

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2022 (CONT'D)

## 8. EARNINGS AND NET ASSET VALUE PER SHARE

	THE GROUP		THE COMPANY	
	2022 MUR' 000	2021 MUR' 000	2022 MUR' 000	2021 MUR' 000
<b>Basic and diluted earnings per share</b>				
Profit attributable to owners	1,300,087	617,391	341,036	129,703
Weighted average number of ordinary shares	1,687,455	1,686,967	1,687,455	1,686,967
Earnings per share	0.77	0.37	0.20	0.08
Profit attributable to owners from continuing operations	1,587,671	755,335	341,036	129,703
Weighted average number of ordinary shares	1,687,455	1,686,967	1,687,455	1,686,967
Basic and diluted earnings per share from continuing operations	0.94	0.45	0.20	0.08
<b>Net asset value per share</b>				
Owners' Interest	17,715,432	14,931,409	21,079,242	15,664,672
Number of shares in issue	1,687,560	1,687,445	1,687,560	1,687,445
Net asset value per share	10.50	8.85	12.49	9.28

## 9.(A) PROPERTY, PLANT AND EQUIPMENT

### ACCOUNTING POLICIES

Property, plant and equipment, except for freehold land and buildings and site improvements are stated at cost less accumulated depreciation and/or accumulated impairment losses, if any. Freehold land is stated at revalued amounts and buildings are stated at revalued amounts less subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at each financial year end. It is the Group's policy to revalue its freehold land and buildings at least once every three years. The basis used is market value derived using the Sales Comparison Approach and the Depreciated Replacement Cost Approach and independent

valuers are used for such exercises. Any revaluation surplus is credited to other comprehensive income, except to the extent that it reverses a revaluation deficit for the same asset previously recognised in profit or loss, in which case the surplus is credited to profit or loss to the extent of the deficit previously charged. A decrease in an asset's carrying amount arising on revaluation is charged to profit or loss to the extent that it exceeds the balance, if any, held in the property revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings is charged to profit or loss. On the subsequent disposal or retirement of a revalued property, the attributable revaluation surplus remaining in the property revaluation reserve is transferred directly to the retained earnings.

## 9.(A) PROPERTY, PLANT AND EQUIPMENT (CONT'D)

### ACCOUNTING POLICIES (CONT'D)

Properties in the course of construction are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use. Freehold land and capital work in progress are not depreciated.

It is the Group's policy to maintain its buildings in a continued state of sound repair, such that their value is not significantly diminished by the passage of time or usage. Accordingly, in estimating the residual values, the Group has assessed the value of the building at the end of their useful life based on today's rate and this exercise is done by an independent qualified valuer. Therefore, buildings are depreciated on a straight-line basis to their estimated residual values over their estimated useful lives.

Leasehold land improvements are depreciated over the shorter of their useful life and the lease period. On other property, plant and equipment, depreciation is calculated on a straight-line basis to write off their depreciable amounts (cost less residual value) over their estimated useful lives.

The annual rates are as follows:

	Rate per annum
Buildings	2% to 10%
Buildings on leasehold land	2% to 12.5%
Plant, equipment and machinery	4% to 20%
Motor vehicles and boats	10% to 35%
Furniture, fittings and equipment	5% to 50%
Farming buildings and equipment	2.5% to 10%
Office, computer and other equipment	10% to 33%

The gain or loss arising on the disposal or retirement of an item (or part of an item) of property, plant and equipment is determined as the difference between the disposal proceeds and the carrying amount of the item (or part of the item, as applicable) and is recognised in profit or loss.

Work in progress is valued at the cost of the project. Costs include an appropriate portion of fixed and variable overhead expenses.

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2022 (CONT'D)

### 9. (A) PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Land and building	Assets under construction	Plant and machinery	Motor vehicles	Furniture, fittings & equipment	Office & Other equipment	Deer farming buildings & equipment	Total
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
<b>(a) The Group</b>								
COST OR VALUATION								
At 1 July 2021	21,828,851	210,462	5,127,819	359,477	4,111,937	773,517	69,532	32,481,595
Revaluation	1,882,493	-	-	-	-	-	-	1,882,493
Additions	117,774	345,800	195,535	41,772	425,289	47,661	2,388	1,176,219
Transfer to intangible assets (Note 11)	-	(901)	-	-	-	-	-	(901)
Transfer to assets classified as held for sale	-	-	850	4,783	(18,425)	(2,511)	-	(15,303)
Transfer to investment properties (Note 10)	(331,674)	-	-	-	(5,535)	-	-	(337,209)
Transfers	200,481	(332,675)	90,121	-	33,044	9,029	-	-
Write offs	-	(670)	(20,022)	(2,246)	(95,302)	(1,494)	-	(119,734)
Translation adjustment	23,899	378	5,635	911	1,714	2,683	-	35,220
Disposals	(169)	(6,089)	(8,515)	(24,617)	(6,227)	(2,927)	-	(48,544)
At 30 June 2022	23,721,655	216,305	5,391,423	380,080	4,446,495	825,958	71,920	35,053,836
DEPRECIATION								
At 1 July 2021	1,817,977	4,803	3,513,654	263,692	3,005,041	625,831	30,987	9,261,985
Revaluation	(578,310)	-	-	-	-	-	-	(578,310)
Charge for the year	421,906	-	264,394	28,598	271,115	74,158	3,441	1,063,612
Transfers	3,457	(3,457)	-	-	-	-	-	-
Transfers to assets classified as held for sale	-	-	-	6,123	(18,425)	(2,320)	-	(14,622)
Impairment charges through P&L	(3,179)	-	-	-	-	-	-	(3,179)
Transfer to investment properties (Note 10)	(19,858)	-	-	-	(2,178)	-	-	(22,036)
Write offs	-	-	(18,339)	(2,246)	(92,429)	(1,470)	-	(114,484)
Translation adjustment	6,881	(1,346)	(5,723)	939	1,236	1,878	-	3,865
Disposals	(169)	-	(8,109)	(22,523)	(4,432)	(2,762)	-	(37,995)
At 30 June 2022	1,648,705	-	3,745,877	274,583	3,159,928	695,315	34,428	9,558,836
NET BOOK VALUES								
At 30 June 2022	22,072,950	216,305	1,645,546	105,497	1,286,567	130,643	37,492	25,495,000

### 9. (A) PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Land and building	Assets under construction	Plant and machinery	Motor vehicles	Furniture, fittings & equipment	Office & Other equipment	Deer farming buildings & equipment	Total
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
<b>(a) The Group</b>								
COST OR VALUATION								
At 1 July 2020 - Restated	23,433,345	229,081	6,399,570	394,292	4,102,075	752,366	58,948	35,369,677
Revaluation surplus	1,114,447	-	-	-	-	-	-	1,114,447
Additions	210,935	125,401	81,324	26,029	283,564	50,909	10,584	788,746
Transfer to intangible assets (Note 11)	-	(1,647)	-	-	-	-	-	(1,647)
Transfer to held for sale	(448,687)	-	(1,097,267)	(8,329)	(11,314)	(18,210)	-	(1,583,807)
Other transfers	13,044	(54,695)	30,541	2,975	8,110	25	-	-
Reclassification	55,978	(60,866)	1,690	(3,391)	6,554	35	-	-
Write offs	(6,647)	(33,191)	(25,391)	(182)	(30,649)	(14,690)	-	(110,750)
Translation adjustment	228,077	6,863	98,662	9,616	44,893	27,201	-	415,312
Disposals	(2,771,641)	(484)	(361,310)	(61,533)	(291,296)	(24,119)	-	(3,510,383)
At 30 June 2021	21,828,851	210,462	5,127,819	359,477	4,111,937	773,517	69,532	32,481,595
DEPRECIATION								
At 1 July 2020 - Restated	2,333,160	4,803	4,219,025	263,916	2,941,079	567,241	27,266	10,356,490
Revaluation surplus	(61,354)	-	-	-	-	-	-	(61,354)
Charge for the year	429,124	-	307,450	47,715	253,138	89,034	3,721	1,130,182
Transfers to held for sale	(8,021)	-	(785,176)	(7,878)	(8,501)	(13,469)	-	(823,045)
Impairment charges through P&L	392,049	-	-	-	-	-	-	392,049
Write offs (*)	(1,647)	-	(25,391)	(182)	(30,485)	(14,502)	-	(72,207)
Translation adjustment	61,203	-	51,470	7,365	31,135	20,614	-	171,787
Disposal	(1,326,537)	-	(253,724)	(47,244)	(181,325)	(23,087)	-	(1,831,917)
At 30 June 2021	1,817,977	4,803	3,513,654	263,692	3,005,041	625,831	30,987	9,261,985
NET BOOK VALUES								
At 30 June 2021	20,010,874	205,659	1,614,165	95,785	1,106,896	147,686	38,545	23,219,610

\* The amounts written off relate principally to fully depreciated assets which are not in use anymore. The write off of the asset under construction relates to the write off of costs incurred on a factory in India, for which construction will not continue.

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2022 (CONT'D)

### 9. (A) PROPERTY, PLANT AND EQUIPMENT (CONT'D)

#### (c) Fair value of land and buildings

The Group carries its land and buildings at fair value. The revaluation surplus net of applicable deferred income taxes was credited to other comprehensive income and shown in 'revaluation surplus' in the statement of changes in equity.

Details of the Group's land and buildings measured at fair value and information about the fair value hierarchy as at 30 June 2022 are as follows:

	THE GROUP			
	2022	2021	2022	2021
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Land and Building	3,605,983	3,403,100	18,310,593	16,940,967
Balance as at 30 June	3,605,983	3,403,100	18,310,593	16,940,967

The Group's main land and buildings were last revalued on 30 June 2022.

If the land and buildings were stated on the historical cost basis, the amount would be **MUR 11.4Bn** (2021: MUR 11.4Bn).

#### Hotels and resorts segment

(a) The Group's policy is to revalue its freehold land and buildings at least every three years and the preceding revaluation was conducted on 30 June 2021. In the aftermath of COVID-19, a revaluation exercise was carried out as at 30 June 2022 to determine if there have been any significant changes to the fair values of the property, plant and equipment. The Chartered Valuers, Elevante Property Services Ltd revalued the freehold land and buildings and revaluation adjustment was accounted for those properties where there is no indication of impairment of the cash generating units.

Freehold land was valued taking into consideration comparable sales evidences. Sales prices of comparable land in close proximity were adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square metre. The basis of valuation in estimating

the market value has been undertaken in accordance with the principles set out by the International Valuation Standards Committee as per the International Valuation Application 1 (IVA 1) which deals with Valuation for Financial Reporting and which is to be used in the context of International Financial Reporting Standards (IFRSs) published by the International Accounting Standards Board (IASB).

The buildings, structures and site improvement have been valued on a depreciated replacement cost basis taking into consideration their replacement cost, with adjustments being made for age and condition. This method of valuation is based on the theory of substitution and is used in situations where it is difficult to estimate inputs to be used to calculate value due to volatile market factors. The most significant input into this method of valuation is the replacement cost per square metre.

(b) Management assessed the recoverable amount of assets for which indicators of impairment exists as at 30 June 2022.

#### (c) Hierarchy level

Details of the Group's freehold land and buildings and site improvements and information about the fair value hierarchy are as follows:

	THE GROUP		
	Level 1	Level 2	Level 3
	MUR' 000	MUR' 000	MUR' 000
<b>2022</b>			
Freehold land	-	3,496,183	-
Buildings and improvement to leasehold land	-	-	12,091,279
Site improvements	-	-	597,332
<b>Balance as at 30 June 2022</b>	<b>-</b>	<b>3,496,183</b>	<b>12,688,611</b>

There were no transfers from one level to another during the year.

### 9.(A) PROPERTY, PLANT AND EQUIPMENT (CONT'D)

#### (c) Fair value of land and buildings (Cont'd)

#### Hotels and resorts segment (Cont'd)

(d) Bank borrowings are secured on fixed and floating charges on property, plant and equipment of the Group and the Company.

The following summarises the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements:

	Valuation technique and key inputs	Sensitivity used	Effect on fair value Increase/(decrease)	
			2022	2021
			MUR '000	MUR '000
Buildings and improvement to leasehold land	Depreciated replacement cost approach	1% increase in current cost of replacing property	120,913	105,778
		1% decrease in current cost of replacing property	(120,913)	(105,778)
Site improvements	Depreciated replacement cost approach	1% increase in current cost of replacing property	5,973	5,912
		1% decrease in current cost of replacing property	(5,973)	(5,912)

#### Property Segment

(a) The freehold land of Ferney Limited ("FL") relates to hunting ground, sugar cane fields, land surrounding the factory and fallow land as well as land earmarked for the Ferney Integrated Development Project under a Smart City Scheme developed through Ferney Development Limited ("FDL"). These lands were valued by CDDS Land Surveyors and Property Valuer, an independent and professionally qualified valuer, as at 30 June 2022. The valuation of land was derived using the residual approach and sales comparison approach by reference to land transactions in the vicinity and the buildings using the depreciated replacement cost.

(b) Ferney Integrated Development Project: On 17 November 2020, the Economic Development Board issued a letter of intent to FDL pursuant to Regulation 9(3) of the SCS Regulations. The

letter of intent is issued on the basis that FDL will develop a Smart City Project based on five pillars - Sustainability, Agri-Hub, Nature and Science Economy, Eco-Tourism, of an extent of 500 Hectares under the Smart City Scheme (the "Scheme").

(c) The land (the "earmarked land") that has been earmarked for the purposes of carrying out the smart city development is currently owned by FL: the extent of the earmarked land is 500 Hectares so that a change in the ownership of the earmarked land from FL to FDL is required to enable FDL to develop the earmarked land in accordance with the Investment Promotion (Smart City Scheme) Regulations 2015. The earmarked land was previously valued at MUR0.6M per acre and the objective is to revalue the land based on the Smart City project. In May 2022, FDL obtained its Smart City Certificate.

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2022 (CONT'D)

### 9.(A) PROPERTY, PLANT AND EQUIPMENT (CONT'D)

#### (c) Fair value of land and buildings (Cont'd)

##### Property Segment (Cont'd)

(d) Basis of valuation of the earmarked land: The residual method of valuation is to estimate the possible revenue of the developable land and assuming all Smart City permits are granted net of all the costs of developing the entire Smart City, mostly being the cost of construction of the buildings and services, to end up with a value of bare developable land.

(e) In June 2021, the earmarked land had been valued at MUR 195M giving rise to a fair value increase of MUR 115M which was credited to revaluation reserves in shareholders' equity. This represented an average estimated price per acre is MUR 1.5M. There has been no further increase/decrease in the valuation of land in the year ended 30 June 2022 following the desktop review done in 2022.

(f) In May 2022, a transfer of MUR 301M has been made from FL to FDL against an additional issue of shares.

(g) The land is classified as level 3 on the fair value hierarchy.

Significant valuation input:	Fair value		Range	
	MUR		MUR	
Price per hectare - earmarked land	-	8,292	-	2,200,000
Price per hectare - remaining land	1,222,130		474	14,215

Description	Fair value at		Unobservable inputs	Range of inputs		Relationship of unobservable inputs to fair value
	2022	2021		2022	2021	
	MUR '000	MUR '000		%	%	
Earmarked land	-	194,780	Capitalisation rate	1% - 9%	1% - 9%	The higher the capitalisation rate and expected vacancy rate, the lower the fair value
			Expected vacancy rate	0% - 7.5%	0% - 7.5%	
Other land	1,222,130	1,106,800	Years purchase	3% - 5%	3% - 5%	The higher the capitalisation rate and expected vacancy rate, the lower the fair value
			Expected vacancy rate	5%	5%	
			Discount rate	5%	5%	The higher the discount rate and terminal yield, the lower the fair value
			Terminal yield	3% - 5%	3% - 5%	
Rental growth rate	6.70%	6.70%	The higher the rental growth rate and terminal yield, the higher the fair value			

### 9.(A) PROPERTY, PLANT AND EQUIPMENT (CONT'D)

#### (c) Fair value of land and buildings (Cont'd)

##### Financial services segment

At 30 June 2022, an independent valuation was performed by an independent qualified valuer, Cabinet Razafindratandra for land and buildings located at the headquarters in Madagascar. The properties were valued at **MUR 999M** (2021: MUR 854M). The external valuations have been performed using sales comparison approach and depreciated replacement cost basis.

##### (a) Valuation inputs and relationships to fair value

Valuation model	Replacement Cost
Unobservable inputs	Obsolescence Rate/ Unobservable sale price per square meter
Range of inputs	<b>4.28 % to 31.24%</b> (2021: 6.02% - 53.22%)

##### (b) Sensitivity analysis

A 5% increase or decrease in the obsolescence rate would lead to a decrease/increase of **MUR 35.2M** (2021: MUR 27.1M) in the fair value of land and building.

##### Healthcare segment

The revalued land and buildings consist of office and clinic premises. Management determined that these constitute one class of assets under IFRS 13, based on the nature, characteristics and risks of the property.

The C-Care Group's land and building are stated at their revalued amounts. The land and building were valued in June 2022. The valuation was performed by an independent valuer CDDS Valuation and Land Survey, Certified Practising Valuer, who has the appropriate qualification and experience in the fair value measurement of properties in the relevant location. Valuation is performed by the valuer using on-market comparable method for Land & Cost approach for building.

The land is classified as level 2 for C-Care and level 3 for International Medical Group and buildings are classified as level 3 on the fair value hierarchy.

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis at 30 June 2022 and 2021 are shown below:

The main inputs used in the valuation approach ranged as follows:

Description	Fair value at June 30		Valuation technique	Unobservable inputs	Range of Unobservable inputs (Probability - weighted average)	Relationship of Unobservable inputs to fair value
	2022	2021				
	MUR '000	MUR '000				
Land	154,720	178,170	On market comparable	Price per Square metre	MUR 4,250-MUR 5,000 per square metre	The higher the price per square metre, the higher the fair value
Building	742,382	654,809	Replacement less depreciation	Price per Square metre	MUR 3,000-MUR 28,500 per square metre	The higher the price per square metre, the higher the fair value
	897,102	832,979				

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2022 (CONT'D)

### 9.(A) PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(c) Fair value of land and buildings (Cont'd)

#### Textile Segment

The Textile Segment engages external, independent and qualified valuers to determine the fair value of the Segment's land and buildings on a regular basis. The latest valuation was performed during the year ended June 30, 2020 and the fair value of the land and buildings have been determined by CDDS Land Surveyors and Property Valuer; Ratsimbazafy Ihanta Evelyne; Kumar & Associates, S. Pichaiya & associates and Jorip O Paridarshan Company Limited for land and buildings held in Mauritius, Madagascar, India and Bangladesh respectively.

The external valuations of level 3 land and buildings were performed using:

- (i) a sales comparison approach, and
- (ii) replacement cost less depreciation approach.

Given that there were limited or no similar sites in the vicinity in which the land and buildings of the Segment were located, the external valuers determined the inputs based on the size, age and condition of the land and buildings, the state of the local economy and comparable prices where relevant.

Information about fair value measurements using significant unobservable inputs (Level 3)

Description	2022 MUR'000	2021 MUR'000	Valuation Technique	Unobservable inputs	Range of Unobservable Inputs (probability – weighed Average)	Relationship of unobservable inputs to fair value
Manufacturing sites – Mauritius	1,125,156	1,103,107	Sales comparison and replacement cost less depreciation approach	Price per square metre	MUR 1,186–MUR 1,895/square metre (land) and MUR 450– MUR 128,000/ square metre (buildings)	The higher the price per square metre, the higher the fair value
Manufacturing sites – Madagascar	634,997	606,911	Sales comparison and replacement cost less depreciation approach	Price per square metre	MGA 45,000 – MGA 1,065,000/ square metre (land) and MGA 30,090 – MGA 1,102,200 (buildings)	The higher the price per square metre, the higher the fair value

### 9.(A) PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(c) Fair value of land and buildings (Cont'd)

#### Textile Segment (Cont'd)

Description	2022 MUR'000	2021 MUR'000	Valuation Technique	Unobservable inputs	Range of Unobservable Inputs (probability – weighed Average)	Relationship Of unobservable inputs to fair value
Manufacturing sites – Asia	811,354	802,667	Sales comparison and replacement cost less depreciation approach	1 bigha equivalent to 33 decimals and square feet for land and square feet for building	Tk. 1742424 / decimal for the land and Tk.850–Tk.1,450 per sq.ft for the building. INR.12,500,000/acre for land and INR.1,800 per sq.ft for the building. INR 3,250,000/acre for land and INR.432– INR.19,250 per sqm for the building	The higher the price per bigha/ square feet, the higher the fair value
	2,571,507	2,512,685				

There were no transfers between Levels 1, 2 and 3 during the year.

## 10. INVESTMENT PROPERTIES

### ACCOUNTING POLICIES

Investment properties, held to earn rentals or for capital appreciation or both and not occupied by the Group are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are carried at fair value, representing open-market value as determined periodically by

the directors subsequent to the valuation carried out by external valuer. Changes in fair values are included in profit or loss. When the use of property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.