COVIFRA

COMPAGNIE DES VILLAGES DE VACANCES DE L'ISLE DE FRANCE LTEE

ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

COMPAGNIE DES VILLAGES DE VACANCES DE L'ISLE DE FRANCE LIMITEE

ANNUAL REPORT
YEAR ENDED 30 JUNE 2020

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COMPAGNIE DES VILLAGES DE VACANCES DE L'ISLE DE FRANCE LIMITEE

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 30 JUNE 2020

The directors are pleased to present the Annual Report of Compagnie des Villages de Vacances de L'Isle de France Limitee ("Covifra") for the financial year ended June 30, 2020 as set out on pages 3 to 47.

This report was approved by the Board of Directors on 25 September 2020.

....

Director **Director**

JEAN MARC ULCOQ ROBERT IP MIN WAN.

COMPAGNIE DES VILLAGES DE VACANCES DE L'ISLE DE FRANCE LIMITEE

SECRETARY CERTIFICATE

FOR THE YEAR ENDED 30 JUNE 2020

I certify that, to the best of my knowledge and belief, the Company has filed with the Registrar of Companies all such returns as are required of the company under the Companies Act 2001.

For and on behalf of
MCB Group Corporate Services Ltd
Company Secretary

Date: 25 September 2020

1. GOVERNANCE STRUCTURE

1.1 Overview

Compagnie des Villages de Vacances de L'Isle de France Limitée (the "Company" or "Covifra") is a public company listed on the Development and Enterprise Market of the Stock Exchange of Mauritius Ltd. Covifra is therefore a Public Interest Entity as defined by law. It is committed to the highest standard of business integrity, transparency and professionalism in all its activities to ensure that the activities within the Company are managed ethically and responsibly to enhance business value for all stakeholders.

The Company rents out its investment property, and plant and equipment to Holiday Villages Management Services (Mauritius) Limited, which operates the Club Med Hotel at La Pointe aux Canonniers, Mauritius. The Company completed the refurbishment and extension programme of its investment property and resumed operations in November 2018.

1.2 Statement of Compliance

The board of directors has given and will continue to give due consideration to the principles of good corporate governance which are applicable to the Company under the National Code of Corporate Governance for Mauritius (2016) (the "Code").

Throughout the financial year ended 30 June 2020, to the best of the Board's knowledge the organisation has complied with the Code in all material aspects.

The board of directors will regularly reassess the requirements of the Code to ensure that the Company remains compliant thereto in all material aspects.

1.3 Constitutive documents or Charter documents

1.3.1 Board Charter

The Board Charter has been duly approved by the Board and is reviewed by the latter on a regular basis. The Charter provides for delegation of authority and clear lines of responsibility with a reporting mechanism whereby matters affecting the affairs and reputation of the Company are duly escalated to the Board of the Company and to the Audit Committee.

1.3.2 Organisation Chart

The Company has no staff and all its activities and operations have been outsourced under Management and Service Level Agreements to subsidiaries of the MCB Group Ltd.

1.3.3 Position Statements

Position Statements have been approved by the Board and provides for a clear definition of the roles and responsibilities of the Chairperson and of Company Secretary.

1.3.4 Statement of Main Accountabilities

The Board is responsible and accountable for the long-term success of the Company and as such has approved and has set its main collective responsibilities as follows:

	Main Accountabilities
Chairperson	- Provides overall leadership to the Board - Ensures that the Board is effective in its tasks of setting and implementing the Company's direction and strategy - Ensures that the development needs of the directors are identified and appropriate training is provided to continuously update their skills and knowledge. - Maintains sound relations with the shareholders
Board	- Ensures compliance by the Company with applicable legislation, regulation and policies - Sets the direction and strategy of the Company - Safeguards the assets of the Company. - Ensures long-term interests of the shareholders are being served.

1.3.5 Material Clauses of the Constitution

There are no clauses of the constitution deemed material that warrant special disclosure.

2. THE BOARD STRUCTURE

2.1 Board and Chairperson roles and responsibilities

The Board structure is unitary with a mix of independent and non-executive directors. All the members of the Board possess the necessary knowledge, skills, objectivity, intellectual honesty, integrity, experience and commitment to make sound judgements on various key issues relevant to the business of the Company, independent of management and to protect the interests of shareholders, clients and other stakeholders.

The Chairperson's primary role is to ensure that the Board is effective in its tasks of setting and implementing the Company's direction and strategy. It is the Chairperson's responsibility to ensure that appropriate policies and procedures are in place for the effective management of the Company.

The external obligations of the Chairperson have not materially changed during the Financial Year 2019/2020 and those obligations have in no way hindered the discharge of her duties and responsibilities.

2.2 Composition of the Board

The Board examines the size, composition and the essential competencies of its members regularly to ensure that there is an appropriate balance of skill, experience and knowledge on the Board to carry out its duties and responsibilities effectively. The Board comprises of five members as detailed below:

Name	Title	Category	Gender	Country of Residence
Margaret Wong Ping Lun	Chairperson	Non-Executive	Female	Mauritius
Gilbert Gnany	Director	Non-Executive	Male	Mauritius
Robert Ip Min Wan	Director	Independent	Male	Mauritius
Pierre Guy Noël	Director	Non-Executive	Male	Mauritius
Jean Marc Ulcoq	Director	Independent	Male	Mauritius

Messrs Pierre Guy Noël, Gilbert Gnany and Mrs Margaret Wong Ping Lun are also directors of MCB Real Assets Ltd, the holding company.

The size of the Board and its level of diversity is commensurate with the size of the Company which is an investment holding company with no employee.

Given that the Company has no employees, the Board consists of two non-executive and three independent Directors. Day-to-day management of the activities of Covifra are carried out by the employees of the subsidiaries within MCB Group under proper management agreements.

2.3 Company Secretary

MCB Group Corporate Services Ltd is the appointed Secretary to the Board. All board members have access to officers of the Secretary for information relating to Board matters

2.4 Profile of Directors

A brief profile of each director along with their directorships is set out below:

(i) Margaret Wong Ping Lun, Non-Executive**Director and Chairperson**

Mrs Margaret Wong Ping Lun holds a BA (Honours) in Business Studies and is a Chartered Accountant (UK). Prior to joining the University of Mauritius in 1991 where she is lecturer in Accounting and Finance, Margaret was a Senior Manager at De Chazal Du Mée's Consultancy Department. She was formerly a member of the Listing Executive Committee of the Stock Exchange of Mauritius Ltd. She was appointed to the Board of MCB Ltd in 2004 and was a Director thereof until March 2014, after which she joined the Board of MCB Group Ltd, following the restructuring of the MCB Group, until November 2019. She is currently a Board member of several companies within the group namely, Fincorp Investment Ltd, MCB Factors Ltd and MCB Real Assets Ltd. She is the Chairperson in the latter two companies.

<u>Directorship in other listed companies:</u>
Terra Mauricia Ltd
Fincorp Investment Limited

(ii) Gilbert Gnany, Non-Executive Director

Mr. Gilbert Gnany holds a 'Licence ès Sciences Economiques (Economie Mathématique)', a 'Maîtrise en Econométrie' and a 'DESS en Méthodes Scientifiques de Gestion et Calcul Economique Approfondi' (France). He previously worked as Senior Advisor on the World Bank Group's Executive Board where he was responsible for issues relating mainly to the International Finance Corporation and to the private and financial sectors. Prior to joining the World Bank, he was the MCB Group Chief Economist and Group Head of Strategy, Research & Development after having been the Economic Advisor to the Minister of Finance in Mauritius. During his career, he has been involved in various high-profile boards/committees. Amongst others, he chaired the Stock Exchange of Mauritius Ltd, the Statistics Advisory Council and the Statistics Board as well as having been a member of the Board of Governors of the Mauritius Offshore Business Activities Authority, a director of the Board of Investment and of the Mauritius Sugar Authority. He was also a member of the IMF Advisory Group for sub-Saharan Africa, a member of the Senate of the University of Mauritius and a director of the Financial Services Institute. He is currently a Board member of several companies within the Group namely MCB Capital Markets Ltd, MCB Seychelles, MCB Maldives, MCB Madagascar, MCB Microfinance Ltd, MCB Consulting Services Ltd and MCB Institute of Finance amongst others. On the institutional side, he is an external IMF expert in statistics, in particular on data dissemination standards and strategy. Moreover, he is a member of the Financial Services Consultative Council and of the Managing Committee of the COVID-19 Solidarity Fund. He also acts as Chairperson on the Statistics Board of Mauritius, the COVID-19 Committee on Economic Recovery and the Economic Commission of Business Mauritius which serves, *inter alia*, as a platform for public-private sector dialogue.

<u>Directorship in other listed companies:</u>
MCB Group Limited
Caudan Development Ltd
Promotion and Development Ltd
Médine Ltd

(iii) Robert Ip Min Wan, Independent Director

Mr Robert Ip Min Wan is a Fellow of the Institute of Chartered Accountants in England & Wales. He graduated with a B.Com Hons from the University of Edinburgh in 1999. For the next eight years, he trained and worked with Deloitte (London) where he acquired, as senior manager, an extensive knowledge of financial services with a focus on banking. Since 2008, he has been managing his distribution business in Mauritius. He is also an independent director of Holiday Villages Management Services (Mauritius) Ltd and chairs the Corporate Governance committee.

Directorship in other listed companies
Mauritian Eagle Insurance Ltd.

(iv) Pierre Guy Noël, Non-Executive Director

Mr Pierre Guy Noël holds a BSc (Honours) in Economics from the London School of Economics and Political Science and is a Fellow of the Institute of Chartered Accountants in England and Wales. From 1981 to 1991, Pierre Guy worked at De Chazal Du Mée & Co. where he became a partner in financial consultancy. He joined MCB in 1992 as Planning and Development Consultant before being appointed General Manager of the Bank in 1996. Following the organisation's restructuring, he became the Chief Executive of MCB Group Ltd in April 2014. He is a Board member of several companies within the Group namely Banque Française Commerciale Océan Indien, MCB Madagascar, MCB Seychelles, MCB Maldives, MCB Investment Holding Ltd, MCB Capital Markets Ltd, MCB Equity Fund Ltd, MCB Consulting Services Ltd, MCB Factors Ltd, International Card Processing Services Ltd, Credit Guarantee Insurance Co. Ltd, MCB Microfinance Ltd, MCB Group Ltd and MCB Real Assets Ltd amongst others, acting either as Chairperson or Director. He was appointed to the Board of MCB Ltd in 2005 and was a Director thereof until March 2014 when he joined the Board of MCB Group Ltd following the Group's restructuring exercise.

Directorship in other listed companies:
MCB Group Limited

(v) Jean Marc Ulcoq, Independent Director

Mr Jean Marc Ulcoq is a Chartered Accountant (UK). He has developed throughout the past 15 years a strong and proven international expertise in managing both at the operational/financial sides as well as at directorship level of many companies including listed companies in Mauritius, and of international operations in countries such as South Africa, Madagascar, Mayotte and Reunion Island. He is a fellow member of the Mauritius Institute of Directors, member of the Committee setting up Corporate Governance Conventions in Mauritius and in the Audit and Accounting - Task Force. He also chairs the Audit Committee of several companies in Mauritius. He is also an independent director of Holiday Villages Management Services (Mauritius) Ltd and chairs the Audit and Risk committee.

Directorship in other listed companies
Southern Cross Tourist Company Ltd
The Union Sugar Estates Co. Ltd

2.5 Board Attendance

Board meeting are held on a quarterly basis but may be convened at any time in case of urgent matters to be discussed.

No of Meetings held during the financial year ended 30 June 2020	7
Directors	
Mrs Margaret Wong Ping Lun	7
Mr Gilbert Gnany	7
Mr Robert Ip Min Wan	7
Mr Pierre Guy Noël	7
Mr Jean Marc Ulcoq	6

2.6 Board Committees

There are currently two sub-committees of the Board, namely the Audit and Risk Committee and the Corporate Governance Committee.

Audit and Risk Committee ("ARC")

The ARC consists of three members, two independent directors and one Non-Executive director, and is governed by a Charter approved by the Board of Directors and which is reviewed regularly. The Charter of the Audit Committee is available on the website of the Company. The Committee is chaired by an independent director and attendance to the Audit Committees was as follows:

Number of ARCs held during the financial year ended 30 June 2020	5
Directors	
Mr Robert Ip Min Wan (Chairperson)	5
Mr Jean Marc Ulcoq	5
Mrs Margaret Wong Ping Lun	5

The broad terms of reference of the Committee are:

- To review the effectiveness of the company's internal control and risk management systems;
- To ensure compliance with legal and regulatory requirements and business ethics;
- To review the integrity of quarterly financial statements and recommend their adoption to the Board prior to filing and publication; and
- To oversee the process for selecting the external auditor, assess the continuing independence of the external auditor and approve the audit fees.

Corporate Governance Committee ("CGC")

The CGC consists of two independent directors namely Mr Jean Marc Ulcoq (Chairperson), Mr Robert Ip Min Wan and one Non-Executive director, Mrs Margaret Wong Ping Lun. The main role of the Committee is to advise and make recommendations to the Board on all aspects of Corporate Governance which should be followed by the Company so that the Board remains effective while complying with sound and recommended corporate practices and principles. The Charter of the CGC has been approved by the Board on 05 September 2019 and is available on the website of the Company.

During the financial year 2019/2020, the CGC met once, on 05 September 2019, and all members were present.

3. DIRECTORS APPOINTMENT PROCEDURES

3.1 Directors Selection

The Remuneration, Corporate Governance and Ethics Committee (RCGEC) of MCB Group Limited identifies suitable candidates for the Board of the Company after determining whether the potential candidates have the required criteria it has established. The RCGEC then proposes the selected candidates to the Board of the Company for review and approval. The RCGEC also oversees succession planning for independent directors.

3.2 Election and Re-election of Directors

All directors are re-elected each year at the Annual Meeting of Shareholders.

3.3 Induction of new Directors

There was no new director appointed during the year under review. Typically, all new directors are given an induction pack, which comprises the constitutive documents and the minutes of the last meeting of the Board. An introductory meeting is organised with the Chairperson and other directors to explain the business activities of the Company and its governing policies.

The Chairperson, the non-executive Directors as well as the Company Secretary are readily available to answer any further queries that the newly appointed directors may have with respect to the Company.

The above mentioned induction programme meets the specific needs of both the Company and the newly appointed directors and enable the latter to participate actively in Board discussion.

3.4 Professional Development

The Chairperson regularly reviews and comes to an agreement with each director, if necessary, on his or her training and development needs. Upon request from the directors, the Company shall provide the necessary resources for developing and updating its directors' knowledge and capabilities.

3.5 Succession Planning

MCBG is one of the largest group of companies in Mauritius with a large pool of talent with different skills, academic and professional qualifications, and expertise in various fields of business. The MCB Group strategy includes the recognition and fostering of talents within executive and management levels across the Group thus ensuring that opportunities are created to develop current and future leaders.

3.6 Time Commitment

Each director is expected to devote sufficient time and attention to the affairs of the Company. The Company anticipates a time commitment of around 2 days per year. This will include attendance at Board meetings, Board committees (if applicable), the Annual Meeting of Shareholders and meetings as part of the Board evaluation process and training and development programmes. There is always the possibility of additional time commitment in respect of ad hoc matters that may arise from time to time, and particularly when the Company is undergoing a period of increased activity.

4. BOARD PERFORMANCE AND EVALUATION

4.1 Legal duties of Directors

The directors are aware of their legal duties under the Act and other relevant legislations. They exercise the required standard degree of care, skill and diligence, which a reasonably prudent and competent director in such position would exercise.

4.2 Remuneration Philosophy

The Board reviews the remuneration of independent directors and recommendations are made to the RCGEC of MCB Group Ltd, the ultimate holding company of MCBSS. The RCGEC is responsible for the setting up and developing of the Group's policy concerning the remuneration of directors. MCB Group Ltd lays significant emphasis on appointing the right people with relevant skills and appropriate behaviours, and rewarding them, in line with market practice.

The Company applies the same remuneration philosophy for directors as its ultimate holding company, MCB Group Limited, which consists mainly of:

- a monthly basic retainer for membership of the Board
- an attendance fee per sitting of the Board and Committee
- the Chairpersons of the Board and Committees, having wider responsibilities are entitled to higher remuneration.

4.3 Directors' Remuneration

The Directors' fees and remuneration are in accordance with market rates and have been paid to the independent and non-executive directors as follow:

	EUR
Mr Robert Ip Min Wan	4,353
Mr Jean Marc Ulcoq	3,752
Mrs Margaret Wong Ping Lun	6,187

Messrs Pierre Guy Noël and Gilbert Gnany have not received any directors' fees or remuneration.
Non-executive directors have not received remuneration in the form of share options or bonuses associated with organizational performance.

4.4 Directors' interests in shares

The directors' interests in the securities of the Company as at 30 June 2020 are detailed hereunder.

DIRECTORS	**Number of shares in Compagnie des Villages de Vacances de L'Isle de France Limitée**	
	Direct	**Indirect**
Mrs Margaret Wong Ping Lun	-	10,000
Mr Gilbert Gnany	-	-
Mr Robert Ip Min Wan	-	-
Mr Pierre Guy Noel	-	-
Mr Jean Marc Ulcoq	-	-

4.5 Directors' service contracts

There are no fixed term contracts or service contracts between the Company and the directors.

4.6 Related Party Transactions

Related party transactions have been conducted in accordance with the Conflicts of interest and Related Party Transaction Policy and the Code of Ethics. For related party transactions, please refer to note 17 of the Financial Statements.

4.7 Policies of the Company

The Conflicts of interest and Related Party Transaction Policy and the Code of Ethics have been approved by the Board on 02 July 2018 and are reviewed on a regular basis. Compliance with the Code of Ethics is regularly monitored and evaluated by the Board.

4.8 Register of Interest

An interest register is maintained by the Company Secretary and is available for consultation by the shareholder upon request.

4.9 Management of Information

The Board lays due emphasis on the confidentiality, integrity, availability and protection of information. The Company has no workforce. Day-to-day activities are outsourced to subsidiaries of the MCB Group, which have appropriate frameworks, policies and controls in place to manage information.

4.10 Board, Committees and Directors' Performance

The Board had resolved that a review of the performance and effectiveness of the Board, its Committees and its Directors be undertaken at an interval of two years. A review, led by the Chairperson, was therefore conducted internally with respect to the financial year 2019/2020 by means of a questionnaire filled by each Director to assess the Board's effectiveness and whether directors continue to discharge their respective duties effectively. The questions were categorized as follows:

- Structure of the Board
- Board efficiency and effectiveness
- Strategy and performance
- Risk management and Governance
- Director's self-assessment
- Chairperson's appraisal
- Evaluation of the Audit Committee
- Evaluation of the Corporate Governance Committee

The evaluation showed that the Board and its Committees are operating effectively, and that the Chairperson and the directors are fulfilling their roles as required. No significant action has to be taken as a result of the evaluation. The directors endeavour to maintain the same vigilance in leading the Company.

5. RISK GOVERNANCE AND INTERNAL CONTROL

The Board of Directors is ultimately responsible for risk management, the procedures in place within the organisation and the definition of the overall strategy for risk tolerance. The Company's policy on risk management encompasses all significant business risks including physical, operational, financial, compliance and reputational which could influence the achievement of the Company's objectives.

The risk management mechanisms in place include:

- a system for the ongoing identification and assessment of risk;
- development of strategies in respect of risk and definition of acceptable and non-acceptable levels of risk
- reviewing the effectiveness of the system of internal control; and
- processes to reduce or mitigate identified risks and contain them within the levels of tolerance defined by the Board.

The key risks for the Company are legal, regulatory, operational, reputational and financial risks and the Board is directly responsible for the design, implementation and monitoring of all risk, compliance and procedures of the Company. The Company's business model is based on deriving rental income from its investment property. The rental income depends on the performance of the hotel. The Company's working capital needs are minimal and its rental income is received in advance. In addition, other that existing debts, the Company has no material creditors.

- Legal risks are managed by the Board, taking advice from the Company's legal advisor where appropriate. The Board is also covered under appropriate insurance cover taken by the Company's immediate holding company.
- Regulatory risks are managed by the Board and involves the setting out of proper processes and procedures in order to comply with all relevant legislations in force to safeguard the assets of the Company.
- Operational risks are managed by the Board and involves the identification of proper operational and administrative procedures to mitigate the risk of losses through errors or omissions.
- The major strategic risk to the Company relates to the rental income it derives through its investment property. The Board regularly identifies and monitors this risk by overseeing performance of the Company's tenant.
- Reputational risks are also managed by the Board through close overview of major activities of the Company.
- The identification and management of the financial risks are discussed in note 19 of the Financial Statements.

The Board of Directors has delegated the responsibility to ensure the effectiveness of the internal control systems to the Audit Committee of the Company which has set adequate policies to provide reasonable assurance that risks are identified and managed appropriately. Any serious issue arising is taken at Board level.

During the financial year under review all significant areas with respect to risk governance were covered by internal control and no material risk or deficiency was noted in the organisation's system of internal controls. The Board is satisfied regarding the implementation, operation and effectiveness of internal controls and risk management.

6. REPORTING WITH INTEGRITY

6.1 Overview

From March 20, 2020 to June 1, 2020, the Government of Mauritius imposed a national lockdown and restricted the country's air access to limit the spread of the Coronavirus. To date, commercial air access remains restricted and, as a result, most hotels have suspended their operations indefinitely.

In March 2020, Holiday Villages Management Services (Mauritius) Limited ("HVMS") closed the resort and notified COVIFRA of a force majeure due to the COVID-19 pandemic under the terms of the lease agreement dated 24 October 2017. Pursuant to the notification, HVMS lease payments and other obligations have been suspended until the resort resumes its activities. This means that COVIFRA will not receive any rental income for the duration of the force majeure. However, the lease term is expected to be extended by the duration of the force majeure.

The re-opening of the resort and resumption of rental payment are subject to the lifting of air travel ban by the Government of Mauritius. COVIFRA has obtained from its largest lender a moratorium on its capital repayments until January 2021.

6.2 Health and Safety Issues

The Company is committed to the highest standards of integrity and ethical conduct in dealing with all its stakeholders.

The health and safety of clients and visitors are paramount and all reasonable measures are taken to ensure a sound and healthy working environment.

The Company is an equal opportunity employer and does not discriminate in any way with regard to race, religion or gender. All employment opportunities are openly advertised.

6.3 Corporate Social Responsibility

No Corporate Social Responsibility contributions were made for the year under review.

6.4 Charitable Donations

No donations were made by the Company during the year under review.

6.5 Political Donation

No political donations were made by the Company during the year under review.

6.6 Documents that shall be available on the Website

The Board of directors is pleased to announce that the following documents amongst others which have been approved by the Board are available on the Website of the Company, www.covifra.com:

⇒ The full Annual Report of the Company including the financial statements
⇒ The Constitution
⇒ The Board Charter
⇒ The Audit Committee Charter
⇒ The Corporate Governance Committee Charter
⇒ The Code of Ethics
⇒ The Conflicts of interests and related party transactions policy
⇒ The Position Statements of the Chairperson and the Company Secretary
⇒ The Statement of major accountabilities within the organization
⇒ The Nomination and appointment process
⇒ Profile of the Directors
⇒ Profile of the Company Secretary

7. AUDIT

7.1 Internal Audit

The Board resolved on 05 September 2019 to outsource the internal audit function to the Group Internal Audit department of The Mauritius Commercial Bank Ltd (GIA). The GIA provides a balanced assessment of key risks and controls, independent from reports received from the Company's management.

The Head of GIA is independent of the Executive Management of the Company and reports to the Audit Committee of the Company as well as to the Audit Committee of MCBG.

GIA ensures that the quality of internal audit services provided to Covifra is aligned with recognised best practices. GIA leverages on a systematic and disciplined approach, notably through the use of well-focused audit work programs and computer aided audit techniques to evaluate the effectiveness of the internal control systems of the Company. The Institute of Internal Auditors requires each internal audit function to have an external quality assessment conducted at least once every five years. The last exercise was carried out in November/December 2018 by an internationally recognised auditing firm which confirmed the Internal Audit BU's compliance with the International Standards for the Professional Practice of Internal Audit issued by the above mentioned institute.

Areas, systems and processes covered by internal audit including non-financial matters are as follows:

- Governance and organization design: Review of Board minutes; review of agreements/SLAs with other entities of the MCB group.
- Accounting cycle: Close the books process, Obtain the independent valuation of the Investment property, review of General ledger and Trial Balance, review of bank reconciliations, variance analysis of material figures, vouching of significant items.
- Reporting to regulatory authorities: Verify that the DEM reporting requirements have been met and statutory returns duly submitted.

7.2 External Auditors

The Audit and Risk Committee of Covifra recommends the appointment of external auditors on a yearly basis, after having reviewed the Audit Plan presented by the external auditors.

The Audit and Risk Committee also evaluates the performance of the external auditor and reviews the integrity, independence and objectivity of the External Auditor by:

- Confirming that the external auditor is independent from the Company
- Considering whether the relationships that may exist between the Company and the external auditor impair the external auditor's judgement

Upon approval from the Audit and Risk Committee, the Board of Covifra thereafter recommends the appointment of external auditors to the shareholders in the Annual Meeting of shareholders for approval by way of an ordinary resolution.

7.3 Auditors' Fees

The fees paid to the auditors, for audit and other services for the last 2 years were:

Audit fee for the year	**2020**	**2019**
	EUR	**EUR**
BDO & Co	**5,085**	5,000

The auditors did not receive any fees for other services.

8. RELATIONS WITH THE SHAREHOLDER AND OTHER KEY STAKEHOLDERS

The shareholders are kept properly informed on matters affecting the Company and the Annual Meeting of Shareholders is held in accordance with the Companies Act 2001. Notices for the annual meeting and other shareholders' meetings are duly sent to all shareholders.

The Company's website provides relevant information to other stakeholders. Open lines of communication are maintained to ensure transparency and optimal disclosure.

8.1 Shareholders Agreement Affecting The Governance of the Company by the Board

There is currently no such agreement.

8.2 Major Transaction

No Major transaction as defined under section 130(2) of the Act was undertaken.

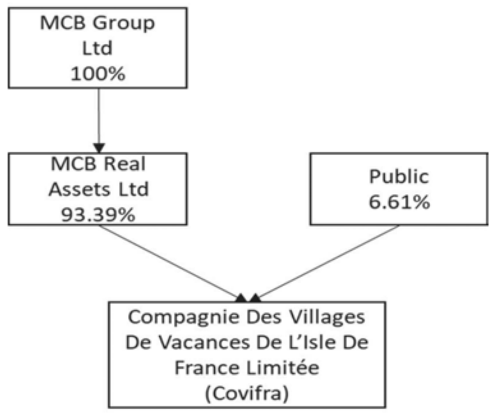
8.3 Third Party Management Agreement

Management Agreements are in place with subsidiaries of the MCB Group whereby there are common directors. However, all these subsidiaries are 100% owned and controlled by the same entity.

8.4 Shareholders Holding more than 5% of the Company and Holding Structure

Shareholders holding more than 5% of the share capital of the company as at 30 June 2020 were:

Name of shareholder	Holding	% Holding
MCB Real Assets Limited	63,443,673	93.39



8.5 Share Option Plan

No such scheme currently exists within the Company.

8.6 Timetable of important events

The Board aims to hold board meetings on a quarterly basis. The Annual Meeting of Shareholders shall be held in November or December each year.

September 2020	Release of full year results to 30 June 2020
November 2020	Release of quarterly results
February 2020	Release of half yearly results
May 2020	Release of results for the 9 months to 31 March 2020

8.7 Dividend Policy

The Company intends to distribute any excess cash as dividends, subject to its overall capital requirements, liquidity and profitability. The Company aims to declare an interim and a final dividend each year. However, due to the unforeseeable and unprecedented economic impact of COVID-19 on the tourism industry, the Company has not declared any dividend for the financial year 2019/2020.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors collectively as a Board acknowledge their responsibilities for the following and state that:

(i) the financial statements fairly present the state of affairs of the Company as at the end of the financial year and the result of operations and cash flows for the period:
(ii) adequate accounting records and effective internal control systems and risk management have been maintained;
(iii) appropriate accounting policies supported by reasonable and prudent judgements and estimates have been used consistently;
(iv) the financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), International Accounting Standard (IAS), the Companies Act 2001 and the Financial Reporting Act 2004;
(v) the financial statements have been prepared on a going concern basis;
(vi) they are responsible for safeguarding the assets of the Company;
(vii) they are responsible for leading and controlling the organization and meeting all legal and regulatory requirements;
(viii) they have taken reasonable steps for the prevention and detection of fraud and other irregularities.

The external auditors are responsible for reporting on whether the financial statements are fairly presented.

Having taken all the matters considered by the Board during the year into account, we are satisfied that the annual report and accounts taken as a whole are fair, balanced and understandable.

For and on behalf of the Board of Directors:

....	....
Director	**Director**
JEAN MARC ULCOQ	ROBERT IP MIN WAN

Date: 25 September 2020

COMPAGNIE DES VILLAGES DE VACANCES DE L'ISLE DE FRANCE LIMITEE
STATEMENT OF COMPLIANCE
FOR THE YEAR ENDED 30 JUNE 2020

STATEMENT OF COMPLIANCE FOR THE YEAR ENDED JUNE 30, 2020

As per Section 75(3) of the Financial Reporting Act

Name of Public Interest Entity	: Compagnie des Villages de Vacances de L'Isle de France Limitée ("Covifra")
Reporting Period	: 1 July 2019 to 30 June 2020

We, the directors of Covifra, confirm to the best of our knowledge that the Company has complied with all of its obligations and requirements under the Code of Corporate Governance.

Signed for and on behalf of the Board of Directors on 25 September 2020.

…………………………	…………………………
Chairperson	**Director**
MARGARET WONG PING LUN	ROBERT IP MIN WAN

BDO

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COMPAGNIE DES VILLAGES DE VACANCES DE L'ISLE DE FRANCE LIMITEE

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Compagnie des Villages de Vacances de L'Isle de France Limitée

Report on the audit of the Financial Statements

Opinion

We have audited the financial statements of Compagnie des Villages de Vacances de L'Isle de France Limitée ("the Company"), on pages 20 to 47 which comprise the statement of financial position as at June 30, 2020 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements on pages 20 to 47 give a true and fair view of the financial position of the Company as at June 30, 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

Basis for Opinion

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

Key audit matters

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

KEY AUDIT MATTER	AUDIT RESPONSE
At June 30, 2020, the Company had an investment property amounting to EUR 99.103m (2019: EUR 99m). The investment property are measured initially at cost, including transaction costs. Subsequent to initial recognition, the investment property is carried at fair value based on triennial valuations by external independent valuers, which are mainly determined on an income approach basis. The latest fair valuation of the investment property by independent valuers was carried out for FY 2019. For the FY 2020, the management reassessed the carrying value of the investment property and concluded that the carrying value reflects the fair value at June 30, 2020. The significance of the investment property on the statement of financial position and the judgements applied in determining the fair value resulted in it being identified as key audit matter.	The following tests were performed: Tested the key inputs to the valuation of the Company's investment property through the following: • Assessment and discussion of management's process for the valuation exercise for FY 2020. • We discussed and challenged the valuation process, significant judgements and assumptions applied to the valuation model, including yields, capitalisation rates and rental charges. We benchmarked the key assumptions to external industry data and comparable property valuation. • We performed sensitivity analysis on the main assumptions used to ensure the valuation arrived at is fair and reasonable.

Refer to Note 2(c) (accounting policies), Note 3 (critical accounting estimates and judgements) and Note 5 of the accompanying financial statements.

BDO

COMPAGNIE DES VILLAGES DE VACANCES DE L'ISLE DE FRANCE LIMITEE

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Compagnie des Villages de Vacances de L'Isle de France Limitée

Other information

The Directors are responsible for the other information. The other information comprises the Report of the Directors and the Company Secretary's Certificate, but does not include the financial statements and our auditor's report thereon.

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

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

Corporate Governance Report
Our responsibility under the Financial Reporting Act is to report on the compliance with the Code of Corporate Governance disclosed in the Corporate Governance 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 Corporate Governance report, the company has, pursuant to section 75 of the Financial Reporting Act, complied with the requirements of the Code.

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

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

In preparing the financial statements, the directors are responsible for assessing the 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 Company or to cease operations, or have no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

INDEPENDENT AUDITOR'S REPORT (CONT'D)

To the Shareholders of Compagnie des Villages de Vacances de L'Isle de France Limitée

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

Companies Act 2001

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

We have obtained all information and explanations we have required.

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

Other matter

This report is made solely to the shareholders of Compagnie des Villages de Vacances de L'Isle de France Limitée (the "Company"), as a body, in accordance with Section 205 of the Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

BDO & Co

BDO & Co
Chartered Accountants

Ameenah Ramdin, FCCA, ACA
Licensed by FRC

Port Louis,
Mauritius.

25 SEP 2020

COMPAGNIE DES VILLAGES DE VACANCES DE L'ISLE DE FRANCE LIMITEE
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Notes	30-Jun-20	30-Jun-19
ASSETS		EUR	EUR
Non-Current Asset			
Investment Property	5	99,103,018	99,000,000
Current Assets			
Other Receivables and Prepayments	6	99,397	603,012
Tax Asset Receivable	16(iv)	656,972	364,406
Cash and Cash Equivalents	9	633,481	2,786,206
		1,389,850	3,753,624
Total Assets		**100,492,868**	**102,753,624**
EQUITY AND LIABILITIES			
Capital and reserves			
Stated Capital	7	23,413,337	23,413,337
Retained Earnings		11,377,661	9,574,177
Total Equity		34,790,998	32,987,514
Non-Current Liabilities			
Borrowings	8	53,498,333	54,485,000
Other Payables	10	3,080,286	3,430,824
Deferred Tax Liability	16(iii)	6,422,746	5,742,703
		63,001,365	63,658,527
Current Liabilities			
Other Payables	10	1,443,102	2,792,469
Dividend Payable	15(ii)	42,208	1,088,573
Borrowings	8	1,215,195	2,226,541
		2,700,505	6,107,583
Total Equity and Liabilities		**100,492,868**	**102,753,624**

Approved by the Board of Directors and authorised for issue on 25 September 2020.

) JEAN MARC ULCOQ
) **DIRECTORS**
) ROBERT IP MIN WAN

The notes on pages 24 to 47 form an integral part of these financial statements.
Auditor's report on pages 17 to 19.

COMPAGNIE DES VILLAGES DE VACANCES DE L'ISLE DE FRANCE LIMITEE

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020

	Notes	Year ended 30-Jun-20	Year ended 30-Jun-19
		EUR	EUR
Income	11	5,899,425	7,434,329
Operating expenses	12	(590,240)	(408,523)
Exchange Gain/ (Loss)		380,596	(457,690)
Fair value gain on revaluation of investment property	5	-	2,988,260
Finance costs	13	(1,977,643)	(2,631,072)
Profit before taxation		3,712,138	6,925,304
Income tax expense	16	(680,043)	(1,278,397)
Profit For The Year		**3,032,095**	**5,646,907**
Other Comprehensive Income		-	-
Total Comprehensive Income For The Year		**3,032,095**	**5,646,907**
EARNINGS PER SHARE	14	EUR 0.0446	EUR 0.0921
NET ASSETS PER SHARE		EUR 0.5121	EUR 0.4856
NUMBER OF ORDINARY SHARES / WEIGHTED AVERAGE		67,932,000	61,327,500

The notes on pages 24 to 47 form an integral part of these financial statements.
Auditor's report on pages 17 to 19.

COMPAGNIE DES VILLAGES DE VACANCES DE L'ISLE DE FRANCE LIMITEE
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

	Notes	Stated Capital	Retained Earnings	Translation Reserves	Total
		EUR	EUR	EUR	EUR
Balance at 1 July 2018		16,911,879	12,313,638	(6,332,280)	22,893,237
Profit for the Year		-	5,646,907	-	5,646,907
Rights issue	7	6,501,458	-	-	6,501,458
Dividend declared	15	-	(2,054,088)	-	(2,054,088)
Reclassification		-	(6,332,280)	6,332,280	-
Balance at 30 June 2019		**23,413,337**	**9,574,177**	**-**	**32,987,514**
Balance at 1 July 2019		23,413,337	9,574,177	-	32,987,514
Profit for the Year		-	3,032,095	-	3,032,095
Dividend declared	15	-	(1,228,611)	-	(1,228,611)
Balance at 30 June 2020		**23,413,337**	**11,377,661**	**-**	**34,790,998**

The notes on pages 24 to 47 form an integral part of these financial statements.
Auditor's report on pages 17 to 19.

COMPAGNIE DES VILLAGES DE VACANCES DE L'ISLE DE FRANCE LIMITEE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2020

	Note	Year ended 30-Jun-20 EUR	Year ended 30-Jun-19 EUR
CASHFLOW FROM OPERATING ACTIVITIES			
Profit before Taxation		3,712,138	6,925,304
Adjustments for:-			
Fair Value Gain on Revaluation of Investment Property		-	(2,988,260)
TDS on Rent		(292,566)	(364,427)
Interest Income		(1,099)	-
Interest Expense		1,977,643	2,631,072
Unrealised Exchange (Gain)/ Loss		(54,347)	428,415
Operating Profit before Working Capital Changes		5,341,769	6,632,104
Change in Other Receivables		503,615	949,687
Change in Other Payables		327,606	(966,107)
Cash Generated from Operations		6,172,990	6,615,684
Refund from Tax Authorities		-	477,198
NET CASH GENERATED FROM OPERATING ACTIVITIES		6,172,990	7,092,882
CASHFLOW FROM INVESTING ACTIVITIES			
Interest Received		1,099	-
Interest Paid		(2,002,323)	(2,331,327)
Additions to Investment Property		(1,779,909)	(23,428,920)
NET CASH USED IN INVESTING ACTIVITIES		(3,781,133)	(25,760,247)
CASHFLOW FROM FINANCING ACTIVITIES			
Proceeds from Issuance of Bond		15,000,000	-
Proceeds from Loan		-	29,600,000
Refund of Long Term Loan		(16,973,332)	(986,666)
Refund of Short Term Loan		-	(11,495,160)
Capital Element of Finance Lease		(304,379)	(319,298)
Issue of Shares		-	6,501,458
Dividends Paid		(2,266,871)	(1,843,324)
NET CASH (USED IN) /GENERATED FROM FINANCING ACTIVITIES		(4,544,582)	21,457,010
NET (DECREASE)/ INCREASE IN CASH & CASH EQUIVALENTS		**(2,152,725)**	**2,789,645**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	9	2,786,206	(3,439)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	9	**633,481**	**2,786,206**

The notes on pages 24 to 47 form an integral part of these financial statements.
Auditor's report on pages 17 to 19.

1 GENERAL INFORMATION

Compagnie des Villages de Vacances de l'Isle de France Limitée ("COVIFRA" or the "Company") is a public company incorporated in Mauritius. Its registered office is situated at MCB Centre, Sir William Newton Street, Port Louis. The Company is quoted on the Development and Enterprise Market (DEM) of The Stock Exchange of Mauritius.

The Company rents out its investment property to Holiday Villages Management Services (Mauritius) Limited ("HVMS"), which operates the Club Med Hotel at La Pointe aux Canonniers, Mauritius.

On 26 October 2017, MCB Real Assets Limited acquired 84.43% shareholding of Club Med SAS ("CMSAS") in the Company.

On 9 February 2018, a mandatory offer was made to the ordinary shareholders of COVIFRA to purchase their shares for a cash consideration of MUR 22.50 per share by MCB Real Assets Limited, pursuant to the Securities (Takeover) Rules 2010. As a result of the mandatory offer, MCB Real Assets Limited acquired a further 8.60% shareholding in the Company on 12 April 2018. The general public holds the remaining shares.

On 31 January 2019, 11,322,000 shares were allotted to the ordinary shareholders of COVIFRA, following a rights issue exercise at MUR 23.00 per share.

2 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated and where necessary, comparative figures have been amended to conform with the change in presentation in the current year.

(a) Basis of Preparation

The financial statements of the Company comply with the Companies Act 2001 and have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements are prepared under the historical cost convention , except for specific classes of assets such as land and buildings which are carried at revalued amounts.

At 30 June 2020, the Company had net current liabilities of EUR 2,297,322 (30 June 2019: net current liabilities of EUR 2,353,959). The financial statements have been prepared on a going concern basis, the validity of which depends upon continued financial support being made available by the shareholders. The directors are of the opinion that this support will be forthcoming over the next twelve months. They therefore believe that it is appropriate for the financial statements to be prepared on the going concern basis.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of Preparation (cont'd)

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

IFRS 16 Leases results in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. The Company has adopted IFRS 16 from 1 July 2019, but no restatement of comparatives was required for 2019; given that the right-of-use asset was already recognised within investment property with its corresponding lease liability. As such, no reclassifications and adjustments arising from the new leasing rules were recognised in the opening balance sheet on 1 July 2019.

On adoption of IFRS 16, the Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under IAS 17. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 9%.

For leases previously classified as finance leases the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application. The measurement principles of IFRS 16 are only applied after that date. This resulted in measurement adjustments of Rs nil for residual value guarantees and Rs nil for variable lease payments based on an index or rate. The remeasurements to the lease liabilities were recognised as adjustments to the related right-of-use assets immediately after the date of initial application.

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

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

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

Annual Improvements to IFRSs 2015–2017 Cycle

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

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

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

IAS 23 – clarified that, if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

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

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of Preparation (cont'd)

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

Plan Amendment, Curtailment or Settlement (Amendments to IAS 19) clarify that entities must:
-calculate the current service cost and net interest for the remainder of the reporting period after a plan amendment, curtailment or settlement by using the updated assumptions from the date of the change.

-recognise any reduction in a surplus immediately in profit or loss, either as part of past service cost or as a gain or loss on settlement. In other words, a reduction in a surplus must be recognised in profit or loss even if that surplus was not previously recognised because of the impact of the asset ceiling.

-separately recognise any changes in the asset ceiling through other comprehensive income.

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

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

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after 1 January 2020 or later periods, but which the Company has not early adopted.

At the reporting date of these financial statements, the following were in issue but not yet effective:
-Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)
-IFRS 17 Insurance Contracts
-Definition of a Business (Amendments to IFRS 3)
-Definition of Material (Amendments to IAS 1 and IAS 8)
-Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)
-Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

Annual Improvements 2018–2020
-Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
-Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)
-Reference to the Conceptual Framework (Amendments to IFRS 3)
-Covid-19-Related Rent Concessions (Amendment to IFRS 16)
-Amendments to IFRS 17
-Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)

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

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Foreign Currencies

(i) Functional and Presentation Currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (''the functional currency'').

The directors consider that the Euro ("EUR") most faithfully represents the currency of the primary economic environment in which the Company operates. Effective from 1 November 2017, the board of directors has approved the change in presentation currency of the company from the Mauritian Rupee (“MUR”) to Euro ('EUR'). The change in functional currency has been applied prospectively in accordance with IAS 21 'The Effects of Changes in Foreign Exchange Rates'. The effect of the change in presentation currency to EUR was to restate the prior year comparatives in accordance with IAS 8 ‘Accounting Policies, Changes in Accounting Estimates and Errors’. All translation differences from prior years have been accounted through retained earnings.

The functional and presentation currency of the Company is the Euro.

(ii) Transactions and Balances

In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

(c) Investment Property

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

(d) Financial Instruments

Financial assets and financial liabilities are recognised on the Company's statement of financial position when the Company has become a party to the contractual provisions of the instrument.

Financial instruments are initially measured at fair value, which includes transaction costs. Subsequent to initial recognition, these instruments are measured as set out below:-

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial Instruments (cont'd)

Financial Assets

The Company classifies its financial assets into the category discussed below, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Amortised cost

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

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

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

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial Instruments (cont'd)

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial Instruments (cont'd)

Financial liabilities

The Company classifies its financial liabilities into the following category, depending on the purpose for which the liability was acquired.

Other financial liabilities

Other financial liabilities include the following items:

Bank borrowings are initially recognised at fair value. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. For the purposes of each financial liability, interest expense includes any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

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

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company obligations are discharged, cancelled or they expire.

(e) Provisions

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

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

(f) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable.

(i) Rental Income

Rental income from operating lease is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

Rental income is shown net of Value Added Tax.

(ii) Interest Income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Borrowing costs

Borrowing costs are recognised in the profit or loss in the period in which they are incurred.

(h) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

(i) Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

(ii) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment property that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The directors of the Company reviewed the investment property and concluded that the Company's investment property is held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, the directors have determined that the 'sale' presumption set out in the amendments to IAS 12 is rebutted.

(iii) Current and Deferred tax for the period

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Leases

The Company as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Company as lessee

In accordance with IAS 40, commitments under non-cancellable operating leases of land are recognised on the statement of financial position as a liability and as an asset (investment property). The liability is determined as the present value of the minimum lease payments. Finance charges are allocated to profit or loss during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

(j) Related Party Transactions

For the purpose of these financial statements, parties are considered to be related to the Company, if they have the ability, directly or indirectly to control the Company and exercise significant influence over Company in making financial and operating decisions, or vice versa or where the Company is subject to common control or common significant influence. Related parties may be individuals or other entities.

(k) Impairment

The land held under an operating lease and the buildings have been treated as investment properties under IAS 40 and are stated at fair value in accordance with IFRS 13. Therefore, investment property is not in the scope of impairment test (IAS 36).

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in accordance with IFRS requires the directors and management to exercise judgement in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions that may affect the reported amounts and disclosures in the financial statements. Judgements and estimates are continuously evaluated and are based on historical experience and other factors, including expectations and assumptions concerning future events that are believed to be reasonable under the circumstances. The actual results could, by definition therefore, often differ from the related accounting estimates.

Where applicable, the notes to the financial statements set out areas where management has applied a higher degree of judgement that have a significant effect on the amounts recognised in the financial statements, or estimations and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Property valuation

In arriving at the fair value of the properties, which was determined on an income approach basis, the directors in consultation with the independent valuers had to make assumptions that were mainly based on market conditions existing at 30 June 2020. Should these assumptions and estimates change, or not be met, the valuation as adopted in the financial statements will be affected.

Critical judgements in applying accounting policies

Deferred taxation on investment property

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment property that is measured using the fair value model, the directors have reviewed the Company's investment property and concluded that the Company's investment property is held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale, hence rebutting the sale presumption. As a result, the Company has recognised deferred taxes on changes in fair value of investment property.

Determination of functional currency

The determination of the functional currency is critical since the way in which every transaction is recorded and whether exchange differences arise are dependent on the functional currency selected. In making this judgement, the directors have considered the currencies in which costs and transactions are settled, the currencies in which funds from financing activities are generated and the currency in which receipts from operating activities are usually retained. The directors have determined the functional currency of the Company as being EURO (“EUR”).

4 FUNCTIONAL CURRENCY

As the Company operates and conducts most of its transactions in EURO ("EUR"), the company changed its functional currency from the MUR to EUR as from 1 November 2017.

The following exchange rates applicable during the current financial year and previous year were as follows:

	30 June 2020	30 June 2019
	MUR/EUR	MUR/EUR
Year to	**41.29**	39.48
As at 30 June	**44.85**	40.32

The mid-closing EUR/MUR rate as provided by the Bank of Mauritius at 30 June 2020 was MUR 45.09 (30 June 2019: MUR 40.32).

5 INVESTMENT PROPERTY

	Land & Buildings	
At Fair Value	2020	2019
	EUR	EUR
At 1 July 2019 / 1 July 2018	**99,000,000**	70,696,365
Additions (Work in Progress)	**103,018**	25,315,375
Gain on Property Revaluation	**-**	2,988,260
At 30 June 2020 / 2019	**99,103,018**	99,000,000

The right-of-use of the land and the buildings have been treated as investment property under IAS 40 and are stated at fair value.

The fair value of the Investment Property has been arrived at on the basis of valuations performed by Jones Lang LaSalle (Pty) Ltd ("JLL"), a professional service company specialising in real estate and offering a range of services such as hotel advisory, valuation services, property and project management. Based on the income approach using the profits method and a number of assumptions including a discount rate of 9.60%, JLL determined that the fair value of the investment property at 30 June 2019 was EUR 99,000,000.

The Company’s policy is to revalue its investment property every three years unless there is evidence that the fair value of the assets differ materially from the carrying amount.

The Directors have reassessed the fair value of the investment property as at 30 June 2020 based on the following criteria:
- Consideration of current market conditions;
- Comparison of the carrying amount with recent observable transactions;
- Rolling forward the income approach computation provided last year by the independent valuer JLL;
- Substantiating the value of investment properties based on recent transactions.

Based on the above considerations, the Directors are of the opinion that the fair value of the investment property is reasonably stated.

5 INVESTMENT PROPERTY (CONT'D)

The land is leased from the Government of the Republic of Mauritius for a term expiring on 30 September 2069.

Direct operating expenses arising from the investment property are borne by Holiday Villages Management Services (Mauritius) Ltd (HVMS).

The investment property has been classified within level 3 of the fair value hierarchy based on the following information:

	Valuation Technique	Significant Input(s)	Sensitivity
Hotel located in Pointe aux Canonniers	Income Approach	Observable input: Rent Unobservable input: Discount Rate	An increase in discount rate used would result in a decrease in fair value and vice versa.

6 OTHER RECEIVABLES AND PREPAYMENTS

	2020	2019
	EUR	EUR
Other Receivables and Prepayments	**99,397**	**603,012**

Other receivables and prepayments are unsecured, do not have any fixed repayment terms and are interest free.

7 STATED CAPITAL

		2020	2019
		EUR	EUR
Share Capital	(i)	**19,738,600**	19,738,600
Share Premium	(ii)	**3,674,737**	3,674,737
		23,413,337	23,413,337

(i) **Share Capital**

	Number of Shares	Number of Shares
Issued and Fully Paid Ordinary shares of MUR 10 each		
At 1 July 2019 / 2018	**67,932,000**	56,610,000
Issued during the year	-	11,322,000
At 30 June 2020/ 2019	**67,932,000**	67,932,000

	2020	2019
	EUR	EUR
At 1 July 2019 / 2018	**19,738,600**	16,911,879
Issued during the year	-	2,826,721
At 30 June	**19,738,600**	19,738,600

(ii) **Share Premium**

	2020	2019
	EUR	EUR
At 1 July 2019 / 2018	**3,674,737**	-
Arising on issue of shares	-	3,674,737
At 30 June	**3,674,737**	3,674,737

The rights issue exercise was successfully completed during the year 2019 at MUR 23.00 per ordinary share and generated gross proceeds of EUR 6,549,445. Net proceeds from the rights issue after deducting expenses for professional fees and other related issuance expenses were EUR 6,501,458. As such, a total of 11,322,000 new ordinary shares were issued bringing the total number of shares in issue to 67,932,000. Fully paid ordinary shares carry one vote per share and carry a right to dividends.

8 BORROWINGS

		2020	2019
		EUR	EUR
At Amortised Cost			
Within one year	(c)	**1,215,195**	2,226,541
After more than one year	(a) - (c)	**53,498,333**	54,485,000

(a) During the year, the Company issued secured floating rate notes by way of private placement for an amount of up to Euro 15,000,000. The notes were fully subscribed by an entity under common control and interest is payable at 3% above 3-months EURIBOR (floored at 0%) per annum. The purpose of the notes issuance was to refinance part of the Company's borrowings.

(b) A Facility Agreement of Euro 27,845,000 has been signed between the Company and The Mauritius Commercial Bank Ltd on 24 October 2017. The latter is an entity under common control. The loan is repayable in a single repayment on 25 October 2022 and interest is payable at 4.5% above 3-months EURIBOR (floored at 0%) per annum. As part of the Company's debt management; Euro 15,000,000 was paid back to The Mauritius Commercial Bank Ltd on 26 July 2019. As such, the interest rate on the Euro loan was reviewed and fixed at 3.50% above 3-months EURIBOR (floored at 0%) per annum. The loan is secured by a fixed charge over the investment property.

(c) In October 2018, the Company entered into a long term loan agreement of Euro 29,600,000 with BFCOI (Banque Francaise Commerciale Ocean Indien); a foreign banking associate of MCB Group Ltd. Capital and interest payments are effected on a quarterly basis as per the agreed loan amortisation schedule. The above loan carries an interest rate of 2.60% per annum and is secured by a fixed and floating charge over the investment property and the Company's assets.

9 CASH AND CASH EQUIVALENTS

	2020	2019
	EUR	EUR
Cash at bank	**633,481**	1,741,519
Government of Mauritius Treasury Bills	**-**	1,044,687
	633,481	2,786,206

10 OTHER PAYABLES

	2020	2019
	EUR	EUR
Obligations under Finance Lease	**3,084,300**	3,434,921
Other	**1,439,088**	2,788,372
	4,523,388	6,223,293
Analysed as:		
Current	**1,443,102**	2,792,469
Non-current	**3,080,286**	3,430,824
	4,523,388	6,223,293

The above obligations under finance lease pertain to the land leased from the Government of the Republic of Mauritius and treated as investment property.

Obligations under finance lease	Within One Year	After One Year but before Five Years	After Five Years	Total
	EUR	EUR	EUR	EUR
As at June 30, 2020				
Minimum Lease payments payable	**281,601**	**1,126,405**	**12,484,326**	**13,892,332**
Finance Charges allocated to future periods	**(277,587)**	**(1,106,395)**	**(9,424,050)**	**(10,808,032)**
	4,014	**20,010**	**3,060,276**	**3,084,300**
As at June 30, 2019				
Minimum Lease payments payable	313,240	1,252,958	14,200,193	15,766,391
Finance Charges allocated to future periods	(309,143)	(1,232,538)	(10,789,789)	(12,331,470)
	4,097	20,420	3,410,404	3,434,921

At the end of the reporting period, the following instalments remain outstanding.

At Nominal Value	2020 EUR	2019 EUR
Within One Year	**281,601**	313,240
After One but before Five Years	**1,126,405**	1,252,958
After Five Years	**12,484,326**	14,200,193
	13,892,332	15,766,391

In the determination of the obligations under finance lease at 30 June 2020, the lease rentals are EUR218,455 (Rs8,840,873) in the first year, EUR249,663 (Rs10,103,855) in the second year, EUR280,871 (Rs11,366,837) in the third year, EUR296,475 (Rs11,998,328) in the fourth year and EUR312,079 (Rs12,629,819) in the fifth year and thereafter, for the remaining lease terms expiring in 2069. An approximate market interest rate of 9% was used to discount the minimum lease payments.

The annual rental shall be adjusted by reference to the cumulative 3-year inflation rate based on consumer price which is 7.50% (2019: 7.50%) for the period. The increase in the obligation under finance lease is recognised as expense.

In response to the impacts of Covid-19, the Company has been granted a moratorium of one year from the Government of Mauritius with regards to the payment of state land rent for the financial year 2020/2021.

11 INCOME

		2020	2019
		EUR	EUR
Revenue	(i)	**5,484,097**	7,014,730
Interest Income		**1,099**	2,178
Land Lease Refund from HVMS		**414,229**	417,421
		5,899,425	7,434,329

(i) Revenue for the year is set out below:

	2020	2019
Basic Rent	**3,318,319**	4,693,400
Additional Rent	**2,165,778**	2,321,330
	5,484,097	7,014,730

The basic rent is fixed at EUR 4,650,000 and is adjusted by an inflation index at the beginning of each lease period starting from year 1 under the new rental agreement. As such, the basic rent is indexed to two-third of the Euro Zone Harmonised CPI. The additional rent arises as a result of the additions (work-in-progress) to the investment property. Rent is payable every quarter in advance.

12 OPERATING EXPENSES

	2020	2019
	EUR	EUR
Advertising	**4,624**	4,437
Bank Charges	**1,214**	21,792
Directors' Remuneration	**14,292**	9,415
Lease	**99,254**	96,472
Licence	**6,148**	5,392
Other Expenses	**70**	8,324
Professional Fees	**464,549**	262,616
Subscriptions	**89**	75
	590,240	408,523

13 FINANCE COSTS

		2020	2019
		EUR	EUR
Interest on:			
- Obligations under Finance Lease	(a)	**300,911**	315,375
- Loan from Entity under Common Control	(b)	**515,095**	1,271,285
- Loan from Entity in which the ultimate holding company has significant influence	(c)	**726,524**	534,658
- Money Market Line and Overdraft Facility from Entity under Common Control	(d)	-	360,145
- Secured Credit-Linked Floating Rate Notes	(e)	**433,750**	-
Facility Fee on Loan	(c)/(d)	**1,363**	149,609
		1,977,643	2,631,072

13 FINANCE COSTS (CONT'D)

(a) The interest expense on the obligations under finance lease is notional and arises from the accounting for the obligations under finance lease at amortised cost.

(b) A Facility Agreement of Euro 27,845,000 has been signed between the Company and The Mauritius Commercial Bank Limited (MCB) on 24 October 2017. The interest payable is 4.5% above the 3-months EURIBOR (floored at 0%). Following repayment of Euro 15,000,000 on 26 July 2019, the new applicable interest rate was set to 3.5% above the 3-months EURIBOR (floored at 0%).

(c) In line with the refurbishment programme, the Company obtained a long term loan of Euro 29,600,000 in October 2018 from BFCOI (Banque Francaise Commerciale Ocean Indien), a foreign banking associate of MCB Group Ltd. Interest payments are payable on a quarterly basis over a period of 15 years with an interest rate of 2.60% per annum.

(d) To finance the refurbishment programme, the Company had entered into additional banking facilities with The Mauritius Commercial Bank Ltd. These facilities were secured by a floating charge over all the assets of the Company, were in multiple currencies, and carried interest ranging from 2% to 5%.

(e) The Company issued secured floating rate notes to an entity under common control during the year. Interest is payable at 3% above 3-months EURIBOR (floored at 0%) per annum.

14 EARNINGS PER SHARE

		2020	2019
Earnings per share is based on:			
Profit after Taxation	EUR	**3,032,095**	5,646,907
Number of Ordinary Shares/ Weighted Average		**67,932,000**	61,327,500
Earnings Per Share	EUR	**0.0446**	0.0921

15 DIVIDEND

	2020	2019
	EUR	EUR
(i) Dividend Declared		
- Interim Dividend (2020: Nil per Share | 2019: EUR 0.01 (Rs 0.62) per Share)	-	1,076,081
- Final Dividend (2019: EUR 0.01 (Rs 0.72) | 2018: EUR 0.01 (Rs 0.69) per Share)	**1,228,611**	978,007
	1,228,611	2,054,088
(ii) Dividend Payable		
At 1 July 2019 / 1 July 2018	**1,088,573**	855,419
Dividends Declared	**1,228,611**	2,054,088
Dividends Paid	**(2,266,871)**	(1,843,324)
Adjustment for unclaimed dividends in previous years	**-**	27,889
Exchange Difference on Translation	**(8,105)**	(5,499)
At 30 June 2020 / 30 June 2019	**42,208**	1,088,573

16 TAXATION

(i) Income Tax

The income tax rate applicable to the Company is 17% (2019: 17%). The Company does not have any current tax liability as it has tax losses which are available for offset against future taxable profits.

At 30 June 2020, the Company had accumulated tax losses of EUR 15,516,251 (30 June 2019: EUR 9,868,225) which relates to capital allowances which can be carried forward indefinitely.

The expiry dates for the tax losses are as follows:

	Chargeable Income before Capital Allowances	Unabsorbed * Capital Allowances	Tax Losses Carried Forward
Up to period ended 30 June 2018	3,582,035	(4,128,156)	(546,121)
Year ended 30 June 2019	4,085,329	(13,407,433)	(9,322,104)
Year ended 30 June 2020	3,785,180	(9,433,206)	(5,648,026)
			(15,516,251)

*: These relate to capital allowances on acquisitions after 1 July 2006 and thus can be carried forward indefinitely.

(ii) In the Statement of Profit or Loss

	2020	**2019**
	EUR	**EUR**
Current Tax on the Adjusted Profit for the Year at 17%	-	-
Deferred Tax Expense	**680,043**	1,278,397
Tax Expense	**680,043**	1,278,397

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

	2020	**2019**
	EUR	**EUR**
Profit before Taxation	**3,712,138**	6,925,304
Tax at 17%	**631,063**	1,177,302
Tax Effect on:		
Tax Loss Brought Forward	**(1,661,916)**	(292,771)
Previous year's adjustment	**(15,682)**	199,930
Income not subject to Tax	**(1,675,617)**	(2,843,702)
Expenses not Deductible for Tax Purposes	**84,389**	97,325
Deferred tax expense	**680,043**	1,278,397
Tax Loss Carried Forward	**2,637,763**	1,661,916
	680,043	1,278,397

16 TAXATION (CONT'D)

(iii) Deferred Tax

	2020	2019
	EUR	EUR
At 1 July 2019 / 2018	**5,742,703**	4,464,306
Deferred Tax Expense	**680,043**	1,278,397
At 30 June 2020 / 2019	**6,422,746**	5,742,703
In respect of:		
- Accelerated capital allowances	**9,076,836**	7,480,552
- Fair Value of Investment Property	**508,004**	508,004
- Tax Losses	**(2,637,763)**	(1,661,916)
- Obligation under Finance Lease	**(524,331)**	(583,937)
	6,422,746	5,742,703

(iv) Tax Deducted at Source

	2020	2019
	EUR	EUR
At 1 July 2019 / 2018	**364,406**	477,177
TDS withheld during the Year	**292,566**	364,427
Refund from Tax Authorities	**-**	(477,198)
At 30 June 2020 / 2019	**656,972**	364,406

17 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if they are subject to common control. The transactions of the Company with related parties during the year under review are as follows:

		2020	2019
		EUR	EUR
(a)	Interest on Borrowings		
	Entity in which the ultimate holding company has significant influence	**726,524**	534,658
	Entity under common control	**948,845**	1,631,430
(b)	Interest Income		
	Entity under common control	**262**	-
(c)	Facility Fee on Borrowings		
	Entity in which the ultimate holding company has significant influence	**-**	148,000
	Entity under common control	**-**	1,609
(d)	Administrative Expenses		
	Entities under common control	**428,470**	283,218
(e)	Capitalised Development costs		
	Entities under common control	**-**	58,333
(f)	Rights Issue		
	Share Capital:-		
	Holding Company	**-**	2,639,875
	Share Premium:-		
	Holding Company	**-**	3,431,837
(g)	Dividend Declared		
	Holding Company	**1,147,400**	1,914,849
(h)	Proceeds from Loan & Debt Issuance		
	Entities under common control	**15,000,000**	-
	Entity in which the ultimate holding company has significant influence	**-**	29,600,000
(i)	Refund of Loan		
	Entities under common control	**(15,000,000)**	(11,495,160)
	Entity in which the ultimate holding company has significant influence	**(1,973,333)**	(986,667)

17 RELATED PARTY TRANSACTIONS

(j) Outstanding Balances as end of Reporting Period

	2020	2019
	EUR	EUR
Payables to Related Parties:-		
Holding Company	-	975,572
Entity in which the ultimate holding company has significant influence	**138,528**	148,789
Entities under Common Control	**209,095**	335,565
Bank Balances:-		
Entity Under Common Control	**633,481**	1,741,519
Borrowings:-		
Entity in which the ultimate holding company has significant influence	**26,640,000**	28,613,333
Entity under common control	**27,935,000**	27,845,000

All the above transactions have been carried out at least under market terms and conditions. There have been no guarantees provided or received for any related party receivables or payables. At June 30, 2020, the amounts owed by related parties were not impaired.

18 ULTIMATE HOLDING COMPANY

The immediate holding company of COVIFRA is MCB Real Assets Ltd and the ultimate holding company is MCB Group Limited. Both companies are incorporated in Mauritius.

19 FINANCIAL INSTRUMENTS

(a) Capital Risk Management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Company consists of debt, net of cash and cash equivalents and equity attributable to equity holders, comprising issued capital and retained earnings.

Gearing ratio

The gearing ratio at the end of the reporting period was as follows:	2020	2019
	EUR	EUR
Debt (i)	**57,797,828**	59,893,254
Cash & Cash Equivalents	**(633,481)**	(2,786,206)
Net Debt	**57,164,347**	57,107,048
Equity (ii)	**34,790,998**	32,987,514
Gearing Ratio	**164%**	173%

(i) Debt is defined as long and short term borrowings, including leases, loan and amount due to holding company.

(ii) Equity includes all capital and reserves of the Company.

(b) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial liabilities and equity instrument are disclosed in note 2 to the financial statements.

(c) Categories of financial instruments

	2020	2019
	EUR	EUR
Financial assets		
Loans and receivables (including cash and cash equivalents)	**633,481**	2,786,206
Financial liabilities		
Amortised cost	**58,248,194**	63,358,028

(d) Financial risk management

The Company monitors and manages the financial risks relating to its operations namely credit risks, interest rate risk, liquidity risk and foreign currency risk.

(i) *Foreign currency risk*

The currency profile of the Company's financial assets and liabilities is summarised as follows:-

	2020		2019	
	Financial Assets	Financial Liabilities	Financial Assets	Financial Liabilities
	EUR	EUR	EUR	EUR
CURRENCY				
EURO	630,876	54,736,435	1,689,214	56,879,065
Mauritian Rupee	2,605	3,511,759	1,096,992	6,478,963
	633,481	**58,248,194**	**2,786,206**	**63,358,028**

19 FINANCIAL INSTRUMENTS (CONT'D)

(d) **Financial risk management (cont'd)**

(ii) *Foreign currency sensitivity*

The Company is exposed to the risk that the exchange rate of Euro relative to Mauritian Rupee may change in a manner that may have a material effect on the reported value on the Company's financial instruments.

A 10% increase or decrease in the exchange rate of EUR/MUR will increase/decrease profits by EUR 350,915 (2019: increase/decrease profits by EUR 538,197) and increase/decrease total equity by the same amount.

(iii) *Interest rate risk*

The Company is exposed to interest rate risk through the loan that it has contracted and on cash at bank.

Interest rate sensitivity analysis

If interest rates had been 25 basis points higher, the effect on profit would have been as follows:

	2020	**2019**
	EUR	**EUR**
Decrease in profit/increase in loss	**136,784**	141,146

(e) **Credit risk management**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company.

The Company's credit risk is primarily attributable to cash and cash equivalents and trade receivables from Holiday Villages Management Services (Mauritius) Ltd. The amount presented in the statement of financial position represents the Company's maximum exposure to credit risk.

(f) **Liquidity risk management**

The Company's liquidity management is overseen by the directors who ensure that necessary funds are available at all times to meet payment commitments when due without having recourse to additional external financing.

The following table details the Company's expected maturity for its non-derivative financial assets and remaining contractual maturity of its non-derivative financial liabilities.

With respect to financial assets, figures have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. For financial liabilities, figures have been arrived at based on the undiscounted cash flow of financial liabilities based on the earliest date on which the Company may be required to settle the liability.

19 FINANCIAL INSTRUMENTS (CONT'D)

(f) **Liquidity risk management (cont'd)**

Maturities of Financial Assets and Financial Liabilities at Nominal Value

YEAR 2020			Within 1 Year	1-5 Years	5+ Years	Total
			EUR	EUR	EUR	EUR
FINANCIAL ASSETS	Non-Interest Bearing	EUR	633,481	-	-	633,481
FINANCIAL LIABILITIES	Floating Interest Rate Instruments		1,215,195	20,738,333	32,621,472	54,575,000
	Non-Interest Bearing		506,145	106,773	3,060,276	3,673,194
		EUR	1,721,340	20,845,106	35,681,748	58,248,194

YEAR 2019			Within 1 Year	1-5 Years	5+ Years	Total
			EUR	EUR	EUR	EUR
FINANCIAL ASSETS	Interest bearing		1,044,687	-	-	1,044,687
	Non-Interest Bearing		1,741,519	-	-	1,741,519
		EUR	2,786,206	-	-	2,786,206
FINANCIAL LIABILITIES	Floating Interest Rate Instruments		1,973,333	35,738,333	18,746,667	56,458,333
	Non-Interest Bearing		3,468,870	20,420	3,410,405	6,899,695
		EUR	5,442,203	35,758,753	22,157,072	63,358,028

The Company expects to meet its obligations from operating cash flows and proceeds of maturing financial assets.

(g) **Fair value of financial instruments**

Except where stated elsewhere, the carrying amounts of the Company's financial assets and financial liabilities appropriate their fair value due to the short-term nature of the balances involved.

20 SEGMENTAL INFORMATION

The Company rents out its investment property and equipment located in Mauritius to Holidays Villages Management Services (Mauritius) Ltd.

The Company has only one segment and the information reported to the chief operating decision maker for the purpose of resource allocation and assessment is based on this segment. The information presented in the statement of financial position as at 30 June 2020 and in the statement of profit or loss and other comprehensive income for the year ended 30 June 2020 are those of the segment.

21 CAPITAL COMMITMENT

The company does not have any capital commitment.

22 COVID-19

As mentioned in section 6.1 on page 11, the Company will need to continue to evaluate the related impacts on its operations and financial position. The lifting of air travel restrictions in Mauritius, the opening of the resort and the ability to attract European tourists post opening of international borders will be key indicators to determine when rental income will resume. Until then, the Company is monitoring its liquidity position on a regular basis.