limited and Emtel Technopolis Ltd, which were not available for use at 31 December 2021.

NOTES TO THE FINANCIAL
STATEMENTS

31 December 2022 (Continued)

10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Freehold land and buildings	Plant, equipment, and other assets	Motor vehicles	Furniture and fittings	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At 01 January 2021					
At Cost	-	81,356	27,663	37,202	146,221
At valuation	8,545	-	-	-	8,545
	8,545	81,356	27,663	37,202	154,766
Accumulated depreciation	(401)	(37,404)	(19,357)	(13,617)	(70,779)
Net book amount	8,144	43,952	8,306	23,585	83,987
Year ended 31 December 2021					
Additions	-	3,872	2,928	134	6,934
Disposals	-	-	(254)	-	(254)
Revaluation	88	-	-	-	88
Reclassification	172	144	-	(316)	-
Charge for the year	-	(11,118)	(3,400)	(2,931)	(17,449)
Closing net book amount	8,404	36,850	7,580	20,472	73,306
At 31 December 2021					
At Cost	-	85,372	30,337	37,020	152,729
At valuation	8,805	-	-	-	8,805
	8,805	85,372	30,337	37,020	161,534
Accumulated depreciation	(401)	(48,522)	(22,757)	(16,548)	(88,228)
Net book amount	8,404	36,850	7,580	20,472	73,306
Year ended 31 December 2022					
Additions	**-**	**2,795**	**-**	**284**	**3,079**
Revaluation	**286**	**-**	**-**	**-**	**286**
Charge for the year	**-**	**(6,292)**	**(3,204)**	**(2,895)**	**(12,391)**
Closing net book amount	**8,690**	**33,353**	**4,376**	**17,861**	**64,280**
At 31 December 2022					
At Cost	**-**	**88,167**	**30,337**	**37,304**	**155,808**
At valuation	**9,091**	**-**	**-**	**-**	**9,091**
	9,091	**88,167**	**30,337**	**37,304**	**164,899**
Accumulated depreciation	**(401)**	**(54,814)**	**(25,961)**	**(19,443)**	**(100,619)**
Net book amount	**8,690**	**33,353**	**4,376**	**17,861**	**64,280**

NOTES TO THE FINANCIAL
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31 December 2022 (Continued)

10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

	GROUP		COMPANY	
	2022 Rs'000	2021 Rs'000	2022 Rs'000	2021 Rs'000
Cost	2,008,127	1,789,390	5,181	5,181
Accumulated depreciation	(237,712)	(190,918)	(400)	(400)
Net book value	1,770,415	1,598,472	4,781	4,781

Fair Values of land and buildings

The Group's land and buildings were revalued, based on fair value model, on 31 December 2022 by independent valuers namely Noor Dilmohamed & Associates and Elevante Property Services (new valuer during the year). They have the appropriate qualifications and recent experience in the valuation of land and buildings in the relevant locations.

Noor Dilmohamed & Associates carried out valuation on market comparison approach. The valuation of land and buildings has been determined using the fair value basis. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its land and buildings into the three levels prescribed under the accounting standards. Elevante carried out valuation based on income approach this year, while valuation on these assets by Noor Dilmohamed & Associates was based market approach last year. The valuation has been prepared in accordance with the RICS Valuation – Global Standards, 2022, which adopts and applies the International Valuation Standards (IVS) published by the International Valuation Standards Council (IVSC). The income approach was deemed more reasonable for these assets as the estimate the future value of a property and the cash flow that the property would generate are more relevant to the business model of the Group.

The revaluation surplus net of applicable deferred income taxes was credited to other comprehensive income and is shown in revaluation reserves' in shareholders' equity.

2022	Significant other observable inputs	
Recurring fair value measurements	GROUP	COMPANY
	Rs'000	Rs'000
Level 2:		
Land	32,330	4,635
Buildings	1,907,753	4,055
Level 3:		
Land	65,611	-
Buildings	400,000	-
	2,405,694	8,690

2021	Significant other observable inputs (Level 2)	
Recurring fair value measurements	GROUP	COMPANY
	Rs'000	Rs'000
Land	105,064	4,349
Buildings	2,239,916	4,055
	2,344,980	8,404

The table below indicates the amount of land and buildings, which have been transferred between levels 2 and 3 and the net movement following valuation:

	Rs'000
Level 2 movement:	
At 1 January 2022	2,344,980
Transfer to level 3	(465,611)
Fair value movement	60,714
At 31 December 2022	**1,940,083**
Level 3 movement:	
Transfer from level 2	**465,611**

NOTES TO THE FINANCIAL
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31 December 2022 (Continued)

10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Level 2 fair values of land and buildings have been derived using the sales comparison approach. Sales prices of comparable land and buildings in close proximity are adjusted for differences in key attributes such as property size. The most significant unobservable input into this valuation approach is price per square meter. Level 3 fair values of land and buildings have been derived using the income approach. The key observable inputs used are:

Discount Rate	**10.75% – 11%**
Terminal Rate	**7.50% – 8%**

The properties sensitivity matrix for the largest properties classified under Level 3 is as follows:

Emtel Arsenal

Rs'000		Yield		
		7.75%	**8.00%**	**8.25%**
	10.75%	142,800	140,600	138,600
Discount rate	**11.00%**	140,500	138,300	136,300
	11.25%	138,100	136,000	134,100

Emtelworld

Rs'000		Yield		
		7.50%	**7.75%**	**8.00%**
	10.50%	260,400	256,200	252,300
Discount rate	**10.75%**	256,100	251,900	248,100
	11.00%	251,800	247,800	244,000

The Price per Square Metre Sensitivity is as follows:

	2022 Rs' 000	2021 Rs' 000
Land		
Impact of an increase of 0.5% in Price per Square Metre	162	23
Impact of a decrease of 0.5% in Price per Square	(162)	(23)
Building		
Impact of an increase of 0.5% in Price per Square Metre	9,538	20
Impact of a decrease of 0.5% in Price per Square	(9,538)	(20)

11 INVESTMENT PROPERTIES

	GROUP		COMPANY	
	2022 Rs'000	2021 Rs'000	2022 Rs'000	2021 Rs'000
At 01 January	2,810,598	2,749,790	242,974	242,557
Additions	280,716	41,117	-	-
Disposals	-	-	(3,800)	-
Fair value gains/(loss) recognised in statement of comprehensive income	163,997	14,397	3,054	417
Fair value gains recognised in the income statement of Life Assurance Business	16,888	12,731	-	-
Write-off of project costs	(7,992)	(7,438)	-	-
At 31 December	3,264,207	2,810,597	242,228	242,974

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022 (Continued)

11 INVESTMENT PROPERTIES (CONTINUED)

The Group's land and buildings were revalued, based on fair value model, on 31 December 2022 by independent valuers namely Noor Dilmohamed & Associates and Elevante Property Services (new during the year). They have the appropriate qualifications and recent experience in the valuation of land and buildings in the relevant locations.

Noor Dilmohamed & Associates carried out valuation on market comparison approach. The valuation of land and buildings has been determined using the fair value basis. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its land and buildings into the three levels prescribed under the accounting standards. Elevante carried out valuation based on income approach this year compared to market approach last year. The valuation has been prepared in accordance with the RICS Valuation – Global Standards, 2022, which adopts and applies the International Valuation Standards (IVS) published by the International Valuation Standards Council (IVSC). This change in valuation is attributed to the fact that this is a more appropriate approach for income generating assets based on industry conditions prevailing during the current year. Therefore, the valuation of some of the buildings moved from level 2 to level 3, as indicated by the table as follows:

	Rs'000
Level 2 movement:	
At 1 January 2022	2,810,597
Transfer to level 3	(961,247)
Fair value movement	453,610
At 31 December 2022	**2,302,960**
Level 3 movement:	
Transfer from level 2	**961,247**

	Significant other observable inputs			
Recurring fair value measurements	GROUP		COMPANY	
	2022 Rs'000	2021 Rs'000	**2022 Rs'000**	2021 Rs'000
Level 2:				
Land	**2,165,241**	2,187,932	**161,394**	162,140
Buildings	**137,719**	622,665	**80,834**	80,834
Level 3:				
Buildings	**961,247**	-	**-**	-
	3,264,207	2,810,597	**242,228**	242,974

The Price Per Square Metre Sensitivity is as follows:

Group:	**2022 Rs' 000**	2021 Rs' 000
Land		
Impact of an increase of 0.5% in Price per Square Metre	**10,826**	10,940
Impact of a decrease of 0.5% in Price per Square	**(10,826)**	(10,940)
Building		
Impact of an increase of 0.5% in Price per Square Metre	**688**	3,113
Impact of a decrease of 0.5% in Price per Square	**(688)**	(3,113)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022 (Continued)

11 INVESTMENT PROPERTIES (CONTINUED)

The Price Per Square Metre Sensitivity is as follows:

Company:	**2022 Rs' 000**	2021 Rs' 000
Land		
Impact of an increase of 0.5% in Price per Square Metre	**806.97**	810.70
Impact of a decrease of 0.5% in Price per Square	**(806.97)**	(810.70)
Building		
Impact of an increase of 0.5% in Price per Square Metre	**404.17**	404.17
Impact of a decrease of 0.5% in Price per Square	**(404.17)**	(404.17)

Level 2 fair values of land and buildings have been derived from observable sales prices of comparable land and buildings in close proximity and are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square meter.

Level 3 fair values of buildings have been derived using the income approach based on the forecast rental income per the existing agreements with the tenants of the relevant properties. The unobservable inputs and their quatitative information used in the fair value measurements are as follows:

	2022
Discount rate	**10.50% – 11.75%**
Exit yield	**7.50% – 8.75%**

The properties sensitivity matrix for the largest properties is as follows:

Phoenix Central

Rs'000		Yield		
		8.25%	**8.50%**	**8.75%**
Discount rate	**11.25%**	648,200	638,000	628,500
	11.50%	636,600	626,700	617,400
	11.75%	625,400	615,700	606,600

Les Arcades Currimjee

Rs'000		Yield		
		8.00%	**8.25%**	**8.50%**
Discount rate	**11.00%**	388,400	382,300	376,600
	11.25%	381,700	375,800	370,200
	11.50%	375,200	369,400	363,900

Investment properties value as at 31 December 2022 included project costs incurred by a Plaisance Aeroville Ltd, a subsidiary, in prior years amounting to Rs 76,734,347, which were for the real estate development project. Due to delays in the start of the project, the project costs capitalised were reviewed at the end of the current financial year and capitalised costs of **Rs 7,992,219** (2021 – Rs 9,595,645) was written off for the year ended 31 December 2022. As at 31 December 2022, the full amount of the project costs has been written off.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022 (Continued)

11 INVESTMENT PROPERTIES (CONTINUED)

Rental income and operating expenses from investment properties were as follows:	GROUP		COMPANY	
	2022 Rs'000	2021 Rs'000	2022 Rs'000	2021 Rs'000
Rental income	107,679	78,952	11,162	10,968
Direct operating expenses arising from investment properties that generated rental income	28,222	21,397	4,062	3,650
Direct operating expenses from investment properties that did not generate rental income	1,352	7,161	-	-

No investment property is pledged as security for borrowings. For security on borrowings, see note 24.

12 INTANGIBLE ASSETS

	Patent rights and licences	Computer software	Indefeasible rights of use	Total
Group	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
Cost:				
At 1 January 2021	79,971	115,100	654,930	850,001
Additions	34,042	4,826	-	38,868
Disposal	-	(2,551)	-	(2,551)
Transfer from property, plant and equipment	-	749	-	749
Write offs	-	(4,831)	-	(4,831)
At 31 December 2021	114,013	113,293	654,930	882,236
Additions	**2,124**	**13,349**	**-**	**15,473**
Transfer from property, plant and equipment	-	**6,678**	**-**	**6,678**
Write offs	-	**(13)**	**-**	**(13)**
Adjustment	-	**(453)**	**-**	**(453)**
At 31 December 2022	**116,137**	**132,854**	**654,930**	**903,921**
Amortisation:				
At 1 January 2021	56,624	95,204	355,115	506,943
Amortisation for the year	6,638	10,141	38,825	55,604
Disposal	-	(2,551)	-	(2,551)
Write offs	-	(4,831)	-	(4,831)
Adjustment	-	(233)	-	(233)
At 31 December 2021	**63,262**	**97,730**	**393,940**	**554,932**
Amortisation for the year	**8,313**	**10,105**	**38,825**	**57,243**
Write offs	-	**(13)**	**-**	**(13)**
Adjustment	-	**(453)**	**-**	**(453)**
At 31 December 2022	**71,575**	**107,369**	**432,765**	**611,709**
Net book value:				
At 31 December 2022	**44,562**	**25,485**	**222,165**	**292,212**
At 31 December 2021	50,751	15,563	260,990	327,304

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022 (Continued)

12 INTANGIBLE ASSETS (CONTINUED)

Since no indicator of impairment has been identified during the year, an impairment assessment was not required.

Company	**Rs'000**
Cost:	
At 01 January 2021	29,522
Additions	1,643
At 31 December 2021	31,165
Additions	**174**
At 31 December 2022	**31,339**
Accumulated amortisation:	
At 01 January 2021	23,536
Amortisation for the year	3,882
At 31 December 2021	27,418
Amortisation for the year	**1,693**
At 31 December 2022	**29,111**
Net book value:	
At 31 December 2022	**2,228**
At 31 December 2021	3,747

The amortisation charge for the year is included in profit or loss within the 'administrative expenses' line.

13 LEASES

This note provide information where the Group and the Company are lessees.

(i) Right of use assets

	GROUP		COMPANY	
	2022 Rs'000	2021 Rs'000	2022 Rs'000	2021 Rs'000
At 01 January	1,154,803	1,076,447	31,892	38,335
Additions	112,810	291,734	-	-
Transfer (to)/from property, plant and equipment	(258)	700	-	-
Depreciation charge	(171,867)	(185,829)	(5,688)	(5,855)
Derecognition	(11,380)	(28,249)	-	(588)
At 31 December	1,084,108	1,154,803	26,204	31,892

	GROUP		COMPANY	
	2022 Rs'000	2021 Rs'000	2022 Rs'000	2021 Rs'000
Right of use assets split by asset category:				
Land	361,041	850,190	-	-
Building	703,542	287,590	26,204	31,892
Motor vehicle	19,525	17,023	-	-
	1,084,108	1,154,803	26,204	31,892

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022 (Continued)

13 LEASES (CONTINUED)

(i) Right of use assets (continued)

	GROUP		COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
Depreciation charge split by asset category:				
Land	**744**	744	**-**	-
Building	**165,439**	180,073	**5,688**	5,855
Motor vehicle	**5,684**	5,012	**-**	-
	171,867	185,829	**5,688**	5,855

(ii) Costs associated to lease

Costs associated to lease

The costs associated to lease consist of expenses incurred by a subsidiary, (IKO (Mauritius) Hotel Limited), to comply with Article 21 of the Industrial Site Lease Agreement with respect to relocation of National Coast Guard, construction of public access road, re-routing of existing services and upgrading of public beach. The costs incurred are amortised with effect from the date of handing over to the relevant authorities over the remaining life of the lease.

Prepaid operating lease

In 2004, a subsidiary (Emtel Ltd), entered into a land lease agreement with Business Parks of Mauritius Ltd for the lease of 2 acres of land at Ebene CyberCity for a period of 30 years, renewable at the lessee's option for two further consecutive periods of 30 years.

In 2010, a subsidiary (Le Chaland Hotel Limited), deposited Rs 25 million as contribution to the Tourism Fund in connection with the Group's hotel project at La Cambuse. During the year ended 31 December 2015, the Company deposited an additional Rs 23,690,060 to the Tourism Fund, as required by the revised State Land Act. The contribution acts as an up-front payment to the revised land lease agreement dated June 2015, starting as from January 2015. In previous years, the lease rental was being amortised based on the draft lease agreement dated 2010. Upon signature of the revised lease agreement in June 2015, the previous amortisation reserve has been written back and amortisation is being recorded as from January 2015, over a period of 60 years to 2074.

(iii) Lease Liabilities

	GROUP		COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 01 January	**1,091,234**	978,495	**43,920**	53,562
Additions	**96,852**	253,885	**-**	3,000
Derecognition	**(8,436)**	(29,535)	**-**	(715)
Interest expense	**59,756**	58,673	**2,460**	3,135
Payments	**(209,597)**	(170,284)	**(11,629)**	(15,062)
At 31 December	**1,029,809**	1,091,234	**34,751**	43,920
Current	**164,741**	165,430	**8,290**	9,162
Non-current	**865,068**	925,804	**26,461**	34,758
At 31 December	**1,029,809**	1,091,234	**34,751**	43,920

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022 (Continued)

13 LEASES (CONTINUED)

(iii) Lease Liabilities

	GROUP		COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
The statement of comprehensive shows the following amount relating to leases:				
Depreciation charge of right of use assets	**171,867**	185,829	**5,688**	5,855
Interest expense (included in finance costs)	**59,756**	58,673	**2,460**	3,135
Expenses relating to leases of low value assets that are not shown as short term leases accounted in administrative expenses	**502**	3,370	**502**	232
Expense relating to variable lease payments not included in lease liabilities	**3,069**	23 ,293	**-**	-

The total cash outflow for the year ended 31 December 2022 for the Group and Company leases amount to **Rs 209,597,000** and **Rs 11,629,000** respectively (2021 – Rs 170,284,000 and Rs 15,062,000 respectively).

14 INVESTMENTS IN SUBSIDIARIES

	2022	2021
	Rs'000	Rs'000
Company		
Cost:		
At 01 January	**5,744,112**	5,031,638
Additional equity injections into existing subsidiaries	**329,384**	642,474
Subordinated loan given to subsidiary	**-**	70,000
Disposals	**(83,609)**	-
At 31 December	**5,989,887**	5,744,112
Impairment charge/(write backs)		
At 01 January	**436,787**	349,666
Charge for the year	**-**	119,821
Write back for the year	**-**	(32,700)
At 31 December	**436,787**	436,787
Net book amount:		
At 31 December	**5,553,100**	5,307,325

As at 31 December 2022, the directors have reviewed the carrying amounts of investments in subsidiaries that have an impairment indicator. A range of methods including income approach, net assets value and market value have been used and the valuation method for each entity has been determined based on the nature and operations of the specific entity. An impairment loss is recognised for the amount by which the investments' carrying amount exceeds the fair value derived from the valuation method.

The only Company with an impairment indicator as at 31 December 2022 as per IAS 36 was Silver Wings Travel Ltd. The discounted cashflow method was used as part of the income approach to assess the recoverable amount at year end. The future cashflow was discounted using the weighted average cost of capital.

A subordinated loan of Rs 70M given by the holding Company during the year ended 31 December 2021, which represents the current investment. As at 31 December 2022, the recoverable amount was estimated to be Rs128M and this was based on a discounted cashflow method based on a forecast of five years, a growth rate of 3% and applying a discount rate of 16.19%. Based on this valuation, the directors concluded no impairment for the year ended 31 December 2022.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022 (Continued)

14 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Below are the results of the valuation exercise for Silver Wings Travel Ltd:

	Fair Value	Valuation Technique	Unobservable inputs	Range of inputs
31 December 2022				
Silver Wings Travel Ltd	101,700	Discounted cashflow	Weighted average cost of capital	16.19%

Sensitivity analysis

	Rs' 000
Weighted average cost of capital- +0.5% point rate	**(5,744)**
Weighted average cost of capital- -0.5% point rate	**6,179**
Impact of an increase 0.5% in the growth rate	**4,592**
Impact of a decrease 0.5% in the growth rate	**(4,256)**

Details of the Group's direct subsidiary companies, which principal place of business and incorporation is Mauritius, are:

Name	Description of shares held	% holding 2022	% holding 2021	Principal activity
L'Avenir Precinct Ltd	Ordinary	**100**	-	Real estate activities with rental of own or leased property
Batimex Ltd	Ordinary	**100**	100	Trading in building materials and sanitary products
CH Management Ltd	Ordinary	**100**	100	Professional and Management Consultancy Services
CJ Investments Ltd	Ordinary	**100**	100	Dormant
Compagnie Immobilière Limitée	Ordinary	**89.53**	66.81	Renting of property
Currimjee Informatics Limited	Ordinary	**100**	100	Supply and installation of computer hardware and software
Currimjee Real Estate Ltd	Ordinary	**100**	100	Property development and management
Emtel Limited	Ordinary	**75**	75	Cellular phone operator
E-Skills Ltd	Ordinary	**100**	100	Provider of HRD services
Facilicare Ltd	Ordinary	**100**	100	Web portals (E-Commerce, on line sale, marketing, via mail or internet)
Island Life Assurance Co. Ltd	Ordinary	**100**	100	Long term insurance business
IKO (Mauritius) Resort Village Ltd	Ordinary	**100**	100	Land promoter and developer
Lux Appliances Ltd	Ordinary	**100**	100	Sale of vacuum cleaner
Mauritius Properties Ltd	Ordinary	**100**	100	Dormant
Multi Channel Retail Limited*	Ordinary	**-**	100	Property development and management
Plaisance Aeroville Hotel Limited	Ordinary	**100**	100	Own and operate a hotel and all related facilities
Plaisance Aeroville Ltd	Ordinary	**100**	100	Land promoter and developer
Screenage Limited	Ordinary	**80**	80	Technology driven solutions and advisory services.
Seejay Cellular Limited	Ordinary	**100**	100	Investment holding
Silver Wings Travels Ltd	Ordinary	**100**	100	Travel agent and tour operator
Zac Investments Ltd	Ordinary	**50**	50	Investment in properties

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022 (Continued)

14 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The Group, indirectly, holds investments in the following subsidiaries:

Name	Principal place of business	Description of shares held	Effective % Holding 2022	Effective % Holding 2021	Principal activity
Eight IKO Villas Ltd	Mauritius	Ordinary	**100**	100	Land promoter and developer
Emtel MFS Co Ltd	Mauritius	Ordinary	**75**	75	Mobile financial services
Emtel Technopolis Ltd	Mauritius	Ordinary	**75**	75	Land and infrastructure for satellite farming project
Em Vision Ltd	Mauritius	Ordinary	**67.5**	67.5	Investment holding
Island Investment Properties Limited	Mauritius	Ordinary	**100**	100	Investment in properties
IKO (Mauritius) Hotel Limited	Mauritius	Ordinary	**100**	100	To own and operate a hotel
IKO (Mauritius) Property Development Limited	Mauritius	Ordinary	**100**	100	Development of building projects for sale
MC Vision Ltd	Mauritius	Ordinary	**35.73**	35.73	Operator of Pay TV broadcasting
Multi Channel Retail Limited*	Mauritius	Ordinary	**100**	-	Property development and management
Multi Contact Ltd	Mauritius	Ordinary	**51.3**	51.3	Call centre and BPO services
Zac Properties Ltd	Mauritius	Ordinary	**50**	50	Investment in properties

All subsidiaries have year-end of 31st of December except for Mauritius Properties Ltd, which is 30th of June.

* Compagnie Immobilière Limitée (CIL) engaged in a major transaction during the year (effective on 01 December 2022), which led to the acquisition of the totality of the issued shares of Multi Channel Retail Limited (MCR). In the books of CIL, investment property value has increased by 354% from Rs 358,650,000 to Rs 1,631,100,000. Currimjee Real Estate Ltd has transferred its shares to CIL. The Directors regard CIL as the holding company and Currimjee Limited as the ultimate holding and controlling party of Multi Channel Retail Limited.

As at 31 December 2022, Compagnie Immobilière Limitée (CIL) holds 100% of Multi Channel Retail Limited representing 67,234,119 ordinary shares.

Summarised financial information on subsidiaries with material non-controlling interests

Summarised statement of financial position as at 31 December 2022 and 2021:

	Emtel Limited		MC Vision Ltd	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
Current				
Assets	**1,212,245**	801,152	**226,560**	160,798
Liabilities	**(2,150,075)**	(1,153,537)	**(393,831)**	(316,985)
Total net current (liabilities)/assets	**(937,830)**	(352,385)	**(167,271)**	(156,187)
Non-Current				
Assets	**5,620,019**	5,137,043	**439,198**	487,698
Liabilities	**(3,265,800)**	(3,400,284)	**(178,434)**	(247,820)
Total non-current net assets	**2,354,219**	1,736,759	**260,764**	239,878
Net Assets	**1,416,389**	1,384,374	**93,493**	83,691
% ownership held by Non-controlling interest at 31 December	**25%**	25%	**64.27%**	64.27%
Non-controlling interest	**354,097**	346,094	**60,088**	53,788

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022 (Continued)

14 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Summarised financial information on subsidiaries with material non-controlling interests (continued)

Summarised income statement for the year ended 31 December 2022 and 2021:

	Emtel Limited		MC Vision Ltd	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
Revenue from contracts with customers	**3,240,350**	3,128,630	**1,247,618**	1,277,689
Profit/(Loss) before income tax	**675,440**	509,310	**(1,235)**	32,250
Income tax expense	**(119,605)**	(128,970)	**(353)**	(5,385)
Post tax profit/(loss) from operations	**555,835**	380,340	**(1,588)**	26,865
Other comprehensive income	**7,984**	278,650	**9,943**	9,448
Total comprehensive income	**563,819**	658,990	**8,355**	36,313
Profit/(Loss) attributable to non-controlling interest	**138,959**	95,085	**(1,021)**	17,266
Total comprehensive income allocated to non-controlling interest	**140,959**	164,747	**5,369**	23,338
Dividend paid to non-controlling interest	**132,951**	129,030	**-**	64,270

Summarised statement of cash flows as at 31 December 2022 and 2021:

	Emtel Limited		MC Vision Ltd	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
Cash flows from operating activities				
Cash generated from operations	**1,683,680**	1,183,064	**300,829**	207,140
Interest paid (net)	**(151,558)**	(140,299)	**(11,374)**	(9,056)
Income tax refund/(paid)	**(87,825)**	(145,394)	**-**	8,170
Contributions made for post-employment benefits	**(16,107)**	(11,014)	**(12,564)**	(4,982)
Net cash generated from operating activities	**1,428,190**	886,357	**276,891**	201,272
Net cash used in investing activities	**(393,474)**	(996,814)	**(114,311)**	(188,346)
Net cash used in financing activities	**(438,938)**	(41,187)	**(99,419)**	(105,016)
Net (decrease)/increase in cash and cash equivalents	**595,778**	(151,644)	**63,161**	(92,090)
Cash and cash equivalents at beginning of year	**30,453**	183,635	**89,041**	191,252
Effect of exchange rate changes	**(4,420)**	(1,538)	**(12,091)**	(10,121)
Cash and cash equivalents at end of year	**621,811**	30,453	**140,111**	89,041

The Group controls MC Vision Ltd by virtue of its shareholders agreement which allows Currimjee Jeewanjee and Company Limited to nominate the chairman of the board who has a casting vote.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022 (Continued)

15 INVESTMENTS IN ASSOCIATES

	2022	2021
	Rs'000	Rs'000
Group		
Equity accounting:		
At 01 January	**428,586**	420,720
Share of profit after tax for the year	**93,959**	59,787
Dividends paid	**(54,450)**	(54,295)
Additions	**-**	95
Exchange difference	**(2,825)**	2,279
At 31 December	**465,270**	428,586
Company		
At 01 January	**41,967**	41,872
Additions	**-**	95
At 31 December	**41,967**	41,967

Set out below are the associates of the Group as at 31 December 2022, which, in the opinion of the directors, are material to the Group. The associates as listed below have share capital consisting solely of ordinary shares which are held directly by the Group;

Nature of investment in associates 2022 and 2021:

Name	Place of business	Description of shares held	Proportion of ownership %	Principal activity
Ceejay Gas Ltd	Mayotte	Ordinary	33.33	Investment holding and trading in liquefied petroleum gas.
Total Mauritius Limited	Mauritius	Ordinary	25	Import and distribution of petroleum products, lubricants and liquefied petroleum gas.
Abana (Mauritius) Ltd	Mauritius	Ordinary	29.33	Online platform for buyers and sellers in the Textile & Apparel sector across Africa

Financial information of the Group's associates, all of which are unquoted, are set out below:

Summarised statement of financial position as at 31 December 2022 and 2021:

	Total (Mauritius) Ltd		Ceejay Gas Ltd	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
Current				
Cash and cash equivalents	**175,470**	171,325	**212,136**	261,930
Other current assets	**1,674,370**	1,100,609	**57,169**	102,253
Total current assets	**1,849,840**	1,056,462	**269,305**	340,836
Financial liabilities excluding trade payables	**465,460**	320,444	**-**	13,418
Other current liabilities including trade payables	**1,696,645**	1,314,906	**177,957**	252,540
Total current liabilities	**2,162,105**	1,493,902	**177,957**	250,055
Non-current				
Assets	**2,066,606**	1,961,400	**612,417**	644,312
Other liabilities	**253,726**	260,309	**454,148**	478,952
Net Assets	**1,500,615**	1,337,675	**249,619**	263,585

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022 (Continued)

15 INVESTMENTS IN ASSOCIATES (CONTINUED)

Summarised statement of comprehensive income for the year ended 31 December 2022 and 2021:

	Total (Mauritius) Ltd		Ceejay Gas Ltd	
	2022	2021	2022	2021
	Rs'000	Rs'000	Rs'000	Rs'000
Revenue from contracts with customers	10,298,488	6,169,668	527,308	510,934
Cost of sales	(9,219,106)	(5,321,155)	(240,466)	(193,138)
Gross profit	1,079,382	848,513	286,842	317,796
Depreciation and amortisation	-	7,914	(72,874)	(75,354)
Other income	14,380	10,928	6,550	23,893
Interest expense	(26,905)	(22,189)	(4,917)	(27,670)
Other expenses	(609,799)	(611,624)	(201,644)	(196,423)
Profit before tax from continuing operations	457,058	233,542	13,957	42,242
Income tax expense	(97,429)	(36,725)	(5,446)	(8,937)
Profit after tax	359,629	196,817	8,511	33,305
Other comprehensive income	-	-	-	-
Total comprehensive income	359,629	196,817	8,511	33,305

Reconciliation of summarised financial information

	Total (Mauritius) Ltd	Ceejay Gas Ltd
	Rs'000	Rs'000
Opening net assets 01.01.21	1,331,219	251,536
Profit for the period	196,817	33,304
Exchange difference	-	6,838
Remeasurement of post employment benefits	(10,993)	-
Dividends	(179,368)	(28,093)
Closing net assets 31.12.21	1,337,675	263,585
Profit for the period	359,629	8,511
Exchange difference	-	(8,560)
Remeasurement of post employment benefits	2,880	-
Dividends	(199,569)	(13,917)
Closing net assets 31.12.22	1,500,615	249,619

	Total (Mauritius) Ltd	Ceejay Gas Ltd	Abana (Mauritius) Ltd	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Interest in associates (25%, 33.33% and 29.33%)				
2022	375,154	83,198	6,918	465,270
2021	337,111	87,853	3,622	428,586

16 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Financial assets at fair value through other comprehensive income are carried at fair value and can be analysed follows:

	2022	2021
Group	Rs'000	Rs'000
Non-current	1,166,870	1,324,316

Group	Quoted shares	Unquoted shares	Local debentures	Total
	Rs'000	Rs'000	Rs'000	Rs'000
At 01 January 2021	580,201	14,975	391,584	986,760
Additions	24,200	3,000	18,331	45,531
Net fair value gain transferred to equity	330,262	-	181	330,443
Net fair value gain transferred to life fund	-	-	(42,178)	(42,178)
Foreign currency translation adjustment	69,438	-	-	69,438
Disposals	-	-	(65,678)	(65,678)
At 31 December 2021	1,004,101	17,975	302,240	1,324,316
Additions	68	14,165	-	14,233
Net fair value gain transferred to equity	(111,097)	-	-	(111,097)
Net fair value gain transferred to life fund	-	-	8,501	8,501
Foreign currency translation adjustment	13,422	-	-	13,422
Disposals	-	-	(82,505)	(82,505)
At 31 December 2022	906,494	32,140	228,236	1,166,870

Sensitivity analysis has been disclosed under Note 2 "Equity Price Risk"

Dividend income received on the quoted investment in Seejay Cellular Ltd amounts to **Rs 16,460,946** as at 31 December 2022 (2021- Rs 13,013,306).

The bonds and securities attract interest at rates between **3.5% and 5.64%** (2021 – 1.375% and 6.8%). These financial assets are denominated in the following currencies below:

	2022	2021
	Rs'000	Rs'000
Indian rupees	500,465	465,524
Mauritius rupees	260,377	311,645
United States dollars	-	8,571
Great Britain pound	406,028	538,576
	1,166,870	1,324,316

	Quoted shares	Unquoted shares	Total
	Rs'000	Rs'000	Rs'000
Company			
Cost:			
At 01 January 2021	3	18,215	18,218
Additions	-	3,000	3,000
At 31 December 2021	3	21,215	21,218
Additions	-	14,165	14,165
Disposal	(3)	-	(3)
At 31 December 2022	-	35,380	35,380
Impairment charge:			
At 01 January 2021	-	(3,240)	(3,230)
Charge for the year	-	-	-
At 31 December 2021 and 2022	-	(3,240)	(3,240)
Net book amount			
At 31 December 2022	-	32,140	32,140
At 31 December 2021	3	17,975	17,978

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022 (Continued)

16 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONTINUED)

The maximum exposure to credit risk at the reporting date is the carrying value of the financial assets at fair value through other comprehensive income.

All the financial assets at fair value through other comprehensive income of the Company are denominated in Mauritian rupees. The directors have reviewed the carrying amounts of these financial assets at 31 December 2022 and noted no additional impairment is required.

The directors assess the credit quality of each investment at a subsidiary level and ensure that appropriate procedures made to ensure credit quality.

Sensitivity analysis has been disclosed under Note 2 "Equity Price Risk".

None of these financial assets either is past due or impaired.

17 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Quoted shares	Unquoted shares	Total
	Rs'000	Rs'000	Rs'000
Group			
Domestic			
At 01 January 2021	167,147	89,087	256,234
Additions	2,043	8	2,051
Disposals	(13,237)	(17,927)	(31,164)
Net fair value gain/(loss)	46,103	(5,926)	40,177
Net gain/(loss) on disposal	(1,330)	655	(675)
At 31 December 2021	**200,726**	**65,897**	**266,623**
Additions	**33,240**	**-**	**33,240**
Disposals	**(7,582)**	**(3,698)**	**(11,280)**
Net fair value gain/(loss)	**(4,188)**	**3,788**	**(400)**
Net gain/(loss) on disposal	**11**	**243**	**254**
At 31 December 2022	**222,207**	**66,230**	**288,437**
Foreign			
At 01 January 2021	85,751	-	85,751
Additions	206,854	45,272	252,126
Disposals	(111,773)	-	(111,773)
Net fair value gains	6,515	3,692	10,207
Net gain on disposal	24,312	-	24,312
At 31 December 2021	**211,659**	**48,964**	**260,623**
Additions	**-**	**-**	**-**
Disposals	**-**	**-**	**-**
Net fair value gains	**-**	**-**	**-**
Net gain/(loss) on disposal	**(57,121)**	**(10,626)**	**(67,747)**
At 31 December 2022	**154,538**	**38,338**	**192,876**
Total			
At 31 December 2022	**376,745**	**104,568**	**481,313**
At 31 December 2021	412,385	114,861	527,246

All financial assets at fair value through profit or loss are included in non-current assets since the directors have no express intention of disposing of those investments within the next 12 months.

Included in quoted shares is an amount of **Rs 3,933,620** (2021 – Rs 4,525,404) in respect of investments in related companies.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022 (Continued)

18 FINANCIAL ASSETS HELD AT AMORTISED COST

	GROUP		COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
Financial assets held at amortised cost:				
Not later than one year	**707,904**	906,998	**300,860**	567,201
Later than one year	**408,422**	397,764	**292,869**	272,069
	1,116,326	1,304,762	**593,729**	839,270

	GROUP		COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
Loans				
Loans receivable arising on life assurance business (Note 18 (i))	**73,237**	67,706	**-**	-
Loans to subsidiaries (Note 33(iii)(c))	**-**	-	**65,650**	64,638
Loan to parent (Notes (ii) and 33(iii)(a))	**292,869**	532,069	**292,869**	532,069
Loans to directors (Note 33(iii)(b))	**-**	347	**-**	347
Loans to other related parties (Notes (ii) and 33(iii)(a))	**15,638**	31,006	**14,638**	30,006
Loans to third parties	**4,344**	4,344	**-**	-
	386,088	635,472	**373,157**	627,060
Trade and other receivables				
Trade receivables (Note (iii))	**305,082**	265,179	**28**	51
Receivable from:				
Subsidiaries (Note 33(iv)(e))	**-**	-	**181,544**	179,613
Associates (Note 33(iv) (a))	**1,001**	5,022	**187**	4,473
Shareholders (Note 33(iv) (b))	**8,379**	1,785	**8,379**	1,633
Directors (Note 33(iv) (c))	**274**	390	**274**	390
Other related parties (Note 33(iv) (d))	**12,144**	10,444	**9,656**	6,691
Deposits with financial institutions (Note (v))	**-**	3,320	**-**	-
VAT receivable	**46,141**	14,152		
Accrued income	**46,922**	63,098		
Prepayments	**87,791**	96,869	**4,340**	3,622
Deposits	**17,648**	75,758	**-**	-
Advance to supplier	**20,788**	728	**-**	-
Other receivables	**184,068**	132,545	**16,164**	15,737
	730,238	669,290	**220,572**	212,210
	1,116,326	1,304,762	**593,729**	839,270

The loans to related parties bear interest at a rate of **3.25%** (2021 – 3.25%). The carrying values of the loans to related parties approximate their fair values. The fair values are within level 2 of the fair value hierarchy.

The Group has reviewed the financial strength of all relevant counterparties for all loans and receivables (with the exception of trade receivables which is discussed separately below) and performed a separate ECL review on the other receivables and concludes from these assessment that potential impact of expected credit losses on these balances is immaterial.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022 (Continued)

18 FINANCIAL ASSETS HELD AT AMORTISED COST (CONTINUED)

(i) **Loans receivable arising on life assurance business**

	GROUP	
	2022	2021
	Rs'000	Rs'000
Secured loans (at amortised cost):		
At 01 January	**84,393**	70,558
Loans granted	**32,859**	38,906
Interest	**-**	170
Loans refunded	**(30,294)**	(25,241)
At 31 December	**86,958**	84,393
The movement in loss allowance is as follows:		
At 01 January	**(16,687)**	(18,134)
Reversal during the year	**2,966**	1,447
At 31 December	**(13,721)**	(16,687)
Carrying amount:		
At 31 December	**73,237**	67,706

The estimated fair values of the loans are the discounted amount of the estimated cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value. The effective interest rates were in the range of **3% to 14%** (2021 – 3% to 14%).

The fair values of the loans approximate their carrying amounts.

At 31 December 2022, loans amounting to **Rs 34,742,929** (2021 – Rs 31,820,875) were overdue which includes impaired and not impaired. These overdue loans receivables are secured by mortgaged properties.

Loans arising on life assurance business, **Rs 138,427,615** (2021 – Rs 143,298,887), are considered neither past due nor impaired when loan instalments are overdue for less than three months. When they are overdue for more than three months, they are tested for impairment individually and are considered impaired when the value of their mortgaged property is less than the carrying value of the loan receivable. The loans are secured against mortgaged properties.

The ageing analysis of the loans arising on the life assurance business which are considered overdue and not impaired were as follows:

	GROUP	
	2022	2021
	Rs'000	Rs'000
Between 6 months to 1 year	**10,547**	9,091
Between 1 to 2 years	**2,311**	1,399
More than 2 years	**5,870**	5,316
Total overdue but not impaired originated loans	**18,728**	15,806

The amount of impaired loans amount to **Rs 13,720,586** (2021 – Rs 16,687,030). The other classes within financial assets held at amortised cost do not contain impaired assets.

ncluded in the loans are **Rs 382,282** (2021 – Rs 446,067) in respect of loans made to directors and key management personnel.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022 (Continued)

18 FINANCIAL ASSETS HELD AT AMORTISED COST (CONTINUED)

(ii) **Other loans**

The loans to the parents, Currimjee Ltd and Currimjee Jeewanjee Properties Ltd, are unsecured and bear interests at **4.35% to 6.5%** (2021 – 4.25% to 6.5%).

All the other loans bear interest between **3.25%** and **6.5%** (2021- 3.25% and 6.5%).

There are no overdue or non-performing loans.

At 31 December 2022, the carrying values of all loans receivable approximate their fair value.

The directors assess the credit quality of each receivable at a subsidiary level and ensure that appropriate procedures made to ensure credit quality.

(iii) **Trade receivables**

At 31 December 2022, trade receivables include loss allowance on receivables amounting to **Rs 112,724,173** (2021 – Rs 156,516,917):

	GROUP	
	2022	2021
	Rs'000	Rs'000
Trade receivables – net	**305,082**	265,179
Provision for impairment	**112,724**	156,517
Gross amount receivable	**417,806**	421,696
Neither past due nor impaired	**259,398**	188,908
Past due but not impaired	**45,684**	76,271
Past due and impaired	**112,724**	156,517
Total past due	**158,408**	232,788
Gross amount receivable	**417,806**	421,696

The movement in provision for impairment of receivables is as follows:

	GROUP	
	2022	2021
	Rs'000	Rs'000
At 01 January	**156,517**	149,989
Bad debts	**-**	9,717
Bad debts written off	**(43,816)**	(1,804)
Reversal for the year	**(1,244)**	(17,473)
Charge for the year	**1,267**	16,088
At 31 December	**112,724**	156,517

The Group and Company applies IFRS 9 simplified approach in measuring the expected credit losses which uses a lifetime expected loss allowance for all its trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are passed on the payment profiles of sales over a period of 36 months before 31 December 2022 or 31 December 2021 respectively and the corresponding historical credit losses experienced within this period. The Company has established a linear relationship of the bad debts with respect to its revenue per year based on historical data adjusted by the growth rate in the percentage of the bad debts on its revenue.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022 (Continued)

18 FINANCIAL ASSETS HELD AT AMORTISED COST (CONTINUED)

(iii) Trade receivables (Continued)

On that basis, the loss allowance as at 31 December 2022 and 31 December 2021 was determined as follows for the trade receivables:

2022	Current	30 to 60 days	60 to 90 days	More than 90 days	Total
Expected loss rate	**0% to 16%**	**0% to 31%**	**0% to 56%**	**3% to 99%**	
Gross carrying value (Rs'000)	**130,413**	**77,228**	**126,177**	**86,988**	**417,806**
Loss allowance (Rs'000)	**1,647**	**3,700**	**79,522**	**27,855**	**112,724**
2021					
Expected loss rate	0% to 22%	0% to 34%	0% to 45%	0% to 99%	
Gross carrying value (Rs'000)	160,689	50,886	4,428	205,693	421,696
Loss allowance (Rs'000)	3,294	2,804	1,162	149,257	156,517

The Group assessed the recoverability of trade receivables based on the debtors capacity to repay their debts. Amount which are considered doubtful are specifically provided for. In addition, a provision under the expected credit loss model is recognised to account for the probability of default upon initial recognition of assets and whether there has been a significant increase in credit risk on an ongoing basis. To assess whether there is a significant increase in credit risk, the Group compares the risk of default occurring on the assets as at the reporting date with the risk of default at date of initial recognition. It considers available reasonable and supportive forward looking information. The Group defines the risk of default as being significant losses in the time value of money.

(iv) Deposits with financial institutions

Deposits placed with financial institutions have maturities ranging from 1 - 2 years and earn interest at the rate of **3.4%-4.4%** (2021 - 2.6%) per annum for the year ended 31 December 2022. Placement is made through a fund manager who ensures the credit quality of these deposits.

At 31 December 2022, statutory deposits comprised of fixed deposit certificates of **Rs 10,000,000** (2021 - Rs 10,000,000).

(v) The maximum exposure to credit risk at reporting date is the carrying value of each class of loans and receivables mentioned above.

(vi) The Group does not hold any collateral as security other than already disclosed in note 18(i) and 18(iv).

(vii) Currency profile of financial assets held at amortised cost

The carrying amounts of the Group's and Company's loans and receivables are denominated in the following currencies:

	GROUP		COMPANY	
	2022 Rs'000	2021 Rs'000	2022 Rs'000	2021 Rs'000
Mauritian Rupees	**890,173**	1,041,474	**589,389**	835,648
US Dollars	**49,620**	28,585	**-**	-
Euros	**39,982**	38,515	**-**	-
Great Britain Pounds	**3,858**	7,162	**-**	-
Other	**5,000**	-	**-**	-
	988,633	1,115,736	**589,389**	835,648

Financial assets at amortised cost exclude deposits with financial institutions, amount receivable from MRA, prepayments and deposits.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022 (Continued)

18 FINANCIAL ASSETS HELD AT AMORTISED COST (CONTINUED)

(vii) Currency profile of financial assets held at amortised cost (continued)

The Group has reviewed the financial strength of all relevant counterparties for all loans and receivables (with the exception of trade receivables which is discussed separately below) and performed a separate ECL review on the other receivables and concludes from these assessment that potential impact of expected credit losses on these balances is immaterial.

19 DEFERRED INCOME TAX

Liabilities

	GROUP		COMPANY	
	2022 Rs'000	2021 Rs'000	2022 Rs'000	2021 Rs'000
At 01 January	**276,347**	240,248	**-**	-
Income statement (credit)/charge	**(2,333)**	22,623	**-**	-
Charge to other comprehensive income (Note 9(c))	**4,340**	13,476	**-**	-
At 31 December	**278,354**	276,347	**-**	-

The movement in deferred income tax liabilities is as follows:

Group – 2022

	At 01 January 2022 Rs'000	(Credit)/ charge to income statements Rs'000	Charge to other comprehensive income Rs'000	At 31 December 2022 Rs'000
Deferred income tax liabilities:				
Accelerated capital allowances	**276,057**	**29,495**	-	**305,552**
Unrealised exchange gain	**-**	**-**	-	**-**
Revaluation of property, plant and equipment	**49,128**	**(38,681)**	**-**	**10,447**
	325,185	**(9,186)**	**-**	**315,999**
Deferred income tax assets:				
Provision for impairment of receivables	**(26,605)**	**7,332**	-	**(19,273)**
Allowance for tax losses	**(3,025)**	**472**	-	**(2,553)**
Retirement benefit obligations	**(8,933)**	**2,149**	**4,340**	**(2,444)**
Lease liabilities	**(10,275)**	**(3,100)**	**-**	**(13,375)**
	(48,838)	**6,853**	**4,340**	**(37,645)**
Net deferred income tax liabilities	**276,347**	**(2,333)**	**4,340**	**278,354**

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022 (Continued)

19 DEFERRED INCOME TAX (CONTINUED)

Liabilities (Continued)

Group – 2021

	At 01 January 2021	Charge/ (credit) to income statements	Charge to other comprehensive income	At 31 December 2021
	Rs'000	Rs'000	Rs'000	Rs'000
Deferred income tax liabilities:				
Accelerated capital allowances	249,021	27,036	-	276,057
Unrealised exchange gain	77	(77)	-	-
Revaluation of property, plant and equipment	40,172	-	8,956	49,128
	289,270	26,959	8,956	325,185
Deferred income tax assets:				
Provision for impairment of receivables	(23,465)	(3,140)	-	(26,605)
Allowance for tax losses	(5,124)	2,099	-	(3,025)
Retirement benefit obligations	(13,286)	(167)	4,520	(8,933)
Lease liabilities	(7,147)	(3,128)	-	(10,275)
	(49,022)	(4,336)	4,520	(48,838)
Net deferred income tax liabilities	240,248	22,623	13,476	276,347

The movement in deferred income tax assets and liabilities is as follows:

The directors have not recognised a deferred income tax asset attributable to the following as future taxable profits may not be available against which the temporary differences can be utilised:

	GROUP		COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
Tax losses carried forward	**169,810**	138,049	**123,967**	102,989
Accelerated capital allowances	**18,932**	2,446	**11,946**	(5,483)
Provision for retirement benefit obligations	**72,709**	96,796	**69,123**	88,617
Provision for bad and doubtful debts	**3,507**	3,418	**-**	-
Others	**3,389**	2,010	**1,683**	456
	268,347	242,719	**206,719**	186,579

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022 (Continued)

20 INVENTORIES

	GROUP	
	2022	Restated 2021
	Rs'000	Rs'000
At cost:		
Finished goods and goods for resale	**71,640**	71,839
Telephone sets, related spares and accessories	**63,970**	36,484
Spare parts and consumables	**2,970**	1,570
Goods in transit	**5,018**	9,822
Work in progress	**2,438**	7,389
Villas (Note 21)	**290,117**	317,460
Others	**47,125**	34,442
	483,278	479,006
At net realisable value:		
Telephone sets, related spares and accessories	**2,764**	528
Finished goods and goods for resale	**361**	-
	3,125	528
Total at 31 December	**486,403**	479,534

Inventories have been restated during the year ended 31 December 2022. During the year ended 31 December 2021, Villas (Note 21) were classified under Assets held for sale (see restatement in note 35 and assets held for sale in note 21).

21 ASSETS HELD FOR SALE

	GROUP	
	2022	Restated 2021
	Rs'000	Rs'000
Group		
At 01 January	**-**	-
Transfer from Work in progress (Note 10)		317,460
Transfer to inventories (Notes 20 and 35)		(317,460)
At 31 December	**-**	-

During the year ended 31 December 2021, Eight IKO Villas completed the construction of the villas and these were deemed to be ready for sale. Given the entity is structured as land promoter and developer, properties constructed by the entity should be classified as inventory (Note 20). This has been reclassified in the prior year, see restatement note 35.

22 SHARE CAPITAL

Group and Company

	2022	2021	**2022**	2021
	Number	Number	**Rs'000**	Rs'000
Authorised:				
Ordinary shares of Rs 100 each	**300,000**	300,000	**30,000**	30,000
Issued and fully paid:				
Ordinary shares of Rs 100 each	**297,000**	297,000	**29,700**	29,700

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022 (Continued)

23 LIFE ASSURANCE FUNDS

	2022 Rs'000	2021 Rs'000
Group		
Life assurance business:		
Income	140,713	260,803
Expenses	(249,761)	(270,162)
Deficit	(109,048)	(9,359)
Transfer from life assurance funds	109,048	9,359
	-	-
At 01 January	930,562	940,099
Transfer from life assurance funds	(109,048)	(9,537)
At 31 December	821,514	930,562
Non-current	640,474	834,580
Current	181,040	95,982
	821,514	930,562

The abridged statement of comprehensive income of ILA is as follows:

	2022 Rs'000	2021 Rs'000
INCOME		
Net insurance premium revenue	160,321	155,327
Investment and other income/(expense)	(19,608)	105,476
Total revenue	140,713	260,803
EXPENDITURE		
Claims and surrenders	(147,522)	(179,451)
Pensions	(25,036)	(25,043)
Operating expenses	(70,794)	(54,271)
Other expenditure	(6,409)	(11,397)
	(249,761)	(270,162)
Deficit for the year	(109,048)	(9,359)
Transfer from life assurance fund	109,048	9,359
Total comprehensive income for the year	-	-

The Group consolidates its life assurance business, ILA, through other income in the income statement, refer to the Other income (Note 5).

The Group's actuary for its life insurance business is QED Actuaries and Consultants (Pty) Ltd. The Group's actuary for pension business is Aon Hewitt Ltd.

The Group has provided the breakdown of life assurance fund due within 1 year and more than 1 year based on best estimates available.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022 (Continued)

23 LIFE ASSURANCE FUNDS (CONTINUED)

At 31 December 2022, the adequacy of the life assurance fund has been assessed based on the following assumptions:

• Interest rate of **8.20%** (2021: 6.21%)

• Assumed lapse rates of **20%, 10%, 7.5% and 7.5%** for years 1,2,3 and 4+ (2021: 20%, 10%, 7.5% and 7.5%)

• Expense inflation rate of **4.08%** (2021: 2.68%) and

• Mortality table **50% SA 85/90** (2021: 27% SA 85/90)

24 BORROWINGS

	GROUP		COMPANY	
	2022 Rs'000	2021 Rs'000	2022 Rs'000	2021 Rs'000
Non-current				
Bank loans - secured	3,459,153	3,097,926	1,163,500	1,163,500
Bonds	4,100,000	4,350,000	2,200,000	2,200,000
Unamortised transaction cost	(11,755)	(14,696)	(8,287)	(9,470)
	7,547,398	7,433,230	3,355,213	3,354,030
Current				
Bank overdrafts (Note 29)	135,574	47,609	6,495	5,114
Bank loans - secured	1,090,808	467,497	-	-
Bonds	250,000	-	-	-
Unamortised transaction cost	(2,941)	(3,282)	(1,183)	(1,183)
Import loans	42,118	34,724	23,748	24,981
Interest in bank loans	11,188	1,041	-	-
Interest on bonds	42,882	35,654	31,067	23,839
Loans payable to subsidiaries (Note 33(v)(d))	-	-	129,458	136,958
Loans payable to related parties (Note 33(v) (a))	283,611	267,269	280,324	256,483
Loans payable to shareholders (Note 33(v) (b))	-	-	-	-
Loans payable to directors (Note 33(v) (c))	-	17,000	-	17,000
	1,853,240	867,512	469,909	463,192
Total borrowings	9,400,638	8,300,742	3,825,122	3,817,222

The borrowing rate is between **3.27% and 7.5%** (2021 - 3.77% and 7%).

Bank loans

The bank loans are secured by floating charges on the assets of the Group and the Company and also by the pledge of shares and can be analysed as follows:

	GROUP		COMPANY	
	2022 Rs'000	2021 Rs'000	2022 Rs'000	2021 Rs'000
Current				
Within one year	1,090,808	467,497	-	-
Non-current				
After one year and before two years	882,804	597,822	-	-
After two years and before five years	1,495,756	1,833,654	1,163,500	1,163,500
After five years	1,080,593	666,450	-	-
	3,459,153	3,097,926	1,163,500	1,163,500
Total bank loans	4,549,961	3,565,423	1,163,500	1,163,500

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022 (Continued)

24 BORROWINGS (CONTINUED)

Bank overdrafts

The bank overdrafts and other banking facilities are secured by floating charges on all of the assets of the Company.

The denomination and effective interest rates of the bank loans are as follows:

	3.27% to 7.50%	Total
	Rs'000	**Rs'000**
Group - 2022		
Mauritian rupees	**4,056,288**	**4,056,288**
Euros	**493,673**	**493,673**
	4,549,961	**4,549,961**
Group - 2021		
Mauritian rupees	3,047,472	3,047,472
Euros	517,951	517,951
	3,565,423	3,565,423
Company- 2022		
Mauritian rupees	**1,163,500**	**1,163,500**
Company- 2021		
Mauritian rupees	1,163,500	1,163,500

The bank loans are scheduled for payment as follows:

	2023	2024	2025	2026	2027	Later than 2027	Total
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
Group - 2022							
Mauritian rupees	**1,090,808**	**860,934**	**1,032,056**	**209,676**	**130,898**	**731,917**	**4,056,289**
Euros	**-**	**21,870**	**38,804**	**40,946**	**43,376**	**348,676**	**493,672**
	1,090,808	**882,804**	**1,070,860**	**250,622**	**174,274**	**1,080,593**	**4,549,961**
Company - 2022							
Mauritian rupees	**-**	**582,300**	**581,200**	**-**	**-**	**-**	**1,163,500**

	2022	2023	2024	2025	2026	Later than 2026	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Group - 2021							
Mauritian rupees	429,426	546,027	1,389,728	157,291	131,250	393,750	3,047,472
Euros	38,071	51,795	51,795	51,795	51,795	272,700	517,951
	467,497	597,822	1,441,523	209,086	183,045	666,450	3,565,423
Company - 2021							
Mauritian rupees	-	-	1,163,500	-	-	-	1,163,500

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022 (Continued)

24 BORROWINGS (CONTINUED)

Bonds

The bank bonds facilities are secured by floating charges on the Company's assets and have been contracted at fixed interest rate which range between 2.20% and 5.15% for the Group and 3.77% and 5.64% for the Company.

	GROUP			COMPANY		
2022	**Current**	**Non-Current**	**Total**	**Current**	**Non-Current**	**Total**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
Bond	**250,000**	**4,100,000**	**4,350,000**	**-**	**2,200,000**	**2,200,000**
Interest on bonds	**39,941**	**(11,755)**	**28,186**	**29,884**	**(8,287)**	**21,597**
	289,941	**4,088,245**	**4,378,186**	**29,884**	**2,191,713**	**2,221,597**

	GROUP			COMPANY		
2021	Current	Non-Current	Total	Current	Non-Current	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Bond	-	4,350,000	4,350,000	-	2,200,000	2,200,000
Interest on bonds	32,372	(14,696)	17,676	22,656	(9,470)	13,186
	32,372	4,335,304	4,367,676	22,656	2,190,530	2,213,186

The transaction cost incurred on the issue of bonds and the amount recognised under borrowings are as follows:

	GROUP		COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 1 January	**17,978**	9,627	**10,653**	-
Bond issue transaction costs incurred	**-**	12,173	**-**	11,000
Amortisation	**(3,282)**	(3,822)	**(2,366)**	(347)
At 31 December	**14,696**	17,978	**8,287**	10,653

The bonds are scheduled for payment as follows:

	2023	2024	2025	2026	2027	Later than 2027	Total
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
Group - 2022							
Mauritian rupees	**250,000**	**500,000**	**300,000**	**1,350,000**	**-**	**1,950,000**	**4,350,000**
Company - 2022							
Mauritian rupees	**-**	**-**	**-**	**850,000**	**-**	**1,350,000**	**2,200,000**

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022 (Continued)

24 BORROWINGS (CONTINUED)

Bonds (continued)

	2022 Rs'000	2023 Rs'000	2024 Rs'000	2025 Rs'000	2026 Rs'000	Later than 2026 Rs'000	Total Rs'000
Group – 2021							
Mauritian rupees	-	250,000	500,000	1,100,000	500,000	2,000,000	4,350,000
Company – 2021							
Mauritian rupees	-	-	-	800,000	-	1,400,000	2,200,000

Net debt reconciliation

This section sets out an analysis of the net debt and the movements in net debt of each of the periods presented.

	GROUP		COMPANY	
	2022 Rs'000	2021 Rs'000	2022 Rs'000	2021 Rs'000
Cash and cash equivalents, including bank overdraft	(937,291)	(395,598)	1,379	(54,468)
Borrowings	9,265,065	8,253,133	3,818,627	3,812,108
Lease liabilities	1,029,809	1,091,234	34,751	43,920
Foreign exchange loss arising on financing activities	13,883	20,396	224	-
Net debt	9,371,466	8,969,165	3,854,981	3,801,560
Cash and cash equivalents, excluding bank overdraft	1,072,865	(443,207)	(5,116)	(59,582)
Gross debt with fixed interest rates	3,524,253	2,541,815	150,000	150,000
Gross debt with variable interest rates	4,774,348	6,870,557	3,710,097	3,711,142
Net debt	9,371,466	8,969,165	3,854,981	3,801,560

	GROUP			COMPANY		
	(Cash)/ bank overdraft	Borrowings	Lease liabilities	Cash/ bank overdraft	Borrowings	Lease liabilties
Net debt as at 01 January 2021	(290,394)	7,039,045	978,495	168,425	3,359,743	53,562
Foreign exchange adjustments	3,822	-	-	107	-	-
Recognition/ acquisition	-	-	253,893	-	-	3,000
Non-cash movements:	-	-	-	-	-	-
Interest expense (Note 8)	-	309,068	58,673	-	122,513	-
Interest payments (presented as operating cash flows)	-	(193,573)	(58,673)	-	-	-
Cash flows	(109,026)	1,098,593	(141,154)	(223,000)	329,852	(12,642)
Net debt as at 31 December 2021	**(395,598)**	**8,253,133**	**1,091,234**	**(54,468)**	**3,812,108**	**43,920**
Foreign exchange adjustments	**2,837**	**-**	**-**	**1,064**	**-**	**-**
Acquisition	**-**	**-**	**96,852**	**-**	**-**	**-**
Non-cash movements:	**-**	**-**	**-**	**-**	**-**	**-**
Interest expense (Note 8)	**-**	**376,500**	**59,756**	**-**	**147,771**	**-**
Interest payments (presented as operating cash flows)	**-**	**(397,496)**	**(59,756)**	**-**	**(22,860)**	**-**
Cash flows	**(544,530)**	**1,032,928**	**(158,277)**	**54,783**	**(118,392)**	**(9,169)**
Net debt as at 31 December 2022	**(937,291)**	**9,265,065**	**1,029,809**	**1,379**	**3,818,627**	**34,751**

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022 (Continued)

25 POST – EMPLOYMENT BENEFITS

Defined benefit pension plan

	GROUP		COMPANY	
	2022 Rs'000	2021 Rs'000	2022 Rs'000	2021 Rs'000
Amounts recognised in the statement of financial position:				
Present value of funded obligations	464,078	536,721	160,632	189,528
Fair value of plan assets	(427,929)	(317,064)	(157,241)	(103,782)
Deficit of funded plans	36,149	219,657	3,391	85,746
Present value of unfunded obligations	403,457	434,143	403,216	434,143
Liability in the statement of financial position	439,606	653,800	406,607	519,889

The Group operates defined benefit pension plans. All of the plans are final salary pension plans, which provide benefits to members in the form of a guaranteed level of pension payable for life. The level of benefits provided depends on members' length of service and their salary in the final years leading up to retirement. Pensions in payment are generally updated in line with the inflation rate and benefit payments for funded obligations are from ILA managed Pension Fund.

The movement in the defined benefit obligation over the year is as follows:

Group

	Present Value of obligation Rs'000	Fair value of plan assets Rs'000	Total Rs'000
At 01 January 2022	970,864	(317,064)	653,800
Current service cost	33,211	-	33,211
Interest cost	43,555	(17,745)	25,810
Past service gains	(1,701)	-	(1,701)
	1,045,929	(334,809)	711,120
Remeasurements:			
Return on plan assets excluding amount included in interest expense	(6,055)	41,769	35,714
Gains from change in demographic assumptions	(386)	-	(386)
Gain from change in financial assumptions	(56,687)	-	(56,687)
Experience gains	(44,614)	-	(44,614)
Exchange differences	(107,742)	41,769	(65,973)
Contribution -Employers	-	(194,386)	(194,386)
Payment from plans –Benefit payments	(64,904)	59,497	(5,407)
Settlements	(8,131)	8,131	-
Other movements	2,383	(8,131)	(5,748)
	(70,652)	(134,889)	(205,541)
At 31 December 2022	867,535	(427,929)	439,606

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022 (Continued)

25 POST – EMPLOYMENT BENEFITS (CONTINUED)

The movement in the defined benefit obligation over the year 2021 is as follows:

Group (Continued)

	Present Value of obligation	Fair value of plan assets	Total
	Rs'000	Rs'000	Rs'000
At 01 January 2021	1,116,182	(280,948)	835,234
Current service cost	36,653	-	36,653
Interest cost	29,009	(7,988)	21,021
Past service cost	(143)	-	(143)
	1,181,701	(288,936)	892,765
Remeasurements:			
Return on plan assets excluding amount included in interest expense	-	(19,702)	(19,702)
Gain from change in financial assumptions	(51,132)	-	(51,132)
Experience gains	(69,833)	-	(69,833)
Exchange differences	(120,965)	(19,702)	(140,667)
Contribution -Employers	-	(82,242)	(82,242)
Payment from plans –Benefit payments	(92,573)	76,517	(16,056)
Other movements	2,701	(2,701)	-
	(89,872)	(8,426)	(98,298)
At 31 December 2021	970,864	(317,064)	653,800

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022 (Continued)

25 POST – EMPLOYMENT BENEFITS (CONTINUED)

Company

	Present Value of obligation	Fair value of plan assets	Total
	Rs'000	Rs'000	Rs'000
At 01 January 2022	**623,671**	**(103,782)**	**519,889**
Current service cost	**7,991**	**-**	**7,991**
Interest cost/(income)	**27,363**	**(6,049)**	**21,314**
Past service cost	**(2,420)**	**-**	**(2,420)**
	656,605	**(109,831)**	**546,774**
Remeasurements:			
Return on plan assets excluding amount included in interest/(income)	-	**14,355**	**14,355**
Loss/(Gain) from change in financial assumptions	**9,678**	-	**9,678**
Experience gains	**(47,316)**	-	**(47,316)**
Exchange differences	**(37,638)**	**14,355**	**(23,283)**
Contribution -Employer	-	**(112,354)**	**(112,354)**
Payment from plans –Benefit payments	**(55,119)**	**50,589**	**(4,530)**
	(55,119)	**(61,765)**	**(116,884)**
At 31 December 2022	**563,848**	**(157,241)**	**406,607**

The movement in the defined benefit obligation over the year 2021 is as follows:

	Present Value of obligation	Fair value of plan assets	Total
	Rs'000	Rs'000	Rs'000
At 01 January 2021	738,070	(104,096)	633,974
Current service cost	11,054	-	11,054
Interest cost/(income)	18,002	(2,490)	15,512
Past service cost	(2,393)	-	(2,393)
	764,733	(106,586)	658,147
Remeasurements:			
Return on plan assets excluding amount included in interest/(income)	-	(6,672)	(6,672)
Loss/(Gain) from change in financial assumptions	20,586	-	20,586
Experience losses	(91,966)	-	(91,966)
Exchange difference	(71,380)	(6,672)	(78,052)
Contribution -Employer	-	(55,879)	(55,879)
Payment from plans –Benefit payments	(69,682)	65,355	(4,327)
	(69,682)	9,476	(60,206)
At 31 December 2021	623,671	(103,782)	519,889

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022 (Continued)

25 POST – EMPLOYMENT BENEFITS (CONTINUED)

The significant actuarial assumptions were as follows:

	GROUP		COMPANY	
	2022	2021	2022	2021
Discount rate	**6% to 6.7%**	4.4% to 4.8%	**6% to 6.7%**	4.5% to 4.8%
Salary growth rate	**4% to 5.3%**	1.0% to 3.8%	**2.0% to 5.3%**	2.0% to 3.0%

Average life expectancy in years for a pensioner retiring at age 63 to 65

Retiring at the end of the reporting period

	GROUP		COMPANY	
	2022	2021	2022	2021
Male	**9.7 to 9.8**	11.2 to 17.3	**9.7 to 9.8**	11.4 to 11.5
Female	**11 to 11.1**	12.9 to 21.7	**11 to 11.1**	13.2 to 13.3

The sensitivity of the defined benefit obligation to changes in the weighted principal assumption is:

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
Group – 2022			
Discount rate	**1%**	**99,492**	**117,864**
Salary growth rate	**1%**	**44,768**	**38,282**
Group – 2021			
Discount rate	1%	118,700	153,323
Salary growth rate	1%	51,400	42,745
Company – 2022			
Discount rate	**1%**	**45,472**	**52,041**
Salary growth rate	**1%**	**9,332**	**8,360**
Company – 2021			
Discount rate	1%	56,727	71,476
Salary growth rate	1%	12,161	10,895

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022 (Continued)

25 POST – EMPLOYMENT BENEFITS (CONTINUED)

Plan assets are comprised as follows:

	GROUP			COMPANY		
2022	**Quoted Rs'000**	**Unquoted Rs'000**	**Total Rs'0000**	**Quoted Rs'000**	**Unquoted Rs'000**	**Total Rs'000**
Equities -Overseas	**59,910**	**-**	**59,910**	**22,014**	**-**	**22,014**
Equities -Local	**115,541**	**4,279**	**119,820**	**42,455**	**1,572**	**44,027**
Fixed interest securities- Overseas	**21,396**	**-**	**21,396**	**7,862**	**-**	**7,862**
Fixed interest securities- Local	**25,676**	**64,189**	**89,865**	**9,434**	**23,586**	**33,020**
Cash and others	**136,938**	**-**	**136,938**	**50,318**	**-**	**50,318**
	359,461	**68,468**	**427,929**	**132,083**	**25,158**	**157,241**

	GROUP			COMPANY		
2021	Quoted Rs'000	Unquoted Rs'000	Total Rs'000	Quoted Rs'000	Unquoted Rs'000	Total Rs'000
Equities -Overseas	19,024	-	19,024	6,227	-	6,227
Equities -Local	101,460	9,512	110,972	33,210	3,113	36,323
Fixed interest securities- Overseas	-	-	-	-	-	-
Fixed interest securities- Local	22,194	66,584	88,778	7,265	21,794	29,059
Cash and others	-	98,290	98,290	-	32,173	32,173
	142,678	174,386	317,064	46,702	57,080	103,782

The Group and Company operate a final salary defined benefit pension plan for its employees. The plan exposes the Group and Company to normal risks associated with defined benefit pension plans, such as investment, interest, longevity and salary risks.

Investment risk: The plan liability is calculated using a discount rate determined by reference to government bond yields; if the return on plan assets is below this rate, it will create a plan deficit and if it is higher, it will create a plan surplus.

Interest risk: A decrease in the bond interest rate will increase the plan liability; however, this may be partially offset by an increase in the return on the plan's debt investments and a decrease in inflationary pressures on salary and pension increases.

Longevity risk: The plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan liability.

Salary risk: The plan liability is calculated by reference to the future projected salaries of plan participants. As such, an increase in the salary of the plan participants above the assumed rate will increase the plan liability whereas an increase below the assumed rate will decrease the liability.

The Company's expected employer contribution for the next year is **Rs 53,783,000** and the weighted average duration of the defined benefit obligation is between 6 and 13 years.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022 (Continued)

26 PROVISION FOR ASSET RETIREMENT OBLIGATIONS

The provision is in respect of the dismantling and removal of equipment from leased cell sites for the period if the operating lease is not renewed.

	GROUP	
	2022	2021
	Rs'000	Rs'000
At 01 January	**69,237**	73,799
Additional provision during the year	**890**	2,757
Disposal adjustments	**(350)**	(194)
Change in assumptions	**(6,492)**	(12,026)
Finance charge	**1,207**	4,901
At 31 December	**64,492**	69,237

	GROUP	
	2022	2021
	Rs'000	Rs'000
Inflation Rate	**4.72%**	3.88%
Bond Rate:		
5 years	**4.56%**	2.90%
10 years	**5.85%**	4.19%
15 years	**6.35%**	4.40%
20 years	**6.85%**	4.68%

27 TRADE AND OTHER PAYABLES, PROVISION FOR OTHER LIABILITIES AND CHARGES AND DEFERRED REVENUE

(i) TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
Not later than one year	**1,532,306**	1,069,444	**55,866**	51,690
Later than one year	**23,742**	6,438	**-**	-
	1,556,048	1,075,882	**55,866**	51,690
Bills payable (secured)	**50,977**	51,503	**-**	-
Trade payables	**599,146**	234,185	**98**	237
Other payables	**257,976**	312,782	**15,268**	12,847
Accruals	**473,374**	401,764	**34,116**	27,507
Amount due to subsidiaries (Note 33(vi)(e))	**-**	-	**5,426**	7,207
Amount due to other related parties (Note 33(vi)(c))	**169,536**	36,429	**390**	2,824
Amount due to associates (Note 33(vi)(a))	**33**	131	**-**	98
Amount payable to shareholder (Note 33(vi) (d))	**-**	347	**-**	-
Amount due to directors(Note 33(vi) (b))	**570**	970	**568**	970
Dividends payable	**4,436**	37,771	**-**	-
	1,556,048	1,075,882	**55,866**	51,690

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022 (Continued)

27 TRADE AND OTHER PAYABLES, PROVISION FOR OTHER LIABILITIES AND CHARGES AND DEFERRED REVENUE (CONTINUED)

(ii) PROVISION FOR OTHER LIABILITIES AND CHARGES

The Group provision for other liabilities and charges relates to solidarity levy charge on revenue payable to the tax authorities. The movement in provision is shown below:

	GROUP	
	2022	2021
	Rs'000	Rs'000
At 01 January	**47,324**	46,552
Charge for the year	**50,344**	47,324
Adjustment for prior year	**24**	(183)
Paid during the year	**(47,348)**	(46,369)
At 31 December	**50,344**	47,324

(iii) DEFERRED REVENUE

	GROUP	
	2022	2021
	Rs'000	Rs'000
Airtime	**124,186**	125,134
Subscription received in advance (pay TV subscribers)	**81,767**	88,620
Deposits	**89,890**	84,121
Income received in advance	**18,104**	30,996
Total at 31 December	**313,947**	328,871

This represents mainly airtime sold to distributors for which revenue will be recognised once it is purchased and consumed by the end customer and subscription received in advance for TV subscribers. Income received in advance relate to payments received in advance from clients on maintenance and support contracts. Deposits are from tenants based on contractual agreements. The material movements year on year have been shown below.

	GROUP	
	2022	2021
	Rs'000	Rs'000
Airtime		
At 01 January	**125,134**	118,103
Additions	**2,904,084**	2,701,917
Released	**(2,905,032)**	(2,694,886)
At 31 December	**124,186**	125,134
Subscription received in advance (pay TV subscribers)		
At 01 January	**88,620**	90,621
Additions	**12,793**	6,087
Released	**(19,646)**	(8,088)
At 31 December	**81,767**	88,620
Deposits		
At 01 January	**84,121**	78,595
Net movement	**5,769**	5,526
At 31 December	**89,890**	84,121

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022 (Continued)

28 CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES

	GROUP		COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
Profit before taxation	**473,070**	45,770	**159,257**	153,135
Adjustments for:				
Depreciation on property, plant and equipment (Note 10)	**767,614**	776,780	**12,391**	17,449
Depreciation on right of use assets (Note 13(i))	**171,867**	185,930	**5,688**	5,855
Amortisation of intangible assets (Note 12)	**57,244**	55,604	**1,693**	3,882
Profit on disposal of property, plant and equipment (Note 5)	**(106,941)**	(8,040)	**-**	(637)
Profit on disposal of subsidiaries	**-**	-	**(51,755)**	-
Write offs of property, plant and equipment (Note 10)	**6,500**	13,346	**-**	-
Net impairment (write-back)/charge on investment in subsidiaries (Note 14)	**-**	-	**-**	(25,100)
Fair value (gain)/loss on investment properties (Note 11)	**(163,997)**	(14,397)	**(3,054)**	(417)
Write off of project costs (Note 11)	**7,992**	7,438	**-**	-
Derecognition of lease liabilities (Note 13)	**-**	(1,286)	**-**	(127)
Unrealised foreign exchange differences	**(325)**	(439)	**-**	-
Unwinding of asset retirement obligation (Note 26)	**1,207**	4,901	**-**	-
Depreciation adjustment on ARO	**540**	2,563	**-**	-
Impairment charge on financial assets held at amortised cost	**(1,267)**	16,088	**-**	-
Share of profit of associated companies (Note 15)	**(93,959)**	(59,787)	**-**	-
Gains recognised in reserves of associates	**(2,825)**	-	**-**	-
Dividend income (Note 5)	**(17,328)**	(12,872)	**(489,936)**	(445,405)
Finance costs - net	**465,181**	263,041	**149,150**	131,642
	1,564,573	1,274,640	**(216,566)**	(159,723)
Working capital changes				
(Increase)/decrease in inventories	**(6,722)**	(17,887)	**-**	-
Decrease/(Increase) in trade and other receivables	**200,674**	(193,654)	**(48,317)**	376,481
Increase in trade and other payables	**499,963**	65,423	**16,737**	(8,475)
(Decrease)/ increase in provision for other liabilities	**(47,344)**	772	**-**	-
(Decrease) in deferred revenue	**14,924**	7,031	**-**	-
Movement in retirement benefits obligations	**(146,418)**	(40,767)	**(89,999)**	(36,034)
Increase in life assurance funds and liabilities of life assurance company	**(2,365)**	(54,111)	**-**	-
	512,712	(233,193)	**(121,579)**	331,972
Cash generated from/(used in) operations	**2,077,285**	1,041,447	**(338,145)**	172,249

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022 (Continued)

29 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statements comprise the following amounts:

	GROUP		COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
Cash and cash equivalents	**1,072,865**	443,207	**5,116**	59,582
Bank overdrafts (Note 24)	**(135,574)**	(47,609)	**(6,495)**	(5,114)
	937,291	395,598	**(1,379)**	54,468

30 DIVIDENDS

	COMPANY	
	2022	2021
	Rs'000	Rs'000
Proposed and paid		
Rs 436.03 per share (2021 - Rs 378.79)	**129,500**	112,500

31 CAPITAL COMMITMENTS

	GROUP		COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
Capital commitments for property, plant and equipment:				
Authorised and contracted for	**109,000**	181,414	**-**	-

32 (i) CONTINGENCIES

	GROUP		COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
Guarantees				
On loans and bank overdraft facilities of subsidiaries, associates and related companies	**2,096,727**	1,084,727	**2,096,727**	1,084,727
Bank guarantees	**55,818**	82,267	**1,091**	2,361

At 31 December 2022, the Group and Company had contingent liabilities in respect of bank guarantees in the ordinary course of business amounting to **Rs 55,818,000** (2021 - Rs Rs 82,267,000) and **Rs 1,091,000** (2021 - Rs 2,361,000) respectively, from which it is anticipated that no material liabilities will arise.

32 (ii) CONTINGENT ASSETS AND LIABILITIES

Emtel v/s ICTA, Mauritius Telecom (MT), Cellplus Mobile Communications and Ministry of Telecommunications

Emtel has lodged a claim for damages in excess of Rs 1 billion (plus interest and costs) against the ICTA, MT, Cellplus and the Ministry of Telecommunications for losses incurred as a result of inter alia failure by the authorities to ensure a level of playing field and unfair competitive practices. The matter was heard over the course of six weeks in May and June 2016. On 9 and 10 August 2017, the Supreme Court handed down its judgment in favour of Emtel awarding it a total amount of Rs 554,139,900 with interest at the legal rate and costs to be paid by all Defendants except the Ministry of Telecommunications. Each of the ICTA, MT and Cellplus have appealed against the judgment to the Court of Civil Appeal. Those three appeals were heard in November 2019, February 2020 and March 2020. On 17 November 2021, the Court of Civil Appeal reversed the judgment of the trial court and dismissed Emtel's claim for damages in two separate judgments. Emtel has appealed against those two appeal judgments to the Judicial Committee of the Privy Council.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022 (Continued)

32 (ii) CONTINGENT ASSETS AND LIABILITIES (CONTINUED)

Silver Wings Ltd was subject to a fraud by the previous accountant. The matter is being handled by Silver Wings's lawyers and a minimum re-imbursement of Rs 20M is expected from the previous accountant, out of which Rs 3M has already been re-imbursed.

Emtel v/s Data Communications Ltd (DCL)

Emtel has sued DCL for unpaid services supplied by Emtel. In the course of the case, DCL has counter claimed the sum of Euros 1.5 million from Emtel for allegedly failing to supply an uninterrupted data service in respect of an International Private Line leased from Emtel. The case is not yet in shape for trial as DCL was subject to both an insolvency process and a receivership. In February 2021, the Court was informed that DCL is no more in receivership. An extension of time was requested to obtain the permission of the Court to proceed against DCL which is in liquidation. The matter is therefore still at pleadings stage. At this point the Board of Directors does not believe that Emtel will be required by the Court to settle the amount claimed by DCL.

33 RELATED PARTY TRANSACTIONS

The Group is directly controlled by Currimjee Limited which owns 62.95% of the Company's shares.

The particulars of the significant transactions carried out with related parties are presented below.

The other receivables from related parties are receivable within 1 year. The terms of loans receivable from and loans payable to related parties are also disclosed below.

	GROUP		COMPANY	
	2022 Rs'000	2021 Rs'000	2022 Rs'000	2021 Rs'000
(i) Sales of goods and services				
Associates	**2,943**	2,437	**-**	-
Shareholders	**495**	809	**-**	-
	3,438	2,768	**-**	-
Rental income				
Subsidiaries	**-**	-	**6,647**	6,272
Management fee income				
Subsidiaries	**-**	-	**42,894**	38,600
Shareholders	**759**	-	**-**	-
Associates	**1,464**	1,515	**1,464**	1,515
Entity significantly influenced by the directors of the Company	**795**	-	**-**	-
	3,018	1,515	**44,358**	40,115
(ii) Purchases of goods and services				
Purchases of goods				
Associates	**7,881**	5,601	**-**	-
Entity significantly influenced by the directors of the Company	**719,982**	754,141	**-**	-
	727,863	759,742	**-**	-

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022 (Continued)

33 RELATED PARTY TRANSACTIONS (CONTINUED)

	GROUP		COMPANY	
	2022 Rs'000	2021 Rs'000	2022 Rs'000	2021 Rs'000
Management fee expense excluding Currimjee Limited				
Subsidiaires	**-**	-	**3,192**	2,721
Interest expense				
Subsidiaries	**-**	-	**4,092**	7,844
Related parties	**18,480**	15,710	**17,928**	10,389
Shareholders	**-**	32	**-**	-
Directors	**2,901**	805	**217**	805
	21,381	16,547	**22,237**	19,038
Interest income				
Subsidiaries	**-**	-	**6,217**	20,874
Related parties	**1,365**	264	**1,325**	264
Shareholders	**15,750**	16,095	**15,750**	16,095
	17,115	16,359	**23,292**	37,233
Currimjee Limited (common directorships)				
Management fees	**1,369**	1,238	**1,369**	1,238
	1,369	1,238	**1,369**	1,238
Key management compensation				
Salaries and other short term employee benefits	**121,378**	159,360	**93,236**	81,553
Post employment benefits	**2,397**	7,185	**-**	-
	123,775	208,729	**93,236**	99,590

Key management personnel of the Company refers to directors (executive and non-executive) and members of the senior management team of the Company as disclosed in the Corporate Governance report. Key management personnel of the Group refers to key management personnel of the Company and key management personnel of subsidiaries.

	GROUP		COMPANY	
	2022 Rs'000	2021 Rs'000	2022 Rs'000	2021 Rs'000
(iii) Loans receivable (Note 18):				
(a) Loans to related parties				
Parent company	**292,869**	532,069	**292,869**	532,069
Subsidiaries of sister Company	**14,285**	30,000	**14,285**	30,000
Entity significantly influenced by the directors of the Company	**1,353**	1,006	**353**	6
	308,507	563,075	**307,507**	562,075

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022 (Continued)

33 RELATED PARTY TRANSACTIONS (CONTINUED)

(iii) Loans receivable (Note 18) (Continued):

The above loans to related parties are unsecured, repayable at call, bearing interest ranging from **3.25%** to **6.5%** per annum (2021 – 3.25% to 6.5%).

	GROUP		COMPANY	
	2022 Rs'000	2021 Rs'000	**2022 Rs'000**	2021 Rs'000
(b) *Loan to directors*	**-**	347	**-**	347
The above loan to directors are unsecured, interest free and repayable at call.				
(c) *Loans to subsidiaries*	**-**	-	**65,650**	64,638
The loans to subsidiaries are repayable at call and bears interest rates as follows:				
Interest free loan	**-**	-	**-**	-
Interest rate of **3.85%-6.5%** (2021 – 3.85%-6.5%)	**-**	-	**65,650**	64,638
	-	-	**65,650**	64,638
(iv) Amounts receivable (Note 18):				
(a) *Associates*				
At 01 January	**5,022**	5,334	**4,473**	4,824
Movement during the year	**(4,021)**	(312)	**(4,286)**	(351)
At 31 December	**1,001**	5,022	**187**	4,473
(b) *Shareholders*				
At 01 January	**1,785**	19	**1,633**	3
Movement during the year	**6,594**	1,766	**6,746**	1,630
At 31 December	**8,379**	1,785	**8,379**	1,633
(c) *Directors*				
Amount receivable from directors	**274**	390	**274**	390
(d) *Other related parties*				
Entities significantly influenced by the Group	**-**	-	**-**	-
Other related parties	**12,144**	10,444	**9,656**	6,691
	12,144	10,444	**9,656**	6,691
(e) *Subsidiaries*				
Amounts receivable from subsidiaries	**-**	-	**181,544**	179,613

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022 (Continued)

33 RELATED PARTY TRANSACTIONS (CONTINUED)

	GROUP		COMPANY	
	2022 Rs'000	2021 Rs'000	**2022 Rs'000**	2021 Rs'000
(v) Loans payable to (Note 24):				
(a) *Related parties*				
Entities significantly influenced by the Group	**7,500**	7,500	**7,500**	-
Shareholders of the ultimate parent	**163,435**	141,966	**163,435**	141,966
Close family members of shareholders of the ultimate parent	**112,676**	117,803	**109,389**	114,517
	283,611	267,269	**280,324**	256,483

- The loan payable to entities significantly influenced by the Group are unsecured, repayable within one year and interest payable at the rate of **6%** (2021 – 6% to 7%) per annum.

- The loan payable to the shareholders of the ultimate parent are unsecured, repayable at call and bear interest at the rate of **5.35%** (2021 – 5.35% to 5.35%) per annum.

- The loan payable to close family members of shareholders of the ultimate parent are unsecured, repayable at call and bear interest at the rate of **5.35%** (2021 – 5.35%) per annum.

	GROUP		COMPANY	
	2022 Rs'000	2021 Rs'000	**2022 Rs'000**	2021 Rs'000
(b) *Shareholders*				
At 01 January	**-**	999	**-**	300,000
Repaid during the year	**-**	(999)	**-**	(300,000)
At 31 December	**-**	-	**-**	-
- The loan payable to shareholders are unsecured, repayable at call and bear interest at the rate of Nil (2021 – 6.35%) per annum..				
(c) *Directors*				
At 01 January	**17,000**	-	**17,000**	-
Raised during the year	**-**	17,000	**-**	17,000
Repaid during the year	**(17,000)**	-	**(17,000)**	-
At 31 December	**-**	17,000	**-**	17,000
- The loan payable to directors are unsecured, repayable at call and bear interest at the rate of **5.35%** (2021 – 5.35%) per annum.				
(d) *Subsidiaries*				
Loan payable to subsidiaries	**-**	-	**129,458**	136,958

- The loan payable to subsidiaries are unsecured, repayable at call and bear interest at the rate of **6% to 7%** (2021 – 6% to 7%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022 (Continued)

33 RELATED PARTY TRANSACTIONS (CONTINUED)

	GROUP		COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
(vi) Amounts due to (Note 27):				
(a) Associates	**33**	131	**-**	98
(b) Directors	**570**	970	**568**	970
(c) Other related parties				
Entities significantly influenced by the Group	**166,480**	32,508	**-**	-
Other related entities	**3,056**	3,921	**390**	2,824
	169,536	36,429	**390**	2,824
(d) Shareholders	**-**	347	**-**	-
(e) Subsidiaries	**-**	-	**5,426**	7,207

The Group has reviewed the financial strength of all related parties and deems that they are able to repay these debts as they fall due. Therefore, the impact of ECL is deemed to be immaterial.

34 CONVERTIBLE DEBENTURES

	GROUP		COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 01 January	**205,940**	-	**-**	-
Bonds issued during the year	**104,000**	208,000	**-**	-
Fees attributable to convertible bonds	**-**	(2,060)	**-**	-
At 31 December	**309,940**	205,940	**-**	-

During the financial year ended 31 December 2021, IKO (Mauritius) Hotel Limited has signed a subscription agreement with the Mauritius Investment Corporation Ltd ("MIC"), a wholly owned subsidiary of the Bank of Mauritius to issue redeemable convertible bonds for a total amount of Rs 312 million comprising of 312 bonds of Rs 1 million each. One of the main objectives of the MIC is to provide financial support to companies impacted by the Covid-19 pandemic and in particular to the tourism sector which had the worst impact due to the full border closure.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022 (Continued)

35 CORRECTION OF PRIOR PERIOD ERRORS

In the prior year, Eight IKO Villas were included under 'asset held for sale'. This amount has been reclassified under 'Inventories' for the year ended 31 December 2021, in line with IAS 2 – Inventories. Eight IKO Villas completed the construction of the villas and these were deemed to be ready for sale. Given the entity is structured as land promoter and developer, properties constructed by the entity, the villas should be classified as inventory. Accordingly, the company has restated the prior year figures in line with the requirement of IAS 8- Accounting policy, changes in accounting estimates and error. Note that the villas were only classified as 'Asset held for sale' as at 31 December 2021 and therefore, this restatement has no impact as at 31 December 2020.

The table below summarises the impact of the adjustment following the reclassification:

	GROUP		
	As previously stated	**Adjustments**	**As restated**
	Rs000	**Rs000**	**Rs000**
Statement of financial position (extract)			
As at 31 December 2021			
Asset held for sale	317,460	(317,460)	-
Inventories	162,074	317,460	479,534

The above reclassification has no impact on the statement of cash flows and no impact on the statement of comprehensive income.

36 SUBSEQUENT EVENTS

There are no material events after the reporting period which should require disclosure of adjustments to the financial statements for the year ended 31 December 2022.

37 PARENT AND ULTIMATE PARENT

The directors regard Currimjee Limited (previously known as Fakhary Limited), a company incorporated in Mauritius, as the Company's parent and ultimate controlling party.

38 INCORPORATION AND REGISTERED OFFICE

The Company is a private limited company incorporated and domiciled in Mauritius. The registered office and place of business of the Company is at 38, Royal Street, Port Louis.